Year-End Information
By Saundra Hester

With the end of year quickly approaching, University Payroll would like to highlight important information including dates for all units and employees to take note of.

Holiday Payroll Schedule:

Thanksgiving Week

Adjustment Calc
With the shortened week due to the Thanksgiving Holiday, all prior pay period adjustments will be paid on Wednesday, November 24. Therefore the deadline to submit these adjustments will be noon on Friday, November 19. All paper checks will be mailed to the employee’s Campus Address on November 24.

2010 BW 24 Pay Day
Pay Day is November 24. All paper checks will be delivered to the employee’s Campus Address on this day.

Year-End Holiday Break Adjustment Calc
With the shortened week due to the Holiday Break, all prior pay period adjustments will be paid on Thursday, December 23. Therefore the deadline to submit these adjustments will be 5:00 p.m. on Friday, December 17. All paper checks will be delivered to the employee’s Campus Address on December 23.

This will be the last adjustment calc for Calendar Year 2010. Please ensure all adjustment payments needing to be paid in 2010 are submitted by the December 17 deadline.

2010 BW26 Pay Day
Pay Day is December 22. All paper checks will be delivered to the employee’s Campus Address on this day.

2011 BW1 Calc
Department approvers will have until noon on December 23 for timesheet approval. Superusers will have until 5:00 p.m. on December 27. Current pay period adjustments can be submitted through ANA until 5:00 p.m. on Monday, December 27. All other calc deadlines pertaining to units will remain the same.

There will be NO adjustment calc the week of December 27.
Adjustment Calc 2011

All prior pay period adjustments submitted by noon on Tuesday, January 4, will be paid on Friday, January 7.

Calendar Year 2010 Taxable Benefits:

All taxable benefit reporting for calendar year 2010 must be submitted to Payroll by close of business Monday, November 15 to ensure proper reporting on the W-2. These benefits include the taxable amounts relating to the personal use of employer provided vehicles, country club dues paid for members on behalf of the University, qualified moving expenses, complimentary athletic event tickets, car mileage (value of fuel for personal commuting use of an University vehicle), gifts, per diem amounts reimbursed to employee exceeding the IRS limits, expense reimbursements (greater than 60 days), non-qualified moving expenses, non-qualified taxable benefits (value of benefits supplied to a domestic partner of an employee), tuition waiver amounts greater than $5,250, miscellaneous taxable benefits, and nonresident housing expense.

Calendar Year 2010 Overpayment Processing:

To facilitate effective payroll adjustment processing for the 2010 year end, all adjustment requests related to overpayments need to be submitted to University Payroll by Wednesday, December 1.

Employee repayments due to overpaid wages or salaries need to be received in Payroll Customer Service by Wednesday, December 15 to facilitate correction of payroll records. In addition, any paper payroll checks that have not been distributed to an employee should be returned to payroll by this date.

Any ANA Overpayment request or employee repayment received after these deadlines may result in delayed processing and may not be reflected on the 2010 W-2 tax statement.

Significant tax consequences on behalf of the employee could occur as a result of the delayed processing.

- Employees with repayments processed in 2011 for a 2010 overpayment will be required to file and pay taxes on the entire amount received and reported on the 2010 W-2. A tax letter will be issued to the employee indicating the amount of earnings that can be adjusted. This letter can be used when filing their tax return. Employees who have questions regarding their personal income tax return or the tax letter should seek tax advice from a tax professional.

For more information on Payroll Processing, refer to the Transaction Processing section of the Payroll and Earnings site or Business and Financial Policies and Procedures, Section 4, Payroll found on the OBFS website at: http://www.obfs.uillinois.edu/.
How Tax Residency Status Affects Benefits Eligibility

By Carole Devaney

Employees who have a revised tax residency status from Resident Alien (RA) to Nonresident Alien (NR) effective January 1, 2011, based on the Substantial Presence Test are no longer eligible to be members of the State Universities Retirement System (SURS).

Only participants in SURS are eligible for state insurance administered by the Department of Central Management Services (CMS). Insurance coverage for these employees and their dependents will terminate at midnight on December 31, 2010.

CMS has an insurance program called COBRA that will allow a temporary extension to health, dental and vision coverage. CMS will send a COBRA offer letter to employees’ home addresses along with a rate sheet showing the premiums. The premium is 102 percent of both the employee and employer’s cost.

Employees with questions or those who need to update their tax status should go to their campus UPB Payroll office.

Customer Service Metrics

Customer Satisfaction

For every call and visit made to Payroll Customer Service, a case is created and tracked using Unicenter software. Below is a table showing the number of Payroll Customer Service cases closed monthly between July 2010 and September 2010.

<table>
<thead>
<tr>
<th></th>
<th>JULY</th>
<th>AUG</th>
<th>SEPT</th>
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</thead>
<tbody>
<tr>
<td>Cases Closed</td>
<td>1742</td>
<td>1724</td>
<td>2074</td>
</tr>
</tbody>
</table>

Payroll Operations Metrics

During the first quarter of 2010, 61 timesheets fell into an error status at Disposition 05 and had to be manually fixed by Payroll Operations. This error occurs when an employee’s required statutory deductions are not active or do not exist during the pay period.

Payroll Adjustments Processed

July 2010 – Sept 2010

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6124</td>
<td>4438</td>
<td>6207</td>
</tr>
</tbody>
</table>

Student Health Insurance

- We employ 8 full time employees and one academic hourly
- We cover over 30,000 students
- What is our busiest time? FALL REGISTRATION!!
- Fall registration ran from August 23 - September 23

This past registration we:

- Received 75-100 faxes per day/this includes registration forms as well as claims and medical information
- Had 120-150 walk-in’s per day
- Had approximately 400 phone calls per day

The next registration period is for Spring 2011. The dates are: January 18, 2011 thru February 22, 2011
Foreign Nationals
Renewing Tax Treaty Benefits for 2011 Tax Year

By Emily Lange

Employees who wish to receive tax treaty benefits on their payroll checks are required to complete a Tax Status Review Appointment each tax year. These appointments are considered renewal appointments, and can be completed any time after November 1, 2010. Although tax treaties may allow benefits for several years, the IRS procedures require benefits only be extended one tax year at a time. Therefore the 2010 tax treaty benefits expire December 31.

Employees on the Chicago and Urbana campuses are able to schedule renewal appointments using the Foreign National Tax Status Review Appointment web site: http://training.obfs.uillinois.edu/index.cfm?campus=F, or by contacting their local Payroll Customer Service Center. Employees needing to schedule a renewal appointment at the Springfield campus can either contact or visit our office at BSB 85.

University Payroll Customer Service can be contacted by e-mail at: paying@uillinois.edu. University Payroll Customer Service Centers can also be contacted by phone Monday through Friday, 9:00 a.m. to 4:30 p.m.

- Chicago 312-996-7200
- Urbana 217-265-6363
- Springfield 217-206-7210

UPB Town Hall Sessions
By Saundra Hester

During the months of September and October, University Payroll & Benefits conducted town hall sessions on each campus to identify changes that have recently been implemented or will be implemented in the near future. A summary of the topics and their related changes include:

Savings Bond Program - The U.S. Department of Treasury will stop offering paper savings bonds through payroll savings plans. As of January 1, 2011 employees will no longer be able to purchase paper savings bonds through payroll deductions. Because of this change, effective immediately, employees can no longer enroll in the savings bond program through National Bond & Trust (NBT), the University of Illinois' bond provider. You may continue to contact NBT through November 1, 2010, to request changes to your account or end your existing savings bond deduction.

While paper bonds may no longer be available through your workplace, you can continue to save automatically through TreasuryDirect. This free online system allows you to purchase, manage, and redeem electronic (paperless) savings bonds 24/7. More information on the electronic savings bond program can be found at www.treasurydirect.gov.

Payroll & Foreign National Webinars – The Payroll Overview and Payments to Foreign Nationals in-person training classes are now presented as webinars. Both sessions have been broken down into a 4 week course sequence that allows for more detailed information on highlighted topics. To register for the Payroll Overview or the Foreign National Overview webinar click on the training center link found on the OBFS website at http://www.obfs.uillinois.edu//.
Advance Earned Income Credit (AEIC) - For tax years 2011 and beyond, there will be no more advanced payment on the earned income credit. Employees can continue to receive the Earned Income Credit on their personal income tax returns. Individuals currently receiving advanced payments due to AEIC will have the deduction automatically terminated effective December 31, 2010.

Taxable Benefits – A new application for submitting individual taxable benefit transactions is currently being developed that will replace the current Adjustment Notification Application (ANA) process for submission. The application will give units the ability to identify if and when taxable benefits were applied, to view history for the current calendar year on transactions previously submitted under their own enterprise ID, and make corrections to a particular transaction as needed. Further communication will be sent detailing the actual roll-out date.

Tuition Waiver – Currently tuition waivers and fee reductions for graduate level education are excludable from income under one of two Internal Revenue Codes. IRC 117 exempts Research and Teaching Assistants (RAs and TAs). IRC 127 excludes employee and GA waivers up to a maximum of $5,250 per calendar year. Assistance that exceeds the exclusion limit for employees and GAs is subject to withholding and reporting as a taxable benefit. This exclusion limit is set to expire December 31, 2010 and unless it’s extended, ALL graduate level tuition waivers and fee exemptions given to employees and GAs for 2011 will be reportable as taxable income and subject to withholding.

In limited instances the university allows waiver amounts in excess of the $5,250 limit to be excluded from income as a working condition fringe benefit (services provided to an employee to perform their job). Effective January 1, 2011 the University will no longer offer the working condition fringe exemption and will withhold on all tuition waivers and fee exemption amounts.

Web Time Entry – The Banner 8.3 upgrades bring with it a Return Time enhancement to Employee Self-Service Web Time Entry.

Previously in Web Time Entry, once a timesheet was submitted for approval by an employee, the timesheet could only be approved, edited or returned to the originator for correction by the approver. This enhancement allows for the originator/employee to pull back the timesheet by selecting the Return Time button, make the necessary corrections and resubmit the timesheet for approval.

The Return Time function is also available to Approvers. An approved timesheet can be retracted by the approver selecting the Return Time button, returning the timesheet to a Pending transaction status and allowing the approver to edit the time before re-approving the timesheet.

This enhancement, if used within the same payroll time entry deadlines, will reduce the need for payroll adjustments due to time entry errors.

Mandatory Direct Deposit and Earnings Statements – Effective July 1, 2011, all employees will be required to enroll in an electronic payment method by providing their bank account information or be set up with a Paycard (debit cards that enable employers to pay employees through payroll direct deposit even if they do not have bank accounts). Individuals grandfathered from the previous direct deposit mandate in 2003 will no longer be exempted from the current change.

Also associated with this change; paper earnings statements will no longer be printed by University Payroll & Benefits and mailed to campus units for distribution. Employees needing to access their electronic earnings statement can do so by logging into Nessie at https://nessie.uihr.illinois.edu/cf/index.cfm and clicking on the compensation tab.
International ACH Transactions – Currently any employee attempting to enroll in direct deposit or make a change to their existing bank account information via Nessie will need to respond to an initial question asking: **Do you plan to deposit any funds you receive as a direct deposit from the University of Illinois to a foreign (i.e. non-U.S.) bank account?**

The question was developed in an effort to comply with the new International ACH Transaction (IAT) regulations implemented by the National Automated Clearing House Association (NACHA). According to the new rules, that began September 18, 2009, all ACH payments entering or exiting the United States must be uniquely identified and formatted as an IAT. NACHA defines an IAT as “a credit or debit entry that is part of a payment transaction involving a financial agency’s office that is not located in the territorial jurisdiction of the United States.” To comply with this regulation we must be able to identify any payment that would be forwarded to a foreign financial institution.

**Foreign National Payment e-Form** - A new electronic version of the Foreign National Payment form (e-Form) is now available to submit non-employment payment requests and non-travel expense reimbursement requests for foreign nationals. The original Excel version of the Foreign National Payment Form remains available to submit Foreign Sourced payments (for services performed outside of the U.S.) and requests for travel expense reimbursements only.

Requests for non-employment and non-travel expense reimbursement for foreign nationals must be submitted on the Foreign National Payment e-Form. Requests for these types of payments submitted on the Excel version of the form will be rejected.

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**Year-End Schedule**

- **November 15, 2010** Reporting of Taxable Benefits to Payroll
- **November 19, 2010** Noon, Adjustments Approved
- **November 24, 2010** Adjustments Paid
  - BW 24 Pay date
- **December 1, 2010** Overpayment adjustments submitted via ANA for 2010 due date
- **December 15, 2010** Employee repayments due to overpaid wages
  - Paper checks that have not been distributed to employees should be returned to payroll
- **December 17, 2010** 5:00 p.m., Approved Adjustments due
- **December 22, 2010** BW 26 Pay Date
- **December 23, 2010** Adjustments Paid
  - Noon, 2011 BW 1 Time Approval due
- **December 27, 2010** 5:00 p.m., Superusers deadline
  - 5:00 p.m., 2011 BW 1 Current pay period adjustments due
- **January 4, 2011** Noon, Adjustments Approved
- **January 7, 2011** Adjustments Paid
Payroll Training Events
Now Open for Registration

UIUC

Labor Redistributions
November 11th - 9:00 am to 10:30 am

One-Time Payments
November 11th - 11:00 am -12:30 pm

UIC

Adjustment Processing for Units
December 17th - 1:00 pm - 4:00 pm

Department Time Entry
November 24th - 1:00 pm - 4:00 pm

Labor Redistributions
November 24th - 9:00 am to 10:30 am

One-Time Payments
December 17th - 9:00 am-10:30 am

UIS

None at this time

Payroll Webinars - All Campuses

Web Time Entry for Employees and Approvers

The tutorials are located at the following location:
http://www.obfs.uillinois.edu/cms/One.aspx?portalId=909965&pageId=912750#WebTimeEntry

The users may use the tutorials with or without audio; instructions are shown at the tutorial location.

Below is the link for future Webinars
http://training.obfs.uillinois.edu/index.cfm?campus=w

For further information on the Payroll courses or to register for a class, please visit the OBFS Training Center.

Foreign National Mass Appointment Labs

The dates below are available for status review of new employees and for current employee renewals.

UIUC

November
1-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
8-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
16-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
17-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
23-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
24-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
29-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

December
6-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
9-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
13-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
15-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
16-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
21-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
29-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm
* Renews only

UIS

None at this time

Foreign National Webinars - All Campuses

The registration site for updates or changes to the Foreign National Mass Appointment Lab offerings.
Q: When am I required to certify my dependent child?
A: The first time certification is required is when dependents turn age 19. Two months before their 19th birthday, CMS mails a certification form to the employee. The employee is asked to either certify the dependent in one of the eligible categories or terminate dependent coverage. That form is returned to CMS. After the initial certification CMS requires semi-annual certification every spring and fall. Employees should use Nessie to certify their dependents during these certification periods.

Q: How can I reinstate my dependent coverage if I did not certify by the October 31, 2010 deadline?
A: If the employee provides the certification form within 30 days of the termination date, coverage will be reinstated retroactive to the date of termination (November 1).

If the certification form is not provided within that 30-day period, coverage can only be reinstated within 60 days of the employee experiencing a qualifying event. In that situation, employees should contact their campus UPB Benefits Office for instructions.

Q: If my child is not a full-time student, what are my options?
A: Dependents can be certified as a Sponsored Adult Child up to, but not including age 26, on the Certification Statement. There will be no increase in premium due to this change in relationship. CMS requires that a birth record or birth certificate be on file at the agency’s benefits office.

Q: When should I complete forms to enroll, or make a change, in the 457 Deferred Compensation plan so it is effective with my January 2011 pay check?
A: Initial Enrollment or Change forms must be received at your campus UPB Benefits office 2 months before the month that you want the pay check deductions to start or change. For example, to begin or change the deferral amount for January 2011 paychecks, the forms must be received by UPB in the month of November. UPB then transmits the forms to CMS for approval.

As always, please review your Earnings Statement in Nessie to ensure that deductions are correct.

Q: How and when can I obtain my W-2 for 2010?
A: The University of Illinois offers the convenience of electronic W-2s. You can consent to receive your W-2 electronically by going to the NESSIE website. Employees who consent to receive their W-2 electronically will access it at their convenience via the NESSIE website. This year the electronic W-2 will become available no later than Friday, January 14, 2011. If you haven’t consented by then it’s not too late; consent will remain open through January 17, 2011, only until 10:59 p.m. Central Time.

Printed paper W-2 forms will be mailed on January 31, 2011, to employees who DO NOT consent to receive their W-2 electronically by January 17, 2011, by 10:59 p.m. CT.

Q: How can I get a duplicate copy of my W-2?
A: To request a duplicate copy of your W-2, please call our W-2 vendor, JAT at 866-923-6767 after February 11, 2011. Employees can also access a duplicate W-2 electronically through NESSIE after February 11, 2011, even if they have not consented to receiving the original W-2 electronically.

Q: Is an electronic W-2 a legal document?
A: Yes, the Internal Revenue Service has approved the use of electronic W-2s. However, IRS regulations require that the employees consent to the electronic distribution and the manner of consent must prove the employee has access to receive the W-2 electronically. The University has met this requirement by providing a link within NESSIE where employees can provide this consent. The consent process is open now.
Payroll Calculation Deadlines

<table>
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</tr>
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<tbody>
<tr>
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<td>23</td>
<td>11/2/2010</td>
<td>11/10/2010</td>
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<tr>
<td>BW</td>
<td>24</td>
<td>11/16/2010</td>
<td>11/24/2010</td>
</tr>
<tr>
<td>MN</td>
<td>12</td>
<td>12/9/2010</td>
<td>12/16/2010</td>
</tr>
<tr>
<td>BW</td>
<td>26</td>
<td>12/14/2010</td>
<td>12/22/2010</td>
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<tr>
<td>MN</td>
<td>1</td>
<td>1/10/2011</td>
<td>1/14/2011</td>
</tr>
<tr>
<td>BW</td>
<td>2</td>
<td>1/11/2011</td>
<td>1/19/2011</td>
</tr>
</tbody>
</table>

Payroll calendar is available at:
http://www.obfs.uiuinois.edu/payroll/payroll_schedules/

Questions & Answers (cont.)

Q: What happens after I consent to receive my W-2 online?
A: Once the employee submits the information to receive their W-2 online, they will receive an email from JAT Software indicating they have consented to receive their W-2 electronically. University Payroll will send out a notification when your W-2 is available online, and instructions on how to access it. Employees who have previously consented to receive their W-2 form electronically do not need to do anything to receive their W-2 electronically again this year.

Q: If I want to receive my W-2 via mail, why do I need to make sure that my address is up-to-date in NESSIE?
A: University Payroll will access the mailing address (MA) listed on the employee’s Personal Information tab in NESSIE to print on the W-2s. If the employee does not have an active mailing address, the W-2 will be sent to the permanent address. If your address is not updated and you are receiving a paper W-2 it may be delayed or returned.

Employees can update both their mailing and permanent address through NESSIE following the instructions on the Employee Address Change Web page. This should be completed by December 31, 2010, for 2010 W-2 purposes.

More Information
The Tax Information section of the Payroll and Earnings Web site provides details on how to access the electronic form and about the reissue process. This information also will be communicated through MASSMAIL.

Contact
If you have questions about University Payroll processing, please contact the Payroll Customer Service Center at Chicago 312-996-7200, Urbana 217-265-6363, Springfield 217-206-7211 or payingq@uillinois.edu.