

# UNIVERSITY PAYROLL & BENEFITS NEWSLETTER

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## *Highlights & Hot Topics*

### **A Tax Reminder: Taxation Withholding Method Applied to Graduate-level Tuition Waivers**

*By Kassandra Hester*

In accordance with the University of Illinois' Educational Assistance Plan that is in compliance with Internal Revenue Code Section 127, the value of graduate-level educational benefits exceeding \$5,250 is subject to employment taxes and must be reported as taxable wages on Form W-2. This taxation does not apply to qualified Teaching Assistants or Research Assistants.

The University must withhold federal and state income taxes, as well as Social Security and Medicare taxes, if applicable, on taxable tuition waivers, as required by the IRS and other regulatory agencies. Effective January 1, 2012, federal and state income taxes will be withheld at graduated rates on taxable tuition waiver amounts in excess of \$5,250. The calculation of the tax withholding will be in accordance with the employee's current Form W-4 on file with the University Payroll & Benefits (UPB) Office.

Individuals may change their Form W-4 via NESSIE ([https://nessie.uihr.uillinois.edu/cf/comp/index.cfm?Item\\_id=1056&rlink=674](https://nessie.uihr.uillinois.edu/cf/comp/index.cfm?Item_id=1056&rlink=674)) to adjust their withholding. Also, Monthly- and Bi-weekly Tuition Benefit Net Pay Calculators are available to employees on the OBFS website to assist in determining the effect of the withholding on their pay. The calculators are located at <http://www.obfs.uillinois.edu/payroll/> on the right side of the page.

Due to the change from the supplemental to the graduated tax withholding rates the following process changes will occur within UPB:

- If a tuition waiver amount needs to be applied outside of regular pay cycle processing due to an employee being in an inactive pay status (i.e., leave of absence or termination), the supplemental withholding rate will be assessed on the transaction.
- All corrections will be processed on the next regularly scheduled tuition waiver assessment period. Any approved exceptions for adjustments outside the normal tuition waiver process will be applied on the next regular payroll cycle.

The change to the graduated rates applies **ONLY** to tuition waivers. All other taxable benefits will continue to be taxed at the supplemental withholding rate (25% Federal, 5% State, 1.45% Medicare, and 4.2%, pending federal legislation, Social Security where applicable).

During the Spring of 2012, UPB will conduct overview sessions with more detailed information related to the taxation of tuition waivers. Additional communications will be forthcoming.

Questions regarding the new process can be addressed to UPB Customer Service at [paying@uillinois.edu](mailto:paying@uillinois.edu) or UIUC: 217-265-6363, UIC: 312-996-7200, UIS: 217-206-7211.

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## University Benefits

### Medicare and CMS Insurance Coverage

All employees nearing Social Security retirement age should contact their local Social Security Administration (SSA) office at 1-800-772-1213 or go to [www.socialsecurity.gov](http://www.socialsecurity.gov) for information on **Medicare** eligibility for themselves and their dependents.

Members who are actively working and become eligible for Medicare (or have a dependent that becomes eligible for Medicare) due to turning age 65 or due to a disability (under the age of 65) must accept the premium-free Medicare Part A coverage, but may delay the purchase of Medicare Part B coverage. The State group insurance program will remain the primary insurance for plan participants eligible for Medicare due to age or disability until the date the member retires or loses current employment status (such as no longer working due to a disability-related leave of absence). Upon such an event, Medicare Part B is required by the State group insurance program.

To ensure that benefits are coordinated appropriately and to prevent financial liabilities with healthcare claims, plan participants must notify the State of Illinois CMS Medicare Coordination of Benefits (COB) Unit when they become eligible for Medicare. The Medicare COB Unit can be reached by calling 1-800-442-1300 or 217-782-7007. CMS will request that you provide a copy of the Medicare card.

If Social Security determines that a plan participant is not eligible for premium-free Medicare Part A based on his/her own work history or the work history of a spouse at least 62 years of age (when applicable), the plan participant must request a written statement of the Medicare ineligibility from SSA. Upon receipt, the written statement must be forwarded to the CMS Medicare COB Unit to avoid a financial penalty. Plan participants who are ineligible for premium-free Medicare Part A benefits, as determined by Social Security, are not required to enroll in Medicare Parts A or B.

## University Benefits

### New Hire Orientation

UPB strongly encourages first time benefit eligible employees to enroll in and attend the next available benefits overview orientation session immediately following their hire date. A first time benefit eligible employee should contact their campus UPB office if they are unable to attend an overview session within 10 calendar days of their hire or benefit eligibility date. All new hires are provided a link on their NESSIE new hire task list to enroll in this overview session. An employee who changes from a non-status to status position and becomes benefit eligible will receive an email notification from the University Office of Human Resources, or UPB with instructions on how to enroll in a benefits overview orientation session.

UPB also offers an informal NESSIE “hands on” group session where UPB staff is available to assist employees to complete NESSIE new hire benefit enrollment forms. Sessions are held weekly at a designated computer lab on the UIUC and UIC campuses. ***New hires and first time benefit eligible employees must first attend a benefits overview orientation session before attending a NESSIE “hands on” session.*** New hires and first time benefit eligible employees will find a link on their NESSIE New Hire task list to enroll in a NESSIE “hands on” session.

Benefits orientation and NESSIE “hands on” session dates, times, and locations are displayed to the employee once they click the appropriate link on their NESSIE New Hire task list.

Employees who do not attend a benefits overview orientation will have 10 calendar days from their hire or benefit eligible date to make benefit elections. Employees, including those part time, who fail to make elections within that time period will be automatically enrolled in the Quality Care Health and Dental plans with NO dependent coverage and with basic employee life coverage.

**UPB - Benefits Service Center: UIC 312-996-6471, UIUC 217-333-3111 and UIS 217-206-7144**

## Student Health Insurance

### Did You Know?

Student Insurance covers chiropractic and physical therapy services? An undergrad has a limit of \$900 and grads are limited to \$1500.

Wisdom Teeth removal is covered as long as teeth are partially or completely bony impacted.

Routine well baby care is payable for the first year of life for a covered child.

If the student has another insurance plan, we are considered secondary and pay as an "excess plan." What does that mean? Once the other insurance pays or denies the charge, Student Insurance can either pay the rest of the charge in full or up to our full benefit which is generally 80% of the charged amount or usual and customary, whichever is less.

**UPB - Student Insurance Service Center: 217-333-0165**



## 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 October 2011 and December 2011.

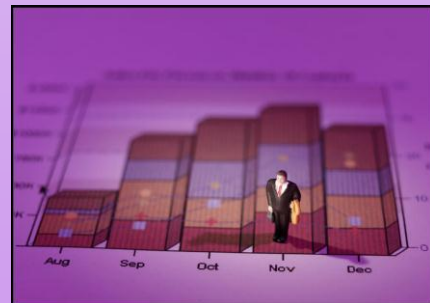
	OCT	NOV	DEC
Cases Closed	1725	1667	1472

### Payroll Operations Metrics

During the fourth quarter of 2011, 51 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 Oct 2011 – Dec 2011

October	November	December
5088	3600	4401



## Important Payroll Dates

### Payroll Training Events Now Open for Registration

#### UIUC

##### *Adjustment Processing for Units*

March 20<sup>th</sup> - 9:00 am - Noon

##### *Department Time Entry*

March 13<sup>th</sup> - 9:00 am - Noon

##### *Labor Redistributions*

February 23<sup>rd</sup> - 9:00 am - 10:30 am

April 5<sup>th</sup> - 9:00 am - 10:30 am

##### *One-Time Payments*

February 23<sup>rd</sup> - 11:00 am - 12:30 pm

April 5<sup>th</sup> - 11:00 am - 12:30 pm

#### UIC

None at this time

#### 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](#).

Important  
DATE!

→ DON'T  
FORGET!

Reminder!

### Foreign National Mass Appointment Labs

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

#### UIUC

##### February

2 -9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

6- 9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

9 -9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

13-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

15-9:00am -10:30am, 11:00am - 12:30pm (AM Session Only)

20-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

21-9:00am -10:30am, 11:00am - 12:30pm (AM Session Only)

27-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

29-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

##### March

5-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

7-9:00am -10:30am, 11:00am - 12:30pm (AM Session Only)

12-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

14-9:00am -10:30am, 11:00am - 12:30pm, (AM Session Only)

19-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

21-9:00am -10:30am, 11:00am - 12:30pm, (AM Session Only)

26-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

27-9:00am -10:30am, 11:00am - 12:30pm, 1:30 pm - 3:00 pm

#### UIC

##### February

7 -9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

13 -9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

16 -9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

21 -2:00 pm - 3:30 pm (PM Session Only)

23 -9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

##### March

7-9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

12-9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

15-9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

22- 2:00 pm - 3:30 pm (PM Session Only)

29-9:30am -11:00am, 11:30am - 1:00pm, 2:00 pm - 3:30 pm

Please refer to the [registration site](#) for updates or changes to the Foreign National Mass Appointment Lab offerings.

#### Foreign National Webinars - All Campuses

None at this time.

## Questions & Answers

**Q:** *Why am I asked to supply a Social Security Number (SSN) for my insured dependents?*

**A:** To comply with federal and state laws, the Illinois Department of Central Management Services (CMS), as an insurance administrator, must collect and retain the permanent SSN for all dependents insured under the State of Illinois Group Insurance Program.

**Q:** *What action will CMS take if they do not have a SSN for an insured dependent?*

**A:** In 2012 CMS plans to announce an official 90-day period during which time employees who have dependents in the CMS Membership System without a SSN will receive notification to supply the SSN by the end of the 90-day period. If dependents' SSNs are not provided by the deadline, their health, dental, vision and life coverage will be terminated. The exact date of this official period is unknown at this time.

**Q:** *If I've provided my dependents' SSN to either CMS or the University Payroll and Benefits (UPB) office in the past, will I need to supply the SSN again?*

**A:** If your dependent is in the CMS Membership System with a SSN, you will not receive notification from CMS. If you have already provided a dependent's SSN to UPB and receive notification from CMS that they are missing the SSN, please contact your campus UPB office.

**Q:** *What if my dependent is not eligible for a SSN?*

**A:** The employee must provide documentation from the Social Security Administration that clearly indicates the employee's inability to obtain the SSN for the dependent(s). Individual Taxpayer Identification Numbers (ITINs) are considered temporary identification numbers by Medicare, and therefore are not acceptable as a dependent's SSN on the CMS Membership System.

**Q:** *How will the CMS dependent SSN policy affect new dependents added to my coverage?*

**A:** CMS assigns a temporary identification number for newborns, newly adopted dependents and dependents unable to obtain a SSN. However, employees will need to provide a SSN for their dependents, or proof that they are not eligible for a SSN within a time period to be determined by CMS, or have dependent coverage terminated at the end of the designated time period.

**Q:** *What is the University doing to assist employees who need to provide dependent SSNs?*

**A:** UPB will proactively send letters through U. S. mail to employees who have state-insured dependents without a SSN. Those employees who respond and supply their dependents' SSN will receive a CMS Verification Form indicating the last 4 digits of the SSN. If the CMS Verification Form is not received within three weeks of providing the SSN, employees should contact their campus UPB office.

### Payroll Calculation Deadlines

Pay Event	Calc Date/Time Entry Due Date	Pay Date
BW 4	2/7/2012	2/15/2012
MN 2	2/9/2012	2/16/2012
BW 5 **	2/21/2012	2/29/2012
BW 6	3/6/2012	3/14/2012
MN 3	3/8/2012	3/16/2012
BW 7	3/20/2012	3/28/2012
BW 8	4/3/2012	4/11/2012
MN 4	4/9/2012	4/16/2012
BW 9	4/17/2012	4/25/2012
BW 10	5/1/2012	5/9/2012

**\*\* Denotes no voluntary deduction taken**

**University Payroll & Benefits Calendar is available at:**

<http://www.obfs.uillinois.edu/payroll/schedules/>