

UNIVERSITY PAYROLL & BENEFITS NEWSLETTER

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Highlights & Hot Topics

Impact of Recent Federal Tax Legislation

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Recent federal legislation was enacted that may impact some employees. President Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 on December 17, 2010. This legislation impacts employees by:

- Changing tax withholding
- Reducing Social Security withholding
- Extending educational assistance tax benefits for graduate level courses

Tax Withholding: All employees at the University may see some change in tax withholding. This new Act continues the Bush-era tax rates, which had been set to expire on December 31, 2010, for two years, through December 31, 2012. This continuation is intended to prevent a sharp increase in income tax withholding for most employees. However, the "Making Work Pay" tax credit is no longer available in 2011. As a result, employees may notice an *increase* in tax withholding.

Social Security: This Act decreases the Social Security withholding rate. Most employees at the University do not have Social Security withholding. However if you are Academic Hourly, Extra Help, or working in a Student job (if not registered for at least ½ time), which

includes Student Employment, Graduate Hourly, and Graduate Assistantships, then your Social Security withholding will decrease. This new act reduces the Social Security withholding tax rate paid by employees from 6.2% to 4.2% for wages paid in 2011. This will result in an additional 2% of earnings in your net pay beginning January 1, 2011.

Educational Assistance (IRS Section 127): This provision, currently in effect, had been set to expire on December 31, 2010. The new Act extends this provision for two years (through 2012). The Educational Assistance provision provides for an exclusion from income for employer provided education assistance (tuition waiver) up to \$5,250 per calendar year for graduate level courses. Note: This does not apply to teaching and research assistants, as their graduate level education is excluded under a different section of the Internal Revenue Code, which remains unchanged.

Increase in Illinois Income Tax Withholding

On January 12, 2011, the Illinois legislature approved an increase in the state individual income tax rate from 3% to 5%, which Governor Quinn signed on January 13, 2011. As a result of this increase, the University must change the withholding rate on employee wages from 3% to 5%.

The new withholding rate will be implemented with payrolls paid on or after January 26, 2011. Since the rates are effective January 1, 2011 and due to the late passage of the increased rate, you may owe additional income tax next year when you file your 2011 Illinois individual income tax return.

To see how this change affects your state income tax withholding and your net pay, you can use the [Payroll and Earnings](#) net pay calculators located at:

Monthly Net Pay Calculator - 2011

Bi-weekly Net Pay Calculator - 2011

Contact

Contact your campus UPB Payroll Service Center for any questions regarding withholding or tax questions via email payinq@uillinois.edu or by phone at:

Chicago 312-996-7200

Urbana 217-265-6363

Springfield 217-206-7211

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Mandating Electronic Earnings Statements!

In an effort to support a paperless society and reduce the cost for printing and distributing paper earnings statements, beginning July 1, 2011, University Policy will begin mandating electronic earnings statements, requiring all employees to access their earning information online.

Some of the benefits associated with accessing your statement online are:

- Reduces the amount of paper being utilized
- Electronic earnings statements are safe and confidential
- Statement will never be lost or stolen; reducing the possibility of identity theft
- Employees can view their statement online immediately once the payroll calc process is complete instead of waiting until payday to receive the hard copy

Electronic earnings statements are currently available in Nessie. To discontinue receiving your paper earning statements prior to July 1, 2011 can be quick and easy by logging into Nessie <https://nessie.uhr.uillinois.edu/cf/index.cfm> and following these simple steps:

- Select the *Compensation tab*
- Click on the link *Discontinue print of paper earnings statement*
- Login using your NetID or Enterprise ID and Password
- Enter your Personal Identification Number (click Your PIN to create a PIN)
- Click Submit to discontinue receiving the paper document

University Payroll & Benefits are encouraging all employees not currently using the electronic version to begin viewing it now. Steps to view the electronic version are:

Access NESSIE at <https://nessie.uhr.uillinois.edu> and click on:

Compensation > Pay & Taxes > Earnings Statement > Continue

Log in using either your **NETID** or **Enterprise ID**
Enter your secure password and click **Enter**. Click **Return** to
Enter your **PIN** in **NESSIE** > Click **Continue** > **Current Earnings Statement** will appear.

Historical Earnings are also available.

Please contact a University Payroll & Benefits Service Center with any questions you may have at paying@uillinois.edu or Chicago 312-996-7200, Urbana 217-265-6363, Springfield 217-206-7210.



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 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.

Spring 2011 Dependent Certification Period

The Spring Dependent Certification period will begin in February 2011 when CMS mails out Dependent Eligibility forms to employees who have dependent children age 19 and older. The Nessie Dependent Certification application will be available for employees to certify their dependents on the same date that the CMS letters are received. Employees are encouraged to use Nessie to certify these dependents, which will expedite the updating of the CMS Membership System and mailing of the CMS Verification forms confirming their April 1 certification. Dependents that are not certified will have their insurance coverage automatically terminated by CMS at midnight on March 31.



Student Insurance



Did You Know?

- Student Insurance covers roughly 9,000 graduate students and over 20,000 undergraduate students.
- The insurance coverage is underwritten by UnitedHealthcare and is a worldwide plan.
- All claims and checks are processed in our office daily.
- Undergrads have a \$200,000 per occurrence maximum, graduate students have a one million dollar lifetime maximum.



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 2010 and December 2010.

	OCT	NOV	DEC
Cases Closed	1801	1452	1210

Payroll Operations Metrics

During the fourth quarter of 2010, 40 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 Calculation Deadlines

Pay ID	Pay Number	Calc Date	Pay Date
BW	4	2/8/2011	2/16/2011
BW	5	2/22/2011	3/2/2011
BW	6	3/8/2011	3/16/2011
MN	3	3/10/2011	3/16/2011
BW	7	3/22/2011	3/30/2011
BW	8	4/5/2011	4/13/2011
MN	4	4/7/2011	4/15/2011
BW	9	4/19/2011	4/27/2011
BW	10	5/3/2011	5/11/2011

Payroll calendar is available at:

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



Payroll Adjustments Processed Oct 2010 – Dec 2010

October	November	December
4321	3834	3661



Important Payroll Dates



Payroll Training Events Now Open for Registration

UIUC

Adjustment Processing for Units

February 9 9:00 am-12:00 pm



Department Time Entry

February 15 9:00 am-12:00 pm

Labor Redistributions

March 8 9:00 am to 10:30 am

One-Time Payments

March 8 11:00 am-12:30 pm

UIC

Adjustment Processing for Units

February 16 1:00 pm-4:00 pm



Department Time Entry

March 16 1:00 pm -4:00 pm

Labor Redistributions

March 16 9:00 am to 10:30 am

One-Time Payments

February 16 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



February

14-8:30am – 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

21-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

22-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

28-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

March 3-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

7-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

14-8:30am – 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

30-8:30am – 10:00am, 10:30am – 12:00pm, 1:30 pm – 3:00 pm

UIC

February

3 – 9:30am – 11:00am, 11:30am – 1:00pm, 2:00pm – 3:30pm

8 – 9:30am – 11:00am, 11:30am – 1:00pm, 2:00pm – 3:30pm

14 – 9:30am – 11:00am, 11:30am – 1:00pm, 2:00pm – 3:30pm

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

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

22-9:30am – 11:00am, 11:30am – 1:00pm, 2:00pm – 3:30pm

28-9:30am – 11:00am, 11:30am – 1:00pm, 2:00pm – 3:30pm

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

*Dates posted for March will be available after Friday, February 11

Foreign National Webinars - All Campuses

March

9 - Foreign Nationals Payments Taxation and Reporting Session I Overview

16 - Foreign Nationals Payments Taxation and Reporting Session II: Tax Residency Status

23 - Foreign Nationals Payments, Taxation and Reporting Session III: Payments to Employees and Students

29 - Foreign Nationals Payments, Taxation and Reporting Session IV: Payments to Short-term Visitors

Questions & Answers

Payroll Q/A

Q: *I believe my W-2 is incorrect. Who should I contact?*

A: If you think there is an error on your W-2, or have questions, you can verify that your reportable taxable gross and Medicare earnings are correct by accessing the Excel spreadsheet created by University Payroll titled Verification of Taxable Gross and Medicare Earnings on your W-2. To use this spreadsheet, you will need to reference your final earnings statement issued to you for the calendar year 2010 and follow these steps:
Enter the Year-to-Date (YTD) totals in the right column for each of the items listed on the earnings statement.
Enter the Gross Pay YTD, Taxable Benefits and Excess Life YTD totals from the Summary section of the earnings statement.
Enter any remaining YTD amounts listed within the Deduction Summary section of the earnings statement. The spreadsheet will automatically calculate the totals for you. The Medicare calculation will also automatically calculate based on the numbers entered above, and will only be applicable if you have Medicare deductions.

If there is a discrepancy between the spreadsheet and your Form W-2, you should contact the University Payroll Service Center at 312-996-7200 or 217-265-6363. If needed, University Payroll will issue you a W-2C to be used for tax preparation. The W-2C and the original W-2 should be sent with your tax forms to the IRS.

Q: *I received a Form 1099 but am unsure why?*

A: 1099's are produced by University Payables. Customer Service for University Payables should be able to answer your inquiry. They can be reached at 217-333-6583 or obfsupay@uillinois.edu.

Q: *A coworker received a 1098-T. What is a 1098-T and should I have received one?*

A: Form 1098-T is a form used to report education costs to the IRS. The statement would include tuition and related expenses as well as any scholarships or grants credited to the Student's account. Information reported on this form would be helpful to students or parents of students claiming educational credits on their income tax return.

Q: *I have no withholding for federal taxes because I filed exempt on my W-4 withholding form. I received an email stating my prior year W-4 form expires on 2-15-11. What do I need to do to keep the exempt status for the current year?*

A: If an employee wishes to file exempt from federal tax withholding, a new W-4 must be completed each year. For 2011, the deadline for submission is February 16, 2011 and will remain in effect through February 16, 2012. This can be done through NESSIE on the Compensation tab. In the event an employee claimed exempt for 2010 and fails to provide University Payroll with a new W-4 by the deadline, University Payroll will begin withholding as if the employee is single with zero withholding allowances. An employee cannot claim exemption from withholding if (a) income exceeds \$950 and included more than \$300 of unearned income, and (b) another person can claim the employee as a dependent on his/her tax return.

Benefits Q/A

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

A: The Social Security Administration (SSA) requires employer group health insurance administrators, such as the Department of Central Management Services (CMS), to provide social security numbers (SSNs) for insured employees and dependents. Previously CMS used temporary identification numbers beginning with 808 for dependents whose SSN was not entered into their system. SSA has now notified CMS that in 2011, new SSNs will be created starting with an 808 prefix, therefore, CMS can no longer use these numbers. CMS is now in the process of contacting all State agencies requesting that they update the CMS system with dependents' correct SSNs to replace those with an 808 prefix. This measure will also assist CMS in complying with SSA reporting mandates.

Q: *What happens if I do not provide a SSN for my insured dependent?*

A: If a SSN is not provided, CMS will assign a default identification number as a placeholder. This default number prevents any automatic updates or changes to be made on an employee's insurance file which will delay processing of benefit changes, claims and receipt of insurance cards.

Q: *What if my dependent does not have a SSN, such as a newborn?*

A: CMS has a special process for newborns and will assign the default placeholder number. Employees are required to provide the dependent's SSN to the UPB Benefits Services office as soon as it is available. If a dependent is not eligible for a SSN, CMS requires written verification from the SSA that they cannot be assigned a SSN. More information on this issue will be provided to employees later in the year.