



The Latest Word

NEWS AND ANNOUNCEMENTS

W-2 Reminders

It's that time again—W-2 season. Be sure your W-2 statements reflect the correct amount in each box, as required by the IRS. Box 1 and box 16 indicate the federal and state taxable amounts the employee must claim as income. IPERS contributions are a pretax deduction that reduces the total income an employee must claim. Make sure your W-2s reflect this reduced amount.

In this example, the employee earned gross wages of \$42,000. They are a Regular member and must contribute 6.29%. Because this employee is an IPERS' member, you must mark the Retirement Plan box (box 13). You may state the member's amount of IPERS contributed in box 14.

22222		a Employee's social security number 123-45-6789		OMB No. 1545-0008	
b Employer identification number (EIN) 42-1234567		1 Wages, tips, other compensation 39,358.20		2 Federal income tax withheld 5,643.37	
c Employer's name, address, and ZIP code City of Example PO Box 1 Example IA 50000		3 Social security wages 42,000.00		4 Social security tax withheld 2,604.00	
		5 Medicare wages and tips 42,000.00		6 Medicare tax withheld 609.00	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name John L. Smith 1 Main Street Example IA 50000		11 Nonqualified plans		12a	
		13 Statutory employee Retirement Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other IPERS \$2,641.80		12c 12d	
f Employee's address and ZIP code		15 State Employer's state ID number IA 42-1234567-001		16 State wages, tips, etc. 39,358.20	
		17 State income tax 1,356.67		18 Local wages, tips, etc.	
				19 Local income tax	
				20 Locality name	

Form **W-2** Wage and Tax Statement **2019** Department of the Treasury—Internal Revenue Service

Current Addresses for Employers

IPERS often has important information to share with our members. It is important we have members' correct contact information so they can receive this information in a timely manner. We appreciate your help to encourage employees to maintain accurate contact information, both with you and with IPERS.

TRAINING AND EDUCATION

IPERS-Covered Wages

Employers often ask how to treat lump-sum compensation paid at the end of employment. The following clarification can help you determine if the payments are IPERS-covered wages:

- **Lump-sum payouts of unused vacation or sick leave made during or at the end of service are not IPERS-covered wages.** Payments made for vacation time or as salary to replace regular work hours are IPERS-covered wages.
 - **Non-IPERS-covered wage**

Supplementing Workers' Compensation

IPERS does not consider workers' compensation benefits as regular compensation. With the employee's approval, an employer may supplement workers' compensation benefits by reducing the employee's sick leave. This supplemental amount is IPERS-covered, but the actual payment for workers' compensation is not.

Do not have the employee present the workers' compensation check to you as the employer and

example - An employee worked until his or her termination date. The employee received 32 hours of unused vacation on the last paycheck. The wages paid for the 32 hours of vacation are not IPERS-covered.

- **IPERS-covered wages example** - An employee's termination date is February 28. The employee used accrued vacation time starting February 14 to receive a salary through February 28. These payments are IPERS-covered wages.
- **Do not report vacation time and compensatory time the same way.** IPERS-covered wages include payments for compensatory time taken instead of regular work or paid as a lump sum. Lump-sum payments for compensatory time should not exceed 240 hours per employee, per year.
- **Payments made in addition to an employee's normal wage as an early retirement incentive are not IPERS-covered wages.** This applies whether paid in a lump sum or installments.
- **Payments made on dismissal or severance from employment are not IPERS-covered wages.** This applies whether paid in a lump sum or installments.

then issue a regular payroll check as if they were not on this type of leave.

Five Reasons to Use EFT to Remit Contributions

Do you mail IPERS your contribution payment each month? Consider switching to EFT!

1. Save time because it only takes a few clicks to make a payment.
2. Save money on postage and trips to the post office.
3. Guarantee your payment arrives on time. Even an EFT payment made at 11:59 p.m. on the due date credits as on-time payment.
4. Schedule payments in advance or use the Pay Now feature.
5. Receive a payment summary - your proof of when you made the payment.

The [I-Que Help Guide](#) provides EFT instructions in these sections:

- Adding a Financial Institution
- Making an Online EFT Payment
- Schedule Future EFT Payments sections.

I-Que can store information for multiple bank accounts.

It only takes a few minutes to set up EFT payments. If you have questions, call the I-Que Help Desk at 877-473-7799 (press 4 to reach the employer relations team).

Employees of Fewer than Six Months

If an employee hired to fill a permanent position (with the expectation of employment to last six months or longer) terminates before completing six months of employment, the employer **may** file a wage adjustment with IPERS to recoup contributions submitted for the employee and employer. IPERS law only allows wage adjustments for permanent employees who terminate in fewer than six months of employment. Therefore, employers cannot file wage adjustments for temporary employees who qualified for coverage under IPERS' temporary rules and subsequently left before working six months. IPERS must verify if the employee worked for more than six months OR if they were hired as a temporary employee. IPERS is asking that you update a terminated member's employment record in the View/Update Member Information in I-Que with the termination date and last paid date before submitting these fewer than six month wage adjustments. Please note the hired date should be the actual date of hire and not the date of qualification for IPERS' coverage.

COMPLIANCE TIPS

Citizen Coaches

A citizen coach is a coach who performs no other work for the employing school. Sports team coaches and drama coaches are positions often filled by citizen coaches. Citizen Coaches are a unique group of employees due to the fact that they may only be paid a minimum of one to three times a year.

Normally, citizen coaches fall into one of the two following scenarios. IPERS does not mandate one way or the other, we just want the district to be consistent no matter which scenario is followed.

1. A district employee has first priority when filling a coaching position currently filled by a citizen coach. Because the district employee has a higher priority, the citizen coaches would not have established an on-going relationship unless they met the normal temporary rule of receiving \$1,000.00 in each of two consecutive quarters.
2. The district gives priority to the citizen coach; meaning that a new district

Elected Officials and Payroll Taxes

Full-time and part-time elected officials do not qualify as an independent contractor. Elected officials are subject to a degree of control making them employees under common law and subject to payroll taxes. For tax reporting purposes, elected officials are employees because they receive wages, not fees. This does not change based on Social Security or Medicare determinations. No matter how much an elected official receives, employers should:

- Pay both federal and state income taxes
- Pay Social Security and Medicare taxes (see note)
- Issue a W-2

For more information, consult the IRS's website: www.irs.gov/govts.

NOTE - In law, if a part-time elected official has opted to contribute to IPERS, Social Security should not be withheld. Medicare is mandatory for officials elected after April 1, 1986. If you are not

employee would not unseat a citizen coach from his/her current position. If this is the case, then the district and that citizen coach have established a relationship, and IPERS coverage should begin once that citizen coach returns to coach their second season.

Military Duty and IPERS

Many IPERS members are serving their country in the National Guard or Reserves. Employees called to military service may have questions about how military leave affects their IPERS benefits.

Encourage your employees to contact IPERS directly for detailed information specific to their circumstances. Basic information about rights, requirements and limitations follows. This applies only to IPERS benefits. Individual employers may have more strict return-to-employment policies about other fringe benefits or entitlements.

1. IPERS is subject to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and complies with the terms of this Act.
2. If a member enters active military duty from an IPERS-covered position and returns to any covered position within 12 months after active duty, the individual will receive free IPERS service credit for the leave.
3. A member who returns to covered employment may, make IPERS contributions for the period of military leave and have the employer make the appropriate matching contributions, although this is not required. In general, making the employee contributions and having the employer make matching contributions will not increase the retirement benefit available to members. But it will increase the amount of a refund and may affect the member's death benefits. The member must sign an irrevocable agreement to make such contributions, and the payment period cannot exceed five years.
4. Even if a member does not return to IPERS-covered employment within 12 months following active duty, the period of military service can still be purchased if the member is vested or returns to covered employment later.

withholding these required payroll taxes, please do so immediately.

Township Officials

Not all township trustees and clerks in Iowa are elected to their offices. For example, it is possible under Iowa Code 39.22 that the county board of supervisors may fill these positions by appointment if a resolution by the county board approving that process is submitted to the registered voters of the township during a general election. For IPERS purposes, township trustees and clerks appointed in this manner are treated as part-time elected officials. The following information addresses the most often asked questions on this issue:

- Township trustees are board members, and coverage is determined by applying the IPERS coverage rules for board members. Regardless of whether the trustee is elected or appointed, if board members are paid per diem, they are exempt from IPERS coverage. If board members are paid a salary (e.g. hourly, monthly, annual, etc.), they have optional IPERS coverage, and wages must be covered unless they file, within 60 days of taking office, a one-time irrevocable election to opt out of IPERS coverage. Re-election does not offer another opportunity to elect out of IPERS coverage.
- Part-time township clerks also have optional IPERS coverage. Their wages must be covered unless they file a one-time only irrevocable election to opt out of coverage within 60 days of taking office.
- Occasionally, a township official is appointed by the township trustees or county board of supervisors to fill a vacancy on the township board or township clerk's office. These appointees are considered part-time elected officers, even though they are appointed to office. As described above, IPERS coverage is determined by whether the official is a trustee (board member) or a clerk.
- If the wages of a township trustee or township clerk would be subject to Social Security (FICA) contributions, the election of IPERS coverage will bar further Social Security coverage.

If you are not administering coverage of township officials according to our guidelines, please begin so immediately.