



State of Illinois
COMPTROLLER
Loleta A. Didrickson

PAYROLL BULLETIN

To: All State Agencies, Boards, Commissions and Universities

From: Steven L. Valasek, Director of State Accounting

Date: October 2, 1997

Subject: Tax Deferral of Optional Retirement Service Purchases

Number: 2-97

Senate Bill 665 signed into law on August 16, 1997, allows employees to tax shelter optional retirement service purchases through payroll deductions.

Effective with the October 1-15, 1997 pay period; tax deferred deductions may be taken on a state payroll. Combined with the post tax procedure already in place this procedure gives the employee a second option for buying back retirement credit.

Any employee wishing to participate in the new tax deferred program must first contact the corresponding retirement system in which they are wanting to buy credit and complete an irrevocable authorization form. Upon receipt of the completed form, the payroll officer is to deduct the amount authorized for the time period indicated.

Using the codes listed below for reference, the miscellaneous codes should be placed in one of the four (4) miscellaneous code fields. These miscellaneous code fields are 72, 74, 76 or 78 on the voucher. The miscellaneous positions on the tape are 405 through 407, 415 through 417, 425 through 427 or 435 through 437. The authorized deduction amount should be placed in the corresponding miscellaneous amount field located on the payroll voucher. These monetary fields are 73, 75, 77, or 79. The tape positions for the money fields are 408 through 414, 418 through 424, 428 through 434 or 438 through 444.

B81 - General Assembly
B15- Teachers Retirement
B80 - Judges Retirement
B75 - University Retirement
B82 - State Employees Retirement

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The total amounts are to be included in the current trailer, as referenced below, for each corresponding retirement system. No separate trailer is to be created.

81-081 - General Assembly
15-015 - Teachers' Retirement
80-080 - Judges' Retirement
75-075 - University Retirement
82-082 - State Employees' Retirement

Since these deductions are irrevocable, any adjustments or refunds are to be approved and distributed by the corresponding retirement system. No reversals or catch up payments are to be placed on the payroll voucher nor is any refund to be made by the agency.

As with Deferred Compensation deductions the W-2 will show the taxable gross reduced by the total contribution of tax deferred buy back.

Any questions regarding the completion of the payroll voucher or magnetic tape should be directed to Nancy Smith at the Comptroller's Office (217-782-4758). Any questions regarding the authorization or calculation of any optional retirement service purchase should be directed to the corresponding retirement system.