



Roland W. Burris

Comptroller
State of Illinois

October 24, 1985

201 State House
Springfield, Illinois 62706
217/782-6000

PAYROLL BULLETIN
(7-85)

TO: All State Agencies, Departments, Boards, Commissions
and Universities

SUBJECT: Tax Exempt Employer-Provided Health Insurance Program

This bulletin supplements Payroll Bulletin 6-85, dated October 2, 1985, on the subject of tax exempt insurance premiums. Because the tax exempt employer-provided health insurance could have an impact on some employees' income tax returns, the attachment to this payroll bulletin should be reproduced and distributed to all employees when your agency distributes payroll warrants that reflect this tax free insurance for the first time. Future hires should also be made aware of this program.

If you have any questions regarding this bulletin, please contact Dan Steven or Nancy Smith. They can be reached at (217) 782-4758.

Sincerely,

A handwritten signature in cursive script that reads "Larry D. Roth".

Larry D. Roth
Director of State Accounting

AN IMPORTANT TAX MESSAGE FOR STATE EMPLOYEES

Beginning with this pay period, your payroll department has implemented a program instituted by the Department of Central Management Services and the Office of the Comptroller which provides an exemption from your taxable income for the amount of premiums paid for optional employer-provided health insurance. If you are a participant in the optional State sponsored health insurance program, the reduction in the amount of your income subject to income tax may result in a higher net pay and a reduction in income tax withholding. In addition, your W-2 which will be issued by the Comptroller in January will have the gross wages reduced by the amount of these exempt insurance premiums.

You should be aware that the treating of these insurance premiums as tax exempt will affect your ability to take itemized deductions on your income tax form for these tax exempt insurance premiums. You should use extreme caution to ensure that you do not "double-count" these tax exempt premiums; that is, take an itemized deduction for premiums that have already been reported as tax exempt.

If you have any questions concerning the Illinois Premium Payment Plan please contact the Department of Central Management Services. Tax questions are most appropriately directed to your personal tax advisor.