



Roland W. Burris

Comptroller
State of Illinois

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

December 2, 1981

PAYROLL BULLETIN

(9-81)

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

SUBJECT: Employer Pickup of Retirement Contributions
for State Employees who are Members of the
State Employees' Retirement System

Beginning with the December 16-31, 1981 pay period (December 1-31, 1981 for monthly payrolls) each department shall pick up the employee retirement contributions, and the contributions so picked up shall be treated as employer contributions in determining tax treatment for Federal and State income taxes. This means that when computing Federal and State income taxes for State employees who are members of the State Employees' Retirement System, the computation shall be as follows in determining taxable gross: Gross Amount earned (from column 10 of the payroll voucher) less deferred compensation and retirement amount would equal taxable gross for calculating Federal and State income taxes.

For example, employee X has for a specific semi-monthly pay period the following:

Gross Amount Earned: \$800.00 (From column 10 of the payroll voucher)

Deferred Compensation: \$25.00

The employee is claiming "married" and two exemptions and is subject to Social Security withholding. The calculation for Federal and State income taxes would be as follows:

Gross Amount Earned		\$800.00
Less: Deferred Compensation	\$25.00	
Employer Pickup of Retirement Contribution	<u>32.00</u>	
Total Taxable Gross		<u>57.00</u> \$743.00

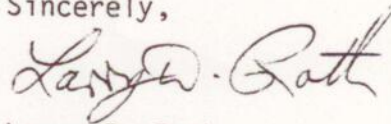
Using the Federal percentage method of calculating Federal income tax (Table 3 on page 33 of Payroll Bulletin 6-81) Federal withholding for employee X would be \$94.28. State withholding would be \$16.49. Social Security would be calculated on \$800.00.

We will recalculate the December 16-31, 1981 pay period pre-list vouchers based upon the marital status and exemptions shown on the voucher. For those employees with special withholding, it will be the agency's responsibility to recalculate the proper withholding. We will not recalculate the trailer records.

Remember, this bulletin refers only to employees who are members of the State Employees' Retirement System. Until further notice agencies who have employees who are members of another retirement system will calculate Federal and State income taxes as they have in the past.

If you have any questions regarding this Payroll Bulletin, please contact Mr. Daniel Steven. Mr. Steven's telephone number is (217)782-4758.

Sincerely,



Larry D. Roth
Director - State Accounting