



FREQUENTLY ASKED QUESTIONS

Board Resolution 2017-12-17

Cash Payments in Lieu of or Related to Healthcare Benefits

Q. How do I know if I need to comply with this resolution?

A. If your employer offers cash payments in lieu of or related to healthcare benefits, and you intend to include those payments as IMRF earnings, Board Resolution 2017-12-17 applies to you. Your employer is required to pass a resolution allowing cash payments for healthcare benefits to be reported as IMRF earnings.

If your employer *does not* offer cash payments nor does it intend to offer cash payments in lieu of or related to healthcare benefits, Board Resolution 2017-12-17 *does not* apply to you.

Q. Can you provide examples of cash payments related to health insurance instances that would require this resolution?

A. A few examples include, but are not limited to:

- An employee receives a cash payment to help cover the cost of family health insurance.
- Employees receive a set cash amount per pay period if they do not take the employer's health insurance coverage.
- An employee receives a monthly cash distribution to an IRA in lieu of health insurance.

- The employer offers a yearly cash incentive to its employees if their spouses and dependents choose to enroll in the spouse's health insurance plan instead of the employer's health insurance plan.

Q. What should an employer do if they want to report these payments as IMRF earnings?

A. Your employer's governing body must adopt a resolution to allow cash payments in lieu of or related to healthcare benefits to be reported as IMRF earnings. Use **IMRF Form 6.75** "Suggested Resolution to Include Cash Payments Related to Health Insurance as IMRF Earnings" (available for download at www.imrf.org), or your governing body may draft and adopt its own resolution that is consistent with IMRF Form 6.75.

The effective date of the resolution should be the date your employer began reporting cash payments related to health insurance. Your employer may backdate IMRF Form 6.75 to cover previously reported cash payments related to health insurance made before December 15th. This is consistent with what IMRF allows for the other earnings-related resolutions.

After the resolution is adopted by your governing body, it must be filed with IMRF.

Q. Is there a limit to how much can be reported?

A. There is no limit on the amount of cash an employer can pay in lieu of or related to health insurance. If a resolution is on file, the employer must report any cash payment related to health insurance (or made in association with or related to healthcare benefits), regardless of the amount of those payments.

Q. Can a resolution passed using IMRF Form 6.75 include contributions to a Retirement Health Savings Plan or other health savings?

A. No. Although employer contributions are never reportable to a Retirement Health Savings Plan (RSA) or Health Savings Accounts (HSA), *employee contributions* to Health Savings Accounts are only reportable with **IMRF Form 6.72**, “Suggested Resolution to Include Compensation Paid Under an Internal Revenue Code Section 125 Plan as IMRF Earnings” on file (available for download at www.imrf.org). *Employee contributions* to a Retirement Health Savings Plan are only reportable with **IMRF Form 6.73**, “Suggested Resolution to Include Compensation Directed Into a Retirement Health Savings Plan as IMRF Earnings” (available for download at www.imrf.org) on file.

Q. Is a resolution required to make cash payments related to 403b plans reportable to IMRF as earnings?

A. No. Cash payments related to health insurance put into a 403b plan are always considered reportable wages to IMRF. Therefore, a resolution is not needed.

Q. What if I still have questions?

A. If you have additional questions about cash payments in lieu of or related to healthcare benefits, please contact Beth Janicki Clark, IMRF General Counsel, at 630-368-5365.