

How to Report PERA Contributions on a W-2



This is a summary of basic guidelines for how to report Public Employees Retirement Association (PERA) pension contributions [all of PERA's plans are IRS-qualified 401(a) pension plans] on IRS form W-2. **Information in this document should not be taken as final legal authority.** For more information we suggest you consult with your tax advisors or auditors, or the IRS.

Important items on form W-2 for PERA purposes:

Box 1 — This is the employee's total taxable wages, tips, etc. If this is different than the total Medicare wages in box 5, you must indicate why there is a difference. That difference will be the pension plan (PERA), other income reductions, deferrals, or both. Also included are pre-tax deductions allowed under section 125 of the Internal Revenue Code.

Box 13 — To indicate that a person contributes to PERA, put an "X" in the "Retirement plan" in box 13. This alerts the IRS that the individual belongs to a 401(a) tax-qualified pension plan. Employers should mark the "retirement plan" box regardless of which specific PERA plan the employee participated in (Coordinated, Police and Fire, Correctional, Defined Contribution Plan). The contents of box 13 may affect the tax status of an individual's contributions to a traditional IRA.

Please note. Do not check the "Deferred compensation" box merely because a person is a participant in a PERA plan. Check box 13 only if the person participates in that type of plan. For governmental employees a deferred compensation plan is normally a 457 plan.

Box 14 — This box is labeled "other" and the W-2 instructions indicate that employers *may*, but *are not required* to, enter the PERA employee or employer pension contributions or both. At their option, employers can put the PERA contribution amount in box 14 so they can reconcile box 1 (taxable wages) and box 5 (Medicare wages). Since completion of this box is optional, there is no code to go with the amount, but the employer may want to put "PERA" and the amount in box 14.

Box 12 — These boxes are *not* to be used to show PERA contributions. The instructions state: "do not report in box 12 section 414(h)(2) contributions." Contributions to PERA's plans are considered 414(h)(2) contributions (i.e. "picked-up" by the employer) and are not to be reported in box 12.

Box 12 is where an employer would indicate *other* tax-deferred contributions such as those to a 457, 401(k) or 403(b) plan. Each plan type entered here has a different code. These codes can be found on the back of the W-2 or in the W-2 instruction booklet. In Box 12, list each code and the dollar amount contributed for each. For example if an employee contributed both to a 403(b) and 457 plan, Box 12 would look something like this:

<u>Code</u>	<u>Amount</u>
E	\$2,409.02
G	\$1,208.00

Reconciliation Note: In general, the employee's taxable wages, tips, etc., in box 1, plus amounts listed in box 12, plus PERA employee deductions in box 14, plus any other pre-tax deductions, should equal the total Medicare wages in box 5. There may be exceptions to this rule, especially if you offer your employees a cafeteria plan.

