

MANDATORY RETIREMENT CONTRIBUTIONS PLANS - PERSI

Some employers have mandatory retirement contribution plans. Mandatory retirement plan DO NOT qualify for the federal retirement tax credits.

Idaho teachers as well as many other state and county employees contribute about 7% (6.79% before July 1, 2018 and 7.16% after July 1 2018) of their gross salary to a PERSI Base Plan which is a mandatory retirement plan.

Generally for Idaho State and County employees who qualify for PERSI Base retirement plan contributions, you will see W-2s with a difference between wages (Box 1) and social security wages (Box 3), and nothing in box 12 related to retirement savings. This ~7% becomes the employee's contributions, box 5, on form 1099-R when they retire.

PERSI also has an option called PERSI Choice which is a voluntary retirement contribution type plan. If they contribute to it, you will most often find contributions in box 12 for a W-2 form as a code D, E or G. This can be used for federal retirement credits that carry to Form 8880.

Occasionally (but infrequently) the issuer of the W-2 form will list the voluntary contribution to a PERSI Choice plan in Box 14 of a W-2 form. In this case, the difference between box 1 and box 3 of a W-2 form should be the total of non-voluntary contributions to PERSI Base plan plus the voluntary contributions to a PERSI Choice Plan) **if** the tax payer confirms this is a voluntary contribution, select retirement carry to form 8880 from box 14 in TaxSlayer. This contribution will then be treated just like a retirement contribution from Box 12.

For additional information on PERSI see: <http://www.persi.state.id.us/>