



Insurance Stipends

Who is eligible for an insurance stipend?

A unit can provide an insurance stipend to an employee who is NOT eligible for our State of Illinois Employee Group Insurance Program (SEGIP) and/or where RSL BasicCare (Patient Protection and Affordable Care Act – PPACA) coverage does not meet the minimum requirements for certain visa holders. Benefit information can be found at <https://www.hr.uillinois.edu/benefits>.

If an employee receiving an insurance stipend becomes eligible for our SEGIP insurance, Illinois HR will automatically terminate the insurance stipend, such as a visa status change or meeting substantial presence.

How much can I (or should I) provide for an insurance stipend?

Each unit or college may determine its own scale for insurance stipends. There is no requirement for a unit to provide this stipend. If the unit chooses to provide a stipend, the amount must be consistent for each eligible employee within the unit and consistently provided to employees meeting the same criteria set by the unit. A general guideline could be as follows:

\$1500 for employee only

\$2500 for employee plus one dependent

\$3000 for employee plus two or more dependents

How is an insurance stipend different than a reimbursement?

Reimbursement of insurance for an employee is prohibited. The stipend amount cannot be set based on actual insurance cost per individual.

IRS guidance permits employers to increase their employees' taxable compensation, and so long as the extra payment is not conditioned on the purchase of health coverage, no excise tax will be assessed for a violation of ACA (Notice 2015-17 Q/A-4, available at <https://www.irs.gov/pub/irs-drop/n-15-17.pdf>). In this case, the additional compensation increase is linked to the employee's ineligibility for SEGIP coverage, not the actual purchase of the coverage.

Does this stipend have to be included in the offer letter?

No. Oftentimes, we do not know at the time of offer whether an employee will be eligible or ineligible for our SEGIP insurance. [Provost Communication #2](#) suggests attaching the [General Terms of Employment for Academic Staff Members](#) to fully explain who is or isn't eligible for benefits. Once the prospective employee accepts the offer and discloses their ineligibility for insurance (for example, due to visa status), you may consider the insurance stipend, if applicable. If the unit decides to provide an insurance stipend, it is recommended that a supplemental offer be provided to the employee with details of this additional compensation.

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How do I add an insurance stipend for an employee?

The first step is determining if the insurance stipend is for a current/future pay event or a prior pay event.

Current or Future Pay Event

1. The unit will initiate an ERC (Employee Job Record Change) HRFE transaction with:
 - View date = effective date of the insurance stipend
 - Using the primary, paid position number:
 - Enter Job Comments: *AHR: Please add \$xxx.xx monthly insurance stipend in Default Earnings effective MM/DD/YYYY”.*
 - Job change reason code = SA016 Other
 - If a supplemental offer with the insurance stipend information was provided to the employee, please attach a copy of the letter to the HRFE transaction.
 - Route the HRFE transaction to University HR for final review and processing.
2. After the HR Front End transaction has applied:
 - The payment will be generated automatically via the normal payroll calc process and will be included in the employee’s regular monthly paycheck.

Prior Pay Event

For an insurance stipend needing to be applied retroactively because the primary job has already been applied to Banner and has been paid upon.

1. The unit will initiate an ERC (Employee Job Record Change) HRFE transaction with:
 - View date = to the Last Paid Date (LPD) plus one day. (If last paid date (LPD) is 5/15/17, your effective date will be 5/16/17)
 - Using the primary, paid position number:
 - Enter Job Comments: *AHR: Please add \$xxx.xx monthly insurance stipend in Default Earnings effective MM/DD/YYYY.”*
 - Job Change Reason Code = SA016 Other
 - If a supplemental offer with the stipend information was provided to the employee, please attach a copy of the letter to the HRFE transaction.
 - Route the HRFE transaction to Illinois HR for final review and processing.
2. The unit will need to add a job for the retro period:
 - Enter effective date in Date field, click View
 - Select “Add Change”,
 - Select “Add a Job” to create a new component, using primary position number and select “Add a Job with a New Suffix” – Use 01 suffix.
 - Begin Date = designated by the unit.
 - End date = Last Paid Date (LPD) of the primary, paid position.
 - FTE and Annual Salary = Zero
 - Job Change Reason Code = JB001 Add Job
 - Job Comments: *“Adding 01 suffix job to pay retro insurance stipend from X (begin date) to Y (end date), paying \$xxx.xx per month.”*
3. After the HR Front End transaction has applied, the unit must:
 - Process a PARIS transaction to pay out the insurance stipend for any retro pay period(s) using the applicable 01 suffix position/job.

Resources for PARIS Adjustments can be found at <https://www.obfs.uillinois.edu/paris-resources/>