

UNIVERSITY OF ILLINOIS

URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

University Payroll & Benefits
Office of Business and Financial Services
809 S. Marshfield Avenue, M/ C 547
Chicago, Illinois 60612-7206

May 26, 2011

Dear Selected Graduate Assistants and Pre-professional Graduate Assistants:

You are receiving this letter because University records indicate that you received tuition and service fee waiver(s) associated with a Graduate Assistantship (GA) or Pre-professional Graduate Assistantship (PGA) appointment during the spring 2011 term.

The purpose of this letter is to remind you that students without summer waiver-generating assistantship appointments who held waiver-generating appointments for the previous spring semester are eligible to receive summer waivers (referred to as "summer automatic waivers" at the University of Illinois Urbana-Champaign and Chicago Campuses) if they choose to enroll in the summer semester.

The amount of your spring 2011 PGA or GA tuition and service fee waivers were subject to taxation if the waivers exceeded \$5250. It is important to note that the value of the tuition and service fee assessed for any summer classes you take for which you receive a summer waiver (resulting from your spring 2011 GA or PGA appointment) will also be subject to taxation if your spring and summer tuition and service fee waivers exceed \$5250. Taxation of summer tuition and service fee waivers (resulting from your spring 2011 GA or PGA appointment) will occur as follows:

- If you are employed by the University during the summer of 2011, any taxes owed on your summer tuition and service fee waivers (resulting from your spring 2011 GA or PGA appointment) will be withheld from earnings from any University appointments you have in the summer of 2011 except for fellowship appointments. Any taxes owed on your summer waiver (resulting from your spring 2011 GA or PGA appointment) that are not able to be withheld during your summer 2011 employment with the University will be withheld from earnings from any University appointments you have in the fall of 2011 except for fellowship appointments.
- If you are not employed by the University in the summer of 2011, but you are employed during the fall 2011 semester, any taxes owed on your summer waiver (resulting from your spring 2011 GA or PGA appointment) will be withheld from earnings from any University appointments you have in the fall of 2011 except for fellowship appointments. In addition, any tuition and service fee waiver you receive in the fall of 2011 as a result of a GA or PGA appointment will also be taxable if your combined spring, summer and fall 2011 tuition and service fee waivers from GA/PGA appointments exceed \$5250.
- If you are not employed by the University in the summer of 2011 or the fall of 2011, your summer tuition and service fee waivers (resulting from your spring 2011 GA or PGA appointment) will be reported on your Form W-2, which may result in tax consequences at the end of the year. Please contact your tax professional.

The value of the tuition and service fee waivers that exceed \$5250 in a calendar year will have an estimated tax withholding of 30% to 36%. The tax withholding may result in your monthly paycheck or paychecks being significantly reduced possibly up to the point where you have no take-home pay. This will depend on the value of your tuition and service fee waiver and the pay you receive for the services you perform for the University.

We understand the additional withholding may create a hardship. Unfortunately the University is required by law to withhold taxes on taxable benefits. If you have any questions regarding this information, please contact the Payroll Service Center at paying@uillinois.edu or one of the following Human Resources Offices:

- Chicago Human Resources 312-355-5524
- Springfield Graduate Assistant Office 217-206-6544
- Urbana-Champaign Human Resources 217-333-6747
- UA Employee Relations and Human Resources 217-333-2600

Sincerely,
James P. Davito,
Executive Director of University Payroll & Benefits