

Part IV. Items of General Interest

Announcement 98-45

Optional Method of Reporting by Employers of Uniformed Services Employment and Reemployment Rights Act (USERRA) Make-Up Contributions

Background

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), P. L. 103-353, requires that an employee who is absent from work because of military service be permitted, on return to work, to make up certain contributions to pension plans that the employee could have made if actually employed during the period of military service.

This announcement provides an alternative method for employers to report these USERRA make-up contributions to employees.

Current reporting requirement

Currently, employers must separately report these prior-year contributions to the employee on Form W-2. The Instructions for Form W-2 require employers to report in box 13:

- The USERRA make-up contributions using codes D through H and S to identify the plan,
- The years to which the contributions relate, and
- The amounts.

Employers may continue to report USERRA contributions on Form W-2.

New optional reporting method

Some employers have reported difficulties with their payroll systems being able to accommodate the USERRA reporting on Form W-2. Therefore, rather than report USERRA make-up contributions in box 13 of Form W-2, an employer may provide a separate statement to its employees showing USERRA make-up contributions. The separate statement must identify:

- The type of plan,
- The years to which the contributions relate, and
- The amounts.

Note: *Contributions to pension plans for the current year will continue to be reported on Form W-2.*

Additional information

The 1998 Instructions for Form W-2 contain a discussion of the reporting requirements for contributions to pension plans.
