

# What about IPERS!

By Alft & Wilson Publishing – Iowa Support Master – Ver. 03.09.2019

Pursuant to Rule 9.5(2)(c), Social Security and Medicare tax deductions may be deducted from “Gross Income” to arrive at “net monthly income”. Mandatory pensions may not be deducted unless the employee is not subject to the Social Security and Medicare tax<sup>1</sup>.

IPERS is a mandatory pension. If the person is paying into Social Security and Medicare, and into IPERS, the contributions to IPERS are “pre-tax” contributions. The money put into IPERS is not taxed until the employee draws it out, presumably at retirement.

IPERS contribution deduction is not allowed if the employee is also paying into Social Security/Medicare AND that the contributions are made with pre-tax dollars. By following the steps above, the software has added the IPERS funds back into the income of the party but removed the application of taxes to those funds because .... They are not subject to tax. In this example, the result would be to raise the amount of child support being paid because the income of the NCP was increased.

<sup>1</sup> If the person is not paying into Social Security and Medicare, but they have a mandatory pension, they may deduct the amount that would match what Social Security and Medicare would be. Iowa Support Master will calculate this for you.

Noncustodial Parent's Mandatory Pension Calculator / IPERS - Iowa Support Master

OVERVIEW: The amount contributed toward a mandatory pension, such as IPERS, is paid from pre-tax earnings. Therefore only the taxable portion of earnings is entered in the 'Wages' field. The amount of the pension contribution is entered in the non-taxed income field.

When entering pension contributions, three things ordinarily should happen:

1. The amount paid into the mandatory pension is entered in 'Other Deductions'.
2. Wage income is reduced by the amount paid to the mandatory pension.
3. Nontaxable income should reflect the pre-tax payment toward the mandatory pension.

Additionally, the percentage of IPERS changes in the middle of the tax year on July 1st so you can decide the percentage to apply to earned income for the mandatory pension.

### Noncustodial Parent's Pension Info

1 Enter gross wages:

2 Enter IPERS Percentage:

3 Contribution amount:

Uncheck boxes to skip action

Taxable wages, no FICA, nontaxable contribution

Taxable wages, FICA, nontaxable contribution

Add pension contribution as nontaxable income

Deduct pension contribution (similar to FICA)

ACCEPT

### IPERS Contribution Percentages

	July 1, 2018 to June 30, 2019	July 1, 2019 to June 30, 2020
Class 1 - Common IPERS Teachers (most common)	6.29%	6.29%
Class 2 - Protection Occupation Fire/Police/Airport firefighters	9.76%	9.51%
Class 3 - Sheriff / Deputy	6.81%	6.61%

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CHILD SUPPORT INFORMATION

- Parent Names
- Income
- Spousal Support
- Other Income
- Tax
- Other
- Number of Children
- Other
- Other

AFFIDAVIT OF FINANCIAL STATUS

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Child Support Amount **\$967.00**

Cash Medical Support **\$312.50**

Non Custodial      Custodial

Wage Income

Hourly and Overtime Wage Calculator

**Wage income subject to Social Security/Medicare is calculated to be \$70,262.50. This is because of the \$4,717.50 in pre-tax dollars NCP IPERS contribution. Not to worry, the \$4,717.50 is added back in to the total wages for the NCP, after taxes are applied. Support is then calculated. This will drive up the income of the NCP resulting in a higher amount of child support. If it is the CP, it will drive support down.**

[Questions about what to include as income? Click here](#)

**OTHER INCOME**

NON-CUSTODIAL PARENT

Describe Income      Amount

Pre-tax Pension Co     

Federal Tax       State Tax       Pension

FICA       (Help)

[Calculate NCP Mandatory Pension Wizard](#)

CUSTODIAL PARENT

Describe Income      Amount

    

Federal Tax       State Tax       Pension

FICA       (Help)

[Calculate CP Mandatory Pension Wizard](#)

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