

TITLE 56: LABOR AND EMPLOYMENT
CHAPTER IV: DEPARTMENT OF EMPLOYMENT SECURITY
SUBCHAPTER b: COVERAGE OF UNEMPLOYMENT INSURANCE ACT

PART 2730
WAGES

SUBPART B: OTHER REMUNERATION TREATED AS WAGES

Section

2730.100	Money Value of Board And Lodging, Etc.
2730.105	Reporting Gratuities
2730.130	Liability for Contributions and Reporting of Sick Pay
2730.150	Payments Under A Cafeteria Plan
2730.155	Payments Under A Plan Authorized By Section 401(k) of the Internal Revenue Code of 1986

AUTHORITY: Implementing and authorized by Sections 234, 235, 245, 1700 and 1701 of the Unemployment Insurance Act [820 ILCS 405/234, 235, 245, 1700 and 1701].

SOURCE: Illinois Department of Labor, Bureau of Employment Security, Rule 1 filed as amended June 27, 1952, effective July 7, 1952; Regulation 30 filed as amended September 12, 1977, effective September 22, 1977; rules repealed by operation of law October 1, 1984; new rules adopted at 9 Ill. Reg. 18924, effective November 25, 1985; amended at 12 Ill. Reg. 15072, effective September 8, 1988; amended at 15 Ill. Reg. 16964, effective November 12, 1991; amended at 18 Ill. Reg. 14958, effective September 27, 1994; emergency amendment at 36 Ill. Reg. 18928, effective December 17, 2012 through June 30, 2013; amended at 37 Ill. Reg. 7432, effective May 14, 2013; amended at 43 Ill. Reg. 6442, effective May 14, 2019; amended at 50 Ill. Reg. _____, effective _____.

SUBPART B: OTHER REMUNERATION TREATED AS WAGES

Section 2730.155 Payments Under A Plan Authorized By Section 401(k) of the Internal Revenue Code of 1986

Payments not taxable for income tax purposes under Section 401(k) of the Internal Revenue Code of 1986 are included in "wages", as defined in Section 234 of the Act. Amounts deducted from an individual's taxable income pursuant to salary reduction arrangements, as well as employer contributions made before July 1, 2026, are also "wages". However, beginning with payments made after June 30, 2026, employer contributions to a 401(k) plan are not "wages".

- (a) Example: An individual is entitled to \$1,000 in salary. It is agreed between the employer and the individual that \$50 of the individual's salary is to be placed

in the employer's 401(k) plan fund, and the individual is paid cash of \$950. The 401(k) plan does not provide for employer contributions. The individual's "wages" under Section 234 of the Act are \$1,000.

- (b) Example: An individual is entitled to \$1,000 in salary. It is agreed between the employer and the individual that \$50 is to be placed in the employer's 401(k) plan fund, and the individual is paid cash of \$950. In addition to the aforementioned arrangement, the employer makes a contribution of \$50 to the fund on behalf of the individual. With respect to a payment made before July 1, 2026, the~~The~~ individual's "wages" under Section 234 of the Act are \$1,050. However, with respect to a payment made after June 30, 2026, the individual's "wages" under Section 234 of the Act are \$1,000, since the employer's contribution to the fund on behalf of the individual does not constitute "wages" with respect to a payment made after June 30, 2026.

(Source: Amended at 50 Ill. Reg. _____, effective _____)