
EMPLOYER INSTRUCTIONS FOR COMPLETING SPECIAL WAGE PAYMENT FORM

1. Provide the EIN that was used or will be used to report the employee's wages on the Form W-2.
2. Enter the date the employee retired. Enter "Not Retired" if the employee has not retired.
3. Enter the date that the employee last performed services; was not expected to return to work; and was not subject to recall to render additional services. This date should be the same as or earlier than the date in item "2." Enter "Not Retired" if the employee has not retired.
4. Enter the wages that were paid to the employee in the tax year that were for services that were performed in years prior to the tax year or that were paid on account of retirement.

Examples (not all inclusive) of payments to be included:

- Payments in lieu of vacation that were earned in a year prior to the tax year.
- Accumulated sick payments which were paid in a lump sum based on "retirement" as the sole condition of payment.
- Accumulated sick payments paid at or after the date in item 3, which were earned in a year prior to the tax year.
- Payments "on account of retirement"--dismissal, severance or termination pay paid because of retirement.
- Bonuses which are paid pursuant to a prior contract, agreement or promise causing the employee to expect such payments regularly; or announced to induce the employee to work more steadily, rapidly or efficiently or to remain with the employer.
- Stock Options.

Do not include in item "4" payments:

- For annual, sick, holiday or vacation pay if used (absence from work) prior to the date of retirement (earlier of items "2" or "3").
 - That were reported or will be reported under "Nonqualified Plans" on the Form W-2.
 - That were deducted from the employee's wages and paid to a deferred compensation plan (e.g., 401k).
 - Employees health and dental plan benefits (non-covered/non-taxable for Social Security Wages).
 - Bonuses *earned* and *paid* in the tax year.
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5. Check whether payments listed in item 4 will be made for years after the tax year. If yes, please show the amounts and years in which these will be paid, if known.
 6. **Nonqualified deferred compensation and section 457 plans only.** If you were unable to report nonqualified deferred compensation or section 457 plan payments and deferrals (contributions) on Form W-2 because both payments and deferrals occurred during the year, show the amount of wages **earned** by the employee during the tax year. Generally, the wages earned will be the compensation reported in block 1 of Form W-2 less payments from a nonqualified deferred compensation (or 457) plan, but including any amounts deferred under the plan during the tax year (See IRS Publication 957).

Paperwork/Privacy Act Notice: This report is authorized by regulation 20 CFR 404.702. The information that you provide will be used in making a determination regarding the amount of Social Security benefits payable to the above named individual. While your response is voluntary, if you do not respond we may not be able to make a correct determination regarding the amount of Social Security benefits payable to the above named individual for the year in question.

We may also use the information you give us when we match records by computer. Matching programs compare our records with those of other Federal, State, or local government agencies. Many agencies may use matching programs to find or prove that a person qualifies for benefits paid by the Federal Government. The law allows us to do this even if you do not agree to it.

Explanations about these and other reasons why information you provide us may be used or given out are available in Social Security Offices. If you want to learn more about this, contact any Social Security Office.

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