**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, are also "wages".

(a) Example: An individual is entitled to $1,000 in salary. It is agreed between the employer and the individual that $50 of his 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. The individual's "wages" under Section 234 of the Act are $1,050.

(Source: Added at 15 Ill. Reg. 16964, effective November 12, 1991)