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**DATE:** November 18, 2021  
**TO:** County Plan Employers and Their Representatives  
**RE:** Frequently Asked Questions (FAQs) about COVID-19 Hazard Pay or Premium Pay

**Background.** Multiple employers covered by the County Plan were allocated money under the American Rescue Plan Act (ARPA). Many of these employers elected to pay “hazard pay” or “premium pay” to their employees who worked through the COVID-19 pandemic from the ARPA funds. The employers questioned how these payments should be treated for County Plan purposes.

In response, NPERS has prepared the following FAQs to help guide County Plan employer reporting agents on how to treat the “hazard pay” or “premium pay.”

**Question 1. Is “hazard pay” or “premium pay” compensation for County Plan purposes?**

**Answer 1. Yes.** The County Plan states, in relevant parts, “Compensation means gross wages or salaries payable to the member for personal service performed during the plan year. ... Compensation does not include ... bonuses for services not actually rendered.”

The employees worked during the COVID-19 pandemic. The employer is paying the employees “hazard pay” or “premium pay” for their service. Thus, the “hazard pay” or “premium pay” is compensation for services rendered and is compensation for County Plan purposes.

**Question 2. Must the employer withhold employee retirement contributions from the “hazard pay” or “premium pay”?**

**Answer 2. Yes.** Employee contributions must be withheld from all compensation for County Plan purposes. Since the “hazard pay” or “premium pay” is compensation for County Plan purposes, the employer must withhold employee contributions from the “hazard pay” or “premium pay.”

**Question 3. Must the employer make the matching employer contribution based on the employee contributions withheld from the “hazard pay” or “premium pay”?**

**Answer 3. Yes.** An employer is required by state law to make the employer matching contribution whenever it withholds employee retirement contributions.

We hope you find this material helpful. Please contact NPERS with questions.

Respectfully,

Randy Gerke  
Director