

Understanding your 2018 W-2

| | |
|-------------------------|---|
| Purpose | To assist Vermont State Employees in understanding the information represented on their 2018 W-2. |
| Source Documents | 2018 W-2 Wage and Tax Statement. |

2018 W-2 INFORMATION

General Information Provide assistance for SOV employees with understanding information represented on 2018 W2.

Form **W-2 Wage and Tax Statement** 20 XX
U.S. FORM NO. 1042-0008

c Employer's name, address, and ZIP code

e Employee's name, address, and ZIP code

| | | |
|--|--|--|
| 7 Social security tips | 1 Wages, tips, other compensation | 2 Federal income tax withheld |
| 8 Allocated tips | 3 Social security wages | 4 Social security tax withheld |
| 9 Verification code | 5 Medicare wages and tips | 6 Medicare tax withheld |
| 10 Dependent care benefits | 11 Nonqualified plans | 12a See instructions for box 12 |
| b Employer identification number (EIN) | 14 Other | 12b |
| a Employee's social security number | | 12c |
| 13 Salaried employee <input type="checkbox"/> Retiree <input type="checkbox"/> Nonqualified plan <input type="checkbox"/> Third party sick pay <input type="checkbox"/> | | 12d |
| 15 State <input type="checkbox"/> Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax |
| | 18 Local wages, tips, etc. | 19 Local income tax |
| | | 20 Locality name |

Copy B—To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service. Dept. of the Treasury - IRS

Box 1 This is the total Taxable wages paid. The amount has been adjusted for any amounts shown in Dependent Care, Uncollected Social Security, Uncollected Medicare, Taxable Life Insurance and Pre Tax/Taxable Benefits (Boxes 10, 12a, 12b, 12c, 12d, and 14).

Total Taxable Gross Wages: (12/20/18 Pay Advice)
 Subtract **-Pre-Tax Medical** (Box 14 MED-BT)
 Subtract **-FSA: Dependent** (Box 10)
 ~ **FSA: Medical** (Box 14 FSA-MED)
 Subtract **-Deferred Compensation** (Box 12 Code G)
 Subtract **-Retirement** (Box 14 RET)
 Add **-Taxable Life Insurance** (Box 12 Code C)
 Add **-Domestic Partner Imputed Income or Civil Union** (Box 14 IMPUTED)

Box 2 This figure includes all federal taxes withheld from paychecks received from the State of Vermont during the calendar year. (per employee W4)

Box 3 These are the wages subject to Social Security (up to gross wage amount of \$128,400.00). Social Security Tax, also known as Old-Age, Survivors, and Disability Insurance (OASDI), is a tax that pays for benefits to entitled beneficiaries.

Total Taxable Gross Wages: (12/20/18 Pay Advice)
 Subtract **-Pre-Tax Medical** (Box 14 MED-BT)
 Subtract **-FSA: Dependent** (Box 10)
 ~ **FSA: Medical** (Box 14 FSA-MED)
 Add **-Taxable Life Insurance** (Box 12 Code C)
 Add **-Domestic Partner Imputed Income or Civil Union** (Box 14 IMPUTED)

Understanding your 2018 W-2

| | |
|---------------|--|
| Box 4 | This figure includes all Social Security taxes withheld for checks received from the State of Vermont during the calendar year. This is 6.2% of Box 3 up to \$7,960.80 Max. |
| Box 5 | <p>These are wages subject to Medicare Tax (<i>no maximum</i>).</p> <p>Medicare tax, also known as Hospital Insurance (HI), is a tax that pays for hospital benefits for people covered by Medicare.</p> <p>Total Taxable Gross Wages: (12/20/18 Pay Advice) Subtract Pre-Tax Medical (Box 14 MED-BT) Subtract -FSA: Dependent (Box 10) ~ FSA: Medical (Box 14 FSA-MED) Add Taxable Life Insurance (Box 12 Code C) Add Domestic Partner Imputed Income or Civil Union (Box 14 IMPUTED)</p> |
| Box 6 | <p>This figure includes all Medicare taxes withheld from paychecks received from the State of Vermont during the calendar year. This is 1.45% of Box 5.</p> <p>*Additional .9% is withheld on gross wages earned in excess of \$200,000.</p> <p style="text-align: center;">$\text{Box 6} = (\text{Box 5} \times 1.45\%) + (\text{Box 5 amount in excess of } - \\$200,000) \times 0.9\%$</p> |
| Box 7 | N/A |
| Box 8 | N/A |
| Box 9 | N/A |
| Box 10 | Box 10 shows contributions to Dependent Care made through your flexible spending account via payroll deductions. Contributions are not subject to Federal, Social Security, Medicare or your State taxes. |
| Box 11 | N/A |

Understanding your 2018 W-2

Box 12

This box contains an employee's benefit amounts. The benefit amounts are identified by letter codes and some of the most commonly shown codes are:

- C.** This amount is the taxable portion of your **State Group Life Insurance** coverage in excess of \$50,000. It is determined from an IRS tax table and reduced by life insurance premiums deducted from your payroll checks. Your taxable gross in Federal, Social Security, Medicare and State wages (Boxes 1, 3, 5, & 16) have been increased by this amount.
- G.** This amount is the total deducted from your payroll checks for contributions to an IRS Section **457 Deferred Compensation plan**. Reduces Federal and State withholding wages (Box 1 & 16) but not Social Security wages and Medicare Wages and tips (Box 3 & 5).
- L.** Substantiated employee business **expense reimbursements** (non-taxable portion only)
- Q.** This amount is the total from your **Non-taxable Combat Pay**.
- DD.** Cost of **Employer-Sponsored health coverage**. The amount reported with the DD Code is not taxable. It is informational only. Your taxable gross in Federal, Social Security and Medicare wages (Box 1, 3 & 5) have not been increased by this amount.
- EE.** This amount represents **after-tax Roth Contributions** under the 457 Deferred Compensation Plan. Your taxable gross in Federal, Social Security, Medicare and State wages (Boxes 1, 3, 5, & 16) have been increased by this amount.

Box 13

If you were paid wages that were covered under the State of Vermont Retirement Plans, then the Retirement Plan Box will be checked.

Understanding your 2018 W-2

Box 14

Only four lines will print in Box 14. If you participate in more than four of the items listed here, refer to your final pay statement in ESS to identify additional items.

- M. RET** - Employee contributions to retirement plans. Reduces Federal and State withholding wages (Box 1 & 16) but not Social Security wages (Box 3)
- N. MEDAT** – Health insurance premiums taken as after-tax payroll deduction.
- O. IMPUTED** - Imputed income – The value of health/dental insurance coverage for employees who elect coverage for Civil Union & Domestic Partners. This amount is added into Federal, Social Security and Medicare wages (Boxes 1, 3, 5) & State wages (Box 16 *for domestic partners only*).
- P. MOVEXP** – Moving expense reimbursement.
- Q. FSA-MED** – FSA Medical taken from pre-tax payroll deduction. Only pre-tax contributions reduce taxable wages in Federal, Social Security, Medicare and State wages (Boxes 1, 3, 5 & 16)
- R. MED-BT** - Health insurance premiums taken as a pre-tax payroll deduction. Pre-tax contributions reduce taxable wages in Federal, Social Security, Medicare and State wages (Boxes 1, 3, 5 & 16)
- S. VTSHR** – VT Shares contributions taken as an after-tax deduction.
- T. ED ASSIST**-Tuition Reimbursement in excess of \$5,250.00
- U. DUES** – VSEA Union Dues taken as an after-tax deduction.
- V. VHEIP** – VT Higher Education Investment Program contributions taken from after-tax payroll deductions.

| | |
|---------------|---|
| Box 15 | State Code - typically VT . |
| Box 16 | <p>State wages, tips, etc. - Normally, this box contains the total year-to-date State Taxable wages. To determine the total shown in Box 16, see instructions for Box 1. (Election of Domestic Partner benefits may affect this box).</p> <p>Total Vermont Taxable Gross Wages: (12/20/18 Pay Advice)</p> <p>Subtract-Pre-Tax Medical (Box 14 MED-BT)</p> <p>Subtract -FSA: Dependent (Box 10)</p> <p style="padding-left: 20px;">~ FSA: Medical (Box 14 FSA-MED)</p> <p>Subtract -Deferred Compensation (Box 12 Code G)</p> <p>Subtract -Retirement (Box 14 RET)</p> <p>Add-Taxable Life Insurance (Box 12 Code C)</p> <p>Add-Domestic Partner Imputed Income (Box 14 IMPUTED), for Total in (Box 1)</p> |
| Box 17 | Employee State Withholding taxes YTD. (<i>per employee W4</i>) |

If you have outstanding questions regarding your W2 data, please contact the VTHR Helpdesk at (802) 828-6700 option 1, option 2 for Payroll or send an email to SOV.Payroll@vermont.gov with your inquiry.