

Understanding Your W-2 Statement 2020

Matching your W-2 to your yearly gross wages. Below are some guidelines to help you understand your 2020 W-2 Statement, and the correlation between the different boxes on the W-2 and your actual gross pay on your check stubs. The wages listed in Box 3 are your Taxable Social Security Wages, which for calendar year 2020 has a maximum taxable wage of \$137,700.00. The wages listed in Box 5 are your Taxable Medicare Wages; no cap applies to these wages. These wages can differ from your actual gross pay due to various benefits and pre-tax deductions.

Using your last pay stub for the year (you can ask me for a copy if you no longer have yours), you can calculate taxable wages that should appear on your W2. To determine Federal and State taxable wages on your W2, begin with the earnings YTD (year-to-date) from your final pay stub for the year. From the earnings YTD, make the following adjustments if applicable:

Below is a sample calculation:

Earnings YTD on Final 2020 Check Stub	\$43,698.18
Less Employee pre-tax deductions YTD (Jan-Dec 2020)	
Medical Insurance-BC/BSFLX	-0.00
AFLAC (Dental, accident, spec. health event, vision & cancer)	-269.79
Medical Spending Flex	-1627.95
Dependent Care Flex- CHILD	-
Plus Cash option CASH-CAFETERIA & any PIK	+0.00
Social Security & Medicare taxable wages (on W-2 / boxes 3 & 5)	\$41,800.44

The wages in Box 1 and Box 16 are your Federal and State Taxable Wages, which you would report on your Federal and State Tax Returns. To arrive at the figures for Box 1 and Box 16, employees should take the Social Security and Medicare Taxable Wage total above and subtract your deductions for Retirement (for our district 403B, & TFFR).

Below is a sample calculation:

Social Security & Medicare Taxable Wages (from above)	\$41,800.44
Less employee retirement deductions (TFFR & 403b HM TSA)	-5068.32
Federal and State taxable wages (on w-2/box 1 & 16)	\$36,732.12

Other Information:

- **Box 12 E:** Employee 403B Annuity contributions are shown in Box 12 code E.
- **Box 12 DD:** This box includes insurance premium information as recommended/required by the Affordable Care Act. Included is the employer and

employee paid Blue Cross, AFLAC cancer, and AFLAC specified health event insurance.

- **Box 14** includes optional information and is not required by the IRS or to prepare your taxes.

Exception Box 14 2020: "Included in Box 14, if applicable, are amounts paid to you as qualified sick leave wages or qualified family leave wages under the Families First Coronavirus Response Act. Specifically, up to three types of paid qualified sick leave wages or qualified family leave wages are reported in Box 14:

- *Sick leave wages subject to the \$511 per day limit because of care you required;*
- *Sick leave wages subject to the \$200 per day limit because of care you provided to another; and*
- *Emergency family leave wages.*

If you have self-employment income in addition to wages paid by your employer, and you intend to claim any qualified sick leave or qualified family leave equivalent credits, you must report the qualified sick leave or qualified family leave wages on Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals, included with your income tax return and reduce (but not below zero) any qualified sick leave or qualified family leave equivalent credits by the amount of these qualified leave wages. If you have self-employment income, you should refer to the instructions for your individual income tax return for more information."

Your W-2 has all information needed for preparing your taxes. However, additional reports of interest are available upon request from the business manager:

1) **Payroll Register Summarized by Employee:** Shows your payroll information in detail not shown on your W-2. Similar to information on your final check stub.

Also:

W-4 Adjustments: You determine what is withheld for federal income tax by what you elect on your W-4. You can change your W-4 at any time.

1095-B Those insured through the district group health insurance plan will receive a 1095-B form directly from Blue Cross.