

## **W-2 General Information**

Loudoun County Public Schools offers several benefits that affect your taxable wages. For example:

### **Benefits that INCREASE TAXABLE WAGES**

- Group Life Insurance (Paid by the School System) on the value greater than \$50,000. For full time employees with an annual salary greater than \$25,000.
- County Provided Vehicles

### **Benefits that DECREASE TAXABLE WAGES**

- FLEXIBLE BENEFIT PLANS (Federal, State, FICA & Medicare Wages) which include: Health Insurance Premium, Dependent Care Reimbursement Account and Medical Expense Reimbursement Account
- TAX DEFERRED PLANS (Federal and State Wages) Loudoun County Public Schools Elective Deferred 403B Plan and Virginia Retirement System Deferred Contribution Plan 457, VRS Member Contribution
- PRE-TAXED PLANS (Federal, State, FICA & Medicare Wages)
  1. AFLAC Intensive Care Plan
  2. AFLAC Cancer Plan
- VIRGINIA RETIREMENT SERVICE PURCHASE OF PRIOR SERVICE VRS offers both post tax and pre-taxed options. To Reduce the Federal and State Wages Only the Employee must designate the Pre-Taxed Option.

### **W-2 Definition of Box Designations:**

Box 1 Wages – Federal taxable wages

Box 2 Amount of Federal Income Tax Withheld from Wages during the calendar year.

Box 3 Wages – Social Security Wages – Not to Exceed \$110,100 for 2012 or refer to wage base on page 3 for other years.

Box 4 Social Security – normally 6.20% of Box 3 – Shown as FICA OASDI on paystub, however for 2011 and 2012 Congress lowered the rate to **4.2%**.

Box 5 Wages – Medicare Wages

Box 6 Medicare Tax – 1.45% of Box 5 – Shown as FICA HI on paystub.

Box 9 Earned Income Credit Amount – Eliminated in 2012 for payroll election.

Box 10 Dependent Care Benefits – Employee designates a specific amount to be deducted from pay check as a benefit under the FLEXIBLE BENEFIT PLAN enrollment. Employee responsible for providing additional information on federal and state tax returns.

Box 12 provides information to employee for the following plans:

- a) Insurance Greater Than \$50,000 Code “C”
- b) 403B Tax Deferred Plan Code “E”
- c) 457 Tax Deferred Plan Code “G”
- d) Designated Roth Contribution under a section 403(b) plan Code “BB”
- e) **New for 2012 W-2, employers are required to provide the employer cost of Health Care – this is for informational purposes only for the federal government Code “DD”**

Box 13 will include an “X” in the Retirement Plan if you are full time employee and Loudoun County Public Schools is paying benefits to Virginia Retirement System or employee has a 403B plan.

Box 14 Lists information – We normally include the following:

Medical Insurance Premiums: Shows as PREMED on W-2

POS Pre or OAP Pre - Premium is Pre-Taxed

POS Aft or OAP Aft – Premium has not been pre-taxed

VRS Purchase of Prior Service – Pre-tax

VRS Purchase of Prior Service - After Tax

Medical Expense Reimbursement

Vehicle Use

Aflac Cancer Insurance Pre-Tax

Aflac Intensive Care Insurance Pre-Tax

Long Term Care

United Way

Financial Other

**Virginia Retirement System Member Share – Effective July 1, 2012 based on General Assembly Change to Plan Design.**

Box 15 State That Employee Is Being Reported To For Earnings

Box 16 State Taxable Wages

Box 17 State Tax Amount

If employee has resided in two different states during the calendar year, the employee will receive two W-2 forms.

## Wage Calculation For W-2 Purposes:

Many employees contact us about their W-2 form to ask why the gross earnings do not match their final paycheck of the year. The formula to determine the total amount of taxable income is as follows:

Gross Wages: (Final Paycheck)

- Minus Health Insurance Premium (if pre-taxed) POSPRE or OAP PRE
- Minus Dependent Care Deduction
- Minus AFLAC Intensive Care Insurance Deduction
- Minus AFLAC Cancer Insurance Deduction
- Minus Tuition Reimbursement
- + Plus Life Insurance Greater Than \$50,000. (Imputed Income)
- + Plus Vehicle Use = **Total Medicare Wages (HI)**
- Over FICA Maximum = **Total Social Security Wages (OASDI)\***
- Minus: Prior Service Buyback Pre-Tax
- Minus: 403B Deferred Plans
- Minus: VRS Member Contribution
- Minus: 457 Deferred Plan = **Total Federal & State Wages**

\*Social Security Wage Base for 2009, 2010 and 2011 was \$106,800.

\*Social Security Wage Base for 2012 was \$110,100.

\*Social Security Wage Base for 2013 is \$113,700.