

IMPUTED INCOME

Employer-provided Group Life insurance will generate additional taxable income to you if you are covered for more than \$50,000 in employer-provided Group Term Life insurance.

Imputed income, taxable to the employee, is computed by using a uniform government Table (see below) that provides assumed costs/rates for each age group. The imputed income amounts on your Life coverage are also subject to FICA taxes, if applicable.

TABLE I

Age*	Cost per \$1,000 for 1 month
Under age 25	.05
25 to 29	.06
30 to 34	.08
35 to 39	.09
40 to 44	.10
45 to 49	.15
50 to 54	.23
55 to 59	.43
60 to 64	.66
65 to 69	1.27
70 and over	2.06

* Based on the employee's age on the last day of the taxable year (i.e. 12/31).

Assume coverage is \$120,000 all year and on 12/31 the employee is age 35:

Amount of coverage	\$ 120,000
	<u>-50,000</u>
Life amount in excess	\$ 70,000
Cost per \$1,000 from IRS table	<u> x .09</u>
	\$ 6.30
Months of coverage	<u> x 12</u>
Employee Imputed Income	\$ 75.60

Note: FICA tax is calculated as a percentage of imputed income and does not consider the Social Security wage limit. The total of this additional income should be included in Federal and State taxable wages (Federal - Boxes 1, 3, and 5 of the employee's W-2 form and Box 12 with a code of "C," as the "Cost of Group Term Life." State - Box 16).

Should you have any questions or concerns, you should contact your Tax Consultant.