

W-2 EXPLANATION



BOX 1 - Wages, Tips, Other Compensation

The taxable Federal wages listed in Box 1 are a cumulative total of gross wages paid during the calendar year plus taxable benefits minus before-tax deductions.

To Calculate Federal wages on your W-2, begin with your gross wages and add or subtract benefits/deductions:

	YTD Gross Wages	\$ 40,000.00
Less (-)	Before-tax deductions, such as	
Less (-)	Dental	(\$ 1,300.00)
Less (-)	Medical	(\$ 300.00)
Less (-)	Parking/Transit	(\$ 160.00)
Less (-)	Pension	(\$ 2,280.00)
Less (-)	Cafeteria 125 Plan (FSA, HSA, Dependent Care)	(\$ 1,000.00)
Add (+)	Imputed Income (Group Term Life Ins	\$ 40.00
Federal Taxable Wages		\$ 35,000.00

Box 2 - Federal Income Tax Withheld

The total of federal income tax withheld from each paycheck in the calendar year.

Box 3 - Social Security (FICA) Wages

The annual maximum for Social Security wages. Please review your last paystub for December month each calendar year, Applicable Gross YTD section to get the Social Security Taxable Wages amount.

	YTD Gross Wages	\$ 40,000.00
Less (-)	Before-tax deductions, such as	
Less (-)	Dental	(\$ 1,300.00)
Less (-)	Medical	(\$ 300.00)
Less (-)	Parking/Transit	(\$ 160.00)
Less (-)	Pension	Not Applicable
Less (-)	Cafeteria 125 Plan (FSA, HSA, Dependent Care)	(\$ 1,000.00)
Add (+)	Imputed Income (Group Term Life Ins	\$ 40.00
FICA Wages		\$ 37,280.00

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Box 4 - Social Security Tax (FICA)

The social security tax withheld is 6.2% of the Social Security wages reported in Box 3.

Box 5 - Medicare Wages

The annual maximum for Medicare wages. Please review your last paystub for December month each calendar year, Applicable Gross YTD section to get the amount of Medicare Wages.

	YTD Gross Wages	\$ 40,000.00
Less (-)	Before-tax deductions, such as	
Less (-)	Dental	(\$ 1,300.00)
Less (-)	Medical	(\$ 300.00)
Less (-)	Parking/Transit	(\$ 160.00)
Less (-)	Pension	Not Applicable
Less (-)	Cafeteria 125 Plan (FSA, HSA, Dependent Care)	(\$ 1,000.00)
Add (+)	Imputed Income (Group Term Life Ins	\$ 40.00
Medicare Wages		\$ 37,280.00

Box 6 - Medicare Tax

The Medicare tax is 1.45% of Medicare wages in Box 5.

Medicare Wages over \$200,000.00 are subject to an additional 0.9% withholding tax. This is included in the amount shown in Box 6.

Box 12

Code C

The cost of group term life insurance coverage exceeds \$50,000.

Code DD

Cost of Employer-Sponsored Health Coverage for the calendar year.

This is for informational purposes only.

Box 13 - The retirement box will be checked if the employee was active in a pension plan in the calendar year. The third-party sick pay box will be checked if the employee received state disability payments in the calendar year.

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Box 14

SDI – NJ State Disability Insurance

UI/FLI – Addition of amounts mentioned below.

	NJ State Family Leave Insurance
Add (+)	NJ State Healthcare Tax
Add (+)	NJ State Workforce Development
Add (+)	NJ State Unemployment Insurance

Box 16 - State Wages

The sum of state taxable wages. The State of New Jersey does not allow pretax deductions but includes Imputed Income like Group Term Life Insurance.

	Total YTD Gross
Add (+)	Imputed Income. (Group Term Life Insurance)

	State Taxable Wages
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Box 17 - State Income Tax

State income tax withheld