

Understanding Your W-2

Payroll receives many questions about the W-2. Most of these questions focus on understanding the amounts in the numbered boxes on the W-2.

The most common questions relate to why W-2 Wages differ from your final pay stub for the year, and why Social Security and Medicare Wages per the W-2 differ from your W-2 Federal wages. The differences are mainly due to what wage amounts the IRS allows as taxable for each situation. The following steps will show you the calculations of the W-2 wage amounts and help you to reconcile these to your final pay stub for the year.

CALCULATING FEDERAL TAXABLE WAGES (BOX 1)

Use your last pay stub for the year to calculate the taxable wages in Box 1 in your W-2. Begin with the Gross Earnings Year to Date (YTD) and make the following adjustments, if applicable:

Federal Taxable Wage – Adjustments to Gross Earnings YTD:

Subtract YTD **Pretax** Deductions, which include:

- Health Insurance
- Life Insurance
- FSA Medical
- FSA Dependent Care
- Retirement (WRS or TIAA)
- 403B
- 457
- Add the negative Health Savings Account (from Imputed Earnings)

Add other Imputed Earnings, which include:

- Board Benefit Conversion
- Moving Expense Taxable
- One Day Meals
- Vehicles
- Vehicles 100 Percent Reported W2

The resulting amounts should equal Box 1 Federal Wages on your W-2.

If you find that after making these adjustments to your Gross Earnings YTD per your final pay stub, the result does not match Box 1 Federal Wages on your W-2, email payroll1@uwyo.edu for assistance.

CALCULATING SOCIAL SECURITY WAGES (BOX 3) AND MEDICARE WAGES (BOX 5)

The Social Security Wage limit for 2022 was \$147,000 and the additional Medicare wage tax for 2022 was on Medicare wages in excess of \$200,000. To determine Social Security and

Medicare wages on your W-2, again begin with the Gross Earnings YTD from your final pay stub and make the following adjustments, if applicable:

Social Security and Medicare Taxable Wage – Adjustments to Gross Earnings YTD:

Subtract YTD **Pretax** Deductions, which include **only**:

- Health Insurance
- Life Insurance
- FSA Medical
- FSA Dependent Care

Add the negative Health Savings Account from Imputed Earnings

The resulting amount should equal Box 3 Social Security Wages and Box 5 Medicare Wages on your W-2, unless you had Medicare Wages over \$200,000.

If you find that after making these adjustments to your Gross Earnings YTD per your final pay stub, the results do not match Box 3 Social Security Wages and Box 5 Medicare Wages on your W-2, email payroll1@uwyo.edu for assistance.

EXPLANATION OF OTHER BOXES ON YOUR W-2

Box 10: Dependent Care deductions

Box 12 E: 403B pretax deductions

Box 12 G: 457 pretax deductions plus 457 employer contributions

Box 12W: Employee contributions to a health savings account

Box 12BB: 403B Roth deductions

Box 12DD: Employee and employer contributions towards Health coverage

Box 12EE: 457 Roth deductions plus 457 Roth employer contributions

Box 13: Indicates that you had contributions (either employee or employer) to a retirement plan (WRS or TIAA) and/or pretax contributions to a 403B or 457 plan or were *eligible* to participate in a retirement plan.

Box 14: Oregon State Transit Tax withheld or amount of Vehicles 100 Percent Reported