

# Understanding Your W-2 – Benefited Employees

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](mailto:payroll1@uwyo.edu) for assistance.

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

The Social Security Wage limit for 2020 was \$137,700 and the additional Medicare wage tax for 2020 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](mailto: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