

Understanding Your W-2 – Student 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 reported in Box 1 differ from the Social Security and Medicare Wages reported in Boxes 3 and 5. The following steps will show you the calculations of the W-2 wage amounts and help you to reconcile these to your final payslip for the year.

FEDERAL TAXABLE WAGES (BOX 1)

Any payment that an employee receives through Payroll is taxable income. In addition to pay for your normal position(s) the following are also included in taxable income:

- Awards
- Honorarium
- Mobile Communication Device Allowance

There are also reimbursements that an employee may receive from the Financials system that are considered taxable fringe benefits, such as a payment for One Day Meals.

Your payslip will show the total taxable gross year to date (YTD) in the Summary section. This amount should equal Box 1 Federal Wages on your W-2.

If you find that these result do not match, email payroll1@uwyo.edu for assistance.

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

Federal regulations allow educational institutions to exempt certain employees from contributing to Social Security and Medicare. To be exempt the employee must be also be a student taking at least $\frac{1}{2}$ of the credit hours for what is considered a full-time student during the fall or spring semester and at least 1 credit hour during the summer. During the time you are not considered a student you will be required to pay both Social Security and Medicare taxes

A typical example is a student who was taking 12 credit hours in both fall and spring semester, but did not take classes during the summer, and worked year round. The earnings during the academic year would be exempt from Social Security and Medicare, but the earnings during the summer would be subject to both.

If you have further questions regarding Social Security and Medicare wages and taxes, email payroll1@uwyo.edu for assistance.