

Guide to Understanding Your 2011 W-2 and Earnings Summary

This information has been compiled from multiple sources for your convenience.

When Will My 2011 W-2 Be Available?

As of January 31, 2012, W-2's containing your 2011 information will be available.

Printed/paper W-2s will be mailed by the end of this day.

We currently do not offer electronic W-2's.

The following describes the data that appears in various boxes on your W-2:

This brief guide is designed to assist you with reading your W-2.

BOX 1 WAGES TIPS AND OTHER COMPENSATION

Federal Taxable Wages (gross earnings less non-taxable items). Does not include employer paid benefits or non-taxable items such as Workers' Compensation, mileage, or short-term disability to list a few.

BOX 2 FEDERAL INCOME TAX WITHHELD

Federal Income taxes withheld based on (1) taxable earnings [Box 1], (2) IRS Withholding Tax Tables, and (3) an employee's W-4 Form (W-4 data appears on paycheck advice/pay stub above W-4 label).

BOX 3 SOCIAL SECURITY WAGES

Social Security wages are gross earnings less non-taxable items to a maximum of \$106,800 in wages.

BOX 4 SOCIAL SECURITY TAX WITHHELD

Social Security Tax is calculated at 4.2% on wages reported in Box 3.

BOX 5 MEDICARE WAGES AND TIPS

Medicare taxable wages are gross earnings less non-taxable items with no maximum on gross wages.

BOX 6 MEDICARE TAX WITHHELD

Medicare Tax is calculated at 1.45% on Medicare wages and tips reported in Box 5.

BOX 10 DEPENDENT CARE BENEFITS

Amount paid into a Flexible Spending Account for Dependent Care (appears on paycheck advice/pay stub as Dependent Care).

BOX 12 BENEFITS INCLUDED

Below is an example of the items contained in this box:

G - The amount of money paid into a Deferred Compensation plan subject to section 457 of the Federal Tax Code (the County's plan falls under this guideline).

BOX 13 RETIREMENT PLAN

This box will be marked with an "x" if the employee was an active participant (for any part of the year) in a qualified pension plan.

BOX 16 STATE WAGES, TIPS, ETC.

State Taxable Wages (gross earnings less non-taxable items) does not include employer paid benefits or non-taxable items such as Flex Benefits, mileage reimbursement, or short-term disability to list a few.

BOX 17 STATE INCOME TAX

State taxes withheld based on taxable earnings [Box 16].

Paycheck Advice/Pay Stub Information

Data on W-2s is derived from information on employee paycheck advices/pay stubs. Year-to-date totals found on your last paycheck advice/pay stub of the calendar year can be compared to information found on your W-2. Some Earnings and Deductions that appear on the paycheck advice/pay stub are not taxable (some items are not subject to all four tax types: federal, state, Social Security, and Medicare taxes; some are not subject to federal and state taxes but are subject to Social Security and Medicare taxes):

Employee paid retirement (not subject to federal and state taxes)

Medical, dental and vision insurance premiums (not subject to all 4 tax types)

Employee elected 457 plan contributions (not subject to federal and state taxes)

Flexible Spending Account Health Care (FSA Health Care not subject to all 4 tax types)

Flexible Spending Account Dependent Care (FSA Dependent Care not subject to all 4 tax types)

Employee reimbursements of mileage, registration fees, etc. (not subject to all 4 tax types)

UNDERSTANDING YOUR W-2 INFORMATION

FORM W-2 Wage and Tax Statement 2010

Copy 2 To Be Filed With Employee's State, City, or Local Income Tax Return

22222	a Employee's social security number	OMB No. 1545-0008		
b Employer's identification number		1 Wages, tips, other compensation	2 Federal income tax withheld	
		3 Social security wages	4 Social security tax withheld	
c Employer's name, address, and ZIP code		5 Medicare wages and tips	6 Medicare tax withheld	
d Control number		9 Advance EIC payment	10 Dependent care benefits	
e Employee's name (first, middle initial, last)		11 Nonqualified plans	12a See Instructions for Box code E	
		13 Statutory Retirement Third-party employee <input type="checkbox"/> plan <input type="checkbox"/> sick pay <input type="checkbox"/>	12b code C	
		14 Other	12c code G	
F Employee's address and zip code			12d code P	
15 State Employer's state I.D. No. WI	16 State wages, tips, etc.	17 State income	This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.	

Department of the Treasury - Internal Revenue Service

Explanation of Information

- Box 1.** This is the total taxable gross paid. The amount has been adjusted for any amounts shown in boxes 10, 14 and codes C, E, G appearing in boxes 12a, 12b, 12c, or 12d.

- Box 3.** These are the wages subject to Social Security Tax (up to a maximum of \$106,800.00). Social Security Tax, also known as Old-Age, Survivors, and Disability Insurance (OASDI), is a tax that pays for benefits to entitled beneficiaries.

- Box 5.** These are wages subject to Medicare Tax (No maximum). Medicare tax, also known as Hospital Insurance (HI), is a tax that pays for hospital benefits for people covered by Medicare.

- Box 9.** Advanced Earned Income Credit (EIC)—A tax return must be filed if any amount is shown in box 9.

- Box 10.** If you participated in a Dependent Care Employee Reimbursement Account (ERA) during the plan year, this box will reflect the total amount deducted from your payroll checks for contributions to your Dependent Care Employee Reimbursement Account. Your taxable gross in boxes 1, 3, 5 and 16 have been reduced by this amount.

- Box 12.** This box contains an employee's benefit amounts. The benefit amounts are identified by letter codes and some of the most commonly shown codes are:
 - C** This amount is the taxable portion of your State Group Life Insurance coverage in excess of \$50,000 (per IRS Section 79). It is determined from an IRS tax table and reduced by life insurance premiums deducted from your payroll checks. Your taxable gross in boxes 1, 3, 5, and 16 have been increased by this amount.
 - E** This amount is the total deducted from your payroll checks for contributions to an IRS Section 403(b) Tax Sheltered Annuity plan. Your taxable gross in boxes 1 and 16 have been reduced by this amount.*
 - G** This amount is the total deducted from your payroll checks for contributions to an IRS Section 457 Deferred Compensation plan. Your taxable gross in boxes 1 and 16 have been reduced by this amount.*
 - P** This amount is the non-taxable portion of your moving expense reimbursements provided as information only.

- Box 13.** If you were paid wages that were covered under the Wisconsin Retirement System (WRS), or you contributed to either an IRS Section 403(b) Tax Sheltered Annuity or IRS Section 457 Deferred Compensation plan, then the Retirement Plan box will be checked.

IRS Note: Keep Copy C of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help protect your social security benefits, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year. Review the information shown on your annual (for workers over 25) Social Security Statement.

Understanding your W-2 Information

Name

The Social Security Administration and the Internal Revenue Service compares your Social Security Name (listed on your Social Security Card) with the name that is reported on the W-2 Form. For each mismatch, they will fine the employer. If you change your name at the Social Security Administration, you must change your name with the payroll office. You can do this by completing an employee status change form and submitting it with a copy of your new Social Security Card to the Payroll Office.

INFORMATION INCLUDED ON W-2 FORM

Wages, Tips, and Other Compensation (Box 1)

This is the portion of gross pay that is subject to federal income tax. This box consists of the following components: gross wages, prizes, awards, non-cash compensation, non-qualified moving expenses and automobile expenses (taxable information sent under separate letter), plus other compensation (see explanation in box 12c), less employee contributions to health insurance, dental and/or vision insurance, Flexible Spending Account (FSA), 457 voluntary retirement plan contributions, and parking and transit deductions.

Other Compensation is the imputed value of life insurance provided to the employee in excess of \$50,000.

Federal Income Tax Withheld (Box 2)

This box shows the amount of Federal Income Tax withheld from your "Wages, Tips and Other Compensation" listed in Box 1.

Social Security Wages (Box 3)

Social Security Wages is the amount of pay that is subject to social security tax. Social Security Wages consist of the following components: gross pay plus other compensation (value of group life insurance in excess of \$50,000, box 13), non-cash compensation, less employee contributions to health insurance, dental and/or vision insurance, Flexible Spending Account (FSA) and parking and transit deductions. 457 voluntary retirement contributions are not excluded from Social Security Tax or Medicare Tax.

Social Security Tax Withheld (Box 4)

This box shows the amount of Social Security Tax withheld from your "Social Security Wages" listed in Box 3. In 2011, the Social Security Tax rate was 4.2%.

Medicare Wages and Tips (Box 5)

Medicare Wages and Tips is the amount of pay that is subject to Medicare Tax. It consists of the same components as Social Security Wages (see above).

Medicare Tax Withheld (Box 6)

This box shows the amount of Medicare Tax withheld from your "Medicare Wages and Tips" listed in Box 5. In 2011, the Medicare Tax rate was 1.45%.

Dependent Care (Box 10)

This box shows the total amount of dependent care benefits under the dependent care assistance plan account (FSA).

Box 12

This box is used to report several items each identified with a separate code.

Code C

Value of group term life insurance in excess of \$50,000.00 provided by the employer is considered "other compensation". This amount is included in Box 1, "Wages, Tips, and Other Compensation", in Box 3, "Social Security Wages", in Box 5, "Medicare Wages and Tips" and in Box 16, "State Wages, Tips, Etc."

Code G

Employee contributions to 457 voluntary tax deferred retirement plans. This amount is NOT included in Box 1, "Wages, Tips and Other Compensation" or in Box 16, "State Wages, Tips, Etc." but is included in Box 3, "Social Security Wages" and Box 5, "Medicare Wages and Tips".

State Wages, Tips, Etc. (Box 16)

Polk County only reports wages to the State of Wisconsin. If you are a resident of another state and are subject to income tax, it is your responsibility to file the appropriate tax returns with that state.

State Income Tax (Box 17)

Wisconsin uses a table of rates graduated to the employee's income.