

# Memorandum

**To:** Benefit Eligible Employees

**From:** Business and Finances

**Date:** 06/1/2019

**Re:** Taxation of Group Term Life

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Every calendar year, employers that provide life insurance as part of an employee's benefit package, are required by IRS regulations to tax life insurance with a value over \$50,000 and record that amount on an employee's W2. The term used for this is Taxation of Group Term Life.

The University provides benefit-eligible employees, under the age of 70 years, with basic term life insurance valued at two times the employee's benefit based letter of appointment annual salary. Therefore, any employee whose compensation is greater than \$25,000 annually, the taxable percentage amounts are recorded onto the employee's paycheck and that paycheck will have more Social Security and Medicare taxes taken, which will reduce the net pay each payroll in which your benefit deductions are taken. The taxable amount will show on your paycheck stub as a year-to-date total with a code of GTL.

Please call Connie Mounts at x6026 with any questions you may have.