

Q: Why is the amount of Taxable income (Box 1 of your W2) not equal to the amount of income that I earned during the year?

A: Your federal taxable income is the amount of income that is subject to federal tax, so it is usually less than Earned income. Taxable income is determined by:

- calculating your total earnings for the year, and
- *subtracting* your pre-tax deductions (insurance premiums for health, dental, life, vision, and AD&D coverage, as well as retirement contributions made to TRS or ORP accounts, and any voluntary contributions to TexFlex, TexSaver, or Tax-Sheltered Annuity accounts), and
- *adding* your imputed income (reported in Box 12 of your W2 with code C).

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Q: Shouldn't my Social Security wages (Box 3) and my Medicare wages (Box 5) be the same amount?

A: Not necessarily. Social Security wages are limited to \$142,800 for tax year 2021; however, there is no limit on Medicare wages. As a result, Boxes 3 and 5 will be different if you have Medicare wages in excess of \$142,800.

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Q: Why are my Taxable wages in Box 1 different than the amount of Social Security wages (Box 3) and Medicare wages (Box 5)?

A: Differences usually arise when contributions are made to your retirement account, 457Plan, or Tax-Sheltered Annuity account; these contributions are subject to Social Security and Medicare taxes (amounts are included in Boxes 3 and 5), yet the contributions are **exempt** from Federal taxes, and the amounts are NOT included in Box 1. Also, some types of Student wages are taxable for Federal income tax purposes (amounts are included in Box 1), yet the wages are exempt from Social Security and Medicare tax (amount is NOT included in Boxes 3 and 5).

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Q: Why was there no federal income tax withheld from my wages?

A: Federal Income Taxes are calculated based on a combination of factors:

- the amount of your wages
- your pre-tax deductions
- the status and options claimed on your W4

If you had no federal income taxes withheld from your pay, then your taxable wages were below the threshold for the status and options that you claimed on your W4.

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Q: What do the codes in Box 12 represent?

A: There are several types of compensation and benefits recorded in Box 12. Following are the most common ones for our institution.

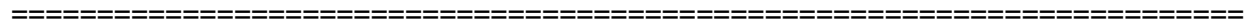
Code **C** – Taxable benefit of group term-life insurance over \$50,000 (included as part of your taxable wages in Boxes 1, 3, and 5)

Code **E** – Non-taxable elective salary deferrals to a 403(b) retirement plan (commonly known as TDA or TSA)

Code **G** – Non-taxable elective salary deferrals and non-elective employer contributions to a 457(b) retirement plan

Code **W** – Employer contributions to HSA (Health Savings Account)

Code **DD** -- Cost of health insurance provided by your employer



Q: What information is reported in Box 14?

A: Generally, the amounts in Box 14 are for informational purposes only and are not reported on the individual's tax return.