

Understanding Your W-2

Box 1 - Wages, Tips, Other Compensation This amount includes total wages and other compensation paid during the calendar year. Also, any fringe benefits, for example, the value of group-term life insurance in excess of \$50,000, are also added to wages. However, deductions for insurance plans (health, dental, vision care, and flexible spending account for health or dependent care benefits) and contributions to the retirement plan will reduce this amount. This box reports your federal taxable wages
Box 2 - Federal Income Tax Withheld This is the amount of federal income tax withheld from your wages reported in Box 1. Your W-4 on file was used to determine the tax withholding rate.
Box 3 - Social Security Wages This amount includes total wages and other compensation plus fringe benefits, minus pre-tax deductions for health insurance and spending accounts up to the maximum Social Security wage base (\$118,500). This box may differ from Federal (Box 1) wages since retirement plan contributions do not reduce the wages reported on Box 3.
Box 4 - Social Security Tax Withheld This amount represents 6.2% of the Social Security wages withheld from Social Security wages during the year.
Box 5 - Medicare Wages The wages subject to Medicare Tax are the same as those subject to Social Security Tax, except there is no wage limit for the Medicare Tax.
Box 6 - Medicare Tax This amount represents 1.45% of the total Medicare wages during the year. However, employees who earn more than \$200,000 are also subject to an additional 0.9% Medicare tax on wages over \$200,000.
Box 10 - Dependent Care Benefits This amount is the total of your Dependent Care Flexible Spending Account election.
Box 12 - Codes Certain payments are reported in Box 12 along with alpha codes. Examples are provided below: <ul style="list-style-type: none">• C - This is the taxable amount of the cost of group-term life insurance coverage over \$50,000. The amount is also included in Boxes 1, 3, and 5.• D - This is the total amount deferred to the 401(k) plan. Since you are not required to pay federal income tax on this amount, it is not included in Box 1. This amount is subject to Social Security and Medicare Tax, so it is included in Boxes 3 and 5.• J - Non-taxable Sick Pay paid by a third party. This amount is not included in Boxes 1, 3, and 5
Box 13 - Retirement Plan This box is checked when an employee is an active retirement plan participant for any part of the year. When checked, special limits may apply to the amount of IRA contributions that an employee may deduct.
Box 14 - Other This box is used to report the following information: <ul style="list-style-type: none">• Vehicle - the taxable value of the personal use of company-provided vehicles• Pre-Tax - the total amount of pre-tax deductions from your cafeteria plan elections
Box 16 - State Wages, Tips, etc. This amount to be used with your State Income Tax Return
Box 18 - Local Wages, Tips, etc. This amount to be used with your Local Income Tax Return