Recap of Calculation of Imputed Income for GTL

- The IRS requires that we tax employees on the value of employer-provided group term life insurance (GTL) over $50,000. The taxable value is referred to as imputed income.

- To determine the amount subject to imputed income, all sources of employer-provided GTL coverage must be considered. Employees may elect GTL during open enrollment and employees who are eligible are provided a death benefit of 1X their annual pay (with a minimum of $25,000 and a maximum of $50,000) through the retirement system (TSERS).

- The annual pay for TSERS is determined by taking the highest consecutive 12 months of wages within the past 24 months. (Note: There is a 4 month lag when calculating this amount.)

- The calculation for GTL imputed income is based the employee's age as shown on the IRS Table 1. Their age is considered to be your age on 12/31.

- Below is an example of how to calculate the imputed income value of GTL. In this example the employee's highest consecutive 12 months of wages was $42,000. The employee elected an additional $80,000 of GTL insurance. The employee will be 50 as of December 31st.

- GTL imputed income amount =(TSERS benefit + Elected benefit – 50,000)/1000 X IRS age-based factor

- GTL imputed income amount = (42,000 + 80,000 – 50,000)/1000 X 0.23 = $16.56

- $16.56 will be added to the employee's income for tax purposes only.