

Understand Your W2 Wages

Payroll receives many questions about the W-2. Most of these questions focus on understanding the amounts in the numbered boxes on the W-2.

The most common questions relate to why W-2 Wages differ from your final pay stub for the year, and why Federal and State Wages per your W-2 differ from Social Security and Medicare Wages per the W-2. The short answer is that the differences relate to what wage amounts are taxable in each case. The following steps will walk you through the calculations of the W-2 wage amounts and enable you to reconcile these to your final pay stub for the year.

CALCULATING FEDERAL AND STATE TAXABLE WAGES (BOXES 1 & 16)

Use your last pay stub for the year to calculate the taxable wages in boxes 1 and 16 in your W-2. Begin with the Gross Pay YTD (year-to-date) and make the following adjustments, if applicable:

Federal Taxable Wage – Adjustments to Gross Pay YTD:

Subtract YTD Before-Tax Deductions, which include

- Medical
- Dental
- Vision
- FSA Health
- FSA Dependent Care
- HSA
- WRS
- 403(b)
- 457 (b)

Add Employer Paid Benefits Taxable for LTD YTD

Add Ins Over 50000 YTD (if applicable)

State Taxable Wage – Adjustments to Gross Pay YTD:

Subtract YTD Before-Tax Deductions, which include

- Medical
- Dental
- Vision
- FSA Health
- FSA Dependent Care
- 403B
- 457 Plan

Add Employer Paid Benefits Taxable for LTD YTD

Add Ins Over 50000 YTD (if applicable)

The resulting amounts should equal Box 1 Federal Wages and Box 16 State Wages on your W-2. Some employees may see a difference between Box 1 Federal Wages and Box 16 State Wages due to the value of certain pre-tax transportation benefits.

If you find that after making these adjustments to your Gross Pay YTD per your final pay stub, the result does not match Box 1 Federal Wages and Box 16 State Wages on your W-2, call Payroll, (920) 751-6800 ext. 10107, for assistance, as soon as possible.

CALCULATING SOCIAL SECURITY AND MEDICARE TAXABLE WAGES (BOXES 3 & 5)

The Social Security Wage Base for 2022 was \$147,000. To determine Social Security and Medicare taxable wages on your W-2, again begin with the Gross Pay YTD from your final pay stub and make the following adjustments if applicable:

Social Security and Medicare Taxable Wage – Adjustments to Gross Pay YTD:

Subtract YTD Before-Tax Deductions, which include

- Medical
- Dental
- Vision
- FSA Health
- FSA Dependent Care
- HSA

Add Employer Paid Benefits Taxable for LTD YTD

Add Ins Over 50000 YTD (if applicable)

The resulting amount should equal Box 3 Social Security Wages and Box 5 Medicare Wages on your W-2. If you find that after making these adjustments to your Gross Pay YTD per your final pay stub, the result does not match Box 3 Social Security Wages and Box 5 Medicare Wages on your W-2, call Payroll, (920) 751-6800 ext. 10107, for assistance, as soon as possible.

EXPLANATION OF OTHER BOXES ON YOUR W-2

Box 10: Flex Dependent Care (IFLEX)

Box 12C: Taxable costs of group-term life insurance over \$50,000. Informational only (TXLIF)

Box 12E: Associated 403(b) deductions (A403B)

Box 12G: Associated 457(b) deductions (A457%)

Box 12W: Employer contributions and employee elected contributions to HSA (HSA D and HSA B)

Box 12BB: Associated 403(b) Roth deductions (AROTH)

Box 12DD: Cost of employer sponsored Health Insurance. Informational only

Box 12EE: Associated 457(b) Roth deductions (A457R)

Box 14: Flex Health (IHFLX)

Box 14: Employer contributions and employee elected contributions to WRS (WRSDE and WRSBE)