

# Group-Term Life

Life Insurance in excess of \$50,000 provided by your employer is taxable under Federal Law. Rowan University is required to impute income to the employee. This imputed income will be added on the second payroll of the month.

Employees who contribute to this benefit will continue to view their life insurance deduction each payroll.

## Group -Term Life Deduction Example:

- **No Employee Contributions.**

Employee A will turn 36 years old in September 2008. She did not contribute toward her life insurance. Her employer paid her \$ 94,000 in wages and provided her with 1.5 times her salary (\$141,000) in group-term insurance during 2008.

The total coverage of \$141,000 minus \$50,000 = \$91,000 total excess life insurance. This \$91,000 is imputed income and will be added to Employee A's wages as per the IRS Table calculation. According to the IRS Table, the cost of Employee A's \$91,000 of coverage is \$8.19 a month ( $\$0.09 \times 91$ ) for a total of \$98.25 a year.

- **Employee Contributions.**

If Employee A contributes \$2.55 per payroll, her monthly imputed tax is \$3.09 ( $\$8.19 - \$2.55$ ). The annual imputed tax is \$31.95 ( $\$98.25 - (2.5 \times 26)$ ).

IRS Table	
Cost Per 1,000	
Age	Cost
Under 25.....	\$0.05
25 to 29.....	0.06
30 to 34.....	0.08
35 to 39.....	0.09
40 to 44.....	0.10
45 to 49.....	0.15
50 to 54.....	0.23
55 to 59.....	0.43
60 to 64.....	0.66
65 to 69.....	1.27
70 or over.....	2.06