

IMPORTANT PAYROLL INFORMATION

TO: **ALL EMPLOYEES**

FROM: Toni Padgett, Coordinator of Payroll Activities

SUBJECT: **2016 W-2 Forms**

The **2016** W-2 forms will be distributed to the schools on January 17, 2017. We attempted to sort them to the proper home school for employees; however, if it did not make it, please contact any other school or department where you may be assisting. If your W-2 form was **not** delivered to a school or department then it has been mailed.

As always, there are bound to be many questions pertaining to the information on the forms. Hopefully, this memo will help to answer some of the questions you may have. The W-2 will include tax information for all work performed for Clay County Schools and paid in the 2016 calendar year.

- **BOX 1- Wages, Tips, Other Compensation** - The wages in this box have already been reduced by any tax-sheltered annuities (the amount is shown in box 12 Code E), the insurance premiums for those enrolled in the IRS flexible benefits program, the medical and dependent care flexible spending accounts, HSA employee contributions, Florida Retirement employee contributions, AND the FICA ALTERNATIVE PROGRAM (for substitute/temporary employees).
- **BOX 2 – Federal Income Tax Withheld** - Total federal income taxes deducted in the 2016 tax year. This amount is based on your W-4 status. Remember you may submit a new W-4 at any time to make changes. Your status may be found on the employee portal as well as a link to IRS for a new W-4 form.
- **BOX 3 – Social Security Wages** - These wages have been reduced by the IRS 125 flex plan insurance premiums, flexible spending accounts AND the FICA ALTERNATIVE PROGRAM. Please remember that a tax-sheltered annuity will NOT reduce your social security wages, nor will the Florida Retirement System employee contributions. The maximum **wages** that you must pay social security tax on is \$118,500.00 for the 2016 calendar year.
- **BOX 4 – Social Security Tax Withheld** - The social security tax (6.20%) has to be reported separately from the Medicare portion (1.45%) of your social security tax. The social security taxes for 2016 should not exceed \$7,347.00 (give or take a few cents due to rounding).
- **BOX 5 – Medicare Wages** - These wages have been reduced by the IRS 125 flex plan insurance premiums, and flexible spending accounts. Again, a tax-sheltered annuity will not reduce your Medicare wages, nor will the Florida Retirement System retirement contributions. The FICA ALTERNATIVE PROGRAM does not affect the Medicare wages and Medicare taxes. Effective 1/1/94, all wages are subject to the Medicare (1.45%) tax.
- **BOX 6 – Medicare Tax Withheld** - The Medicare tax (1.45%) is listed separately in this box.
- **BOX 9 – Earned Income Credit** – No provision in 2016.
- **BOX 10 – Dependent Care Benefits** - Any contributions to the dependent care benefits flexible spending account will be shown in this box. This will include all contributions for the 2016 calendar year. (*NOTE: The medical spending account contributions WILL NOT show on the W-2 form.*)
- **BOX 12 – Elective Deferrals** - Contributions to a **403B** tax-sheltered annuity (**CODE E**) are listed in this box as well as contributions to a **457** deferred compensation plan (**CODE G**). These amounts will explain the difference between the social security wages (box 3) and the taxable wages (box 1). Health Savings for high deductible health plan (**CODE W**). The cost of employer-sponsored health coverage is reported with Code DD is not taxable. (**CODE DD**).
- **BOX 13 – Retirement Plan** - The “Retirement Plan” box has been marked for all employees who are (or were for any portion of the year) enrolled in any of the Florida Retirement Plans. This will include most “regular” employees in allocated positions. If the employee participated in the FICA ALTERNATIVE PROGRAM (401[a]), the “Retirement Plan” box must be marked.
- **BOX 14 – Other** - The miscellaneous box will include items that will help you in your tax preparation. The following descriptions *could* be listed:
UN DUES- Association dues paid in TAX YEAR 2016 for CCEA and CESPA have been provided.

SEC125- This amount is the total amount of the health insurance premiums (all coded with an “F” on the pay stub) deducted in 2016 under the Flexible 125 program through the insurance department. This amount has already been reduced in Box 1. Box 3 and 5 are already reduced by these amounts as well.

FLRETD-This is the amount that the employee paid toward his/her retirement plan and wages in Box 1 have already been reduced.

FICALT- This is the amount that the employee paid into the FICA ALTERNATIVE program.

NOTE: If there were any contributions to this program, the Retirement Box must be marked. Certain restrictions to an employee’s IRA may apply. See your tax specialist or contact the IRS for additional information.

A popular question we get every year is **“Why are my wages more/less than my contract I signed this year?”** Please remember that W-2 wages are based on a CALENDAR year while contracts are based on a FISCAL year (7/1/15-6/30/16). Wages could be paid at a lesser rate of pay for the first half of the year. **NOTE: Box 1 wages on the W-2 are taxable wages and NOT gross wages.**

Many employees also question why wages are considerably different than wages over the previous year. And there are good reasons for that. If your wages are “lower” than last year OR “higher” this year, please remember that many employees do not just receive their “regular” salary. There are many additional forms of payments (listed below) that are paid during the course of a year. So, if you have received some of these types of payments this year and didn’t last year, your wages will be higher. And of course, if you did not receive any of these payments this year but did in 2015, your wages could actually be lower. Please give some consideration to this should you be concerned about your wages. If any of the payments listed below are applicable, the employee should take this in consideration when trying to compare the calendar to contract wages as well as 2015 or 2016 wages against each other.

- School Recognition Bonuses for “A” Schools
- Inservice Payments
- Summer School Wages
- Advanced Placement Bonuses
- Industry certification/IB/AICE testing payments
- Perfect attendance (support)
- Raises/retro-active payments

Again, those employees who have earned additional wages for various other activities (i.e., summer school, adult education, inservice) will receive one W-2 form with a total of all wages earned by the School Board.

PLEASE PLACE THE W-2 DOCUMENT IN A SAFE AREA UNTIL NEEDED FOR FILING PURPOSES. Processing replacement forms are time consuming for the payroll staff and may cause the employee delays in meeting tax-filing deadlines. Should this occur however, please contact the payroll department for assistance, **after February 10, 2017.** Eventually, the W-2 forms will be available for viewing on the Clay Employee Portal.

Please read the **NOTICE to EMPLOYEE** on the back of your W-2 concerning EIC (Earned Income Credit). **Advance EIC is no longer available in 2016** but those eligible can still file for EIC on the 2016 tax return.

Remember, now is a good time to adjust your federal withholding status. If you need to change your status, you may download a W-4 form from Clay County School Board’s employee portal or you may obtain a copy of the form from your school/department location.

PLEASE, ALWAYS MAKE SURE THE HUMAN RESOURCES HAS YOUR CURRENT ADDRESS.

Notifying your school or department will not change your address at the district level, so please complete an Employee Data Update Sheet and submit to the Human Resources Department. Additionally, please complete a new W-4 form anytime your address changes. Should you have any additional questions, please contact the Payroll Department.