

## HOW W-2 TAXABLE WAGES ARE CALCULATED

The **Y-T-D Gross Wages** as shown on your paystub dated 12-27-13 is the total of all the pay codes (Hub, Rand, Stops, Hours, etc) that we have paid you during the calendar year.

Gross wages do not include expense reimbursements for tolls, scales, etc.



Subtracted from that are any wages we took back from you as a deduction on your paystub---where we had overpaid you on a previous week.



**Pre-Tax Insurance premiums** (Accident, Dental, Medical, Vision) & **Flex-Spending deductions** (for health and/or dependent care) are also subtracted. **Any reimbursements paid to you for pre-tax premiums** are added back to taxable income.



This will give you the **FICA Taxable Wages** shown on your W-2 (boxes 3 and 5)



Subtract your **Traditional 401k contributions** from the FICA taxable wages - Roth 401k contributions have no effect on taxable wages.



This will give you the **Federal Taxable Wages** shown on your W-2 (box 1)

Other Notes: Box 12 codes:

AA - Roth 401k Contributions you made during 2013 (no effect on taxable wages)

D - Traditional 401k Contributions you made during 2013 (reduced taxable wages)

DD - cost of medical health care premiums - includes employee and employer portions (information only, no effect on taxable wages, not reported on your tax return)