

Specialized Data Systems Cost of Group Term Life Insurance Over \$50,000

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Thank you for attending the Cost of Group Term Life Insurance over \$50,000 Online Course. This manual takes you through two different methods that can be used when processing the extra cost of Group Term Life Insurance over \$50,000. You need to pick which method works best for you. If at any time during the course you have a question, please feel free to contact SDS support by going to

https://sc.schooloffice.com/supportconnect/default.aspx as we are here to help! We hope you enjoy the course.

Cost of Group Term Life Insurance over \$50,000 for W2's

Method 1 Setup Process (running the additional cost through the payroll system)

The first method is to run the additional cost of the insurance over \$50,000 through the payroll. This process can either be done in the last payroll for the calendar year or it can be setup and processed during each payroll in the calendar year.

The first thing to do for "Method 1" is to set up a benefit code.

- 1. Select Human Resources.
- 2. Select Human Resources Control Center.
- 3. Select Deductions & Benefits Master.
 - a. If you do not have this code setup in your system, select the "Add" button and enter in the code and description you would like to use. An example for this code would be "GTL or GLT50" and the description could be "Group Term Life Insurance over 50,000".
 - b. In the drop-down selection Vendor, select the "Vendor".
 - c. In the field Active, put in the letter "Y".
 - d. In the field Gross Code Indicators, enter "All".
 - e. In the field Fed, State, Local Tax Shelter, enter in the letter "T". See note below.
 - f. In the field FICA Shelter, enter in the letter "T". See note below.
 - g. NOTE: By putting the letter "T", in the Fed, State, Local Tax Shelter and the FICA

Shelter fields, the system increases "Taxable Gross Earnings" and "FICA Gross Earnings". This allows the correct amount of taxes to be taken out for the employees that are assigned to this code. If you do not have the option of a "T" in these fields, select the following link to learn how to setup a coded field.

http://help.schooloffice.com/financehelp/#!Documents/mastercodefielddefinit i onandmaintenance.htm

- h. In the field Transfer Option, enter in "NOCHK". This keeps the benefit amount from posting to the Accounts Payable disbursements area when the payroll liabilities are posted.
- In the field Box 12, enter a "C". This places the amount of this code for each employee into the Box 12 on the W2.
 NOTE: For more information on the codes used for the W2 processing review the following documentation on the <u>https://www.irs.gov/</u> website <u>https://www.irs.gov/pub/irs-pdf/iw2w3.pdf</u>.
- j. Enter the appropriate "Expense Object for Benefit" code and the "Liability Classification" code for the life insurance benefit.

Human Resource	es Control Cent	er 🛛 Remember las	t opened <u>Resources</u>										
	Human Resourc	e Control Center											
Processing Options													
Data selection definition Award Attendance Days	Group Term Life Insurance	over 50,000 GT 🔻 Save	Add	Reports and Options >		Is this a Deduction or Benefit •							
Increase Other Master Values	Code GTL30 Des	cription Group Term Life Insurance	e over 50,000	Saved:8:25 AM	Vendor 1008 ~ AFLAC								
Employee YTD Adjustments	Start / Stop		Control Amount		Deduction / Benefit Maximum Ontion								
Employee Distribution Adjustment	Active	Y V	Amount (S)	0.00	Maximum Cutoff Period	N ~ Not Used V							
Deductions & Benefits Master	Activation Date		Percent (%)	0	Maximum Gross	0.00							
Employee Deductions & Benefits	Last Active Date		Gross Code / Pay Type Indicators	ALL Ng Code Wiza	d Maximum To Withhold	0.00							
Import Employee information	Shelter / Special I	Purpose	W2 & State Reporting	Information	Deduction/Benefit Graduated Step Values								
	Fed, State, Local Tax Shelter	TT	Deferred Compensation	NT	beaution/ benefit or adducted be	Percent (%)	Earnings To / Cutoff \$						
	FICA Shelter	T T	Nonqualified Plan	N.V.	Step 1 %	0	Step 1 \$ 0.00						
	Retirement Shelter	N T	Earned Income Credit	N V	Step 2 %	0	Step 2 \$ 0.00						
	Taxable Income	N V	Dependent Care Benefit	N.Y	Step 3 %	0	Step 3 \$ 0.00						
	Taxable Fringe	N ¥	Pension Plan	NT									
	Cash in Lieu	NV	Deduct Type	D ~ Full Distributio 🔻									
	Garnishment Uses MWA	N	Box 12	c									
	Timing Code	1 •	Box 14										
	Transfer Option	NOCHK	Misc Code 1										
	Active if not Paid	•	Voluntary	N T									
	Batch Number Override	0	Premium Distribution Benefit_Type										
	Benefit Expense a	nd Liability Account I	Dimension Codes (Basi	c Need)									
	Expense Object for Benefit	0211 ∼ Life Insurar ▼	Liability Classification	7471 ~ Payroll ded ▼	Add to Creditable Earnings	•							

Assign the Group Term Life Insurance over \$50,000 code to the Employees

Once the Group Term Life Insurance benefit code has been created, you need to assign the employees to this code that are affected by the extra cost of the Group Term Life Insurance.

- 1. Select Human Resources
- 2. Select Human Resources Control Center.
- 3. Select Employee Deductions and Benefits.
- 4. Select the code for the Group Term Life Insurance.

- a. Verify the employees that are listed in the "Assigned and Active" area of the screen.
- b. If you need to add employees to this code from the "Un-Assigned Employees" area, select them by placing a check by their name and then select the "Add New" option. This moves the checked employees to the "Assigned and Active" area.

	luman Resource Cont	rol Center										
ocessing Options												
Data selection definition	Select a Deduction/Benefit to Process	Active Deduction/Ber	nefits	Display All Employees (100 max) in Lists Below	54	elect employ	ees who have	Also this Selectio	n Formula			
Award Attendance Days	Group Term Life Insurance over 50,000	GTL30 T	8	•	3	No Ded\Ben Ri	Employee_Master.P	mployee_Master.Pay= 'Y'				
Employee YTD Adjustments	Assigned and Active			Have but Inactivated	T	In-Assiar	ed Employees	vees				
Employee Distribution Adjustment	Delete Save Inactivate Mass Change	Inactivate Hass Change From To Apply Activate Save Delete				dd New						
Employee Deductions & Benefits	💽 🐲 1 🔻 🔿 💽 Records: 2 De	duct Amount Totals: \$560	0.00	💽 🐲 🔻 🔿 💽 Records: 0	6	a 4 1	🔹 🔿 💽 Records: 202					
Affordable Care Act	Number Employee I	educt \$ Deduct % !	Start Date End Date	No Records Found		Number	Employee Name	Deduct Amount	Deduct Percent			
Import Employee information	974 ANDERSON, ALEAHA G. S.	250.00 0				856	ADAIR, JOSHUA H.	0.00	0			
	00663 BARNFIELD, KELLY J. S	310.00 0				975	ANDERSON, IVY L.	0.00	0			
				1		00662	ANGELOVIC, TALYNN N.	0.00	0			

5. Once the employees are in the Assigned and Active area of the screen, the amount of the additional cost needs to be added for each employee in the "Deduct \$" field. Then select the save button.

Human Resource Control Center										
Processing Options										
Data selection definition Award Attendance Days	Select a Deduction/Benefit to Process Active Deduction/Benefits	Dis								
Increase Other Master Values	Group Term Life Insurance over 50,000 GTL30 ▼	1								
 Employee YTD Adjustments Employee Distribution Adjustment 	Assigned and Active Delete Save Inactivate Mass Change From To Apply	H								
Deductions & Benefits Master	X Image: I									
Employee Deductions & Benefits	🔄 🖛 1 🔻 🔿 💽 Records: 2 Deduct Amount Totals: \$560.00									
Affordable Care Act	Number Employee Deduct \$ Deduct % Start Date End Date	No								
Number 2 Import Employee information	974 ANDERSON, ALEAHA G. \$250.00 0									
	00663 BARNFIELD, KELLY J. \$310.00 0									

Processing the Payroll using Method 1

- 1. Activate, process and complete payroll.
- After payroll is closed, change the Group Term Life Insurance code to inactive if you are only processing the Group Term Life Insurance once a year.
 NOTE: If you are processing this cost each payroll, then you need to leave it active.
- 3. Inactivate the code by selecting Human Resources and Human Resources Control Center.
- 4. Select Deductions and Benefits Master.
- 5. Select the Group Term Life Insurance Code.
- 6. Change the Active field from a "Y" to an "N" and save.

	Human Re	source Control (Center
Processing Options Data selection definition Award Attendance Days	Group Term Life 1	Insurance over 50,000 GT 🔻	Save Add
Increase Other Master Values Employee YTD Adjustments	Code GTL30	Description Group Term L	ife Insurance over 50,000
Employee Distribution	Active	NV	Amount (\$)
Deductions & Benefits Master	Activation Date		Percent (%)
Affordable Care Act	Last Active Date		Gross Code Indicators

- 7. After processing and closing the payroll, you need to do a journal entry to remove the expense and liability created from the Group Term Life Insurance code.
- 8. To find the amounts needed for the journal entry, use the Payroll Transaction Report. In this report look for the amounts that are flagged with the benefit code used for the Group Term Life Insurance.
- 9. A credit amount needs to be posted to the expense accounts, and a debit amount needs to be posted to the payroll liability accounts.
- 10. To post the entry, go to General Ledger Processing.
- 11. Select Ledger Transaction Entry and Changes.
- 12. For more information on processing a journal entry review the link below. <u>http://help.schooloffice.com/financehelp/#!Documents/ledgertransactionsentryandchanges.htm</u>

Method 2 Setup Process (Assigning the cost without running it through payroll)

The Second Method allows you to enter the additional cost of the group term life insurance over \$50,000 for each employee without running it through payroll.

The first thing to do for "Method 2" is to setup a benefit code.

- 1. Select Human Resources.
- 2. Select Human Resources Control Center.
- 3. Select Deductions & Benefits Master.
 - a. If you do not have this code setup in your system, select the "Add" button and enter the code and description you would like to use. An example for this code would be "GTL or GLT50" and the description could be "Group Term Life Insurance over 50,000".
 - b. In the Active field, put in the letter "Y".
 - c. In the field Box 12, enter a "C". This places the amount of this code for each employee into the Box 12 field on the W2. For more information on the codes used for the W2 process review the following documentation on the <u>https://www.irs.gov/</u> website <u>https://www.irs.gov/pub/irs-</u> <u>pdf/iw2w3.pdf</u>.

Assign the Group Term Life Insurance over \$50,000 code to the Employees

Once the Group Term Life Insurance benefit code has been created, you need to assign the employees to this group that are affected by the extra cost of the Group Term Life Insurance.

- 1. Select Human Resources.
- 2. Select Human Resources Control Center.
- 3. Select Employee Deductions and Benefits.
- 4. Select the code for the Group Term Life Insurance.
 - a. Verify the employees that are listed in the "Assigned and Active" area of the screen.
 - b. If you need to add employees to this code from the "Un-Assigned Employees" area, select them by placing a check by their name and then select the "Add New" option. This moves the checked employees to the "Assigned and Active" area.

	Human Resource C	ontrol C	enter										
cessing Options													
Data selection definition	Select a Deduction/Benefit to Process 🧭 Active Deduction/Benefits					Display All Employees (100 max) in Lists Below		Select em	loyees who have	Also this Selection Formula			
Award Attendance Days Increase Other Master Values	lues Group Term Life Insurance over 50,000 GTL30 V				8	•	3	No Ded\Be	n Restriction 🔹 🔻	Employee_Master.Pay= 'Y'			
mployee YTD Adjustments	Assigned and Active					Have but Inactivated		Un-Ass	n AR				
mployee Distribution Adjustment eductions & Benefits Master	Delete Save Inactivate Hass Change From To Apply					Activate Save Delete		Add New					
mployee Deductions & Benefits	💽 🚧 1 🕈 🏓 Records	2 Deduct Amo	unt Totais: \$56	0.00		😺 🐲 🔻 🔿 💽 Records: 0		-	1 🔻 🔿 💽 Records: 202				
fordable Care Act	Number Employee	Deduct \$	Deduct %	Start Date	End Date	No Records Found		Nun	ber Employee Name	Deduct Amount	Deduct Perce		
port Employee information	974 ANDERSON, ALEAHA	G. \$250.00	0					856	ADAIR, JOSHUA H.	0.00	0		
	00663 BARNFIELD, KELLY J	\$310.00	0					975	ANDERSON, IVY L.	0.00	0		
			1. 1.					0066	ANGELOVIC, TALYNN N.	0.00	0		
											1		

Adjusting the Employee's year to date amount for the Cost of Group Term Life Insurance over \$50,000

There are several adjustments that are necessary for each employee that has the additional cost of Group Term Life Insurance over \$50,000 code.

- 1. Select Human Resources.
- 2. Select Human Resources Control Center.
- 3. Select Employee YTD Adjustments.
- 4. Select the first employee and use the last payroll date in the Payroll Date for History Entry area.
- 5. Here is a list of the items that need to be adjusted:

Data selection definition	O A O R O	COD OF OF OF	Он (0,0,0	KOLOMONOODOO	OROS	OT O	11 Ov	OwO,	OvO	7 O All	
Award Attendance Days	Employee Name Se	Employee Name Search Payroll Date For Histo Entry		ave Adjustme	Activate Deductions, Benefits, Tax, and Ear Addition option	ming Selecti	on Formu	la			E - Par	
Increase Other Master Values	15. 						Employee_Master.Pay= 'Y'					
🕗 Employee YTD Adjustments		Add a Dawall Data	-	1036	PAUER CHASE 1							
Employee Distribution Adjustment	L	Hou a Payroll Date		1020	BRUEN, CHASE 3.							11
Deductions & Benefits Master	Employee Numbe	ABBOTT, ASHLEY	Reco	d Deduction	Description	Adjustment	Open Pavrol	Month to Date	Quarter	Year to Date	Fiscal to Date	Prior Year
Employee Deductions & Benefits	856	ADAIR, JOSHUA H.	202	Code								Contraction of the local division of the loc
	00728	ALLEN, JENNA M.	1	G1	Gross Earnings	0.0	\$0.00	\$3,575.00	\$11,225.00	\$44,258.34	\$17,950.00	\$54,633.34
Affordable Care Act	974	ANDERSON, ALEAHA G.	1	G2	Taxable Gross Earnings	50	\$0.00	\$2,238.08	\$7,161.74	\$28,853.29	\$10,245.95	\$44,721.62
Import Employee information	975	ANDERSON, IVY L.	1	G3	Fica Gross Earnings	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	864	ANTRY, KAYLA M.	1	64	Gross Farnings (T)	0.0	50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	1073	Ash, Kim	-		cross carrings (1)					20100	20100	
	1026	BARNEIELD, KELLY I.	1	G5	Gross Earnings (I)	0.0	\$0.00	\$2,640.31	\$8,420.93	\$34,070.58	\$12,284.64	\$50,005.91
	1033	BAUER, HUNTER S.	1	G6	Gross Earnings (N)	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	1039	BAUM, MADISON P.	1	G7	Gross Earnings Medicare	50	\$0.00	\$2,640.31	\$8,420.93	\$34,070.58	\$12,284.64	\$50,005.91
	00176	BAXTER, SIERRA N.	1	GS	Taxable Gross State	50	\$0.00	\$2.238.08	\$7,161.74	\$28,853.29	\$10,245.95	\$44,721.62
	00709	BESHER, COLLIN J.			Endered Tax	0.0	1	e14 64	+00 57	#455 10	#140 DC	F1 717 60
	976	BIERMAN, COBY R.	-	14	Peuerai iax		30.00	214/04	300/0/	3430.13	\$140,00	\$1,/13/00
	1040	BIEVENUE, GABRIELLE F.	1	T2	FICA Tax	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	00510	BIEVENUE, OLIVIA M.	1	T3co	State Tax CO	0.0	\$0.00	\$28.00	\$104.00	\$432.00	\$152.00	\$998.00
	00730	BIEVENUE, REESHA M.	2	123 Health	Health Program	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,282.19
	00232	BIONE, BLAKE A.	2	4076	407b	0.0	60.00	60.00	<0.00	en 00	e0.00	\$760.00
	00249	BRUNKHORST, NICOLE L.	-	4030			30.00	30.00	30.00	20,00	30.00	\$300.00
			2	CIL	Cash In Lieu	0.0	\$0.00	\$200.00	\$600.00	\$3,200.00	\$1,200.00	\$0.00
	🐏 🖛 🔤 🗸	Records: 206	2	COVID	COVID wages	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			2	DENTAL	DENTAL PRE-TAX	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$934.78
			2	DENTAL A	DENTAL No RET	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			2	GTL50	Group Term Life Insurance over 50,000	50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			2	HOSP	HEALTH Insurance - Pre-Tax	0.0	\$0.00	\$721.39	\$2,164.17	\$7,093.06	\$4.385.56	\$3,519.75
			2	HOSTB	HEALTH INSURANCE BEN AFTER TAX	0.0	\$0.00	\$780.56	\$2,341.68	\$12,488.96	\$4,683.36	\$10,147.28
			2	HSA	Health Savings Account	0.0	\$0.00	\$125.00	\$375.00	\$2,000.00	\$750.00	\$375.00
			2	LIFE/B	MET LIFE BEN	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$98.67
			2	MC	MEDICARE Employee Deduction	7.2	\$0.00	\$38.28	\$122.09	\$494.00	\$178.11	\$696.08
			2	MR	MEDICARE MAT	7.2	\$0.00	\$38.28	\$122.09	\$494.00	\$178.11	\$696.08

- a. Add amount to Group Term Life Insurance over \$50,000 code
- b. Increase the Taxable, State Taxable, FICA and Medicare wages by the amount of the premium over \$50,000 that is to be reported on the W2.
- c. Increase the amount of the FICA/Medicare withholdings on the employee's record. This increase would reflect the additional amount of FICA/Medicare, based on what would have computed on the increased wage amount entered in Step B above.
 - i. If this method is used, the school would be responsible for collecting the additional FICA/Medicare withholdings that were manually adjusted in the YTD area.
- Increase the matching amount of the Board Paid FICA/Medicare withholdings on the employees. Use the same practices as described in Step c above.
- 6. After making these adjusts, make sure to review the W2 documentation so that the adjustments you make for the Group Term Life Insurance over \$50,000 shows on the employee's W2.