

W-2 FAQs

Frequently Asked Questions Regarding W-2s

Question: Why doesn't the amount in Box 1 match the "YTD Earnings" listed on the bottom of my final 2014 paycheck?

Answer: The amount in Box 1 represents Taxable Earnings which is your YTD Earnings **minus** tax-deferred retirement contributions as well as pre-tax benefits such as medical, dental, health care reimbursement, dependent care reimbursement, parking and vision insurance.

Question: Why doesn't Box 1 match Box 3 and Box 5?

Answer: Box 3 and Box 5 include your tax-deferred retirement contributions, Box 1 does not.

Question: Is there a simple explanation for what is in each box of my W-2?

Answer: Here is a brief explanation of what is in each box. If you believe an amount is incorrect, please contact Payroll at 240-777-8840.

Box 1: This is your taxable wage amount which is made up of your YTD Earnings minus all of your pre-tax deductions.

Box 2: This is how much federal income tax was withheld from your paychecks throughout the year and should match "Federal Withholding Tax" amount on your final 2014 paycheck.

Box 3: This is your wages that are subject to Social Security tax. This is generally your wages minus all of your pre-tax benefits (except retirement/Def Compensation deduction) up to a maximum of \$117,000. If you made more than \$117,000 or had any pre-tax benefits, this will not match your year-to-date earnings on your final 2014 paycheck.

Box 4: This is how much Social Security tax was withheld from your paycheck and should match the "Social Security" amount on your final 2014 paycheck.

- Box 5: This is your wages that are subject to Medicare taxes. This is generally your wages minus all of your pre-tax benefits (except retirement/Def Compensation deduction). There is no limit on the amount taxed for Medicare. If you had any pre-tax benefits this will not match your year-to-date earnings on your final paycheck.
- Box 6: This is how much Medicare tax was withheld from your paycheck and should match the "Medicare" amount on your final 2014 paycheck.
- Box 10: This is the amount that you contributed to the flexible spending account for dependent care (daycare). It should match the "dependent care reimbursement" amount on your final 2014 check.
- Box 12C: This is the Cost of group term life insurance over \$50,000, included in boxes 1, 3, 5, and 16. This amount is shown on your pay advice as Imputed Income in the Hours and Earnings Section.
- Box 12DD: This is the total cost of the employer sponsored health coverage you received during the year in box 12 under code DD. This figure includes both the employee and employer paid shares of health insurance premiums and is for informational purposes only. This amount is not taxable. Premiums for dental, vision and other insurance coverage are not included.
- Box 12G: This is the amount you contributed to your **457b** retirement plan on a tax-deferred basis and should match your pre-tax 457(b) contributions on your final 2014 paycheck.
- Box 15: This is the state that state income tax was reported to (normally Maryland.)
- Box 16: This is your state taxable wages and should match the amount in Box 1.
- Box 17: This is the amount of state income tax withheld and should match your state and local tax withholding amount on your final 2014 paycheck.

Question: Is there anything I can do now that will help me next year at tax time so I won't owe money like I did this year?

Answer: You may want to have more federal or state tax withheld out of each check. Tax forms are available in Payroll or online at <http://www.montgomerycountymd.gov/ohr/payroll/payroll.html>.

You may still end up owing next year if you do not withhold enough throughout this year.

You may also want to make sure you are contributing the maximum that you can afford to a Deferred Compensation Plan. This will lower your taxable income. The 2015 contribution limits is \$18,000. If you are 50 years of age or older, you may also be eligible to make "catch up" contributions of up to \$5,500 in addition to your regular contributions. There is also a Pre-Retirement Catch-Up Amount, please contact your Deferred Compensation Provider for more information.

For more information about taxes please visit the IRS website at www.irs.gov.