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James A. Carder
Director
Division of Accounting

MEMORANDUM

TO: Agency Payroll Officers

FROM: Resa Siedhoff, Acting Director, Division of Personnel
James A. Carder, Director, Division of Accounting

DATE: August 30, 2001

RE: State Provided Basic Group Term Life Insurance – New Hires

Federal Tax Regulations require that if employees are provided more than \$50,000 of life insurance coverage, additional imputed taxable income must be reported and OASDI/Medicare taxes withheld. MOSERS has provided the Office of Administration with the amount of imputed taxable income to be included for each affected employee and for new employees through July 31, 2001.

Effective with any **new** employee starting on or after August 1, 2001, each agency will need to determine eligibility and any imputed taxable income for the state provided Basic Group Term Life Insurance.

Any new employee, (defined as **new** to the MOSERS system) will need to be enrolled in the GTLIF code on the MISC window using the following calculations:

- a. Multiply coverage over \$50,000 by the IRS provided age based rates. The amount of coverage provided to each employee, effective each calendar year, is one-times annual earnings based on the salary rate of each preceding years' July (or hire date if after July) rounded to the next highest thousand dollars of coverage.
- b. Determine the individual's age at the end of the current calendar year to obtain the appropriate rate from the rate table (Treasury Regulations Section 79) at the end of this memo.

EXAMPLE:

Sam Stone is hired August 15, 2001, full time at a full-time annual salary rate of \$65,000. His age will be 45 at the end of calendar year 2001. His imputed monthly income during calendar year 2001 is $(65-50) \times (.15) = \$2.25$. To obtain the semi-monthly rate, divide by two and round up to the next cent $(2.25 \div 2 = 1.125 = \$1.13)$.

Each January, MOSERS will send an update of enrollees to the Office of Administration and we will update the SAM II HR system. Since imputed wage is based upon the salary rate of the preceding July for existing employees, any increases to salary during the year do not need to be updated for imputed wages. Any **new** employee that meets the \$50,000 wage criteria will have to have the GTLIF added at the agency level at the time of hire.

If you have any questions, please call Vandee DeVore at (573) 522-5863 or e-mail at devorv@mail.oa.state.mo.us.

JD:tv/oper/jdlifeinsurance

IRS Rate Table for Employer Provided Insurance Over \$50,000

<u>AGE</u>	<u>MONTHLY COST</u>
Under 25	\$.05
25 through 29	\$.06
30 through 34	\$.08
35 through 39	\$.09
40 through 44	\$.10
45 through 49	\$.15
50 through 54	\$.23
55 through 59	\$.43
60 through 64	\$.66
65 through 69	\$1.27
70 and Over	\$2.06