



# Preparing the 2021 W-2 forms for TCDRS members

TCDRS is a qualified retirement plan, which means any employee deposits to plan accounts are tax deferred until the employee withdraws their account, or starts getting a monthly benefit payment. It also means that you have to take your employees' TCDRS deposits into consideration when you fill out their W-2s. If your employer participates in our Group Term Life program, that could also affect how you fill out your W-2s.

The following is a box-by-box guide to filling out your TCDRS-covered employees' W-2s. It is based on instructions from the Internal Revenue Service.

**Box 1** Wages subject to federal income taxes are reported in this box and should **not** include the required employee contribution\*. TCDRS employee deposits are exempt from federal income tax, so you should subtract them from the employee's gross compensation, and enter the difference in this box. Do include the taxable cost of group term life coverage exceeding \$50,000\*\*.

**Box 3** Report the total wages paid subject to employee Social Security tax (including TCDRS employee deposits and the taxable cost of group term life coverage exceeding \$50,000) in this box. The amount in Box 3 should not exceed the IRS limit on the maximum amount of wages subject to Social Security taxation. For 2021, that limit is \$142,800.

**Box 5** Again, report the total wages subject to Medicare tax (including TCDRS employee deposits and the taxable cost of group term life coverage exceeding \$50,000) in this box. There is no limit on the amount of wages subject to Medicare.

**Box 11** Do not show TCDRS employee deposits in this box.

**Box 12** Do not report TCDRS employee deposits in this box. You should:

- Use Code C and report the taxable cost of group term life insurance exceeding \$50,000.
- Use Code G and report elective deferrals to a Section 457(b) deferred compensation plan.

**Box 13** Check the box denoting "retirement plan."

**Box 14** Use this box for any information you want to give your employee with each item labeled appropriately. You may disclose the required employee contributions to TCDRS in this box.

The IRS publication *2021 General Instructions for Forms W-2 and W-3* provides guidance for reporting wages and employee deposits. The publication is available on the IRS website ([IRS.gov](https://www.irs.gov)).

If you have any questions about preparing W-2s, please call the IRS.

\* "Required employee contribution" refers to TCDRS employee deposits.

\*\* The IRS considers TCDRS' Group Term Life coverage to be employer-provided group term life insurance. All group term life insurance provided by the employer should be aggregated to determine if coverage has exceeded \$50,000. You can find a discussion of employer-provided group term life insurance and the method for calculating the taxable cost in IRS Publication 15-B *Employer's Tax Guide to Fringe Benefits (For use in 2021)* under Group-Term Life Insurance Coverage (pages 13-16).