Form 2

Employer's Worksheet to Calculate Employee Taxable Income Resulting From Group-Term Life Insurance In Excess of $50,000

Employee Name _____

Employee's Age on December 31 _____

1.	Amount of life insurance coverage provided to employee during 2026	$ _____
2.	Less nontaxable coverage	$ (50,000)
3.	Taxable coverage (if zero or less, **STOP** – not taxable income to employee)	$ _____
4.	Cost per $1,000 of excess coverage (from IRS table below based on employee's age on December 31)	$ _____
5.	Total number of months the employee was covered in 2026	_____
6.	Cost of excess coverage over $50,000 - (line 3 ÷ $1,000) x line 4 x line 5	$ _____
7.	Less amount employee paid for coverage with after-tax dollars	$(_____)
8.	Taxable cost of excess group-term life insurance coverage in 2026 – line 6 less line 7	$ _____

The taxable cost of excess coverage must be included in taxable income on the employee's Form W-2, and is subject to FICA Social Security and Medicare taxes for both the employee and employer. This income is not subject to federal or state unemployment taxes.

5-Year Age Bracket	Cost per $1,000 of Coverage Per Month
Under 25	$0.05
25-29	$0.06
30-34	$0.08
35-39	$0.09
40-44	$0.10
45-49	$0.15
50-54	$0.23
55-59	$0.43
60-64	$0.66
65-69	$1.27
70 and above	$2.06

Note – This worksheet is not applicable to employees who are also more than 2% shareholders in an S corporation. The entire cost of group-term life insurance coverage for these shareholders must be included in their wages.

Line 3: Round taxable coverage to the nearest $100. If coverage changed during the year, complete a separate worksheet for each coverage level and add the taxable amounts together.

Please return this document before your final payroll with a 2026 check date so that the appropriate taxes may be withheld. Otherwise, additional fees may apply.