

EARNINGS ON LAST PAYCHECK vs. W-2 FEDERAL TAXABLE WAGES

The Year-to-Date earnings box on the last paycheck of the year includes everything that was paid on the paycheck. This includes non-taxable income:

Trip settlements

Mileage

Workers compensation payments, which are non-taxable.

Box 1 on the W2 form is federal taxable wages.

The amount in this box is calculated by:

Total earnings

- Non-Taxable Earnings (Trip settlements, mileage, work comp)

- Pre-tax deductions (Health Ins, Flex, Def Comp, Dental, and WRS)

= Federal Taxable Wages

FEDERAL TAXABLE WAGES vs. SOCIAL SECURITY WAGES

The main reasons for a difference between Box 1 and Box 3 are deferred compensation and WRS deductions.

WHAT IS REPORTED TO WRS?

In most cases, it is the Gross Wages (earnings before deductions).

Pre-tax deductions and reimbursements do not affect WRS earnings.