

When an employer provides group life insurance to an employee in excess of \$50,000, the taxable value of that excess is referred to as "imputed income." How does one figure the value of this excess insurance? An employer uses Table 1 rates to compute the additional taxable income (noted on an individual's W-2) due to an employee having coverage over \$50,000.

**TABLE 1 - Uniform premiums for \$1,000 of Group Term Life Insurance**

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

In using the above table, the age of the employee is their attained age on the last day of their taxable year. So, an employee who was 37 on 12/31 and was insured for \$120,000 of life insurance would have an additional \$75.60\* of taxable income added to their W-2 form.

\*\$70,000 is the amount of coverage in excess of \$50,000.

The formula is: \$70,000 x \$.09 cents divided by \$1,000 x 12 months = \$75.60.

**Note:** The information provided is not intended as legal advice, nor does it purport to reflect the provisions of any particular insurance contract.