

**Hutchins Canning & Company P.A.**  
**4720 N. Croatan Highway**  
**Kitty Hawk, NC 2949**  
**(252) 261-1040**  
**(252) 261-0425 fax**

**GROUP-TERM LIFE INSURANCE PREMIUMS**

Dear Client:

Per the IRS regulation, the cost of group-term life insurance that is more than the cost of \$50,000 of coverage, reduced by the amount the employee paid toward the insurance, must be included on the W-2s

If we prepare your W-2's, we will need the dollar amount of group-term life insurance premiums paid for each employee (with coverage over \$50,000), as well as the amount the employee paid toward the insurance. We need this information as soon as possible (no later than January 9, 2015) so that we can properly prepare your W-2's in a timely manner.

If you prepare your own W-2's and quarterly reports, the dollar amount of group-term life insurance premiums paid for each employee and their spouses must be included in Boxes 1, 3, 5 and 16 of the W-2 as wages, tips, etc., and also separately in Box 12 with code C. Use the table in Section 2 of Publication 15-B to determine the cost of the insurance. For employees, you must withhold social security and Medicare taxes, but not federal or state income taxes.

Please feel free to call should you have questions, or if we can assist you in any way.

Thank you,

*Hutchins Canning & Company, P.A.*