

NPUT **BULLETIN** *E-MAIL*

NEW PALTZ UNITED TEACHERS BENEFIT TRUST FUND

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REPORTING IMPUTED INCOME ON YOUR TAXES

The IRS requires the NPUT Benefit Trust to file a 1099-NEC form for all members who have received certain fringe benefits whose value the IRS deems to be in excess of \$600. This form of compensation is referred to as “imputed income” and includes the IRS determined value of your legal plan and life insurance. If a 1099-NEC is filed, you should have already received a copy as they were mailed in mid-January.

If your imputed income is less than \$600 the Trust will not file a 1099-NEC nor send you a notice, but you should calculate it yourself to report on your tax return. See the attached letter for details showing how to make this calculation. The Trust urges you to consult your tax preparer should you have questions or concerns.

As mentioned above, your imputed income is based on the value of your legal plan and life insurance:

-The NYSUT Pre-Paid Legal plan has an annual taxable value of \$ 72.00

-In the case of life insurance, the IRS sets the value based on your age, but excludes the first \$50,000 of coverage*. Most members have \$200,000 of coverage, though this is reduced to \$130,000 at age 65, and \$100,000 at age 70. Again, see the attached letter with detailed instructions about how to make this calculation.

*You have the option of reducing your coverage to \$50,000 should you wish to avoid the imputed income tax on your life insurance in future years. Contact Trust Administrator, Jon Stern, for information about this option (jsstern@nputbenefittrust.org).