

NPUT ***BULLETIN*** ***E-MAIL***

NEW PALTZ UNITED TEACHERS BENEFIT TRUST FUND

Ron Noelle, Administrator

BULLETIN \ 2015-16TR

January 28, 2015

IMPUTED INCOME

In the next couple of days you will receive an Imputed Income Tax Notice or an IRS 1099 Form. The IRS requires that we annually report the taxable value of the life insurance provided by the Trust in excess of \$ 50,000 and the taxable value of the Legal Plan. According to the IRS some benefits are not tax free when provided by an employer or Trust. These benefits are considered in lieu of income and the value of the benefit must be reported as income (imputed income).

The Trust has to report the imputed income. In accord with the legal requirements, Preferred Group Plans (PGP) for the Trust Fund will issue to each member:

- (a) with a tax liability less than \$ 600 a letter stating their tax liability,
- (b) with a tax liability in excess of \$ 600 a 1099 Misc. form, copy filed with the IRS.

We urge those that receive the letter or the 1099 Misc. form to share the form with their tax preparer and be aware that the issuing of a 1099 Misc. form is filed with the IRS.

The NYSUT Pre-Paid Legal plan has a taxable value of \$ 87.01 (annualized).

For the \$ 200,000 Term Life insurance provided by the Trust, the taxable value is the cost as if you purchased \$ 150,000 life insurance (the excess over \$ 50,000) . It is as if you purchased \$ 150,000 life insurance based on your age at the end of the calendar year. The imputed income tables increase with age (usually in 5 years intervals) .

If there are questions don't hesitate to call me, 845-255-5770.