

NPUT

BULLETIN

E-MAIL

NEW PALTZ UNITED TEACHERS BENEFIT TRUST FUND

Ron Noelle, Administrator

BULLETIN \ 2015-16TR

January 11, 2016

IMPUTED INCOME

By the end of January 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 Fund has to report the imputed income tax liability to each member. 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 \$ 87.00 (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) taxed based on your age at the end of the calendar year. The imputed income tables increase with age (usually in 5 year intervals) .

RETIREES, that retired in 2015, will receive a imputed income statement for the period from January 1, 2015 through their retirement date and not thereafter.

OVERVIEW - THE NPUT BENEFIT TRUST FUND PROVIDES :

All ACTIVE members with \$ 200,000 by Unum Term Life / AD&D insurance, EXCEPT:

- (a) If the member is age 65 to 69 the coverage is 65 % of the face value or \$ 130,000**
- (b) If the member is age 70 or more the coverage is 50 % of the face value or \$ 100,000.**

The plan may be continued for up to one year while on leave of absence.

RETIREES may continue the Term Life / AD&D plan through the Trust Fund.

RETIREE coverage drops to \$ 100,000 upon retirement, EXCEPT :

- (c) The retiree's age is 65 – 69 in which case the coverage is 65 % of the face value or \$ 65,000.**
- (d) The retiree's age is 70 or more in which case the coverage is 50 % of the face value or \$ 50,000 and remains as such until the retiree decides otherwise.**

The RETIREE has one option, upon retirement, to continue the plan or not.

If there are questions please call me, 845-255-5770.