

NP**UT** *NEW PALTZ UNITED TEACHERS BENEFIT TRUST FUND*

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Calculating Your Imputed Income

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 also referred to as “imputed income.” If your imputed income is less than \$600 you will not receive a notice, but you should calculate it yourself to report on your tax return. The calculation is simple and is explained below.

The Trust provided benefits that fall into this category are the group legal and life insurance plans. In the case of life insurance, the IRS excludes the value of the first \$50,000 so you only calculate the value of insurance that exceeds this amount. The life insurance value table shown below is determined by the IRS and the calculations shown already reflect the \$50,000 exclusion. As both the legal and life benefits are group plans the Trust’s contract with the providers requires that all members are enrolled.

NYSUT Legal Plan: \$6.00/month (**\$72.00 value for a full year**)

Life Insurance Value (based on your age on December 31 of the tax year):

| | | |
|--------------|---|--|
| under 25 | 0.05 each month per \$1000 of insurance | (12 months x 150 thousand x 0.05 = \$90 value for full year) |
| 25-29 | 0.06 each month per \$1000 of insurance | (12 months x 150 thousand x 0.06 = \$108 value for full year) |
| 30-34 | 0.08 each month per \$1000 of insurance | (12 months x 150 thousand x 0.08 = \$144 value for full year) |
| 35-39 | 0.09 each month per \$1000 of insurance | (12 months x 150 thousand x 0.09 = \$162 value for full year) |
| 40-44 | 0.10 each month per \$1000 of insurance | (12 months x 150 thousand x 0.10 = \$180 value for full year) |
| 45-49 | 0.15 each month per \$1000 of insurance | (12 months x 150 thousand x 0.15 = \$270 value for full year) |
| 50-54 | 0.23 each month per \$1000 of insurance | (12 months x 150 thousand x 0.23 = \$414 value for full year) |
| 55-59 | 0.43 each month per \$1000 of insurance | (12 months x 150 thousand x 0.43 = \$774 value for full year) |
| 60-64 | 0.66 each month per \$1000 of insurance | (12 months x 150 thousand x 0.66 = \$1188 value for full year) |
| 65-69* | 1.27 each month per \$1000 of insurance | (12 months x 80 thousand x 1.27 = \$1219.20 value for full year) |
| 70 and over* | 2.06 each month per \$1000 of insurance | (12 months x 50 thousand x 2.06 = \$1236 value for full year) |

*(Our group life insurance provides \$200,000 to all employed members under 65 years old, \$130,000 to members 65 through 69, and \$100,000 to members 70 and over. **If you turned 65 or 70 during the tax year the new insurance amount will not take effect until January 1 of the new year so your imputed income will be based on the insurance amount in the younger age bracket.**)

To Calculate Imputed Income:

If you were employed by NPCSD **for the entire calendar year** simply look at the row that matches your age on December 31 and add the full year life insurance value to the \$72 value of the legal plan.

If you were employed by NPCSD **for part of the calendar year** you will also look at the row that matches your age on December 31 but change the number of months for both life insurance and the legal plan. Count any partial months you were employed as a full month for the purposes of your calculation. Add the value of the life insurance to the value of the legal plan.

The IRS requires that you claim this amount on your tax form. We encourage you to direct questions to your tax preparer and refer you to IRS Publication 15-B (in particular pages 13-14) for more information.