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**DATE:** January 27, 2017  
**TO:** All Employees  
**FROM:** Terri F. Prevost, CPA  
Director of Business Affairs  
**RE:** 2016 W-2 Questions

Please find below a recap of the most frequently asked questions concerning W-2 forms:

**Question:** Why are my taxable wages on my W-2 less than my contract salary?

**Answer:** Taxable wages on your W-2 will probably be less than your contract salary because of certain "cafeteria" deductions or payments taken out of your check that are NOT taxable per IRS rules. Such deductions include retirement, health insurance, annuity contributions, flexible medical spending account contributions and other deductions that qualify for such treatment.

**Question:** Why are my Medicare wages higher than my taxable wages?

**Answer:** The computation for Medicare taxes does not recognize the same "cafeteria" deductions that are used for Federal taxable wages. Medicare only recognizes health insurance related deductions as not taxable for Medicare.

**Additional Form 1095-C-Health Insurance Reporting for Tax Purposes**

All full-time employees will be receiving a 2016 Form 1095-C no later than March 31, 2017 (the IRS deadline). This form is required by the Internal Revenue Service and will provide the employee with information related to health insurance coverage for the employee, spouse, and dependents as applicable. This form is not required to prepare your individual income tax return for 2016 if you had 12 months of health insurance coverage with STPSB. However, if you had less than 12 months of health insurance coverage or no health insurance coverage, this form will be necessary to file your income taxes. If you elect to file your income tax return without this form, an amended tax return may need to be filed.

Please direct any additional W2 questions you may have to [shannon.jenkins@stpsb.org](mailto:shannon.jenkins@stpsb.org) or [ronald.randolph@stpsb.org](mailto:ronald.randolph@stpsb.org).