

What is “EXS LIFE?”

Are you wondering about the line on your pay advice that refers to “EXS Life?” EXS Life, one example of “imputed income,” is noncash income and comes from MCPS group term life insurance. Imputed income, for group term life insurance, is calculated using a uniform government table (see below) that provides rates for each age group.

Excess Life Insurance applies only to employees who are enrolled in the MCPS life insurance program and whose salary is above \$25,000. IRS rules require employees to pay taxes on the value of group life insurance over the amount of \$50,000.

Therefore, the value of the noncash income listed as EXS Life on the pay advice is added to your taxable income. The amount of life insurance coverage is not taxable; however, the premium value of the life insurance coverage is taxable.

Under IRS regulations, the premium value for the first \$50,000 of employer-paid group term life insurance is exempt from income and Social Security taxes.

MCPS provides group term life insurance to “benefit-eligible” active employees working 40 or more hours biweekly and in the amount of two times their annual salary, rounded to the nearest thousand dollars. MCPS and the employee share the cost, with employees paying 10 percent of the cost for basic employee life insurance.

IRS regulations require that the taxable life insurance value be determined using the Uniform Premium Rate table. This table lists the biweekly value per \$1,000 of insurance, based on the employee’s age as of December 31 of the current calendar year.

The following example shows how the taxable amount for your life insurance benefit is calculated.

■ Example:

- Andy is a 60-year-old, 12-month employee earning \$50,555 per year. He is eligible for the group term life insurance plan.
- The plan provides term life insurance in the amount of $2 \times \$50,555 = \$102,000$.

- The value of the first \$50,000 is excluded from taxation; the employer paid portion of the value of \$52,000 is subject to taxation ($\$102,000 - \$50,000$).

The Uniform Premium Rate as determined by the IRS is \$15.86 per pay period ($\$52 \times .305$). \$15.86 is considered to be the biweekly value of the life insurance in excess of \$50,000. Andy pays \$.44 per pay period for his life insurance, \$15.40 is the imputed income shown as EXS Life that Andy realizes.

The value of the imputed income for excess life is reported separately on the W-2 as an adjustment to income in Box 12 under Code C, Group Term Life Insurance over \$50,000. Excess life premiums are taxed each year that the coverage is provided. Life insurance proceeds (the amount paid to your beneficiaries in the event of your death) are not taxed. There is no cash value of this term life insurance; however, since MCPS pays 90 percent of the premium, it represents a great value to the employee and his/her beneficiary(ies). ■

IRS Uniform Premium Rate Table—Biweekly Cost per \$1,000 of Insurance

AGE (AS OF DEC. 31)	IRS RATE PER YEAR	IRS RATE PER MONTH	12-MONTH PER PAY	10-MONTH PER PAY
under 25	0.600	0.050	0.023	0.030
25–29	0.720	0.060	0.028	0.036
30–34	0.960	0.080	0.037	0.048
35–39	1.080	0.090	0.042	0.054
40–44	1.200	0.100	0.046	0.060
45–49	1.800	0.150	0.069	0.090
50–54	2.760	0.230	0.106	0.138
55–59	5.160	0.430	0.198	0.258
60–64	7.920	0.660	0.305	0.396
65–69	15.240	1.270	0.586	0.762
70+	24.720	2.060	0.951	1.236