



STATE OF ALABAMA
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Office of the State Comptroller

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MEMORANDUM

TO: All State Employees

FROM: Thomas L. White, Jr. 
State Comptroller

DATE: August 9, 2013

RE: IMPORTANT CHANGE: Taxation of Group Term Life Insurance and Personal Use of State Owned/Leased Vehicles

In accordance with IRS regulations, the total value of the personal use of state owned/leased vehicles is taxable to the employee and must be reported for W-2 purposes. The value of premiums on the cost of Group Term Life Insurance provided by Retirement Systems of Alabama (RSA) to the extent it exceeds \$50,000 coverage is also taxable to the employee. Effective with the 2013 tax year, the Comptroller's Office will implement the process described below for the taxation of these benefits.

- In late November, GHRS will programmatically increase the *affected* employee's taxable wages to include the applicable insurance premiums and commuting use charges.
- The employee's share of FICA/Medicare taxes on the insurance premiums and commuting use will be charged on the employee's December 2013 payroll check. The employer's matching share of FICA/Medicare taxes will also be charged on the same payroll.
- The additional wages and payroll taxes will appropriately be reflected on the employee's Form W-2.

If you are affected by this change, your share of FICA/Medicare taxes for Group Term Life Insurance premiums and Commuting Use will be charged on your December 2013 paycheck, which could cause a difference in your net pay.

If you have any questions regarding this change, please call the Comptroller's Office GHRS/Payroll Hotline at 334-242-2188.

TLWjr/SHC