

WEBINAR SERIES

# Your 2021 W-2 explained!

January 19, 2021

# Today's Presenter



## Melissa Yannalfo

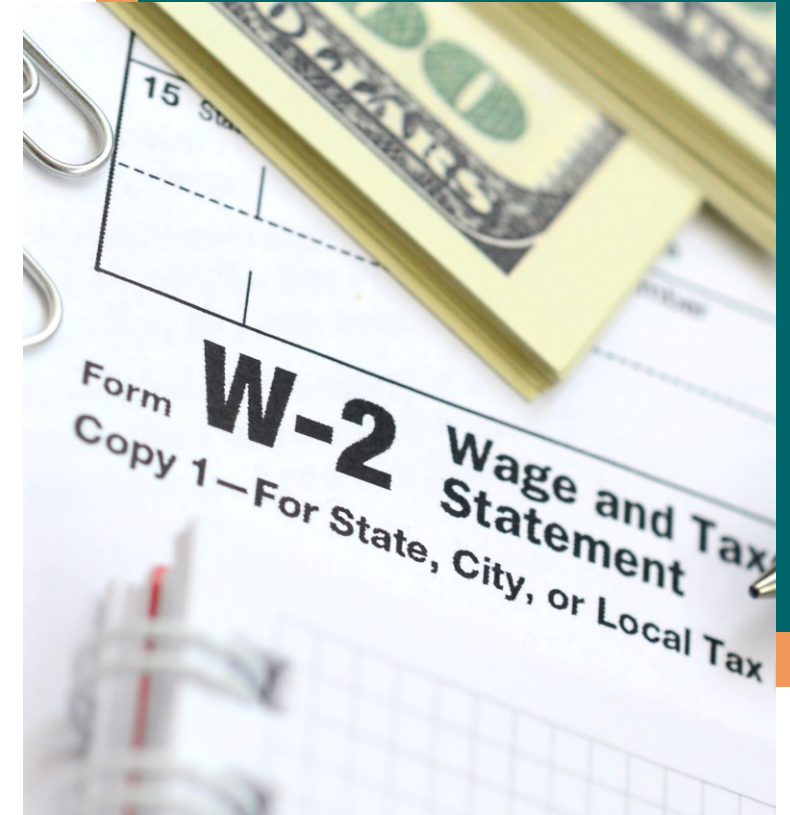
Client Success Specialist - Host

Melissa Yannalfo is the Client Success Specialist at PrestigePEO. Melissa has an extensive background in account management with a focus on Human Resources and has a dedicated focus on the client experience through a holistic approach to the PEO Service Model. Melissa has been with Prestige for 3 years.

# What is a W-2?

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- Employers are required to report wage and salary info on your W-2
- Shows the income you've earned from your employer
  - Taxes withheld
  - Benefits provided
- File Federal & State Taxes
- Postmarked by January 31<sup>st</sup> of every year



# Understanding your W-2

## Box 1:

- Your gross taxable wages paid, this includes salary, wages, tips, bonuses and or commissions.
- You may notice that your total earnings from 2020 were more than what's listed here. That's because this box, (and boxes 3,5,16, &18) are less any pretax deductions.
- For those curious, we're referring to health insurance and non-taxable income.
- That could be reimbursement for mileage or other expenses incurred and reimbursed through payroll. 401K contributions also lower box 1, but not boxes 3 or 5.

Copy B – To Be Filed With Employee's FEDERAL Tax Return. 41-0852411 OMB No. 1545-0008

a Employee's soc. sec. no.	1 Wages, tips, other comp.	2 Federal income tax withheld
123-45-6789	50000.00	5000.00
b Employer ID number (EIN)	3 Social security wages	4 Social security tax withheld
12-1234567	47000.00	3100.00
	5 Medicare wages and tips	6 Medicare tax withheld
	50000.00	725.00
c Employer's name, address, and ZIP code		
Company ABC 123 35th St, 6th Ave New York, NY 10018		
1 Wages, tips, other comp.		Suff.
50000.00		
<b>BOX 1: WAGES, TIPS, AND OTHER COMPENSATION</b> These are gross taxable wages paid, this includes salary, wages, tips, bonuses and or commissions		
Third-party sick pay		12d Code
NY 121234567	50000.00	1535.00
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax
18 Local wages, tips, etc.	19 Local income tax	20 Locality name
50000.00	750.00	New York

Form W-2 Wage and Tax Statement 2021  
This information is being furnished to the Internal Revenue Service. Dept. of the Treasury – IRS www.irs.gov/efile

# Understanding your W-2 Cont.

The image shows two overlapping W-2 forms. The top form has a red box around Box 3, which contains the value 47000.00. Below this box is a text box with the heading 'BOX 3: SOCIAL SECURITY WAGES' and the text 'These are your earnings that are subject to Social Security tax'. The bottom form has a red box around Box 5, which contains the value 50000.00. Below this box is a text box with the heading 'BOX 5: MEDICARE WAGES AND TIPS' and the text 'These are your earnings that are subject to Medicare tax'. Both forms show the same employer information: Company ABC, 123 35th St, 6th Ave, New York, NY 10018.

Copy B - To Be Filed With Employee's FEDERAL Tax Return.		41-0852411 OMB No. 1545-0047	
a Employee's soc. sec. no. 123-45-6789	1 Wages, tips, other comp. 50000.00	2 Federal income tax withheld 500	3 Social security wages 47000.00
b Employer ID number (EIN) 12-1234567	5 Medicare wages and tips 50000.00	6 Medicare tax withheld 72	4 Social security tax withheld 310
c Employer's name, address, and ZIP code Company ABC 123 35th St, 6th Ave New York, NY 10018			
Retirement plan	12c Code		
Third-party sick pay	12d Code		

Copy B - To Be Filed With Employee's FEDERAL Tax Return.		41-0852411 OMB No. 1545-0047	
a Employee's soc. sec. no. 123-45-6789	1 Wages, tips, other comp. 50000.00	2 Federal income tax withheld 500	3 Social security wages 47000.00
b Employer ID number (EIN) 12-1234567	5 Medicare wages and tips 50000.00	6 Medicare tax withheld 72	4 Social security tax withheld 310
c Employer's name, address, and ZIP code Company ABC 123 35th St, 6th Ave New York, NY 10018			
Retirement plan	12c Code		
Third-party sick pay	12d Code		
NY	121234567	50000.00	11
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
50000.00	750.00	New	

Form W-2 Wage and Tax Statement 2021  
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## Box 3:

- **Social Security Tax:** These are your earnings that are subject to Social Security tax.
- This amount does not include tips, and since there's a yearly cap on the how much you can be taxed for this, some individuals will find this number is going to be lower than their box 1 so don't panic if that's the case for you!

## Box 5:

- These are your earnings that are subject to the Medicare Tax.
- There's no cap on this one, so it may not always match Box 3 if that's what you were expecting.

# Understanding your W-2 Cont.

## Box 7

- **Social Security Tips:** These are any tips earned by you that are subject to Social Security tax.
- Fun fact! Box 3 + Box 7 = Box 1

## Box 16

### State Wages, Tips, etc.:

- These are your taxable wages that are subject to the state's tax.
- Depending on your state, this number might not equal Box 1.

## Box 18

- **Local Wages, Tips, etc.:** These are your Gross Taxable Wages that are subject to local tax, and again, depending on your city, this number might not equal Box 1.

Copy B - To Be Filed With Employee's FEDERAL Tax Return.		41-082311 OMB No. 1545-0008	
1 Wages, tips, other comp.	50000.00	2 Federal income tax withheld	5000.00
3 Social security wages	50000.00	4 Social security tax withheld	
<b>7 Social security tips</b> 3000.00			
<b>BOX 7: SOCIAL SECURITY TIPS</b> These are any tips earned by you that are subject to Social Security tax. <b>Fun fact! Box 3 + Box 7 = Box 1</b>			

Copy B - To Be Filed With Employee's FEDERAL Tax Return.		41-082311 OMB No. 1545-0008	
1 Wages, tips, other comp.	50000.00	2 Federal income tax withheld	5000.00
3 Social security wages	47000.00	4 Social security tax withheld	3100.00
5 Medicare wages and tips	50000.00	6 Medicare tax withheld	725.00
<b>16 State wages, tips, etc.</b> 50000.00			
<b>BOX 16: STATE WAGES, TIPS, ETC</b> These are your taxable wages that are subject to the state's tax.			

Copy B - To Be Filed With Employee's FEDERAL Tax Return.		41-082311 OMB No. 1545-0008	
1 Wages, tips, other comp.	50000.00	2 Federal income tax withheld	5000.00
3 Social security wages	47000.00	4 Social security tax withheld	3100.00
5 Medicare wages and tips	50000.00	6 Medicare tax withheld	725.00
<b>18 Local wages, tips, etc.</b> 50000.00			
<b>BOX 18: LOCAL WAGES, TIPS, ETC.</b> These are your Gross taxable wages that are subject to local tax, and again, depending on your city, this number might not equal Box 1.			

# FAQs

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Q. My employer joined Prestige 1/1/2022, will you guys give me a W-2?

A. No. This year's W-2 will report 2021 wages, which have not been recorded under Prestige.

Q. My employer joined in the middle of last year – does that mean I'm going to get 2 W-2s?

A. Correct! If you have 2 employers in 2021, you will received a W-2 from each.

Q. Wait, this isn't my W-4?

A. Although the forms are similar, they are not the same! The W4 is the form on which you make your tax elections. The W-2 will show you the income & tax withholding you incurred within the year.

Q. What is "Cafe 125" I see written on my form?

A. This is the IRS term and code for pre-tax benefits – this can be 401k, health insurance, or FSAs, for example



# Conclusion

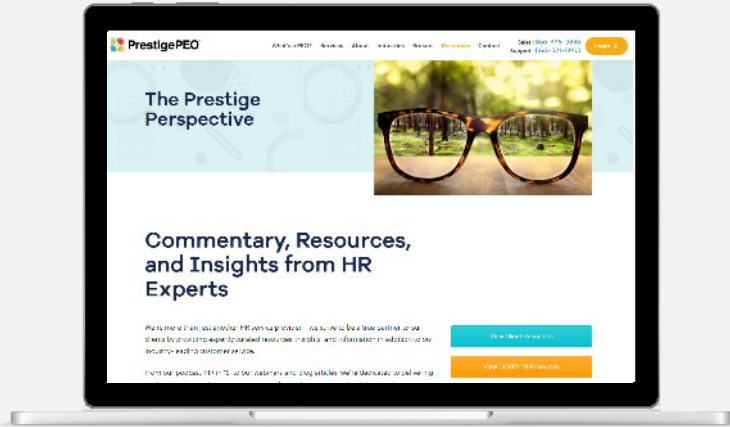
# Call us!

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- Crash course
- **Your Prestige team is always one phone call or email away, and we encourage you to use us!**
- Get ready for another W2 season because it's here!



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You started your business because you had a great idea. We started our business to handle the rest.