

Age of Employee:	41
Amount of Group Term Coverage:	\$300,000
Employee's Contribution:	\$300.00
Use Table I Rates Effective 7/1/1999	Yes
Taxable Portion of Death Benefit:	\$250,000.00
Table I Rate:	1.20
Taxable Income:	\$0.00

Group Term Life Cost (Table I)

This calculation determines the amount an employee must include in reportable income to reflect certain life insurance coverage provided by an employer.

Group term life insurance is a taxable economic benefit that must be included in an employee's reportable gross income. Generally, the first \$50,000 of coverage is income tax free. Any coverage in excess of \$50,000 is taxable. If the employee contributes to the coverage, the amount contributed is deducted from the taxable portion of the coverage.

The taxable portion is calculated using the following steps:

- . The total amount of group term coverage on a monthly basis over a tax year is calculated.
- . \$50,000 is deducted from each month's coverage.
- . The appropriate rate from Table I of the government regulations is applied to the coverage.
- . Employee contributions, if any, are subtracted from the total.

Regardless of the amount, the cost of group term life insurance is tax exempt if any one of the following conditions exists:

- . The employee has retired on disability.
- . A charity is the beneficiary of all or part of the proceeds during the tax year.
- . The employer is the beneficiary.

Retired employees in nondiscriminatory plans also are subject to tax on the cost of insurance in excess of \$50,000.