Group-Term Life Reporting

July 27, 2021, 1:00pm – 2:00pm (Central)

Presented by Erica Krull
Enrollment and Eligibility Representative

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Meeting Protocol

- Participants will be muted upon entry.
- Use the **Q&A feature** (not chat) for any questions.
- This webinar is being recorded.
- An email will be sent on 7/29 with a link to the recording and deck.

To ask a question:

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Attendee Poll

Answer the question on your screen to tell us what you think!

How would you rate your knowledge about
Group-Term Life Reports?

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Today's Topics

- Group-Term Life Report Overview
- Using the GTL Report
- Payroll Solutions
- Frequently asked Questions
- Q & A

TODAY'S GOALS

Understand the basics of GTL.

Learn how to manage GTL withholdings & implement corrections to past withholdings.

Find answers to your questions!

Group-Term Life (GTL) Overview

What is the Group-Term Life (GTL)?

The Concordia Disability and Survivor Plan (CDSP) pays cash death benefits upon the death of an enrolled worker or an enrolled dependent.

- These potentially payable cash death benefits have been ruled by the Internal Revenue Service (IRS) to be equivalent to group-term life insurance.
- The imputed value of these potential benefits must be included by the employer as part of the gross income of the worker for the current taxable year.
- These values are also subject to Social Security Tax (FICA or SECA).
- Concordia Plans sends a report to inform employers of their member’s monthly Group-Term Life values, and the taxes generated from those values.

Note: We at CPS are **not tax experts.** We provide this report to better help you manage your taxes.

GTL Overview: Reports

To assist with your GTL compliance, CPS will send you:

- Monthly Reports, starting from the beginning of the year.
- Subsequent reports sent monthly to employers with members who have any updates.
- An end-of-year report in December listing all members and any all changes that occurred throughout the year.

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GTL Overview: Reports

Life Events that Cause Updates:

Four Variables:

1. Member’s age (at the end of the year).
2. Member’s salary.
3. Marital status.
4. Number of eligible dependent children.

IRS Age Brackets:

Cost per $1000 of protection	
Age	Monthly Cost
Under 25	0.05
25-29	0.06
30-34	0.08
35-39	0.09
40-44	0.10
45-49	0.15
50-54	0.23
55-59	0.43
60-64	0.66
65-69	1.27
70 & older	2.06

GTL Overview: Reports

Employer #	Last Name ID Number	First Name SSN	A Monthly Taxable Income	B FICA or SECA Rate	C Monthly FICA or SECA	D Start	E End
01234	Smith 12345	John XXX-XX-0000	$26.41	0.0765	$2.02	03/01/2020	
01234	Jones 55555	Jane XXX-XX-0001	$8.60	0.0765	$0.66	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$13.20	0.0765	$1.01	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$7.40	0.0765	$0.57	03/01/2020	
01234	Weathers 99999	Crystal XXX-XX-0003	$20.60	0.0765	$1.58	01/01/2020	05/31/2020
01234	Kirche 54321	Magnus XXX-XX-0004	$59.94	0.153	$9.17	01/01/2020	03/31/2020
01234	Changes-A-Lot 10000	Katherine XXX- XX-0005	$59.80	0.0765	$4.57	01/01/2020	01/31/2020
01234	Changes-A-Lot 10000	Katherine XXX- XX-0005	$61.09	0.0765	$4.67	02/01/2020	

Example

GLOSSARY

Column A: Taxable Income, Imputed Income, Imputed Values

Column C: Monthly FCA/SECA, FICA/SECA taxes, FICA/SECA values.

Using the Group-Term Life (GTL) Report

Using the GTL Report

Why am I receiving this mailing?

The Concordia Disability and Survivor Plan pays benefits upon the death of an enrolled worker or an enrolled dependent. These potentially payable benefits are the equivalent of group-term life insurance. As a result, the IRS requires that the 'value' of these benefits be included in employee income in the current taxable year. This 'value' is called 'imputed income.' Imputed income is also subject to Social Security taxes (FICA or SECA). The IRS excludes the first $50,000 of GTL benefits from imputed income.

The monthly Group-Term Life Report lists all enrolled workers along with their respective imputed income and FICA or SECA tax amounts. If any enrolled workers experience a life event resulting in a change in the amount of their CDSP death benefits, an updated report will be issued in the following month highlighting these changes.

Please note that the report reflects monthly totals; annual amounts must be calculated by the employer for each worker.

If the dollar amount reflected in Column A is $0, no reporting is required for that worker during the respective Start to End time frame. Some reasons why a $0 amount may show in Column A include if the worker's death benefit does not exceed $50,000 and the worker has no enrolled dependents, or if the worker has no taxable income.

Using the GTL Report

Workers

An employer is required to pay FICA tax on imputed income equal to 7.65% of the amount in Column A multiplied by the number of months between the Start and End dates. An employer should withhold from each employee's salary the amount in Column C multiplied by the number of months between the Start and End dates. The withholding of FICA tax for GTL coverage should be included with normal withholdings for an employee's salary. For 2021, the employee's FICA tax rate is 7.65%. The FICA amount can be withheld from the employee's salary in a single payroll period or it may be withheld pro rata over multiple periods (e.g., weekly or bimonthly), depending on the method desired by the employer. An employer may also vary the withholding method for each employee, if desired.

If an employee terminates employment during 2021, any remaining FICA tax should be withheld from their final paycheck. Otherwise, the employer will be responsible for paying any uncollected portion of the employee's additional FICA tax as well as the employer's additional tax. CPS recommends withholding the appropriate amount of FICA tax for each member per pay period, to decrease the risk of needing to pay uncollected FICA taxes out-of-pocket should the worker cease employment.

CPS further recommends following regular procedures for tax depositing to remit both the employee's and employer's portions of FICA tax and any income tax voluntarily withheld. Such payments should not be sent to CPS.

Additional instructions on the CPS Group-Term Life Report can be found at **ConcordiaPlans.org/GTL**.

Using the GTL Report

Ministers of Religion

Ministers of religion (ordained and commissioned) participating in Social Security are subject to SECA taxes. The SECA tax rate for 2021 is 15.3%. Such ministers should be instructed include GTL imputed income amounts when calculating his/her quarterly estimated tax payments. A minister of religion not participating in Social Security is not subject to SECA taxes. However, all ministers of religion should include the annual amount of GTL imputed income in total income for federal income tax purposes.

At the end of the year, all GTL imputed income should be included on the employee's Form W-2, in the proper boxes with total compensation. All GTL FICA tax withheld should be included in the appropriate boxes (for Social Security and Medicare). Any additional GTL income tax withheld should be included in the total reported on the W-2. Consult the IRS "Instructions for Forms W-2 and W-3" to ensure accurate reporting of this information. Remember to include the additional gross income and related FICA withholding on quarterly 941 reports.

Including GTL on Payroll

- During payroll, add the imputed value of GTL (monthly value is in Column A) to that member's total monthly wages.
    - If 24 pay periods, split imputed value in half for each paycheck.
- Additional FICA Taxes (monthly value in Column C) should be withheld each paycheck for Lay workers only.
- Rostered workers should be informed of their monthly SECA.

Employer #	Last Name ID Number	First Name SSN	A Monthly Taxable Income	B FICA or SECA Rate	C Monthly FICA or SECA	D Start	E End
01234	Smith 12345	John XXX-XX-0000	$26.41	0.0765	$2.02	03/01/2020	
01234	Jones 55555	Jane XXX-XX-0001	$8.60	0.0765	$0.66	01/01/2020	02/29/2020

Including GTL on Payroll

- Deduct the imputed value added from Column A from the member's paycheck from given wages after taxes have been withheld.
- Follow start/end dates on report.
- W2 Forms generated from payroll services should include these GTL values and taxes correctly if done properly.

Employer #	Last Name ID Number	First Name SSN	A Monthly Taxable Income	B FICA or SECA Rate	C Monthly FICA or SECA	D Start	E End
01234	Smith 12345	John XXX-XX-0000	$26.41	0.0765	$2.02	03/01/2020	
01234	Jones 55555	Jane XXX-XX-0001	$8.60	0.0765	$0.66	01/01/2020	02/29/2020

Any instructions are an explanation of how we manage GTL within CPS. Please refer to experts for any questions or concerns.

Correcting Past Deductions

- If you have not been recording Group-Term Life values and withholding the additional FICA/SECA Tax on previous payroll periods, or the values of previous months are updated, you will need to make adjustments to correct this on the next payroll period.
- The following slides will instruct you on how CPS makes these corrections.

These instructions and examples can get very dense. Please don't feel like you must have complete understanding right away! The purpose of going over this is to provide you with a resource. We hope you can use the recording of the webinar in order to complete your corrections in the future!

Correcting Past Deductions

If new amount is higher (owing a difference):

1. Calculate the difference between what was recorded on your payroll and the updated value.
2. Multiply the amount in Step 1 by the number of months it was incorrectly recorded to get the difference.
3. On the next paycheck, add that difference to the updated Taxable Income in Column A of the Report.
    - For 24 pay periods, add the difference to HALF the updated Taxable Income listed in Column A.
4. For future paychecks, record only the updated Taxable Income listed in Column A.
    - For 24 pay periods, record HALF the updated Taxable Income listed in Column A.

Note: **If corrections are being made to a prior quarter, you must re-submit your quarterly tax filings to reflect the changes.**

Example: Katharine Changes-a-lot

Employer #	Last Name ID Number	First Name SSN	A Monthly Taxable Income	B FICA or SECA Rate	C Monthly FICA or SECA	D Start	E End
01234	Smith 12345	John XXX-XX-0000	$26.41	0.0765	$2.02	03/01/2020	
01234	Jones 55555	Jane XXX-XX-0001	$8.60	0.0765	$0.66	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$13.20	0.0765	$1.01	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$7.40	0.0765	$0.57	03/01/2020	
01234	Weathers 99999	Crystal XXX-XX-0003	$20.60	0.0765	$1.58	01/01/2020	05/31/2020
01234	Kirche 54321	Magnus XXX-XX-0004	$59.94	0.153	$9.17	01/01/2020	03/31/2020
01234	Changes-A-Lot 10000	Katherine XXX-XX-0005	$59.80	0.0765	$4.57	01/01/2020	01/31/2020
01234	Changes-A-Lot 10000	Katherine XXX-XX-0005	$61.09	0.0765	$4.67	02/01/2020	

Example: Katharine Changes-a-lot

Instructions	Example	Calculation
Take what was recorded as GTL per month in payroll MINUS the new imputed value in Column A. This is the monthly difference.	[Old imputed value] – [Updated imputed value] = Monthly difference owed.	$59.80 – $61.09 = (-$1.29)
Multiply the monthly difference owed by the number of months it was recorded incorrectly.	[Value calculated last row] * [February through June] = Total difference owed.	(-$1.29) * 5 = -$6.45
For **12 pay periods:** Add the total (positive) sum of what is still owed to the updated imputed value for the next payroll period.	For those with **12 pay periods**: [Value calculated last row but leave off the negative] + [Updated imputed value] on JULY payroll.	For those with **12 pay periods:** $6.45 + $61.09 = $67.54

01234	Changes-A-Lot 10000	Katherine XXX-XX-0005	$59.80	0.0765	$4.57	01/01/2020	01/31/2020
01234	Changes-A-Lot 10000	Katherine XXX-XX-0005	$61.09	0.0765	$4.67	02/01/2020	

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Example: Katharine Changes-a-lot

Instructions	Example	Calculation
For **12 pay periods:** for following pay periods record the updated imputed income as GTL earnings per pay period.	For those with **12 pay periods:** Record GTL as $61.09 on future paychecks beginning August.	For those with **12 pay periods:** $61.09
For **24 pay periods:** Add the total (positive) sum of what is still owed to HALF the updated imputed value for the next payroll period.	For those with **24 pay periods**: [total difference owed] + [Updated imputed value ÷ 2] on 1st pay period in JULY.	For those with **24 pay periods:** $6.45 + $30.55 = $37.00
For **24 pay periods:** for following pay periods record HALF the updated imputed value as GTL earnings per pay period.	For those with **24 pay periods**: Record GTL as $30.55 on future paychecks beginning the 2nd pay period in July.	For those with **24 pay periods:** $30.55

01234	Changes-A-Lot 10000	Katherine XXX-XX-0005	$59.80	0.0765	$4.57	01/01/2020	01/31/2020
01234	Changes-A-Lot 10000	Katherine XXX-XX-0005	$61.09	0.0765	$4.67	02/01/2020	

Correcting Past Deductions

Question Break!

Correcting Past Deductions

If new amount is lower (taken out too much):

1. Calculate the difference between what was recorded on your payroll and the updated imputed value.
2. Multiply the amount in Step 1 by the number of months it was incorrectly recorded to get the surplus.
3. Divide that total by the updated imputed income, and round up to the nearest whole number.
4. For that many months, put a hold on all GTL reporting (i.e. record $0 in GTL).
5. The first paycheck following the hold, you may owe a difference. Use the earlier instructions to correct withholdings.
6. For future paychecks, record only the updated imputed income listed in Column A.
    - For 24 pay periods, record HALF the imputed income listed in Column A.

Note: **If corrections are being made to a prior quarter, you must re-submit your quarterly tax filings to reflect the changes.**

Example: Bill Teacher

Employer #	Last Name ID Number	First Name SSN	A Monthly Taxable Income	B FICA or SECA Rate	C Monthly FICA or SECA	D Start	E End
01234	Smith 12345	John XXX-XX-0000	$26.41	0.0765	$2.02	03/01/2020	
01234	Jones 55555	Jane XXX-XX-0001	$8.60	0.0765	$0.66	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$13.20	0.0765	$1.01	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$7.40	0.0765	$0.57	03/01/2020	
01234	Weathers 99999	Crystal XXX-XX-0003	$20.60	0.0765	$1.58	01/01/2020	05/31/2020
01234	Kirche 54321	Magnus XXX-XX-0004	$59.94	0.153	$9.17	01/01/2020	03/31/2020
01234	Changes-A-Lot 10000	Katherine XXX- XX-0005	$59.80	0.0765	$4.57	01/01/2020	01/31/2020
01234	Changes-A-Lot 10000	Katherine XXX- XX-0005	$61.09	0.0765	$4.67	02/01/2020	

Example: Bill Teacher

Instructions	Example	Calculation
Take what was recorded as GTL per month in payroll MINUS the updated imputed value. This is the monthly surplus.	[Old imputed value] – [Updated imputed value]	$13.20 - $7.40 = $5.80
Multiply monthly surplus by the number of months it was recorded incorrectly.	[Value calculated last row] * [March through June]	$5.80 * 4 = $23.20
Divide that total sum by the updated imputed income. Round UP to the nearest whole number. Since you have over-recorded GTL, this is the number of months you must **stop** GTL collections	[Value calculated last row] ÷ [Updated imputed value]	$23.20 ÷ $7.40 = 3.135…. Rounded up = 4
Record $0 in GTL earnings for that number of months.	[4 months starting from July]	July through October, record $0 in GTL earning

01234	Teacher 44444	Bill XXX-XX-0002	$13.20	0.0765	$1.01	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$7.40	0.0765	$0.57	03/01/2020	

Example: Bill Teacher

Instructions	Example	Calculation
Calculate the total of what will be ACTUALLY recorded by the end of the last month you will stop GTL earning.	[([Old imputed value] * [January through June]) + ([$0] * [July through October])	($13.20 * 6 = $79.20) + ($0 * 4 = $0) = $79.20
Calculate the total of what SHOULD have been recorded for the same span.	([Old imputed value] * [January through February]) + ([Updated imputed value] * [March through October])	($13.20 * 2 = $26.40) + ($7.40 * 8 = $59.20) = $85.60
Subtract the total amount of GTL that should have been recorded from the total amount of GTL that was actually recorded in payroll. This is the total difference owed.	[Value calculated in the 1st row] – [Value calculated in the 2nd row]	$79.20 - $85.60 = (-$6.40)

01234	Teacher 44444	Bill XXX-XX-0002	$13.20	0.0765	$1.01	01/01/2020	02/29/2020
01234	Teacher 44444	Bill XXX-XX-0002	$7.40	0.0765	$0.57	03/01/2020	

Example: Bill Teacher

Instructions	Example	Calculation
For **12 pay periods:** Add the total (positive) sum of what is still owed to the updated imputed value for the next payroll period.	For those with **12 pay periods**: [Total difference owed] + [Updated imputed value] on NOVEMBER payroll.	For those with **12 pay periods:** $6.40 + $7.40 = $13.8
For **12 pay periods:** for following pay periods record the updated imputed value as GTL earnings per pay period.	For those with **12 pay periods:** [Updated imputed value] on future paychecks beginning December.	For those with **12 pay periods:** $7.40
For **24 pay periods:** Add the total (positive) sum of what is still owed to HALF the updated imputed value for the next payroll period.	For those with **24 pay periods**: [Total difference owed] + [Updated imputed value ÷ 2] on the 1st NOVEMBER pay period.	For **24 pay periods:** $6.40 + $3.70 = $10.10
For **24 pay periods:** for following pay periods record HALF the amount in Column A as GTL earnings per pay period.	For those with **24 pay periods**: [$7.40 ÷ 2] on future paychecks beginning the 2nd November pay period.	For **24 pay periods:** $3.70

Summary: Corrections to Past Deductions

If you have not deducted enough:

- Calculate what you should have recorded in payroll and subtract that from the amount that was actually recorded.
- For the next pay period, add that difference to the imputed value.
    - For 12 pay periods, that is the amount listed in Column A.
    - For 24 pay periods, that is HALF the amount listed in Column A.

If you have over-taxed:

- Stop GTL deductions until there is no surplus.
- Follow the previous steps to correct any difference.

Any Questions?

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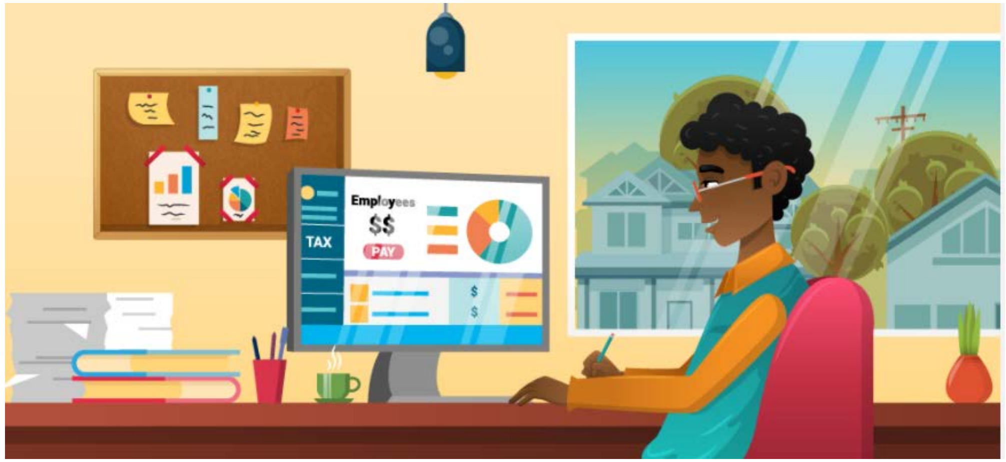
Payroll Solutions

Payroll is complex; CPS has solutions

Pay your workers with accuracy

We’ve partnered with two of the leading payroll companies who can provide you with accurate, time-saving payroll solutions. They offer:

- Custom solutions from payroll experts.
- Robust, flexible, easy-to-use software.
- Tax compliance support.
- Experience serving faith-based organizations.
- Discounted rates for LCMS ministries.



Paycor

PAYCHEX

For more information, visit **concordiaplans.org/our-solutions/payroll-services**

FAQs

FAQs

Why aren’t all my workers on the monthly report?

- The **INITIAL** Group-Term Life (GTL) Tax Report received at the beginning of the year lists all enrolled workers with their respective monthly imputed income and FICA or SECA amounts.
- The monthly updated reports include **ONLY** newly eligible members and/or those with changes.

FAQs

Can I access GTL reporting electronically?

Email:

- We are considering how we may be able to send these monthly reports electronically via email, though we have not yet concluded the feasibility of this.
- We will communicate if we do put this in place in the future.

Portal:

- CPS is exploring the possibility of posting GTL reports to the employer portal. We are focusing first on invoices, then on GTL.
- More information will be shared when this happens!

FAQs

Why did my member's GTL change if there were no Life Events?

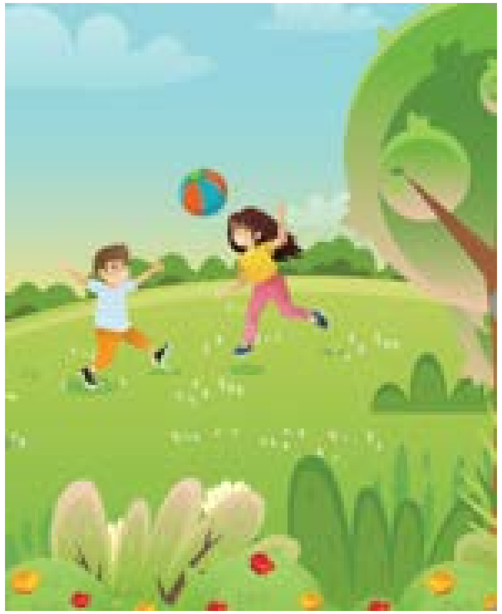
Age:

- This is only factored in annually, as the entire year is based on the age of the worker at the end of the calendar year.
  - Your members values' will not change mid-year based on age. This only applies from one year to another (i.e. 2020 report to 2021 report).
- When reaching a new age bracket, a member's Imputed Income and FICA may double.

Cost per $1000 of protection	
Age	Monthly Cost
Under 25	0.05
25-29	0.06
30-34	0.08
35-39	0.09
40-44	0.10
45-49	0.15
50-54	0.23
55-59	0.43
60-64	0.66
65-69	1.27
70 & older	2.06

FAQs

Why did my member’s GTL change if there were no Life Events?



Children:

- A member’s Basic Life Insurance is calculated by multiplying their salary by (two plus any enrolled dependent children), to equal no greater than six times their salary.
- Having or removing a child from coverage will have a drastic impact on GTL.

Eligible Children:

- Child by birth, marriage (step-children) adoption, or foster care.
- Under age 21.
- 21-26 years of age only if full-time student at accredited university, or became fully disabled before age 21, or while student between age 21-26.
- 26 or older only if fully disabled and disability onset before age 21, or between age 21-26 while student.

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FAQs

Why are there zeros on my report?

- If there is a zero in Column C: Monthly FICA or SECA, it means our records reflect the member is a self-employed worker and they do not participate in Social Security.
  - If this is incorrect contact Customer Care at info@ConcordiaPlans.org or 888-927-7526. You will need to provide the member's name, member ID number and indicate that the member's Social Security participation needs updating.
- If your report shows all zeros for a worker, it may be because the value of the death benefit is at or below $50,000 and has no eligible dependents. The IRS excludes the first $50,000 of individual GTL benefits, so any member without enrolled eligible dependents at or below that amount will have no monthly imputed income or taxes to be reported.

FAQs

Why is this member on the report if their death benefit is at or below $50,000?

- The IRS excludes the first $50,000 of GTL benefits for the member only. Any member with eligible enrolled dependents (spouse or children) will appear on the report.
- Their GTL values will be calculated based on the dependent death benefits only if the member's death benefits are at or below $50,000.

FAQs

A member is beginning/leaving employment in the middle of the month; am I responsible for that month of coverage?

Hired in the middle of the month:

- No, an employer is not responsible to account for GTL imputed income during the month of hire/eligibility.
- The GTL imputed income reporting requirement will begin the first of the month following the date of full-time status or completion of any probationary period.

Losing benefits mid-month:

- Yes, if a member leaves employment in the middle of the month, or reduces hours to part-time, coverage will extend to the end of the month.
- The employer will be responsible for the entire month of Group-Term Life coverage even if a member leaves mid-month.

Note: If you have 24 pay periods and a member leaves employment in the middle of the month before both pay periods have passed, then the FULL monthly income and taxes listed on the report should be recorded and deducted in payroll.

Summary: GTL Basics

- Your members' Basic Life coverage under the Concordia Disability and Survivor Plan (CDSP) is subject to Group-Term Life (GTL) tax.
- The imputed value of this coverage must be included in all worker's gross income.
- The FICA tax for non-rostered workers should be deducted from the members pay.
  - If a member leaves before all FICA tax is deducted, the employer is responsible for paying any remaining amounts.
- Ordained and Commissioned members who are participating in Social Security should be informed of their monthly SECA amounts.
  - For those not participating, if a SECA amount is given, it can be ignored.

Summary: CPS Assistance

Services:

- HR & Payroll Services.
- Re-send Lost Reports.
- Working on the feasibility of electronically accessible reports.

Resources:

- This webinar deck will be emailed to you.
- The instructional flyer, FAQs, and this webinar will be posted online.

Visit our Group-Term Life resource page at: ConcordiaPlans.org/GTL!

Key Take-Aways

These GTL Reports are to inform you of this important tax and make it easier to comply with IRS guidelines.

To more easily maintain compliance with the IRS, we recommend recording GTL in payroll on a monthly basis.

Concordia Plans is available to help you with GTL.

Questions?

CONCORDIA PLANS

888.927.7526

Info@CondordiaPlans.org

ConcordiaPlans.org/GTL