SHARP Customer Service Center

- SHARP Messages -

SHARP Message #590

DATE:	6/30/04
AUTHOR:	
SUBJECT:	Problem with Taxable Group Life Insurance

MESSAGE TEXT:

The Division of Accounts and Reports has identified a problem with Taxable Group Term Life Insurance in the on-cycle payroll for the pay period ending 6/19/2004. The same problem also affected supplementals that were processed in Monday night's off-cycle, (June 28th run date with July 2nd check date).

Taxable Group Term Life is a memo item, listed under deductions, and is not deducted from gross wages to arrive at net pay on a paycheck. It is, however, added to the taxable grosses on each paycheck. As a result of being added to the taxable grosses, the taxes are increased for this amount. Employees with an annual benefit base rate of less than $33,333.33 should not have Taxable Group Term Life. For the 6/19/2004 paychecks, many employees incorrectly had a Taxable Group Term Life amount. In most cases, the additional taxes resulting from the incorrect Taxable Group Term Life amounts were very small amounts. The source of the problem has been identified and will be corrected before processing starts for the pay period ending 7/3/2004.

Furthermore, there were some on-line, agency-entered adjustments where both Taxable Group Term Life and Non-taxable Group Term Life were added to paychecks for the pay period end date 6/5/2004. Accounts and Reports has identified all of these erroneous checks and will correct them as soon as possible. This problem will not occur in future off-cycle payrolls.

More information will be released soon about the manner in which corrections will be made for the checks from the pay period ending 6/19/2004.

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