

WORKSHEET: Understanding Your W-2 Wages

Most W-2 questions that Payroll receives focus on understanding the amounts in the numbered boxes on the form. For example, how Federal and State Wages are calculated and why those wages are different from Social Security and Medicare Wages. The answer is in how each of the different types of earnings and deduction types are regulated by taxing authorities. The following should help explain, generally, how these wages are determined.

The worksheet below illustrates how Taxable wages on your W-2 are calculated. You can obtain your amounts for each of the items below from your final calendar year pay stub on the MPS Employees Online web page:

YEAR TO DATE (YTD) TOTAL EARNINGS:	\$
SUBTRACT PRE-TAX DEDUCTIONS (Federal & State Taxable Wages):	
Medical deductions YTD	-
Dental deductions YTD	-
Vision deductions YTD	-
FLEX Medical deductions YTD	-
FLEX Dependent Care deductions YTD	-
ASRS Retirement deductions YTD	-
ASRS Purchase Service Buyback deductions YTD	-
H.S.A. deductions YTD	-
403(b) deductions YTD	-
457 Plan deductions YTD	-
RESULT = FEDERAL AND AZ STATE WAGES (Box 1 Federal Wages and Box 16 State Wages on your W-2).	\$

To calculate Social Security and Medicare taxable wages, add back deductions considered pre-tax for Federal but not for Social Security Wages:

W-2 FEDERAL WAGES BOX 1:	\$
ADD BACK PRE-TAX DEDUCTIONS (post-tax for Social Security)	
403(b) deductions YTD	+
457 Plan deductions YTD	+
ASRS Retirement deductions YTD	+
RESULT = SOCIAL SECURITY AND MEDICARE WAGES (Box 3 and Box 5 on your W-2)	\$

**** This form is meant to be a helpful tool in understanding how your W-2 form is calculated. This form does not necessarily include everything that goes in to calculating every W-2 form. For more information on what goes in to calculating W-2's you may refer to the IRS website or refer to the document "Getting to Know Your W-2" on the Payroll website.**