



STATE OF ILLINOIS  
COMPTROLLER  
SUSANA A. MENDOZA

# PAYROLL BULLETIN

TO: All State Agencies, Boards and Commissions

FROM: Marvin Becker, Assistant Comptroller – Operations

DATE: September 13, 2018

Subject: Calculating Group Insurance Attributable Income

Number: 8-18

Group insurance attributable income (GIAI) is the cost of group term life insurance coverage provided by the employer in excess of \$50,000 and must be reported as taxable wages for the employee. Pursuant to 26 CFR §1.79-1(a)(3), GIAI for Central Management Services' (CMS) members that are paid by the State of Illinois Comptroller (IOC) should no longer include optional life insurance coverage. GIAI should only be calculated on basic life insurance coverage in excess of \$50,000. Benefit deduction files made available to state agencies by CMS now provide GIAI using basic life coverage.

Changes in this calculation are retroactive to January 1, 2018. CMS Benefits Department will work with state agencies and the IOC to finalize adjustments to GIAI prior to issuing 2018 tax statements.

As a reminder, GIAI should be calculated annually based on the employee's age as of December 31<sup>st</sup>. For example, an employee who turns 45 on December 27th, 2018, for GIAI calculating purposes, is 45 for the entire tax year of 2018. This employee has basic life insurance coverage of \$64,000. Using the monthly cost table provided by the Internal Revenue Service, GIAI is calculated at \$0.15 per \$1,000 of coverage in excess of \$50,000 ( $\$64,000 - \$50,000 = \$14,000$ ). The employee's GIAI for 2018 is \$25.20 ( $\$0.15 \times 14 \times 12$  months) or \$1.05 per pay period ( $\$25.20/24$  pay periods) for an employee that is paid semi-monthly. This amount should be used beginning with the first payment issued in 2018. The GIAI for wages accrued in 2018 but issued in 2019 should be calculated with an age of 46. Further information regarding GIAI can be found in Publication 15-B at <https://www.irs.gov/pub/irs-pdf/p15b.pdf>.

Agencies may access this and other Payroll, SAMS and Accounting Bulletins on the Comptroller's website at [www.illinoiscomptroller.gov/agencies](http://www.illinoiscomptroller.gov/agencies). If you have questions regarding this bulletin, please contact our payroll office at (217) 782-4758.