

If the NC1 pay was **not** used prior to the last pay of the calendar year, the following manual procedure must be used in order for the NC1 pay to show correctly on the W2 form and to insure that the QRTRPT balances. Follow these procedures prior to generating W2 forms.

1. Increase the YTD gross and the YTD taxable gross figures on the federal tax record by the amount of the taxable premium.
2. Increase the YTD gross and YTD taxable gross figures on the state tax deduction record to reflect the taxable premium.
3. Increase the YTD gross and the YTD taxable gross figures on the municipality tax deduction record IF required by the municipality. It may be necessary to contact the city tax department to determine if the premiums on life insurance over \$50,000 are considered taxable or not.
4. Increase the YTD gross and YTD taxable gross figures on the FICA and/or Medicare deduction records to reflect the taxable premium.
5. Obtain payment from the employee for the FICA (6.2% of the taxable premium) and/or Medicare (1.45% of the taxable premium) withholding amounts. Include this amount on the YTD Deduct Total field of the FICA/Medicare Deduction record(s). The board of education must match these same amounts calculated in this step (process as a USAS transaction).
6. Enter the taxable premium of life insurance on the federal tax deduction record in DEDSCN on the "Life Insurance Cost" line.
7. Enter the taxable premium of life insurance on the to-date fields for Non-cash earnings on JOBSCN (3 of 3). This will insure that the QRTRPT non-cash earnings will balance.