

UNDERSTANDING THE W2 WAGE FORMULA FOR 2007

The following formula should be used to understand how wages for your 2007 W2 Form was calculated:

Year to Date

Gross Pay from Legacy (Checks Dated 1-5-07—3-30-07)
Plus Gross Pay from SAP (Checks Dated 4-13-07 to 12-21-07)
Plus Insurance Premiums Over \$50,000 Municipal & Fire Classified (Reflected in Box 12, Code "C")
Plus Disability Insurance Premiums Classified Police Officers (Reflected in Box 12, Code "C")

= Total Gross Wages

For Box 1 (Federal Wages)

Total Gross Wages
Minus Pre-tax Insurance from Legacy & SAP
Minus Pre-tax Pension (Reflected in Box 14)
Minus 457 Deferred Comp Contribution (Reflected in Box 12, code "G")

= Wages, Tips, other compensation

For Box 3 (Social Security) - Wage Limit is \$97,500

Total Gross Wages
Minus Pre-tax Insurance from Legacy & SAP

= Social Security Wages

For Box 5 (Medicare Wages)

Total Gross Wages
Minus Pre-tax Insurance from Legacy & SAP

= Medicare Wages

The Employee Self-Service System does *not* include some off-cycle wage types in the YTD figures. If an off-cycle check was received. One should include those amounts. Not all City of Houston employees are subject to Social Security and Medicare taxes.

Questions should be directed to CentralPayrollhelpdesk@CityofHouston.net. Please be patient, we are experiencing an unusually high number of Help Desk calls. We are here to help you.



Administration & Regulatory Affairs Department