



***** **Important** *****

**W-2 Preparation and
Tax Information**

IMPORTANT

Please give this memo to the person who prepares your 2023 W-2 Forms

DATE: December 28, 2023

TO: **Participating Agencies Who Adopted an IRS Section 414(h)(2) Pre-Tax Plan with a Portion of Employee After-Tax Contributions**

FROM: ADP Retirement Services, Record Keeper
Kelly McGill, Relationship Manager and Jamie Gardner, Customer Service Manager

RE: Preparation of Forms W-2 for Calendar Year 2023

The sample W-2 (next page) is properly filled out for an employee whose earnings were \$12,000.00 for the year 2023. As an example, for an authority that adopted a Section 414(h)(2) plan effective January 1, 2023, and had an employee who contributed 6% of \$12,000.00 in basic compensation, that individual would have made contributions totalling \$720.00. You would deduct the \$720.00 from gross earnings to arrive at \$11,280.00 to be reported for federal tax purposes. The \$720.00 contribution amount should be entered in **Box 14** and labelled "**414(h)(2)**" as indicated on the attached special instruction sheet. You will continue to show the entire wage amount of \$12,000.00 for Social Security and Medicare wages. If your authority adopted a Section 414(h)(2) plan beginning the first day of any other month during the year, be sure to deduct from the gross wages only those contributions which were deducted under the 414(h)(2) plan. Likewise, **if your authority only has a portion of employee contributions deposited on a pre-tax basis, be sure to deduct from the gross wages only those contributions which were made on a pre-tax basis (do not deduct any after-tax employee contributions)**. If your state or city has an income tax and recognizes the same definition of income as the federal government, the sample would be correct for your state and city, too. **Also, Remember, employee voluntary contributions (any contributions made beyond what is required) are not made on a pre-tax basis. You do not reduce W-2 compensation by voluntary contributions.**

Special Note Regarding Enrolling your Employees in the Retirement Plan:

Please note that participation in the HART Plan is **mandatory**---a condition of employment once that individual has met the eligibility provisions as spelled out in your agency's Joinder Agreement. This requirement for "all eligible to participate" goes back to the old HUD Handbook 7401.7, Part II Section 2-12, should you want to reference it. HUD would have mandated participation in any retirement plan you would have elected to participate in. Your Joinder Agreement is the document that defines all of the specific provisions of your agency's Retirement Plan, including Eligibility, Contribution Levels, Vesting Schedule, Normal Retirement Age, Loans, and Life Insurance. Please let us know if you have any questions about an employee's eligibility, or need help enrolling an employee who has not been participating. All of the forms are on www.hart-retire.com. We can help you get started.



******* Important *******

W-2 Preparation and Tax Information

Remember to check the box labeled "Retirement Plan" in item #13. Mark this box only for those employees who were active participants in the retirement plan for any part of the year.

22222		VOID <input type="checkbox"/>	a Employee's social security number		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation 11,280.00		2 Federal income tax withheld	
c Employer's name, address, and ZIP code SAMPLE			3 Social security wages 12,000.00		4 Social security tax withheld 744.00	
			5 Medicare wages and tips 12,000.00		6 Medicare tax withheld 174.00	
			7 Social security tips		8 Allocated tips	
d Control number			9		10 Dependent care benefits	
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans		12a See instructions for box 12
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
			14 Other 720.00 414(h) (2)		12c 12d	
15 State	Employer's state ID number YOUR STATE AND #		16 State wages, tips, etc. \$11,280.00	17 State income tax	18 Local wages, tips, etc. \$11,280.00	19 Local income tax
					20 Locality name	

Form **W-2** Wage and Tax Statement **2023** Department of the Treasury—Internal Revenue Service
 Copy A—For Social Security Administration. Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 10134D
Do Not Cut, Fold, or Staple Forms on This Page

BELOW IS AN EXCERPT FROM PAGES 16 - 17 OF THE 2023 INSTRUCTIONS FOR FORMS W-2 AND W-3 AS PROVIDED BY THE INTERNAL REVENUE SERVICE.

Box 12 - Codes. Complete and code this box for all items described below. Note that the codes do not relate to where they should be entered in boxes 12a through 12d on Form W-2. For example, if you are only required to report code **D** in box 12, you can enter code **D** and the amount in **box 12a** of Form W-2. Report in box 12 any items that are listed as codes **A** through **EE**. Do not report in box 12 Section 414(h)(2) contributions (relating to certain state or local government plans). Instead, use Box 14 for these items and any other information that you wish to give to your employee. For example, union dues and uniform payments may be reported in box 14.

If you should have any questions about this memo, please call Kelly McGill at 1-800-798-2044, extension 1 or Jamie Gardner at 1-800-798-2044, extension 3.

We thank you for partnering with us for your Retirement needs.