

From the Office of Human Resources

October 26, 2018

2018 Tax Treatment of Prepaid Legal Services Benefit

Dear District Council 37 Members,

In the upcoming November 8 paycheck, those currently eligible to use prepaid legal services available through District Council 37 (DC37) will receive a \$107 increase to their taxable income. This amount represents the value of the benefit DC37 makes available to eligible members, rather than an increase in employee pay. If you receive this addition on your check, the amount will be included as taxable income on your W2, and you must include the amount in the taxable income you report on your 2018 Federal (including FICA and Medicare), State, and City taxes.

The Federal Internal Revenue Code requires employers to report such contributions to an employee's prepaid legal services benefit program as taxable income. This reporting is required even when the employee does not utilize the benefit in a tax year. The calculated value of this benefit is based on the DC37 Welfare Fund's overall expenditures for providing this this service during calendar year 2017.

Determination of DC37 Member Eligibility to Receive Prepaid Legal Services

DC37 determines eligibility for the service by the ZIP code of a DC37 member's residence. Following is a list of boroughs and ZIP codes of DC37 members who would be eligible to use the legal service benefit and are thus subject to the tax.

New York City

All five boroughs: Brooklyn, Bronx, Queens, Manhattan, and Staten Island

New York State

- Westchester and Nassau counties (entire county)
- Suffolk County - all ZIP codes, except for 11719, 11764, 11778, 11786,

11789, and 11792.

- Rockland County - 10901, 10911, 10913, 10920, 10923, 10927, 10931, 10952, 10954, 10956, 10960, 10962, 10964, 10965, 10968, 10970, 10974, 10976, 10977, 10980, 10982, 10983, 10984, 10986, 10989, 10993, 10994. (All other ZIP codes beginning with “109” are ineligible and exempt from reporting)

Employees residing in an area other than those designated above are not subject to additional withholding for this benefit.

If you believe that there is an error in the addition or absence of this fringe benefit valuation in your November 8 paycheck, you may ask to have your W-2 form corrected for 2018. To request a corrected W2, please complete the [Request for Correction of Prepaid Legal Services Form](#) and submit it to the Office of Human Resources. University Payroll will verify the information on the form and forward it to the College’s Director of Human Resources for approval.

Should you have questions on this matter, please contact [Maria Camilo](#).

Baruch COLLEGE

