

WORKSHEET TO DETERMINE THE PERCENT OF NJ TDB EMPLOYEE BENEFIT SUBJECT TO FICA TAX

In accordance with Public Law 97-123, third party sick pay is subject to FICA (Social Security and Medicare) withholding. Benefits paid under NJ TDB is considered third party sick pay. If both the employer and the employee contribute to the sick pay plan under a group insurance policy, the employer should figure the taxable sick pay by multiplying total sick pay by the percentage of the policy's cost that was contributed by the employer for the 3 policy years before the calendar year in which the sick pay is paid. If the policy has been in effect fewer than 3 years, an employer may use the cost for the policy years in effect or, if in effect less than 1 year, a reasonable estimate of the cost for the first policy year may be used. INSTRUCTIONS: COMPLETE EITHER SECTION 1, SECTION 2 OR SECTION 3. ENTER EMPLOYER NAME, CONTACT INFO AND POLICY NUMBER. SIGN AND DATE FORM. RETURN COMPLETED FORM VIA MAIL, FAX OR EMAIL.

Employer Name	
Completed by	
Email	

Policy Number	
Date	
Telephone	

Section 1 - Complete if 2 or 3 policy years data is known							
Policy Years	20_____	+	20_____	+	20_____	= Total	
Total Premium Paid	\$		\$		\$	\$	A
						<i>Minus (-)</i>	
Employee Contributions Withheld	\$		\$		\$	\$	B
						<i>Equals (=)</i>	
Employer Premium Paid	\$		\$		\$	\$	C
<i>The percent of employee TDB Benefit subject to tax is calculated by dividing the Employer Premium Paid (C) by the Total Premium Paid (A) →</i>							%

Section 2 - Complete if only 1 policy year data is known			
Policy Year	20_____		
Total Premium Paid	\$	A	Using data for one policy year, calculate the percent of employee TDB benefit that is taxable by dividing the Employer Premium Paid by the Total Premium Paid (C÷A)
<i>Minus (-)</i>			
Employee Contributions Withheld	\$	B	
<i>Equals (=)</i>			
Employer Premium Paid	\$	C	VALUE % ← Percent of Employee TDB Benefit Subject to Tax

Section 3 - Complete to calculate a reasonable estimate of the first policy year			
New - Policy Year Estimate			
Total Premium	\$	A	Using estimated data for the new policy year, calculate the percent of Employee TDB benefit that is taxable by dividing the Est Employer Premium by the Est Total Premium (C÷A)
<i>Minus (-)</i>			
Employee Contributions	\$	B	
<i>Equals (=)</i>			
Employer Premium	\$	C	VALUE % ← Estimated Percent of Employee TDB Benefit Subject to Tax