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Understanding Your Pay Advice

A cross section of a Payroll Advice (paystub) below shows dollar amounts received by an employee.

			STATE OF A		SKA			
Pay Period End D	Date 08-15-2	.017	Employee Nun	nber	123456	Total Gross	Amount	\$3,529.00
			Department /	Unit	02 / Z40I	Total Deductions	Amount	\$1,568.56
Issued D	08-28-2	.017	Employer Paid Benefits YTD Employer Paid Benefits		\$1,230.06	Net Pay Amount		\$1,960.44
		Y			\$30,163.28	YTD Gross	YTD Gross Amount	
EARNINGS				DEDUCTIONS				
Description	Pay Rate	Hours	Pay Amount		Description	Deduction Amount	YTD Dedu	iction Amount
REGULAR LV PER	\$3,529.00 \$3,529.00	80:15 1:15	\$54.13	SBS I PERS DEF (GGU SEL L GGU SBS (SBS (SBS (GGU	CARE EE MAND DB A	\$434.86 \$216.57 \$238.21 \$350.00 \$147.50 \$3.60 \$3.00 \$4.00 \$1.35 \$1.02 \$4.317 \$50.00		\$6,788.0: \$764.7: \$3,709.9; \$5,600.00 \$1,760.00 \$28.80 \$544.00 \$46.00 \$1,63.3 \$672.88 \$800.00
Description	LEAVE YTD Used	Accrued	Balance					
PERSONAL LV	121:30	713:08	591:38					
	PLEASE D	IRECT ANY PAY	YCHECK QUESTIONS	s TO '	OUR AGENCY PAY	ROLL OFFICE		
STATE OF ALASKA PAYROLL ADVICE The amount listed below the designated account by	will be deposited to		OF OF	THE SELECTION OF THE SE		Da 0	ite of Issue: 8-28-2017	
One Thousand Nine Hu	ındred Sixty And 44/1	00 Dollars	ALK.					\$1,960.44
STATE EN PO BOX 1 JUNEAU, 2	12233					NFO	NOT SOTI	- ABLE

Employer Paid Benefits

\$1,230.06. Current pay period total of charges paid by the employer on behalf of the employee including costs such as the employer's contribution for SBS, retirement, Health Insurance premiums, Unemployment Insurance, Medicare, Workers Compensation, Cashin and Terminal Leave liability. This does not include any amounts paid by the employee and is informational only.

YTD Employer Paid Benefits

\$30,163.28. Year-to-date total of charges paid by the employer on behalf of the employee including costs such as the employer's contribution for SBS, retirement, Health Insurance premiums, Unemployment Insurance, Medicare, Workers Compensation, Cashin and Terminal Leave liability. This does not include any amounts paid by the employee and is informational only.

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Total Gross Amount

\$3,529.00. Current pay period gross pay *issued*. Gross pay includes your total pay before deductions, reductions and taxes have been subtracted. It can include base pay, premium pays, travel, per diem, leave cash-in amounts.

Total Deductions Amount

\$1,568.56. Current pay period total of all deductions including such items as Federal Tax Withholding, Supplemental Benefits System (SBS) Mandatory contribution, Voluntary SBS, Health Flexible Spending Account (HFSA), union dues, and employee premiums for health insurance. These items are employee-paid premiums, which reduce pay. Also included in this total are any flat amount deductions distributed to financial institutions; this does not include the final net pay distribution.

Net Pay Amount

\$1,960.44: The final amount printed on the employee's warrant or amount deposited into an employee's direct deposit account.

YTD Gross Amount

\$3,529.00. All gross pay *issued* between January 1 (01/01/xx) and December 31 (12/31/xx). Gross pay includes your total pay before deductions have been subtracted. It can include base pay, premium pays, travel, per diem, leave cash-in amounts, etc.

Earnings

A detail of all current pay period payroll earnings that contribute to the Total Gross Amount is displayed above.

Deductions

A detail of all current pay period deductions contributing to the Total Deductions Amount displayed above.

Taxable Fringe Benefits

Deductions such as federal taxes, employee Medicare contributions, and SBS contributions may be impacted by non-cash taxable fringe benefits paid for by the employer such as Legal Trust, Group Term Life Insurance over \$50,000, etc. Non-cash taxable fringe benefits are not included in the Total Gross Amount or Earnings column of the paystub because it is an employer-paid fringe benefit.

Leave

Year-to-date (YTD) leave used is totaled by leave type in the YTD Used column, the leave accrued in the current pay period will be displayed in the Accrued column, and the leave balance as of the check issue date is displayed in the Balance column.

The cash value of personal/annual leave is not displayed on the payroll advice.

How Is Your Paycheck Computed from Gross Pay To Net Pay

The employee submits a timesheet that reflects all activity preformed in a pay period. It is analyzed and hours for each pay type are totaled and entered by pay event type in the IRIS Human Resource Management (HRM) application. A list of all earnings and deduction pay event types can be found under Reference Sheets and Matrices at http://doa.alaska.gov/dof/payroll/reference.html. Based on those entries and other information in HRM, the system automatically calculates pay due for the employee.

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Once the total gross pay is calculated, then pre-tax deductions such as SBS, retirement (if applicable), and other deductions are subtracted. Applicable Medicare and Federal Taxes are calculated based on the current W-4 submitted by the employee and subtracted from the adjusted gross. Then NET deductions are subtracted out resulting in the final amount an employee will receive.

GROSS PAY

- Plus: Non-Cash/Taxable Fringe Benefit Items
 - Less: Pre-Tax Deductions
- = Equals: TAXABLE COMPENSATION Federal Tax Base
 - Less: Federal Tax
 - Less: Medicare Tax
 - Less: Non-Cash/Taxable Fringe Benefit Items
 - Less: Net Deductions
- = Equals: **NET PAY** (either a paper warrant or the amount of the electronic direct deposit)

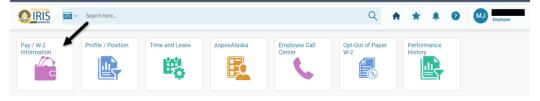
Differences From Your Pay Stub and Your W-2

Employees often ask why the Year to Date Gross Amounts on their final pay stub of the year are different from amounts on their W-2.

The Pay Stub YTD Gross Amount is all earnings in a year <u>before any</u> deductions are taken, while the amount reported on a W-2 is taxable compensation which has been reduced by pre-tax amounts such as deductions for employee SBS, health premiums, and retirement.

The Division of Finance Payroll Production section provides an estimator tool (<u>W-2 to Paystub Comparison Estimator</u>) which can be found under <u>Info For State Employees</u> at http://doa.alaska.gov/dof/state_ee.html. Instructions are provided below to assist in utilizing this resource:

- 1. Log into the Integrated Resource Information System (IRIS) Employee Self Service Portal (ESS), using your State of Alaska (SOA) employee number and password.
- 2. Click the Pay / W-2 Information tab to advance to view historical Pay.

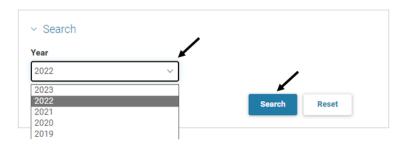


3. Under Pay Slips, click Search to expand search criteria.



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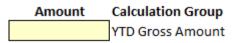
4. Click the **Year** dropdown menu and select the applicable tax year, then click **Search**. Pay Slips



5. Under **Year to Date Pay** is your **Gross Pay** for the tax year.



6. In the **YTD Gross Amount** section of the **W-2 to Paystub Comparison Estimator** worksheet, enter your **Year to Date Pay** amount from IRIS ESS.



7. Click the View Pay Summary tab.



8. Under **Pay Summary**, click **Search** to expand search criteria.



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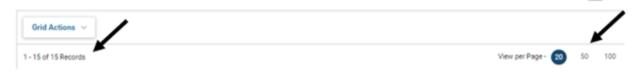
9. Click the **Year** dropdown menu and select the applicable tax year, then click **Search**.



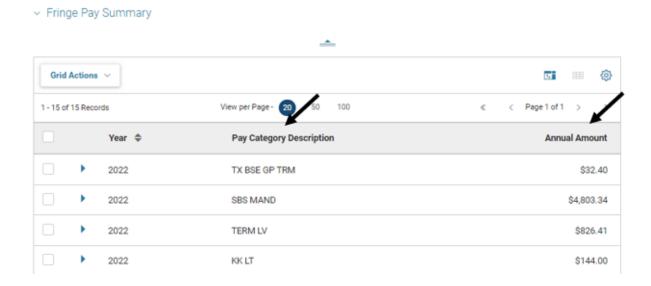
IMPORTANT

For **steps 10-16** please note that it is normal to not have all pay or deduction types in your IRIS ESS summaries that are present on the **W-2 to Paystub Comparison Estimator** worksheet. Those that you do not have should be left blank on the worksheet.

Additionally, not that the various sections of the summaries page in IRIS ESS may not show all results by default. Make sure to expand the number of entries shown per page to avoid missing any relevant amounts.

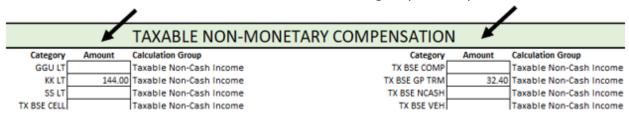


10. In ESS, scroll down to the **Fringe Pay Summary** subsection.



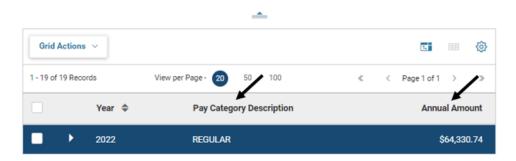
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- How to Read Your Payroll Advice and Yearly W-2 Earnings Statement
- 11. In the **TAXABLE NON-MONETARY COMPENSATION** section of the **W-2 to Paystub Comparison Estimator** worksheet, enter corresponding values from the **Fringe Pay Summary** Categories in ESS.

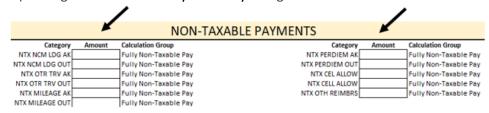


12. In IRIS ESS, scroll up to the **Pay Summary** subsection.

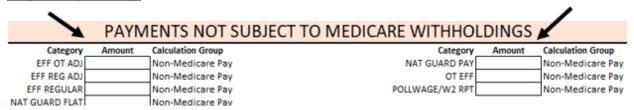
Pay Summary



13. In the NON-TAXABLE PAYMENTS section of the W-2 to Paystub Comparison Estimator worksheet, enter corresponding values from the Pay Summary Categories in ESS.



14. In the PAYMENTS NOT SUBJECT TO MEDICARE WITHHOLDINGS section of the W2 vs Paystub worksheet, enter corresponding values from the Pay Summary Categories in ESS. These payment types will only be applicable to employees who served during the tax year in the following positions: Emergency Firefighter, National Guard, Poll Worker. If you did not serve in these positions during the tax year, skip this step.

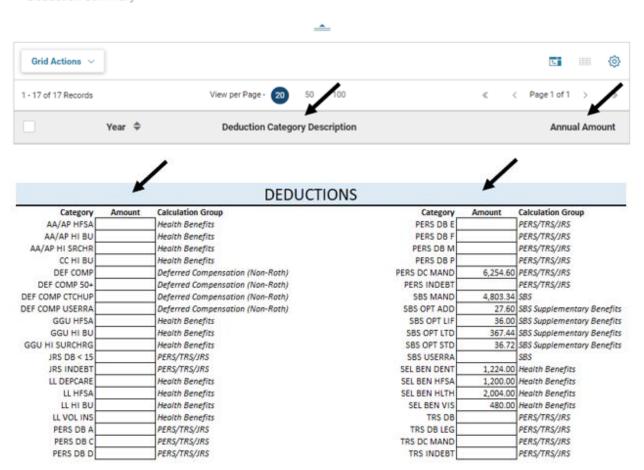


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15. In ESS, scroll down to the **Deduction Summary** subsection.



- 16. In the **DEDUCTIONS** section of the **W2 vs Paystub** worksheet, enter corresponding values from the **Deduction Summary Description** Categories in ESS.
- Deduction Summary



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17. In the **W2 vs Paystub** worksheet, scroll down to the **Summary** section. If all values have been entered accurately, the summary will reflect a breakdown of pay categories, which will match the figures in your W-2.

	SUMMARY						
	YTD Gross Amount	78,181.92	This amount is found on your final paystub with a check issued date in the tax year being reviewed.				
	Taxable Non-Cash Income	175.40	These amounts in crease total income reported to account for non-cash benefits such as legal trusts, or additional life in surance.				
	Fully Non-Taxable Pay	0.00	These amounts reduce earnings totals for Medicare and Federal Income Tax for non-taxable payments such as certain types of per diem.				
	Non-Medicare Pay	0.00	These amounts reduce earnings totals for Medicare for types of wages such as Emergency Fire fighters, Poll Workers, and National Guard.				
	SBS Suppl ementary Benefits	467.76	These optional benefits deductions reduce earnings totals for both Medicare and Federal Income Tax.				
	Health Benefits	4,908.00	These Health related benefits deductions reduce earnings totals for both Medicare and Federal Income Tax.				
-	Medicare Tax Base	72,982.56	This should closely mirror Box 5 on IRS form W-2 if this calculation aid is completed correctly.				
	SBS	4,803.34	These de ductions for mand atory SBS reduce earnings to tals for Fe deral Income Tax.				
•	PERS/TRS/JRS	6,254.60	These de ductions for PERS retirement contributions reduce earnings totals for Fe deral Income Tax.				
	DeferredCompensation (Non-Roth)	0.00	These de ductions for option al pre-tax deferred compensation contributions reduce earnings totals for Federal Income Tax.				
_	Federal Income Tax Base	61,924.62	This should closely mirror Box 1 on IRS form W-2 if this calculation aid is completed correctly.				

d Control number	1 Wages, tips, other compens	ation -	2 Federal income tax withheld			
130	619	24.62	8,543.41			
OMB NO.	3 Social security wages		4 Social security tax withheld			
1545-0008		0.00	0.00			
Ī	5 Medicare wages and tips	K	6 Medicare tax withheld			
	729	82.56	1058.25			
c Employer's name,	c Employer's name, address, and ZIP code					
STATE OF ALASKA						
PO BOX 110204						
JUNEAU AK 99811						

18. If values do not match, review all sections for a missed **Category / Amount** to ensure all applicable figures have been entered, and review previously entered figures for errors.

W-2 Wage and Tax Statement

Box 1 – Wages, Tips, Other Compensation

This includes salary as well as legislative, uniform, cleaning, and tool allowances, <u>taxable</u> moving expense payments, vehicle fringe benefits, excess mileage, taxable per diem and non-cash taxable fringe benefit additions such as legal trust, and imputed income for group term life insurance over \$50.000. The amount in this box has been reduced to reflect employee contributions to mandatory SBS, voluntary SBS, retirement, pre-tax health insurance, and Deferred Compensation.

Box 2 - Federal income tax withheld

Box 3 - Social security wages

Not applicable.

Box 4 - Social security tax withheld

Not applicable.

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Box 5 - Medicare wages and tips

The Medicare base amount is used for the Medicare tax calculation. The amount in this box has been reduced to reflect employee contributions to voluntary SBS, pre-tax health insurance, and includes non-cash taxable fringe benefits.

Box 6 – Medicare tax withheld

Includes amounts withheld for Medicare taxes and surtaxes.

Box 7 - Social security tips

Not applicable.

Box 8 – Allocated tips

Not applicable.

Box 9 - Verification code

Not used.

Box 10 - Dependent care benefits

(D522)

Box 11 - Non-qualified plans

Not applicable.

Box 12

Reports specific amounts according to a predetermined code. The IRS identifying code appears in the box to the left of the amount being reported. The codes are:

 $\overline{}$

Taxable cost of group-term life insurance over \$50,000 (D486).

G

Deferred compensation (D521, D522, and D52C).

EE

ROTH IRA (D057, D058, and D05C).

L

Non-taxable employee business expense reimbursement (383, 384, 387, and 388). Amounts are added together if multiples reported.

Р

Qualified moving expenses, non-taxed (381 and 390). Amounts are added together if both are reported.

DD

Cost of employer provided health insurance-both employee and employer contributions (informational only)

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Box 13 – Informational

Statutory employee

Not applicable.

Pension plan

Indicates an employee has been, at some point during the tax year, a participant in a pension plan, such as retirement or mandatory SBS.

Third party sick pay

Not applicable.

Box 14 – Other

Information for the employee only. This box is used to report specific amounts of certain employee reimbursement type earnings and contributions to the Share Campaign. Any amount for Excess Mileage, Taxable Per Diem, and/or Taxable Lodging reported in Box 14 is already included in Box 1. Each type of earnings or deduction listed below is reported as a separate amount and is preceded by the description in the parenthesis:

- Excess mileage Reimbursement above the federal rate per mile (TX MILG) (377).
- Taxable per diem (TX PER DIEM) (378).
- Taxable Lodging (TX LODG) (382)
- Share Donation (SHARE) (D354)

Boxes 15 through 20

For state and local tax withholding and reporting.

Assistance

Employees with further questions should contact the Employee Call center at (907) 465-3009 or email at EmployeeCallCenter@alaska.gov or contact their Payroll Service Center.

Those employees in the Office of the Governor, the Judicial Branch, or the Legislative Branch should contact their human resource payroll offices.

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