AUTODESK US Benefits

Imputed income:

How does it affect my taxes?

What is imputed income?

The IRS requires that employees pay tax on the value of any company-paid life insurance coverage in excess of $50,000—this is referred to as "imputed income."

The IRS publishes a premium table (see below) that dictates the amount of imputed income, based on your age, that is to be applied to coverage that exceeds $50,000. This calculation is processed automatically within the payroll system and appears on your payslip, under Employer Paid Benefits/Imputed Income, as "Imputed Income – Group Term Life > $50,000."

Keep in mind that "Imputed Income – Group Term Life > $50,000" reflects the taxable amount being applied to your earnings. It is NOT the amount you are paying for this coverage.

How is it calculated?

To calculate the monthly amount that will be added to your taxable income, multiply the number of thousands of dollars of basic life insurance coverage you have that's over $50,000 (figured to the nearest $1,000) by the cost shown in the IRS Premium Table.

Imputed income example

A 38-year-old has an annual salary of $150,000. Imputed income on the basic life benefit of 1 times annual salary is calculated as follows and added to taxable earnings:

($150,000 - $50,000) / $1,000 x 0.09 = $9.00 per month

Tax on $9.00 per month is around $2.25, but it can vary based on your specific tax bracket.

Is imputed income worth it?

In most cases, it absolutely is. You're paying a small amount of additional taxes, but the benefit of basic life insurance coverage at 1 times your annual compensation far outweighs any taxes you pay.

IRS premium table

Age	Cost
Under 25	$0.05
25–29	$0.06
30–34	$0.08
35–39	$0.09
40–44	$0.10
45–49	$0.15
50–54	$0.23
55–59	$0.43
60–64	$0.66
65–69	$1.27
70 and older	$2.06