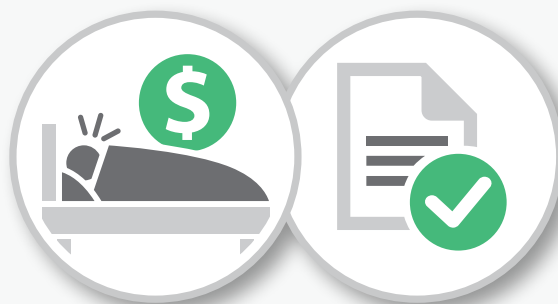


Third-Party Sick Pay Reporting



American Fidelity is considered a third-party payer of sick pay. Employers must report benefits paid by third parties on Form W-2 and payroll forms.

To help you fulfill this requirement, we provide monthly and quarterly Third-Party Sick Pay Reports that include all information needed to report disability benefits paid to employees. These reports will be available on your online account after the last business day of the reporting period. Here is a guide to make the process easier. Refer to your reports when following these steps.

Taxable Benefits Filing:

1. Check the **third-party sick pay** option in the **Form W-2 Box 13**. ■
2. Use the gross amount in **column D** to complete **Form W-2 Box 1**. ■
3. If federal income tax is withheld, the amount in **column E** is used to complete **Form W-2 Box 2**. ■
4. **Column G** reflects the first six months of disability benefits subject to FICA/Medicare taxes if the disability insurance premiums were paid by the employer or employee pre-tax. **Column G** is used to complete **Form W-2 Boxes 3 and 5**. ■
5. If FICA taxes are withheld, the amount in **column H** is used to complete **Form W-2 Box 4**. ■
6. If Medicare is withheld, use **column I** to complete **Form W-2 Box 6**. ■

IMPORTANT TAX INFORMATION THIRD PARTY SICK PAY DISABILITY REPORT PREPARED BY AMERICAN FIDELITY ASSURANCE COMPANY									
(A) EMPLOYEE SOCIAL SECURITY NUMBER NAME AND ADDRESS REFER TO THE BACK OF THIS FORM FOR A DETAILED EXPLANATION OF EACH COLUMN	(B) DATE DISABILITY PLAN BEGAN	(C) DATE DISABILITY BEGAN	(D) GROSS DISABILITY BENEFIT PAID DURING 1ST 6 MOS OF DISABILITY OR SUBJECT TO FICA/MEDICARE WAGES (BASED UPON EMPLOYER % IN COLUMN F)	(E) FIT WITHHELD COLUMN	(F) EMPLOYER CONTRIBUTION OR BEFORE TAX PREMIUMS DEDUCTION	(G) BENEFITS PAID DURING 1ST 6 MOS OF DISABILITY OR SUBJECT TO FICA/MEDICARE WAGES (BASED UPON EMPLOYER % IN COLUMN F)	(H) FICA WITHHELD	(I) MEDICARE PREMIUMS WITHHELD	(J) TRAN CODE
			1 12	2		3 5	4	6	
PLEASE REVIEW THIS REPORT IMMEDIATELY!! A REFUND MAY BE DUE TO YOUR EMPLOYEES WHO PAID THEIR DISABILITY PREMIUMS WITH AFTER TAX DOLLARS. ALL REQUEST FOR REFUND OF FICA, MEDICARE AND/OR FIT TAXES WITHHELD IN ERROR MUST BE RECEIVED BEFORE THE W-2 DEADLINE QUESTIONS? CALL AT 1-800-662-1113 EXT. 7535 OR EMAIL AT WG-BENEFITS-PRODUCTIONCONTROL@AMERICANFIDELITY.COM									

Non-Taxable Benefits Filing:

1. Check the **third-party sick pay** option in **Form W-2 Box 13**. ■
2. Use the gross amount in **column D** to complete **Form W-2 Box 12**. You will need to use **Code J**. ■

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FAQs

How will I get the information needed to report short-term disability benefits?

We provide monthly and quarterly statements through your online account and by mail. These statements include detailed instructions on how to report third-party sick pay on your employees' Form W-2 for the first six months of disability.

When are statements available?

Physical reports are mailed the first business day following the end of each period. You can view and download statements online the day after each month and quarter. These reports can only be generated after the end of the month, as they must contain the entire month's pay.

Therefore, December reports will be available online on January 1. Additionally, a year-to-date report is provided quarterly. To view these reports, visit the Files page, select the Location from the drop-down list and select the Sick Pay Reports file folder.

How are long-term disability benefits reported?

Disability benefits beyond six months are reported differently. American Fidelity will assume federal tax reporting the first full calendar year following six months of disability.

What tax implications may apply?

Disability benefits are taxable to the employee to the extent the disability premiums are paid by the employer and not included in the employee's wages. Premiums paid with before-tax dollars are considered employer-paid premiums by the regulations.

Taxable disability benefits are subject to federal income tax, if applicable, state income tax and employment tax for the first six months of disability benefits. However, income tax withholding is only required if the employee requests it. So, we'll withhold the employee's share of employment tax from taxable benefits, and the employer will remit their share.

What is Form 8922?

Form 8922 is used to reconcile employment tax when the tax-remitting entity is not the same entity that files the Form W-2 for an employee.

It's unlikely with third-party sick pay the employer would be required to file Form 8922. Generally, American Fidelity will file Form 8922 since we withhold the employee share of employment tax from your employee's taxable disability income.



Don't have an online account? **Create one now.**

Visit americanfidelity.com/register to create your unique username and password.



American Fidelity Assurance Company
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