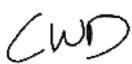




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October 31, 2025

TO: Fiscal/Payroll Officers of School Boards and Participating Political Subdivisions

FROM: Curtis Doughtie 
Deputy Chief Financial Officer

SUBJECT: Annual Reminder about the Calculation of Imputed Income for Group Term Insurance in Excess of \$50,000

Each year, you must report to the Internal Revenue Service (IRS) imputed income resulting from the group term life insurance coverage in excess of \$50,000 provided to your employees under the Virginia Retirement System (VRS) Group Life Insurance Program. This requirement is set out in Section 79 of the Internal Revenue Code (IRC).

The total contribution rate was 1.18% for the Basic Group Life Insurance Program for the period January 1, 2025, through December 31, 2025. This was composed of a 0.71% employee share and a 0.47% employer share. In the calculation of imputed income, only the amounts actually paid by the employee for the basic life insurance coverage may be used to reduce the amount of imputed income. The amount entered on line 8 of the Taxable Income Calculation Worksheet will depend on whether your employees are required to pay any of the employees' share of the contribution. The VRS Optional Life Insurance Program coverage and premiums are not included in any of these calculations since the optional coverage is not deemed to be employer-provided group term insurance.

A copy of the Taxable Income Calculation Worksheet and the applicable IRC Section 79, Table 1 rates are included with this memorandum. The values in Table 1 of IRC Section 79 were last changed by the IRS on July 1, 1999. Further information on this process is detailed in IRS Publication 15-B (2025), Employer's Tax Guide to Fringe Benefits, beginning on page 14. The current IRS rates are presented in Table 2-2 "Cost Per \$1,000 of Protection for 1 Month" on page 15 of that publication. **For your calculations, use the rate applicable for an employee based on the employee's age on December 31, 2025.** If you need any additional information or have questions about the imputed income calculation, you can refer to the Group Life Insurance section of the VRS Employer Manual available in the Employer Section on the VRS website, or contact me by phone at 804-697-6666, or by email at cdoughtie@varetire.org.

CALENDAR YEAR 2025
TAXABLE INCOME CALCULATION WORKSHEET
FOR GROUP TERM LIFE INSURANCE IN EXCESS OF \$50,000

1. Total units of insurance (Insurance coverage amount/\$1,000) _____
 2. Units of excess insurance (line 1 minus 50) _____
 3. "Cost" per \$1,000 per month (from IRS, Table 1) _____
 4. "Cost" for one month (line 2 X line 3) _____
 5. Number of months at this rate _____
 6. Additional income for the period (line 4 X line 5) _____
- Repeat steps 1 through 6, as needed, to determine the income for the entire year and enter the result on line 7.
7. Total additional income for the year _____
 8. Basic plan employee premiums withheld for the year _____
 9. Net additional taxable income for the year (line 7 minus line 8) _____

IRC SECTION 79 - TABLE 1
UNIFORM PREMIUMS FOR \$1,000 OF GROUP-TERM LIFE INSURANCE
PROTECTION (effective beginning 7/1/1999)

Employee's Age (use employee's age at 12/31 of the tax year)	Cost per \$1,000 of protection for one month
Under 25	\$0.05
25 to 29	0.06
30 to 34	0.08
35 to 39	0.09
40 to 44	0.10
45 to 49	0.15
50 to 54	0.23
55 to 59	0.43
60 to 64	0.66
65 to 69	1.27
70 and older	2.06