CHURCH PENSION FUND

Internal Revenue Code Section 79 Imputed Income
Value of Group Term Life Insurance Over $50,000 Is Taxable

The value of group term life insurance provided by one or more employers is considered taxable income in the current year to the extent that the insurance coverage exceeds $50,000. The Church Pension Fund provides group term life insurance coverage for all eligible clergy active in The Church Pension Fund Clergy Pension Plan. That coverage is based on six times Total Assessable Compensation (as reported to The Church Pension Fund), up to a maximum of $150,000, rounded to the nearest $500. Retired clergy group term life insurance coverage is based on six times Highest Average Compensation (HAC) as determined by The Church Pension Fund, up to a maximum of $50,000, rounded to the nearest $500.

Active lay employees participating in The Episcopal Church Lay Employees' Retirement Plan are provided coverage up to $50,000 (two times salary with a maximum of $50,000, rounded to the nearest $500). Active clergy and retired clergy who receive additional group term life insurance from a diocese, church, or other employer may have an additional income tax liability each year. Contrary to popular belief, this tax liability is not based on the actual cost of the group term life insurance. The Internal Revenue Code includes a table that must be used to determine the value of this benefit.

Internal Revenue Code Section 79
Imputed Income on Group Term Life Insurance

Cost per $1,000 of All Group Term Life Insurance Coverage per Month Exceeding the $50,000 Exclusion

Age	Monthly Cost
Under 25	$.05
25 to 29	.06
30 to 34	.08
35 to 39	.09
40 to 44	.10
45 to 49	**.15**
50 to 54	.23
55 to 59	.43
60 to 64	.66
65 to 69	1.27
70 and Older	2.06

Example: An individual age 46 is provided with $100,000 of group term life insurance; $50,000 of that coverage will be taxable because it exceeds the $50,000 tax exclusion. The imputed income on that $50,000 would be calculated as follows:

1. Obtain the **monthly** cost of $1,000 of coverage for a 46-year-old from the chart ($.15)
2. Multiply the monthly cost by 12 to obtain the annual cost (.15 * 12 = $1.80).

   **Note that if the insurance coverage was provided for less than a year, you would multiply the monthly cost by the number of months the coverage was provided to the individual.*
3. Multiply the annual cost by each $1,000 of group term life insurance in excess of $50,000 (50 * $1.80 = $90).

   The amount of the imputed income associated with $50,000 of taxable group term life insurance provided to a 46-year-old is **$90**.

Each employer (diocese, parish, institution, or other employer) should provide employees with a Form W-2 that includes the appropriate imputed income amount. However, individuals are responsible for reporting this imputed income when filing their personal income tax returns, even if they do not receive a Form W-2 containing this information.

This table was provided by the Internal Revenue Service's Publication 15-B for use in 2026. We recommend that you consult with your tax advisor.

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