

Wasco County

Designation of Beneficiary Form

For release of final paycheck

Employee Name
Street/Mailing Address
City/State/Zip Code

In the event of death, I authorize the release of my final pay check to the following:

Select only one of the beneficiary boxes below:

I elect the statutory designation: Upon an employee's death, all wages earned up to \$10,000 must be paid to the surviving spouse, or, if there is no surviving spouse, to dependent children. ORS 652.190

I designate the following specific beneficiary(ies):
Note: Failure to designate a beneficiary will result in statutory distribution (spouse, surviving children, member's estate)

Designated Beneficiary Name	Social Security Number

Employee Signature

Date

Note: See back of this page for explanation of tax implications.

Instructions to Employer for Deceased Employee's Wages

Deceased employee's wages. If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report them only as social security and Medicare wages on the employee's Form W-2 to ensure that proper social security and Medicare credit is received. On the Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6; do not show the payment in box 1 of Form W-2.

If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report the payment to the estate or beneficiary on Form 1099-MISC. Report the payment in box 3 (rather than in box 7 as specified in Rev. Rul. 86-109, 1986-2 C.B. 196). See the *Example* on page MISC-3. Enter the name and TIN of the payment recipient on Form 1099-MISC. For example, if the recipient is an individual beneficiary, enter the name and social security number of the individual; if the recipient is the estate, enter the name and employer identification number of the estate. The general backup withholding rules apply to this payment.

However, death benefits from qualified and nonqualified deferred compensation plans paid to the estate or beneficiary of a deceased employee are not reportable on Form 1099-MISC but are reportable on Form 1099-R. See the Instructions for Forms 1099-R and 5498.

Example.

Before Employee A's death on June 15, 2005, A was employed by Employer X and received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 20, 2005. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows:

- Box 1—10000.00 (does not include the \$3,000 accrued wages and vacation pay)
- Box 2—1500.00
- Box 3—13000.00 (includes the \$3,000 accrued wages and vacation pay)
- Box 4—806.00 (6.2% of the amount in box 3)
- Box 5—13000.00 (includes the \$3,000 accrued wages and vacation pay)
- Box 6—188.50 (1.45% of the amount in box 5)

Employer X also must complete Form 1099-MISC as follows:

- Boxes for recipient's name, address, and TIN—the estate's name, address, and TIN.
- Box 3—3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Employer X made the payment after the year of death, the \$3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, the employer would still file Form 1099-MISC.