IRC Table I Values for Group Term Life Insurance

Under Internal Revenue Code Section 79, employees must include in their taxable income the cost of group term life insurance benefits provided by their employers for all amounts in excess of $50,000, assuming the plan is nondiscriminatory.

In order to simplify the method of calculating the cost of this benefit, the IRS created a table with standard factors to use uniformly, titled Table I. In early 1999, the table was revised by the Internal Revenue Service and the Department of Treasury because of a significant improvement in mortality.

Table 1
Uniform Premiums for $1,000 of
Group Term Life Insurance Protection

Five Year age* brackets	Cost per $1,000 of protection for one month period
Less than 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 above	2.06

* The age of the employee, for Sec 79 purposes, is age on the last day of the employee's taxable year.

This newsletter is not intended to provide, and should not be considered to provide, specific legal advice, each circumstance is unique. Should you have a need for legal advice, please seek advice from an attorney.

The amount of group term life coverage that is includible in an employee's taxable income is offset by the actual contribution made by the employee. The taxable amount is first calculated using Table I costs (on front page) and the actual contribution made by the employee, if any, is subtracted. Several examples follow:

Example A. An employee is age 42 and is insured for $80,000 of group term life. The employee's contribution is 20 cents per month per $1,000. The Table I cost is $0.10 times 30 (the amount of coverage in excess of $50,000 in thousands) or $3.00 per month. Because the employee contributes $16 per month ($80,000 x $0.20), the employee's contribution more than offsets the Sec. 79 cost; thus, there is not an amount to be included in the gross income of the employee.

Example B. An employee is age 60 and is covered for $80,000 of group term life. The employee's contribution is $0.20 per month per $1,000 or $16.00. The Sec. 79 Table I cost is $19.80 per month (30 times $0.66), which exceeds the employee's monthly contribution by $3.80. Therefore, the employee must include in the taxable income for the year $45.60 ($3.80 is a monthly cost, multiply by 12 for an annualized amount), representing employer contributions for the excess group term life insurance coverage.

Example C. An employee is age 45 and is insured for $80,000 of group term life. The employee does not contribute towards the cost of the insurance. The Sec. 79 Table I cost is $4.50 per month (30 times $0.15). The employee must include in the taxable income for the year $54.00 ($4.50 x12).