

# POST-MORTEM EMPLOYEE PAYROLL SETTLEMENT CALCULATOR

## Deceased Employee Final Wages & Tax Treatment Worksheet

DECEASED EMPLOYEE FULL NAME

EMPLOYEE ID / SSN

DATE OF DEATH

DESIGNATED BENEFICIARY / ESTATE NAME

RELATIONSHIP TO DECEASED

BENEFICIARY TAX ID (SSN/FEIN)

FINAL PAYROLL RUN DATE

PAYMENT DATE (SAME CALENDAR YEAR?)

PAYMENT DATE (SUBSEQUENT YEAR?)

EARNINGS CATEGORY	CALCULATION DETAILS (HOURS/RATE/DAYS)	GROSS AMOUNT (\$)
Unpaid Regular Wages (up to date of death)		
Accrued Unused PTO / Vacation Pay		
Accrued Sick Leave Pay (if applicable)		
Earned Bonuses / Commissions		
Severance Payment / Other Compensation		
<b>TOTAL GROSS POST-MORTEM EARNINGS</b>		

DEDUCTION DESCRIPTION	TAX / CALCULATION RULES APPLIED	DEDUCTION AMOUNT (\$)
Social Security Tax (FICA-OASDI)	Applicable only if paid in the same calendar year as death.	
Medicare Tax (FICA-MED)	Applicable only if paid in the same calendar year as death.	

DEDUCTION DESCRIPTION	TAX / CALCULATION RULES APPLIED	DEDUCTION AMOUNT (\$)
Federal Income Tax Withholding (FITW)	Exempt from federal withholding (W-2 Box 1). Reported on Form 1099-MISC.	
State / Local Income Tax Withholding	Subject to specific state/local post-mortem regulations.	
Benefit Deductions (Medical, Dental, Vision)	Pre-tax/Post-tax deductions adjusted to date of death.	
Other Deductions / Overpayment Recoveries	Company property returns, outstanding advances, etc.	
<b>TOTAL DEDUCTIONS</b>		

REPORTING CLASS	RECIPIENT / ENTITY INFO	TAX FORM TO ISSUE	SETTLEMENT AMOUNT (\$)
<b>W-2 Wage Reportable Portion</b> (FICA Subject Wages - Paid in Year of Death)		Form W-2 (Boxes 3 & 5 only)	
<b>1099-MISC Reportable Portion</b> (Gross Income Portion Paid to Beneficiary/Estate)		Form 1099-MISC (Box 3)	

**FINAL NET DISBURSEMENT TO ESTATE/BENEFICIARY**

**Important Statutory Compliance Notes:**

- Wages paid **in the same calendar year** as the employee's death are subject to Social Security and Medicare taxes, but exempt from Federal Income Tax withholding. FICA wages are reported on the deceased employee's Form W-2 (Boxes 3 and 5), while the gross payment is reported to the beneficiary/estate on Form 1099-MISC (Box 3).
- Wages paid **in the calendar year subsequent** to the employee's death are completely exempt from FICA (Social Security/Medicare) and FITW. The entire gross amount is reported only on Form 1099-MISC (Box 3) for the beneficiary/estate.

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**PREPARED BY: PAYROLL/HR ADMINISTRATOR**  
Date: \_\_\_\_\_

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**APPROVED BY: CHIEF FINANCIAL OFFICER / HR DIRECTOR**  
Date: \_\_\_\_\_