

DECEASED EMPLOYEE FINAL SETTLEMENT PAYROLL WORKSHEET

Internal Payroll & Estate Processing Record

EMPLOYEE & ADMINISTRATIVE INFORMATION

Employee Name	_____	Employee ID	_____
Department / Division	_____	Social Security Number	_____
Date of Death	_____	Date of Notification	_____
Final Pay Period Begin	_____	Final Pay Period End	_____

1. FINAL EARNINGS CALCULATION

Earnings Description	Hours	Rate	Gross Amount
Regular Wages (Unpaid hours worked prior to death)			
Overtime Wages			
Accrued Vacation / PTO Payout			
Commission / Bonus Earned			
Severance Pay (If applicable per policy/contract)			
Other Earnings: _____			
Total Gross Earnings (A)			

2. DEDUCTIONS & TAX TREATMENT

Deduction Description	Tax Treatment Rules	Deduction Amount
Social Security Tax (Employee Share)	Withheld only if paid in the calendar year of death.	
Medicare Tax (Employee Share)	Withheld only if paid in the calendar year of death.	
Federal Income Tax (FIT)	Exempt from withholding (Reported on Form 1099-MSC/NEC).	
State Income Tax (SIT)	Exempt from withholding (Subject to state regulations).	
Pre-Tax Deductions (Medical, Dental, Vision)	Adjusted to final active coverage dates.	
Company Loans / Outstanding Advances	Subject to recovery from final settlement.	
Other Deductions: _____		
Total Deductions (B)		

3. NET SETTLEMENT & BENEFICIARY DISTRIBUTION

TOTAL NET PAYABLE (Total Gross Earnings A - Total Deductions B)

Beneficiary / Estate Name	Relationship / Capacity	Tax ID / SSN	Allocation % / Amount
_____	_____	_____	_____
_____	_____	_____	_____

4. AUTHORIZATIONS & APPROVALS

Payroll Specialist Signature

Date:

HR Administrator Signature

Date:

Chief Financial Officer / Approver

Date:

Important Processing Compliance Notes:

1. Payments made in the calendar year of death are subject to FICA (Social Security and Medicare) taxes but exempt from Federal Income Tax (FIT) withholding.
2. Payments made in the calendar year following the year of death are completely exempt from FICA and FIT withholdings.
3. Gross earnings must be reported on Form 1099-MISC (Box 3, Other Income) issued to the beneficiary or the estate of the deceased employee.
4. Do not release final check/direct deposit until proper probate documents, Letter of Administration, or Small Estate Affidavits are validated by Legal/HR.