Lay Employee with Tax-deferred Annuity

The tax-deferred annuity is subject only to Social Security and Medicare Taxes and not Federal and State Withholding. (Note boxes #1, 3, 5, and 16 in the following example). This employee had $600.00 put into a tax-deferred annuity therefore the $600.00 shows as wages only in Boxes #3 and #5 for Social Security and Medicare purposes. Boxes #4 and #6 include Social Security and Medicare tax withheld on the full amount of the Social Security and Medicare Wages (Boxes #3 and #5).