Client Alert

Important 2025 Year-End Information

W-2: Delivery, Reprints, and Corrections, Adjustment Blackout Period, SUTA Notices, Shareholder Fringe Benefits, 2026 K-1 Filings

Please review the following information in this Alert promptly to help ensure accurate and timely processing of your W-2s. **Questions? Please contact us at yearendtax@engagepeo.com**.

W-2 Year-End Client Questionnaire

Please complete the questionnaire and return it to yearendtax@engagepeo.com by December 12. You can request the form from your account mananger. The questionnaire addresses payments made outside of our payroll system. Submitting it before the deadline will help to ensure we capture all necessary W-2 information.

W-2 Delivery

- Employees who **opted in for electronic delivery** will have their W-2 available on their Employee Portal no later than **January 23, 2026**.
- For employees who **did not opt in**, W-2s will be postmarked and mailed no later than February 2, 2026, to the address printed on the employee's paycheck or to the alternate W-2 address the employee established in their Portal.

W-2 Reprints and W-2 Corrections

- Reprints are available for shipping **after February 15, 2026.**
- Please submit requests for W-2 corrections (Form W-2C) to your Payroll Specialist for processing.

W-2 Adjustment Blackout Period, January 7- February 2, 2026

We will begin our **"blackout" period on January 7, 2026, which will run through February 2, 2026**. To ensure timely W-2 reporting (printing and e-file process), Engage **will not process any adjustments during the blackout period** and cannot make exceptions.

State Unemployment Tax Rate Notices

- Annual state unemployment rate (SUTA) notices are frequently mailed to you directly, but not to Engage. These tax-related communications must be forwarded to us as soon as possible to avoid potential penalties and interest that may be incurred.
- **Please email annual state unemployment rate notices you receive to tax@engagepeo.com**

Fringe Benefits for Partners and 2% or Greater S Corporation Shareholders

- Certain otherwise excludable fringe benefit items (listed below) must be included as taxable wages when provided to partners of partnerships, LLC members of LLCs filing as partnerships, 2% or greater shareholders of S Corporations, and 2% or greater LLC members of LLCs filing as S Corporations.
- Engage will make the adjustments upon request with supporting documentation.
- **To report these costs, please request the Excel template from your account manager and return it to yearendtax@engagepeo.com before your last payroll.**

See applicable fringe benefits below. These rules relate only to shareholder/partner employees.

Applicable Fringe Benefits:

- **Health, Dental, Vision, Hospital & Accident (AD&D) and Qualified Long-Term Care Insurance Premiums:** Premiums paid under a corporate plan are subject to federal, state, and local withholding but not to FICA or FUTA. The amounts include premiums paid by the company on behalf of the shareholder/partner, as well as amounts reimbursed by the company for premiums paid directly by the individual.
- **Employer Contributions to a Health Savings Account (HSA):** This fringe benefit is subject to federal, state, and local withholding but not to FICA or FUTA.
- **Short-Term and Long-Term Disability Premiums:** These premiums are subject to federal, state, and local withholding but not to FICA or FUTA.
- **Group Term Life Insurance:** The cost of all group term life insurance coverage you provide the shareholder/partner must be included in their wages. The cost of this coverage is subject only to FICA taxes and is not subject to federal, state, or local withholding or FUTA. The cost will be included in boxes 1, 3, and 5 of their Form W-2.
- **Other Taxable Fringe Benefits:** Employee achievement awards, qualified transportation fringe benefits, qualified adoption assistance, qualified moving expense reimbursements, personal use of employer-provided property or services, and meals and lodging furnished for the convenience of the employer must be included as compensation when paid to shareholder/partner employees. All the above fringe benefits are subject to federal, state, and local withholding as well as FICA and FUTA.

2026 Form K-1 Filings for Partners in a Partnership

- If partners will be receiving payments through our payroll system in 2026 that are reported as Form K-1 income (guaranteed payments), please notify us at: **yearendtax@engagepeo.com** so we can ensure proper treatment.

We appreciate your cooperation and support as we work to ensure the timely processing of your W-2s.