



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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Dear _____ :

This letter is in response to your letter dated May 27, 2025, regarding Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, issued to you by your former employer. You asked for assistance regarding the life insurance benefits reported on Form 1099-R.

Section 79(a) of the Internal Revenue Code (Code) provides an exclusion for the first \$50,000 of group-term life insurance coverage provided under a policy carried directly or indirectly by an employer. The imputed cost of coverage in excess of \$50,000 must be included in gross income.

Treasury Regulation Section 1.79-3 sets forth the rules for determining the cost of group-term life insurance on an employee's life included in gross income under section 79(a) of the Code. Table 1 in Treasury Regulation Section 1.79-3 provides the uniform premiums per \$1,000 per month of group-term life insurance protection. This uniform premium cost applies to the cost of group-term life insurance provided after June 30, 1999.

For more information about group-term life insurance, see IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits, on IRS.gov at <https://www.irs.gov/forms-pubs/about-publication-15-b>, or the group-term life insurance page on IRS.gov, available here <https://www.irs.gov/government-entities/federal-state-local-governments/group-term-life-insurance>.

I hope this information is helpful. If you have additional questions, please contact me or _____ at _____.

Sincerely,

Denise Trujillo
Branch Chief, Health and Welfare
Office of Associate Chief Counsel
(Employee Benefits, Exempt Organizations,
and Employment Taxes)