



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

REVISION: Employee Social Security Tax Rate Decreases to 4.2% for 2011

For 2011, the **employee** tax rate for social security is 4.2%. The **employer** tax rate for social security remains unchanged at 6.2%.

Employers should implement the 4.2% employee social security tax rate as soon as possible, but not later than January 31, 2011. After implementing the new 4.2% rate, employers should make an offsetting adjustment in a subsequent pay period to correct any over withholding of social security tax as soon as possible, but not later than March 31, 2011. Additional information regarding this change can be found at the Internal Revenue site at: <http://www.irs.gov/pub/irs-pdf/n1036.pdf>

Social Security Wage Base Unchanged for 2011

As the designated liaison between the Social Security Administration and employers with Social Security Section 218 Agreements, the Department of Employee Trust Funds provides the following updated information, including Social Security and Medicare wage bases for 2011. This information applies to all Wisconsin Retirement System employers and all other public employers subject to a Social Security Section 218 agreement.

• Social Security and Medicare Wage Bases and Rates for 2011

Because there is no cost-of-living adjustment (COLA) for January 1, 2011, the Social Security (full FICA) wage base will remain at \$106,800. The Medicare wage base will not have a dollar limit for 2011. All wages over \$106,800 are subject only to the 1.45% Medicare rate. The rate remains at 1.45% for others who are subject only to Medicare (firefighters hired after March 1986, and who are not covered under social security, for example).

• Retirement Earnings Test for 2011

The retirement earnings test applies only to people below Social Security normal retirement age (NRA), which ranges from age 65 to 67, depending on year of birth. Social Security withholds benefits if one's earnings exceed a certain level – called a retirement earnings test exempt amount – and one is below Social Security NRA. One of two different exempt amounts applies depending on the year one attains Social Security NRA. These exempt amounts generally increase annually with increases in the national average wage index.

The Social Security Administration determines the exempt amount using procedures defined in the Social Security Act. For people attaining Social Security NRA *after* 2011, the annual exempt amount in 2011 is \$14,160. For people attaining Social Security NRA *in* 2011, the annual exempt amount is \$37,680. This

INSIDE

* REVISION: Employee Social Security Tax Rate Decreases to 4.2% for 2011

* Social Security Wage Base Unchanged for 2011

* Reminder: Law Regarding Employees Not Covered by Social Security

higher exempt amount applies only to earnings made in months prior to the month of Social Security NRA attainment. For more information on the test, go to the following link:

<http://www.socialsecurity.gov/OACT/COLA/rtea.html>

- **2011 Earnings Requirement for One-Quarter Credit for Social Security**

In 2011, the amount of earnings required for a Social Security credit (one quarter of coverage) will remain at \$1,090 to \$1,120 (\$2,240 will earn two quarters, etc.).

- **2011 Benefit Cost-of-Living Adjustment (COLA)**

There will be no Social Security benefit COLA increase for 2011.

- **Election Worker Exclusion for 2011**

The earnings exclusion for election workers is \$1,500 for the calendar year beginning January 1, 2011.

For more information, contact Ms. Shawn Smith, Department of Employee Trust Funds, at (608) 266-6725 or e-mail shawn.smith@etf.state.wi.us.

Reminder: Law Regarding Employees Not Covered by Social Security

Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004, requires State and local government employers to disclose the effect of the Windfall Elimination Provision and the Government Pension Offset to employees hired on or after January 1, 2005, in jobs not covered by Social Security. The law requires newly hired public employees to sign a statement that they are aware of a possible reduction in their future Social Security benefit entitlement. For more detailed information about this law and to view a copy of the statement concerning employment in a job not covered by Social Security (Form SSA-1945), go to the following link: <http://www.socialsecurity.gov/form1945>.

Note: Please remember to keep your contact information current with the Department of Employee Trust Funds.

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing or visually impaired and need assistance, call the Wisconsin Relay Service at 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Español). We will try to find another way to get the information to you in a usable form.

This **Employer Bulletin** is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the Bulletin, or to the Division of Retirement Services (DRS). Call Jean Gilding, DRS Administrator, at (608) 266-1210. Employer agents may copy this Bulletin for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent Employer Bulletins are available on our Internet site at the following URL: <http://etf.wi.gov/employers.htm>

Wisconsin Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931 <http://etf.wi.gov>.