



Employer *Bulletin*

Employer Communication Center 608-266-3285

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etf.wi.gov

Social Security Wage Base Set to Increase for 2018

As the designated liaison between the Social Security Administration and employers that provide Social Security coverage for their employees under the State of Wisconsin's Section 218 Agreement, the Department of Employee Trust Funds provides the following updated information, including Social Security and Medicare wage bases for 2018. This information applies to all Wisconsin Retirement System employers and all other public employers in Wisconsin that provide Social Security coverage for their employees under Wisconsin's Section 218 Agreement.

- **Social Security and Medicare Wage Bases and Rates for 2018**

As of January 1, 2018, the Social Security (full FICA) wage base will increase to \$128,400. The Medicare wage base will not have a dollar limit for 2018.

The employer and employee tax rates will remain the same in 2018. The Social Security (full FICA) rate remains at 7.65% (6.20% Social Security plus 1.45% Medicare) for wages up to \$128,400. All wages over \$128,400 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).

Reminder: Beginning in January 2013, individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes.

- **Retirement Earnings Test for 2018**

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* 2018, the annual exempt amount in 2018 is \$17,040. For people attaining Social Security NRA *in* 2018, the annual exempt amount is \$45,360. This 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 www.socialsecurity.gov/OACT/COLA/rtea.html

- **2018 Earnings Requirement for One-Quarter Credit for Social Security**

In 2017, the amount of earnings required for a Social Security credit (one quarter of coverage) will increase to \$1,320 (\$2,640 will earn two quarters, etc.).

- **2018 Benefit Cost-of-Living Adjustment (COLA)**

There will be a 2.0% COLA increase for 2018.

- **Election Worker Exclusion for 2018**

The earnings exclusion for election workers will remain at \$1,800 for the calendar year beginning January 1, 2018.

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 www.socialsecurity.gov/form1945

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

Contact

For more information, please contact the Employer Communication Center toll free at 1-877-533-5020 or locally at 608-266-3285.

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