

From: [List Description](#): on behalf of [Byrde, Mary Margaret](#)
To: PAYROLL_BL@LISTSERV.INDIANA.EDU
Subject: FICA and Federal Tax Information
Date: Wednesday, January 05, 2011 9:04:51 AM
Importance: High

All:

New tax changes that were implemented on January 1, 2011 are resulting in numbers questions concerning federal tax withholding on 2011 payments. The information below will help you to answer these questions.

For tax year 2011, the Federal tax tables changed. As a result, most people will see an increase in Federal tax withholding for payroll payments received after Jan 1, 2011.

Also effective Jan 1, 2011, the employee portion of Social Security (Fed OASDI/EE) has gone down from 6.2% to 4.2% for tax year 2011 only. However, the change was not implemented prior to the first bi-weekly or monthly paychecks were issued in January. The change has now been implemented, and Social Security will automatically be adjusted on the next paycheck each employee receives. This will bring the year to date Social Security withholding to 4.2%. Please note that this change only applies to payroll payments received in 2011. Disregard our previous communication regarding the Social Security change. (Text of that email is below for your reference.)

Mary Byrde
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All:

For 2011, the US government authorized a 2% reduction in the employee portion of FICA (not Medicare) withheld. This means that your faculty and staff will see a 2% reduction in the amount of FICA withheld from their checks. The amount withheld for the employee portion is going from 6.2% to 4.2% The employer portion of FICA will stay the same so the departmental pooled benefit rate will not change.

This change will take effect for bi-weekly paid employees on the B003012111 check which is paid on Jan 21, 2011. The final check for the reduced withholding is the B002010612 bi-weekly paycheck which will be paid on Jan 6, 2012.

For monthly paid employees, the change will take effect on the M004013111 check which is paid on Jan 31, 2011. The final check for the reduced withholding is the M001010312 monthly check which is paid on Jan 3, 2012.

Please make your faculty and staff aware of this change.

On another note, the “Making Work Pay Credit” that was in effect last year ended on 12-31-2010. As a result, some of your faculty and staff may notice an increase in their federal withholding. For monthly paid faculty and staff, this change would occur on their Jan 3, 2011 check.

As always, let us know if you have any questions.

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