



January 2015

Attention Employees Who Are NOT Members of a Retirement Program*

You May Be Required to Pay Social Security Taxes –

Effective July 2, 1991: As an employee who is *not* a member of a retirement program, you are required to pay all or part of the Social Security (FICA) tax, as explained below. The Social Security tax is made up of two taxes: OASDI (Old Age, Survivors and Disability Insurance) and HI (Hospital Insurance, also called Medicare).

Taxes Withheld

- **OASDI and HI:** You may contribute a minimum of 7.5% of your regular bi-weekly earnings** up to a maximum of \$ 118,500 to a qualifying deferred compensation account. If you *do not* contribute at least 7.5% of your regular bi-weekly earnings**, **both OASDI and HI taxes must be withheld.**
- **HI only:** If you *do* contribute at least 7.5% of your regular bi-weekly earnings** up to a maximum of \$ 118,500 to a qualifying deferred compensation account, **only the HI tax must be withheld.**

EXCEPTIONS: Municipal Railway (MUNI) employees pay both OASDI and HI taxes regardless of whether they have a qualifying deferred compensation account. Employees who are members of Cal-PERS are not required to pay the OASDI tax, unless they are former state mental health employees or former state Port employees in the Cal-PERS Plan 21.

Tax Rates

- The 2015 OASDI tax rate is 6.2% of your taxable gross earnings*** up to \$ 118,500. Maximum amount of tax withheld is \$ 7,347.00.
- The 2015 HI tax rate is 1.45% of your taxable gross earnings***. There is no limit on HI tax withheld. An additional 0.9% tax is withheld on any taxable gross earnings*** over \$ 200,000 annually in 2015.

You May Waive the OASDI Tax by Opening a 457(b) Deferred Compensation Account –

If you wish to open a 457(b) Deferred Compensation Account in the amount required to waive the OASDI tax, contact SFERS Deferred Compensation at (415) 581-2330 and inform them that you want to set up an appointment with a deferred compensation specialist for your department.

IMPORTANT NOTE: If at any time your contribution falls below the 7.5% minimum amount, you will become subject to the OASDI tax and HI tax.

Questions

If you have any questions or concerns regarding the above information, please contact your departmental payroll office.

*Retirement programs at the City include SFERS (City Retirement), Cal-PERS, and Judges' Retirement Systems

Regular bi-weekly earnings **DO NOT include overtime, shift premiums or special pays.

***Your taxable gross earnings is your gross earnings minus any pre-tax deductions (including dependent care, cafeteria health, cafeteria dental, cafeteria disability, pre-tax reimbursement, pre-tax miscellaneous, pre-tax transportation benefits, or pre-tax military deductions) and any assault pay, City disability pay, or retroactive disability pay.