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Auditor of State

TO: UAN CLIENTS

FROM: UAN SUPPORT

DATE: DECEMBER 29, 2010

SUBJECT: SOCIAL SECURITY TAX RATE CHANGE – EMPLOYEE SHARE

Within the UAN 15.0 release, a memo titled 2011 OP&FPF, ODJFS, Medicare, and Social Security Rates (dated November 15, 2010) was included. In this document it was stated that the Social Security wage base limitation and tax rate for 2011 had not changed. Since the distribution of the UAN 15.0 release, legislation has occurred that has affected the Social Security tax rate. The Social Security employer share is still 6.2%, however the new rate for the employee share is now 4.2%. Medicare rates are not changing.

UAN cannot change the rates automatically because certain entities may be using Social Security Fringe Benefit rather than Regular, or a combination of the two. It is critical that entities with Social Security employees change the rate after their last payroll paid in 2010 and before their first payroll after advancing into 2011. Otherwise, it may be necessary to adjust the wages later and refund the difference to the employees.

For entities that are impacted by this change, the following steps should be taken to adjust the Social Security Regular tax rate:

Step A) Change Entity File Rate

- 1) Go to Payroll > Maintenance > Entity File > Withholding
- 2) Click [Edit]
- 3) Select Withholding ID 7 (Social Security – FICA)
- 4) Beside “**Employee Share**”, change the rate to **4.200**
- 5) Leave the “Employer Share” rate at 6.200
- 6) Click [Process]

Step B) Change Employee Rates

- 1) Go to Payroll > Maintenance > Change Global Withholdings
- 2) Select Withholding ID 7 (Social Security – FICA)
- 3) If all employees have Social Security Regular*, enter 4.200 under “Regular”
- 4) Click [Select All]*

5) Click [Process]

*Additional notes for entities that have Social Security Fringe Benefits:

- If the employees have Social Security Fringe, ensure the Fringe amount is set to the appropriate rate, rather than setting the Regular amount entirely to 4.200. The Regular and the Fringe rate amounts must total to equal the employee goal of 4.200.
- If some employees have Fringe and others do not, be sure to select only one group at a time rather than using the [Select All] button.

Please contact the UAN Support Line at 1-800-833-8261 or email support at uan_support@auditor.state.oh.us if you have any questions regarding these steps.