



Employer *Bulletin*

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

NOTE: This is the last year the annual Social Security *Employer Bulletin* will be sent to employers. Future Social Security *Employer Bulletins* will be posted to ETF's Internet site; employers will be responsible for accessing these annual updates online. Employers have the option of receiving e-mail notification of *Employer Bulletins*, as well as other Wisconsin Retirement System updates. Check ETF's Internet site for the red envelope or sign up at:

<https://public.govdelivery.com/accounts/WIDETF/subscriber/new?pop=t>

Social Security Wage Base Set to Increase for 2012

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 2012. 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 2012**

Based on the increase in the Consumer Price Index from the third quarter of 2008 through the third quarter of 2011, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 3.6 percent COLA for 2012. As of January 1, 2012, the Social Security (full FICA) wage base will increase to \$110,100. The Medicare wage base will not have a dollar limit for 2012.

The employer and employee tax rates will remain the same in 2012.* The Social Security (full FICA) rate remains at 7.65% (6.20% Social Security plus 1.45% Medicare) for wages up to \$110,100. All wages over \$110,100 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).

***NOTE: As of this publication, Section 601 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which reduced the portion of the OASDI payroll tax paid by the employee by 2 percentage points for wages and salaries paid in calendar year 2011, is set to expire December 31, 2011. Please access "What's New" on ETF's Internet site at <http://etf.wi.gov> for updates on a possible extension of this reduction.**

- **Retirement Earnings Test for 2012**

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* 2012, the annual exempt amount in 2012 is \$14,640. For people attaining Social Security NRA *in* 2012, the annual exempt amount is \$38,880. 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 the following link: <http://www.socialsecurity.gov/OACT/COLA/rtea.html>

- **2012 Earnings Requirement for One-Quarter Credit for Social Security**

In 2012, the amount of earnings required for a Social Security credit (one quarter of coverage) will increase to \$1,130 (\$2,260 will earn two quarters, etc.).

- **2012 Benefit Cost-of-Living Adjustment (COLA)**

There will be a 3.6 percent COLA increase for 2012.

- **Election Worker Exclusion for 2012**

The earnings exclusion for election workers remains at \$1,500 for the calendar year beginning January 1, 2012.

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.

Contact

For more information, please contact Diana Felsmann, Department of Employee Trust Funds, at (608) 261-8944 or e-mail diana.felsmann@etf.state.wi.us.