

Sent: Tuesday, December 17, 2013 3:53 PM
To: HR Newsletter Distribution
Subject: HR Heads Up - 2014 benefit tax changes

Below is an update on 2014 benefit taxes. Feel free to forward this to your employees who would be interested – particularly those who are highly compensated.

Social Security Tax (*Fed EE Social Security on your paystub*)

Current: 6.2% on taxable wage base of \$113,700. Maximum \$7,049.40 deduction

NEW 1-1-2014: Same 6.2%, but taxable wage base increases to \$117,000. Maximum \$7,254 deduction.

Medicare Tax (*Fed EE Medicare on your paystub*)

No change. Remains 1.45% on all taxable wages, plus 0.9% Additional Medicare Tax on earnings over \$200,000.

UA Retirement Plan Limits

Maximum UAMS employer contribution or “match” remains 10% per paycheck, not to exceed \$26,000.

UAMS contributions can only be made on your first \$260,000 of earnings. This is based on the IRS 401(a) Annual Compensation Limit of \$260,000 for 2014. UAMS contributions will cease for the rest of the tax year once your compensation reaches \$260,000.

Maximum Deferral Limit for 403(b) remains \$17,500. The additional “age 50 catch-up” remains \$5,500.

These limits on your personal contributions apply separately to the 403(b) and 457(b) plans. That means you enjoy “double” the tax-deferred limit. An employee under the age of 50 could contribute \$17,500 x 2 for a total of \$35,000, all pre-tax. An individual age 50 or older could contribute (\$17,500 + \$5,500) x 2 for a total of \$46,000, all pre-tax.

IMPORTANT: if you make tax-deferred contributions to another employer plan such as the VA Thrift Savings Plan, it is up to you to monitor your deferrals to make sure your combined contributions don't go over this limit. If you give us an estimate of other employer contributions at the beginning of each tax year, we can assist you. Here is the [2014 form](#) to do that.

Visit the [Benefits Forms website](#) and scroll down to the UA Retirement Plan section to find the form to change your retirement contribution. You can change your contribution at any time.

For more information visit our [UA Retirement Plan website](#). Check out the bucket illustration to see how your contributions flow from the 403(b) plan to the 457(b) plan.

If you need help calculating the percentage you should contribute to hit a certain dollar amount in 2014 -- for example, to tax-defer as much as you can -- call HR Employee Services at 686-5650. You will need to provide us with your best estimate of your 2014 UAMS salary.

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Benefit or HR questions? Check out www.hr.uams.edu.
Or contact HR Employee Services at (501) 686-5650 or askhr@uams.edu.