

From: Goins, Rebecca A
Sent: Tuesday, December 08, 2015 2:40 PM
To: HR Newsletter Distribution
Subject: HR Heads Up - 2016 benefit tax rates

The IRS has announced that the current Social Security and Medicare tax rates will not change in 2016. Retirement plan limits will also remain the same. Feel free to forward to your employees who would be interested – particularly those who are highly compensated.

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

No change. Remains 6.2% on taxable wage base of \$118,500. Maximum \$7,347 deduction for the year.

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

No change.

Maximum UAMS employer contribution or “match” remains 10% per paycheck, not to exceed \$26,500.

UAMS contributions can only be made on your first \$265,000 of earnings, per the IRS 401(a) Annual Compensation Limit. UAMS contributions will cease for the rest of the calendar year once your compensation reaches this amount.

Maximum Deferral Limit remains \$18,000. The additional “age 50 catch-up” remains \$6,000.

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 \$18,000 x 2 for a total of \$36,000, all pre-tax. An individual age 50 or older could contribute \$18,000 + \$6,000, x 2, for a total of \$48,000, all pre-tax.

IMPORTANT: if you make tax-deferred contributions to another employer plan (such as the VA Thrift Savings Plan), it is your responsibility 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 [2016 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 2016 -- for example, to tax-defer as much as you can – here is a [tip sheet](#) to help you reach

your goal. Or call HR Employee Services at 686-5650 to ask for a calculation. You will need to provide us with your best estimate of your 2016 UAMS salary.

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Benefit or HR questions? Please visit www.hr.uams.edu.
Or contact HR Employee Services: phone (501) 686-5650, email askhr@uams.edu.