

Updated 3-27-2018

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To: HR Newsletter Distribution <HRNewsletterDistribution@uams.edu>; Office of Human Resources <OfficeofHumanResources@uams.edu>

Subject: HR Heads Up - 2018 benefit tax changes

Here are the benefit tax amounts for 2018, as recently announced by the IRS. 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)

Current: 6.2% on taxable wage base of \$127,200. Maximum \$7,886.40 for the year.

NEW 1-1-2018: Same 6.2%, but taxable wage base increases to ~~\$128,700~~ \$128,400. Maximum ~~\$7,979.40~~ \$7,960.80 for the year.

UPDATE:

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. But the maximum increases from \$27,000 to \$27,500.

UAMS contributions will only be made on your first \$275,000 of earnings in 2018. This is based on the IRS 401(a) Annual Compensation Limit of \$275,000. UAMS contributions will cease for the rest of the tax year once your compensation reaches this amount. This limit does not impact your personal contributions.

Maximum Deferral Limit increases from \$18,000 to \$18,500. The additional “age 50 catch-up” limit 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 limit. An employee under the age of 50 could contribute \$18,500 x 2 for a total of \$37,000, all pre-tax and/or Roth after-tax. An individual 50 or older could contribute \$18,500 + \$6,000, x 2, for a total of \$49,000. Only your voluntary contributions apply to this limit. The required contribution (which is 2% now, will gradually increase to 5% by July 2020) is excluded.

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 exceed this limit. If you give us an estimate of other employer contributions at the beginning of each tax year, we can assist you.

Visit the [Benefits Forms website](#) and scroll down to the UA Retirement Plan section to find retirement forms, including the form to change your contribution. You can change how much you want to voluntarily contribute at any time.

For more information about the UA Retirement Plan, click [here](#).

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