INFORMATIONAL CIRCULAR NO.:   21-P-006   *Supersedes 20-P-014*

DATE:	October 14, 2020
SUBJECT:	Change in Social Security Base Rate
EFFECTIVE DATE:	January 1, 2021
OAR CONTACT:	Carmen Waters (785) 296-7059 (Carmen.Waters@ks.gov)
APPROVAL:	
SUMMARY:	Social Security Wage Base Increase to $142,800 effective January 1, 2021

The Social Security wage base for OASDI will be $142,800 for calendar year 2021. This is a $5,100 increase from the wage base of calendar year 2020 of $137,700. The OASDI tax rate for 2021 will be 6.2% for both employees and employers. The maximum OASDI employee contribution for 2021 will be $8,853.60.   There continues to be no limit on wages subject to the Medicare tax in 2021. Medicare tax rates for employers and employees remain at 1.45%. However, wages paid in excess of $200,000 will be subject to an additional 0.9% Medicare tax that will only be withheld from employees' wages. Employers will not pay the extra tax.

For Federal employees at Kansas State University who were hired prior to January 1, 1984, the employee contribution rate for reduced FICA remains at 1.45 % on all wages subject to the tax (there has been no maximum contribution since January 1, 1994). Federal employees hired after January 1, 1984 will have a maximum contribution of $8,853.60 for OASDI and no maximum for Medicare. The employer and employee rates continue to be the same, with wages paid in excess of $200,000 subject to the additional 0.9% Medicare tax that will only be withheld from employees' wages.

For Kansas Police and Fireman's program participants who are subject to the mandated Medicare coverage, the contribution rate remains at 1.45% on all wages subject to the tax (there has been no maximum contribution since January 1, 1994) with the additional 0.9% tax that will only be withheld from employees' wages in excess of $200,000.

The Office of Accounts and Reports, Payroll Systems Team is responsible for making the necessary updates to the SHARP payroll system. Regents' institutions are responsible for ensuring these changes are reflected in their individual systems.

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