

Personnel Employee Bulletin

February 02, 2011

Social Security Withholding Rate (temporary) Reduction

The "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010" provides that during 2011 the Social Security employee tax rate will be temporarily decreased from 6.2% to 4.2%.

The maximum taxable income from which Social Security taxes are withheld from employee earnings in 2011 is \$106,800, unchanged from 2010.

Social Security payroll deductions for employees covered by the Federal Employees' Retirement System (FERS), Civil Service Retirement System Offset (CSRS-offset), and for employees covered only by Social Security, will decrease by 2%, up to the maximum taxable income of \$106,800. There will be no withholdings for Social Security once an employee's earnings exceed \$106,800.

Retirement payroll deductions for FERS employees will remain unchanged and, as usual, will continue to have a .8% (1.5% for a special retirement category) retirement deduction for FERS from all earnings, including those exceeding \$106,800.

CSRS-offset employees will have the 4.2% Social Security deduction and a .8% (1.5% for a special retirement category) retirement deduction for CSRS from earnings up to \$106,800. The full CSRS deduction (7% regular/7.5% special) will be withheld from earnings that exceed \$106,800.

Since CSRS employees do not pay into Social Security, there will be no change in regular retirement system deductions.

All employees covered by Social Security only and not covered by a retirement system, such as temporary employees, will have a 4.2% Social Security deduction for all earnings up to \$106,800.

The aforementioned change was effective on Leave and Earning statements dated January 7, 2011.

To contact your servicing DLA Human Resources Services, please reference the following link: <http://www.hr.dla.mil/cntctus.htm>. The Personnel Employee Bulletin is normally published the first Wednesday of each month.