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TO: All State Agencies

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DATE: December 28, 2020

SUBJECT: Fiscal Year 2021 Employer Paid Fringe Benefits Rates - **REVISED**
January, 2021

Department of Budget and Management has revised retirement subsidies for certain pension systems. Attached is the adjusted retirement rates for Fiscal Year 2021 Employer Paid Fringe Benefits. **The revised rates will be effective for RG system PPE 01/12/2021 and UM system PPE 01/16/2021.** New rates will be implemented with the cash payday January 20th for Regular system, January 22nd for University system.

Retirement/Pension Subsidy - New rates (bold) are provided for most State Systems.

EMPLOYER PAID FRINGE BENEFITS

1. Retirement/Pension Subsidy - This subsidy is applied by the Statewide Payroll System when the employee is established in a retirement or pension system. It is computed as a percent of the stated annual salary, divided by the number of pay period ending dates for the fiscal year over which the employee's deduction would be active (divisor column below) and taken as a fixed amount from the first dollar of wages. This subsidy is charged whenever wages are paid, even if by nature of the plan the employees do not make a contribution or do not make a contribution until reaching the value of the OASDI FICA wage base (**\$142,800 in calendar 2021**). However, if the employees are required to make a contribution and have insufficient wages for their own contribution, no subsidy will be charged.

<u>Employer Paid Deduction</u>						<u>Related Employee Paid Deductions</u>	
Deduction Code	Pay Stub Description	R*STARS Object	Accounts COM Sub-Object	FY 2021 Rate	Divisor	Deduction Code	Pay Stub Description
73	RET/PEN SUB	01	0163	16.34%	20	08*	ST TCHR RETMT
		01	0161	22.05%	26	09*	ST EMP RETMT
		01	0165	79.91%	26	10*	ST POL RETMT
		01	0166	40.27%	12	11*	JUDGES RETMT
		01	0166	40.27%	12	AE	JUDGES NONCTRB
		01	0161	22.05%	12	12*	LEGIS RETMT
		01	0161	22.05%	12	CB	LEGIS NONCTRB
		01	0164	16.34%	20	17*	ST TCHR PENS
		01	0164	16.34%	20	DA*	ST TCH ALT PEN
		01	0162	22.05%	26	18*	ST EMP PENSION
		01	0162	22.05%	26	DC*	ST EMP ALT PEN
		01	0169	45.90%	26	BQ*	LAW ENF RETMT
		01	0169	45.90%	26	BR*	LAW ENF PENS
		01	0168	7.25%	20	28	TIAA NCTR ORP
		01	0168	7.25%	20	DH	FDLTY NCTR ORP
73	SCHOOL FOR DEAF	01	0162	22.05%	21	BY **	ST MSD EMP MOD
95	FED EMP SAVSUB	01	0199	Fixed Amt	NA	30	FED EMP SAVING
98	FCSRET SUBSIDY	01	0170	7.00%	NA	19	FCS RETMT
97	FERS RET SUB	01	0170	13.70%	NA	96	FERS RETMT

Agencies with employees who have Baltimore City Retirement or Pension (Deductions 15, BC or BW) or County Retirement or Pension (Deduction 44) are responsible for directly remitting the matching employer share to the appropriate office and charging the proper object and Comptroller of Maryland (COM) sub-object through R*STARS.

* All employee contributions for these systems are Federal income tax sheltered but continue to be taxable for FICA (Social Security) and Maryland State income tax.

** Represents 21 pay non-faculty employees with the Maryland School for the Deaf.

EMPLOYER PAID FRINGE BENEFITS

2. FICA (Social Security) Subsidy - This subsidy is applied by the Statewide Payroll System when the employee is FICA taxable and pays the employee share of FICA. Employees that are automatically excluded as non-FICA taxable are students, patients and inmates on the Special Payments Payroll (CT). Others may be excluded by filing the FICA exemption card. When the employee reaches the FICA OASDI (Old Age, Survivors, and Disability Insurance) tax wage base (**\$142,800 in 2021**), the Medicare (Hospital Insurance) tax alone is applied to the additional wages without any wage base limitation.

<u>Employer Paid Deduction</u>				*****	<u>Related Employee Paid Deductions</u>		****
Deduction Code	Pay Stub Description	R*STARS Object	COM Sub-object	CAL 2021 Rate	Deduction Code	Pay Stub Description	
FS	FICA Subsidy	01	0151 (for RG & UM pmts)	7.65% for wages up to \$142,800 and 1.45% for wages over \$142,800 without any wage base limitation	SS	FICA/MED	
		02	0213 (for CT payments)		For employee Medicare withholding see note below		

NOTE: The wage base for the FICA OASDI taxes in calendar 2021 is announced prior to January 1, 2021.

3. Medicare Insurance Subsidy - This subsidy is applied by the Statewide Payroll System when the employee is only Medicare Insurance taxable and pays the employee share of Medicare Insurance. It applies to Federal Civil Service Employees on the University of Maryland Payroll and new members of the State Police Retirement System and the Baltimore City Fire and Police system on the Regular Payroll who entered State employment on and after April 1, 1986. The employee and employer shares of Medicare Insurance Tax are applied to every dollar of Medicare Insurance taxable wages.

<u>Employer Paid Deduction</u>				*****	****	<u>Related Employee Paid Deductions</u>		****
Deduction Code	Pay Stub Description	R*STARS Object	COM Sub-Object	CAL 2020 Rate	Deduction Code	Pay Stub Description		
MS	MEDICARE IN SUB	01	0151	1.45%	MT	FICA/MED		

NOTE: The employee pays a Medicare rate of 1.45% on all wages up to and including \$200,000. Employee pays a Medicare rate of 2.35% on all wages over \$200,000.

EMPLOYER PAID FRINGE BENEFITS

4. Health Insurance Subsidies -These subsidies are applied by the Statewide Payroll System when the employee is enrolled in a health plan and pays the employee and/or employee & domestic partner health premiums. For bi-weekly employees in Calendar Year 2021, two pay periods of the year are omitted for both the employee and employer contribution since the premium is only taken 24 times per year. Monthly employees pay their premium each time they are paid. Employee and employer health rates are applied at the direction of the Department of Budget and Management. All employee payroll deductions for themselves and/or their family health plan selections are taken on a pre-tax basis. All payroll deductions for domestic partner health coverage are taken on a post-tax basis.

*****				*****		*****	
<u>Employer Paid Deductions</u>						<u>Employee/Domestic Partner Deductions</u>	
Deduction Code	Pay Stub Description	R*STARS Object	Accounts COM Sub-Object	FY 2021 Rate	Deduction Code	Pay Stub Description	
90	HEALTH INS SUB*	01	0152	Fixed amount to make up total premium			
						Employee Coverage	
					42	CF BCBS PPO	
					47	CF BCBS EPO	
					49	UHC PPO	
					58	CF BCBS POS	
					64	UHC EPO	
					FQ	Kaiser IHM	

EMPLOYER PAID FRINGE BENEFITS

4. Continued

AJ	PHARMACY SUB	01	0152	Employee Coverage
				AH PHARMACY PLAN

AQ	DENTAL SUBSIDY	01	0152	Employee Coverage
				AP UCC DENTL DPPO
				FL DELTA DENTAL

* Vision Plan and Vision Subsidy are now included in the health plan and health subsidy program.

5. Special Subsidy - This subsidy is applied by the Statewide Payroll System as a percentage of the agency charge for Health Insurance Subsidy, Dental Subsidy and Pharmacy Subsidy. This subsidy will be charged to agencies for Fiscal Year 2021 per the Department of Budget and Management.

*****		<u>Employer Paid Deduction</u>		*****		<u>Related Employee Paid Deductions</u>		*****	
Deduction Code	Pay Stub Description	R*STARS Accounts Object COM Sub-Object	FY 2021 Rate	Deduction Code	Pay Stub Description				
None	None	01 0154	52.00%	None	None				

* The Special Subsidy will not be charged for those individuals who are not eligible for or do not participate in any retirement or pension system. Participants in the optional retirement systems will be charged a Special Subsidy which is one-half that for other eligible employees (26.00% versus 52.00%). This is the budgeted rate for Fiscal Year 2021.

EMPLOYER PAID FRINGE BENEFITS

6. Other Post-Employment Benefits (OPEB) - This subsidy is applied by the Statewide Payroll System as a percentage of the agency charge for Health Insurance Subsidy, Dental Subsidy and Pharmacy Subsidy. This subsidy will be dormant for Fiscal Year 2021 per the Department of Budget and Management.

***** <u>Employer Paid Deduction</u>				*****	<u>Related Employee Paid Deductions</u>		****
Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2021 Rate	Deduction Code	Pay Stub Description	
None	None	01	0157	-0-	None	None	

* The OPEB Subsidy when active is not charged for those individuals who are not eligible for or do not participate in any retirement or pension system. Participants in the optional retirement systems would normally be charged a Special Subsidy which is one-half that for other eligible employees.

7. Unemployment Insurance Premium - This premium is applied by the Statewide Payroll System when the employee is Unemployment Insurance eligible and is computed on all wages paid, less qualified cafeteria plans and dependent care assistance plans. Employees that are automatically excluded as ineligible are legislators, and other elected officials, on the Regular Payroll (RG) and students, patients and inmates on the Contract Payroll (CT). Others may be excluded by filing the UI exemption certification. The system is designed to accept an agency specific rate, although currently all agencies are charged a standard rate.

***** <u>Employer Paid Deduction</u>				*****	<u>Related Employee Paid Deductions</u>		****
Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2021 Rate	Deduction Code	Pay Stub Description	
74	UNEMPL INS SUB	01	0174 (for RG & UM pmts)	0.00%	None	None	
		02	0214 (for CT payments)				

EMPLOYER PAID FRINGE BENEFITS

8. Supplemental Retirement Plan Match Program - There will be no match program for FY 2021. Therefore no employer paid deduction will be made.

<u>Employer Paid Deduction</u>				<u>Related Employee Paid Deductions</u>		
Deduction Code	Pay Stub Description	R*STARS Object	Accounts COM Sub-Object	FY 2021 Rate	Deduction Code	Pay Stub Description
FA	MATCH TO MSRP	01	0172	No employer match	39 BP 99*	DEF COMP 401K-SAVE 403B TSA PLAN
FF	MATCH TO FIDELITY	01	0172	See FA	68* 70*	FDLTY 403 B FDLTY 457B
FE	MATCH TO TIAA	01	0172	See FA	40* BS*	TIAA 403 B TIAA 457B

* Available to employees at institutions of higher education only. Employee Benefits Offices at the Colleges and Universities will have additional information.
NOTE: All subsidy rates are current as of the date of publication but are subject to change based upon federal legislation, state legislation or administrative actions, as applicable.