



DATA2000

March 2018

To Our Payroll Clients:

Most states have mailed the 2018 unemployment contribution rates to employers; however, there are some states that change their unemployment rate on a fiscal basis, not on a calendar basis. For Connecticut employers, the state sent out updated rates at the beginning of January 2018. Other states issued them in late January and for the few states reporting on a fiscal basis, the rate changes in July. It is imperative you send us the new rate every year to insure we correctly calculate the quarterly state unemployment tax.

The 2018 Social Security Wage base is \$128,400.00, up from \$127,200.00 in 2017. The 2018 maximum contribution to Social Security is \$7,960.80. All wages subject to Social Security are also Medicare taxable at a rate of 1.45%, but there is no Medicare wage base, so all earned wages are subject to this tax. The supplemental Medicare tax for wages over \$200,000.00 remains in place. Also, the elective deferral limit for 401(k) retirement plans increased to \$18,500, up from \$18,000.00 in 2017 (\$24,500 for ages 50 and over). There were no changes for Simple IRAs, \$12,500 (\$15,500, ages 50 and over) and traditional IRAs \$5,500 (\$6,500 for ages 50 and over).

It is very important that you forward to us all third party sick pay reports as soon as you receive them from your insurance company or the state. This data is needed to compute and pay the employer's portion of the Social Security and Medicare taxes, process the quarterly payroll and include the payments on the employee's W-2. Incorporating this information into the payroll during the year reduces the risk of re-running year-end reports and the possibility of late payment penalty and interest charges from the Internal Revenue Service. Also, you should notify your insurance company that Data 2000 will be including the third party sick pay on the W2s.

Data 2000 offers:

- One free month's service to existing clients who refer new committed business. We know word of mouth is important and we want to reward our clients for spreading the word about our business. If you know of anyone that would benefit from our services, please let us know.
- We support 'pay as you go' workers compensation insurance. Instead of prepaying for the year and waiting for an audit to determine the actual amount due, we can report the actual wages per payroll and submit the calculated premium using the correct rate codes.
- Our website <https://data2000.biz> offers employer/employee access to payroll information, including pay stubs and W2s, along with the ability to submit your payroll online and the ability to easily compile census information for year end reporting.
- Emailing of employee direct deposit stubs directly to them along with payroll reports emailed to the employer.

If you are interested in any of the above services, please let us know.

We appreciate your continued business and are always interested in any suggestions you may have to improve our services to you.

Very Truly Yours,

Charles Mayer
Member

Uc2letter18