

INFORMATION Bulletin

Date: August 8, 2023

To: All MSII, O/A and Queens TSO Supervisors

RE: Deferred Compensation & FICA Taxes

Just a reminder if you defer **any amount** of your retroactive pay you will still pay:

Social Security tax	6.2%
& Medicare tax	<u>1.45%</u>
	7.65% in taxes on the deferred

portion of your retroactive pay.

If you designate the **entire amount** of the retroactive, **your regular take home pay will be reduced by the 7.65%** in taxes owed on the retroactive portion.

Example:

Entire Retroactive =	\$5000
FICA taxes =	X <u>7.65%</u>
Amount owed =	\$382.50
Deferred amount =	\$4617.50

If you designate the entire amount the authority is going to defer the entire amount not taking into account the FICA taxes owed on the designation. From this example your take home pay will be reduced by the approximate \$382.50 that is owed on the retroactive amount.

Please consider this when formulating your designation.

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