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Division of Accounts and Reports

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INFORMATIONAL CIRCULAR NO: 97-P-008

DATE: December 2, 1996

SUBJECT: Change in Social Security Base Rate for Wages Paid On or After January 1, 1997

EFFECTIVE DATE: January 1, 1997

A & R CONTACT: Payroll Services - (913) 296-3146

APPROVAL:

SUMMARY: Social Security Wage Base Increases to \$65,400 effective January 1, 1997

Beginning January 1, 1997 the social security wage base for OASDI will be increased. The employee and employer contribution rates will remain the same.

The OASDI wage base will increase to \$65,400, up from the 1996 wage limit of \$62,700. The employee contribution rate remains at 6.2% with a maximum employee contribution of \$4,054.80. There is no limit on the Medicare wage base. The employee and employer contribution rates for the Medicare tax remain at 1.45%.

For Federal employees at Kansas State University who were hired before January 1, 1984, the employee contribution rate for reduced FICA remains at 1.45% and beginning January 1, 1994, there is no maximum. Federal employees hired after January 1, 1984 will have a contribution maximum for OASDI of \$4,054.80 and HI (Medicare) will have no maximum. The employer rates remain the same as the employee rates.

For Kansas Police and Fireman's program participants who are subject to the mandated Medicare coverage, the contribution rate remains at 1.45% and beginning January 1, 1994 there is no maximum.

The Department of Administration will make all of the necessary changes in the computation of payroll for SHARP agencies. Regents Institutions are responsible for implementing the new base rate changes in their respective payroll systems effective with all payroll warrants issued on or after January 1, 1997.

SAM:JJM:LK:sj