



The Kentucky Division of Social Security

...leading the way

Local Government Edition

<http://sssa.state.ky.us>

According to Doyle...

We of the Division of Social Security want to thank everyone who attended one of our 2001--A Payroll Tax Odyssey seminars. Beginning with the first session at Somerset on October 1 through the last in Elizabethtown on October 31, more about a thousand people representing more than 700 Kentucky public employers came to a seminar.

The agenda of the seminars covered a wide range of federal and state employment tax issues, and, for the first time, an afternoon session dedicated to a single topic was incorporated.

In the morning sessions, DOSS representatives, Daryl Dunagan and I, and Gloria Maupin and Steve Seithers from the SSA discussed social security and medicare benefit, coverage and reporting issues. Ray McLennan, representing the IRS, addressed such topics as the employer/employee relationship (to withhold or not to withhold) and reporting fringe benefits such as employer provided vehicles. Various representatives from the state's Department for Local Government and Kentucky Retirement System discussed many employer issues.

Bruce Karem, also from the IRS, led the afternoon session which was dedicated to solely to 403(b) annuity plans for education agencies and the law changes for the 457 deferred compensation plans.

All in all, there was a lot of information presented at the seminars for those who were able to attend. I would very be interested to hear your comments on the sessions.

2002 is almost here and the DOSS is ready. On our web site (<http://sssa.state.ky.us>) we have the 2002 Form W-4, the 2002 Form W-5 (for AEIC) and Circular E which contains the 2002 tax tables. You can down load this material a lot quicker than trying to call the IRS this time of the year. We are also ready to assist you with any matters involving the IRS and the SSA--just give us a call (**502/564-3952**).

On behalf the DOSS staff--Connie Eggen, Jim Clarke and Daryl--I wish everyone a happy holiday season and best wishes for a successful 2002.

Patrick L. Doyle

Director, Division of Social Security

The Commonwealth of Kentucky does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the providing of services and will provide, upon request, reasonable accommodation including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.

WHERE TO FILE FORMS W-2 and W2c

Employers must use the appropriate mailing address depending on whether magnetic tape, cartridge, diskette or paper is being used AND the carrier chosen to deliver the medium (US Postal Service or a private carrier such as FedEx or UPS).

Tapes and Cartridges with Forms W-2

U.S. Postal Service

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
P.O. Box 33009
Baltimore, MD 21290-3009

Diskettes with Forms W-2

U.S. Postal Service

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
P.O. Box 33014
Baltimore, MD 21290-3014

Tapes, Cartridges, Diskettes with Forms W-2

Private Delivery Service

Social Security Administration
AWR Magnetic Media Processing
5-F-17, NB, Metro West
300 N. Green Street
Baltimore, MD 21290-0300

Paper Forms W-2/W-3 (Current Year)

U. S. Postal Service

Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001
(for Certified Mail Use ZIP code 18769-0002)

Paper Forms W-2/W-3 (Current Year)

Private Delivery Service

Social Security Administration
Data Operations Center
Attn: W-2 Process
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Paper Correction Forms W2c/W3c

U.S. Postal Service

Social Security Administration
Data Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333

Paper Correction Forms W2c/W3c

Private Delivery Service & Certified

Social Security Administration
Data Operations Center
Attn: W-2C Process
1150 E. Mt. Drive
Wilkes-Barre, PA 18702-7997

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**Paul E. Patton, Governor
Patrick L. Doyle, Director**

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Now on the Division of Social Security Web Site

<http://sssa.state.ky.us>

The following items for the year 2002 are now available:

- Form W-4--Changes the amount of federal income tax withholding from wages
- Form W-5--Earned Income Credit advance payment certificate
- Publications 15, 15A and 15B

NEWS DIRECT FROM THE SSA--

Two New Web Sites from Social Security

W-2 ONLINE

If you are an employer who will report 10 or less W-2 forms for Tax Year 2001 then Online W-2 is the reporting method for you! You can complete up to 10 Forms W-2 right on your computer, electronically submit them to SSA, and print copies suitable for distribution to your employees! This new option will be available on January 7, 2002.

Just follow two simple steps:

1. Go to www.ssa.gov/employer and click *Employer Services Online*. Select *Registration* and follow the prompts. You'll be issued a Personal Identification Number (PIN) immediately. They'll mail you a temporary password within 10 to 14 days. You must change the password right away to one you personally select.
2. Then, anytime between January 7, 2002 and April 1, 2002, go back to *Employer Services Online*, click *Online Wage Reporting Service*, and select *Use W-2 Online*. Type in the employee information on the W-2 and totals on the W-3 screens. A link will be provided for sending your forms electronically to Social Security and allow you to print copies of the W-2's and W-3. (Note--you will have to transmit the file to the SSA before you can print the employee copies, thus you will want to transmit prior to 01/31/01 if you want to use these W-2 copies to send to the employee.)

Everything you need to know about filing Forms W-2 electronically with Social Security can be found in the **Employer Services Online Handbook**. To view and print the Handbook, go to www.ssa.gov/employer and click *How to File*, or if you have further questions call 800-772-6270, for general electronic filing questions, and 888-772-2970, for technical connection and transmission questions.

State and Local Government Employers

This new web site (<http://www.ssa.gov/slge>) is designed specifically for governmental employers to obtain federal information about the unique Social Security or Medicare coverage provisions for their employees. You'll want to bookmark this address and check it out regularly.

Electronic Filing of Form W-2 is Here Today

Hey, instead of sending Social Security your W-2 diskette, tape, or cartridge for Tax Year 2001, send the file ELECTRONICALLY via the **INTERNET!** Why risk having your file damaged or lost while mailing, when you can now send it electronically! You've already got the W-2 file on your computer, so save yourself some time and trouble by sending it over the Internet! (The State of Kentucky sent over 63,000 W-2's electronically last year and the wage information was posted to their employees' records within two weeks!)

Here are the advantages:

- It is **free, fast and secure**.
- It saves time and **reduces filing burden**.
- It offers a **later filing deadline** (the due date for electronically filed W-2's is April 1, 2002 versus February 28, 2002 for all other filing methods).
- It provides an **electronic receipt for proof of filing**.
- You can **track the status** of your W-2 report as it's processed within Social Security.
- It is completely **paperless** process (no Forms 6559 needed), and more.
- **Free software** (called Accuwage) is available to test your report accuracy before submitting your file.
- Social Security provides **free technical support** using a toll-free number (1-888-772-2970).

How to Start: Everything you need to know about filing Forms W-2 Electronically with Social Security can be found in the **Employer Services Online Handbook**. To view and print the Handbook, go to www.ssa.gov/employer and click *how to file!*

2002 Social Security Facts and Figures

The wage base for social security in the year 2002 is \$84,900. The full amount of an employee's wages is taxable for Medicare purposes.

The social security tax rate is 6.2 percent on the employee's taxable wages up to the maximum amount that is established each year by the Social Security Administration. The Medicare tax rate is 1.45 percent on the employee's taxable wages. Medicare wages paid prior to January 1, 1994 are subject to a maximum wage base established by the SSA. The total taxable wages are subject to the 1.45 percent medicare withholding.

The election worker exclusion is adjusted each year to reflect changes in the economy. The 2002 threshold amount is \$1,200 a year.

Social Security Tax	1998	1999	2000	2001	2002
Employee rate	6.20%	6.20%	6.20%	6.20%	6.20%
Employer rate	6.20%	6.20%	6.20%	6.20%	6.20%
Maximum wages	\$68,400	\$72,600	\$76,200	\$80,400	\$84,900

Medicare Tax

Employee rate	1.45%	1.45%	1.45%	1.45%	1.45%
Employer rate	1.45%	1.45%	1.45%	1.45%	1.45%

Other Wage Information

Earnings required for one quarter coverage	\$700	\$740	\$780	\$830	\$870
Annual increase in benefits	2.10%	1.30%	2.40%	3.50%	2.60%
Government Control Employee	\$110,700	\$110,700	\$114,500	\$117,600	not available
Expiration of statute of limitations	4/15/02	4/15/03	4/15/04	4/15/05	4/15/06
Election worker exclusion	\$1000/yr	\$1,000/yr	\$1,100/yr	\$1,100/yr	\$1,200/yr

Miscellaneous Information

Standard Mileage Rate	32.5 ¢	32.5¢: Jan 1-Mar 31 31¢: Apr 1-Dec 31	32.5¢	34.5¢	36.5¢
Cents Per Mile Rule—Maximum car value	\$15,600	\$15,500	\$15,400	\$15,400	not available
Relocation and Medical Rate	10¢	10¢	10¢	12¢	13¢