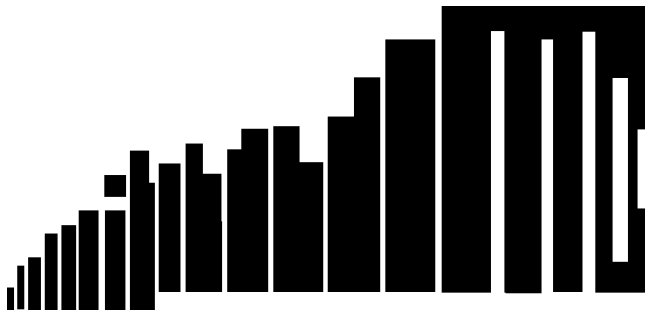


Please distribute this informational release to all appropriate payroll or finance officials within your organization.



Paul E. Patton, Governor
John P. McCarty, Secretary

Edgar C. Ross, Controller
Patrick L. Doyle, Division Director

Division of Social Security

Finance & Administration Cabinet
Division of Social Security
P.O. Box 557
Frankfort, KY 40601
502/564-3952

Winter 1998

According to Doyle...

The Division of Social Security wants to thank everyone who attended one of our 27 *Public Payroll '98* seminars. Beginning with the first session in Lebanon on September 29 through the last in Louisville on November 19, about a thousand payroll officials representing about 800 Kentucky public employers came to a seminar.

The seminars started out as small group break out sessions with the DOSS, the Internal Revenue Service, the Social Security Administration and the state Revenue Cabinet and Department for Local Government each making three 20-minute (or so) presentations during the seminar. That proved somewhat popular with the attendees, but it quickly wore out the presenters, especially when two seminars were scheduled in the same day. After about two weeks, we reverted to the large group format with each agency representative having much more time to cover the material.

The agenda of the seminar remained constant throughout. The DOSS representative, usually Daryl Dunagan, and Steve Seithers from the SSA discussed social security and medicare benefit, coverage and reporting issues. The IRS representatives (Mitch Childress, Lynn Shelton and Don Winn rotated the duties) addressed such topics as the employer/employee relationship (to withhold or not to withhold) and reporting fringe benefits such as employer provided vehicles, uniforms and non-overnight travel. Tom Armstrong and Joe Morris from DLG talked about the financial operating requirements of local governments. The many representatives of the Revenue Cabinet discussed state tax reporting. 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.

1999 is almost here and the DOSS is ready. On our web site (<http://www.state.ky.us/agencies/finance/depts/ss/divss.htm>) we have the 1999 Form W-4, the 1999 Form W-5 (for AEIC) and Circular E which contains the 1999 tax tables. You can down load this material a heckuva 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).

Ah...this time of the year...great food, giving, great food, receiving, great food, moments of reflection, great food...On behalf the DOSS staff--Darlene Pennington, Betty Oberlin, Jim Clarke and Daryl--I wish everyone a happy holiday season and a successful 1999.

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.

1999 Social Security Facts and Figures

Social Security Tax Information	1995	1996	1997	1998	1999	2000
Employee & Employer rate	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Maximum wages	\$61,200	\$62,700	\$65,400	\$68,400	\$72,600	
*Projected Maximum						*\$73,800
* The maximum wages subject to social security for the next calendar year are calculated and announced by the Social Security Administration each fall.						
Medicare Tax Information	1995	1996	1997	1998	1999	2000
Employee & Employer rate	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
**Maximum wages	Total	earnings	are	taxable	for	medicare
** Public Law 103-82 repealed the medicare wage base, effective January 1, 1994.						
Social Security Benefit Information	1995	1996	1997	1998	1999	2000
Earnings required for one quarter coverage	\$630	\$640	\$670	\$700	\$740	
Exempt amounts under annual earnings test						
Under age 65	\$8,160	\$8,280	\$8,640	\$9,120	\$9,600	
Age 65-69	\$11,280	\$12,500	\$13,500	\$14,500	\$15,500	\$17,000
70 and older	No limit	No limit	No limit	No limit	No limit	No limit
Avg. monthly SS benefit for individuals	\$702	\$724	\$749	\$770	\$780	
Avg. monthly SS benefit for couples	\$1,184	\$1,220	\$1,261	\$1,293	\$1,310	
Annual increase in benefits	2.80%	2.60%	2.90%	2.10%	1.30%	
Social security benefit information for the next calendar year are calculated and announced by the Social Security Administration each fall.						
Other Employer Information	1995	1996	1997	1998	1999	2000
Government Control Employee	\$108,200	\$108,200	\$108,200	\$110,700		
Expiration of statute of limitations	4/15/99	4/15/00	4/15/01	4/15/02	4/15/03	4/15/04
Election worker exclusion	\$1,000/yr	\$1,000/yr	\$1,000/yr	\$1,000/yr	\$1,000/yr	***
*** The election worker exclusion will be adjusted each year, after 1999, to reflect the changes in wages in the economy. SSA will announce the new threshold amount each fall.						

FICA Tax Rates and Wage Bases

The 1999 wage base for social security withholding is \$72,600. The full wage amount is taxable for Medicare purposes.

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

Because the maximums for social security and medicare are different, Forms W-2, W-3 and 941 require employers to report social security wages and taxes separately from medicare taxes and wages. Refer to the chart above for the current and projected wage maximums.