

**MEMORANDUM****TO:** All State Agencies**FROM:** Dhiren V. Shah  
Director, Central Payroll Bureau**DATE:** July 1, 2024**SUBJECT: Fiscal Year 2025 Employer Paid Fringe Benefits Rates**

The purpose of this memo is to inform you of the employer paid fringe benefits rates for fiscal year (FY) 2025.

A description of how each of the fiscal year 2025 benefits will be charged is provided below and a more detailed breakdown of the employer paid fringe benefits is provided in the attached table ("Table 1").

As a reminder, all employer paid fringe benefits are incorporated in the Statewide Payroll System (SPS) except for Worker's Compensation benefits. Worker's Compensation is billed annually to each agency by the Injured Workers' Insurance Fund.

- Retirement/Pension Subsidy - New rates are provided for most State Systems. New rates will be implemented pay period ending July 9, 2024 for the Regular system and pay period ending July 13, 2024 for the University system.
- Match of Employee Contributions to the Maryland Supplemental Retirement Plans (MSRP) [457, 403 (b) and 401 (k)] – This benefit includes a dollar-for-dollar match for qualifying MSRP participants, up to \$600 for FY 2025. Program requirements are as follows.
  - Membership in the State Employees' Alternate Pension system (ST EMP ALT PEN) on their pay stubs.



- Active participation in one of the three Supplemental retirement plans which are identified by Deduction Codes 39(DEF COMP), 99(403-B TSA PLAN), BP(401-K SAVE), BF(ROTH-457) and BG(ROTH-401K); all sponsored by the Maryland Supplemental Retirement Plans and administered by Nationwide.
- Employees who are working at institutions of higher education, who meet the first requirement AND who meet the second requirement by being a participant in one or more Deduction Codes such as BS(TIAA-457B); 40(TIAA-403B); 70(FDLTY-457B); 68(FDLTY-403B); BH(ROTH-403B-TIAA); BI(ROTH 403B-FIDELITY) in lieu of or in combination with one or more Nationwide administered plans.
- One employee can have several “SRA” deductions. The sum of all the match deductions in all state employment for the fiscal year cannot exceed \$600.00. See page 8 of the attachment for additional information.
- Unemployment Insurance Premium - The rate for FY 2025 will be 0.14%. Unemployment Insurance Wages exclude cafeteria plans, dependent and health care plans, and parking deductions.
- FICA (Social Security and Medicare) - The rate is unchanged through calendar year 2024.
- Medicare Insurance Subsidy - The rate is unchanged through calendar year 2024.
- Health Insurance Subsidies - Health Insurance subsidies will not be updated until January 1, 2025.
- Special Subsidy - The rate for fiscal year 2025 will be 61.20%. The Special Subsidy (retiree health subsidy) will appear on each Agency total page of the payroll and check register, the cost tape and subsequent R\*STARS transactions. It will not appear on the employee's earnings statement (pay stub):
- Other Post-Employment Benefits (OPEB) - This subsidy for fiscal year 2025 will not be funded.

Implementation will take place effective with the cash payday in July 2024 unless otherwise noted in the discussion above. The cash payday is July 3<sup>rd</sup> (PPE 6/25/2024) for employees in the regular system and July 5<sup>th</sup> (PPE 6/29/2024) for employees in the University system.

1. Retirement/Pension Subsidy - This subsidy is applied by the Statewide Payroll System when the employee is established in a retirement or pension system. It is computed as a percent of the stated annual salary, divided by the number of pay period ending dates for the fiscal year over which the employee's deduction would be active (divisor column below) and taken as a fixed amount from the first dollar of wages. This subsidy is charged whenever wages are paid, even if by nature of the plan the employees do not make a contribution or do not make a contribution until reaching the value of the OASDI FICA wage base (\$168,600 in calendar 2024). However, if the employees are required to make a contribution and have insufficient wages for their own contribution, no subsidy will be charged.

### Employer Paid Deduction

### Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Object	Accounts COM Sub-Object	FY 2025 Rate	Divisor	Deduction Code	Pay Stub Description
73	RET/PEN SUB	01	0163	16.71%	20	08*	ST TCHR RETMT
		01	0161	21.90%	26	09*	ST EMP RETMT
		01	0165	85.96%	26	10*	ST POL RETMT
		01	0165	85.96%	26	20*	ST POL NONCTRB
		01	0166	47.22%	12	11*	JUDGES RETMT
		01	0166	47.22%	12	AE	JUDGES NONCTRB
		01	0161	21.90%	12	12*	LEGIS RETMT
		01	0161	21.90%	12	CB	LEGIS NONCTRB
		01	0164	16.71%	20	17*	ST TCHR PENS
		01	0164	16.71%	20	DA*	ST TCH ALT PEN
		01	0162	21.90%	26	18*	ST EMP PENSION
		01	0162	21.90%	26	DC*	ST EM ALT PEN
		01	0169	46.56%	26	BQ*	LAW ENF RETMT
		01	0169	46.56%	26	BR*	LAW ENF PENS
		01	0169	46.56%	26	16*	LAW ENF NONCTR
		01	0168	7.25%	20	28	TIAA NCTR ORP
		01	0168	7.25%	20	DH	FDLTY NCTR ORP
73	SCHOOL FOR THE DEAF	01	0162	21.90%	21	BY**	ST MSD EMP MOD
95	FED EMP SAVSUB	01	0199	Fixed Amt	NA	30	FED EMP SAVING
98	FCSRET SUBSIDY	01	0170	7.00%	NA	19	FCS RETMT
97	FERS RET SUB	01	0170	13.70%	NA	96	FERS RETMT

Agencies with employees who have Baltimore City Retirement or Pension (Deductions 15, BC or BW) or County Retirement or Pension (Deduction 44) are responsible for directly remitting the matching employer share to the appropriate office and charging the proper object and Comptroller of Maryland (COM) sub-object through R\*STARS.

\* All employee contributions for these systems are Federal income tax sheltered but continue to be taxable for FICA (Social Security) and Maryland State income tax.

\*\* Represents 21 pay non-faculty employees with the Maryland School for the Deaf.

2. FICA (Social Security and Medicare) Subsidy - This subsidy is applied by the Statewide Payroll System when the employee is FICA taxable and pays the employee share of FICA. Employees that are automatically excluded as non-FICA taxable are students, patients and inmates on the Special Payments Payroll (CT). Others may be excluded by filing the FICA exemption card. When the employee reaches the FICA OASDI (Old Age, Survivors, and Disability Insurance) tax wage base (\$168,600 in 2024), the Medicare (Hospital Insurance) tax alone is applied to the additional wages without any wage base limitation.

## Employer Paid Deduction

## Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Accounts Object	COM Sub-Object	CAL 2024 Rate	Deduction Code	Pay Stub Description
FS	FICA Subsidy	01 (for RG & UM pmts)  02 (for CT payments)	0151  0213	7.65% FICA (total)  6.2% on Social Security wages up to \$168,600  1.45% on Medicare wages (no wage limit)	SS	FICA/MED  <b>See next section for MQGE subsidy</b>

NOTE: The employee pays a Medicare rate of 1.45% on all wages up to and including \$200,000. Employee pays a Medicare rate of 2.35% on all wages over \$200,000.

3. MQGE Insurance Subsidy – Medicare Qualified Government Employee (MQGE) subsidy is applied by the Statewide Payroll System when the employee is only Medicare Insurance taxable and pays the employee share of Medicare Insurance. It applies to Federal Civil Service Employees on the University of Maryland Payroll and new members of the State Police Retirement System and the Baltimore City Fire and Police system on the Regular Payroll who entered State employment after April 1, 1986. The employee and employer shares of Medicare Insurance Tax are applied to every dollar of Medicare Insurance taxable wages.

## Employer Paid Deduction

## Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	CAL 2025 Rate	Deduction Code	Pay Stub Description
MS	MEDICARE IN SUB	01	0151	1.45% on Medicare wages (no wage limit)	MT	FICA/MED

NOTE: The employee pays a Medicare rate of 1.45% on all wages up to and including \$200,000. Employee pays a Medicare rate of 2.35% on all wages over \$200,000.

4. Health Insurance Subsidies -These subsidies are applied by the Statewide Payroll System when the employee is enrolled in a health plan and pays the employee and/or employee & domestic partner health premiums. For bi-weekly employees in Calendar Year 2043, two pay periods of the year are omitted for both the employee and employer contribution because the premium is only taken 24 times per year. Monthly employees pay their premium each time they are paid. Employee and employer health rates are applied at the direction of the Department of Budget and Management. All employee payroll deductions for themselves and/or their family health plan selections are taken on a pre-tax basis. All payroll deductions for domestic partner health coverage are taken on a post-tax basis.

## Employer Paid Deductions

## Employee Deductions

Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2024 Rate	Deduction Code	Pay Stub Description
90	HEALTH INS SUB*	01	0152	Fixed amount to make up total premium	Employee Coverage 42 47 49 58 64 FQ	CF BCBS PPO CF BCBS EPO UHC EPO CF BCBS POS UHC EPO Kaiser IHM
AJ	PHARMACY SUB	01	0152		AH	PHARMACY PLAN
AQ	DENTAL SUBSIDY	01	0152		AP FL	UCC DENTL DPPO DELTA DENTAL

\* Vision Plan and Vision Subsidy are now included in the health plan and health subsidy program.

5. Special Subsidy - This subsidy is applied by the Statewide Payroll System as a percentage of the agency charge for Health Insurance Subsidy, Dental Subsidy and Pharmacy Subsidy. This subsidy will be charged to agencies for Fiscal Year 2025 per the Department of Budget and Management.

### Employer Paid Deduction

### Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2025 Rate	Deduction Code	Pay Stub Description
None	None	01	0154	61.20%	None	None

\* The Special Subsidy will not be charged for those individuals who are not eligible for or do not participate in any retirement or pension system. Participants in the optional retirement systems will be charged a Special Subsidy which is one-half that for other eligible employees (30.60% versus 61.20%). This is the budgeted rate for Fiscal Year 2025.

6. Other Post-Employment Benefits (OPEB) - This subsidy is applied by the Statewide Payroll System as a percentage of the agency charge for Health Insurance Subsidy, Dental Subsidy and Pharmacy Subsidy. This subsidy will be dormant for Fiscal Year 2024 per the Department of Budget and Management.

### Employer Paid Deduction

### Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2025 Rate	Deduction Code	Pay Stub Description
None	None	01	0157	-0-	None	None

\* The OPEB Subsidy when active is not charged for those individuals who are not eligible for or do not participate in any retirement or pension system. Participants in the optional retirement systems would normally be charged a Special Subsidy which is one-half that for other eligible employees.

7. Unemployment Insurance Premium - This premium is applied by the Statewide Payroll System when the employee is Unemployment Insurance eligible and is computed on all wages paid, less qualified cafeteria plans and dependent care assistance plans. Employees that are automatically excluded as ineligible are legislators, and other elected officials, on the Regular Payroll (RG) and students, patients, and inmates on the Contract Payroll (CT). Others may be excluded by filing the UI exemption certification. The system is designed to accept an agency specific rate, although currently all agencies are charged a standard rate.

## Employer Paid Deduction

## Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2025 Rate	Deduction Code	Pay Stub Description
74	UNEMPL INS SUB	01 (for RG & UM pmts)  02 (for CT payments)	0174  0214	0.14%	None	None



8. Supplemental Retirement Plan Match Program – The State will match dollar for dollar up to \$600 for FY 2025.

## Employer Paid Deduction

## Related Employee Paid Deductions

Deduction Code	Pay Stub Description	R*STARS Account Object	COM Sub-Object	FY 2025 Rate	Deduction Code	Pay Stub Description
FA	MATCH TO MSRP	01	0172	Dollar for Dollar up to \$600	39 BP 99* BF BG	DEF COMP 401K-SAVE 403B TSA PLAN ROTH 457 ROTH 401K
FF	MATCH TO FIDELITY	01	0172	Dollar for Dollar up to \$600	68* 70* BI	FDLTY 403B FDLTY 457B ROTH 457
FE	MATCH TO TIAA	01	0172	Dollar for Dollar up to \$600	40* BS* BF	TIAA 403B TIAA 457B ROTH 403B

\* Available to employees at institutions of higher education only. Employee Benefits Offices at the Colleges and Universities will have additional information. NOTE: All subsidy rates are current as of the date of publication but are subject to change based upon federal legislation, state legislation or administrative actions, as applicable.