



Peter Franchot
Comptroller

Dhiren V. Shah
Director
Central Payroll Bureau

MEMORANDUM

TO: All State Agencies

FROM: Dhiren V. Shah, Director
Central Payroll Bureau

DATE: June 23, 2021

SUBJECT: **Fiscal Year 2022 Employer Paid Fringe Benefits Rates**

Employer paid fringe benefits are incorporated in the Statewide Payroll System. The only fringe benefit outside of this is Workers' Compensation which is billed annually to each agency by the Injured Workers' Insurance Fund. Attached is an updated table. Fiscal year 2022, fringe benefits will be charged as follows:

Retirement/Pension Subsidy - New rates are provided for most State Systems. New rates will be implemented for the first pay period which ends June 29, 2021 for the Regular system and July 03, 2021 for the University system.

Match of Employee Contributions to the Maryland Supplemental Retirement Plans [457, 403 (b) and 401 (k)] - The employee match for FY 2022 will not be funded.

Unemployment Insurance Premium - The rate beginning July 1, 2021 will be 0.28%.

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 2021.

Medicare Insurance Subsidy - The rate is unchanged through calendar year 2021.

Health Insurance Subsidies - Health Insurance subsidies will not be updated until January 1, 2022.

Special Subsidy - The rate for fiscal year 2022 will be 59.00%. 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 2022 will not be funded.

Implementation will take place effective with the first cash payday in July 2021 unless otherwise noted in the discussion above. The first cash payday is July 07th for Regular system, July 09th for University and July 14th for the Contract system.

FISCAL YEAR 2022

June 23, 2021

EMPLOYER PAID FRINGE BENEFITS

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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 (\$142,800 in calendar 2021). However, if the employees are required to make a contribution and have insufficient wages for their own contribution, no subsidy will be charged.

| ***** <u>Employer Paid Deduction</u> ***** **** | | | | | | <u>Related Employee Paid Deductions</u> ***** | |
|---|----------------------|----------------|-------------------------|--------------|---------|---|----------------------|
| Deduction Code | Pay Stub Description | R*STARS Object | Accounts COM Sub-Object | FY 2022 Rate | Divisor | Deduction Code | Pay Stub Description |
| 73 | RET/PEN SUB | 01 | 0163 | 15.36% | 20 | 08* | ST TCHR RETMT |
| | | 01 | 0161 | 21.18% | 26 | 09* | ST EMP RETMT |
| | | 01 | 0165 | 76.19% | 26 | 10* | ST POL RETMT |
| | | 01 | 0165 | 76.19% | 26 | 20* | ST POL NONCTRB |
| | | 01 | 0166 | 41.92% | 12 | 11* | JUDGES RETMT |
| | | 01 | 0166 | 41.92% | 12 | AE | JUDGES NONCTRB |
| | | 01 | 0161 | 21.18% | 12 | 12* | LEGIS RETMT |
| | | 01 | 0161 | 21.18% | 12 | CB | LEGIS NONCTRB |
| | | 01 | 0164 | 15.36% | 20 | 17* | ST TCHR PENS |
| | | 01 | 0164 | 15.36% | 20 | DA* | ST TCH ALT PEN |
| | | 01 | 0162 | 21.18% | 26 | 18* | ST EMP PENSION |
| | | 01 | 0162 | 21.18% | 26 | DC* | ST EMP ALT PEN |
| | | 01 | 0169 | 43.76% | 26 | BQ* | LAW ENF RETMT |
| | | 01 | 0169 | 43.76% | 26 | BR* | LAW ENF PENS |
| | | 01 | 0169 | 43.76% | 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 DEAF | 01 | 0162 | 21.18% | 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.

EMPLOYER PAID FRINGE BENEFITS

2. FICA (Social Security) 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 (\$142,800 in 2021), the Medicare (Hospital Insurance) tax alone is applied to the additional wages without any wage base limitation.

| <u>Employer Paid Deduction</u> | | | | | <u>Related Employee Paid Deductions</u> | |
|--------------------------------|----------------------|----------------|----------------------------|---|---|---|
| Deduction Code | Pay Stub Description | R*STARS Object | COM Sub-object | CAL 2021 Rate | Deduction Code | Pay Stub Description |
| FS | FICA Subsidy | 01 | 0151 (for RG & UM pmts) | 7.65% for wages up to \$142,800 and 1.45% for wages over \$142,800 without any wage base limitation | SS | FICA/MED |
| | | 02 | 0213 (for CT payments) | | | For employee Medicare withholding see note below |

NOTE: The wage base for the FICA OASDI taxes in calendar 2022 will be announced prior to January 1, 2022.

3. Medicare Insurance Subsidy - This 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 on and after April 1, 1986. The employee and employer shares of Medicare Insurance Tax are applied to every dollar of Medicare Insurance taxable wages.

| <u>Employer Paid Deduction</u> | | | | | <u>Related Employee Paid Deductions</u> | |
|--------------------------------|----------------------|----------------|----------------|---------------|---|----------------------|
| Deduction Code | Pay Stub Description | R*STARS Object | COM Sub-Object | CAL 2021 Rate | Deduction Code | Pay Stub Description |
| MS | MEDICARE IN SUB | 01 | 0151 | 1.45% | 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.

EMPLOYER PAID FRINGE BENEFITS

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 2021, two pay periods of the year are omitted for both the employee and employer contribution since 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.

| ***** <u>Employer Paid Deductions</u> ***** | | | | **** | <u>Employee/Domestic Partner Deductions</u> | |
|---|----------------------|----------------|-------------------------|---------------------------------------|---|----------------------|
| Deduction Code | Pay Stub Description | R*STARS Object | Accounts COM Sub-Object | FY 2022 Rate | Deduction Code | Pay Stub Description |
| 90 | HEALTH INS SUB* | 01 | 0152 | Fixed amount to make up total premium | | |
| | | | | | | Employee Coverage |
| | | | | | 42 | CF BCBS PPO |
| | | | | | 47 | CF BCBS EPO |
| | | | | | 49 | UHC PPO |
| | | | | | 58 | CF BCBS POS |
| | | | | | 64 | UHC EPO |
| | | | | | FQ | Kaiser IHM |

EMPLOYER PAID FRINGE BENEFITS

4. Continued

| | | | | | |
|----|----------------|----|------|-------------------------------|--------------------------------|
| AJ | PHARMACY SUB | 01 | 0152 | Employee Coverage AH | PHARMACY PLAN |
| AQ | DENTAL SUBSIDY | 01 | 0152 | Employee Coverage 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 2022 per the Department of Budget and Management.

| ***** <u>Employer Paid Deduction</u> ***** | | | | **** | <u>Related Employee Paid Deductions</u> | | ***** |
|--|----------------------|--|--------------|--------|---|----------------------|-------|
| Deduction Code | Pay Stub Description | R*STARS Accounts Object COM Sub-Object | FY 2022 Rate | | Deduction Code | Pay Stub Description | |
| None | None | 01 | 0154 | 59.00% | 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 (29.50% versus 59.00%). This is the budgeted rate for Fiscal Year 2022.

EMPLOYER PAID FRINGE BENEFITS

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 2022 per the Department of Budget and Management.

| ***** <u>Employer Paid Deduction</u> | | | | ***** | **** | <u>Related Employee Paid Deductions</u> | | **** |
|---|----------------------|------------------------|----------------|--------------|----------------|---|--|------|
| Deduction Code | Pay Stub Description | R*STARS Account Object | COM Sub-Object | FY 2022 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.

| ***** <u>Employer Paid Deduction</u> | | | | ***** | **** | <u>Related Employee Paid Deductions</u> | | **** |
|---|----------------------|------------------------|----------------------------|--------------|----------------|---|--|------|
| Deduction Code | Pay Stub Description | R*STARS Account Object | COM Sub-Object | FY 2022 Rate | Deduction Code | Pay Stub Description | | |
| 74 | UNEMPL INS SUB | 01 | 0174 (for RG & UM pmts) | 0.28% | None | None | | |
| | | 02 | 0214 (for CT payments) | | | | | |

EMPLOYER PAID FRINGE BENEFITS

8. Supplemental Retirement Plan Match Program - There will be no match program for FY 2022. Therefore no employer paid deduction will be made.

| ***** <u>Employer Paid Deduction</u> ***** **** | | | | | <u>Related Employee Paid Deductions</u> ***** | |
|---|----------------------|----------------|-------------------------|-------------------|---|--|
| Deduction Code | Pay Stub Description | R*STARS Object | Accounts COM Sub-Object | FY 2022 Rate | Deduction Code | Pay Stub Description |
| FA | MATCH TO MSRP | 01 | 0172 | No employer match | 39 BP 99* | DEF COMP 401K-SAVE 403B TSA PLAN |
| FF | MATCH TO FIDELITY | 01 | 0172 | See FA | 68* 70* | FDLTY 403 B FDLTY 457B |
| FE | MATCH TO TIAA | 01 | 0172 | See FA | 40* BS* | TIAA 403 B TIAA 457B |

* 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.