

Employee and Retiree Benefits

LOB #312:

SOCIAL SECURITY AND MEDICARE

Purpose

This Line of Business is part of the County's comprehensive array of employee benefit offerings.

Description

Federal Insurance Contributions Act (FICA) taxes support Social Security and Medicare benefits. The County contributes the employer portion of the tax for eligible employees, at a rate of 6.20 percent of gross compensation up to the Social Security wage base for Social Security and 1.45 percent of gross compensation for Medicare. It should be noted that sworn police officers do not participate in Social Security, and therefore only the Medicare portion of the tax is paid for police officers.

Benefits

Participating employees, their spouses, and their dependents are eligible for Social Security retirement, disability, and survivor benefits. Social Security benefits are integrated with the County's retirement systems. Retirees over the age of 65 are eligible for health insurance coverage under Medicare. Medicare provides primary coverage for these retirees, with the County health plans providing secondary coverage at a lower cost to the County.

Mandates

Social Security and Medicare taxes are mandated under 26 U.S. Code Chapter 21 – Federal Insurance Contributions Act.

Trends and Challenges

The total amount of County expenditures for Social Security and Medicare taxes fluctuates based on changes in the total compensation of County employees. These expenditures have increased and are expected to continue to increase due to annual compensation increases for employees.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #312: Social Security and Medicare			
FUNDING			
General Fund Employer Contributions	\$43,033,539	\$44,455,054	\$48,361,442
Total Revenue	\$0	\$0	\$0
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	0 / 0	0 / 0	0 / 0
Total Positions	0 / 0	0 / 0	0 / 0

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Social Security tax rate	6.20%	6.20%	6.20%	6.20%	6.20%
Medicare tax rate	1.45%	1.45%	1.45%	1.45%	1.45%

The FICA employer tax rate has remained stable at 7.65 percent, including the 6.20 percent tax for Social Security and the 1.45 percent tax for Medicare.