

## Tax season is around the corner: Prepare with tax and savings limits changes, Social Security deductions and more <sup>[1]</sup>

November 13, 2019 by [Employee Services](#) <sup>[2]</sup>

The New Year is almost here. Prepare by taking a few minutes to review 2020 Social Security deductions and contribution limit increases, then see tax rates and how much you'll be able to save for retirement, health care and childcare.

### **Social Security deductions and contribution limit increases**

- Social Security will resume **Jan. 1, 2020** for employees who earned more than \$132,900 in 2019. Remind employees who fall into this category, as January 2020 paychecks will reflect resumed contributions.
- The Social Security tax rate will remain **6.2 percent**, and the maximum taxable earnings for Social Security will increase to \$137,700, at which point the withholdings will stop.
- Medicare will continue to be withheld at **1.45 percent** on all earnings. Employees with earnings in excess of \$200,000 for single filers and \$250,000 for married couple filing together, will also be subject to an additional **0.9 percent** Medicare tax.

### **2020 tax rates and savings limits**

**Social Security and Medicare**

**CU 401a Mandatory Retirement Plan**

**Social Security maximum taxable earnings:**  
\$137,700

**Social Security tax rate for employees and employers:**  
6.2%

**Social Security withholding maximum:**  
\$8,537.40

**Medicare tax rate for employees and employers:**  
1.45%

**Additional Medicare Tax on salaries above \$200,000 (single) or \$250,000 (married filing jointly):**  
0.9%

**Employee contribution:**  
5%

**CU's contribution:**  
10%

**Maximum contribution:**  
\$57,000

**Salary limit:**  
\$285,000

### PERA Mandatory Retirement Plans

**Employer:**  
10.4% (Jan. - June 2020)  
10.9% (July – Dec. 2020)

**Employee:**  
8.7% (Jan. – June 2020)  
10% (July – Dec. 2020)

### Voluntary Retirement Plans

**CU 403(b), PERA 457 and PERA 401k maximum contribution:**  
\$19,500

**CU 403(b), PERA 457 and PERA 401k catch up contribution for employees over 50:**  
\$6,500

### Health Savings Account Limits

### Dependent Care Flexible Spending Account Limit

**Single coverage:**

\$3,550

**Family coverage:**

\$7,100

\$5,000

**Catch up contributions (age**

**55+):**

\$1,000

**Health Care Flexible Spending Account Limit**

\$2,750

To see additional year-end information, dates and deadlines, visit the [Employee Services website](#) [3].

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