

Illustrations of FICA Taxation of Employer Contributions to 403(b) and 457(b)

2019 Tax Year

132,900 Social Security Wage Base (SSWB)

6.20% Employee Social Security Tax Rate (Applies to Income up to SSWB)

6.20% Employer Social Security Tax Rate (Applies to Income up to SSWB)

1.45% Employee Medicare Tax Rate (Applies to All Income)

1.45% Employer Medicare Tax Rate (Applies to All Income)

Employer 403(b) Contributions Are NOT Subject to FICA Taxes

Employer 457(b) Contributions ARE Subject to FICA Taxes

90,000 Gross Income (Below SSWB)

10,000 Employer 403(b) Contribution

90,000 Subject to Social Security Taxes

90,000 Subject to Medicare Taxes

5,580 Employee Social Security Taxes

5,580 Employer Social Security Taxes

1,305 Employee Medicare Taxes

1,305 Employer Medicare Taxes

13,770 Employee and Employer FICA Taxes

90,000 Gross Income

10,000 Employer 457(b) Contribution

100,000 Subject to Social Security Taxes

100,000 Subject to Medicare Taxes

6,200 Employee Social Security Taxes

6,200 Employer Social Security Taxes

1,450 Employee Medicare Taxes

1,450 Employer Medicare Taxes

15,300 Employee and Employer FICA Taxes

\$1,530 Extra FICA Taxes Required for Employer 457(b) Contributions

127,900 Gross Income (Straddling SSWB)

10,000 Employer 403(b) Contribution

127,900 Subject to Social Security Taxes

127,900 Subject to Medicare Taxes

7,930 Employee Social Security Taxes

7,930 Employer Social Security Taxes

1,855 Employee Medicare Taxes

1,855 Employer Medicare Taxes

19,569 Employee and Employer FICA Taxes

127,900 Gross Income

10,000 Employer 457(b) Contribution

132,900 Subject to Social Security Taxes

137,900 Subject to Medicare Taxes

8,240 Employee Social Security Taxes

8,240 Employer Social Security Taxes

2,000 Employee Medicare Taxes

2,000 Employer Medicare Taxes

20,479 Employee and Employer FICA Taxes

\$910 Extra FICA Taxes Required for Employer 457(b) Contributions

Illustrations of FICA Taxation of Employer Contributions to 403(b) and 457(b)

137,900 Gross Income (Above SSWB)

10,000 Employer 403(b) Contribution

132,900 Subject to Social Security Taxes

137,900 Subject to Medicare Taxes

8,240 Employee Social Security Taxes

8,240 Employer Social Security Taxes

2,000 Employee Medicare Taxes

2,000 Employer Medicare Taxes

20,479 Employee and Employer FICA Taxes

137,900 Gross Income

10,000 Employer 457(b) Contribution

132,900 Subject to Social Security Taxes

147,900 Subject to Medicare Taxes

8,240 Employee Social Security Taxes

8,240 Employer Social Security Taxes

2,145 Employee Medicare Taxes

2,145 Employer Medicare Taxes

20,769 Employee and Employer FICA Taxes

\$290 Extra FICA Taxes Required for Employer 457(b) Contributions

Most dramatic illustration - Maximum possible 457(b) 3-Year Catch-up

60,000 Gross Income (Well below SSWB)

36,000 Employer 403(b) Contribution

60,000 Subject to Social Security Taxes

60,000 Subject to Medicare Taxes

3,720 Employee Social Security Taxes

3,720 Employer Social Security Taxes

870 Employee Medicare Taxes

870 Employer Medicare Taxes

9,180 Employee and Employer FICA Taxes

60,000 Gross Income

37,000 Employer 457(b) Contribution (3-Year Catch-up Maximum)

97,000 Subject to Social Security Taxes

97,000 Subject to Medicare Taxes

6,014 Employee Social Security Taxes

6,014 Employer Social Security Taxes

1,407 Employee Medicare Taxes

1,407 Employer Medicare Taxes

14,841 Employee and Employer FICA Taxes

\$5,661 Extra FICA Taxes Required for Employer 457(b) Contributions