

## **Effect of new Social Security tax rate on Army civilians**

\*\*\*For all employees covered under the Civil Service Retirement System - Offset (CSRS-Offset) and the Federal Employee's Retirement System (FERS)\*\*\*

The "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010" provides that during 2011 the Social Security employee tax rate will be temporarily decreased from 6.2% to 4.2%. The temporary reduction in the Social Security tax rate will not affect the employee retirement contribution rates for employees under the Civil Service Retirement System (CSRS), CSRS-offset, or the Federal Employees' Retirement System. As a result, CSRS-offset and FERS employees will see their payroll deductions decrease by 2% up to the 2011 Social Security maximum taxable income of \$106,800 (unchanged from 2010). There will be no deduction change based on this Act for CSRS employees.

### **What is the effect of the Social Security tax change for employees under CSRS?**

Since they do not pay Social Security, this Social Security change does not benefit them and there will be no change in their retirement deductions.

### **What is the effect of the Social Security tax change for employees under CSRS-offset?**

Their Social Security tax will be reduced by 2% and there will be no change in their retirement deductions.

### **What is the effect of the Social Security tax change for employees under FERS?**

Their Social Security tax will be reduced by 2% and there will be no change in their retirement deductions.

Army officials say these decreased deductions should be reflected in paycheck received in mid-January.

*For more detailed information, visit the IRS report at:*

<http://www.irs.gov/newsroom/article/0,,id=232590,00.html>