

401(k) Plan to Offer More Savings; Social Security, SDI Base Going Up

(Dec. 23) Here's an opportunity for employees who are enrolled in the MTA's 401(k) Thrift Plan to salt away a few more bucks toward retirement.

As of Jan. 1, 2000, you'll be allowed to defer up to \$10,500 annually from your salary. The current cap is \$10,000. The \$8,000 cap for the 457 deferred compensation plan remains the same.

Social Security, SDI going up

As of Jan. 1, the wage bases for Social Security and State Disability Insurance (SDI) are going up. This means that some employees will experience increased deductions for these two taxes, even though the tax rate percentages will remain the same. Deductions for Medicare remain unchanged.

The wage base for Social Security will jump from \$72,600 to \$76,200. At a tax rate of .062 percent, that's an increase of \$223.20 in the maximum that can be withheld at that salary level from an employee's paycheck.

If ratified by the California Legislature, the proposed wage base for SDI will increase from \$31,767 to \$46,327. At a tax rate of .005 percent, the increase is \$72.80 in the amount that can be withheld at that salary level from an employee's pay.

Some need new W-4s

The Payroll Department is reminding employees who currently are claiming to be "exempt" from withholding taxes that they must file a new Form W-4 by Feb. 15, 2000 to maintain their "exempt" status. Failure to file an updated form will result in the employee being taxed as a single person with zero withholding.

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