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**Sock away more money in 401(k) and 457 Plans in 2009 and other words to the wise as tax time fast approaches.**



### Your tax-time check list:

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By DAVE WAKELING  
*Accounting Manager*

(Dec. 23, 2009) The Economic Growth and Tax Relief Reconciliation Act of 2001 continues to offer increased tax relief in 2009.

### 401(k) Thrift Plan

As of January 1, 2009, you will be allowed to defer up to \$16,500 annually from your salary into the 401(k) Thrift Plan. A special provision in the law allows you to defer an additional \$5,500 in to the 401(k) Thrift Plan if you are a "Baby Boomer" (age 50 or greater by Dec. 31, 2009).

### 457 Deferred Compensation Plan:

As of January 1, 2009, you will be allowed to defer up to \$16,500 annually from your salary. A special provision in the law also allows an additional \$5,500 if you are a "Baby Boomer."

If you are eligible for retirement within three years, you also are eligible for 457 Plan's pre-retirement "catch-up" provision. Your total deferral may increase to \$33,000 effective Jan. 1, 2009. "Catch-Up Provision" packets are available in the Pension and Benefits Office.

### Both Plans

You may contribute to **both** the 401(k) Thrift Plan and the 457 Deferred Compensation Plan for a total deferral of \$33,000. If you are age 50 or greater by Dec. 31, 2009, you may defer up to a total of \$44,000 in both plans.

If you are in "catch-up" and *less than 50 years of age*, you may defer a total of \$49,500. That is \$33,000 to the 457 Deferred Compensation Plan, plus \$16,500 to 401(k). If you are in "catch-up" and *age 50 or older*, you may defer a total of \$55,000. That is \$33,000 to 457 plus \$22,000 to 401(k).

Contributions are deducted each pay period for a total of 26 per year.

To obtain forms for enrollment or contribution changes, employees may contact the Pension and Benefits Office at 922-7184. Investment information is available from Jessica Sequeira at ICMA-RC 866-339-8795, Orlando Delgado at ICMA-RC 866-266-7312 or from ICMA-RC Investor Services 1-800-669-7400.

**Social Security and SDI Taxes Going Up**

As of Jan. 1, 2009, the wage base for Social Security will increase from \$102,000 to \$106,800. This means that some employees will experience an increase in Social Security taxes, even though the tax rate percentage will remain the same.

At a tax rate of 6.2 percent, this is an increase of \$297.60 in the maximum amount of Social Security tax that can be withheld from an employee's paycheck. Deductions for Medicare remain unchanged.

The wage base for State Disability Insurance (SDI) will increase to \$90,669. At a tax rate of 1.1 percent, this is an increase of \$303.78 in the maximum amount of SDI that can be withheld in 2009.

**W-2 Forms**

Metro is in the process of finalizing the Form W-2 Wage and Tax Statements. They will be mailed to employees' homes in January.

If you need a replacement copy of your Form W-2, you must complete a replacement form. You can obtain the form from Forms Online on myMetro.net or by contacting Payroll at 922-6819 and requesting that a form be sent to you.

Once the form has been received by Payroll, it may take up to a five working days to process.

**TurboTax Online**

Metro will offer again online tax preparation service, available Jan. 31, 2009, for those employees who use or are interested in using TurboTax 2008 to prepare their Federal and state income tax returns.

This means that you can download your W-2 information directly into TurboTax, and a good part of your tax filing will be completed for you. The web site will be included on your 2008 Form W-2. Additional information can be obtained at <http://westnsc.adp.com/turbotax>.

**Reminders:**

**Address Change**

You should verify the address shown on your pay stub. If you have a change in your mailing address, please notify your Department/Division Manager so that the change can be updated in the Human Resources system before **noon** on Friday, Dec. 26.

If your Social Security number is not correct, contact Gwen Keene in Human Resources immediately at 922-7148.

**Form W-4, Employee's Withholding Allowance**

Now is the time to check your Federal and State tax withholding allowances. Did you marry or divorce, gain or lose a dependent, or have major changes in your family income? If you answered "yes," you may need to file a new 2009 Form W-4 Employee's Withholding Allowance

Certificate.

If you are currently claiming “exempt” from tax withholding, you *must* submit a new Form W-4 by Feb. 15, 2009, if you wish to retain your exempt status. If a new form is not filed and submitted to the Human Resources Department, withholding for Federal and State taxes will automatically default to “Single” with zero (0) withholding allowances.

**Form W-5, Earned Income Credit Advance Payment**

If you are currently receiving Advance Earned Income Credit, a new Form W-5 *Earned Income Credit Advance Payment Certificate* must be filed with Payroll no later than January 1, 2009.