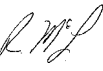




Office of the Controller

MEMORANDUM

TO: All Faculty and Staff

FROM: Robert McLaughlin 
Controller

SUBJECT: **Payroll Tax Information for 2005**

DATE: December 20, 2004

I would like to advise you of some of the payroll tax changes that will take effect January 1, 2005.

SOCIAL SECURITY TAX

The combined social security tax rate for 2005 remains at 7.65%, consisting of 6.2% for Old-Age, Survivors and Disability Insurance (OASDI) and 1.45% for Hospital Insurance (Medicare). For 2005, the OASDI wage base will increase from \$87,900 to \$90,000. As a result, the maximum annual deduction in 2005 for OASDI increases by \$130.20 to \$5,580.00.

NEW JERSEY UNEMPLOYMENT AND DISABILITY INSURANCE TAXES

The tax base will increase from \$24,300 to \$24,900 with no change in the tax rates of .425% of the first \$24,900 of earnings for unemployment and 0.5% for disability.

The maximum annual deduction for unemployment will be \$105.82.
The maximum annual deduction for disability will be \$124.50.

EDUCATIONAL ASSISTANCE PROGRAM

Tuition assistance reimbursements for undergraduate and graduate level studies continue to be tax-free benefits on amounts up to \$5,250 per year for federal income tax purposes.

-OVER- 

GROUP TERM LIFE INSURANCE

The IRS has determined that employer-provided life insurance greater than \$50,000 is a taxable fringe benefit to the employee.

The cost per \$1,000 of protection per month has not changed. Group Term Life Insurance benefits over \$50,000 are subject to Social Security taxes and will also be included as Federal and State taxable wages on your Form W-2. The age bracket utilized for the calculation is your age at 12/31/05 and the rates are:

5 Year Age Bracket	Cost per \$1,000 of Protection for One Month
Under 25	\$.05
25 to 29	.06
30 to 34	.08
35 to 39	.09
40 to 44	.10
45 to 49	.15
50 to 54	.23
55 to 59	.43
60 to 64	.66
65 to 69	1.27
70 and above	2.06

If you wish to purchase additional life insurance coverage, please contact the Human Resources department on your campus to discuss the life insurance options available to you.

RMcL:mr

c: John J. Petillo, Ph.D.
Robert A. Saporito, D.D.S.
Denise Mulkern
Francis X. Colford
Maryann Master
Stephen Roga
Deborah Jackson