Dear FSU Employee,

On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012 (ATRA 2012) which resulted in changes to payroll taxes. Below is a summary of the changes affecting wages:

1. Social Security Tax - The employee social security tax rate will return to 6.2% and the employer rate will remain at 6.2%. This change will cause an increase in Social Security taxes withheld from employees’ paychecks by 2%. For 2013, the Social Security wage base limit will increase to $113,700.

2. Federal Income Tax - The federal income tax rates are now permanently set at 10%, 15%, 25%, 28%, 33%, 35%. The law added a new rate of 39.6% for certain high income taxpayers. Due to these changes, many employees could see a slight decrease in the withholding of federal income tax on each paycheck.

3. Supplemental Wages Tax Rate - The supplemental wage tax rate will remain unchanged at 25%.

All of the above changes will be applied beginning with the first paycheck in January.