

## 2012 RATES AND LIMITS

### Summary of Payroll Tax Limits

<b>FEDERAL INSURANCE CONTRIBUTION ACT (FICA):</b>	<b><u>2012</u></b>	<b><u>2011</u></b>	
Social Security Wage Base	\$110,100	\$106,800	
Medicare Wage Base	Unlimited	Unlimited	
Tax Rate - Combined			
<i>Employee</i>	5.65%*	5.65%	
<i>Employer</i>	7.65%	7.65%	
Social Security Rate			
<i>Employee</i>	4.2%*	4.2%	
<i>Employer</i>	6.2%	6.2%	
Medicare Rate	1.45%	1.45%	
Maximum Social Security Withholding	\$4,624.20*	\$4,485.60	
Maximum Medicare Withholding	Unlimited	Unlimited	
<b>FEDERAL UNEMPLOYMENT TAX ACT (FUTA):</b>	<b><u>2012</u></b>	<b><u>2011</u></b>	
		<u>Jan-June</u>	<u>July-Dec</u>
Taxable Wage Base Per Employee	\$7,000	\$7,000	\$7,000
Gross Tax Rate	6.0%	6.2%	6.0%
Net Tax Rate	0.6%	0.8%	0.6%
<b>STATE UNEMPLOYMENT TAX ACT (SUTA):</b>	<b><u>2012</u></b>	<b><u>2011</u></b>	
Florida .....	\$8,500	\$7,000	
Illinois .....	\$13,560	\$12,740	
Indiana.....	\$9,500	\$9,500	
Iowa.....	\$25,300	\$24,700	
Kansas .....	\$8,000	\$8,000	
Kentucky .....	\$9,000	\$8,000	
Michigan .....	\$9,000	\$9,000	
Minnesota.....	\$28,000	\$27,000	
North Dakota.....	\$27,900	\$25,500	
South Dakota.....	\$12,000	\$11,000	
Wisconsin.....	\$13,000	\$13,000	

\* Temporary extension until February 29, 2012. Subject to change. Please check our website for updated information.

Please contact us for information on other states.

Our Annual Tax Releases are posted on [www.legacycpas.com](http://www.legacycpas.com).

## Standard Mileage Rates

The standard mileage rates to be used in computing deductible costs of operating a passenger automobile follow:

	<u>2012</u>	<u>2011</u>	
		<u>Jan-June</u>	<u>July-Dec</u>
Business Use (cents per mile)	55.5	51	55.5
Medical and Moving (cents per mile)	23	19	23.5
Charitable Use (cents per mile)	14	14	14

Under the annual lease valuation method for computing the value of the personal use of an employer provided automobile, you must include the cost of gasoline at the rate of 5.5 cents per mile for both 2011 and 2010.

### Qualified Transportation Fringe Benefit

	<u>2012</u>	<u>2011</u>
Monthly Fringe Benefit Exclusion Limit for Transportation in a Commuter Highway Vehicle and any Transit Pass	\$125	\$230
Monthly Fringe Benefit Exclusion Limit for Qualified Parking	\$240	\$230

### Other Limits

	<u>2012</u>	<u>2011</u>
Maximum Contribution 401(k) Plans and 403(b) Plans	\$17,000	\$16,500
Catch-up Contributions for Individuals Age 50 or Over (non-SIMPLE)	\$5,500	\$5,500
Maximum Contribution to an Individual Retirement Account	\$5,000	\$5,000
Catch-up Contributions for Individuals Age 50 or Over (IRA)	\$1,000	\$1,000
Maximum Annual Defined Benefit Under Section 415(b)	\$200,000	\$195,000
Maximum Annual Defined Contribution Under Section 415(c)	\$50,000	\$49,000
Maximum Annual Compensation for Determining Benefits or Contributions Under a Qualified Plan	\$250,000	\$245,000
Test to Identify Highly Compensated Employees	\$115,000	\$110,000
Maximum Pretax Contribution by Employees to SIMPLE Retirement Accounts Under Section 408(p)	\$11,500	\$11,500
Catch-up Contributions for Individuals Age 50 or Over (SIMPLE)	\$2,500	\$2,500
Section 457 Deferral Limit	\$17,000	\$16,500
Medicare (Part B) Monthly Coverage *	\$99.90*	\$96.40*
Maximum Annual Earnings for Retirees - Exempt Amount:		
Below Full Retirement Age**	\$14,640	\$14,160
Full Retirement Age	Unlimited	Unlimited

**NOTES:** \*In 2012, single beneficiaries with annual income over \$85,000 and married couples with income over \$170,000 will pay a higher percentage of the cost of Medicare Part B Coverage. The standard premium rate for 2012 is \$99.90 for new beneficiaries, which is a decrease of \$15.50 from the 2011 premium of \$115.40. For additional premium rates see table at [www.medicare.gov](http://www.medicare.gov).

\*\*A modified test applies for the year an individual reaches full retirement age. One dollar in benefits will be withheld for every three dollars in earnings above the limit. The monthly limit is \$3,240 for 2012. The test applies to earnings for months prior to attaining full retirement age.

Please let us know if you have any questions or need any additional information.

*Compiled by: Maria C. Solis, CPA, Partner, [msolis@legacypas.com](mailto:msolis@legacypas.com)*