



Payroll Bulletin

Winter Edition

Office of Fiscal Services

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*In This Issue of the
Payroll Bulletin.....*

- *Year-End Issues Requiring Special Attention*
- *Payroll Deductions and Tax Forms*
- *2021 Updates and Information*
- *2020 W-2's – Wage and Tax Statements*
- *Notice of Earned Income Tax Credit (EITC)*

YEAR END ISSUES REQUIRING SPECIAL ATTENTION

- Please review all personal information that appears on your pay checks, printed pay stubs and/or Employee Portal to ensure all information is correct.
- Your name needs to match what is listed on your social security card. If your name changed due to marriage, divorce, etc., and CCPS personnel records do not match the Social Security Administration's records, the IRS may impose a \$100 penalty to the employee and the employer. Please visit www.ssa.gov for more information on how to correct your information with them. Also, contact the Human Resources Department, 301-934-7255 to make corrections in your personnel file.
- Verify that your address is correct. If you need to update your address, obtain a **Status Change Form** by contacting the Human Resources Department at 301-934-7255 or locate the form in the Employee Portal. Please submit completed form to the Human Resources Department for processing.

PAYROLL DEDUCTIONS AND TAX FORMS

- **Group Term Life Insurance (Taxable Fringe Benefit)** – Employees enrolled in group term life insurance may see an earnings and deduction adjustment on your December 24, 2020 paycheck. IRS regulations require that the cost of group-term life insurance coverage in excess of \$50,000 must be included as income to the covered employee as it is subject to Social Security and Medicare taxes. You may visit www.irs.gov for more information.
- **Exempt Tax Status** – Individuals currently claiming “EXEMPT” from federal or Maryland state income tax withholdings **MUST** submit a 2021 W-4 Form and/or Form MW507 employee's withholding allowance certificate to Payroll no later than **February 16, 2021** to retain your “EXEMPT” status. If a new form is not submitted and filed with Payroll by the deadline, withholding for these taxes will automatically change to the statutory default of “single” with zero (0) withholding allowances.

NOTE: Payroll Analysts cannot advise you on how to complete the W-4 forms or Form MW507 employee's withholding allowance forms. If you have questions, visit www.irs.gov or marylandtaxes.com for tax withholding assistance or consult a tax advisor.

- **Flexible Medical and Dependent Care** – The flexible medical and dependent care spending accounts are effective on a calendar year basis (January 1 through December 31). New

deductions start with the January 8, 2021 paycheck. If you were enrolled in either of these plans for year 2020 but did not enroll for 2021, your deductions will stop with the December 24, 2020 paycheck and your plan will end effective December 31, 2020. All calendar year 2020 claims receipts should be submitted to Further no later than March 15, 2021.

- **United Way Contribution** – These deductions are effective on a calendar year basis (January 1 through December 31). Deductions will start with the January 8, 2021 paycheck for employees who signed up to contribute to United Way in 2021.

2021 UPDATES AND INFORMATION

- **2021 Social Security Wage Base Increase and Medicare Tax** – The maximum taxable wage base earnings for social security will increase to \$142,800 for 2021. Therefore, the maximum amount of social security tax that can be withheld from an employee’s pay is \$8,853.60. There is no wage base limit for Medicare Tax. Employees with earned income of more than \$200,000 will pay an additional 0.9 percent in Medicare Tax for all earned income in excess of \$200,000.
- **Tax Sheltered Annuities** – Prudential 403(b) and Valic and TIAA-CREF 457(b)

Annuity Category	Prudential 403(b) Plan	Valic and TIAA 457(b) Plans
2021- Normal Annual Limit	\$19,500	\$19,500
2021- Age 50 Catch-Up	\$6,500	\$6,500
Total Annual Limit	\$26,000	\$26,000

All employees may contribute to one or both 403(b) and 457 (b) plans. The total maximum contribution is \$39,000 for normal annual limits (\$19,500 each plan). If you meet the criteria and can elect the “Catch-Up” option, you may contribute a total of \$52,000 (\$19,500 + \$6,500 = \$26,000 for each plan).

“Catch-Up” – per IRS regulations, employees turning age 50 in 2021 or those currently age 50 or over, may elect to defer an additional amount up to \$6,500 to your 403(b) and 457(b) plans. ***Employees currently electing the “catch-up” for 2020 MUST re-elect this option for 2021.***

For Prudential accounts, you must elect this option online at prudential.com/online/retirement.

For Valic and TIAA accounts complete a 2021 TSA Add/Change Form located in the Employee Portal. Submit this form to Payroll no later than December 22, 2020 to make a change effective with your first check in January 2021.

- **2021 Health Insurance Deductions** – Health insurance deductions will increase in calendar year 2021. The new bi-weekly rates are as follows:

Health Insurance Plan	Individual	Family
Blue Choice	\$77.50	\$222.50
PPN	\$105.00	\$281.00
BCBS Custom Comp	\$108.00	\$292.00

2020 W-2's - Wage and Tax Statements

- 2020 W-2 wage and tax statements will be issued to all employees by February 1, 2021 as required by the IRS. Some W-2's may be mailed. Therefore, it is imperative that you check your address in the Employee Portal or on your paycheck and make any corrections with the Human Resources Department as soon as possible. The United States Postal Service is not permitted by IRS regulations to forward any tax documentation to forwarding addresses. Your 12/24/20 paystub is a good reference to use when processing your 2020 tax return.

Notice of Earned Income Tax Credit (EITC)

- **FOR FEDERAL RETURNS:**

The tax year 2020 Earned income and adjusted gross income (AGI) must each be less than:

If filing...	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	\$15,580	\$41,756	\$47,440	\$50,954
Married Filing Jointly	\$21,710	\$47,646	\$53,330	\$56,844

Investment income must be \$3,650 or less for the year.

The maximum amount of credit for Tax Year 2020 is:

\$6,660 with three or more qualifying children

\$5,920 with two qualifying children

\$3,584 with one qualifying child

\$538 with no qualifying children

- **FOR MARYLAND RETURNS:**

Please see the following notice provided by the Comptroller of Maryland.



IMPORTANT NOTICE TO MARYLAND EMPLOYEES

Did you know that federal and Maryland earned income tax credits are available to certain low-income individuals and families?

These credits can reduce the amount of income tax you owe or increase your income tax refund; and, you may qualify to receive some of these credits even if you did not earn enough income to be required to file a tax return.

2020 Maryland Earned Income Tax Credit (EITC)

Maryland's EITC is a credit for certain taxpayers who have income and have worked. The state EITC reduces the amount of Maryland tax you owe. The local EITC reduces the amount of county tax you owe. Some taxpayers may even qualify for a refundable Maryland EITC.

Most taxpayers who are eligible and file for a federal EITC can receive the Maryland state and local EITC. The allowable Maryland credit is up to one-half of the federal credit. To be eligible for the federal and Maryland EITC, your federal adjusted gross income and your earned income must be less than the following:

- \$50,954 (\$56,844 married filing jointly) with three or more qualifying children
- \$47,440 (\$53,330 married filing jointly) with two qualifying children
- \$41,756 (\$47,646 married filing jointly) with one qualifying child
- \$15,820 (\$21,710 married filing jointly) with no qualifying children

Generally, to receive the Maryland EITC, you must be eligible for the federal credit. However, if you do not meet the minimum age requirement under the federal credit and are otherwise eligible for the federal credit for those without a qualifying child, you may claim the state earned income tax credit (calculate federal earned income credit disregarding the minimum age requirement). If your income is less than the amounts shown in this notice, visit the Internal Revenue Service Web site at www.irs.gov, or contact your tax advisor, to learn if you meet the other requirements. You also may be entitled to a refundable Maryland EITC and to a local EITC.

If you are a part-year resident, you may be entitled to a prorated share of the credit, if you have Maryland income. As of 2017, nonresidents are no longer eligible for the Maryland credit.

For more information about the Maryland EITC, visit our Web site at www.marylandtaxes.gov or call 1-800-MD-TAXES (1-800-638-2937) or from Central Maryland 410-260-7980. You must have a valid Social Security number and file a tax return to claim this credit.

Reminder: Legally married same-sex couples must file as married filing jointly or married filing separately for tax year 2020. Employees wishing to adjust their withholding to reflect married status should complete a new Maryland Form MW507, as well as federal Form W-4.

2020 Federal Earned Income Tax Credit (EITC)

For more information about the federal EITC,
visit: www.irs.gov/individuals or call the IRS at 1-800-829-1040.