



# Illinois Municipal Retirement Fund

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## GENERAL MEMORANDUM

**Number:** 497

**Date:** December 13, 2002

**To:** All Authorized Agents

**Subject:** Manual for Authorized Agents, Section 9  
Revised Federal Taxes/Social Security Appendix A

Enclosed is one revised page for your IMRF Manual for Authorized Agents.

### **Federal Taxes/Social Security Appendix**

**Replace** Appendix A ..... **Revised** Social Security wage and Medicare wage bases for 2003

If you have any comments or questions, please call 1-800-ASK-IMRF (1-800-275-4673), 7:30 A.M. to 5:30 P.M., Monday through Friday and ask to speak with Linda Horrell, IMRF Communications Manager.

Sincerely,

Louis W. Kosiba  
Executive Director



## Social Security Wage Bases, Medicare Rates, and Social Security Rates

### Social Security Employer And Employee Taxes

- Wage bases for each year are determined the previous November by the SSA.
- The Medicare wage base has been removed. The Medicare rate applies to all earnings. The Medicare rate applies to employees who are excluded from Social Security coverage who were first employed in these positions after March 31, 1986.
- A Social Security covered employee will pay Medicare tax on all earnings. The Social Security rates for 1994 through 2003 are shown below. Please note that future Social Security rates may be changed by Congress.

### Tax Deadlines

- You must give the W-2 statements to your employees by January 31 of the following year.
- You must file your W-2s with an accompanying Form W-3, Transmittal of Income and Tax Statements, by February 28 of the following year.

#### A. Social Security Wage Base

The annual Social Security wage base is as follows:

Year	Social Security Wage Base
1994 .....	60,600
1995 .....	61,200
1996 .....	62,700
1997 .....	65,400
1998 .....	68,400
1999 .....	72,600
2000 .....	76,200
2001 .....	80,400
2002 .....	84,900
2003 .....	87,000

#### B. Medicare wage base

The annual Medicare wage base is as follows:

Year	Medicare Wage Base
1994 .....	\$135,000
1994 through 2003 .....	Rate applies to all earnings

#### C. Social Security Rates

Same Rate Used For Both Employer And Employee

YEARS	OASDI*	MEDICARE	TOTAL
1987	5.70%	1.45%	7.15%
1988-1989	6.06%	1.45%	7.51%
1990 through 2003	6.20%	1.45%	7.65%

\*Old Age, Survivors, and Disability Insurance

### Federal income tax withholding for IMRF pension payments

- For a monthly pension payment, the IRS default for withholding is “married with three exemptions.”
- If a retired member does not advise us that he or she wants some other withholding instructions, IMRF will withhold federal income tax when the monthly pension payment exceeds:

Year	Amount
2003 .....	\$1,300.51
2001 .....	\$1,263.01
2002 .....	\$1,288.00

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