

# SDAPA 4th Quarter

# Newsletter

November 2021

## In the News

### Social Security Administration Announces \$147,000 Tax Wage Base for 2022

On October 13, the Social Security Administration (SSA) announced that the social security tax wage base for 2022 will be \$147,000, increased by \$4,200 from \$142,800 in 2021. The maximum social security tax employees and employers will each pay in 2022 is \$9,114.00, an increase of \$260.40 from \$8,853.60 in 2021.

Regarding Medicare tax, all covered wages are still subject to the 1.45% tax. As in 2021, covered wages paid in excess of \$200,000 in 2022 will be subject to an extra 0.9% Medicare tax which will only be withheld from employees' wages.

Employers do not pay the extra 0.9% Medicare tax for wages paid in excess of \$200,000.

The social security tax wage base announced by the SSA for 2022 is slightly higher than the earlier estimate provided by the Social Security Trust Fund Board of Trustees. The Board's earlier estimate projected the 2022 wage base would be \$146,700. Employers who budgeted their 2022 FICA tax expensed based upon the trustees' projection will need to recalculate their expenses with the actual \$147,000 base.

## On the Calendar

Upcoming Member Events:

November 18, 2021  
Monthly Member Meeting  
Online Meeting  
Speaker: Sage Fahimi - Littler  
Mendelson P.C.

December 2021 - No meeting

January 2022 - No meeting

February 17, 2022  
Monthly Member Meeting  
Online Meeting  
2022 Legislative Update  
Speaker: Christopher W  
Olmstead

March 17, 2022  
Monthly Member Meeting  
Online Meeting  
Speaker and Topic to be  
announced

For additional details, please see the Social Security Administration's October  
press release at: <https://www.ssa.gov/news/press/releases/2021/#10-2021-2>

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# Federal News

## IRS Announces 2022 Retirement Plan Contribution Limits

The Internal Revenue Service (IRS) has announced changes to the dollar limits on benefits and contributions under qualified retirement plans for tax year 2022. The limit for 401(k) and 403(b) plans in 2022 increases to \$20,500, up from \$19,500 in 2021. The limitation for catch-up contributions to 401(k), 403(b) and 457(b) plans for individuals age 50 or over remains unchanged at \$6,500. The annual compensation limit increases to \$305,000, up from \$290,000 in 2021.

The limit on annual contributions to an Individual Retirement Arrangement (IRA) remains unchanged at \$6,000. the additional IRA catch-up contribution limit for individuals aged 50 and over remains \$1,000 for 2022.

The limitation used in the definition of "highly compensated employee" under section 414(q)(1)(B) is increased from \$130,000 to \$135,000. Effective January 1, 2022, the limitation on the annual benefit under a defined benefit plan under section 415(b)(1)(A) is increased from \$230,000 to \$245,000.

More information can be found inside IRS Notice 2021-61 at:  
<https://www.irs.gov/pub/irs-drop/n-21-61.pdf>

## IRS Shares 2022 Cost of Living Adjustments for Standard Deductions, FSA Deferrals and Transportation Fringes

The IRS released cost of living adjustments (COLAs) for 2022 which provide guidance on increases in excludable transportation fringe payments and the flexible spending arrangement (FSA) deferral limits. During 2022, the amounts for employer provided qualified transportation fringe benefits and qualified parking which may be excluded from gross income increase to \$280 per month, increased from \$270 per month in 2021.

For Flexible Spending Arrangement (FSA) plan years beginning in 2022, the limit for voluntary salary deductions towards plan contributions increased to \$2,850, up from \$2,750 in 2021. The IRS income tax return standard deduction amounts for 2022 will increase to \$25,900 for married couples filing jointly (\$25,100 in 2021), \$12,950 for single taxpayers and married taxpayers filing separately (\$12,550 in 2021), and \$19,400 for heads of household (\$18,800 in 2021).

Additional updates and details for 2022 can be found within IRS Rev. Proc. 2021-45 at:  
<https://www.irs.gov/pub/irs-drop/rp-21-45.pdf>

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## AMERICAN PAYROLL ASSOCIATION

### Open Board Positions

- \* Program Director
- \* President-Elect
- \* Philanthropy Chair
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### Interested? Get Involved!

Contact CeCe Bramlett for  
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# California Updates

## State Unemployment Insurance Taxable Wage Base Remains Unchanged, State Disability Insurance Wage Base Increases for 2022

The California Employment Development Department (EDD) recently announced that the wage base for the State Unemployment Insurance (SUI) tax will remain at \$7,000 per employee per calendar year. The Federal Unemployment Tax Act (FUTA) requires that each state's taxable wage base must at least equal the FUTA wage base of \$7,000 per employee. California UI contribution rates for employers look to be within the range of 1.5 percent to 6.2 percent in 2022. With regards to California's neighboring states, Arizona's UI wage base will remain unchanged at \$7,000 for 2022, Nevada will increase to \$36,600 (up from \$33,400 in 2021), and Oregon's 2022 Wage Base for 2022 has not yet been announced (\$43,800 in 2021).

The California EDD has also announced that the State Disability Insurance (SDI) employee tax will feature a decreased tax rate along with an increased maximum taxable earnings base for 2022. The SDI withholding rate for 2022 is 1.1% (down from 1.2% in 2021). The SDI maximum taxable earnings base for 2022 is \$145,600 (up from \$128,298 in 2021). These changes will result in an increased maximum 2022 SDI tax employee deduction of \$1,601.60 per employee per year (up from \$1,539.58 in 2021).

For more information, see the CA EDD updates at :

[https://edd.ca.gov/Payroll\\_Taxes/Rates\\_and\\_Withholding.htm#Rates](https://edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm#Rates)

## City of San Francisco's New Local Tax becomes Effective January 1, 2022

Employers subject to the San Francisco Administrative Office Tax (AOT) must pay an additional annual Overpaid Executive Tax (OET) of 04% to 24% on their payroll expense when their highest paid managerial executive earns more than 100 times the median compensation paid to employees in San Francisco. Excluding Administrative Office Tax filers, a business exempt from the Gross Receipts Tax in San Francisco as a small business enterprise is also exempt from the Overpaid Executive Tax. Additionally, the Overpaid Executive Tax in San Francisco does not apply to certain non-profit organizations and businesses exempt from local taxation, such as banks and insurance companies. The Overpaid Executive Tax will be filed as part of the San Francisco Annual Business Tax Return.

More details are available at:

<https://sftreasurer.org/business/taxes-fees/overpaid-executive-tax-oe>

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# San Diego Chapter News

## San Diego Chapter Gives Back To the Community With Philanthropy at San Diego Food Bank

On October 27, 2021, members of the San Diego Chapter of the American Payroll Association volunteered at the San Diego Food Bank's Miramar Distribution Center. The San Diego Food Bank provides assistance with almost 600,000 people in need each month. Attendees from the San Diego Chapter included CeCe Bramlett, Darlene Marinello, Mimi Monty, Stephanie Kelly and Stephanie's husband. The Chapter attendees worked together to process and bag over 8,000 lbs of squash and bell peppers during the event. The San Diego Chapter also presented the San Diego Food Bank with a \$500 donation that day, which should help provide almost 2,000 meals to local area residents. Please continue to monitor the San Diego Chapter news and updates to join in with future Philanthropic events to give back to the San Diego Region.



Pictured above: San Diego APA Chapter Members CeCe Bramlett, Darlene Marinello, Mimi Monty and Stephanie Kelly volunteer at the San Diego Food Bank for the Chapter's annual Philanthropy Day.

## Board Officers

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Please inform your colleagues in Payroll and Human Resources of the APA San Diego Chapter and invite them to consider membership!

Information on the APA San Diego Chapter's membership perks can be easily shared with others by downloading the informational brochure [linked here](#) (click here).