

# HAPPY NEW YEAR

## Payroll Tax Holiday Expires

On December 31, 2012, the payroll tax holiday for employees expired. This means workers will pay 6.2% of their income to social security in 2013, up from 4.2% in 2012.

**The Business Mileage Rate increases to 56.5 cents for 2013 up from 55.5 cents**

**The social security wage base increases to \$113,700 for 2013 up from \$110,100**

## Ohio Minimum Wage Increases for 2013

**\$7.25 (for those employers grossing \$288,000 or less)  
\$7.85 (for those employers grossing \$288,000 or more)**

## Additional Medicare Tax on High Earners, Effective 2013

Effective for taxable years after December 31, 2012, the Medicare tax rate will increase 0.9% (for employee withholding only) from 1.45% to 2.35% on wages paid over \$200,000. There is no employer match for the additional Medicare tax as there is with the regular Medicare tax.

An individual is liable for additional Medicare tax if the individual's wages, other compensation, or self-employment income (together with that of his or her spouse if filing a joint return) exceed the threshold amount for the individual's filing status:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single	\$200,000
Head of household	\$200,000

An employee cannot request that the employer deduct and withhold Additional Medicare Tax on wages of \$200,000 or less. However, an employee who anticipates liability for Additional Medicare Tax may submit a new Form W-4 requesting additional income tax withholding. An employee might request additional income tax withholding on wages not in excess of \$200,000 if, for example, the employee is married and files a joint return and anticipates liability for Additional Medicare Tax because combined wages of the employee and his or her spouse will exceed \$250,000.

---

## HSA Limits

The maximum HSA contribution for 2013 is:

Under 55 - Single \$3250 - Family \$6450  
Over 55 - Single \$4250 - Family \$7450

In addition, the minimum deductible will be \$1,250 for single coverage and \$2,500 for family coverage.

The maximum out-of-pocket employee expense, including deductibles, will be \$6,250 for single coverage and \$12,500 for family coverage.

---

## 401k Plan Limits for Plan Year 2013

401k Elective Deferrals	\$17,500
Annual Defined Contribution Limit	\$51,000
Annual Compensation Limit	\$255,000
Catch-Up Contribution Limit	\$5,500
Highly Compensated Employees	\$115,000

## Non-401k Related Limits

403(b)/457 Elective Deferrals	\$17,500
SIMPLE Employee Deferrals	\$12,000
SIMPLE Catch-Up Deferral	\$2,500
SEP Minimum Compensation	\$550
SEP Annual Compensation Limit	\$255,000
Social Security Wage Base	\$113,700