Mandatory Deductions and Contributions

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Federal and state laws, and regulations require various mandatory deductions. The dollar amounts and/or percentages are revised and updated as changes occur.

The following table describes the current mandatory deductions and requirements.

Mandatory Deductions and Contributio	
Deduction	***Description***
CU Faculty/University Staff Optional Retirement Plan	Faculty and university staff (except those enrolled in PERA) are covered by the faculty/university staff CU 401(a) Retirement Plan, if eligible. This plan offers three fund sponsors: 1. TIAA-CREF [1], 2. Vanguard Group [2], and 3. Fidelity Investments [3]. For eligibility and other information, contact Employee Services. The university match is pro-rated between each SpeedType to which the employee's wage payment is charged.

Federal Withholding (Income) Tax	All employees (except nonresident international employees excluded under a tax treaty) are subject to federal withholding tax. The amount withheld is determined by the wage amount for the pay period and the employee's Form W-4 status. Generally, employees who claim married status have less withheld than employees making the same wage who claim single status. Employees who claim more allowances have less withheld than employees claiming fewer allowances. Additional federal withholding can be requested by using the additional tax withholding form on the ES website (preferred method) or by entering a dollar amount on Form W-4. Employees who determine they are not subject to federal income tax may claim exempt by completing line #7 on Form W-4 and submitting it to ES. Exempt status must be renewed annually by February 15th of each year. Exempt status expires on February 16th if not renewed. **Note**: Nonresident employees must not complete a W-4. Please contact a ES International Tax Specialist for instructions.
Medicare Tax	Medicare tax deduction is a percent of salary (currently 1.45% with no annual limit. Employees covered by Medicare tax include: 1. Employees covered by Social Security (OASDI*) automatically have a deduction for Medicare tax; 2. All PERA eligible employees hired on or after April 1, 1986; 3. Student employees enrolled in the student retirement plan. The University?s matching contribution is pro-rated among all SpeedTypes to which the employee's wage payment is charged. Nonresident international employees with F, J, M, or Q visa statuses are potentially exempt. Please check with the ES international tax specialist for more information. *The Federal Insurance Contributions Act (FICA) provides the authority to collect Social Security Payroll Taxes, which include an OASDI (Old Age, Survivors, and Disability Insurance) and a Medicare component.
Occupational PrivilegeTax (a.k.a. Head Tax) ? City of Aurora, Glendale, and City and County of Denver	All employees performing services within the City of Aurora, Glendale, or within the City and County of Denver for any period of time in a calendar month, and receiving compensation above the specified limits (City of Aurora - $250/month or more, Glendale - $750.00/month or more, and City and County of Denver - $500/month or more) are subject to a mandatory Employee Occupational Privilege Tax, also known as a head tax.

Public Employees' Retirement Association (PERA)	All classified staff, eligible university staff and some faculty are enrolled in PERA, which includes both an employee deduction and an employer contribution. PERA retirees returning to work are also enrolled in PERA (10.15% employer contribution only). The University match is pro-rated among all SpeedTypes to which the employee's wage payment is charged.
Public Employees' Retirement Association (PERA) - AED	In addition to the PERA employee deduction and employer contribution, PERA requires an additional employer contribution called the Amortization Equalization Disbursement (AED).
Short Term Disability (STD) ? Classified Staff	Short-term disability coverage is provided for all eligible classified staff. A financial system allocation charges a percent of subject salary to the SpeedType charged the employee's wage payment. The University cost is pro-rated among all SpeedTypes to which the employee's wage payment is charged.
Social Security (OASDI*)	Employees (other than PERA participants and student employees) are subject to OASDI* deductions. The deduction is a percent of eligible salary up to a ceiling amount, indexed annually. The University match is pro-rated among all SpeedTypes to which the employee's wage payment is charged. Non-resident aliens with an F, J, M, or Q visa status are potentially exempt. Please check with the ES international tax specialist for more information. *The Federal Insurance Contributions Act (FICA) provides the authority to collect Social Security Payroll Taxes, which include an OASDI (Old Age, Survivors, and Disability Insurance) and a Medicare component.

State of Colorado Withholding (Income) Tax	All employees (except non-resident international employees excluded by tax treaty) are subject to state withholding tax. The deduction is based on the wages for the pay period and the employee's federal Form W-4 status. Employees requiring additional state withholding may do so by completing an Additional Federal/State Tax Withholding Request Form [4]. Employees who determine they are not subject to either federal or state income tax may claim exempt by completing Form W-4 and submitting it to Employee Services. Colorado does not have a state equivalent of the federal Form W-4, so employees can file the Form W-4 for both federal and Colorado income tax withholding purposes. If an employee is subject to federal withholding, but determines that he/she is not subject to Colorado withholding, he or she may request exemption from Colorado withholding tax by completing the Exemption from State of Colorado Withholding Form [5]. To be exempt from Colorado withholding, no service may be performed within Colorado, nor may you reside in Colorado. (Federal tax will continue to be withheld.)
Student Retirement Plan	Student workers and student faculty not enrolled in the minimum number of required academic credits, and students who work 40 hours or more per week, are subject to the student retirement plan (and to Medicare tax at 1.45%, per IRS rules; see above section on Medicare Tax). The required retirement plan deduction is 7.5% of subject wages. The University does not match student retirement plan deductions. For more information, please see the Student Retirement Fact Sheet [6]or contact your student employment office.
TIAA-LTD Faculty and University Staff	Long-term disability coverage is provided for all eligible faculty and university staff. The cost is pro-rated among all SpeedTypes to which the employee's wage payment is charged.
Unemployment	Employees (other than student workers and student faculty) are covered by unemployment through the state of Colorado. Each month, a financial system allocation charges a percentage of covered wages to the SpeedType(s) charged for employee wages.

Workers' Compensation	The university is required to provide Workers' Compensation coverage to all individuals employed by the University. Each month, a financial system allocation charges a percentage of covered wages to the SpeedType(s) charged for employee wages.

Source URL: http://www.cu.edu/employee-services/business-partners-ppldrl/business-partner-resources/employee-services-procedure-20

Links:
[1] http://www1.tiaa-cref.org/tcm/cu
[2] https://retirementplans.vanguard.com/VGApp/pe/PublicHome
[3] http://plan.fidelity.com/cu
[4] http://www.cu.edu/sites/default/files/policies//docs/Additional-Tax_ReqAuth.xls
[5] http://www.cu.edu/sites/default/files/policies/docs/Exemption-State-Withhold_13.08.23.xls
[6] http://www.cu.edu/sites/default/files/student-retirement-facts.pdf