

Tax season is around the corner: Prepare with tax and savings limits changes, Social Security deductions and more ^[1]

November 13, 2019 by [Employee Services](#) ^[2]

The New Year is almost here. Prepare by taking a few minutes to review 2020 Social Security deductions and contribution limit increases, then see tax rates and how much you'll be able to save for retirement, health care and childcare.

Social Security deductions and contribution limit increases

- Social Security will resume **Jan. 1, 2020** for employees who earned more than \$132,900 in 2019. Remind employees who fall into this category, as January 2020 paychecks will reflect resumed contributions.
- The Social Security tax rate will remain **6.2 percent**, and the maximum taxable earnings for Social Security will increase to \$137,700, at which point the withholdings will stop.
- Medicare will continue to be withheld at **1.45 percent** on all earnings. Employees with earnings in excess of \$200,000 for single filers and \$250,000 for married couple filing together, will also be subject to an additional **0.9 percent** Medicare tax.

2020 tax rates and savings limits

Social Security and Medicare

CU 401a Mandatory Retirement Plan

**Social Security maximum
taxable earnings:**
\$137,700

**Social Security tax rate for
employees and employers:**
6.2%

**Social Security withholding
maximum:**
\$8,537.40

**Medicare tax rate for
employees and employers:**
1.45%

**Additional Medicare Tax on
salaries above \$200,000 (single)
or \$250,000 (married filing
jointly):**
0.9%

Employee contribution:
5%

CU's contribution:
10%

Maximum contribution:
\$57,000

Salary limit:
\$285,000

PERA Mandatory Retirement Plans

Employer:
10.4% (Jan. - June 2020)
10.9% (July – Dec. 2020)

Employee:
8.7% (Jan. – June 2020)
10% (July – Dec. 2020)

Voluntary Retirement Plans

**CU 403(b), PERA 457 and PERA 401k
maximum contribution:**
\$19,500

**CU 403(b), PERA 457 and PERA 401k
catch up contribution for employees
over 50:**
\$6,500

Health Savings Account Limits

Dependent Care Flexible Spending Account Limit

Single coverage:

\$3,550

Family coverage:

\$7,100

\$5,000

Catch up contributions (age

55+):

\$1,000

Health Care Flexible Spending Account Limit

\$2,750

To see additional year-end information, dates and deadlines, visit the [Employee Services website](#) [3].

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