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TO: CALIFORNIA PUBLIC AGENCIES WITH SOCIAL SECURITY COVERAGE

SUBJECT: SOCIAL SECURITY MAXIMUM WAGES AND CONTRIBUTION RATES

The social security wage base for 2000 increased to \$76,200. There is no limitation on Medicare wages.

The Social Security Administration has advised us that the employer and employee tax rates have not changed for 2000. The rates for *each* (the employer and employee) are:

Social Security – 6.2 percent (12.4% total) social security up to \$76,200 plus 1.45 percent (2.9% total) Medicare on all wages.

Medicare Only – 1.45 percent (2.9% total) Medicare on all wages.

Other changes effective January 1, 2000 include:

The amount of earnings required for one social security credit increases from \$740 in 1999 to \$780 in 2000. An individual may earn a maximum of four social security credits each year.

The maximum amount a social security beneficiary may earn without reduction in benefits increases to \$17,000 for those age 65-69 and \$10,080 for those under 65. There are no reductions in social security benefits for persons age 70 or older who continue working.

The Social Security Administration advises that anyone 62 or older and considering retirement any time in 2000 should contact Social Security now. For information about social security benefits or to schedule an appointment to discuss retirement plans, call 1-800-772-1213 any business day.

If you have any questions, please contact your CalPERS Contract Representative or 888 CalPERS (or 888-225-7377) for your representative's name and telephone number.

Kenneth W. Marzion, Chief
Actuarial & Employer Services Division