

**IMPORTANT EMPLOYEE NOTICE****2011 Social Security Tax Cut for Employees**

The Tax Relief, Job Creation Act of 2010 provides a two percentage point payroll tax cut effective January 1, 2011 for employees, reducing workers' Social Security tax (OASDI) withholding rate from 6.2 percent to 4.2 percent of wages paid. This reduced Social Security withholding will have no effect on the employee's future Social Security benefits.

The Internal Revenue Services recognizes that the late enactment of these changes makes it difficult for many employers to quickly update their Payroll systems. For that reason, the IRS, has asked employers to adjust their payroll systems as soon as possible, but not later than January 31, 2011.

For any Social Security tax over withheld during January of 2011, the City & County of San Francisco Payroll/Personnel Service Division will make an offsetting adjustment in your OASDI tax withheld on your wages and refund excess OASDI taxes withheld the payday of **February 1, 2011**.

Below is a payday by payday "illustration" for your reference.

PayDay	Paid	OASDI at 6.2 %	OASDI at 4.2%	Excess Tax
1/4/2011	\$4000.00	\$248.00	\$168.00	\$80.00
1/18/2011	\$4000.00	\$248.00	\$168.00	\$80.00

Employee has \$160 in excess OASDI Tax Withheld.

PayDay	Paid	OASDI at 4.2%	Minus Excess Tax	Tax deducted payday of 2/1/2011
2/1/2011	\$4000.00	\$168.00	\$160.00	\$8.00

Only \$8.00 will be deducted because the System has applied the excess tax of \$160.

PayDay	Paid	OASDI at 4.2%		
2/15/2011	\$4000.00	\$168.00		

This is the normal tax that will be applied starting this payday

If you have any questions regarding your Social Security Tax refund, please contact your department payroll office.