

MEDIA DATA SERVICES, INC.

"The Payroll Experts"

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2019

YEAR END INFORMATION

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2020

PAYROLL TAX PREVIEW

PLEASE READ THIS INFORMATION CAREFULLY AND SHARE IT WITH YOUR
ACCOUNTANT OR TAX PROFESSIONAL

Media Data Services, Inc. does not render tax or accounting advice.

Media Data Services, Inc. provides the enclosed information for general guidance only, and does not constitute the provision of accounting, legal, tax or investment advice, or professional consulting of any kind. This information should not be used as a substitute for consultation with professional tax, accounting, legal, or other advisers. If you have questions, you should consult a professional adviser who has been provided with all pertinent facts relevant to your particular situation. The enclosed information is provided "as is," with no assurance or guarantee of completeness, accuracy, or timeliness of the information, and without warranty of any kind, express or implied.

TAX and TAXABLE WAGE NEWS FOR 2020

Please note that **MEDIA DATA** is prepared to implement any payroll tax and form changes as required, whether detailed below or not yet announced.

SOCIAL SECURITY ADMINISTRATION

2020 Social Security Wage Base \$137,700

The Social Security maximum taxable earnings will increase to \$137,700 in 2020 from \$132,900 in 2019. The Social Security tax rate will remain at 6.2% for employees and employers. Maximum employer and employee social security contributions will be \$8,537.40. Medicare maximum taxable earnings remain unlimited. Medicare tax rates also remain the same as the past several years and are as follows:

Employer rate: 1.45%

Employee withholding rate: 1.45% on wages < \$200,000

Employer withholding rate: 2.35% on wages >\$200,000 (1.45%+0.9%)

IRS NEWS FOR 2020

ALL W-2s FOR 2019 MUST BE FILED BY JANUARY 31

Consistent with previous years, **all W-2s (regardless of whether they are electronically filed or filed by paper) must be reported to the SSA no later than January 31, 2020.**

Companies **MUST** give MEDIA the following information **NO LATER THAN YOUR LAST SCHEDULED PAYROLL FOR THE YEAR OR DECEMBER 13, 2019, WHICHEVER IS LATER, TO AVOID PENALTIES:**

- 1) **Social Security Number and Address Changes** for your employees. If you access your payroll data through *Media's online product*, you can simply verify your employee data on the system. If you would like online access, please contact your Media Account Representative. If you require a paper report displaying employee information for your review, please ask your Media Account Representative as it is no longer on payroll reports or check stubs due to privacy legislation. Media charges a small fee for a W-2c. Please note **MEDIA WILL NOT BE RESPONSIBLE FOR INCOMPLETE OR INACCURATE INFORMATION ON FORM W-2, FORM 941, NJWR-30 OR OTHER STATE WAGE LISTINGS.**

- 2) **Taxable Fringe Benefits Reporting.** According to the IRS rules, the value of certain fringe benefits (e.g., car allowance, owners' health benefits) must be reported as taxable income on the Form 941 as well as on the employee's Form W-2. Please consult your CPA or tax advisor regarding the taxability of benefits for your company and report the information to your Account Representative. You may be subject to additional fees for late submissions.
- 3) **Disability Reporting.** If you have not already submitted disability income reports to us, please do so IMMEDIATELY. All disability information processed through Media BEFORE year end. If you have already reported disability income for any of your employees during this year, this information will automatically be generated on a W-2 for that employee. You may be subject to additional fees for late submissions.
- 4) **Qualified Pension Reporting.** As required, a qualified pension plan (e.g. 401k, 403b, SEP or SIMPLE) will automatically be marked on an employee's W-2 if there is a salary deferral for the plan from the wage of the employee. However, if the plan is funded entirely by the employer, then you must inform Media BEFORE year end with employee participant information. You may be subject to additional fees for late submissions.

FEDERAL INCOME TAX

For tax year 2020, the IRS has announced various tax changes due to inflation adjustments, including, but not limited to, tax rate schedule changes. Media is prepared to implement these changes promptly.

As previously communicated to you, the IRS has issued a draft 2020 W4 Form, which should be approved by January. Employees hired after 12/31/2019 will be required to complete the new redesigned W4 Form. However, employers are not required to have existing employees complete the new form.

As you know, the Tax Cuts and Jobs Act eliminated the personal exemption. However, for those employees being paid using a W4 from 2019 or prior, the reported allowances will be multiplied by \$4,200. Those employees completing the newly designed form will indicate adjustments to taxable wages and/or to the withholding amount, according to the worksheets provided on the W4 form.

If employees want to adjust their withholding in 2020, they are required to use the

redesigned form. Employers can encourage their employees to go to www.irs.gov/W4App to use the “estimator” to determine the most accurate federal income tax withholding. Submit any updated Form W-4s to your Media Data Services Account Representative. Please go to www.irs.gov for more information and to download the Form. The Form can also be downloaded from our website at:

http://www.mediadataservices.com/resources/payroll_government_forms

The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) increased to \$2,750 in 2020 up from \$2,700 in 2019 for an individual. In 2020, the annual limit on HSA contributions will be \$3,550 for self-only and \$7,100 for family coverage, up \$50 and \$100, respectively from 2019. Any "catch-up" contributions for an HSA must be reported to Media each year. The catch-up contribution limit for those over age 55 will remain at \$1,000.

FUTA CREDIT REDUCTION

A state that has not repaid money it borrowed from the federal government to pay unemployment benefits is a “credit reduction state.” The U.S. Department of Labor (DOL) determines these states. If an employer pays wages that are subject to the unemployment tax laws of a credit reduction state, that employer MUST PAY additional federal unemployment tax when filing its form 940. For 2019, the U.S. Virgin Islands is the only potential credit reduction territory that remains.

PENSION PLAN CONTRIBUTION LIMITS FOR 2020

The IRS announced slight increases to 401(k), SEP, 403(b) and 457 plan contribution limits to \$19,500 from \$19,000 for 2020. The limit on Simple plans increased to \$13,500 from \$13,000. There was a change on catch-up contributions for those age 50 or older, from \$6,000 to \$6,500 for 2020.

Limits on exclusions for elective	2020	2019	2018	2017	2016
401(k) and SEP plans	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000
403(b) and 457 plans	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000
Simple Plans	\$13,500	\$13,000	\$12,500	\$12,500	\$12,500
"Catch-up"	\$6,500	\$6,000	\$6,000	\$6,000	\$6,000
"Catch-up" Contributions: Simple plan	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000

AFFORDABLE CARE ACT REPORTING

Media has the tracking tools necessary to help our clients with Affordable Care Act (ACA) compliance issues including Employer Reporting Responsibilities of the ACA. Media can also produce and electronically file Forms 1094C & 1095C. An applicable large employer (ALE) is any employer who employs a total of 50 full time or full-time equivalent employees in the prior year. The forms must be filed on the same schedule as the W-2s. More information is available on www.irs.gov. If you qualify as an ALE, we urge you to take action immediately to ensure that your reporting obligations are met. Please call your Media Account Representative.

HEALTH CARE COVERAGE REPORTING REQUIREMENT ON W-2s

Similar to ACA, the health care reporting requirements on the W-2 continue to be optional for small employers. However, employers with 250 or more employees (based on prior year W-2s) are subject to the reporting requirements. Please see www.irs.gov for more information on calculating cost of coverage and health care reporting requirements. It is your responsibility to tell Media if you plan to report health care costs on the W-2. You will need to provide your Media Account Representative with the appropriate information on or before December 13, 2019.

Social Security Administration (SSA) Mismatch Letters

Last year, the SSA began sending notices to employers if the SSA could not match the name and social security number for the employers' employees on a Form W-2 to the SSA's records. We believe they will continue sending these letters. If you receive such notices, it is likely a W-2c will be required to rectify the mismatch. Please send your Media Account Representative any notices you receive. For a small fee, we can assist you with any W-2c filings required. As mentioned above and in previous years, Media is not responsible for incomplete or inaccurate information on Form W-2, Form 941 or NJ WR-30 or any other state wage listings.

NEW JERSEY PAYROLL NEWS

The State of New Jersey has **INCREASED** the taxable wage base for unemployment (UI), temporary disability (TDI) and family leave insurance (FLI) to \$35,300 for 2020 from \$34,400 in 2019 for **the EMPLOYER. FOR THE EMPLOYEE**, the wage base will be \$35,300 for unemployment, but the wage base for TDI and FLI will **INCREASE to \$134,900**. The State has also **increased** the employee and employer TDI rate to 0.26% from 0.17% and has **doubled** the FLI rate to 0.16% from 0.08%. There is no change to the employees' UI rate of 0.425%.

	2020	2019	2018	2017	2016
The maximum employee contributions					
UI $\$35,300 \times 0.425\% =$	\$150.03	\$146.20	\$143.23	\$142.38	\$138.55
TDI $\$134,900 \times 0.260\% =$	\$350.74	\$58.48	\$64.03	\$80.40	\$65.20
FLI Employee $\$134,900 \times 0.16\% =$	\$215.84	\$27.52	\$30.33	\$33.50	\$26.08
Maximum Employee Total =	\$716.61	\$232.20	\$237.59	\$256.28	\$229.83
Maximum Workers' Compensation weekly benefit	\$945.00	\$921.00	\$903.00	\$896.00	\$871.00
Maximum Unemployment Insurance weekly benefit	\$713.00	\$696.00	\$681.00	\$677.00	\$657.00
Maximum Temp. Disability Insurance weekly benefit	\$667.00	\$650.00	\$637.00	\$633.00	\$615.00
Base week amount increases to	\$200.00	\$172.00	\$169.00	\$168.00	\$168.00
Alternative earnings test amount is	\$10,000	\$8,600.00	\$8,500.00	\$8,400.00	\$8,400
NJ Minimum Wage (for most employers)	\$11.00	\$8.85	\$8.60	\$8.44	\$8.38
For seasonal and small employers (under 6)	\$10.30				
For tipped employees	\$ 3.13				

In the third quarter of 2019, Media implemented each employer's unemployment and disability rates as dictated by the State of NJ's Department of Labor and Workforce Development Employment Security Agency (DOL). Employers received a notice from the state describing the final unemployment experience rate (allocated between Unemployment and Workforce Funds) and Disability insurance experience rate. The new rates were retroactively implemented from July 1, 2019 and will remain in effect until June 30, 2020.

NJ LAW REQUIRES EMPLOYERS TO PROVIDE PAID SICK LEAVE (PSL)

As we have reported to you on multiple occasions, the State of NJ is now requiring employers to pay up to 40 hours of sick leave (PSL) per year for all employees. Employees accrue one hour of paid sick leave for every 30 hours worked, up to 40 hours in a year.

Employers are required to post a notice of the law in a conspicuous place and provide a notice to all employees within 30 days after it is issued by the Department of Labor and Workforce Development (DOLWD). You may download the poster from the DOLWD website at: https://www.state.nj.us/labor/forms_pdfs/mw565sickleaveposter.pdf

Please see our previous communications for more information or go to <https://nj.gov/labor/earnedsick/index.html> for more details. The State has issued answers to Frequently Asked Questions that you may find helpful as you navigate this new law.

Please note that if you are utilizing Media's payroll system to help you monitor PSL, it is your responsibility to check the accuracy of the accrual and tracking process. Media indemnifies itself of any legal responsibility to do so. Your payroll report package includes a report to help you monitor the PSL accrual or "front loaded" PSL hours. Please review this report after each pay period. Please alert your Media Account Representative promptly if you find errors or require changes to this report. If your report package does not include the Time Off Accrual report, please let your Media Account Representative know and we will rectify that with your next payroll.

NEW MINIMUM WAGE ACTIONS

The Federal minimum wage remains \$7.25 per hour except for employers who do business with the government, which should receive at least \$10.80 per hour. However, as you know, some states have a higher minimum wage rate. When the state minimum wage rate is higher than the federal rate, workers need to be paid at the higher rate. Below is only a summary of certain state minimum wage actions for 2020. For more information and if you operate in states not listed below, please go to the particular state department of labor website.

New Jersey: see prior page under New Jersey Payroll News

New York: Effective 12/31/2018, NY's minimum wage will be dictated by location and size, as displayed below:

Non-tipped Employees by Location	2020	2019	2018
NYC – Large Employers (of 11 or more employees)	\$15.00	\$15.00	\$13.00
NYC – Small Employers (10 or less employees)	\$15.00	\$13.50	\$12.00
Long Island & Westchester	\$13.00	\$12.00	\$11.00
Remainder of New York State	\$11.80	\$11.10	\$10.40
Tipped Employees by Location – Cash (min)	2020	2019	2018
NYC – Large Employers (of 11 or more employees)	\$10.00	\$10.00	\$8.65
NYC – Small Employers (10 or less employees)	\$10.00	\$9.00	\$8.00
Long Island & Westchester	\$ 8.65	\$8.00	\$7.50
Remainder of New York State	\$ 7.85	\$7.50	\$7.50
Tipped Employees by Location – Tip Credit (max)			
NYC – Large Employers (of 11 or more employees)	\$5.00	\$5.00	\$4.35
NYC – Small Employers (10 or less employees)	\$5.00	\$4.50	\$4.00
Long Island & Westchester	\$4.35	\$4.00	\$3.50
Remainder of New York State	\$3.95	\$3.60	\$2.90

NY PFL: Please be aware that the New York Paid Family Leave (PFL) contribution, which began 1/1/2018, is increasing to 0.270% (up from 0.153%) of an employee's gross wages each pay period. The maximum annual contribution is \$196.72 for 2020.

Massachusetts: Massachusetts' minimum wage will rise to \$12.75 from \$12.00 per hour.

MA Family and Medical leave: Rate is 0.75%

Connecticut: Connecticut's minimum wage will change to \$11.00 from \$10.10 per hour.

California: California's minimum wage for employers with 25 or less employees will increase to \$12.00 from 11.00 per hour. Minimum wage for employers with 26 or more employees will increase to \$13.00 from \$12.00. Several cities or localities within CA have adopted ordinances which

establish a higher minimum wage rate for employees working within their local jurisdiction. For more information on these rates and changes go to www.dir.ca.gov/dlse.

Florida: The minimum wage in Florida will increase to \$8.46 per hour from \$8.25.

2020 has minimum wage updates in 26 States! Please consult the Wage and Hour Divisions of every state in which you do business to insure that you are in compliance with the requirements.

It is the employer's responsibility to instruct your Media Account Representative to make any necessary wage rate changes for each employee. Media indemnifies itself of any legal responsibilities if such changes are not requested of us. In addition, it is the employer's responsibility to ensure that any requested changes are made promptly and accurately. Media indemnifies itself of any legal responsibilities if you do not alert us to errors or omissions promptly. Wage rates are visible on all payroll registers. However, if you need a pay rate schedule for your employees, please ask your Media Account Representative.

MEDIA DATA SERVICES, INC.

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• THE PAYROLL COMPANY •

2019 PAYROLL FACTS AT A GLANCE

	FICA SOCIAL SECURITY	FICA MEDICARE
MAXIMUM TAXABLE WAGE BASE	\$132,900	NO LIMIT
TAX RATE	6.2%	1.45% ON WAGES <\$200,000 2.35% ON WAGES >\$200,000
MAXIMUM TAX	\$8,239.80	NO MAXIMUM

NJ EMPLOYEE SUI/DI/FLI CONTRIBUTIONS	NJ UNEMPLOYMENT	NJ DISABILITY	NJ FAMILY LEAVE
MAXIMUM TAXABLE WAGE BASE	\$34,400	\$34,400	\$34,400
TAX RATE	0.425%	0.170%	0.080%
MAXIMUM TAX	\$146.20	\$58.48	\$27.52
EMPLOYEE TOTAL CONTRIBUTION	\$232.20		
BASE WEEK	\$172.00		
NJ MINIMUM WAGE	\$8.85		

RETIREMENT PLAN INFO	401K/403B/457	SIMPLE IRA
MAXIMUM PRETAX CONTRIBUTION	\$19,000	\$13,000
CATCH UP (50 YEARS OLD AND OVER)	\$6,000	\$3,000
MAXIMUM ON CATCH UP	\$25,000	\$16,000

MEDIA'S PAYROLL PLATFORM FEATURES

Media's payroll system is a robust platform that offers many additional features that include unlimited pay types and deductions as well as customized reports. Additional features include:

ON-LINE PAYROLL Media currently offers on-line payroll services to allow for a completely paperless payroll.

QUICK BOOKS AND OTHER GL DOWNLOADS... Formats compatible with certain general ledger systems can be sent to you via email after every payroll to expedite your bookkeeping processes.

PAY AS YOU GO WORKERS' COMP.... Payroll data is transmitted electronically with each payroll to Media's insurance partners such as The Hartford & E-Comp.

TIMEKEEPING SERVICES....Media partners with a timekeeping services provider where the data from the time clocks can be imported directly into our system.

DIRECT DEPOSIT.... Media can transmit data for the automatic transfer of money into the individual employee's bank account to ensure the money is available on the pay date.

RETIREMENT PLAN REPORTING.... Annual compliance reports for 401(k), 403(b), 457, etc. are available. We can also transmit information to your plan provider after each payroll.

ADDITIONAL PRODUCTS AND SERVICES.....Employee address list, Payroll check signing, stuffing and sealing in envelopes, individual earnings reports (Ledger cards); Vacation, Sick, Holiday accumulators, Automatic New Hire reporting (unless you opt out).

MEDIA'S WEBSITE HAS MANY RESOURCES FOR YOU ON ITS WEBSITE INCLUDING LINKS TO FEDERAL AND STATE POSTERS, FORM W-4 AND I-9. PLEASE GO TO www.mediadataservices.com