TO: Finance & Administration Advisory Group & Business Managers
FROM: Leanne M. Marden, Controller & Director of Fiscal Operations & Ellen M. O'Connor, Vice Chancellor for Administration & Finance
CC: Vice Chancellors, Deans, Directors, Department Heads & Principal Investigators
SUBJECT: FY 2013 Fringe Benefit and Payroll Tax Rates
DATE: July 6, 2012

As many of you know, the University is required to pay the Commonwealth of Massachusetts the cost of fringe benefits and payroll taxes for all non-state funded employees. These costs are assessed based on an agreement between the Commonwealth and the U.S. Department of Health and Human Services. The State Comptroller has notified the University that the following rates have been approved for FY 2013:

- Fringe benefit rate (incl. health insurance, pension & terminal leave) 25.98% of regular (benefited) employee compensation
- Payroll tax rate (incl. unemployment, universal health & medicare tax) 1.29% of compensation for regular & contract employees

In addition, other required payroll-related charges will continue to be assessed during FY 2013 as follows:

- Health & welfare $28/bi-weekly per FTE *
- Worker's compensation 0.31%

The rates are currently being updated in the university's payroll system and will apply to the next bi-weekly payroll period that ends on 7/14/12. If you have questions about these costs, you may contact Leanne Marden at 617-287-5196.

Please be advised that savings in fringe benefit costs that result from the reduced fringe benefit rate will be factored into the FY 2013 budget. The savings are proposed to address university strategic priorities; such savings should not be expected as a windfall for individual funds or departments. More specific information will be provided as the FY13 budget process moves forward.

* The Health & Welfare charge is expected to increase to $29/bi-weekly per FTE in January 2013.