TO: Finance & Administration Advisory Group & Business Managers
FROM: Leanne M. Marden, Controller & Director of Fiscal Operations
CC: Vice Chancellors, Deans, Directors, Department Heads & Principal Investigators
SUBJECT: FY 2014 Fringe Benefit and Payroll Tax Rates
DATE: July 9, 2013

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 2014:

Fringe benefit rate
(Incl. health insurance, pension & terminal leave) 26.26% of regular (benefited) employee compensation

Payroll tax rate
(Incl. unemployment, universal health & medicare tax) 1.42% of compensation for regular & contract employees

In addition, other required payroll-related charges will continue to be assessed during FY 2014 as follows:

Health & welfare $28/bi-weekly per FTE *
Worker’s compensation 0.31% of compensation for regular & contract employees **

The rates are currently being updated in the university’s payroll and finance systems and will apply to the bi-weekly payroll period that ends on 7/13/13. If you have questions about these costs, you may contact Leanne Marden at 617-287-5196.

* The Health & Welfare charge is expected to increase to $29/bi-weekly per FTE in January 2014 and to increase to $30/bi-weekly per FTE in June 2014.

** A new calculated rate of 0.19% is pending approval by the U.S. Department of Health & Human Services.