



TO: Vice Chancellors, Deans, Directors, Department Heads & Principal Investigators  
FROM: Patricia Overko, Controller & Director of Fiscal Operations  
CC: Finance & Administration Advisory Group & Business Managers  
SUBJECT: FY 2021 Fringe Benefit and Payroll Tax Rates  
DATE: August 24, 2020

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As many of you know, the University assesses the cost of fringe benefits and payroll taxes based on the state's approved rates. The rates are established in accordance with an agreement between the Commonwealth of Massachusetts and the U.S. Department of Health and Human Services (DHHS). The State Comptroller has notified the University that the following rates have been approved for FY 2021:

Fringe benefit rate (Incl. health insurance, pension & terminal leave)	36.38% of regular (benefited) employee compensation
Payroll tax rate (aka Blended rate Incl. unemployment, universal health, medicare & PFML tax)	1.94% of compensation for regular & contract employees

In addition, other required payroll-related charges will continue to be assessed during FY 2021 as follows:

Health & welfare	\$33/bi-weekly per FTE*
Worker's compensation	0.26% of compensation for regular & contract employees**

The fringe benefit and payroll tax rates have been updated in the university's payroll and finance systems and are effective as of 7/1/2020. If you have questions about these costs, you may contact the Controller's Office at [controllers.office@umb.edu](mailto:controllers.office@umb.edu).

\* *This rate is established in accordance with collective bargaining agreements.*

\*\* *This rate was approved in a rate agreement with the U.S. DHHS and University of Massachusetts Boston*