

MEDIA DATA SERVICES, INC.

"The Payroll Experts"

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2017

YEAR END INFORMATION

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2018

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.

TAX and TAXABLE WAGE NEWS FOR 2018

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

SOCIAL SECURITY ADMINISTRATION

2018 Social Security Wage Base \$128,400 for 2018

The Social Security maximum taxable earnings will increase slightly to \$128,400 (updated on 11/27/17 from \$128,700 announced in October) from \$127,200 in 2017. The Social Security tax rate will remain at 6.2% for employees and employers. Maximum employer and employee social security contributions will be \$7,960.80. Medicare maximum taxable earnings remain unlimited. Medicare tax rates also remain the same as 2016 and 2017, 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 2018

ALL W-2s FOR 2017 MUST BE FILED BY JANUARY 31

Consistent with last year, **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, 2018.**

Companies **MUST** give MEDIA the following information no later than **December 15, 2017** 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 employee list 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. Please note **MEDIA WILL NOT BE RESPONSIBLE FOR INCOMPLETE OR INACCURATE INFORMATION ON FORM W-2, FORM 941 OR NJWR-30 OR OTHER STATE WAGE LISTINGS. ALL CHANGES SHOULD BE COMPLETED BY DECEMBER 15, 2017.**

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, again, no later than December 15, 2017.

3) **Disability Reporting.** If you have not already submitted disability income reports to us, please do so IMMEDIATELY. All disability information processed through Media must be submitted to us by December 15th. 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.

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 no later than December 15th which employees are participants in the plan.

FEDERAL INCOME TAX

The IRS has announced various tax changes due to inflation adjustments for tax year 2018, including, but not limited to, tax rate schedule changes. Media is prepared to implement these changes promptly for 2018. The personal exemption will rise \$100 to \$4,150 for 2018.

The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) increased to \$2,650 in 2018 from \$2,600 for an individual. Any "catch-up" contributions must be reported to Media each year.

FUTA CREDIT REDUCTION ALERT

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 2017, the DOL announced that California and the U.S. Virgin Islands are credit reduction states, paying a credit reduction of 2.1%.

PENSION PLAN CONTRIBUTION LIMITS FOR 2018

The IRS announced slight increases to 401(k), SEP, 403(b) and 457 plan contribution limits to \$18,500 from \$18,000 for 2018. However, there was no increase for Simple plans or catch-up contributions for those age 50 or older.

Limits on exclusions for elective	2018	2017	2016	2015
401(k) and SEP plans	\$18,500	\$18,000	\$18,000	\$18,000
403(b) and 457 plans	\$18,500	\$18,000	\$18,000	\$18,000
Simple Plans	\$12,500	\$12,500	\$12,500	\$12,500
"Catch-up"	\$6,000	\$6,000	\$6,000	\$6,000
"Catch-up" Contributions: Simple plan	\$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 15.

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 \$33,700 for 2018 from \$33,500 in 2017. The State has also **DECREASED** the employee's TDI rate to 0.19% from 0.24% and the FLI rate to 0.09% from 0.1%. There is no change to the employees' UI rate of 0.425%.

	2018	2017	2016	2015
The maximum employee contributions				
UI $\$33,700 \times 0.425\% =$	\$143.23	\$142.38	\$138.55	\$136.00
TDI $\$33,700 \times 0.190\% =$	\$64.03	\$80.40	\$65.20	\$80.00
FLI $\$33,700 \times 0.09\% =$	\$30.33	\$33.50	\$ 26.08	\$ 28.80
Employee Total	\$237.59	\$256.28	\$229.83	\$244.80
Maximum Workers' Compensation weekly benefit	\$903.00	\$896.00	\$871.00	\$855.00
Maximum Unemployment Insurance weekly benefit	\$681.00	\$677.00	\$657.00	\$646.00
Maximum Temp. Disability Insurance weekly benefit	\$637.00	\$633.00	\$615.00	\$604.00
Base week amount increases to	\$169.00	\$168.00	\$168.00	\$165.00
Alternative earnings test amount is	\$8,500.00	\$8,400.00	\$8,400.00	\$8,300.00
Minimum Wage	\$8.60	\$8.44	\$8.38	\$8.38

In the third quarter of 2017, 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, 2017 and will remain in effect until June 30, 2018.

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 \$10.15 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 2018. For more information and if you operate in states not listed below, please go to the particular state department of labor website.

New Jersey: The minimum wage will increase to \$8.60 from \$8.44 in New Jersey for 2018.

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

Location	2018 Minimum Wage	2017 Minimum Wage
NYC – Large Employers (of 11 or more employees)	\$13.00	\$11.00
NYC – Small Employers (10 or less employees)	\$12.00	\$10.50
Long Island & Westchester	\$11.00	\$10.00
Remainder of New York State	\$10.40	\$9.70

NY PFL: Please be aware that the New York Paid Family Leave (PFL) begins 1/1/2018. The current rate has been set at 0.126% of an employee's weekly wage.

Massachusetts: Massachusetts' minimum wage will remain \$11.00 per hour.

Connecticut: Connecticut's minimum wage remains \$10.10 per hour.

California: California's minimum wage for employers with 25 or less employees will increase to \$10.50 per hour for 2018 from \$10.00. Minimum wage for employers with 26 or more employees is \$11.00 per hour up from \$10.50. 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 \$8.25 per hour in 2018 from \$8.05 in 2017.

States with \$7.25 per hour Federal minimum: Alabama, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, New Hampshire, North Carolina, North Dakota, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Wisconsin, and Wyoming.

States where minimum wage is linked to annual state cost of living increase: Arizona, Colorado, Florida, Missouri, Montana, Nevada, New Jersey, Ohio, Oregon, and Washington.

MEDIA DATA SERVICES, INC.

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• THE PAYROLL COMPANY •

2018 PAYROLL FACTS AT A GLANCE

	FICA SOCIAL SECURITY	FICA MEDICARE
MAXIMUM TAXABLE WAGE BASE	\$128,400	NO LIMIT
TAX RATE	6.2%	1.45% ON WAGES <\$200,000 2.35% ON WAGES >\$200,000
MAXIMUM TAX	\$7,960.80	NO MAXIMUM

NJ EMPLOYEE SUI/DI/FLI CONTRIBUTIONS	NJ UNEMPLOYMENT	NJ DISABILITY	NJ FAMILY LEAVE
MAXIMUM TAXABLE WAGE BASE	\$33,700	\$33,700	\$33,700
TAX RATE	0.425%	0.190%	0.090%
MAXIMUM TAX	\$143.23	\$64.03	\$30.33
EMPLOYEE TOTAL CONTRIBUTION	\$237.59		
BASE WEEK	\$169.00		
NJ MINIMUM WAGE	\$8.60		

RETIREMENT PLAN INFO	401K/403B/457	SIMPLE IRA
MAXIMUM PRETAX CONTRIBUTION	\$18,500	\$12,500
CATCH UP (50 YEARS OLD AND OVER)	\$6,000	\$3,000
MAXIMUM ON CATCH UP	\$24,500	\$15,500

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