



MEMORANDUM

PENNSBURY SCHOOL DISTRICT
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TO: All Employees
FROM: Diane Eissler, Payroll Supervisor
SUBJECT: Payroll and Tax Information for Calendar Year 2022
DATE: January 6, 2022

Effective with the pay of January 7, 2022, the following is reflected for the new calendar year:

FEDERAL WITHHOLDING - Updated federal withholding tax tables were issued for Calendar Year 2022. You will notice a slight change to the FEDERAL line on your paystub. Now is a good time to review that line to make sure that enough money is being withheld from your pay on a biweekly basis.

The 2022 Form W-4 still uses a five-step process to determine withholding. Only step 1 (personal information and anticipated filing status) and step 5 (signature and date) must be completed for the W-4 form to be valid. Step 2 (households with multiple jobs), step 3 (claim tax credits for dependents), and step 4 (other adjustments) are optional, but completing them should help to ensure that your tax withholding will more accurately match your tax liability. Exemptions, or allowances, are no longer a part of the W-4 form.

At this time, employees hired prior to 2020 will keep the status and allowances from their preexisting Form W-4. If you are one of these employees, and wish to adjust federal withholding (and have not done so during calendar year 2020 or 2021), you must complete the new form. Since the new Form W-4 has its own tax tables associated with it, just adding dollars to the "Extra Withholding" section because you owe money on your tax return will probably not give you the result that you are looking for. Typically, because number of allowances are no longer being used, changing to the new form will reduce your tax liability computed by the tables. After a change is put into effect, reviewing your pay stub is highly suggested to make sure that you have achieved the withholding amount that you are looking for. You may complete a new W-4 form as many times as you would like throughout the year.

If you need help in determining your correct withholding, or how to complete the W-4 form, the IRS is encouraging taxpayers to use the "IRS Tax Withholding Estimator" on its website (www.irs.gov/W4App).

It is suggested that your tax situation be reviewed, and a new W-4 form be completed if necessary. The 2022 Form W-4 can be obtained from the Payroll Office, from the IRS website, from the District website under the Payroll tab, or from the Employee Access Center in the Tax Information tab.

Any employee claiming "Exempt" status must complete a new W-4 form each year, and no later than February 15. Exempt employees should refer to the IRS website for further information.

Earnings from multiple jobs are combined to determine federal tax withholding. Supplemental payments will continue to be taxed at a flat rate of 22%.

SOCIAL SECURITY AND MEDICARE - The 2022 Social Security taxable wage base limit was increased to \$147,000. The employee rate remains at 6.2%. There continues to be no wage base limit for Medicare tax. Medicare tax must be taken on all covered wages, and the rate remains at 1.45%.

UNEMPLOYMENT COMPENSATION – This tax rate remains at .06% of employee wages.

STATE OF PENNSYLVANIA - The Pennsylvania income tax rate remains at 3.07%.

STATE OF NEW JERSEY – Prior to Calendar Year 2020, New Jersey State withholding always mirrored federal withholding, using the status and number of allowances from the federal W-4 form. Since allowances are no longer a part of the federal form, any New Jersey resident who completes a new federal Form W-4 will should also complete a state W-4 form (Form NJ-W4 - Employee's Withholding Certificate). Unlike the federal withholding, New Jersey withholding will still be calculated using status and number of allowances.

CITY OF PHILADELPHIA - The current earned income tax rate for Philadelphia residents is 3.8398%. This tax rate has been in effect since July 1, 2021.

LOCAL EARNED INCOME TAX - This percentage-based tax is determined by your place of residence. If you are subject to a local earned income tax, please confirm that the correct township or borough for where ***you live*** is listed on the Tax Information tab of the Employee Access Center. Those employees who reside in a locality not subject to an earned income tax should still confirm that their correct township or borough is recorded.

LOCAL SERVICES TAX - This tax is based on the building in which ***you work***, and is prorated over the course of your pays: Falls Township – \$52 per year; Lower Makefield Township - \$52 per year; Tullytown Borough - \$10 per year. There are four reasons for exemption from the local services tax. Please refer to the posting in your building.

TAX SHELTERED ANNUITIES 403(b) - The limit for elective deferrals into a 403(b) program has increased by \$1,000 to \$20,500 for tax year 2022. Employees who are age 50 or older are entitled to an increased additional contribution limit of \$6,500. (Participants will be deemed to be age 50 as of January 1 of the year of their 50th birthday.) The employee is responsible for determining that the salary reduction amount does not exceed the limits as set forth in applicable law. Any employee may contribute to a 403(b) account. A 403(b) Online Enrollment & Web Access Guide, provided by our Third Party Administrator, PenServ Plan Services, is available on our website under the Payroll tab. A 457(b) plan is also available with the same contribution limits. Employees also have the option of enrolling in a Roth 403(b). Contributions are withheld from twenty-four (24) pays in a calendar year.

For further information, or if you have any questions, please contact the Payroll Office through email, or at extensions 10041 (Diane Eissler), 10042 (Debbie Lomas), or 10043 (Donna Vogt).

Thank you.