

SOCIAL SECURITY PAYROLL TAX WITHHOLDING DEFERRAL



TEAM ARMY RESERVE:

Attention! You will see additional money in your paycheck beginning in September and continuing through December, but

YOU WILL HAVE TO PAY IT BACK!

This is not free money for you to spend. Please do not think you have extra money for the holidays because of the extra money showing on your LES! And don't be caught by surprise in January when your paycheck is less than what you expected!



LEARN MORE

For more information, please visit the IRS website at:

» <https://www.irs.gov/newsroom/guidance-issued-to-implement-presidential-memorandum-deferring-certain-employee-social-security-tax-withholding>

As more information becomes available, it will be posted on:

» <https://www.dfas.mil/taxes/Social-Security-Deferral>

What's going on?



In order to provide relief during the COVID-19 pandemic, a Presidential Memorandum was issued on Aug. 8, 2020, to temporarily **defer employees' 6.2% Social Security tax withholdings** if the monthly rate of basic pay is less than \$8,666.66 for Soldiers and less than \$4,000 per pay period for Civilians. If your rate of pay is at or above this threshold, your social security tax withholding will not be affected.

What does this REALLY mean for our U.S. Army Reserve Soldiers and Department of the Army Civilians?



SOLDIERS: Beginning with your September mid-month pay, DFAS will temporarily withhold the 6.2% Social Security tax.

For Soldiers **making less than \$8,666.66 per month**, "FICA-SOC SECURITY" on your Leave and Earnings Statement (LES) will not be withheld from your take-home pay September-December 2020. This amount (which is 6.2% of your pay) may range from \$100 to upwards of \$500 per month.



CIVILIANS: Beginning with your pay period ending Sept. 12, paying on Sept. 24, DFAS will temporarily withhold the 6.2% Social Security tax. For Civilians

making less than \$4,000 per pay period, OASDI (Old Age, Survivors, and Disability Insurance) on your LES will not be withheld from your paycheck through December 2020. The withholding will be determined each pay period. If premium pay increases wages to \$4,000 or above, the OASDI tax will not be withheld.

YOU WILL HAVE TO PAY BACK this money January-April 2021 along with the applicable taxes for those months — meaning, from January-April, your FICA-SOC SECURITY/OASDI deductions will be doubled (\$200-\$1000+).

How do our Soldiers and Civilians prepare for this?

Have a financial plan in place now!

- 1** Soldiers, look at your August LES and identify your FICA-SOC SECURITY amount. On your September LES, the additional take-home pay should equal the August FICA-SOC SECURITY amount. 
- 2** Civilians, look at your LES for pay period ending Aug. 29, 2020, and find your OASDI amount. Use your current taxable wages as a reference. If they are less than \$4,000 then starting with your LES for pay period ending Sept. 12, 2020, your take-home pay should increase the amount of the OASDI.
- 3** Put the additional money in a savings account, and don't touch it! 
- 4** Do this for September, October, November and December 2020.
- 5** In January, the FICA-SOC SECURITY/OASDI amount taken out of your paycheck will be doubled. Soldiers, move one month's worth of FICA-SOC SECURITY from your savings account to your checking account to meet financial obligations. Civilians, move one paycheck worth of OASDI from your savings to your checking to meet financial obligations each pay period.
- 6** Do this for January, February, March and April 2021. FEDERAL TAXES and FICA-MEDICARE/OASDI will still be withheld each month. 