# **MEDICARE OVER 200,000 APPLICABLE GROSS**

If employee’s applicable gross exceeds 200,000 in a calendar year, the system will calculate the employee share Medicare at a higher rate, while the board share will continue to contribute at 1.45%

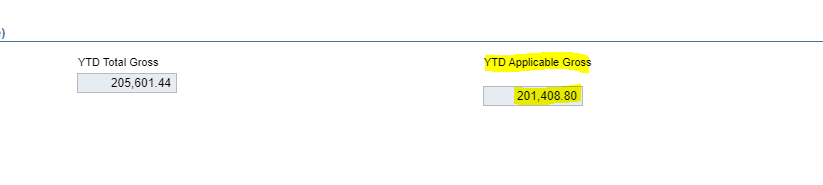
Any amount over 200,000 is calculated at

1.45% + .9% =2.35%

EXAMPLE: of how payroll calculated Medicare :

Applicable gross found on 692 payroll item.

(this amount was used after the payroll was posted.)



Example of calculation:

8836.47 Employee Medicare Gross

-198.35 Health Premium

- 11.19 Vision Premium

8626.93 Medicare Applicable Gross

The employee has exceed the 200,000 applicable gross by 1408.80 (see screenshot of 692 payroll item above)

8626.93 Medicare Applicable Gross for current pay

-1408.80 Medicare Applicable Gross over 200,000

7218.13 Medicare taxable at 1.45% = 104.66

1408.80 Medicare taxable at 2.35% = 33.11

Total Medicare withheld for current pay 137.77

This is the first pay that the employee went over the 200,000 threshold. Every pay after this until the final pay of Dec. the employee will contribute 2.35%

<https://www.irs.gov/businesses/small-businesses-self-employed/questions-and-answers-for-the-additional-medicare-tax>

Medicare Calculation for increased taxable gross

<https://wiki.ssdt-ohio.org/display/uspsrdoc/Medicare+Pick-Up+Procedure>

Medicare Calculation that was used in Classic

https://wiki.ssdt-ohio.org/display/usps/Medicare+Pick-Up+Procedure

## **Medicare Calculations for Full pick up on pick up over $200,000.00**

**694 DEDSCN calculation**

1) 692 YTD Taxable Gross + Current gross + Section 125’s = Total taxable gross

191,828.32 + 14,803.37 + 0 = 206,631.69

2) Total Taxable Gross - Threshold = New additional amount

206,631.69 - 200,000.00 = 6,631.69

3) Current gross - New Additional = Non-additional amount

14,803.37 - 6,631.69 = 8,171.68

4) Calculation used to determine Inflated Non-Additional Medicare Wages

Result from #3 / (100 – 1.45 = 98.55) = Inflated Non Additional Medicare Wages

8,171.68 / 98.55 = 8,291.91

5) Calculation used to determine Inflated Additional Medicare Wages (1- (.0145 + .009)) = .9765

Result from #2 / .9765

6,631.69 / .9765 = 6,791.29

6) Calculated new inflated taxable gross used on 692 DEDSCN record

Result from #4 + result from #5

8,291.91 + 6,791.29 = 15,083.20

7) Non-additional inflated medicare wages X Medicare rate

8,291.91 X .0145= 120.23

8) Additional Inflated Medicare Wages X (.0145 + .009 = .0235)

6,791.29 x .0235 = 159.60

9) Board paid Medicare on 694 DEDSCN record

Non-additional inflated amount + Additional inflated amount

120.23 + 159.60 = **279.83**

**692 DEDSCN Calculation**

10) New inflated taxable gross x Medicare rate

15,083.20 X .0145 = **218.71**