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To: All State Agencies

FROM: Robert J. Murphy, Director  
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SUBJECT: Fiscal Year 2012 Employer Paid Fringe Benefits

Employer paid fringe benefits are incorporated in the Statewide Payroll System (SPS). The only fringe benefit outside of the SPS is Workers' Compensation which is billed annually to each agency by the Injured Workers' Insurance Fund. Attached is an updated table. Fiscal year 2012, fringe benefits will be charged as follows:

Retirement/Pension Subsidy – New rates are provided for most State Systems. New rates will be implemented for the first pay period which ends July 12, 2011 for the Regular system and July 2, 2011 for the University system.

Match of Employee Contributions to the Maryland Supplemental Retirement Plans [457, 403 (b) and 401 (k)]. The employee match for FY 2012 will not be funded.

Unemployment Insurance Premium - The rate beginning July 1, 2011 will be 0.28%. Unemployment Insurance Wages exclude cafeteria plans, dependent and health care plans, and parking deductions.

FICA (Social Security and Medicare) – The rate is unchanged through calendar year 2011.

Medicare Insurance Subsidy – The rate is unchanged through calendar year 2011.

Health Insurance Subsidies - Health Insurance subsidies will be updated for July 1, 2011.

Special Subsidy - The rate for fiscal year 2012 will be 52.75%. The Special Subsidy (retiree health subsidy) will appear on each Agency total page of the payroll and check register, the cost tape and subsequent R\*STARS transactions. It will not appear on the employee's earnings statement (pay stub).

Other Post-Employment Benefits (OPEB) - This subsidy for fiscal year 2012 will not be funded.

Implementation will take place effective with the first cash payday in July, 2011 unless otherwise noted in the discussion above. The first cash payday is July 6<sup>th</sup> for Regular system, July 8<sup>th</sup> for University and July 13<sup>th</sup> for the Contract system.