



Circular Letter

California Public Employees' Retirement System
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TO: ALL CALIFORNIA PUBLIC AGENCIES WITH SOCIAL SECURITY COVERAGE

SUBJECT: SOCIAL SECURITY MAXIMUM WAGES AND CONTRIBUTION RATES

The social security wage base for 1998 increased to \$68,400. There is no limitation on medicare wages.

The Social Security Administration has advised us that the employer and employee tax rates have not changed for 1998. The rates for each, the employer and employee, are:

Social Security - 6.2 percent social security up to \$68,400 plus 1.45 percent medicare on all wages.

Medicare Only - 1.45 percent medicare on all wages.

Other changes effective January 1, 1998 include:

The amount of earnings required for one social security credit increases from \$670 in 1997 to \$700 in 1998. An individual may earn a maximum of four social security credits each year.

The maximum amount a social security beneficiary may earn without reduction in benefits increases to \$14,500 for those age 65-69, and \$9,120 for those under 65.

There are no reductions in social security benefits for persons age 70 or older who continue working.

The Social Security Administration advises that anyone 62 or older and considering retirement any time in 1998, should contact Social Security now. For information about social security benefits or to schedule an appointment to discuss retirement plans, call 1-800-772-1213 any business day.

If you have any questions, please contact 888 CalPERS (or 888-225-7377).

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