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This is our 26th edition of the Payroll newsletter published to keep NJ TRANSIT's employees informed of Payroll tax updates and other Payroll topics.

WHAT'S NEW IN TAXES

The Federal government has announced the following 2023 Social Security Tax Rate and Earning Bases:

| 2023 | |
|-------------------------------|-------------|
| Social Security (FICA) | |
| Rate: | 6.20% |
| Maximum Earning Base: | \$ 160,200 |
| Maximum Tax: | \$ 9,932.40 |
| Medicare Tax (Med) | |
| Earnings up to \$200,000 | 1.45% |
| Over \$200,000 | 0.9% |

The **Supplemental Federal Income Tax Rate is 22%**. Supplemental wages include retroactive wage payments, lump sum payments, cash-ins for leave balances, bonus pay, prizes and awards, and other similar payments.

The **New Jersey State Unemployment and Family Leave Insurance Earning Bases** have increased. The tax rates for 2023:

| 2023 | | |
|------------------------------|--------------|-----------|
| | Earning Base | Rate |
| NJUI | \$41,100 | 0.425% |
| FLI | \$156,800 | 0.06 % |
| Maximum Withheld | | |
| Unemployment Tax (NJUI) | | \$ 174.68 |
| Family Leave Insurance (FLI) | | \$ 94.08 |

The Railroad Retirement Tax Rate and Earning Bases for 2023 tax year are as follows:

| 2023 | |
|-------------------------------|-------------|
| Tier I SS (Tier 1E) | |
| Rate: | 6.20% |
| Maximum Earnings Base: | \$160,200 |
| Maximum Tax: | \$9,932.40 |
| Tier I – Med. (Med 1E) | |
| Earnings up to \$200,000 | 1.45% |
| Over \$200,000 | 2.35% |
| Tier II (Tier 2E) | |
| Rate: | 4.90% |
| Maximum Earnings Base: | \$ 118,800 |
| Maximum Tax: | \$ 5,821.20 |

Retirement Earnings Test:

The 2023 rates have changed. Individuals who collect Social Security retirement benefits **before reaching their normal retirement age (NRA)** will lose \$1 in benefits for every \$2 they earn over \$21,240/year (or \$1,770/month).

For individuals who reach their NRA in 2023, benefits will be reduced by \$1 for every \$3 in earned income above \$56,520/year (or \$4,710/month). Starting with the month the worker reaches full retirement age there is no limit on earnings.

Mileage Reimbursement:

The IRS has announced that the business standard mileage reimbursement rate for 2023 has increased. The rate for 2023 is 65.5 cents per mile (up from 58.5 cents in 2022).

Flexible Spending Account:

The annual allowable before-tax 2023 contribution for a Health Care FSA is \$3,050. You may carry over \$610 to the following year. The Dependent Care FSA amount is \$5,000 per the IRS Regulations.

Deferred Compensation:

The annual maximum contribution to qualified Deferred Compensation plans has increased to:

| Plan | 2023 |
|----------|----------|
| 401(k) | \$22,500 |
| 457 | \$22,500 |
| Catch-up | \$ 7,500 |

The Catch-up Provision:

Employees who will attain age 50 during the calendar year 2023 are eligible to contribute an additional \$7,500 to their 401(k) or 457 plans. This is a "Catch-up" provision implemented by the "Economic Growth and Tax Relief Reconciliation Act of 2000" (EGTERRA) to allow employees who are approaching retirement to save additional money in their defined contribution retirement plans. If you are interested in this option, please contact **Empower at (800) 254-6658 or by website:**
<http://www.25GONJT.com>

YEAR-END REMINDERS:

In order to ensure prompt delivery of your 2022 W-2 and 1095-C forms, please review your current payroll check or direct deposit advice and ensure that the address reflected is accurate. If you anticipate relocating, complete a Personal Information Change Form available on @TransitE-Forms\HR\Personal Information Change Form, and **submit the form to the HRISStaff@njtransit.com**. This will ensure that your 2022 W-2 and 1095-C forms are mailed to the correct address.

NJT Cost of Health Care Coverage:

Effective 2012, the Affordable Care Act required employers to report the cost/value of coverage for the employer sponsored group health plan in box 12 of the employee's W-2 Tax Form, with Code DD to identify the amount. Reporting the cost of the plan coverage on the W-2 Tax Form does not mean that the coverage is taxable. This reporting is for informational purposes only and provides employees with useful and comparable consumer information on the cost of health care coverage provided by their employer. For more information visit the IRS website.

Duplicate W-2's:

The 2022 W-2 Forms will be mailed by January 31, 2023 (**or sooner**), as required by law. After distribution, in the event an employee loses or does not receive the tax form, **duplicate W-2's can be requested after February 15, 2023**, by completing a request form available on @TransitEForms\Payroll\ Request for Duplicate W-2 form, or by calling the Payroll Department extension 6491 (Bus, Corp and Police) or 6528 (Rail).

W-4 Tax Withholding:

Review your current tax withholding status. If your information has changed, or if you simply wish to change/add details for tax withholding, you must file an amended 2023 Form W-4. New 2023 W-4 Forms are available on @TransitE-Forms\Payroll or Payroll by calling ext. 6491 (Bus, Corp and Police) or 6528 (Rail) or on the 2nd floor of Penn Plaza in the Human Resources Department. If you require additional information, please refer to IRS Publication 919, "Is My Withholding Correct", or by calling 1-800-829-3676 or visit:
www.irs.gov/forms

Electronic Payment (Direct Deposit)

NJ TRANSIT's Electronic Payment program is an easy, safe, and convenient method of depositing your net pay into your personal bank account(s). Instead of a payroll check, you will receive an Electronic Payment advice (pay stub) confirming your deposit. The electronic advice also details all pay transactions and deductions, including your gross to net pay. Your pay will be deposited into your personal bank account(s) and funds will be available by your pay date.

Electronic pay (direct deposit) is mandatory company wide. Employees can elect to electronically deposit their pay in up to (4) accounts. Electronic Payment must cover your total net pay; therefore, employees choosing Electronic Payment **cannot also** receive a (live) paycheck.

Non-agreement, Police, and Rail employees can view their pay advice/stub electronically (online). Employees that do not wish to provide their own bank account information for direct deposit will be issued a Money Network Pay Card for their electronic pay. There are fees associated with the use of a Money Network Pay Card. The fee information is included in the Money Network Packet when a card is issued to an employee.

NOW IS A GREAT TIME TO SIGN UP FOR ELECTRONIC PAYMENT

Saves Time -

No rush to get to or waiting on long lines in the bank.

Fast -

Your net pay is deposited as cash on payday and is immediately accessible.

Sure -

Your net pay is automatically deposited in your account(s), even when you are away on Vacation.

Safe - You don't have to carry cash

Simply complete the Electronic Payment application form available on the @TRANSIT Website, and submit the form to Payroll – ElecPayApp@njtransit.com

Employee Name Changes:

In the event an employee wishes to change his/her name, he/she must provide legal proof of the name change, as well as an updated Social Security Card. This will ensure that all Social Security or Railroad Retirement withholdings are credited to the correct employee's social security number and name.

Other changes such as address, telephone number, marital status, emergency contact, or spousal information must be **submitted to HRIS** by completing a Personal Information Change form along with the appropriate supporting documentation. Blank forms can be obtained from **@TRANSIT Website HRIS**, or the Human Resources Department on the 2nd floor of Penn Plaza, and GOB.

Commuter Reimbursement:

NJ TRANSIT offers a Commuter Choice Tax Benefit program (formally known as the Qualified Transportation Fringe Benefit). This program allows employees to set aside **before tax dollars** for reimbursement of commuter parking and transit fares on public transportation. For 2023, the monthly limit on the amount that may be excluded from an employee's income for qualified parking benefits is **\$300**. The combined monthly limit for 2023 for transit and vanpooling expenses is **\$300**.

| Fringe Benefit | 2023 |
|----------------------------|-------|
| Parking | \$300 |
| Transit pass/Comm. Vehicle | \$300 |

Stale-Dated Paychecks:

Payroll checks become void 120 days after the issue date. If you are in possession of a stale dated payroll check, please return the check immediately to Cash Management, GOB/Maplewood. If the Payroll Department confirms entitlement and outstanding status, the check will be replaced.

Health Care: Individual Responsibility

The Affordable Care Act sections 6055 and 6056 require NJ TRANSIT to file and furnish annual information returns to the IRS and individual statements to employees (Form 1095-C, Employer-Provided Health Insurance Offer and Coverage) relating to offers of health coverage and enrollment in health insurance. Individuals generally use this information to confirm that they enrolled in minimum essential health coverage in calendar year 2021. Through its employer sponsored health benefits, NJ TRANSIT offers its full-time employees affordable health coverage meeting the ACA minimum essential coverage requirement.

IRS Notice 2019-63 extended the deadline to provide ACA 1095-C Reporting Forms to employees no later than to February 28, 2023. You are not required to send the form with your tax filing. Keep the IRS Form 1095-C with your tax documents.

For more information, visit:

www.irs.gov/Affordable-Care-Act

Wellness Incentive Program

NJ TRANSIT recently launched a new wellbeing and rewards program through **Castlight**. The new program is free, voluntary, and confidential to employees and provides information on NJ TRANSIT health benefits and preventive programs. Employees can also earn points based on their healthy choices and program participation, as well as redeem points for gift cards and entries into quarterly sweepstakes!!

To learn more about Castlight go to [NJ TRANSIT tri-fold brochure](#) or register at mycastlight.com/njtransit.

Important Note: As per IRS Regulations, the value of wellness incentives or rewards received is considered taxable income to the employee; this includes incentives or rewards earned by a spouse, domestic partner, partner. As such, the value is categorized under the employee's EARNINGS and labeled as "Wellness Incentives" on NJ TRANSIT paystubs.

WHERE TO GO FOR INFORMATION:

Social Security Statements are available online at:

www.socialsecurity.gov/myaccount

You must first create a "My Social Security" Account. Once you establish an account you can view your social security statement at any time. Paper statements are no longer mailed by SSA.

Social Security Administration

1-800-772-1213

or

www.socialsecurity.gov

Internal Revenue Service

Call for inquiries, forms, instructions, publications, or answers to most frequently asked questions.

1 800-829-1040

or

www.irs.gov

New Jersey Family Leave Program:

The Department of Labor & Workforce Development
1-609-292-7060

or

www.state.nj.us/labor/fli

Railroad Retirement Board:

877-772-5772

or

www.rrb.gov

State of New Jersey:

1-609-292-6400

or

www.state.nj.us/treasury/taxation

State of New York:

1-518-457-5181

or

www.tax.ny.gov

State of Pennsylvania:

1-717-787-8201

or

www.revenue.state.pa.us

City of Philadelphia:

1-215-686-6600

or

www.phila.gov/revenue

Affordable Care Act (ACA):

www.irs.gov/Affordable-Care-Act

INSIGHTFUL QUOTE

"All our dreams can come true if we have the courage to pursue them."

- Walt Disney

Greetings from the Staff of the Payroll Department

To all, we wish you Happy Holidays and the very best for the New Year.