



1-1980

A Study of the Fringe Benefit Employee Social Security Taxes Paid by the Employer

Larry Ruler

[How does access to this work benefit you? Let us know!](#)

Follow this and additional works at: <https://commons.und.edu/theses>

Recommended Citation

Ruler, Larry, "A Study of the Fringe Benefit Employee Social Security Taxes Paid by the Employer" (1980). *Theses and Dissertations*. 5031.
<https://commons.und.edu/theses/5031>

This Independent Study is brought to you for free and open access by the Theses, Dissertations, and Senior Projects at UND Scholarly Commons. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of UND Scholarly Commons. For more information, please contact und.common@library.und.edu.

A STUDY OF THE FRINGE BENEFIT
-EMPLOYEE SOCIAL SECURITY TAXES PAID BY THE EMPLOYER-

BY

LARRY DALE VAN RULER

THE UNIVERSITY OF NORTH DAKOTA, 1980

AN INDEPENDENT STUDY SUBMITTED TO THE GRADUATE FACULTY
OF THE UNIVERSITY OF NORTH DAKOTA IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE
MASTER OF BUSINESS ADMINISTRATION

GRAND FORKS, NORTH DAKOTA

1980

A STUDY OF THE FRINGE BENEFIT

-EMPLOYEE SOCIAL SECURITY TAXES PAID BY THE EMPLOYER-

BY

LARRY DALE VAN RULER

APPROVED:

Robert J. Korbach, Ph.D.
Robert J. Korbach, Ph.D.

DATE

April 29, 1980

ACKNOWLEDGEMENTS

I would like to thank Robert J. Korbach, Ph.D., my advisor, for his help and insight in providing the technical assistance and expertise needed in the writing of this paper. His help in programming the computer for appendices A, B, and C is greatly appreciated.

I would also like to thank Paul Taylor, Ph.D., for providing the topic of this paper and Mr. Jim Kutter whose conversations helped stimulate ideas that are presented in this paper. I would also like to thank the many officials in the State of Texas, the City of New York, and the many private companies who responded to my inquiries on the topic.

Last, but not least, I would like to thank my wife, Marcia, and our children, Jackie, Kelli, and Andy, who became accustomed to spending much of their time without me.

ILLUSTRATIONS

Figure 1

Calculations Showing the Traditional Approach Calculating the Employee's Net Income After Taxes.

Figure 2

Calculations Showing the Current or Proposed Approach of Calculating the Employee's Net Income After Taxes.

Figure 3

Calculations Showing the Total Employer Costs When They Are Figured Under the Traditional Approach.

Figure 4

Calculations Showing the Total Employer Costs When They Are Calculated Under the Proposed or Current Approach.

TABLE OF CONTENTS

Acknowledgments	iii
Illustrations	iv
<u>Chapter</u>	
I.	1
Introduction	1
Plan of Presentation	2
II.	4
Background on Fringe Benefits	4
Historical Aspects	4
Reasons for Fringe Benefits	6
Types of Employee Benefits	8
Insured or Health and Security Benefits	8
Pay for Time Not Worked	9
Penalty or Premium Payments	10
Extra Compensation and Award	11
Employee Services	11
Legally Required	11
III.	14
Legality and Taxability of this Fringe Benefit	14
Legality	14
Taxability	15
IV.	19
The Benefits to Employers	19
Potential Advantages	22
Potential Disadvantages	23
V.	28
The Benefits to Employees	28
Potential Advantages	29
Potential Disadvantages	31
VI.	36
Conclusion	36
Summary Evaluation	36
Appendix A	38
Appendix B	64
Appendix C	69
Appendix D	75
Bibliography	78

CHAPTER I
INTRODUCTION

The dilemma of having unlimited wants or desires and only limited resources to fulfill those wants is a problem each person must deal with. In the case of many employees in the United States, the problem of limited resources is even more acute. In 1979, the President of the United States advised that employees should receive an average wage increase of 7.0% including merit increases. The inflation rate for 1979 was 12.6%. With a pay raise of 7.0% as suggested by Carter and inflation running at 12.6%, employees would end up with a net pay decrease of 5.6% for the year, without taking into consideration the further decrease in pay caused by the increased taxes on the higher earnings. When problems of this sort arise, innovation in compensation forms must take place to find some way to increase pay to employees while maintaining the same costs to the employer. This increasing of pay to employees and keeping employers' costs minimal, can be done through the introduction of fringe benefits packages like group insurance policies where group rates are cheaper than individual rates, or at the expense of the Federal Government through the use of non-taxable income.

The objective of this study is to look at all aspects of an innovation that has been seen in current periodicals, publications and newspapers. This innovation is the recent discovery that the employer can actually save money by paying his employees' social security taxes. The law has not been changed, it just has never been scrutinized as closely as it currently is. This study will try to examine all possible facets of this proposal so a good decision can be made by those firms interested in adopting it.

The sources of material that are expected to be used are: newspapers, current business journals and periodicals, and correspondence with and reports from people and institutions already involved in this area.

PLAN OF PRESENTATION

The study will be divided into chapters and arranged in the following manner.

Chapter I, "Introduction," introduces the reader to the Independent Study by presenting the reason for its formulation and identifies the plan of presentation.

Chapter II, "Background on Fringe Benefits," will give a brief history of fringe benefits, when and how they originated and under what circumstances. It will also cover what items are currently being used as fringe benefits.

Chapter III, "The Legality and Taxability of Social Security Taxes as Fringe Benefits," will explore the legality of the issue, whether or not the fringe benefit is currently taxable, and the current legal decision trends in this area.

Chapter IV, "The Benefits to Employees," will discuss the potential advantages and disadvantages to employees of the employer paying their social security taxes. This chapter will discuss the do's and don'ts in accepting the proposition.

Chapter V, "The Benefits to Employers," will present how the elimination of double taxation works. It will further discuss the potential advantages and disadvantages to employers.

Chapter VI, "Conclusion," will present a summary evaluation of this material presented and any words of caution that are necessary.

"Fringe". This term has come to be used as an all encompassing one when referring to workers benefits and above the workers' regular salary or wage rate. However, cost personnel and benefit-plan administrators are still not sure that "fringe benefits" is the proper term for the fast growing cost of non-wage payments that started more than 50 years prior to 1943.

HISTORICAL ASPECTS

Although the first use of the term "fringe" was by pointed, the exact or even approximate start of employer-provided benefits for employees is not known. Nearly 100 years ago, Dickens wrote of Ebenezer Scrooge's enlightenment after a harrowing dream and his subsequent gift of a Christmas turkey to the Cratchit family, a type of employee benefit still offered by many employers today. Listed below is a summary of significant actions which contributed to the growth of employee benefits in the past.

CHAPTER II

HISTORY OF FRINGE BENEFITS

The term "fringe benefits" entered the lexicon of management-labor relations in 1943 when the War Labor Board referred to certain minor benefits exempt from the wartime wage freeze as "fringes".¹ This term has come to be used as an all encompassing one when referring to workers benefits over and above the workers' regular salary or wage rate. However, most personnel and benefit-plan administrators are still not sure that "fringe benefits" is the proper term for the fast growing cost of non-wage payments that started more than 50 years prior to 1943.

HISTORICAL ASPECTS

Although the first use of the term 'fringes' can be pinpointed, the exact or even approximate start of employer-provided benefits for employees is not known. Nearly 200 years ago, Dickens wrote of Ebenezer Scrooge's enlightenment after a harrowing dream and his subsequent gift of a Christmas turkey to the Cratchit family, a type of employee benefit still offered by many employers today.² Listed below is a summary of significant actions which contributed to the growth of employee benefits in the past.³

- 1866 The Crane Company introduced a medical department for employees.
- 1875 The first private pension plan was adopted.
- 1885 Proctor and Gamble granted a Saturday afternoon half-holiday for all workers.
- 1886 Westinghouse granted paid vacations.
- 1887 Proctor and Gamble established a profit sharing plan.
- 1894 National Wallpaper Company and the Wallpaper Craftsmen negotiated a guaranteed annual wage.
- 1912 First major group insurance plan was introduced at Montgomery Ward.
- 1927 George A. Hormel and Company introduced a plan guaranteeing workers 52 paychecks a year.
- 1935 The Social Security Act provided a basis for a federal retirement system and state administered unemployment insurance programs.
- 1940 National Labor Relations Board ruled vacations, holidays and bonuses were proper subjects for collective bargaining.
- 1958 Welfare and Pension Plans Disclosure Act required employers and unions to disclose financial and other information about the operation of private employee-benefit programs.
- 1966 Medicare, developed to provide medical care for the aged under the Social Security program, became operative.
- 1968 Treasury Department adopted new rules limiting integration of private pension plans with Social Security retirement benefits.
- 1971 Occupational Safety and Health Act of 1970, established a National Commission on State Workmen's Compensation Laws.
- 1974 The Employment Retirement Income Security Act (ERISA), or Pension Reform Act, made it possible for all employees to share in an employers' pension plan through the vesting of benefits.

REASON FOR FRINGE BENEFITS

What brought about these changes in employee benefits? A review of the past clearly shows that several factors have had a major influence on the growth of employee benefits: employer initiative, labor union gains through collective bargaining, welfare and labor legislation, wage stabilization, and differences between corporate and individual taxation.⁴

Although employers have been accused of gross improprieties in dealing with employees and their unions, the facts show that most of today's standard employee benefits were first introduced by management.⁵ For example, when it became known in the middle of the nineteenth century that management personnel who had taken a paid vacation tended to work better and make fewer errors, the way was paved for factory workers to receive paid vacations.⁶

When the company or employer fails to satisfy the employees' needs for benefits, the responsibility of obtaining these benefits falls to the union. Many security type of gains have been made by unions such as, supplementary unemployment compensation, extended vacation plans, guaranteed annual wage plans and pension benefits. It should be noted, however, that unions are more instrumental in assuring job security and protecting existing benefit programs than they are in introducing new ones.⁷

While labor unions could gain security benefits from employers in largely unionized industries, those people working for non-unionized industries were unable to obtain

the same benefits. This was caused by the non-union employees' inability to exert significant pressure on their employers to make the same concessions as unionized employees. For this reason, non-union employees had to turn to the federal government to pass laws so they could obtain these same benefits. Significant pieces of federal legislation have emerged in response to the needs of non-union employees in the area of fringe benefits.

During World War II and the Korean conflict there was a significant increase in the use of employee benefits due to the wage-price controls. Because employers were severely limited in the size and frequency of wage increases, employers had to turn to other means to compensate outstanding employees who could otherwise obtain a better job elsewhere. The War Labor Board and, later, the Wage Stabilization Board, tended to permit or overlook these benefit increases for labor-management cooperation on the wage freeze.

Finally, as federal and state taxes on personal income began to increase regularly, employees soon learned that it took more of their after-tax dollars than the employers' before tax dollars to pay for the same benefits. The employers and employees realized the advantages of savings in taxes to employees or alternatively lower costs to the employer for the same benefits.⁸

While the term, 'fringe benefits' has been applied to these employee benefits, they are no longer technically 'fringe' but are more aptly called 'employee' benefits. In 1965 the employee benefits (non-cash compensation) totaled 25% of the

average worker's base pay, not including holiday premium pay, shift differentials, production bonuses, overtime pay, suggestion awards, supplementary unemployment benefits and workmen's compensation. If these benefits had been included, they would have represented 38.2% of the base pay.⁹ By 1979, employee benefits on a \$20,000 a year salaried worker in non-cash compensation had reached 38% of his base salary--up 52% in 14 years.¹⁰

TYPES OF EMPLOYEE BENEFITS

While there are many titles for the types of benefits, the basic breakdown is the same in most cases. Some authors go so far as to break the list down to cash and non-cash compensation, but for our purposes, the all encompassing approach will be used.

The six basic categories for classifying employee benefits are as follows:¹¹

- 1) Insured or Health and Security Benefits
- 2) Pay for Time Not Worked
- 3) Penalty or Premium Payments
- 4) Extra Compensation
- 5) Employee Services
- 6) Legally Required Payments

INSURED OR HEALTH AND SECURITY BENEFITS

Health and Security benefits are financed and administered on a group basis by the employer.¹² They are designed to protect employees from the financial risk of extended hospitalization or the inability to provide their families with an income due to disability or death. Companies have installed these benefits

to provide their employees with a greater degree of security and to relieve them of pressures caused by financial problems. From the employers' standpoint, a benefit of this type helps to attract better employees, improves morale, builds goodwill, and discharges social and moral obligations. The employee secures low-cost protection against a serious hazard, effects a tax saving to the extent that the benefit is paid by the employer, acquires an added feeling of independence, and is better able to pursue his chosen field.¹³ One conclusion drawn from a University of Oregon study is that a company with a low rate of employee turnover stands about twice the chance of having a program of good insurance benefits as a company with high turnover.¹⁴

Benefits included in this category are as follows:

- Medical, Surgical, and Hospitalization Insurance
- Sickness and Accident Insurance
- Disability Insurance
- Group Insurance
- Pension Plans
- Death Allowance
- Supplemental Employment Benefits
- Salary Continuation Plans
- Dental Insurance
- Home Nursing Care
- Optical Insurance
- Psychiatric Care
- Sick Pay

PAY FOR TIME NOT WORKED

This category of benefits, perhaps more than any other, is responsible for rising employee benefit costs.¹⁵ It has various provisions which call for full pay to employees during periods when they are not actually working.¹⁶ One of the most substantial, and certainly most popular, of all benefits is

the paid vacation. Every employee has at least a week off sometime during the year, however urgent his services may be. The rationale is that this is often essential to the good health and well being of the employee as well as to the company's internal control and profitability. The employee returns renewed and refreshed, while providing his employer the opportunity to have the replacement person turn up any irregularities if, indeed, there are any. More than one company has come to realize that the policy of paying an employee for a vacation not taken is self-defeating.¹⁷

Listed below are the benefits that contribute to an easier, more pleasant and more relaxed life for the majority of American employees.¹⁸

- Overtime pay
- Shift Differential
- Hazard Pay
- Holiday Premium
- Weekend Premium
- Bonuses in lieu of Vacations

EXTRA COMPENSATION AND AWARDS

Extra compensation plans are primarily benefits that are available to all or a large segment of the employees in the company. They are often dependent on individual or group initiative, where participation is voluntary and the rewards are unrelated to the hours worked. Unlike basic benefits, these plans can create additional income for employees, or reimburse them for costs incurred on the jobs.¹⁹ These plans include:

- Suggestion Awards
- Contest Awards
- Christmas Bonuses
- Service Awards
- Educational Aid
- Work Clothes or Safety Equipment Allowances
- Laundry Allowances
- Meal Allowances

EMPLOYEE SERVICES

This category of benefits is offered by most companies to give employees more convenience and time off. It also helps the workers to identify more closely with the company and instills a greater pride in the employer.²⁰ Included are:

- Cafeteria and Lounge Facilities
- Credit Union
- House Financing
- Free Parking
- Recreational Programs and Facilities
- Open House

LEGALLY REQUIRED BENEFITS

Legally required benefits are payments which are financed in whole or in part by the employer, legally required by a state or federal government, and administered by government agencies.²¹ These benefits are fairly well known to most people and include the following:

- Unemployment Compensation
- State Disability Insurance
- Workman's Compensation
- Old Age Survivors and Disability Insurance
(Social Security)

The last and largest program, Social Security, has been with us since 1935. The concepts, policies, and tax rates of this program have changed considerably in the 45 years of its existence. Increased rates have been caused by the ever in-

creasing benefits paid to beneficiaries due to inflation and cost of living increases, and the ever increasing number of beneficiaries due to the longer life spans of people now than at the time of Social Security's inception. The changes in policies and concepts giving rise to rate increases will be discussed more fully in chapters IV and V. The main reason for this paper, however, is to discuss a possible change in who should pay these Social Security (i.e., FICA) taxes.

Because the tax rates have increased considerably over the last ten years, it has become cost effective for the employer to pay the employees' share of FICA taxes. This is done by paying the employees' FICA taxes in lieu of a salary increase, or by lowering gross salary and keeping the employees' net after FICA taxes at the current level. The approach of the employer paying the employee's FICA tax in lieu of a salary increase will be discussed in detail in chapters IV and V.

FOOTNOTES

1. McCaffery, Robert M., Managing the Employee Benefit Program. American Management Association, 1972, p. 5.
2. Ibid., p. 7.
3. Ibid., pp. 7-9.
4. Ibid., p. 9.
5. Ibid., p. 9.
6. Allen, Donna, Fringe Benefits: Wages or Social Obligation? The New York State School of Industrial and Labor Relations, 1969, pp. 41-42.
7. McCaffery, Managing the Employee Benefit Program. p. 10.
8. Ibid., pp. 11-12.
9. Maynard, H.B., Editor in Chief, Handbook of Business Administration. McGraw-Hill Book Company, 1970, pp. 11-166.
10. Wall Street Journal, November 6, 1979, p. 1, Labor Letter.
11. Dunn, J.D. and Rachel, Frank M., Wage and Salary Administration: Total Compensation Systems. 1971, pp. 275-276.
12. Sibson, Robert E., Compensation. AMACOM, A Division of American Management Association. p. 215.
13. Deru, Arthur J., The Total Approach to Employee Benefit. American Management Association, 1967, p. 62
14. Maynard, Handbook of Business Administration. pp. 11-169.
15. Ibid., pp. 11-170.
16. Sibson, Compensation. p. 217.
17. Maynard, Handbook of Business Administration. pp. 11-171.
18. Sibson, Compensation. p. 219.
19. McCaffery, Managing the Employee Benefit Program. p. 133.
20. Maynard, Handbook of Business Administration. pp. 11-174.
21. Sibson, Compensation. p. 219.

CHAPTER III

THE LEGALITY AND TAXABILITY OF THIS FRINGE BENEFIT

As was noted in the previous chapter, an innovative way to reduce the total tax bill to both employer and employee is to have the employer pay the employee's share of FICA tax. But when people read that some employers are paying their employees' share of FICA taxes, they may very well ask, "Is this legal? I always thought that Social Security was a 50-50 deal."

THE LEGALITY

Ever since the Social Security legislation was enacted in 1935, the law pertaining to the legality of the employer paying the employee's share of the FICA taxes has been similar to the current Chapter 21 of the Internal Revenue Code - Federal Insurance Contribution Act (FICA), Sections 3101 (a) and 3121 (a) 6, which read as follows:

Section 3101 (a)

"Old-Age Survivors, and Disability Insurance-In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of wages (as defined in section 3121 (a) received by him with respect to employment..."

Section 3121 (a) 6¹

"Wages - For purposes of this chapter the term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other

than cash; except that such term should not include - (6) the payment by an employer (A) of the tax imposed upon an employee under section 3101 or (B) of any payment required from an employee under state unemployment compensation law."

From reading Sections 3101 and 3121 of the Internal Revenue Code Chapter 21, it becomes clear that the tax law has never included in the term, 'wages', the value of any FICA taxes paid by the employer. Under Section 3121 (a) (6) (A), it specifically states that the term, 'wages', does not include the payment by the employer of the FICA tax imposed on the employee. FICA taxes are imposed on the employee's wages, and 'wages', as defined by the law, does not forbid the employer from paying the tax. The law explicitly excludes such payments from tax, so it can be concluded that the employer paying the employee's share of social security taxes has always been legal. In Rev Rul 74-75 and Rev Rul 70-49 (shown below) it again reiterates what has just been said.

TAXABILITY

Given that this approach is legal, a second question arises: Is the full employee's share of FICA tax paid by employer free from income taxes in the manner of medical insurance premiums paid by the employer?

The recent trend of the Internal Revenue Service (IRS) has been to start taxing as many of the employee's non-cash compensation benefits as possible because they are not specifically excluded from the tax law.²

While 'wages' for FICA Taxes, Federal Unemployment Taxes and Workmen's Compensation are defined as shown above, 'wages'

for income tax withholding is defined differently and includes payments made by the employer on behalf of the employee.

With these facts in mind, a person must question whether the IRS will allow the benefit of the employer paying the employee's share of the FICA tax to be untaxed also. The law gives a negative reply. Rev Rul 74-75 of 2/21/75 deals with this issue and reads in part:

"The employee tax liability incurred by the employer was also 'wages' for purposes of income tax withholding, Section XX. 31.3401 (a) -1(b) (6) of the Employment Tax Regulations. However, Section 3121 (a) (6) of the Federal Insurance Contributions Act provides that the term 'wages' for purposes of that Act, does not include the "payment by an employer (without deduction from the remuneration of the employee) - (A) of the tax imposed upon an employee under Section 3101..." Therefore, for purposes of the Federal Insurance Contributions Act, no additional tax was applicable to the employee tax liability incurred by the employer for the employee."³

Rev Rul 79-49 states that the employee's share of FICA tax paid by the employer is includable in gross income to the employer. It reads in part:

"The amounts paid by State A that are equivalent to the FICA tax that would have been imposed on the employees by section 3101 of the Code are includable in the gross income of the employees covered by the 219 agreements, and are wages subject to income tax withholdings."⁴

It should be noted that the excerpts from Rev Rul 79-49 and the first part of Rev Rul 79-75 deal with the taxability of the employer paid share of employee FICA taxes to the employee. These payments must be included in gross income to the employee and included on the employee's W-2 for income tax purposes.

The latter part of the excerpt from Rev Rul 74-75 deals

with the elimination of double taxation or the definition of the term, 'wages', for Social Security, Federal and State Unemployment Taxes, and Workmen's Compensation Tax purposes. The potential for benefits to both the employee and the employer exist in this area. The technicalities, advantages and disadvantages of these benefits will be discussed fully in the next two chapters.

FOOTNOTES

1. 1979 Federal Tax Regulator, par 31.3121(a)(6)
2. Scharff, Edward E., The Battle Over Taxing Fringe Benefits. Money, October 1978, pp. 52-55.
3. 1974 P-H Federal Tax-Latest Development. par. 54,928.
4. 1979 P-H Federal Tax-Latest Development. par. 55,098.

CHAPTER IV
EMPLOYEE BENEFITS

The term, 'wages', for FICA tax purposes allows the employer to pay his employee's FICA tax without considering that amount as 'wages' for calculating FICA taxes. While the amount paid by the employer for the employee is excluded from calculations for FICA tax purposes, a different meaning of the term 'wages' for income tax purposes, makes that amount includable for income tax reporting.

To explain just how this system works, we should consider an example.

EXAMPLE: An employee is currently making \$20,000 a year and is married with two children. His employer will give him an eight percent (8%) pay raise on gross salary or pay his Social Security taxes and increase his salary sufficiently to give him an equivalent of an eight percent (8%) pay raise, measured in "take home salary." The calculations for the traditional and current approaches are shown in Figures 1 and 2, respectively.

The term 'traditional approach', for purposes of this paper, will mean that both the employer and the employee pay their required percentage of gross salary in FICA taxes. The term 'current approach', for purposes of this paper, will mean the approach under study or proposed approach. This

approach is where the employer pays both the employer and the employee's share, rather than giving the employee as large a pay raise as he otherwise would.

FIGURE 1

Traditional Approach

Current Salary	\$20,000.00
Plus 8% Raise	<u>1,600.00</u>
New Salary	21,600.00
Employee Paid FICA Tax	<u>1,324.08</u>
After FICA Net Pay	20,275.92
Less Federal Income Tax	<u>2,649.00</u>
Net Pay (Take Home)	\$17,626.92

FIGURE 2

Current Approach

Current Salary	\$20,000.00
Plus 1.3796% Raise	<u>275.92</u>
New Salary	20,275.92
Employee Paid FICA Tax	<u>0.00</u>
After FICA Net Pay	20,275.92
Less Federal Income Tax	<u>2,629.52</u>
Net Pay (Take Home)	\$17,646.40

As shown in Figures 1 and 2, the employee's benefit comes in total from a lower Federal Income Tax. This is brought about by a lower gross salary. The employee benefits in the amount of \$19.48 (\$17,646.40 take home pay under the current approach, minus \$17,626.92 take home pay under the traditional approach).

The pay raise, under the current approach, is calculated as follows: The pay raise, multiplied by 1 minus the current Social Security rate, minus the current Social Security rate, is such that $((.08 \times (1-.0613))-.0613) = .013796$ or 1.3796%.

The federal income tax calculations for the traditional approach are shown below using the tax rate schedules for married persons filing joint returns.

New Salary (taxable gross)	\$21,600.00	
Less Exemptions (4 x 1,000)	<u>4,000.00</u>	
Taxable Amount	17,600.00	
Tax		\$2,265.00
plus 24% over	<u>16,000.00</u>	
	1,600.00	
	<u>24%</u>	
		<u>384.00</u>
Total Tax		\$2,649.00

The federal income tax calculations for the current approach are shown below using the tax rate schedule for married persons filing joint returns.

New Salary	\$20,275.95	
Plus Employee's Share of Employer Paid Social Security Tax 50% of 2485.83 (see next chapter)	<u>1,242.92</u>	
Taxable Gross	21,518.87	
Less: Exemptions 4 x 1,000	<u>4,000.00</u>	
Taxable Income	17,518.87	
Tax		\$2,265.00
plus 24% over	<u>16,000.00</u>	
	1,518.87	
	<u>24%</u>	
		<u>364.52</u>
Total Tax		\$2,629.52

It should be noted that, if the tax table had been used rather than the tax rate schedules, the federal tax, under the traditional approach, would have been \$6 less or \$2,643. The federal tax, under the current approach, would have been \$1.48 more or \$2,631. This is caused by the tax tables having a range over which the tax amount remains the same, while using the tax rate schedule, the tax amount changes continuously. The savings in using the tax tables are \$12 (\$2,643 - \$2,631) rather than the \$19.48 using the tax rate schedule. The savings

will be either plus or minus those shown in Appendix A of this study depending on where the taxable amounts would fall in the tax table structure. The tax rate schedule was used for the computer programs shown in Appendix B and C as it was far easier to program than using the tax tables.

Having gone over the mathematics of the new approach, we can examine some advantages and disadvantages of the proposed method to the employee.

ADVANTAGES

The first and most notable advantage is the larger take home pay brought by lower federal income tax due to a lower legal gross income. This comparative take home pay would be even larger if state income taxes were considered. For purposes of this study, they were ignored because of the differing tax rates from state to state and differing methods of calculating the tax. The savings for 1980 in the previous example on federal taxes was \$19.48 to the employee.

For comparative purposes, we have also included in Appendix A several tables showing savings at differing increases in base pay. They are as follows:

- Table 1, 6, 11, 16, 21 - A Single Person (1 exemption) receiving a 6%, 7%, 8%, 9%, and 10% pay raise respectively.
- Table 2, 7, 12, 17, 22 - A Married Person filing joint with 4 exemptions receiving a 6%, 7%, 8%, 9%, and 10% pay raise respectively.
- Table 3, 8, 13, 18, 23 - A Married Person filing a separate return with 2 exemptions receiving a 6%, 7%, 8%, 9%, and 10% pay raise respectively.
- Table 4, 9, 14, 19, 24 - A Head of Household with 4 exemptions receiving a 6%, 7%, 8%, 9%, and 10% pay raise respectively.

The second advantage of the proposed method to the employee is the potential for additional employee benefits. Because the employer gets the large savings brought about by this proposed method, the employer can divert all or a part of the savings to a tax free retirement annuity or some other tax free employee benefit. Should the employer decide to pass the full savings on to the employee, the employee could receive as much as an 8.9% pay increase, with costs to the employer not exceeding 8.0% (See Appendix D). If the employee shares in the employer savings, the employee could receive an additional increase from 8 - 8.9% while the employer's cost is 8% or less.

DISADVANTAGES

The disadvantages to the employee of this method of FICA tax payment would be reduced Social Security benefits and a reduction in certain worker benefits that are based on W-2 earnings. The reduced Social Security benefits are caused by the lower gross earnings reported to the Social Security Administration during the employee's working years. This is the area where it is very difficult and probably impossible to say at what age an employer should favor or oppose all employer paid FICA taxes. However, there are two issues to be considered.

First how long will Social Security be with us? When the Social Security Act was first implemented in 1935, it was set up under a self supporting program by which trust funds were established to hold, in total, the contributions

by wage earners so they could draw on them in retirement. By 1972, the law was changed in such a way that Social Security was operating under the current financing or "pay-as-you-go" concept.¹ Under the "pay-as-you-go" concept, current wage earners are paying the benefits of the retired pensioners rather than having the pensioners' contributions determine the benefits. In 1974, the following ratio of wage earners to pensioners data was published.²

<u>YEAR</u>	<u>WAGE EARNER</u>	<u>PENSIONER</u>
1950	11.7	1
1960	4.0	1
1970	2.8	1
1974	2.5	1
1980	2.6	1
1990	2.4	1
2020	1.9	1
2040	1.8	1

It should be noted also that 1973 was the peak year for all deaths in the U.S. The number has been falling ever since, coupled with a growing population. This equates to more people reaching retirement age and longer expected life span once at retirement for the current population.³ With the post war baby boom generation reaching age 65 in about the year 2010, we will have less than 1.9 wage earners to support each pensioner, which equates to a rather smaller pension for the pensioner or a large tax to the taxpayer.

Second, how will the Social Security pension be calculated? Currently, the pensions are calculated, based on reported Social Security earnings since the program became applicable to the person concerned.⁴ As the pension payout starts

with a minimum pension amount, the poor, whose reported earnings, when calculated according to formula would normally give them less than the minimum, would still get minimum pension under current law. Under the current approach, the poor person would have nothing to lose and possibly much to gain if the employer's savings were given to the employee.

The highly paid person whose wages are now and in the future will be over the base wages for calculation of Social Security taxes, would have nothing to gain or lose because he or she is paying the full amount of taxes annually (See Appendix A). When his or her time comes to receive a pension, he or she would receive the maximum payment also.

It is the middle income person whose entire wage is subject to Social Security taxes who has the tough decision to make. The way to evaluate the all employer FICA tax proposal to an individual is to calculate the present value of future take home pay under both methods and see if the present value savings in taxes and increased employee benefits offset the decrease in the present value of future Social Security payments. The difficult part comes in the actuarial, inflation rate, and interest rate assumptions a person uses. The Social Security Administration ran some comparisons in April 1978 and found that, if all employer savings were transferred to the employee, the benefits would about equal the loss of Social Security benefits.⁵

The other disadvantage is caused by a reduction in W-2

earnings which can affect other benefit payout rates. These benefits include life insurance, retirement plans, and profit sharing arrangements. The employer, of course, should adjust his calculations for the lower W-2 earnings so he will continue to provide the same level of benefits.⁶ However, the employee should insure that such adjustments are agreed to prior to accepting a proposal that the employer pay the employee's share of Social Security taxes as a fringe benefit.

FOOTNOTES

1. Rejda, George E. Social Insurance and Economic Insurance. Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1976.
2. Mead, William B. The Squeeze Ahead for Social Security. Money, October 1974, pp. 32-35.
3. Wall Street Journal, October 25, 1979, p. 1, Aging Americans.
4. U.S., Department of Health, Education, and Welfare, Table for Determining Retirement, Survivors, and Disability Insurance Benefits. HEW Publication No. (SSA) 78-10045, August 1978.
5. Foster, Richard S. Payment of Employee's Social Security Taxes by Employer-Effect on Employee's Social Security Benefits. July 24, 1978, Social Security Administration, Baltimore, MD, 21235.
6. McDaniel, John W., and Martin, Jane L. "Save Money by Paying Worker's Social Security Taxes", Harvard Business Review, May - June 1979, Vol. 57, No. 3, pp. 8-12.

TRADITIONAL APPROACH

Current Employer's Cost	\$23,000.00
Pay Raise 3%	\$1,500.00
New Salary Paid	\$24,500.00
Employer Paid FICA Tax	\$1,225.00
Total Employer's Cost	\$26,725.00

FIGURE 1

CURRENT APPROACH

Current Employer's Cost	\$23,000.00
Pay Raise 1.375%	\$337.50
New Salary Cost	\$23,337.50
Employer Paid FICA Tax	\$1,166.88
Total Employer's Cost	\$24,504.38

From the calculations in Figures 1 and 2, it is shown that the employer benefits from the elimination of double taxation in the amount of \$1,220.62 (\$23,324 - \$22,103.38). Rather than paying \$1.375% to the new salary of \$23,337.50

CHAPTER V
EMPLOYER BENEFITS

Turning again to the example we used in Chapter IV, we should look at the employer's position under the same circumstances. The calculation for the traditional and current approaches (as defined in Chapter IV) are shown in Figure 3 and 4 respectively.

FIGURE 3

TRADITIONAL APPROACH

Current Employer's Cost	\$20,000.00
Pay Raise 8%	1,600.00
New Salary Paid	<u>21,600.00</u>
Employer Paid FICA Tax	1,324.08
Total Employer's Cost	<u>\$22,924.08</u>

FIGURE 4

CURRENT APPROACH

Current Employer's Cost	\$20,000.00
Pay Raise 1.3796%	275.92
New Salary Cost	<u>20,275.92</u>
Employer Paid FICA Tax (12.26%)	2,485.83
Total Employer's Cost	<u>\$22,761.75</u>

From the calculations in Figures 3 and 4, it is shown that the employer benefits from the elimination of double taxation in the amount of \$162.33 (\$22,924 - \$22,761.75). Rather than paying 6.13% on the new salary of \$21,600 under

the traditional approach, the employer is paying 12.26% of the new salary of \$20,275.92 under the current approach. The cost to the employer increases by \$1,161.75 (\$2,485.83 - \$1,324.08), the difference between what the employer pays under the current approach method minus what he pays under a traditional approach. However, the employer saves \$1,324.08 (\$21,600 - \$20,275.92) or the amount he normally would have paid to the employee in gross pay under the traditional approach. This leaves a net savings to the employer of \$162.33 (\$1,324.08 - \$1,161.75).

With this background on how the employer's calculations work out, we should look at the advantages and disadvantages of the proposed method to the employer.

ADVANTAGES

The most important advantage to the employer is the large savings gained at the expense of the Social Security Administration. The employer would be saving tax (FICA) dollars that he and the employees would otherwise be paying the U.S. government. The savings are brought about by paying taxes on a lower gross 'wage' for FICA tax purposes. If all employers were to go to this method of employee remuneration, it is estimated that it would cost the Social Security Administration \$6 billion or more a year.¹

Tables have been included in Appendix A to show the savings to the employer at different wage rate increases. Tables 5, 10, 15, 20 and 25 are shown with pay raises of 6%, 7%, 8%, 9% and 10%, respectively.

An employer can do one of two things with these savings. He can either keep the whole amount to himself or share the savings with the employees in the form of tax free benefits. This sharing, in effect, could give the employee up to an 8.9% pay raise overall, while costing the employer no more than 8% (See Appendix D).

A second advantage was alluded to in Chapter III. That advantage is a savings in Federal Unemployment Taxes (FUT). This can be a savings because the term, 'wages', as defined in the Internal Revenue Code for FUT purposes is similar to the definition for Social Security taxes.

The Internal Revenue Code, Chapter 23 - Federal Unemployment Act, Section 3306 (B) reads in part:

3306(b) Wages--For purposes of this chapter, the term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include--(6) the payment by an employer (without deduction from the remuneration of the employee)--(A) of the tax imposed upon an employee under section 3101 (of the corresponding section of prior law), or (B) of any payment required from an employee under a State Unemployment Compensation law.

By paying a lower gross wage to the employee for FUT purposes, the employer may reduce his FUT taxes. This advantage may be inconsequential to some companies because FUT taxes are paid only on the first \$7,500 of an employee's pay. However, to a firm hiring a large number of summer hires or part-time help, this could be an item for serious consideration.

In addition, there are possible savings in the State

Unemployment Tax (SUT) and Workmen's Compensation. However, they are not discussed here because the laws governing these taxes vary from state to state and from company to company.²

A third advantage is the interest income an employer can gain through slower payment of FICA taxes and unemployment taxes. FICA taxes payments for employees whose salaries are under the tax base, are spread evenly over the year, while payments for those over the base can be made at a slower rate. The employer can put his cash to use for a longer period of time in more profitable ventures.³

DISADVANTAGES

Even though there is a considerable amount to be gained by the employer, he should also look at the long run costs as well as the above, short-run benefits. If the political aspect of the proposed method is considered, the desire to implement the proposed method may subside.

A major disadvantage, and an overriding concern to every employer considering this approach to employee remuneration, is the fact that Congress will raise both the FICA tax rate and base in the future. Congress must continue to raise the FICA tax rate and base to keep up with the promised payments to Social Security pensioners.

The real problem will arise when the majority of large employers go to this method of employee remuneration. Since the all-employer-paid FICA tax relieves the large masses of workers of their responsibility for Social Security payments, the FICA tax becomes just another business tax which Congress

and base will have no effect on the employee's share of FICA tax as it is paid by the employer. This assumes the employer implements the proposal so that the employer is responsible for all of the tax rate and base increases. Because of this, employees, in general, will not be concerned about the rising taxes (in fact, they may encourage increases in order to raise benefits) and will not cause Congress the agony they do now every time the tax rate or base goes up. There will not be an uproar from the employed working class each time the tax rate and base goes up, as is the case currently.⁴ Congress can then do what it wishes with very few political repercussions.

Some employers have and will make an agreement with their employees to pay the full amount of current FICA tax liabilities and future increases. This, in effect, would give the employee a raise in pay every time the FICA tax rate or base went up. This could become difficult to deal with, seeing how employees have a tendency to forget the value of fringe benefits when looking at raises.⁵

A second disadvantage is that of operating the double bookkeeping required by the company to differentiate the employer's share and employee's share of FICA taxes. This

when the employer agrees to pay the employees share of FICA taxes as of a certain point in time. What happens here is that the employer must keep separate books for his share of what would traditionally be the employee's liability and for the employees liability due to any increases in the FICA tax rate or base.

The State of Texas implemented such a plan for its employees, effective September 1, 1978, for a FICA tax rate of 5.85% and a base wage of \$16,500. By the time the plan became effective, the tax rate had risen to 6.05% and the base had gone to \$17,000. Some people have estimated that this administrative nightmare is costing the State of Texas approximately four million dollars per year.⁷

A third disadvantage is that morale may be impaired when the employer agrees to pay the employee's share of FICA taxes at a certain point in time, and when either the tax rate or tax base rises, the employee is responsible for any increase. This, in effect, says the employer will pay the FICA tax at the current rate and base, but any tax increases in either the tax rate or base is the responsibility of the employee. Employees perceive the initial benefit as being lost when they pay the new tax increases later on.

The final disadvantage to the employer is the problems caused by not adequately educating the employees. If the employer does not adequately educate employees about the advantages of the program, the decline in gross pay (offset, of course, by a rise in net pay) may generate ill will toward the organization.

Without a true understanding of the system and an emphasis on referring to "takehome pay", employees may feel they are being conned and oppose the program out of ignorance.⁸

8. Daniel, John W., "No More Easy Votes for Social Security," *Harvard Business Review*, May-June 1979, Vol. 57, No. 3, pp. 8-11.

9. Daniel, John W., "No More Easy Votes for Social Security," *Harvard Business Review*, Fall 1979, Vol. 57, No. 5, pp. 17-18.

10. Daniel, John W., "Managing the Employee Benefit Program," *Management Association*, 1979, pp. 179-180.

11. Daniel, John W., and Martin, Jane L., "Save Money by Paying Worker's Social Security Taxes," *Harvard Business Review*, May-June 1979, Vol. 57, No. 3, pp. 8-11.

12. Daniel, John W., "Classification Analysis," Office of Social Science Studies, Van Ruler, Grand Forks, August 7, 1979, Personal Files of Larry Van Ruler, Grand Forks, ND.

13. Daniel, John W., and Martin, Jane L., "Save Money by Paying Worker's Social Security Taxes," *Harvard Business Review*, May-June 1979, Vol. 57, No. 3, pp. 8-11.

35
FOOTNOTES

1. Wall Street Journal, September 12, 1979, p. 1, Tax Report.
2. McDaniel, John W., and Martin, Jane L. "Save Money by Paying Worker's Social Security Taxes." Harvard Business Review, May - June 1979, Vol. 57, No. 3, pp. 8-12.
3. Ibid.
4. Derthick, Martha, "No More Easy Votes for Social Security," The Brookings Bulletin, Fall 1979, Vol. 16, No. 2, pp. 1-6.
5. McCaffery, Robert M. Managing the Employer Benefit Program. America Management Association, 1972, pp. 179-180.
6. McDaniel, John W., and Martin, Jane L. "Save Money by Paying Worker's Social Security Taxes." Harvard Business Review, May - June 1979, Vol. 57, No. 3, pp. 8-12.
7. Donaho, C.W. Classification Analyst, Office of Texas State Auditor to Larry Van Ruler, Grand Forks, August 7, 1979, Personal Files of Larry Van Ruler, Grand Forks, ND.
8. McDaniel, John W., and Martin, Jane L. "Save Money by Paying Worker's Social Security Taxes." Harvard Business Review, May - June 1979, Vol. 57, No. 3, pp. 8-12.

CHAPTER VI

SUMMARY AND CONCLUSIONS

Over the course of this paper, an innovative method of employee compensation has been considered. Consideration of the adoption of this approach has come about because of firms searching the laws for ways to increase employee compensation while meeting wage guidelines of 7% and facing 7%+ rates of inflation. The method is a process whereby the employer agrees to pay the employee's share of FICA taxes, while maintaining the same Net After FICA taxes.

Given that this method is legal, which was discussed in Chapter III, it was found that the taxability of this method differs, depending upon the part of the tax law involved. For FICA tax purposes, the term, 'wages' does not include the portion of employee taxes paid by the employer. However, for income tax purposes, the term, 'wages' includes the employee's tax liability paid by the employer.

Chapters IV and V discussed how the method works, as well as the advantages and disadvantages to the employer and employee.

The advantages to the employee are:

1. Larger net pay because of lower Federal and State income taxes and
2. Potential to share in employer savings through tax-free employee benefits.

The disadvantages to the same are:

1. Lower Social Security Benefits of retirement and
2. Possible reduction in other employee benefits tied to the gross salary of the employee.

The advantages to the employee are:

1. The large savings gained at the expense of the Social Security Administration,
2. Savings in the FUT, SUT, and Workmen's Compensation area, and
3. Interest Income because of slower payment of employment taxes.

The disadvantages to the employer are:

1. Over the long run, if all employers use the proposed method, the large working masses will be relieved of their responsibility for FICA taxes, which may encourage increases in what would then be an employer tax;
2. Operating and administrative cost increase when a company must keep two sets of books, one for the employer's agreed upon rate and one for any increases, which are the responsibility of the employee; and
3. A loss of employee morale when the employees do not understand the system.

In the short run, there are truly benefits for both the employer and the employee. However, when the long run aspects of this proposal are evaluated, some of the short term gains could mean either higher costs later in the case of the employer or in the case of the employee's Social Security benefits a lower payout. The short term gains can be shown in dollars and cents, but the long run costs are not certain. However, if the long run costs to the employer are realized, it is quite probable these costs will more than offset the short run benefits.

APPENDIX A

TABLES SET UP TO SHOW THE EMPLOYEE SAVINGS UNDER
DIFFERING PAY SCALES, PAY RAISES AND TAX STATUSES

TABLE 1

EMPLOYEE SAVINGS
 UNDER
 ALL EMPLOYER PAID SOCIAL SECURITY TAXES
 (PAY RAISE = 6.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)
 FILING STATUS: SINGLE WITH 1 EXEMPTION

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1060.00	995.02	0.	1056.02	995.02	0.	0.
2000.00	2120.00	1990.04	0.	2112.03	1990.04	0.	0.
3000.00	3180.00	2985.07	0.	3168.05	2985.06	0.	0.
4000.00	4240.00	3980.09	131.60	4224.06	3980.09	129.37	2.23
5000.00	5300.00	4975.11	298.00	5280.08	4975.11	294.81	3.19
6000.00	6360.00	5970.13	486.80	6336.09	5970.12	482.50	4.30
7000.00	7420.00	6965.15	677.60	7392.11	6965.15	672.58	5.02
8000.00	8480.00	7960.18	878.20	8448.12	7960.17	872.14	6.06
9000.00	9540.00	8955.20	1080.40	9504.14	8955.19	1072.87	7.53
10000.00	10600.00	9950.22	1303.00	10560.16	9950.21	1294.63	8.37
11000.00	11660.00	10945.24	1525.60	11616.18	10945.23	1516.40	9.20
12000.00	12720.00	11940.26	1775.80	12672.19	11940.25	1764.33	11.47
13000.00	13780.00	12935.29	2030.20	13728.21	12935.28	2017.77	12.43
14000.00	14840.00	13930.30	2303.40	14784.22	13930.30	2288.90	14.50
15000.00	15900.00	14925.33	2579.00	15840.24	14925.32	2563.46	15.54
16000.00	16960.00	15920.35	2893.00	16896.25	15920.34	2873.88	19.12
17000.00	18020.00	16915.37	3211.00	17952.27	16915.36	3190.68	20.32
18000.00	19080.00	17910.39	3529.00	19008.29	17910.38	3507.49	21.51
19000.00	20140.00	18905.42	3884.60	20064.30	18905.41	3858.86	25.74
20000.00	21200.00	19900.44	4245.00	21120.32	19900.43	4217.91	27.09
21000.00	22260.00	20895.46	4605.40	22176.34	20895.45	4576.95	28.45
22000.00	23320.00	21890.48	4965.80	23232.35	21890.47	4936.00	29.80
23000.00	24380.00	22885.50	5326.20	24288.37	22885.49	5295.04	31.16
24000.00	25440.00	23880.53	5733.60	25344.39	23880.51	5696.31	37.29
25000.00	26500.00	24912.33	6147.00	26439.43	24912.31	6123.38	23.62
26000.00	27560.00	25972.33	6560.40	27559.98	25972.31	6560.39	0.01
27000.00	28620.00	27032.33	6973.80	28619.98	27032.31	6973.79	0.01
28000.00	29680.00	28092.33	7387.20	29679.98	28092.31	7387.19	0.01
29000.00	30740.00	29152.33	7847.60	30739.98	29152.31	7847.59	0.01
30000.00	31800.00	30212.33	8314.00	31799.98	30212.31	8313.99	0.01

TABLE 2

EMPLOYEE SAVINGS
 UNDER
 ALL EMPLOYER PAID SOCIAL SECURITY TAXES
 (PAY RAISE = 6.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING JOINT WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1060.00	995.02	0.	1056.02	995.02	0.	0.
2000.00	2120.00	1990.04	0.	2112.03	1990.04	0.	0.
3000.00	3180.00	2985.07	0.	3168.05	2985.06	0.	0.
4000.00	4240.00	3980.09	0.	4224.06	3980.09	0.	0.
5000.00	5300.00	4975.11	0.	5280.08	4975.11	0.	0.
6000.00	6360.00	5970.13	0.	6336.09	5970.12	0.	0.
7000.00	7420.00	6965.15	2.80	7392.11	6965.15	0.	2.80
8000.00	8480.00	7960.18	151.20	8448.12	7960.17	146.74	4.46
9000.00	9540.00	8955.20	300.40	9504.14	8955.19	294.66	5.74
10000.00	10600.00	9950.22	470.00	10560.16	9950.21	463.62	6.38
11000.00	11660.00	10945.24	640.80	11616.18	10945.23	632.91	7.89
12000.00	12720.00	11940.26	831.60	12672.19	11940.25	822.99	8.61
13000.00	13780.00	12935.29	1022.40	13728.21	12935.28	1013.08	9.32
14000.00	14840.00	13930.30	1213.20	14784.22	13930.30	1203.16	10.04
15000.00	15900.00	14925.33	1404.00	15840.24	14925.32	1393.24	10.76
16000.00	16960.00	15920.35	1626.60	16896.25	15920.34	1613.21	13.39
17000.00	18020.00	16915.37	1849.20	17952.27	16915.36	1834.98	14.22
18000.00	19080.00	17910.39	2071.80	19008.29	17910.38	2056.74	15.06
19000.00	20140.00	18905.42	2298.60	20064.30	18905.41	2280.43	18.17
20000.00	21200.00	19900.44	2553.00	21120.32	19900.43	2533.88	19.12
21000.00	22260.00	20895.46	2807.40	22176.34	20895.45	2787.32	20.08
22000.00	23320.00	21890.48	3061.80	23232.35	21890.47	3040.76	21.04
23000.00	24380.00	22885.50	3323.40	24288.37	22885.49	3297.74	25.66
24000.00	25440.00	23880.53	3620.20	25344.39	23880.51	3593.43	26.77
25000.00	26500.00	24912.33	3917.00	26439.43	24912.31	3900.04	16.96
26000.00	27560.00	25972.33	4213.80	27559.98	25972.31	4213.79	0.00
27000.00	28620.00	27032.33	4511.40	28619.98	27032.31	4511.39	0.01
28000.00	29680.00	28092.33	4850.60	29679.98	28092.31	4850.59	0.01
29000.00	30740.00	29152.33	5189.80	30739.98	29152.31	5189.79	0.00
30000.00	31800.00	30212.33	5529.00	31799.98	30212.31	5528.99	0.00

TABLE 3

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 6.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING SEPERATELY WITH 2 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1060.00	995.02	0.	1056.02	995.02	0.	0.
2000.00	2120.00	1990.04	0.	2112.03	1990.04	0.	0.
3000.00	3180.00	2985.07	0.	3168.05	2985.06	0.	0.
4000.00	4240.00	3980.09	75.60	4224.06	3980.09	73.37	2.23
5000.00	5300.00	4975.11	235.00	5280.08	4975.11	231.81	3.19
6000.00	6360.00	5970.13	415.80	6336.09	5970.12	411.50	4.30
7000.00	7420.00	6965.15	606.60	7392.11	6965.15	601.58	5.02
8000.00	8480.00	7960.18	813.30	8448.12	7960.17	806.61	6.69
9000.00	9540.00	8955.20	1035.90	9504.14	8955.19	1028.37	7.53
10000.00	10600.00	9950.22	1276.50	10560.16	9950.21	1266.94	9.56
11000.00	11660.00	10945.24	1530.90	11616.18	10945.23	1520.38	10.52
12000.00	12720.00	11940.26	1810.10	12672.19	11940.25	1796.71	13.39
13000.00	13780.00	12935.29	2106.90	13728.21	12935.28	2092.40	14.50
14000.00	14840.00	13930.30	2425.30	14784.22	13930.30	2407.45	17.65
15000.00	15900.00	14925.33	2764.50	15840.24	14925.32	2745.38	19.12
16000.00	16960.00	15920.35	3104.20	16896.25	15920.34	3083.30	20.90
17000.00	18020.00	16915.37	3496.40	17952.27	16915.36	3471.34	25.06
18000.00	19080.00	17910.39	3888.60	19008.29	17910.38	3862.07	26.53
19000.00	20140.00	18905.42	4313.20	20064.30	18905.41	4280.65	32.55
20000.00	21200.00	19900.44	4769.00	21120.32	19900.43	4734.73	34.27
21000.00	22260.00	20895.46	5224.80	22176.34	20895.45	5188.82	35.97
22000.00	23320.00	21890.48	5680.60	23232.35	21890.47	5642.91	37.69
23000.00	24380.00	22885.50	6136.40	24288.37	22885.49	6097.00	39.40
24000.00	25440.00	23880.53	6624.60	25344.39	23880.51	6577.75	46.85
25000.00	26500.00	24912.33	7144.00	26439.43	24912.31	7114.32	29.68
26000.00	27560.00	25972.33	7663.40	27559.98	25972.31	7663.39	0.01
27000.00	28620.00	27032.33	8182.80	28619.98	27032.31	8182.79	0.01
28000.00	29680.00	28092.33	8702.20	29679.98	28092.31	8702.19	0.01
29000.00	30740.00	29152.33	9221.60	30739.98	29152.31	9221.59	0.01
30000.00	31800.00	30212.33	9741.00	31799.98	30212.31	9740.99	0.01

TABLE 4

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 6.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: HEAD OF HOUSEHOLD WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1060.00	995.02	0.	1056.02	995.02	0.	0.
2000.00	2120.00	1990.04	0.	2112.03	1990.04	0.	0.
3000.00	3180.00	2985.07	0.	3168.05	2985.06	0.	0.
4000.00	4240.00	3980.09	0.	4224.06	3980.09	0.	0.
5000.00	5300.00	4975.11	0.	5280.08	4975.11	0.	0.
6000.00	6360.00	5970.13	8.40	6336.09	5970.12	5.05	3.35
7000.00	7420.00	6965.15	156.80	7392.11	6965.15	152.90	3.90
8000.00	8480.00	7960.18	306.80	8448.12	7960.17	301.70	5.10
9000.00	9540.00	8955.20	476.40	9504.14	8955.19	470.66	5.74
10000.00	10600.00	9950.22	648.00	10560.16	9950.21	640.83	7.17
11000.00	11660.00	10945.24	838.80	11616.18	10945.23	830.91	7.89
12000.00	12720.00	11940.26	1030.40	12672.19	11940.25	1020.99	9.41
13000.00	13780.00	12935.29	1263.60	13728.21	12935.28	1252.21	11.39
14000.00	14840.00	13930.30	1496.80	14784.22	13930.30	1484.53	12.27
15000.00	15900.00	14925.33	1732.00	15840.24	14925.32	1717.66	14.34
16000.00	16960.00	15920.35	1986.40	16896.25	15920.34	1971.10	15.30
17000.00	18020.00	16915.37	2240.80	17952.27	16915.36	2224.55	16.25
18000.00	19080.00	17910.39	2496.80	19008.29	17910.38	2478.16	18.64
19000.00	20140.00	18905.42	2772.40	20064.30	18905.41	2752.72	19.68
20000.00	21200.00	19900.44	3048.00	21120.32	19900.43	3027.28	20.72
21000.00	22260.00	20895.46	3326.60	22176.34	20895.45	3301.85	24.75
22000.00	23320.00	21890.48	3655.20	23232.35	21890.47	3628.03	27.17
23000.00	24380.00	22885.50	3983.80	24288.37	22885.49	3955.40	28.40
24000.00	25440.00	23880.53	4312.40	25344.39	23880.51	4282.76	29.64
25000.00	26500.00	24912.33	4641.00	26439.43	24912.31	4622.22	18.78
26000.00	27560.00	25972.33	4972.60	27559.98	25972.31	4972.59	0.01
27000.00	28620.00	27032.33	5354.20	28619.98	27032.31	5354.19	0.01
28000.00	29680.00	28092.33	5735.80	29679.98	28092.31	5735.79	0.01
29000.00	30740.00	29152.33	6117.40	30739.98	29152.31	6117.39	0.01
30000.00	31800.00	30212.33	6499.00	31799.98	30212.31	6498.99	0.01

TABLE 5

EMPLOYER SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 6.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS= \$25900.00)

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYER
	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	
1000.00	1060.00	64.98	1124.98	995.02	121.99	1117.01	7.97
2000.00	2120.00	129.96	2249.96	1990.04	243.98	2234.02	15.93
3000.00	3180.00	194.93	3374.93	2985.06	365.97	3351.03	23.90
4000.00	4240.00	259.91	4499.91	3980.09	487.96	4468.04	31.87
5000.00	5300.00	324.89	5624.89	4975.11	609.95	5585.05	39.84
6000.00	6360.00	389.87	6749.87	5970.12	731.94	6702.06	47.81
7000.00	7420.00	454.85	7874.84	6965.15	853.93	7819.07	55.77
8000.00	8480.00	519.82	8999.82	7960.17	975.92	8936.08	63.74
9000.00	9540.00	584.80	10124.80	8955.19	1097.91	10053.10	71.70
10000.00	10600.00	649.78	11249.78	9950.21	1219.90	11170.11	79.67
11000.00	11660.00	714.76	12374.76	10945.23	1341.89	12287.12	87.64
12000.00	12720.00	779.74	13499.73	11940.25	1463.87	13404.13	95.61
13000.00	13780.00	844.71	14624.71	12935.28	1585.86	14521.14	103.57
14000.00	14840.00	909.69	15749.69	13930.30	1707.85	15638.15	111.54
15000.00	15900.00	974.67	16874.67	14925.32	1829.84	16755.16	119.50
16000.00	16960.00	1039.65	17999.64	15920.34	1951.83	17872.17	127.47
17000.00	18020.00	1104.63	19124.62	16915.36	2073.82	18989.18	135.44
18000.00	19080.00	1169.60	20249.60	17910.38	2195.81	20106.20	143.41
19000.00	20140.00	1234.58	21374.58	18905.41	2317.80	21223.21	151.37
20000.00	21200.00	1299.56	22499.56	19900.43	2439.79	22340.21	159.34
21000.00	22260.00	1364.54	23624.54	20895.45	2561.78	23457.23	167.30
22000.00	23320.00	1429.52	24749.52	21890.47	2683.77	24574.24	175.28
23000.00	24380.00	1494.49	25874.49	22885.49	2805.76	25691.25	183.24
24000.00	25440.00	1559.47	26999.47	23880.51	2927.75	26808.26	191.21
25000.00	26500.00	1587.67	28087.67	24912.31	3054.25	27966.56	121.11
26000.00	27560.00	1587.67	29147.67	25972.31	3175.34	29147.65	0.02
27000.00	28620.00	1587.67	30207.67	27032.31	3175.34	30207.65	0.02
28000.00	29680.00	1587.67	31267.67	28092.31	3175.34	31267.65	0.02
29000.00	30740.00	1587.67	32327.67	29152.31	3175.34	32327.65	0.02
30000.00	31800.00	1587.67	33387.67	30212.31	3175.34	33387.65	0.02

TABLE 6

EMPLOYEE SAVINGS
 UNDER
 ALL EMPLOYER PAID SOCIAL SECURITY TAXES
 (PAY RAISE = 7.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: SINGLE WITH 1 EXEMPTION

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1070.00	1004.41	0.	1065.98	1004.41	0.	0.
2000.00	2140.00	2008.82	0.	2131.96	2008.82	0.	0.
3000.00	3210.00	3013.23	0.	3197.93	3013.22	0.	0.
4000.00	4280.00	4017.64	137.20	4263.91	4017.63	134.95	2.25
5000.00	5350.00	5022.04	306.00	5329.89	5022.04	302.78	3.22
6000.00	6420.00	6026.45	497.60	6395.86	6026.45	493.26	4.34
7000.00	7490.00	7030.86	690.20	7461.84	7030.85	685.13	5.07
8000.00	8560.00	8035.27	893.40	8527.82	8035.26	887.29	6.11
9000.00	9630.00	9039.68	1099.30	9593.80	9039.67	1091.70	7.60
10000.00	10700.00	10044.09	1324.00	10659.78	10044.08	1315.55	8.45
11000.00	11770.00	11048.50	1548.70	11725.75	11048.48	1539.41	9.29
12000.00	12840.00	12052.91	1804.60	12791.73	12052.89	1793.02	11.58
13000.00	13910.00	13057.32	2061.60	13857.71	13057.30	2048.85	12.75
14000.00	14980.00	14061.72	2339.80	14923.69	14061.71	2325.16	14.64
15000.00	16050.00	15066.13	2620.00	15989.67	15066.12	2602.31	17.69
16000.00	17120.00	16070.54	2941.00	17055.64	16070.52	2921.69	19.31
17000.00	18190.00	17074.95	3262.00	18121.62	17074.93	3241.49	20.51
18000.00	19260.00	18079.36	3585.40	19187.60	18079.34	3561.28	24.12
19000.00	20330.00	19083.77	3949.20	20253.58	19083.75	3923.22	25.98
20000.00	21400.00	20088.18	4313.00	21319.56	20088.16	4285.65	27.35
21000.00	22470.00	21092.59	4676.80	22385.54	21092.56	4648.08	28.72
22000.00	23540.00	22097.00	5040.60	23451.52	22096.97	5010.51	30.09
23000.00	24610.00	23101.41	5409.90	24517.49	23101.38	5373.82	36.08
24000.00	25680.00	24105.81	5827.20	25583.47	24105.79	5789.55	37.65
25000.00	26750.00	25162.33	6244.50	26704.74	25162.30	6226.85	17.65
26000.00	27820.00	26232.33	6661.80	27819.96	26232.30	6661.79	0.01
27000.00	28890.00	27302.33	7079.10	28889.96	27302.30	7079.09	0.01
28000.00	29960.00	28372.33	7504.40	29959.96	28372.29	7504.38	0.02
29000.00	31030.00	29442.33	7975.20	31029.96	29442.30	7975.18	0.02
30000.00	32100.00	30512.33	8446.00	32099.96	30512.29	8445.98	0.02

TABLE 7

EMPLOYEE SAVINGS
 UNDER
 ALL EMPLOYER PAID SOCIAL SECURITY TAXES
 (PAY RAISE = 7.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING JOINT WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1070.00	1004.41	0.	1065.98	1004.41	0.	0.
2000.00	2140.00	2008.82	0.	2131.96	2008.82	0.	0.
3000.00	3210.00	3013.23	0.	3197.93	3013.22	0.	0.
4000.00	4280.00	4017.64	0.	4263.91	4017.63	0.	0.
5000.00	5350.00	5022.04	0.	5329.89	5022.04	0.	0.
6000.00	6420.00	6026.45	0.	6395.86	6026.45	0.	0.
7000.00	7490.00	7030.86	12.60	7461.84	7030.85	8.66	3.94
8000.00	8560.00	8035.27	162.40	8527.82	8035.26	157.89	4.51
9000.00	9630.00	9039.68	314.80	9593.80	9039.67	309.01	5.79
10000.00	10700.00	10044.09	486.00	10659.78	10044.08	479.56	6.44
11000.00	11770.00	11048.50	660.60	11725.75	11048.48	652.64	7.96
12000.00	12840.00	12052.91	853.20	12791.73	12052.89	844.51	8.69
13000.00	13910.00	13057.32	1045.80	13857.71	13057.30	1036.39	9.41
14000.00	14980.00	14061.72	1238.40	14923.69	14061.71	1228.26	10.14
15000.00	16050.00	15066.13	1435.50	15989.67	15066.12	1422.83	12.67
16000.00	17120.00	16070.54	1660.20	17055.64	16070.52	1646.69	13.51
17000.00	18190.00	17074.95	1884.90	18121.62	17074.93	1870.54	14.36
18000.00	19260.00	18079.36	2109.60	19187.60	18079.34	2094.40	15.20
19000.00	20330.00	19083.77	2344.20	20253.58	19083.75	2325.86	18.34
20000.00	21400.00	20088.18	2601.00	21319.56	20088.16	2581.69	19.31
21000.00	22470.00	21092.59	2857.80	22385.54	21092.56	2837.53	20.27
22000.00	23540.00	22097.00	3114.60	23451.52	22096.97	3093.36	21.24
23000.00	24610.00	23101.41	3387.80	24517.49	23101.38	3361.90	25.90
24000.00	25680.00	24105.81	3687.40	25583.47	24105.79	3660.37	27.03
25000.00	26750.00	25162.33	3987.00	26704.74	25162.30	3974.33	12.67
26000.00	27820.00	26232.33	4286.60	27819.96	26232.30	4286.59	0.01
27000.00	28890.00	27302.33	4597.80	28889.96	27302.30	4597.79	0.01
28000.00	29960.00	28372.33	4940.20	29959.96	28372.29	4940.18	0.02
29000.00	31030.00	29442.33	5282.60	31029.96	29442.30	5282.59	0.01
30000.00	32100.00	30512.33	5625.00	32099.96	30512.29	5624.98	0.01

TABLE 8

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 7.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING SEPERATELY WITH 2 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1070.00	1004.41	0.	1065.98	1004.41	0.	0.
2000.00	2140.00	2008.82	0.	2131.96	2008.82	0.	0.
3000.00	3210.00	3013.23	0.	3197.93	3013.22	0.	0.
4000.00	4280.00	4017.64	81.20	4263.91	4017.63	78.95	2.25
5000.00	5350.00	5022.04	243.00	5329.89	5022.04	239.78	3.22
6000.00	6420.00	6026.45	426.60	6395.86	6026.45	422.26	4.34
7000.00	7490.00	7030.86	619.20	7461.84	7030.85	614.13	5.07
8000.00	8560.00	8035.27	830.10	8527.82	8035.26	823.34	6.76
9000.00	9630.00	9039.68	1054.80	9593.80	9039.67	1047.20	7.60
10000.00	10700.00	10044.09	1300.50	10659.78	10044.08	1290.85	9.65
11000.00	11770.00	11048.50	1557.30	11725.75	11048.48	1546.68	10.62
12000.00	12840.00	12052.91	1843.70	12791.73	12052.89	1830.19	13.51
13000.00	13910.00	13057.32	2143.30	13857.71	13057.30	2128.66	14.64
14000.00	14980.00	14061.72	2470.10	14923.69	14061.71	2452.08	18.02
15000.00	16050.00	15066.13	2812.50	15989.67	15066.12	2793.19	19.31
16000.00	17120.00	16070.54	3163.40	17055.64	16070.52	3139.59	23.81
17000.00	18190.00	17074.95	3559.30	18121.62	17074.93	3534.00	25.30
18000.00	19260.00	18079.36	3955.20	19187.60	18079.34	3928.41	26.79
19000.00	20330.00	19083.77	4394.90	20253.58	19083.75	4362.04	32.66
20000.00	21400.00	20088.18	4855.00	21319.56	20088.16	4820.41	34.59
21000.00	22470.00	21092.59	5315.10	22385.54	21092.56	5278.78	36.32
22000.00	23540.00	22097.00	5775.20	23451.52	22096.97	5737.15	38.05
23000.00	24610.00	23101.41	6235.30	24517.49	23101.38	6195.52	39.78
24000.00	25680.00	24105.81	6742.20	25583.47	24105.79	6694.90	47.30
25000.00	26750.00	25162.33	7266.50	26704.74	25162.30	7244.32	22.18
26000.00	27820.00	26232.33	7790.80	27819.96	26232.30	7790.78	0.02
27000.00	28890.00	27302.33	8315.10	28889.96	27302.30	8315.08	0.02
28000.00	29960.00	28372.33	8839.40	29959.96	28372.29	8839.38	0.02
29000.00	31030.00	29442.33	9363.70	31029.96	29442.30	9363.68	0.02
30000.00	32100.00	30512.33	9893.00	32099.96	30512.29	9892.98	0.02

TABLE 9

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 7.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: HEAD OF HOUSEHOLD WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1070.00	1004.41	0.	1065.98	1004.41	0.	0.
2000.00	2140.00	2008.82	0.	2131.96	2008.82	0.	0.
3000.00	3210.00	3013.23	0.	3197.93	3013.22	0.	0.
4000.00	4280.00	4017.64	0.	4263.91	4017.63	0.	0.
5000.00	5350.00	5022.04	0.	5329.89	5022.04	0.	0.
6000.00	6420.00	6026.45	16.80	6395.86	6026.45	13.42	3.38
7000.00	7490.00	7030.86	166.60	7461.84	7030.85	162.66	3.94
8000.00	8560.00	8035.27	319.60	8527.82	8035.26	314.45	5.15
9000.00	9630.00	9039.68	490.80	9593.80	9039.67	485.01	5.79
10000.00	10700.00	10044.09	666.00	10659.78	10044.08	658.76	7.24
11000.00	11770.00	11048.50	858.60	11725.75	11048.48	850.64	7.96
12000.00	12840.00	12052.91	1056.80	12791.73	12052.89	1046.18	10.62
13000.00	13910.00	13057.32	1292.20	13857.71	13057.30	1280.70	11.50
14000.00	14980.00	14061.72	1527.60	14923.69	14061.71	1515.21	12.39
15000.00	16050.00	15066.13	1768.00	15989.67	15066.12	1753.52	14.48
16000.00	17120.00	16070.54	2024.80	17055.64	16070.52	2009.35	15.45
17000.00	18190.00	17074.95	2281.60	18121.62	17074.93	2265.19	16.41
18000.00	19260.00	18079.36	2543.60	19187.60	18079.34	2524.78	18.82
19000.00	20330.00	19083.77	2821.80	20253.58	19083.75	2801.93	19.87
20000.00	21400.00	20088.18	3100.00	21319.56	20088.16	3079.09	20.91
21000.00	22470.00	21092.59	3391.70	22385.54	21092.56	3365.52	26.18
22000.00	23540.00	22097.00	3723.40	23451.52	22096.97	3695.97	27.43
23000.00	24610.00	23101.41	4055.10	24517.49	23101.38	4026.42	28.68
24000.00	25680.00	24105.81	4386.80	25583.47	24105.79	4356.87	29.92
25000.00	26750.00	25162.33	4718.50	26704.74	25162.30	4704.47	14.03
26000.00	27820.00	26232.33	5066.20	27819.96	26232.30	5066.18	0.02
27000.00	28890.00	27302.33	5451.40	28889.96	27302.30	5451.39	0.01
28000.00	29960.00	28372.33	5836.60	29959.96	28372.29	5836.59	0.01
29000.00	31030.00	29442.33	6221.80	31029.96	29442.30	6221.79	0.01
30000.00	32100.00	30512.33	6607.00	32099.96	30512.29	6606.98	0.02

TABLE 10

EMPLOYER SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 7.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS= \$25900.00)

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYER
	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	
1000.00	1070.00	65.59	1135.59	1004.41	123.14	1127.55	8.04
2000.00	2140.00	131.18	2271.18	2008.82	246.28	2255.10	16.09
3000.00	3210.00	196.77	3406.77	3013.22	369.42	3382.64	24.13
4000.00	4280.00	262.36	4542.36	4017.63	492.56	4510.19	32.17
5000.00	5350.00	327.95	5677.95	5022.04	615.70	5637.74	40.21
6000.00	6420.00	393.55	6813.54	6026.45	738.84	6765.29	48.26
7000.00	7490.00	459.14	7949.14	7030.85	861.98	7892.83	56.30
8000.00	8560.00	524.73	9084.73	8035.26	985.12	9020.38	64.34
9000.00	9630.00	590.32	10220.32	9039.67	1108.26	10147.93	72.39
10000.00	10700.00	655.91	11355.91	10044.08	1231.40	11275.48	80.43
11000.00	11770.00	721.50	12491.50	11048.48	1354.54	12403.03	88.47
12000.00	12840.00	787.09	13627.09	12052.89	1477.68	13530.58	96.51
13000.00	13910.00	852.68	14762.68	13057.30	1600.82	14658.12	104.55
14000.00	14980.00	918.27	15898.27	14061.71	1723.96	15785.67	112.60
15000.00	16050.00	983.86	17033.86	15066.12	1847.11	16913.22	120.64
16000.00	17120.00	1049.46	18169.45	16070.52	1970.25	18040.77	128.68
17000.00	18190.00	1115.05	19305.05	17074.93	2093.39	19168.32	136.73
18000.00	19260.00	1180.64	20440.64	18079.34	2216.53	20295.86	144.77
19000.00	20330.00	1246.23	21576.23	19083.75	2339.67	21423.41	152.82
20000.00	21400.00	1311.82	22711.82	20088.16	2462.81	22550.96	160.86
21000.00	22470.00	1377.41	23847.41	21092.56	2585.95	23678.51	168.90
22000.00	23540.00	1443.00	24983.00	22096.97	2709.09	24806.06	176.94
23000.00	24610.00	1508.59	26118.59	23101.38	2832.23	25933.61	184.98
24000.00	25680.00	1574.18	27254.18	24105.79	2955.37	27061.16	193.03
25000.00	26750.00	1587.67	28337.67	25162.30	3084.90	28247.19	90.48
26000.00	27820.00	1587.67	29407.67	26232.30	3175.34	29407.64	0.03
27000.00	28890.00	1587.67	30477.67	27302.30	3175.34	30477.64	0.03
28000.00	29960.00	1587.67	31547.67	28372.29	3175.34	31547.63	0.04
29000.00	31030.00	1587.67	32617.67	29442.30	3175.34	32617.64	0.03
30000.00	32100.00	1587.67	33687.67	30512.29	3175.34	33687.63	0.04

TABLE 11

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 8.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: SINGLE WITH 1 EXEMPTION

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1080.00	1013.80	0.	1075.94	1013.80	0.	0.
2000.00	2160.00	2027.59	0.	2151.88	2027.59	0.	0.
3000.00	3240.00	3041.39	0.	3227.82	3041.39	0.	0.
4000.00	4320.00	4055.18	142.80	4303.77	4055.18	140.53	2.27
5000.00	5400.00	5068.98	314.00	5379.70	5068.98	310.75	3.25
6000.00	6480.00	6082.77	508.40	6455.64	6082.77	504.02	4.38
7000.00	7560.00	7096.57	703.40	7531.59	7096.57	698.00	5.40
8000.00	8640.00	8110.37	908.60	8607.53	8110.36	902.43	6.17
9000.00	9720.00	9124.16	1118.20	9683.47	9124.16	1110.53	7.67
10000.00	10800.00	10137.96	1345.00	10759.41	10137.96	1336.48	8.52
11000.00	11880.00	11151.75	1574.20	11835.36	11151.75	1563.49	10.71
12000.00	12960.00	12165.55	1833.40	12911.29	12165.55	1821.71	11.69
13000.00	14040.00	13179.35	2095.40	13987.23	13179.34	2081.68	13.72
14000.00	15120.00	14193.14	2376.20	15063.18	14193.14	2361.43	14.77
15000.00	16200.00	15206.94	2665.00	16139.12	15206.94	2646.74	18.26
16000.00	17280.00	16220.73	2989.00	17215.06	16220.73	2969.52	19.48
17000.00	18360.00	17234.53	3313.00	18291.00	17234.53	3292.30	20.70
18000.00	19440.00	18248.33	3646.60	19366.95	18248.32	3621.76	24.84
19000.00	20520.00	19262.12	4013.80	20442.89	19262.12	3987.58	26.22
20000.00	21600.00	20275.92	4381.00	21518.82	20275.91	4353.40	27.60
21000.00	22680.00	21289.71	4748.20	22594.77	21289.71	4719.22	28.98
22000.00	23760.00	22303.51	5115.40	23670.71	22303.51	5085.04	30.36
23000.00	24840.00	23317.30	5499.60	24746.65	23317.30	5463.19	36.41
24000.00	25920.00	24332.33	5920.80	25823.89	24332.32	5883.32	37.48
25000.00	27000.00	25412.33	6342.00	26970.10	25412.32	6330.34	11.66
26000.00	28080.00	26492.33	6763.20	28079.99	26492.32	6763.20	0.00
27000.00	29160.00	27572.33	7184.40	29159.99	27572.32	7184.39	0.00
28000.00	30240.00	28652.33	7627.60	30239.99	28652.32	7627.59	0.00
29000.00	31320.00	29732.33	8102.80	31319.99	29732.32	8102.79	0.00
30000.00	32400.00	30812.33	8578.00	32399.99	30812.32	8578.00	0.

TABLE 12

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 8.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING JOINT WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1080.00	1013.80	0.	1075.94	1013.80	0.	0.
2000.00	2160.00	2027.59	0.	2151.88	2027.59	0.	0.
3000.00	3240.00	3041.39	0.	3227.82	3041.39	0.	0.
4000.00	4320.00	4055.18	0.	4303.77	4055.18	0.	0.
5000.00	5400.00	5068.98	0.	5379.70	5068.98	0.	0.
6000.00	6480.00	6082.77	0.	6455.64	6082.77	0.	0.
7000.00	7560.00	7096.57	22.40	7531.59	7096.57	18.42	3.98
8000.00	8640.00	8110.37	173.60	8607.53	8110.36	169.05	4.55
9000.00	9720.00	9124.16	329.20	9683.47	9124.16	323.35	5.84
10000.00	10800.00	10137.96	502.00	10759.41	10137.96	495.51	6.49
11000.00	11880.00	11151.75	680.40	11835.36	11151.75	672.36	8.04
12000.00	12960.00	12165.55	874.80	12911.29	12165.55	866.03	8.77
13000.00	14040.00	13179.35	1069.20	13987.23	13179.34	1059.70	9.50
14000.00	15120.00	14193.14	1263.60	15063.18	14193.14	1253.37	10.23
15000.00	16200.00	15206.94	1467.00	16139.12	15206.94	1454.22	12.78
16000.00	17280.00	16220.73	1693.80	17215.06	16220.73	1680.16	13.64
17000.00	18360.00	17234.53	1920.60	18291.00	17234.53	1906.11	14.49
18000.00	19440.00	18248.33	2147.40	19366.95	18248.32	2132.06	15.34
19000.00	20520.00	19262.12	2389.80	20442.89	19262.12	2371.29	18.51
20000.00	21600.00	20275.92	2649.00	21518.82	20275.91	2629.52	19.48
21000.00	22680.00	21289.71	2908.20	22594.77	21289.71	2887.74	20.46
22000.00	23760.00	22303.51	3167.40	23670.71	22303.51	3145.97	21.43
23000.00	24840.00	23317.30	3452.20	24746.65	23317.30	3426.06	26.14
24000.00	25920.00	24332.33	3754.60	25823.89	24332.32	3727.69	26.91
25000.00	27000.00	25412.33	4057.00	26970.10	25412.32	4048.63	8.37
26000.00	28080.00	26492.33	4359.40	28079.99	26492.32	4359.39	0.00
27000.00	29160.00	27572.33	4684.20	29159.99	27572.32	4684.20	0.00
28000.00	30240.00	28652.33	5029.80	30239.99	28652.32	5029.79	0.00
29000.00	31320.00	29732.33	5375.40	31319.99	29732.32	5375.39	0.00
30000.00	32400.00	30812.33	5721.00	32399.99	30812.32	5721.00	0.

TABLE 13

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 8.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING SEPERATELY WITH 2 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1080.00	1013.80	0.	1075.94	1013.80	0.	0.
2000.00	2160.00	2027.59	0.	2151.88	2027.59	0.	0.
3000.00	3240.00	3041.39	0.	3227.82	3041.39	0.	0.
4000.00	4320.00	4055.18	86.80	4303.77	4055.18	84.53	2.27
5000.00	5400.00	5068.98	251.00	5379.70	5068.98	247.75	3.25
6000.00	6480.00	6082.77	437.40	6455.64	6082.77	433.02	4.38
7000.00	7560.00	7096.57	631.80	7531.59	7096.57	626.69	5.11
8000.00	8640.00	8110.37	846.90	8607.53	8110.36	840.08	6.62
9000.00	9720.00	9124.16	1073.70	9683.47	9124.16	1066.03	7.67
10000.00	10800.00	10137.96	1324.50	10759.41	10137.96	1314.76	9.74
11000.00	11880.00	11151.75	1583.70	11835.36	11151.75	1572.99	10.71
12000.00	12960.00	12165.55	1877.30	12911.29	12165.55	1863.66	13.64
13000.00	14040.00	13179.35	2179.70	13987.23	13179.34	2164.93	14.77
14000.00	15120.00	14193.14	2514.90	15063.18	14193.14	2496.72	18.18
15000.00	16200.00	15206.94	2860.50	16139.12	15206.94	2841.02	19.48
16000.00	17280.00	16220.73	3222.60	17215.06	16220.73	3198.57	24.03
17000.00	18360.00	17234.53	3622.20	18291.00	17234.53	3596.67	25.53
18000.00	19440.00	18248.33	4021.80	19366.95	18248.32	3994.77	27.03
19000.00	20520.00	19262.12	4476.60	20442.89	19262.12	4443.44	33.16
20000.00	21600.00	20275.92	4941.00	21518.82	20275.91	4906.09	34.91
21000.00	22680.00	21289.71	5405.40	22594.77	21289.71	5368.75	36.65
22000.00	23760.00	22303.51	5869.80	23670.71	22303.51	5831.40	38.39
23000.00	24840.00	23317.30	6334.20	24746.65	23317.30	6294.06	40.14
24000.00	25920.00	24332.33	6859.80	25823.89	24332.32	6812.70	47.09
25000.00	27000.00	25412.33	7389.00	26970.10	25412.32	7374.35	14.65
26000.00	28080.00	26492.33	7918.20	28079.99	26492.32	7918.20	0.00
27000.00	29160.00	27572.33	8447.40	29159.99	27572.32	8447.39	0.01
28000.00	30240.00	28652.33	8976.60	30239.99	28652.32	8976.59	0.00
29000.00	31320.00	29732.33	9505.80	31319.99	29732.32	9505.79	0.00
30000.00	32400.00	30812.33	10055.00	32399.99	30812.32	10054.99	0.01

TABLE 14

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 8.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: HEAD OF HOUSEHOLD WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1080.00	1013.80	0.	1075.94	1013.80	0.	0.
2000.00	2160.00	2027.59	0.	2151.88	2027.59	0.	0.
3000.00	3240.00	3041.39	0.	3227.82	3041.39	0.	0.
4000.00	4320.00	4055.18	0.	4303.77	4055.18	0.	0.
5000.00	5400.00	5068.98	0.	5379.70	5068.98	0.	0.
6000.00	6480.00	6082.77	25.20	6455.64	6082.77	21.79	3.41
7000.00	7560.00	7096.57	176.40	7531.59	7096.57	172.42	3.98
8000.00	8640.00	8110.37	332.40	8607.53	8110.36	327.20	5.20
9000.00	9720.00	9124.16	505.20	9663.47	9124.16	499.35	5.84
10000.00	10800.00	10137.96	684.00	10759.41	10137.96	676.69	7.31
11000.00	11880.00	11151.75	878.40	11835.36	11151.75	870.36	8.04
12000.00	12960.00	12165.55	1083.20	12911.29	12165.55	1072.48	10.72
13000.00	14040.00	13179.35	1320.80	13987.23	13179.34	1309.19	11.61
14000.00	15120.00	14193.14	1558.40	15063.18	14193.14	1545.90	12.50
15000.00	16200.00	15206.94	1804.00	16139.12	15206.94	1789.39	14.61
16000.00	17280.00	16220.73	2063.20	17215.06	16220.73	2047.61	15.59
17000.00	18360.00	17234.53	2322.40	18291.00	17234.53	2305.84	16.56
18000.00	19440.00	18248.33	2590.40	19366.95	18248.32	2571.41	16.99
19000.00	20520.00	19262.12	2871.20	20442.89	19262.12	2851.15	20.05
20000.00	21600.00	20275.92	3152.00	21518.82	20275.91	3130.89	21.11
21000.00	22680.00	21289.71	3456.80	22594.77	21289.71	3430.38	26.42
22000.00	23760.00	22303.51	3791.60	23670.71	22303.51	3763.92	27.68
23000.00	24840.00	23317.30	4126.40	24746.65	23317.30	4097.46	28.94
24000.00	25920.00	24332.33	4461.20	25823.89	24332.32	4431.40	29.80
25000.00	27000.00	25412.33	4796.00	26970.10	25412.32	4786.73	9.27
26000.00	28080.00	26492.33	5159.80	28079.99	26492.32	5159.60	0.
27000.00	29160.00	27572.33	5548.60	29159.99	27572.32	5548.59	0.00
28000.00	30240.00	28652.33	5937.40	30239.99	28652.32	5937.39	0.00
29000.00	31320.00	29732.33	6326.20	31319.99	29732.32	6326.20	0.00
30000.00	32400.00	30812.33	6715.00	32399.99	30812.32	6715.00	0.00

TABLE 15

EMPLOYER SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 8.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS= \$25900.00)

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYER
	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	
1000.00	1080.00	66.20	1146.20	1013.80	124.29	1138.09	8.12
2000.00	2160.00	132.41	2292.41	2027.59	248.58	2276.17	16.23
3000.00	3240.00	198.61	3438.61	3041.39	372.87	3414.26	24.35
4000.00	4320.00	264.82	4584.81	4055.18	497.17	4552.35	32.46
5000.00	5400.00	331.02	5731.02	5068.98	621.46	5690.43	40.59
6000.00	6480.00	397.22	6877.22	6082.77	745.75	6828.52	48.70
7000.00	7560.00	463.43	8023.43	7096.57	870.04	7966.61	56.82
8000.00	8640.00	529.63	9169.63	8110.36	994.33	9104.69	64.94
9000.00	9720.00	595.84	10315.84	9124.16	1118.62	10242.78	73.05
10000.00	10800.00	662.04	11462.04	10137.96	1242.91	11380.87	81.17
11000.00	11880.00	728.24	12608.24	11151.75	1367.20	12518.96	89.29
12000.00	12960.00	794.45	13754.45	12165.55	1491.50	13657.04	97.41
13000.00	14040.00	860.65	14900.65	13179.34	1615.79	14795.13	105.52
14000.00	15120.00	926.86	16046.86	14193.14	1740.08	15933.22	113.64
15000.00	16200.00	993.06	17193.06	15206.94	1864.37	17071.30	121.75
16000.00	17280.00	1059.26	18339.26	16220.73	1988.66	18209.39	129.87
17000.00	18360.00	1125.47	19485.46	17234.53	2112.95	19347.48	137.99
18000.00	19440.00	1191.67	20631.67	18248.32	2237.24	20485.57	146.11
19000.00	20520.00	1257.88	21777.87	19262.12	2361.54	21623.66	154.22
20000.00	21600.00	1324.08	22924.08	20275.91	2485.83	22761.74	162.34
21000.00	22680.00	1390.28	24070.28	21289.71	2610.12	23899.83	170.45
22000.00	23760.00	1456.49	25216.48	22303.51	2734.41	25037.91	178.57
23000.00	24840.00	1522.69	26362.69	23317.30	2858.70	26176.00	186.69
24000.00	25920.00	1587.67	27507.67	24332.32	2983.14	27315.46	192.21
25000.00	27000.00	1587.67	28587.67	25412.32	3115.55	28527.87	59.79
26000.00	28080.00	1587.67	29667.67	26492.32	3175.34	29667.66	0.00
27000.00	29160.00	1587.67	30747.67	27572.32	3175.34	30747.66	0.01
28000.00	30240.00	1587.67	31827.67	28652.32	3175.34	31827.66	0.01
29000.00	31320.00	1587.67	32907.67	29732.32	3175.34	32907.66	0.01
30000.00	32400.00	1587.67	33987.67	30812.32	3175.34	33987.66	0.00

TABLE 16

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 9.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: SINGLE WITH 1 EXEMPTION

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1090.00	1023.18	0.	1085.90	1023.18	0.	0.
2000.00	2180.00	2046.37	0.	2171.81	2046.36	0.	0.
3000.00	3270.00	3069.55	0.	3257.71	3069.55	0.	0.
4000.00	4360.00	4092.73	148.40	4343.61	4092.73	146.11	2.29
5000.00	5450.00	5115.91	323.00	5429.51	5115.91	319.31	3.69
6000.00	6540.00	6139.10	519.20	6515.41	6139.09	514.77	4.43
7000.00	7630.00	7162.28	716.70	7601.32	7162.27	711.25	5.45
8000.00	8720.00	8185.46	923.80	8687.22	8185.45	917.57	6.23
9000.00	9810.00	9208.64	1137.10	9773.12	9208.64	1129.36	7.74
10000.00	10900.00	10231.83	1366.00	10859.02	10231.82	1357.39	8.60
11000.00	11990.00	11255.01	1600.60	11944.93	11255.00	1589.78	10.82
12000.00	13080.00	12278.20	1862.20	13030.83	12278.18	1850.40	11.80
13000.00	14170.00	13301.38	2129.20	14116.73	13301.36	2115.35	13.85
14000.00	15260.00	14324.56	2412.60	15202.64	14324.54	2397.69	14.91
15000.00	16350.00	15347.74	2710.00	16288.54	15347.73	2691.56	18.44
16000.00	17440.00	16370.93	3037.00	17374.45	16370.91	3017.33	19.67
17000.00	18530.00	17394.11	3364.00	18460.34	17394.09	3343.10	20.90
18000.00	19620.00	18417.29	3707.80	19546.25	18417.27	3682.72	25.07
19000.00	20710.00	19440.48	4078.40	20632.15	19440.45	4051.93	26.47
20000.00	21800.00	20463.66	4449.00	21718.05	20463.64	4421.14	27.86
21000.00	22890.00	21486.84	4819.60	22803.96	21486.82	4790.34	29.25
22000.00	23980.00	22510.02	5190.20	23889.86	22510.00	5159.55	30.65
23000.00	25070.00	23533.21	5589.30	24975.77	23533.18	5552.55	36.75
24000.00	26160.00	24572.33	6014.40	26078.58	24572.30	5982.64	31.75
25000.00	27250.00	25662.33	6439.50	27235.40	25662.30	6433.80	5.69
26000.00	28340.00	26752.33	6864.60	28339.96	26752.30	6864.59	0.01
27000.00	29430.00	27842.33	7289.70	29429.96	27842.30	7289.68	0.02
28000.00	30520.00	28932.33	7750.80	30519.96	28932.29	7750.78	0.02
29000.00	31610.00	30022.33	8230.40	31609.96	30022.29	8230.38	0.02
30000.00	32700.00	31112.33	8710.00	32699.96	31112.30	8709.98	0.01

TABLE 17

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 9.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING JOINT WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1090.00	1023.18	0.	1085.90	1023.18	0.	0.
2000.00	2180.00	2046.37	0.	2171.81	2046.36	0.	0.
3000.00	3270.00	3069.55	0.	3257.71	3069.55	0.	0.
4000.00	4360.00	4092.73	0.	4343.61	4092.73	0.	0.
5000.00	5450.00	5115.91	0.	5429.51	5115.91	0.	0.
6000.00	6540.00	6139.10	0.	6515.41	6139.09	0.	0.
7000.00	7630.00	7162.28	32.20	7601.32	7162.27	28.18	4.02
8000.00	8720.00	8185.46	184.80	8687.22	8185.45	180.21	4.59
9000.00	9810.00	9208.64	343.60	9773.12	9208.64	337.70	5.90
10000.00	10900.00	10231.83	518.00	10859.02	10231.82	511.44	6.56
11000.00	11990.00	11255.01	700.20	11944.93	11255.00	692.09	8.11
12000.00	13080.00	12278.20	896.40	13030.83	12278.18	887.55	8.85
13000.00	14170.00	13301.38	1092.60	14116.73	13301.36	1083.01	9.59
14000.00	15260.00	14324.56	1288.80	15202.64	14324.54	1278.47	10.33
15000.00	16350.00	15347.74	1498.50	16288.54	15347.73	1485.59	12.91
16000.00	17440.00	16370.93	1727.40	17374.45	16370.91	1713.63	13.77
17000.00	18530.00	17394.11	1956.30	18460.34	17394.09	1941.67	14.63
18000.00	19620.00	18417.29	2185.20	19546.25	18417.27	2169.71	15.49
19000.00	20710.00	19440.48	2435.40	20632.15	19440.45	2416.72	18.68
20000.00	21800.00	20463.66	2697.00	21718.05	20463.64	2677.33	19.67
21000.00	22890.00	21486.84	2958.60	22803.96	21486.82	2937.95	20.65
22000.00	23980.00	22510.02	3220.20	23889.86	22510.00	3198.57	21.63
23000.00	25070.00	23533.21	3516.60	24975.77	23533.18	3490.21	26.39
24000.00	26160.00	24572.33	3821.80	26078.58	24572.30	3799.00	22.60
25000.00	27250.00	25662.33	4127.00	27235.40	25662.30	4122.91	4.09
26000.00	28340.00	26752.33	4432.20	28339.96	26752.30	4432.19	0.01
27000.00	29430.00	27842.33	4770.60	29429.96	27842.30	4770.59	0.01
28000.00	30520.00	28932.33	5119.40	30519.96	28932.29	5119.39	0.01
29000.00	31610.00	30022.33	5468.20	31609.96	30022.29	5468.18	0.02
30000.00	32700.00	31112.33	5817.00	32699.96	31112.30	5816.99	0.01

TABLE 18

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 9.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING SEPERATELY WITH 2 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1090.00	1023.18	0.	1085.90	1023.18	0.	0.
2000.00	2180.00	2046.37	0.	2171.81	2046.36	0.	0.
3000.00	3270.00	3069.55	0.	3257.71	3069.55	0.	0.
4000.00	4360.00	4092.73	92.40	4343.61	4092.73	90.11	2.29
5000.00	5450.00	5115.91	259.00	5429.51	5115.91	255.72	3.28
6000.00	6540.00	6139.10	448.20	6515.41	6139.09	443.77	4.43
7000.00	7630.00	7162.28	644.40	7601.32	7162.27	639.24	5.16
8000.00	8720.00	8185.46	863.70	8687.22	8185.45	856.82	6.88
9000.00	9810.00	9208.64	1092.60	9773.12	9208.64	1084.86	7.74
10000.00	10900.00	10231.83	1348.50	10859.02	10231.82	1338.67	9.83
11000.00	11990.00	11255.01	1610.10	11944.93	11255.00	1599.28	10.82
12000.00	13080.00	12278.20	1910.90	13030.83	12278.18	1897.13	13.77
13000.00	14170.00	13301.38	2216.10	14116.73	13301.36	2201.19	14.91
14000.00	15260.00	14324.56	2559.70	15202.64	14324.54	2541.34	18.36
15000.00	16350.00	15347.74	2908.50	16288.54	15347.73	2888.83	19.67
16000.00	17440.00	16370.93	3281.80	17374.45	16370.91	3257.54	24.26
17000.00	18530.00	17394.11	3685.10	18460.34	17394.09	3659.33	25.77
18000.00	19620.00	18417.29	4089.60	19546.25	18417.27	4061.11	28.49
19000.00	20710.00	19440.48	4558.30	20632.15	19440.45	4524.82	33.47
20000.00	21800.00	20463.66	5027.00	21718.05	20463.64	4991.76	35.24
21000.00	22890.00	21486.84	5495.70	22803.96	21486.82	5458.70	37.00
22000.00	23980.00	22510.02	5964.40	23889.86	22510.00	5925.64	38.76
23000.00	25070.00	23533.21	6443.30	24975.77	23533.18	6397.12	46.17
24000.00	26160.00	24572.33	6977.40	26078.58	24572.30	6937.50	39.89
25000.00	27250.00	25662.33	7511.50	27235.40	25662.30	7504.34	7.16
26000.00	28340.00	26752.33	8045.60	28339.96	26752.30	8045.58	0.02
27000.00	29430.00	27842.33	8579.70	29429.96	27842.30	8579.68	0.02
28000.00	30520.00	28932.33	9113.80	30519.96	28932.29	9113.78	0.02
29000.00	31610.00	30022.33	9647.90	31609.96	30022.29	9647.88	0.02
30000.00	32700.00	31112.33	10217.00	32699.96	31112.30	10216.98	0.02

TABLE 19

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 9.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: HEAD OF HOUSEHOLD WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1090.00	1023.18	0.	1085.90	1023.18	0.	0.
2000.00	2180.00	2046.37	0.	2171.81	2046.36	0.	0.
3000.00	3270.00	3069.55	0.	3257.71	3069.55	0.	0.
4000.00	4360.00	4092.73	0.	4343.61	4092.73	0.	0.
5000.00	5450.00	5115.91	0.	5429.51	5115.91	0.	0.
6000.00	6540.00	6139.10	33.60	6515.41	6139.09	30.16	3.44
7000.00	7630.00	7162.28	186.20	7601.32	7162.27	182.18	4.02
8000.00	8720.00	8185.46	345.20	8687.22	8185.45	339.95	5.25
9000.00	9810.00	9208.64	519.60	9773.12	9208.64	513.70	5.90
10000.00	10900.00	10231.83	702.00	10859.02	10231.82	694.62	7.38
11000.00	11990.00	11255.01	898.20	11944.93	11255.00	890.09	8.11
12000.00	13080.00	12278.20	1109.60	13030.83	12278.18	1098.78	10.82
13000.00	14170.00	13301.38	1349.40	14116.73	13301.36	1337.68	11.72
14000.00	15260.00	14324.56	1589.20	15202.64	14324.54	1576.58	12.62
15000.00	16350.00	15347.74	1840.00	16288.54	15347.73	1825.25	14.75
16000.00	17440.00	16370.93	2101.60	17374.45	16370.91	2085.87	15.73
17000.00	18530.00	17394.11	2363.20	18460.34	17394.09	2346.48	16.72
18000.00	19620.00	18417.29	2637.20	19546.25	18417.27	2618.02	19.18
19000.00	20710.00	19440.48	2920.60	20632.15	19440.45	2900.36	20.24
20000.00	21800.00	20463.66	3204.00	21718.05	20463.64	3182.69	21.31
21000.00	22890.00	21486.84	3521.90	22803.96	21486.82	3495.23	26.67
22000.00	23980.00	22510.02	3859.80	23889.86	22510.00	3831.86	27.94
23000.00	25070.00	23533.21	4197.70	24975.77	23533.18	4168.48	29.21
24000.00	26160.00	24572.33	4535.60	26078.58	24572.30	4510.36	25.24
25000.00	27250.00	25662.33	4873.50	27235.40	25662.30	4868.97	4.53
26000.00	28340.00	26752.33	5253.40	28339.96	26752.30	5253.39	0.01
27000.00	29430.00	27842.33	5645.80	29429.96	27842.30	5645.79	0.01
28000.00	30520.00	28932.33	6038.20	30519.96	28932.29	6038.18	0.02
29000.00	31610.00	30022.33	6430.60	31609.96	30022.29	6430.59	0.01
30000.00	32700.00	31112.33	6823.00	32699.96	31112.30	6822.98	0.02

TABLE 20

EMPLOYER SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE = 9.00%, SOCIAL SECURITY RATE = .0613, MAXIMUM EARNINGS = \$25900.00)

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYER
	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	
1000.00	1090.00	66.82	1156.82	1023.18	125.44	1148.62	8.19
2000.00	2180.00	133.63	2313.63	2046.36	250.88	2297.25	16.39
3000.00	3270.00	200.45	3470.45	3069.55	376.33	3445.87	24.58
4000.00	4360.00	267.27	4627.27	4092.73	501.77	4594.49	32.77
5000.00	5450.00	334.08	5784.08	5115.91	627.21	5743.11	40.97
6000.00	6540.00	400.90	6940.90	6139.09	752.65	6891.74	49.16
7000.00	7630.00	467.72	8097.72	7162.27	878.09	8040.36	57.36
8000.00	8720.00	534.54	9254.54	8185.45	1003.54	9188.99	65.55
9000.00	9810.00	601.35	10411.35	9208.64	1128.98	10337.61	73.74
10000.00	10900.00	668.17	11568.17	10231.82	1254.42	11486.23	81.93
11000.00	11990.00	734.99	12724.98	11255.00	1379.86	12634.86	90.13
12000.00	13080.00	801.80	13881.80	12278.18	1505.30	13783.48	98.32
13000.00	14170.00	868.62	15038.62	13301.36	1630.75	14932.11	106.51
14000.00	15260.00	935.44	16195.44	14324.54	1756.19	16080.73	114.71
15000.00	16350.00	1002.25	17352.25	15347.73	1881.63	17229.36	122.90
16000.00	17440.00	1069.07	18509.07	16370.91	2007.07	18377.98	131.09
17000.00	18530.00	1135.89	19665.89	17394.09	2132.52	19526.60	139.29
18000.00	19620.00	1202.71	20822.70	18417.27	2257.96	20675.23	147.47
19000.00	20710.00	1269.52	21979.52	19440.45	2383.40	21823.85	155.67
20000.00	21800.00	1336.34	23136.34	20463.64	2508.84	22972.48	163.86
21000.00	22890.00	1403.16	24293.16	21486.82	2634.28	24121.10	172.06
22000.00	23980.00	1469.97	25449.97	22510.00	2759.73	25269.72	180.25
23000.00	25070.00	1536.79	26606.79	23533.18	2885.17	26418.35	188.44
24000.00	26160.00	1587.67	27747.67	24572.30	3012.56	27584.86	162.80
25000.00	27250.00	1587.67	28837.67	25662.30	3146.20	28808.50	29.17
26000.00	28340.00	1587.67	29927.67	26752.30	3175.34	29927.64	0.03
27000.00	29430.00	1587.67	31017.67	27842.30	3175.34	31017.64	0.03
28000.00	30520.00	1587.67	32107.67	28932.29	3175.34	32107.63	0.04
29000.00	31610.00	1587.67	33197.67	30022.29	3175.34	33197.63	0.04
30000.00	32700.00	1587.67	34287.67	31112.30	3175.34	34287.64	0.03

TABLE 21

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE =10.00%, SOCIAL SECURITY RATE =.0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: SINGLE WITH 1 EXEMPTION

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1100.00	1032.57	0.	1095.87	1032.57	0.	0.
2000.00	2200.00	2065.14	0.	2191.73	2065.14	0.	0.
3000.00	3300.00	3097.71	0.	3287.60	3097.71	0.	0.
4000.00	4400.00	4130.28	154.00	4383.46	4130.27	151.68	2.32
5000.00	5500.00	5162.85	332.00	5479.32	5162.84	328.28	3.72
6000.00	6600.00	6195.42	530.00	6575.19	6195.41	525.53	4.47
7000.00	7700.00	7227.99	730.00	7671.05	7227.98	724.50	5.50
8000.00	8800.00	8260.56	939.00	8766.92	8260.55	932.72	6.28
9000.00	9900.00	9293.13	1156.00	9862.79	9293.12	1148.18	7.81
10000.00	11000.00	10325.70	1387.00	10958.65	10325.69	1378.32	8.68
11000.00	12100.00	11358.27	1627.00	12054.52	11358.26	1616.08	10.92
12000.00	13200.00	12390.84	1891.00	13150.38	12390.82	1879.09	11.91
13000.00	14300.00	13423.41	2163.00	14246.25	13423.39	2149.02	13.98
14000.00	15400.00	14455.98	2449.00	15342.11	14455.96	2433.95	15.05
15000.00	16500.00	15488.55	2755.00	16437.98	15488.53	2736.39	18.61
16000.00	17600.00	16521.12	3085.00	17533.84	16521.10	3065.15	19.85
17000.00	18700.00	17553.69	3415.00	18629.71	17553.67	3393.71	21.09
18000.00	19800.00	18586.26	3769.00	19725.57	18586.24	3743.70	25.30
19000.00	20900.00	19618.83	4143.00	20821.44	19618.81	4116.29	26.71
20000.00	22000.00	20651.40	4517.00	21917.30	20651.37	4488.88	28.12
21000.00	23100.00	21683.97	4891.00	23013.17	21683.95	4861.48	29.52
22000.00	24200.00	22716.54	5265.00	24109.04	22716.52	5234.07	30.93
23000.00	25300.00	23749.11	5679.00	25204.90	23749.08	5641.91	37.09
24000.00	26400.00	24812.33	6108.00	26333.29	24812.30	6081.98	26.02
25000.00	27500.00	25912.33	6537.00	27499.97	25912.30	6536.98	0.01
26000.00	28600.00	27012.33	6966.00	28599.96	27012.30	6965.98	0.01
27000.00	29700.00	28112.33	7395.00	29699.96	28112.30	7394.98	0.01
28000.00	30800.00	29212.33	7874.00	30799.96	29212.30	7873.98	0.01
29000.00	31900.00	30312.33	8358.00	31899.96	30312.29	8357.98	0.02
30000.00	33000.00	31412.33	8842.00	32999.96	31412.29	8841.98	0.02

TABLE 22

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE =10.00%, SOCIAL SECURITY RATE =.0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING JOINT WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1100.00	1032.57	0.	1095.87	1032.57	0.	0.
2000.00	2200.00	2065.14	0.	2191.73	2065.14	0.	0.
3000.00	3300.00	3097.71	0.	3287.60	3097.71	0.	0.
4000.00	4400.00	4130.28	0.	4383.46	4130.27	0.	0.
5000.00	5500.00	5162.85	0.	5479.32	5162.84	0.	0.
6000.00	6600.00	6195.42	0.	6575.19	6195.41	0.	0.
7000.00	7700.00	7227.99	42.00	7671.05	7227.98	37.95	4.05
8000.00	8800.00	8260.56	196.00	8766.92	8260.55	191.37	4.63
9000.00	9900.00	9293.13	358.00	9862.79	9293.12	352.05	5.95
10000.00	11000.00	10325.70	534.00	10958.65	10325.69	527.38	6.62
11000.00	12100.00	11358.27	720.00	12054.52	11358.26	711.81	8.19
12000.00	13200.00	12390.84	918.00	13150.38	12390.82	909.07	8.93
13000.00	14300.00	13423.41	1116.00	14246.25	13423.39	1106.32	9.68
14000.00	15400.00	14455.98	1314.00	15342.11	14455.96	1303.58	10.42
15000.00	16500.00	15488.55	1530.00	16437.98	15488.53	1516.97	13.02
16000.00	17600.00	16521.12	1761.00	17533.84	16521.10	1747.11	13.89
17000.00	18700.00	17553.69	1992.00	18629.71	17553.67	1977.24	14.76
18000.00	19800.00	18586.26	2223.00	19725.57	18586.24	2207.37	15.63
19000.00	20900.00	19618.83	2481.00	20821.44	19618.81	2462.15	18.85
20000.00	22000.00	20651.40	2745.00	21917.30	20651.37	2725.15	19.85
21000.00	23100.00	21683.97	3009.00	23013.17	21683.95	2988.16	20.84
22000.00	24200.00	22716.54	3273.00	24109.04	22716.52	3251.17	21.83
23000.00	25300.00	23749.11	3581.00	25204.90	23749.08	3554.37	26.63
24000.00	26400.00	24812.33	3889.00	26333.29	24812.30	3870.32	18.68
25000.00	27500.00	25912.33	4197.00	27499.97	25912.30	4196.99	0.01
26000.00	28600.00	27012.33	4505.00	28599.96	27012.30	4504.99	0.01
27000.00	29700.00	28112.33	4857.00	29699.96	28112.30	4856.99	0.01
28000.00	30800.00	29212.33	5209.00	30799.96	29212.30	5208.99	0.01
29000.00	31900.00	30312.33	5561.00	31899.96	30312.29	5560.98	0.01
30000.00	33000.00	31412.33	5913.00	32999.96	31412.29	5912.98	0.01

TABLE 23

EMPLOYEE SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE =10.00%, SOCIAL SECURITY RATE =.0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: MARRIED FILING SEPERATELY WITH 2 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1100.00	1032.57	0.	1095.87	1032.57	0.	0.
2000.00	2200.00	2065.14	0.	2191.73	2065.14	0.	0.
3000.00	3300.00	3097.71	0.	3287.60	3097.71	0.	0.
4000.00	4400.00	4130.28	98.00	4383.46	4130.27	95.68	2.32
5000.00	5500.00	5162.85	267.00	5479.32	5162.84	263.67	3.31
6000.00	6600.00	6195.42	459.00	6575.19	6195.41	454.53	4.47
7000.00	7700.00	7227.99	657.00	7671.05	7227.98	651.79	5.21
8000.00	8800.00	8260.56	850.50	8766.92	8260.55	873.55	6.95
9000.00	9900.00	9293.13	1111.50	9862.79	9293.12	1103.68	7.81
10000.00	11000.00	10325.70	1372.50	10958.65	10325.69	1362.58	9.92
11000.00	12100.00	11358.27	1636.50	12054.52	11358.26	1625.58	10.92
12000.00	13200.00	12390.84	1944.50	13150.38	12390.82	1930.61	13.69
13000.00	14300.00	13423.41	2252.50	14246.25	13423.39	2237.45	15.05
14000.00	15400.00	14455.98	2604.50	15342.11	14455.96	2585.98	18.52
15000.00	16500.00	15488.55	2956.50	16437.98	15488.53	2936.65	19.85
16000.00	17600.00	16521.12	3341.00	17533.84	16521.10	3316.52	24.48
17000.00	18700.00	17553.69	3748.00	18629.71	17553.67	3721.99	26.01
18000.00	19800.00	18586.26	4167.00	19725.57	18586.24	4135.00	32.00
19000.00	20900.00	19618.83	4640.00	20821.44	19618.81	4606.22	33.78
20000.00	22000.00	20651.40	5113.00	21917.30	20651.37	5077.44	35.56
21000.00	23100.00	21683.97	5586.00	23013.17	21683.95	5548.66	37.34
22000.00	24200.00	22716.54	6059.00	24109.04	22716.52	6019.88	39.12
23000.00	25300.00	23749.11	6556.00	25204.90	23749.08	6509.40	46.60
24000.00	26400.00	24812.33	7095.00	26333.29	24812.30	7062.31	32.69
25000.00	27500.00	25912.33	7634.00	27499.97	25912.30	7633.98	0.02
26000.00	28600.00	27012.33	8173.00	28599.96	27012.30	8172.98	0.02
27000.00	29700.00	28112.33	8712.00	29699.96	28112.30	8711.98	0.02
28000.00	30800.00	29212.33	9251.00	30799.96	29212.30	9250.98	0.02
29000.00	31900.00	30312.33	9790.00	31899.96	30312.29	9789.98	0.02
30000.00	33000.00	31412.33	10379.00	32999.96	31412.29	10378.98	0.02

TABLE 24

EMPLOYEE SAVINGS
 UNDER
 ALL EMPLOYER PAID SOCIAL SECURITY TAXES
 (PAY RAISE =10.00%, SOCIAL SECURITY RATE =.0613, MAXIMUM EARNINGS = \$25900.00)

FILING STATUS: HEAD OF HOUSEHOLD WITH 4 EXEMPTIONS

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYEE
	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	TAXABLE GROSS	NET AFTER FICA TAX	INCOME TAX ON NEW SALARY	
1000.00	1100.00	1032.57	0.	1095.87	1032.57	0.	0.
2000.00	2200.00	2065.14	0.	2191.73	2065.14	0.	0.
3000.00	3300.00	3097.71	0.	3287.60	3097.71	0.	0.
4000.00	4400.00	4130.28	0.	4383.46	4130.27	0.	0.
5000.00	5500.00	5162.85	0.	5479.32	5162.84	0.	0.
6000.00	6600.00	6195.42	42.00	6575.19	6195.41	38.53	3.47
7000.00	7700.00	7227.99	196.00	7671.05	7227.98	191.95	4.05
8000.00	8800.00	8260.56	358.00	8766.92	8260.55	352.71	5.29
9000.00	9900.00	9293.13	534.00	9862.79	9293.12	528.05	5.95
10000.00	11000.00	10325.70	720.00	10958.65	10325.69	712.56	7.44
11000.00	12100.00	11358.27	918.00	12054.52	11358.26	909.81	8.19
12000.00	13200.00	12390.84	1136.00	13150.38	12390.82	1125.08	10.92
13000.00	14300.00	13423.41	1378.00	14246.25	13423.39	1366.17	11.83
14000.00	15400.00	14455.98	1620.00	15342.11	14455.96	1607.26	12.74
15000.00	16500.00	15488.55	1876.00	16437.98	15488.53	1861.11	14.89
16000.00	17600.00	16521.12	2140.00	17533.84	16521.10	2124.12	15.88
17000.00	18700.00	17553.69	2404.00	18629.71	17553.67	2387.13	16.87
18000.00	19800.00	18586.26	2684.00	19725.57	18586.24	2664.65	19.35
19000.00	20900.00	19618.83	2970.00	20821.44	19618.81	2949.57	20.43
20000.00	22000.00	20651.40	3256.00	21917.30	20651.37	3234.50	21.50
21000.00	23100.00	21683.97	3587.00	23013.17	21683.95	3560.08	26.92
22000.00	24200.00	22716.54	3928.00	24109.04	22716.52	3899.80	28.20
23000.00	25300.00	23749.11	4269.00	25204.90	23749.08	4239.52	29.48
24000.00	26400.00	24812.33	4610.00	26333.29	24812.30	4589.32	20.68
25000.00	27500.00	25912.33	4951.00	27499.97	25912.30	4950.99	0.01
26000.00	28600.00	27012.33	5347.00	28599.96	27012.30	5346.98	0.02
27000.00	29700.00	28112.33	5743.00	29699.96	28112.30	5742.98	0.02
28000.00	30800.00	29212.33	6139.00	30799.96	29212.30	6138.98	0.02
29000.00	31900.00	30312.33	6535.00	31899.96	30312.29	6534.98	0.02
30000.00	33000.00	31412.33	6943.00	32999.96	31412.29	6942.98	0.02

TABLE 25

EMPLOYER SAVINGS
UNDER
ALL EMPLOYER PAID SOCIAL SECURITY TAXES
(PAY RAISE =10.00%, SOCIAL SECURITY RATE =.0613, MAXIMUM EARNINGS= \$25900.00)

CURRENT SALARY	TRADITIONAL APPROACH			PROPOSED APPROACH			SAVINGS TO EMPLOYER
	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	NEW SALARY	EMPLOYER PAID FICA TAX	TOTAL COST	
1000.00	1100.00	67.43	1167.43	1032.57	126.59	1159.16	8.27
2000.00	2200.00	134.86	2334.86	2065.14	253.19	2318.32	16.54
3000.00	3300.00	202.29	3502.29	3097.71	379.78	3477.49	24.80
4000.00	4400.00	269.72	4669.72	4130.27	506.37	4636.64	33.07
5000.00	5500.00	337.15	5837.15	5162.84	632.96	5795.80	41.34
6000.00	6600.00	404.58	7004.58	6195.41	759.56	6954.96	49.61
7000.00	7700.00	472.01	8172.01	7227.98	886.15	8114.13	57.88
8000.00	8800.00	539.44	9339.44	8260.55	1012.74	9273.29	66.14
9000.00	9900.00	606.87	10506.87	9293.12	1139.34	10432.45	74.41
10000.00	11000.00	674.30	11674.30	10325.69	1265.93	11591.61	82.68
11000.00	12100.00	741.73	12841.73	11358.26	1392.52	12750.78	90.95
12000.00	13200.00	809.16	14009.16	12390.82	1519.11	13909.94	99.22
13000.00	14300.00	876.59	15176.59	13423.39	1645.71	15069.10	107.49
14000.00	15400.00	944.02	16344.02	14455.96	1772.30	16228.27	115.75
15000.00	16500.00	1011.45	17511.45	15488.53	1898.89	17387.42	124.03
16000.00	17600.00	1078.88	18678.88	16521.10	2025.49	18546.59	132.29
17000.00	18700.00	1146.31	19846.31	17553.67	2152.08	19705.75	140.56
18000.00	19800.00	1213.74	21013.74	18586.24	2278.67	20864.91	148.83
19000.00	20900.00	1281.17	22181.17	19618.81	2405.27	22024.07	157.09
20000.00	22000.00	1348.60	23348.60	20651.37	2531.86	23183.23	165.37
21000.00	23100.00	1416.03	24516.03	21683.95	2658.45	24342.39	173.63
22000.00	24200.00	1483.46	25683.46	22716.52	2785.04	25501.56	181.90
23000.00	25300.00	1550.89	26850.89	23749.08	2911.64	26660.72	190.17
24000.00	26400.00	1587.67	27987.67	24812.30	3041.99	27854.29	133.38
25000.00	27500.00	1587.67	29087.67	25912.30	3175.34	29087.64	0.03
26000.00	28600.00	1587.67	30187.67	27012.30	3175.34	30187.64	0.03
27000.00	29700.00	1587.67	31287.67	28112.30	3175.34	31287.64	0.03
28000.00	30800.00	1587.67	32387.67	29212.30	3175.34	32387.64	0.03
29000.00	31900.00	1587.67	33487.67	30312.29	3175.34	33487.63	0.04
30000.00	33000.00	1587.67	34587.67	31412.29	3175.34	34587.63	0.04

APPENDIX B

THE FORTRAN PROGRAM USED TO DEVELOP
THE TABLES IN APPENDIX A

```

30 IIN=5
40 PRAIS=FRAISP/100
50 SSR=.0613
60 SSMAX=25900.
70 DD 100 IA=1.5
80 WRITE(6,225)
90 ITN=IINH1
100 IF(IA.NE.5) WRITE(6,210) ITN,FRAISP,SSR,SSMAX
110 IF(IA.EQ.5) WRITE(6,215) ITN,FRAISP,SSR,SSMAX
120 IF(IA.EQ.5) GO TO 475
130 IF(IA.EQ.1) WRITE(6,451)
140 IF(IA.EQ.2) WRITE(6,452)
150 IF(IA.EQ.3) WRITE(6,453)
160 IF(IA.EQ.4) WRITE(6,454)
170 475 CONTINUE
180 WRITE(6,213)
190 IF(IA.NE.5) WRITE(6,212)
200 IF(IA.EQ.5) WRITE(6,216)
210 213 FORMAT('0',/35X,'TRADITIONAL APPROACH',24X,'PROPOSED APPROACH')
220 NDEP=IA
230 IF(IA.EQ.2) NDEP=4
240 IF(IA.EQ.1) NDEP=1
250 IF(IA.EQ.3) NDEP=2
260 IF(IA.EQ.4) NDEP=4
270 451 FORMAT('0',45X,'FILING STATUS: SINGLE WITH 1 EXEMPTION')
280 452 FORMAT('0',39X,'FILING STATUS: MARRIED FILING JOINT-')
290 WITH 4 EXEMPTIONS')
300 453 FORMAT('0',35X,'FILING STATUS: MARRIED FILING SEPERATELY-')
310 WITH 2 EXEMPTIONS')
320 454 FORMAT('0',39X,'FILING STATUS: HEAD OF HOUSEHOLD WITH 4 -')
330 EXEMPTIONS')
340 ME 101 ID=1.30
350 KSALRY=1000418
360 NMSSTA=IA
370 SSMAXP=SSR*SSMAX
380 411 FORMAT(5A4,2I2,F5.0)
390 NGROSS=KSALRY*(1000+NRAIS)
400 TGROSS=NBRDSS/1000
410 TFICA=IGROSS*SSR
420 TFICA=IGROSS*.01*SSMAXB) TFICA=SSMAXP
430 FNET=IGROSS-TFICA
440 FNSAL=66ALE/44RAIS
450 IF(IGROSS.GT.SSMAXB) FNSAL=FNSAL+((TGROSS-SSMAXB)*SSR)
460 PFICA=FNSAL*PFICA
470 FNET=FNSAL+SSMAXP
480 IF(PFICA.GT.SSMAXP) FNET=FNSAL+SSMAXP
490 IF(PFICA.GT.SSMAXP) PFICA=SSMAXP

```

SOURCES CONSULTED

- Allen, Donna. "Fringe Benefits: Wages or Social Obligation?" The New York School of Industrial and Labor Relations. Ithaca, New York. 1969.
- Deri, Arthur J. "The Total Approach to Employee Benefit." American Management Association. New York. 1967.
- Derthick, Martha. "No More Easy Votes for Social Security." The Brookings Bulletin, Vol. 16, No. 2., Fall 1979.
- Donaho, C.W. Classification Analyst, Office of Texas State Auditor to Larry Van Ruler, Grand Forks, ND, August 7, 1979. Personal Files of Larry Van Ruler, Grand Forks, ND.
- Dunn, J.D. and Rachel, Frank M. "Wage and Salary Administration: Total Compensation System." McGraw-Hill Inc., New York 1971.
- Foster, Richard S. "Payment of Employee's Social Security Taxes by Employer - Effect of Employee's Social Security Benefits." July 24, 1978. Social Security Administration. Baltimore, MD.
- McCaffery, Robert M. Managing the Employee Benefits Program. American Management Association. New York 1972.
- McDaniel, John W. and Martin, Jane L. "Save Money by Paying Workers Social Security Taxes." Harvard Business Review. Vol. 57, No. 3, May - June 1979.
- Maynard, H.B., Editor in Chief, Handbook of Business Administration. McGraw-Hill Inc., New York 1970.
- Mead, William B. "The Squeeze Ahead for Social Security." Money. Vol. 3, No. 10, October 1974.
- Rejda, George E. Social Insurance and Economic Insurance. Prentice Hall, Inc. Englewood Cliffs, New Jersey 1976.
- Scharff, Edward E. "The Battle Over Taxing Fringe Benefits." Money. Vol. 7, No. 10, October 1978.
- Sibson, Robert E. Compensation. AMACOM. A Division of American Management Association. New York 1974.
- U.S. Department of Health, Education, and Welfare, Tables for Determining Retirement, Survivors, and Disability Insurance Benefits. HEW Publication No. (SSA) 78-10045. Washington, DC. August 1978.
- Wall Street Journal, September 12, 1979. Tax Report.

Wall Street Journal, October 25, 1979. Aging Americans.

Wall Street Journal, November 6, 1979. Labor Letter.

1974 Federal Tax-Latest Development.

1979 Federal Tax-Latest Development.