



Transportation Communications Union/IAM

International Association of Machinists and Aerospace Workers



God Bless America

Russell C. Oathout
National Secretary-Treasurer

January 2016

TCU/IAM FINANCIAL SECRETARY-TREASURERS

Dear Brothers and Sisters:

Railroad Retirement Tax rates for 2016 remain the same as in 2015. The employer and employee Tier I rate remains at 7.65% (Tier I is 6.20%, Medicare is 1.45%). The employer Tier II rate remains at 13.1%. The employee Tier II rate remains at 4.9%. The annual maximum compensation amounts subject to Tier I and Tier II tax remain the same and are shown below. These rates will remain in effect throughout the year unless we notify you of a change.

RAILROAD RETIREMENT EARNINGS/TAX RATES FOR THE YEAR 2016

<u>Employee Earnings Subject To RR Tax</u>	<u>Employer Tax Rate</u>	<u>Employee Tax Rate</u>
Tier I (0 to \$118,500)	6.20%	6.20%
Tier II (0 to \$88,200)	13.1%	4.9%
*Medicare (No Maximum)	1.45%	1.45%

*An additional Medicare payroll tax of 0.9% applies to an individual's income exceeding \$200,000, or \$250,000 for a married couple filing a joint tax return. While employers will begin withholding the additional Medicare tax as soon as an individual's wages exceed the \$200,000 threshold, the final amount owed or refunded will be calculated as part of the individual's Federal income tax return.

Please insert this revised notice in Section 7 of your *FST's Handbook* after the Railroad Retirement Tax Worksheet and discard the outdated notice. **Please contact your Grand Lodge Auditor if you have any questions or need assistance.**

Sincerely and fraternally,

Russell C. Oathout

National Secretary-Treasurer

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