



Social Security: An Employer's Investment

Introduction

Most people tend to think of Social Security as a program that will help them in their retirement years. And as an employer, you may view Social Security as little more than the matching tax you pay to cover each of your employees. While that's part of the picture, Social Security means a lot more to your employees than retirement, and a lot more to you than taxes. This leaflet explains how you are providing protection for all your employees and their families through Social Security.

A Word About The Taxes You Pay

The Social Security and Medicare tax rate for employees and employers is 7.65 percent each. Of that rate, 6.2 percent is used to finance Social Security retirement, disability, and survivors benefits, and 1.45 percent goes toward the Medicare program. In 1997, you withhold the full rate, 7.65 percent, up to a maximum of \$65,400 in wages. For employees who earn more than \$65,400, you continue to withhold the Medicare portion of Social Security tax, or 1.45 percent, on the rest of their earnings. And of course, as an employer, you match these withholdings.

Social Security: Part Of Your Employee Benefit Package

Every time you issue a W--2 to one of your employees and send the corresponding form to the Social Security Administration (SSA), you contribute toward the Social Security benefits that one day may be payable to the employee and his or her family. That's because all Social Security benefits are based on earnings that you and other employers report to SSA. Whether your employees are part time, seasonal, or temporary, all wages reported will increase any potential benefits.

Social Security offers a comprehensive benefit package, especially when combined with other benefits you may offer to your employees. Here's an idea of what you are helping your employees buy with your matching Social Security tax:

- Retirement Insurance?Benefits paid every month to retired workers?as early as age 62.
- Disability Insurance?Benefits paid every month to workers of all ages who have a severe disability. In some cases, a young worker may qualify for a disability benefit with as little as one and one--half years of work.
- Family Insurance?Benefits paid every month to the spouse and children of retired or disabled workers.
- Survivors Insurance?Benefits paid every month to the widow or widower, and

children, of a deceased worker. In some cases the family of a young deceased worker can receive these benefits even if the worker had as little as one and one-half years of work.

- Medicare Insurance? Help with hospital bills, as well as limited coverage of skilled nursing facility stays, hospice care, and other medical services.

Accurate reporting of W-2 information is more than just a tax matter because it has a direct bearing on the eligibility for, and amount of, any Social Security benefits payable to your employees and their families. **That's why we always stress the importance of recording the right name, Social Security number, and wages for each of your employees.** In addition to the productivity lost and administrative problems associated with correcting errors on W-2 forms, a genuine employee service is provided by accurate wage reporting.

Guidelines To Help You Report Wages Accurately

Here are tips to help you report wages accurately:

- Ask to see the Social Security card for a new employee to make sure the name and Social Security number agree with the information on the job application;
- Make sure the employer identification number (EIN) reported on the W-2, W-3, and 941 is the correct number issued by the Internal Revenue Service and that the EIN is consistent on all three forms;
- Make sure that a W-3 accompanies each W-2 submission, and that the wage totals match;
- Do not submit paper W-2 or W-3 forms if you or your third party processor already submitted ?magnetic media? reports to SSA;
- Do not use a new W-2 or W-3 form to correct a previous report?use a W-2c or W-3c instead; and
- If an employee changes his or her name due to marriage, divorce, or other reason, make sure he or she contacts Social Security immediately so we can update our records and issue a revised Social Security card.

Telling Your Employees About Social Security

Because you make a significant contribution to your employees' potential Social Security benefits, you may wish to remind them of your participation. We'd like to help you do that.

Order Form

Please send me the following booklets: Note: If you need more than 100 copies of any publication, we will send you a "camera-ready" copy so you can reproduce the quantity you need.

Quantity

Publications

_____	<i>Social Security--An Employer's Investment</i>
_____	<i>Social Security--Your Taxes...What They're Paying For and</i>
English/ Spanish	<i>Where The Money Goes</i> (the companion to this leaflet, written for employees)
_____	<i>Request for Earnings And Benefit Estimate Statements</i>
English/ Spanish	
_____	<i>Software Specifications and Standards for Annual Wage</i>
(limit 5)	<i>Reporting</i> (a guide to software and edit standards designed to improve the accuracy of wage reporting)
_____	<i>Help Your Employees Get What They Pay For</i> (an 8 1/2" x 11"
(limit 5)	poster that provides employers with tips for improving the accuracy of wage reports)
_____	<i>Social Security...You Get What You Pay For...And More</i> (an 8
(limit 10)	1/2" x 11" poster that explains the Social Security benefits employees' taxes are paying for and shows them how to get an estimate of those benefits)

Your Name And Address:

Contact Name: _____

Company Name: _____

Mailing Address: _____

City, State, ZIP: _____

Telephone Number: _____

Please send this order blank to:

Social Security Administration
Public Information Distribution Center
P.O. Box 17743
Baltimore, MD 21235

One way is to distribute copies of the leaflet *Social Security?Your Taxes... What They're Paying For And Where The Money Goes* to each of your employees. Another way is to provide your employees with the form *Request For Earnings And Benefit Estimate Statement*. Ask them to fill it out and send it back to Social Security. In return, they'll get a statement that contains a record of their earnings as posted to our files and an estimate of their retirement and disability benefits. They'll also receive an estimate of what their families might get if they die.

It's a good idea to remind your employees to keep their W--2 forms and other wage records so they can verify the information on the *Personal Earnings and Benefit Estimate Statement*. If there's an error, we can use their wage records to correct our files.

If you're interested in other pre--retirement planning tools for your employees, your local Social Security office may be able to help you with other information or services.

How Social Security Helps Us All

We hope this leaflet shows that employees and employers have a personal stake in Social Security. We also think it's important to consider the positive impact the program has on our country as a whole. In addition to a pact between workers and employers, Social Security represents a pact between generations? a financial and social commitment among people of all ages. It guarantees a monthly income to current recipients and ensures a base of financial support for future beneficiaries. We encourage employers to make their employees aware of the benefits Social Security provides, not only for each person but also for our entire society.

Remember: Keep Social Security Numbers Private

The Social Security number was established as a way to record earnings while a person is working and track benefits once a person is eligible for Social Security. Although the Social Security Administration discourages its use for other purposes, we cannot prevent other government agencies or private businesses from using the number for internal recordkeeping purposes. However, there is growing concern that an individual's right to privacy could be invaded if all records pertaining to an individual are kept under a single number. If your business uses the Social Security number for any purpose, please remember to keep each person's number private. For example, do not display it on employee identification badges or in any other public format.

For More Information

You can get recorded information 24 hours a day, including weekends and holidays, by calling Social Security's toll--free number, **1--800--772--1213**. You can call for an appointment or to speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the week and early in the month so, if your business can wait, it's best to call at other times.

People who are deaf or hard of hearing may call our toll--free ?TTY? number, 1--800--325--0778, between 7 a.m. and 7 p.m. on business days.

You can also reach us on the Internet. Type <http://www.ssa.gov> to access Social Security information.

The Social Security Administration treats all calls confidentially ? whether they're made to our toll--free numbers or to one of our local offices. We also want to make sure that you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

Social Security Administration
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