This release addresses the following Service Request:

**Service Request 83719**

Under the Patient Protection and Affordable Care Act (PPACA), the employee Medicare tax rate will increase by 0.9%, from 1.45% to 2.35%, on wages paid over $200,000.00 effective 2013. The increase in tax applies only to the employee portion of the Medicare tax. The employer portion will remain at 1.45%.

This release asks that the employee Medicare rate be modified to .0235 when Medicare taxable wages exceed $200,000.00.
Programs

PPFICA
PPFICA calculates the employee's FICA (OASDI and Medicare) deductions.
PPFICA has been modified to change the way Medicare deduction is computed. The code has been changed to add new processing for those whose current YTD earnings subject to Medicare tax exceed the threshold of $200,000. The amount in excess of $200,000.00 will be taxed at 2.35%.

PPP410
PPP410 updates the EDB with the new balances generated by the compute process and creates report PPP4106, EDB Balance Control, used to determine the aggregate Medicare tax.

The report has been modified to provide campuses the amount of employer Medicare contribution for the pay cycle.

PPP520
PPP520 is the expense distribution program, which calculates the amounts that are to be distributed to different accounts.

PPP520 has been modified to calculate the Medicare employer contribution differently.

Table Updates

System Parameter Table
Service Request 83719 (reserved parameter 204) requests the System Parameter Table to be updated with the new rate as follows:

- for employees making in excess of $200,000 annually: 2.35%

Installation Instructions

COBOL Program Preparation

At UCOP, all COBOL programs pass through the DB2 pre-compiler, whether or not the program contains embedded SQL, to resolve INCLUDE references. Your site may have different requirements.

"DUAL" programs must be compiled twice and linked into batch and online libraries ("LOADLIB" and "OLOADLIB" respectively). "CICS" programs must be CICS pre-compiled and compiled once and linked into OLOADLIB.

"BATCH" programs must be compiled once and linked into the batch LOADLIB only.

Install, compile and link the following modified program:

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>DB2?</th>
<th>Compile Type</th>
<th>Package Bind?</th>
<th>Done?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPFICA</td>
<td>No</td>
<td>Dual</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PPP410</td>
<td>Yes</td>
<td>Batch</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PPP520</td>
<td>Yes</td>
<td>Batch</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Plan Binds

Bind the following plan:

<table>
<thead>
<tr>
<th>Bind Member</th>
<th>Done?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP410</td>
<td></td>
</tr>
<tr>
<td>PPP520</td>
<td></td>
</tr>
</tbody>
</table>
Control Table Updates

Execute **PPP004** to update the following DB2 CTL tables with release transaction.

**System Parameter Table (01)** – Use the transaction in CARDLIB (PRMPROD)

**Timing of Installation**

The timing of this release is **date mandated**. Changes must be implemented after the last compute in 2012 and prior to the first pay compute for 2013.

As always, this update should be applied to production data only as approved by your campus Payroll Manager. Functional questions should be addressed to Jaime Espinoza at (510) 987-0905 or Jaime.Espinoza@ucop.edu. For technical questions, please send electronic mail to Kathy.Stevens@ucop.edu, or call (510) 987-0441.

Kathy Stevens