

CORONAVIRUS DISEASE 2019 (COVID-19)

Deferred Social Security Tax Withholding Q&A



Audience: CEOs, CFOs, CHROs, Managers and HR colleagues

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Response Team Owner: Finance & Planning

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Overview

Recently, the President issued [an executive order](#), effective Sept. 1 2020, that gives employers the option to participate in an employee payroll Social Security tax deferral now through December 31, 2020. It would apply to employees who make no more than \$4,000 per biweekly pay period or \$104,000 annually.

Employers and employees share the cost of employees' social security (SS) taxes. Per the executive order, participating employers would continue paying their employer contribution to the SS tax obligations but defer the employees' contributing SS tax withholding until calendar year 2021. While employees would have more take-home pay through December 31, 2020 due to the deferral, they would have reduced take-home pay in 2021. Through the deferral, employers would be required to withhold the colleague's SS tax obligations deferred in 2020 from the employee's January 2021 through April 2021 paychecks, in addition to their 2021 SS tax withholdings. Trinity Health is declining to participate in the tax deferral.

The following questions and answers can assist you in answering colleague questions about this topic:

Question	Answer
1 Why isn't Trinity Health participating in this tax deferral?	<p>Through the executive order, employers have the option to decline to participate in the tax deferral. Trinity Health has decided not to participate.</p> <p>Trinity Health reviewed the Internal Revenue Service (IRS) preliminary guidance for employers. We determined that:</p> <ul style="list-style-type: none">• More information is needed to understand all implications of tax deferral for our colleagues. Participation could result in potentially negative effects for some colleagues.• There are stewardship concerns. It is unclear how much time and resources would be required for Trinity Health to administer the deferral. Also, employers are fully responsible for paying the deferred tax obligations if an employee leaves the employer's organization prior to paying their deferred tax obligations.

Question	Answer
<p>2</p> <p>Doesn't this the deferral mean that I wouldn't have to pay Sept. – Dec. 2020 taxes?</p>	<p>No, the executive order gives employers the option to <i>defer employees' social security tax obligations, not forgive them.</i></p> <p>In other words, the deferral only puts off paying your taxes by a few months; you would still be required to pay the taxes in 2021 through payroll.</p> <p>Beginning January 2021 through April 2021, if Trinity Health participated, we would be required to withhold from your paychecks your 2020 deferred taxes AND your 2021 taxes. This means you'd have more take-home pay now through the end of 2020, but less take-home pay in early 2021.</p>
<p>3</p> <p>I have financial challenges. What resources are available to help me?</p>	<p>Trinity Health has many resources to help you and your loved ones experiencing financial challenges. See the Money Resources section of Trinity-Health.org/Colleague-Care for more information.</p> <p>Carebridge, employee assistance partner (EAP) Carebridge offers free, direct support to you, your dependents (including college students), spouse and any person(s) living in your household. It is a 24/7, confidential resource, providing counseling, information and referral services to help address personal, family and work-related concerns, including financial challenges. Call 1-800-437-0911 or visit MyLifeResource.com (use code BKKR5 to create a personal login).</p> <p>Community Resource Directory Trinity Health is working with the Aunt Bertha organization to provide the Trinity Health Community Resource Directory, an online directory to find local resources to meet the needs of our patients, colleagues and those living in the communities we serve. The Trinity Health Resource Directory, using the Aunt Bertha tool, allows anyone to search, by zip code, for free or reduced-cost health resources and social services, such as:</p> <ul style="list-style-type: none"> • Financial assistance • Food • Housing • Medical Care • Transportation • Utility assistance • Child care <p>Colleague Emergency Assistance Programs Your Ministry may manage a local program to support colleagues and loved ones in their household who are experiencing financial hardship as a result of an emergency. Please refer to your Health Ministry intranet for information about your ministry's assistance programs.</p> <p>Colleagues of System Office and Health Ministries in Michigan and Oregon/Idaho can find the information about their ministry's program in the Money Resources section of Trinity-Health.org/Colleague-Care.</p> <p>Discounts Trinity Health's PerkSpot program gives access to many discounts that can help ease some of the financial burden you may be experiencing. Whether you're seeking savings on groceries, school supplies or child care, visit the PerkSpot Discounts Portal and browse through the tens of thousands of local and national discounts available to you.</p>