

Reporter

Spring 2019

A Newsletter for Employers

April 2019 was National Social Security Month

Although tax season has officially ended, employees should know that financial planning is a year-round activity. Having a Social Security account makes it easier to stay in control of their financial future during the rest of the year. This year the Social Security Administration is highlighting some of the time-saving financial-planning features of a [my Social Security account](#).

Creating a [my Social Security](#) account helps workers understand what they can realistically expect from Social Security by giving them convenient access to personalized financial information through their online Social Security Statement. On average, Social Security retirement benefits replace just 40 percent of a worker's earnings. It is important that workers review projections regularly to ensure that they are planning adequately for other reliable sources of income, such as pensions, savings, and investments.

The online Statement makes it easy for workers to verify the earnings information SSA has for them. This is important because future benefits depend on earnings. The Statement also helps workers plan for their future financial picture by providing estimated retirement benefits at full retirement age, age 70, and age 62.

During this time workers should start planning for a secure retirement now by creating a [my Social Security account](#). Once employees have created an account, most Social Security business can happen online, anytime, and from

anywhere. If they don't have a my Social Security account, creating one is very easy to do and usually takes less than 10 minutes.

Workers can also visit our website for detailed information, publications, Frequently Asked Questions (FAQs), and other resources for almost any circumstance. Having a [my Social Security account](#) is also the best way to:

- [Request a replacement Social Security card](#);
- [Check an application status](#);
- [Get a benefit verification letter](#);
- [Check benefit and payment information](#);
- [Change address and phone number information, if receiving benefits](#);
- [Set up or change direct deposit information](#);
- [Request a replacement Medicare card](#); or
- [Report wages for workers received Social Security disability insurance or Supplemental Security Income \(SSI\) benefits](#).

Employers should encourage their employees to join the National Social Security Month celebration and share SSA's social media posts on Facebook and Twitter. They can also create their own message using #NationalSocialSecurityMonth to express the success they've had with the many SSA services and programs. More information is online. [SSA](#)

Review Your Tax Withholdings or Estimated Tax Payment

The Internal Revenue Service renewed its effort to encourage employers to urge their employees to review their tax withholding or estimated tax payments and make any needed adjustments early in 2019.

Withholding

The federal income tax is a [pay-as-you-go](#) tax. Taxpayers pay the tax as they earn or receive income during the year. Workers who are not subject to withholding, such as those working in the gig or shared economy, should make quarterly estimated tax payments to pay their tax during the year.

Estimated Tax Payments

Estimated tax is the method taxpayers use to pay tax on income that isn't subject to withholding. This includes income from self-employment, interest, dividends, rent, gains from the sale of assets, prizes, and awards.

Taxpayers may have to pay estimated tax if the withheld amount of income tax from their salary, pension, or other income isn't enough. Estimated tax pays both income tax and self-employment tax, as well as other taxes and amounts reported. If a taxpayer doesn't pay enough tax, either through withholding or estimated tax, or a combination of both, a penalty may apply. Publication 505, *Tax Withholding and Estimated Tax*, is a helpful resource to learn more about withholding and estimated tax.

When to check withholding or tax payments

Employers should encourage their employees to check their withholding or estimated tax payment amounts each year and when life changes occur, such as marriage, childbirth, adoption, buying a home or an increase or decrease in salary.

For 2019, it's important to review withholding and do a Paycheck Checkup. Doing a Paycheck Checkup can help taxpayers avoid insufficient tax withholding from their paychecks. Taxpayers can generally control the size of their refund by adjusting their tax withholding.

Checking and adjusting withholding is especially important for taxpayers who adjusted their withholdings in 2018 – specifically in the middle or later parts of the year. It's also important for taxpayers who owed additional tax or those who want to adjust the size of their refund for next year.

How to check

The IRS [Withholding Calculator](#) can help taxpayers get their tax withholding right. Checking withholding can protect against having too little tax withheld and then facing an unexpected tax bill or penalty at tax time next year. A taxpayer may prefer less tax withheld upfront and receive more in their paycheck. And, some people may choose to have their employer withhold more money from their paycheck.

When using the calculator, it's helpful to have a completed 2018 tax return available. For more details see [Tax withholding: How to get it right](#).

Change withholding by submitting a new Form W-4

Employees can use the results from the IRS Withholding Calculator to determine if they should complete a new Form W-4, Employee's Withholding Allowance Certificate. The calculator will recommend the number of allowances to claim on this form and, if needed, the amount of additional federal income tax to have withheld each pay period. Employees submit the completed Form W-4 to their employer, not the IRS.

Those who need to adjust their withholding should do so as soon as possible. Workers whose income is not subject to tax withholding should also plan to pay tax throughout the year. See Form 1040-ES to find out more.

The IRS offers numerous ways to make estimated tax payments throughout the year, such as electronic online or phone payments, in person cash payments, or mailing a check or money order. See [Form 1040-ES](#) for a complete list of options. [IRS](#)

SSA Resuming No-Match Letter Mailings

The Social Security Administration (SSA) resumed mailing Educational Correspondence/Employer Correction Request (EDCOR) letters to employers beginning on March 29, 2019. These revised letters inform employers that SSA could not match a name or SSN with SSA records for one or more of their employee's Forms W-2. The letter includes instructions for viewing and correct-

ing online these no-matches, to help improve the accuracy of future wage reports, and further educates employers about the SSA free suite of online services available from [Business Services Online \(BSO\)](#).

More information about the employer EDCOR letters, including a sample version, is [here](#). [SSA](#)


New Hires?

Employers shouldn't forget to report their new hires to the State Directory of New Hires.

New hire reporting is a process employer must use to report information on newly hired employees to a designated state agency shortly after the date of hire. **Federal law** requires employers to report basic information on new and rehired employees within 20 days of hire to the state where the new employees work. Some states require it sooner.

The National Directory of New Hires maintains the information, which child support agencies use to locate and issue an income withholding order for parents who owe child support. To ease the reporting process, states offer employers a variety of reporting methods. More information is available at [State New Hire Reporting Contacts and Program Requirements](#).

With accurate and timely reporting of new hire data, states can verify claimant files to ensure employed workers don't receive unemployment insurance and workers' compensation payments by mistake. States and employers have saved millions of dollars through these data matches.

The Office of Child Support Enforcement is committed to helping employers understand their responsibilities as an employer. Employers can visit the [OCSE Employers](#) page for additional assistance. 

Child Support Training for Federal Agencies and Employers

Employees working for a federal agency or a private employer in garnishment processing who may wonder if they are handling the child support payment withholdings correctly or who have questions can get helpful information from the federal Office of Child Support Enforcement. OCSE offers free training in all aspects of child support program responsibilities, including:

- new hire reporting,
- verifications of employment,
- income withholding, payments,
- medical support,
- and terminations.

OCSE also provides electronic resource information available to employers and income withholders. This includes receiving income withholding orders electronically (eIWO), lump sum reporting, terminations and organization information through employer services on the [Child Support Portal](#). These services make tasks easier and more efficient for employers and withholders.

Employers can learn more about training opportunities for federal agencies and private employers in the child support program by contacting Cindy Holdren, (240) 676-2808, cynthia.holdren@acf.hhs.gov or employerservices@acf.hhs.gov.

Taking Advantage of Electronic Child Support Resources


The federal Office of Child Support Enforcement (OCSE) offers organizations a variety of online applications to help employers meet their responsibilities.

The OCSE Child Support Portal provides a central location for organizations to:

- update addresses, subsidiaries, points of contact, and supplemental information.
- report employee terminations or that the person never worked for and employer.
- notify most states at one time about upcoming lump sum payments.

Employers with employees in more than one state, can also register to report all new and rehired employees to a single state where the employer has employees.

How can an employer access the Portal? By contacting the OCSE Employer Services team (employerportal@acf.hhs.gov) for a demonstration or to begin the registration process.

Employers receiving child support orders electronically can learn more about automating the Income Withholding for Support form and making the process convenient, accurate, and fast with electronic income withholding orders (e-IWO). More information is available from the OCSE e-IWO team (eiwomail@acf.hhs.gov). 



SSA/IRS Reporter is published quarterly, Spring (March), Summer (June), Fall (Sept.), and Winter (Dec.) by the IRS Small Business/Self-Employed Communications Office.

Comments may be sent to Horis Carlton, Editor, Horace.Carlton@irs.gov

e-mail: SSA.IRS.REPORTER@irs.gov