

## **3 - EMPLOYEE BENEFITS**

### **3.1 - Payroll Deductions/Direct Deposit**

Revised: December 2018

#### **EMPLOYEE DEDUCTIONS REQUIRED BY LAW**

The City shall comply with any deductions that are legally required by federal or state law.

#### **FEDERAL AND STATE INCOME TAXES**

By law the City is required to withhold from the employee's paycheck an amount of money determined by federal and state government schedules to be turned over to the Federal and State Treasuries as payment toward the employee's income taxes. The number of allowances claimed on federal and state W-4 forms determines the amount withheld.

It is the responsibility of each employee to file new state and federal W-4's with the Human Resources Department if there is a change in the employee's marital status or if the employee wants to change withholding amounts.

#### **SOCIAL SECURITY AND MEDICARE TAXES**

The City is required by the Federal Insurance Contributions Act (FICA) to withhold and report Social Security and Medicare taxes from certain employee's wages and to pay an equal amount as an employer's tax.

Social Security taxes provide old-age, survivor, and disability insurance benefits, while Medicare taxes fund the system for hospital and medical benefits paid to the aged or disabled. The Federal Insurance Contributions Act (FICA) sets limits on the amount of wages subject to Social Security and Medicare taxes and authorizes the Social Security Administration to index those limits, known as wage or contribution bases, each year to reflect the cost of living.

State and local government employees hired on or after April 1, 1986, are subject to mandatory coverage of the Medicare portion of FICA.

#### **IPERS - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The principal focus of IPERS is to provide an adequate retirement plan for career public employees. Eligible employees are required by state law to contribute to IPERS through payroll deductions at a rate established by the Code of Iowa. Withholding rates will begin a series of gradual increases beginning July 1, 2007 so that IPERS can meet its financial obligations.

Additional information and Frequently Asked Questions is available on their website  
**[www.ipers.info](http://www.ipers.info)**

A refund of contributions can be requested if an employee leaves IPERS-covered employment before retirement.

#### **POLICE/FIRE RETIREMENT SYSTEM**

All individuals who become police officers or firefighters for the City of Marshalltown shall become members of the State of Iowa's Consolidated Retirement System for Police Officers and Firefighters (MFPRSI) as a condition of their employment except a police chief or a fire chief under conditions outlined in the Code of Iowa may be exempt.

The City and the members are required by state law to contribute to the Retirement System. The contribution rates are determined annually by the system's expenses as certified by the system's Board of Trustees, based on actuarial projections.

#### **GARNISHMENTS AND WAGE ASSIGNMENTS**

The City shall comply with garnishment proceedings as required by the Code of Iowa. No debt of the garnishee is subject to garnishment through the City other than the wages of the public employee.

The City will comply with court ordered wage assignments as legally required.

#### **VOLUNTARY EMPLOYEE DEDUCTIONS**

As a benefit to City employees at the employee's written request the City will make any of the following voluntary payroll deductions from the employee's paychecks. Annual deduction amounts must be evenly divisible by 24 or 26 to prevent fractions of cents.

Deductions from the following list are allowed:

- AXA/Equitable Deferred Compensation Plan (if you were enrolled prior to April 1, 2007)
- I.C.M.A. 457 Deferred Compensation Plans and IRAs
- Group Health/Dental/Life insurance
- Group voluntary life coverage
- City of Marshalltown flexible spending accounts
- United Way
- Voluntary child support wage assignments

#### **DIRECT DEPOSIT OF PAYROLL CHECKS**

As a condition of accepting employment with the City, all regular City employees who start work on or after July 1, 1998, are required to have their paycheck directly deposited to an account or accounts. The City may require temporary employees to use direct deposit. Direct deposit is available to any financial institution. Regular City employees hired prior to that date are strongly encouraged to participate in the direct deposit program.

The employee must complete the Authorization for Direct Deposit form, attach a **voided blank check** or a photocopy of a check, and submit both to the Human Resources Department. An employee may request that his/her paycheck be deposited into more than one account.