

Sample Employee Notice
Option to Defer of Employee Social Security Tax
[Only for employers that wish to offer the deferral]

Dear [Employee]:

In accordance with the August 8, 2020 Presidential Memorandum, you will have the option to defer (i.e., postpone) your 6.2% Social Security tax, for any pay period in which your wages are below \$4,000 biweekly (or equivalent amounts with respect to other pay periods), beginning [implementation date after September 1] through Dec. 31, 2020.

This deferral merely postpones the payment of Social Security tax. Any amount that you defer in 2020 will be withheld in equal amounts over the four-month period beginning January 1, 2021 (e.g., if \$800 was deferred in 2020, and you have eight scheduled payrolls between January 1 and April 30, 2021, an additional \$100 would be withheld from each paycheck through April). This withholding will be *in addition to* the normal 6.2% Social Security tax due on 2021 wages paid during the same period.

Deferral is Optional

Because the current program is merely a *deferral* or delay of tax payments, you may prefer that taxes not be deferred. **If you wish to defer your Social Security tax after the beginning date noted above, you must [Insert instructions] to confirm your request to defer withholding of your Social Security tax through December 31, 2020 and instead have such taxes withheld from January 1 through April 30, 2021, in addition to normal Social Security tax due on 2021 wages.**

If you prefer NOT to defer, no action is required of you. We will continue to withhold and pay your 6.2% employee Social Security tax as normal.

Eligibility for Deferral

Eligibility for the Social Security tax deferral is determined on a pay period-by-pay period basis, so if your wages fluctuate above and below \$4,000 biweekly (or equivalent for other pay frequency), you may notice taxes deferred on some wage payments and withheld on others. We will track the total amount deferred and begin to withhold the appropriate percentage in January, as explained above.

You should consult with your tax advisor concerning this option before taking any action.

If you have any questions, please contact [_____] at [_____].

Employee Deferral Election Authorization and Acknowledgment

Employee Name _____ Employee ID _____

___ Yes, I want my 6.2% Social Security taxes deferred. I understand that any amounts deferred will be withheld in equal amounts over the four-month period beginning January 1, 2021, and that this will reduce my net pay during that period. This withholding will be in addition to the normal 6.2% Social Security tax due on 2021 wages paid during the same period. I also understand that if the full amounts deferred are not able to be paid for any reason through withholdings of my wages in 2021, [company] may make other arrangements to collect the unpaid amounts from me, including if I separate employment from [company] before the full amounts deferred have been withheld.

Signed _____

Date _____