

Dear Professor Laine,

I believe that last Friday's email message from Karla B Chelette contains some misleading information.

In the email she said:

- "For each pay period in fiscal year 2009-10, TRSL will transfer a total of 13.6566 percent in contributions to your ORP carrier on your behalf. As ORP participants, you contribute eight percent of your salary toward your retirement less a 0.1 percent TRSL administrative fee. Your employer contributes the normal cost as described above. The 13.6566 percent TRSL transfers to ORP carriers on behalf of each participant also meets the minimum contribution of 7.5 percent required by Social Security."

However, she obviously mixed the employee's contribution with employer's contributions required by federal laws. As a matter of fact, the law require Employer and Employee both to contribute a minimum of 6.2% to Society Security as shown from the following source:

From [http://en.wikipedia.org/wiki/Federal\\_Insurance\\_Contributions\\_Act\\_tax](http://en.wikipedia.org/wiki/Federal_Insurance_Contributions_Act_tax):

"For 2008, the employee's share of the Social Security portion of the tax is 6.2% of gross compensation up to a limit of \$102,000 of compensation (resulting in a maximum of \$6,324.00 in tax). For 2009, the employee's share is 6.2% of gross compensation up to a limit of \$106,800 of compensation (resulting in a maximum tax of \$6,621.60).[6] This limit, known as the Social Security Wage Base, goes up each year based on average national wages and, in general, at a faster rate than the Consumer Price Index (CPI-U). The employee's share of the Medicare portion is 1.45% of wages with no limit. The employer is also liable for separate 6.2% and 1.45% Social Security and Medicare taxes, respectively, making the total Social Security tax 12.4% and the total Medicare tax 2.9% of wages. (Self-employed people are responsible for the entire FICA percentage of 15.3% (= 12.4% + 2.9%), since they are both the employer and the employed; however, see the section on self-employed people for more details.)"----

In the past, LSU employees contribute 8% and LSU contribute 6.8%, slightly above the minimum required by law and that is the reason they can opt out the social security in the past. However, with the new rate, LSU contribution will fall below the level of 6.2% required by law!!!

However, Ms. Karla B Chelette tried to cause a confusion by adding employee contribution to the LSU part and come out with a number larger than the 12.4% required by law!!

Based on this logic, LSU can cut the institutional contributions to ZERO% and still legal because they can simply require us to increase the contribution from 8% to 12.4%!!!!

Wanjun

Sincerely,

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