

# MICHIGAN STATE UNIVERSITY

June 15, 2020

TO: Deans, Directors, Chairpersons and Executive Managers

FROM: Gregory J. Deppong, Controller

SUBJECT: FRINGE BENEFIT CHARGES FOR FISCAL YEAR 2020-21

Below are the specific identification (SI) fringe benefit charges that will be effective for payrolls **after July 4, 2020**.

The SI health care rates charged to departments will remain unchanged from last year at \$15,480 (full-time), while the miscellaneous rate will increase from 1.4% to 2.0%.

Due to potential volatility in health care and other benefit costs because of COVID-19, the rates will be reviewed in December 2020 and adjusted, if necessary, for the period January – June 2021. Rate adjustments will be communicated in December 2020, if applicable.

For furloughed employees that will continue to receive health care and other benefits, the employing units will remain responsible for these costs. To charge the units, a separate billing outside the SAP payroll process will be charged to the respective department(s) and account(s) monthly for SI health care and miscellaneous rates for these employees. Units will be contacted individually for any furloughed employees charged to grant accounts to discuss if the cost is allowable. Departments should adjust budgets accordingly to continue to fund benefit costs for furloughed employees.



## OFFICE OF THE CONTROLLER

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Type of Employee - % of Employment	Annual Health/Dental/Rx (note 1)	FICA Social Security (note 2)	Retirement (note 3)	Miscellaneous (note 4)
Faculty/Staff - Full-time (90% or greater)	\$15,480	7.65%	10%	2.0%
Faculty/Staff - 75% time	\$11,610	7.65%	10%	2.0%
Faculty/Staff - 50% time	\$7,740	7.65%	10%	2.0%
Research Associates	\$7,677	7.65%	(note 5)	2.0%
Lecturer, Asst. Instructor, Instructor Resident, Instructor Intern, Resident & Intern (note 6) - Full-time (90% or greater)	\$11,936	7.65%	n/a	2.0%
Lecturer, Asst. Instructor, Instructor Resident, Instructor Intern, Resident & Intern (note 6) - 75% time	\$8,952	7.65%	n/a	2.0%
Lecturer, Asst. Instructor, Instructor Resident, Instructor Intern, Resident & Intern (note 6) - 50% time	\$5,968	7.65%	n/a	2.0%
Temporary/on-call - less than 50%	\$0	7.65%	n/a	n/a

### Notes:

- 1) Health costs on base wages. Charged on all ELIGIBLE employees, regardless of participation.
- 2) Social Security @ 6.2% on all earnings types to maximum (\$137,700 for calendar year 2020), Medicare @ 1.45% on all earnings types.
- 3) Retirement on base wages and others per labor contracts. Charged on all PARTICIPATING employees.
- 4) Miscellaneous on base wages. Includes unemployment compensation, workers' compensation, long-term disability, longevity, life insurance, employee tuition reimbursement and support staff vacation payouts. Please note that the miscellaneous rate will increase to 2.0% for the 2020-21 fiscal year.

- 5) For further information on Research Associates, the SI charging model and web-based budgeting tools, please visit [CGA Salary and Fringe Benefits](#).
- 6) A reduced charge for health/dental/Rx charges (retiree costs eliminated) will be assessed on Lecturers, Assistant Instructors, Instructor/Interns, Instructor/Residents, Residents and Interns. With the exception of Instructor/Interns and Instructor/Residents, these employees will be required to enroll in the retirement plan after 24 FTE months AND age 35. If these employees were previously enrolled in a contributory retirement program before their appointment or if they are age 55 or older upon appointment, they may elect immediate participation in the University's retirement plan, with the University contribution. Please visit the [Faculty Handbook](#) for further guidance.