Pay Matters: Year-End 2024

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Viventium's Year-End Portal Is Live!

We are excited to announce that our **2024 Year-End Portal is now live**! Since it's hosted on the Viventium Support Center, simply log into Viventium Software, select "Help" in the upper right-hand corner of the screen, and click on the Year-End Portal icon.

Please review the information in this portal carefully as it will assist you in navigating your year-end process as well as in processing accurate and compliant payrolls in 2025. If you have any questions or require further clarification, please contact your Client Support Team.

Reminder: Federal 10-Form E-filing Threshold

Under 2023 regulations, the threshold at which employers must file certain information returns electronically was lowered from 250 forms to just 10 forms. In addition, to determine if the threshold is met, employers must count all Forms W-2, 1099, 1095-C, and other information returns. If this total is at least 10 returns, they **all** must be filed electronically. This new rule applies to applicable 2024 returns that are to be filed in 2025.

For more information on these requirements, check out our on-demand A Tale of Two Thresholds: Get Ready to E-File and NOT Pay More Overtime.

To learn how Viventium can help you meet these new e-filing requirements, please reach out to your Client Support Team.

Social Security Wage Base to Rise in 2025

The Social Security Administration (SSA) announced that the 2025 Social Security wage base will rise to $176,100, a $7,500 increase from the $168,600 wage base in 2024. The employee and employer Social Security tax rate will remain at 6.2%. The maximum Social Security tax employees and employers will each pay in 2025 is $10,918.20, up from $10,453.20 in 2024.

There is no limit to wages subject to Medicare tax. Both the employee and the employer Medicare tax rate for 2025 will remain at 1.45%. As in previous years, employers are required to withhold an additional 0.9% in Medicare taxes on wages earned by employees in excess of $200,000 in a calendar year. Employers are not required to match this 2.35% employee rate but continue to pay 1.45% in Medicare tax on all subject wages earned by employees.

For a copy of the SSA Fact Sheet, click here.

2025 Pension Contribution and Benefit Limits

The 2025 limits on the exclusion for elective deferrals for 401(k), 403(b), and most 457 plans will increase to $23,500, up from $23,000 in 2024. The catch-up contribution for employees ages 50 and older will remain at $7,500.

New for 2025: Under Secure 2.0, employees who are 60, 61, 62, or 63 in 2025 have a higher catch-up contribution limit of $11,250.

The 2025 monthly limit for qualified transportation fringe benefits and for qualified parking will increase to $325, up from $315.

2025 Health Account Contribution Limits

Health Flexible Spending Arrangements (FSA)

The 2025 maximum employee salary reduction contribution under Section 125 to a Health Flexible Spending Arrangement will increase to $3,300, up from $3,200 in 2024.

Health Saving Accounts (HSA)

HSA limits are increasing as follows:

Jurisdiction	2025	2024	Change
HSA contribution limit (employer + employee)	Self-only: $4,300 Family: $8,550	Self-only: $4,150 Family: $8,300	Self-only: +$150 Family: +$250
HSA catch-up contributions (age 55 or older)	$1,000	$1,000	No change
HDHP minimum deductibles	Self-only: $1,650 Family: $3,300	Self-only: $1,600 Family: $3,200	Self-only: +$50 Family: +$100
HDHP maximum out-of-pocket amounts (Deductibles, co-payments, and other amounts but not premiums)	Self-only: $8,300 Family: $16,600	Self-only: $8,050 Family: $16,100	Self-only: +$250 Family: +$500

Court Strikes Down U.S. DOL Final Overtime Rule

On Friday, November 15, a federal court in Texas invalidated the US Department of Labor's three-part rule increasing the overtime threshold, ruling that the DOL had exceeded its authority.

Specifically, the court vacated:

- The increase which already took effect on July 1, 2024, raising the threshold for exemption from FLSA protections including overtime from $684 to $844 per week.
- The increase scheduled to take effect on January 1, 2025, raising the threshold from $844 to $1,128 per week.
- The automatic increases scheduled to take effect every three years.

That means we're back to the pre-July 1 standard: salaried workers performing executive, administrative, and professional duties do NOT need to be paid overtime for hours worked in excess of 40 per week as long as they earn at least $684 per week ($35,568 per year).

This parallels a similar decision in 2017 regarding the DOL's 2016 exemption threshold rule, which also attempted to drastically increase the threshold and was also struck down by the courts.

Since the current ruling is retroactive and eliminates overtime pay or pay increases that employees may have received since July 1, 2024, employers should consult with legal counsel prior to making any changes to employee wages.

Two States and Virgin Islands in FUTA Credit Reduction

On November 12, the US Department of Labor announced that two states and the Virgin Islands are in FUTA credit reduction for 2024.

Background

The Federal Unemployment Tax (FUTA) rate is 6.0%, but employers are generally entitled to a 5.4% reduction to that rate, assuming all state unemployment deposits are made timely. This results in an effective FUTA rate of 0.6% for all employers. However, when a state borrows funds from the federal government to cover unemployment benefit payments and does not repay that loan by November 10 of a given year, that state is in FUTA credit reduction. The 5.4% credit is reduced, resulting in a higher FUTA rate for all employers in that state.

States are assessed a credit reduction of 0.3% for each year that they have not repaid their loan. The following chart lists jurisdictions in FUTA credit reduction for 2024 as well as the FUTA tax employers will pay for each employee who earns the $7,000 FUTA wage base.

Jurisdiction	Normal FUTA Rate	Credit Reduction	Total FUTA Rate	Total Tax per Employee
California	0.6%	0.9%	1.5%	$105
New York	0.6%	0.9%	1.5%	$105
Virgin Islands	0.6%	4.2%	4.8%	$336

US DOL Proposes End to Subminimum Wage for Disabled Workers

On December 3, the federal Department of Labor announced a proposed rule to phase out the granting of certificates allowing employers to pay some workers with disabilities less than the federal

minimum wage, stating that these allowances are no longer necessary to facilitate employment opportunities.

The department proposes to discontinue the issuance of new certificates and establish a three-year phase-out period for employers with existing certificates once the final rule becomes effective.

You can submit comments on the proposal for consideration in the final rulemaking. Comments must be received by 11:59 p.m. EST on Jan. 17, 2025. Learn more about the proposed rule and instructions for submitting comments.

Secure 2.0 Automatic Retirement Plan Contribution Requirement Starting in 2025

Effective January 1, 2025, under Secure 2.0, "automatic contribution arrangements" must be implemented for certain new retirement plans. This requirement applies to 401(k) and 403(b) plans established after December 29, 2022, while older plans may voluntarily adopt auto-enrollment but are not obligated to do so. Businesses with 10 or fewer employees or those in operation for less than three years are exempt from this requirement.

The rule requires auto-enrollment for all eligible employees, not just new hires, with employees retaining the option to opt out. Initial deferral rates must range from 3% to 10% of pay, with an annual auto-increase of 1% until reaching at least 10%, but not exceeding 15%. Plan sponsors must provide a required notice at least 30 days before the start of the plan year.

2025 State Minimum Wage

While federal minimum wage stays at $7.25, states across the nation are scheduled to increase their minimum hourly rates in 2025. For your convenience, we've compiled a list of the upcoming changes:

New York

The following is the schedule of rate increases:

Location	01/01/2025	01/01/2024
NYC	$16.50	$16.00
Long Island & Westchester	$16.50	$16.00
Remainder of New York State	$15.50	$15.00

New York home care aides:

Location	01/01/2025	01/01/2024
NYC	$19.10	$18.55
Long Island & Westchester	$19.10	$18.55
Remainder of New York State	$18.10	$17.55

New York Wage Parity Rates

New York City (5 Boroughs):

Type of Pay	01/01/2025	01/01/2024
Base Wage	$19.10	$18.55
Benefits	$2.54	$2.54
Total	$21.64	$21.09

Nassau, Suffolk, Westchester:

Type of Pay	01/01/2025	01/01/2024
Base Wage	$19.10	$18.55
Benefits	$1.67	$1.67
Total	$20.77	$20.22

**The only change announced by New York is the increase to the base wage. No change to the wage parity benefits portion has been announced. As such, we have not reported any changes to the wage parity benefits portion. Please consult your legal counsel to ensure compliance with wage parity benefit requirements.*

The following states' hourly minimum wage will increase effective January 1, 2025 (unless otherwise noted):

State	2025	2024
Alaska	$11.91 on 1/1/25 and $13.00 on 7/1/25	$11.73
Arizona	$14.70	$14.35

California	$16.50	$16.00
Colorado	$14.81	$14.42
Connecticut	$16.35	$15.69
Delaware	$15.00	$13.25
Hawaii	$14.00	$12.00
Florida	$14.00 on 9/30/25	$13.00 on 9/30/24
Illinois	$15.00	$14.00
Maine	$14.65	$14.15
Michigan	$10.56 on 1/1/25 and $12.48 on 2/21/25	$10.33
Minnesota	$11.13	$10.85
Missouri	$13.75	$12.30
Montana	$10.55	$10.30
Nebraska	$13.50	$12.00
New Jersey	$15.49	$15.13
Ohio	$10.70	$10.45
Rhode Island	$15.00	$14.00
South Dakota	$11.50	$11.20
Vermont	$14.01	$13.67
Virginia	$12.41	$12.00
Washington	$16.66	$16.28

Disclaimer: State minimum wage laws frequently change and may have been modified since the publication of this information. In addition, some states may have different minimum wages based on company size and industry, and many localities have passed minimum wage laws that are higher than state law. Please consult your legal advisor.

2025 State Unemployment Tax Wage Bases

States have begun releasing their 2025 SUTA Wage Bases. Below is a chart of the wage bases released so far.

State	2025 Wage Base	2024 Wage Base
Alabama	$8,000	$8,000
Alaska	**$51,700**	$49,700
Arizona	$8,000	$8,000
Arkansas	$7,000	$7,000
California	$7,000	$7,000
Colorado	**$27,200**	$23,800
Connecticut	**$26,100**	$25,000
Delaware	**$12,500**	$10,500
District of Columbia	$9,000	$9,000
Florida	$7,000	$7,000
Georgia	$9,500	$9,500
Illinois	**$13,916**	$13,590
Indiana	$9,500	$9,500
Iowa	**$39,500**	$38,200
Kansas	$14,000	$14,000
Maine	$12,000	$12,000
Maryland	$8,500	$8,500
Massachusetts	$15,000	$15,000
Minnesota	**$43,000**	$42,000
Mississippi	$14,000	$14,000

Missouri (decreasing)	**$9,500**	$10,000
Nebraska	$9,000	$9,000
Nevada	**$41,800**	$40,600
New Hampshire	$14,000	$14,000
New Jersey *see details below	**$43,300**	$42,300
New York	**$12,800**	$12,500
North Dakota	**$45,100**	$43,800
Ohio	$9,000	$9,000
Oklahoma	**$28,200**	$27,000
Oregon	**$54,300**	$52,800
Pennsylvania	$10,000	$10,000
South Carolina	$14,000	$14,000
South Dakota	$15,000	$15,000
Texas	$9,000	$9,000
Utah	**$48,900**	$47,000
Vermont	**$14,800**	$14,300
Virginia	$8,000	$8,000
Washington	**$72,800**	$68,500
Wisconsin	$14,000	$14,000
Wyoming	**$32,400**	$30,900

**New Jersey Details:*

	2025	**2024**
SUTA EE/ER	**$43,300**	$42,300

FLI EE	**$165,400**	$161,400
SDI EE	**$165,400**	$161,400
SDI ER	**$43,300**	$42,300
WFD ER	**$43,300**	$42,300

Disclaimer: SUTA wage base laws frequently change and may have been modified since the publication of this information. Some states may have two-tiered wage bases. Please consult your tax advisor.

New York Release FAQ on Paid Prenatal Leave

Effective January 1, 2025, New York State employers must provide up to 20 hours in a 52-week period of paid prenatal leave to eligible employees. The FAQ provides guidance about this program.

Among the information contained in the FAQ are the following clarifications:

- Even if an employer offers a more generous leave program, up to 20 additional hours of paid parental leave must be provided.
- Employees can choose to use parental leave for qualifying reasons, even if they have other types of paid leave available.
- Employees cannot be required to provide proof of eligibility for paid prenatal leave.
- The 52-week period is calculated from the first time **the** employee uses paid prenatal leave
- The law covers part-time and temporary employees as well; the leave is available immediately upon hire, and all private-sector employers are covered, regardless of size.
- The leave must be paid at the employee's regular rate of pay (or minimum wage, if higher).

New Illinois Pay Stub Requirements

Effective January 1, 2025, Illinois employers must provide detailed pay stubs to employees each pay period, showing hours worked, rate of pay, overtime hours worked, and pay, gross wages, and deductions, as well as year-to-date wages and deductions. Employers must also keep pay stub records for three years, even if the employee terminates, and furnish copies to employees (included terminated ones) within 21 days of a request (some exceptions apply).

Pay stubs can be on paper or electronic, but if they are electronic and are not made available to former employees for one year after separation, then the employer must offer a terminating employee all pay stubs from the year before the termination date. The employer must make the offer by the end of the final pay period and document the date and the employee's response.

Colorado Employers FAMLI+ Headcount Update

All employers with Colorado employees (including those with private plans) must update their employee headcount using the My FAMLI+ Employer portal by February 28, 2025, to ensure accurate premium rates.

Note: Even tax service clients must do this update on their My FAMLI+ dashboard, as Viventium will not do it for you.

If an employer does not update their headcount by the deadline, **the FAMLI Division will assume they have 10 or more employees** and are therefore liable for sending 0.9% of wages to the Division every quarter. (Employers with nine or fewer employees are liable for 0.45% of wages.)

This means that if an employer had nine or fewer employees for 2024, they MUST update their headcount for 2025 to continue paying 0.45%. Their total headcount will not be carried over from the previous year.

Maine Launches Paid Family and Medical Leave Program

On January 1, 2025, both employee and employer contributions to the state program will begin. The contribution rate varies by employer size. For employers with 15 or more employees, the rate is 1%, but employers may deduct up to half of this contribution (0.5%) from their employees. Employers with less than 15 employees will contribute 0.5% and may deduct the entire amount from their employees. Taxable wages for 2025 are limited to the Social Security wage base of $176,100.

Eligible employees can start taking leave on May 1, 2026, and will be entitled to up to 12 weeks of paid leave per year for qualifying reasons.

Employers who offer equivalent or greater benefits can apply after April 1, 2025, for a waiver from participation.

Please note that this compliance update impacts your required workplace postings. If you are a Viventium client, to ensure you remain compliant with minimal effort, enroll in our digital poster compliance service, where mandated posters are automatically updated and accessible to employees through self-service.

Delaware Paid Leave Is Coming

Delaware's new Paid Leave program is around the corner.

Under the program, most Delaware workers will have access to paid leave to care for themselves or a family member. Beginning January 1, 2026, eligible workers will be entitled to paid leave for a variety

of reasons, including the birth, adoption, or fostering of a child, to care for a family member with a serious health condition, or to care for their own serious health condition.

On January 1, 2025, both employee and employer contributions to the state program will begin. The contribution rates are as follows:

Leave Type	Contribution Rate
Parental Leave	0.32%
Medical Leave	0.40%
Family Caregiver/Qualified Exigency Leave	0.08%

Taxable wages for 2025 are capped at the Social Security wage base of $176,100. Employers may withhold up to 50% of the contribution from employee wages.

Employers with 25 or more employees are responsible for all three contributions. Employers with 10-24 employees are only responsible for the Parental Leave portion.

Employers with less than 10 employees are exempt from the program. Employers may be eligible to opt out of the state program if they have an approved private plan that offers substantially equivalent benefits and protections.

Minnesota Nursing Home Premium Pay for Holidays

Effective January 1, 2025, nursing homes in Minnesota will be required by the Minnesota Nursing Home Workforce Standards Board (NHWSB) to pay workers at least time and a half if they work on the 11 state holidays, as follows.

The 11 state holidays are:

- New Year's Day, Jan. 1
- Martin Luther King's Birthday, the third Monday in January
- Presidents' Day (Washington and Lincoln's Birthday), the third Monday in February
- Memorial Day, the last Monday in May
- Juneteenth, June 19
- Independence Day, July 4
- Labor Day, the first Monday in September
- Indigenous Peoples' Day, the second Monday in October
- Veterans Day, Nov. 11
- Thanksgiving Day, the fourth Thursday in November

- Christmas Day, Dec. 25

Each holiday lasts 24 hours, from midnight to midnight.

Flexibility is allowed for facilities who want different dates or times for holidays based on employee and business needs provided the changes are approved by the union/employees and agreed upon before the start of each year. A copy of the agreement must be kept for three years after the new schedule takes effect. For example, if management wants to change the schedule in 2026, the agreement must be finalized by Dec. 31, 2025, and kept until Jan. 1, 2030.

Note that the rule does NOT require paid time off on holidays; rather premium pay if hours are worked on holidays. Also, if an employee's contract offers higher pay for work on holidays, it cannot be reduced to time and a half due to the new rule.

For more information on closing out 2024 and welcoming 2025, be sure to check out our webinar Getting Ahead of 2025 Compliance.

This information is for educational purposes only, and not to provide specific legal advice. This may not reflect the most recent developments in the law and may not be applicable to a particular situation or jurisdiction.