

Approximate Cost of Maintaining the Rule of 80 for Various Income Levels

Approximate Additional Cost				
as of Jan. 6, 2013: 0.75% Catch-up + 0.56% Maintenance Contribution			as of Sept. 14, 2014: 0.56% Maintenance contribution	
Annual Gross Income	Contribution per year	Contribution per pay period	Contribution per year	Contribution per pay period
\$30,000	\$314.20	\$13.09	\$134.32	\$5.60
\$40,000	\$418.94	\$17.46	\$179.09	\$7.46
\$50,000	\$496.82	\$20.70	\$212.38	\$8.85
\$60,000	\$541.16	\$22.55	\$231.34	\$9.64
\$70,000	\$631.35	\$26.31	\$269.89	\$11.25
\$80,000	\$721.55	\$30.06	\$308.45	\$12.85
\$90,000	\$788.04	\$32.84	\$336.87	\$14.04

Notes:

1. As of Jan. 6, 2013 the additional amount of 1.31% is the sum of a 0.75% "catch-up" and a 0.56% ongoing rate to maintain the Rule of 80.
2. About 20 months later, the additional amount needed to maintain the Rule of 80 drops to a 0.56% maintenance rate which may be adjusted from time to time, based on experience and anticipated usage.
3. The numbers above include the net tax benefit for a single person with no additional deductions.
A person with additional tax credits could see different numbers.
4. Generally speaking, an employee with a higher marginal tax rate benefits proportionally more from an additional tax credit.
Members can get a good estimate of the actual after-tax impact by using a simple and inexpensive tax calculation software such as Ufile.