

## NOTICE TO EMPLOYEES

Date January 23, 2026

TO: Employees  
FROM: Sandra Meda-Walker, Payroll Supervisor  
SUBJECT: Year 2026 Income Tax Changes and Withholding  
Information Effective January 1, 2026

### **Federal and State Income Tax Withholding**

Updated tax changes have been implemented for payrolls **issued** on and after January 1, 2026. Federal and state income tax withholding brackets have been revised and are included with this notice.

### **Employee Social Security/OASDI and Medicare**

The Social Security/OASDI employee rate for 2026 remains unchanged at 6.2 percent, however the maximum subject wages have increased. There is no Medicare wage cap for employees. Employee rates remain unchanged at 1.45 percent; however, the Additional Medicare Tax requires that employers withhold an additional 0.9 percent on wages paid to employees in excess of \$200,000 in one calendar year.

<b>Tax Year Comparison</b>	<b>Year 2025</b>	<b>Year 2026</b>
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate	1.45 percent	1.45 percent
Social Security Maximum Wage Base	\$176,100	\$184,500
Medicare Maximum Wage Base	no limit	no limit
Maximum Medicare Contribution (1.45%)	no limit	no limit

### **Federal Withholding – IRS Form W-4**

IRS Form W-4 changed significantly in 2020. The IRS recommends all taxpayers perform a “paycheck checkup” by using their online tool located at <https://www.irs.gov/paycheck-checkup>. Your employer cannot tell you how to complete Form W-4. Please read the instructions carefully and/or consult a tax professional if necessary. Only new employees and those wishing to make withholding adjustments, or those claiming to be exempt must complete the new *IRS 2026 Form W-4, “Employee’s Withholding Certificate”*.

### **Federal Exempt from Withholding**

If you claimed exempt from withholding tax in 2025 and wish to continue in 2026, you must complete a new *IRS 2026 Form W-4* no later than February 15, 2026. The form requires those wishing to claim exempt to write the word “EXEMPT” in “Step 4”, in the space directly under box 4(c). If you no longer wish to claim exempt status, you must file a new form W-4 for January tax withholding.

### **State Withholding – Form DE 4**

All employees updating their IRS Form W-4 must now also complete a California State Withholding Form (DE 4).

*Some items in this notice are intended to comply with employee notification requirements of the IRS.*

Should you have any questions regarding this information, please email [payroll@pasadena.edu](mailto:payroll@pasadena.edu).

# YEAR 2026 TAX RATES

and Other Employee Deductions

## FEDERAL ANNUAL TAX RATES

### 2026 Percentage Method Tables

#### STANDARD Withholding Rate Schedules

(Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is NOT checked. Also use these for Form W-4P from any year.)

If the Adjusted Annual Wage Amount on Worksheet 1A or the Adjusted Annual Payment Amount on Worksheet 1B is

At least...	But less than...	The tentative amount to withhold is...			of the amount that exceeds
A	B	C	D	E	
Married Filing Jointly					
\$0	\$19,300	\$0.00	plus 0%	\$0	
\$19,300	\$44,100	\$0.00	plus 10%	\$19,300	
\$44,100	\$120,100	\$2,480.00	plus 12%	\$44,100	
\$120,100	\$230,700	\$11,600.00	plus 22%	\$120,100	
\$230,700	\$422,850	\$35,932.00	plus 24%	\$230,700	
\$422,850	\$531,750	\$82,048.00	plus 32%	\$422,850	
\$531,750	\$788,000	\$116,896.00	plus 35%	\$531,750	
\$788,000		\$206,583.50	plus 37%	\$788,000	

#### Single or Married Filing Separately

\$0	\$7,500	\$0.00	plus 0%	\$0
\$7,500	\$19,900	\$0.00	plus 10%	\$7,500
\$19,900	\$57,900	\$1,240.00	plus 12%	\$19,900
\$57,900	\$113,200	\$5,800.00	plus 22%	\$57,900
\$113,200	\$209,275	\$17,966.00	plus 24%	\$113,200
\$209,275	\$263,725	\$41,024.00	plus 32%	\$209,275
\$263,725	\$648,100	\$58,448.00	plus 35%	\$263,725
\$648,100		\$192,979.25	plus 37%	\$648,100

#### Head of Household

\$0	\$15,550	\$0.00	plus 0%	\$0
\$15,550	\$33,250	\$0.00	plus 10%	\$15,550
\$33,250	\$83,000	\$1,770.00	plus 12%	\$33,250
\$83,000	\$121,250	\$7,740.00	plus 22%	\$83,000
\$121,250	\$217,300	\$16,155.00	plus 24%	\$121,250
\$217,300	\$271,750	\$39,207.00	plus 32%	\$217,300
\$271,750	\$656,150	\$56,631.00	plus 35%	\$271,750
\$656,150		\$191,171.00	plus 37%	\$656,150

#### MULTIPLE JOB Withholding Rate Schedules

(Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 IS checked.)

If the Adjusted Annual Wage Amount on Worksheet 1A is

At least...	But less than...	The tentative amount to withhold is...			of the amount that exceeds
A	B	C	D	E	
Married Filing Jointly					
\$0	\$16,100	\$0.00	plus 0%	\$0	
\$16,100	\$28,500	\$0.00	plus 10%	\$16,100	
\$28,500	\$66,500	\$1,240.00	plus 12%	\$28,500	
\$66,500	\$121,800	\$5,800.00	plus 22%	\$66,500	
\$121,800	\$217,875	\$17,966.00	plus 24%	\$121,800	
\$217,875	\$272,325	\$41,024.00	plus 32%	\$217,875	
\$272,325	\$400,450	\$58,448.00	plus 35%	\$272,325	
\$400,450		\$103,291.75	plus 37%	\$400,450	

#### Single or Married Filing Separately

\$0	\$8,050	\$0.00	plus 0%	\$0
\$8,050	\$14,250	\$0.00	plus 10%	\$8,050
\$14,250	\$33,250	\$620.00	plus 12%	\$14,250
\$33,250	\$60,900	\$2,900.00	plus 22%	\$33,250
\$60,900	\$108,938	\$8,983.00	plus 24%	\$60,900
\$108,938	\$136,163	\$20,512.00	plus 32%	\$108,938
\$136,163	\$328,350	\$29,224.00	plus 35%	\$136,163
\$328,350		\$96,489.63	plus 37%	\$328,350

#### Head of Household

\$0	\$12,075	\$0.00	plus 0%	\$0
\$12,075	\$20,925	\$0.00	plus 10%	\$12,075
\$20,925	\$45,800	\$885.00	plus 12%	\$20,925
\$45,800	\$64,925	\$3,870.00	plus 22%	\$45,800
\$64,925	\$112,950	\$8,077.50	plus 24%	\$64,925
\$112,950	\$140,175	\$19,603.50	plus 32%	\$112,950
\$140,175	\$332,375	\$28,315.50	plus 35%	\$140,175
\$332,375		\$95,585.50	plus 37%	\$332,375

The IRS encourages everyone to use their Tax Withholding Estimator located at <https://www.irs.gov/individuals-tax-withholding-estimator>. The tables above will be utilized in the estimator after January 1, 2026.

# CALIFORNIA STATE ANNUAL TAX RATES

Rates apply to *annual* taxable earnings (annual gross earnings less salary reductions) as follows:

- a) \$0 tax if annual taxable earnings are equal to or less than  
**\$18,896** if SINGLE or MARRIED — 0 or 1 exemption  
**\$37,791** if UNMARRIED HEAD of HOUSEHOLD or  
 MARRIED—2 or more exemptions
- b) Apply rate to annual taxable earnings less standard deduction and less  
 \$1,000 for each Estimated Deduction Allowance  
 Standard deduction  
 MARRIED — 0 or 1 exemption      **\$ 5,706**  
     2 or more exemptions      **\$11,412**  
 SINGLE —      **\$ 5,706**  
 UNMARRIED HEAD of HOUSEHOLD —      **\$11,412**
- c) Personal allowance credit for Single, Married, and Head of Household  
 0 Allowance — \$0  
 1 or More Allowances — **\$168.30** for each allowance

## **SINGLE, MARRIED WITH DUAL INCOME, or MARRIED WITH MULTIPLE EMPLOYERS**

If the taxable income is:		Of amount over—
Over—	But not over—	Computed tax is:
\$ 0 — \$ 11,079.	\$ 0.00 plus	1.10%—\$ 0
\$ 11,079 — \$ 26,264.	\$ 121.87 plus	2.20%—\$ 11,079
\$ 26,264 — \$ 41,452.	\$ 455.94 plus	4.40%—\$ 26,264
\$ 41,452 — \$ 57,542.	\$ 1,124.21 plus	6.60%—\$ 41,452
\$ 57,542 — \$ 72,724.	\$ 2,186.15 plus	8.80%—\$ 57,542
\$ 72,724 — \$ 371,479.	\$ 3,522.17 plus	10.23%—\$ 72,724
\$ 371,479 — \$ 445,771.	\$ 34,084.81 plus	11.33%—\$ 371,479
\$ 445,771 — \$ 742,953.	\$ 42,502.09 plus	12.43%—\$ 445,771
\$ 742,953 — \$1,000,000.	\$ 79,441.81 plus	13.53%—\$ 742,953
\$1,000,000 and over.....	\$114,220.27 plus	14.63%—\$1,000,000

## **MARRIED person —**

If the taxable income is:		Of amount over—
Over—	But not over—	Computed tax is:
\$ 0 — \$ 22,158.	\$ 0.00 plus	1.10%—\$ 0
\$ 22,158 — \$ 52,528.	\$ 243.74 plus	2.20%—\$ 22,158
\$ 52,528 — \$ 82,904.	\$ 911.88 plus	4.40%—\$ 52,528
\$ 82,904 — \$ 115,084.	\$ 2,248.42 plus	6.60%—\$ 82,904
\$ 115,084 — \$ 145,448.	\$ 4,372.30 plus	8.80%—\$ 115,084
\$ 145,448 — \$ 742,958.	\$ 7,044.33 plus	10.23%—\$ 145,448
\$ 742,958 — \$ 891,542.	\$ 68,169.60 plus	11.33%—\$ 742,958
\$ 891,542 — \$1,000,000.	\$ 85,004.17 plus	12.43%—\$ 891,542
\$1,000,000 — \$1,485,906.	\$ 98,485.50 plus	13.53%—\$1,000,000
\$1,485,906 and over.....	\$164,228.58 plus	14.63%—\$1,485,906

## **UNMARRIED/HEAD OF HOUSEHOLD—**

If the taxable income is:		Of amount over—
Over—	But not over—	Computed tax is:
\$ 0 — \$ 22,173.	\$ 0.00 plus	1.10%—\$ 0
\$ 22,173 — \$ 52,530.	\$ 243.90 plus	2.20%—\$ 22,173
\$ 52,530 — \$ 67,716.	\$ 911.75 plus	4.40%—\$ 52,530
\$ 67,716 — \$ 83,805.	\$ 1,579.93 plus	6.60%—\$ 67,716
\$ 83,805 — \$ 98,990.	\$ 2,641.80 plus	8.80%—\$ 83,805
\$ 98,990 — \$ 505,208.	\$ 3,978.08 plus	10.23%—\$ 98,990
\$ 505,208 — \$ 606,251.	\$ 45,534.18 plus	11.33%—\$ 505,208
\$ 606,251 — \$ 1,000,000.	\$ 56,982.35 plus	12.43%—\$ 606,251
\$1,000,000 — \$1,010,417.	\$ 105,925.35 plus	13.53%—\$ 1,000,000
\$1,010,417 and over.....	\$107,334.77 plus	14.63%—\$1,010,417

For detailed information on how to calculate your California State Withholding, review the EDD's "California Withholding Schedules for 2026 (Method B – Exact Calculation Method)" publication located at [https://edd.ca.gov/siteassets/files/pdf\\_pub\\_ctr/25methb.pdf](https://edd.ca.gov/siteassets/files/pdf_pub_ctr/25methb.pdf).

## **SALARY REDUCTIONS**

Salary reductions which reduce taxable earnings include Employee contributions to:  
 Deferred Tax-Sheltered Annuity (403b/TSA)   Deferred Compensation (457b)  
 Employee portion of CalSTRS/CalPERS Section 125 Plan benefits  
 Alternative Retirement Plans  
  
 Elective deferrals for 403b and 457b plans have an annual limit of \$24,500 for 2026. Catch-up contributions apply in some circumstances.

## **OTHER RATES**

OASDI Tax Rate— <i>Employee and Employer (Not including Medicare)</i>	6.2 percent
OASDI maximum wage base— <i>Employee and Employer</i>	\$184,500.00
Maximum OASDI contribution— <i>Employee and Employer</i>	\$11,439.00
Medicare Tax Rate	1.45 percent
Additional Medicare Tax— <i>Employee wages over \$200,000</i>	0.90 percent
Medicare maximum wage base	No limit
Medicare maximum contribution	No limit
School Employees Fund SUI Rate (FY26-27)	0.05 percent
CA Disability Insurance (SDI)	1.30 percent
SDI maximum wage base	No limit
CalSTRS/CalPERS	See employer
IRS Standard Mileage Rate (1-1-26)	72.5 cents per mile
Federal Supplemental Tax Rate	22 percent
State Supplemental Tax Rate	6.6 percent
State Minimum Wage— <i>More than 26 Employees</i>	\$16.90/hr.