

TAKE HOME PAY CHANGES

To my valued employees.

I want to make you aware of a tax law change that is set to expire on December 31, 2011 that will have an impact on your take home pay beginning in January of 2012.

The current deduction for social security tax that we take from your pay checks each pay period is set to increase with wages paid to you after January 1, 2012. In 2011 we deducted 4.2% social security tax from your pay checks, this amount is going back up to 6.2%.

This is not a tax increase as such because prior to January 1, 2011 we deducted 6.2% from your paychecks so we are returning to what the law was prior to January 1, 2011. For 2011 the government actually gave you a one year bonus of 2% additional tax home pay.

President Obama has proposed that this reduction of 2% continue for 2012 but that has not yet been approved by Congress so there is still the possibility that you will not see a 2% reduction in you take home pay.

I hope this satisfactorily explains why you take home pay will decreased in 2012.

Sincerely

Management.