

# PURDUE

## UNIVERSITY

### Managerial Accounting Services Costing Department

**To:** Regional Campus Vice Chancellors, Business Managers, Fiscal Directors of Housing and Food Services, and Physical Facilities

**RE:** FY 2025-26 Budgeting Fringe Benefits for Sponsored Programs and Other Chargeable Accounts Revised 6-4-2025

**Date:** June 4, 2025

The purpose of this memo is to provide information to assist in budgeting fringe benefit costs for sponsored programs and other accounts chargeable for fringe benefits. The three attachments provide detailed information for budgeting fringe benefit costs.


Attachment A outlines the approved charge rates used to estimate future fringe benefit costs. A narrative is provided describing each benefit program included in the total fringe benefit rate.

Attachment B identifies maximum budget rates by staff classification and salary level for the West Lafayette Campus. This table should be used for budgeting and planning fringe benefit costs on all chargeable accounts excluding sponsored program accounts. Attachment B also includes a table detailing the benefit programs applicable to each staff classification.


Attachment C designates the fringe benefit budget rates to be used for preparation of all Sponsored Program budgets for proposed work on the West Lafayette campus. These rates are based on an average salary for each employment category. A single rate for each employment category is necessary to ensure that fringe benefits are budgeted consistently across the University and for all sponsors.

All questions can be directed to [Costing@purdue.edu](mailto:Costing@purdue.edu).

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Attachments: A, B and C

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## Attachment A 2025-26 Fringe Benefit Budget Rates

### 1. Worker's Compensation

On April 9, 2025, a 4% decrease in the Worker's Compensation rates was approved. The new established charge rates are as follows:

	Classification	Rate	Base
a.	Service staff	1.28%	Total budgeted service staff salaries and wages
b.	Staff employed in foreign countries	1.88%	Budgeted salaries for overseas periods for staff employed to work in foreign countries
c.	Faculty, Administrative, Clerical	0.12%	Total budgeted staff salaries and wages
d.	Student Flight Instructors	1.61%	Total budgeted staff salaries and wages

NOTE: Classification d. Student Flight Instructors is not appropriate on sponsored programs.

### 2. Unemployment Compensation

West Lafayette	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings
- HFS	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings
Fort Wayne	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings
PU Northwest	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings

The rate is applicable to all University employees except for the following:

- a. Purdue student employees who are enrolled in and are attending classes. However, the rate will be applied to students employed during the summer if the student is not enrolled in classes.
- b. Work study students
- c. Graduate students

### 3. Liability Insurance

The current charge rate for liability insurance coverage is 0.43% of the total budgeted salaries for all staff. This new rate was approved by the IPC Committee on 3/31/2022.

### 4. Long Term Disability Insurance

The charge rate for Long Term Disability Insurance is 0% of total budgeted salaries for all staff.

### 5. Group Life Insurance

The University will provide and pay for basic life coverage equal to 1.5 times the annual salary. The employees will be able to purchase supplemental optional insurance of 1-8 times the annual salary at their own expenses through payroll deduction. The cost of this additional coverage will not be supported by the university.

## Attachment A 2025-26 Fringe Benefit Budget Rates

The life insurance rate will increase 5% effective January 1, 2026. The rate is currently \$0.121/\$1,000 per month of pay for coverage and the actual rate for coverage will be \$0.127/\$1,000 per month of pay which equates to a cost factor of \$1.488/\$1,000 of coverage.

Purdue also provides a basic \$15,000 accidental death and dismemberment (AD&D) benefit per employee at a rate of \$0.017/\$1000/month.

### 6. Health Insurance

Health benefit premiums are reviewed annually, and rates are set by the Board of Trustees. Purdue's health plan is self-insured through employee and University contributions.

The following internal charge rate should be used for budgeting purposes:

The current annual rate for employer charged portion for health insurance for eligible employees is increasing 5% effective July 1, 2025, to \$11,549.

The University contribution is identified with each individual and charged to internal accounts through the payroll charge system.

### 7. Social Security

Social Security contributions are made as follows:

For calendar year 2025, contributions are calculated at 6.2% on the first \$176,100 taxable earnings. It is anticipated that the contributions for calendar year 2026 will remain the same at 6.2% on the first \$176,100 taxable earnings.

Medicare Tax is an additional 1.45% on taxable earnings.

These contributions are not made on behalf of graduate students or the student labor category.

### 8. Defined Contribution Plan for Faculty and Administrative Staff

Executive, Faculty, Fire/Police Management, Management, M/P Management, Continuing Lecturers, Professional and Visiting Faculty who have fulfilled the eligibility requirements receive the Purdue Standard Retirement and Savings Plan (PSRS) which consists of a 403(b) Base and 401(a) Mandatory. The University Contribution is 10% to the base 403(b).

### 9. Retirement Plans for Eligible Non-Exempt Employees

Benefits-eligible clerical and service staff members and operations/technical positions hired before September 9, 2013, are covered by the Indiana Public Employee's Retirement Fund (PERF). The PERF plan is a state pension program consisting of two parts. Part I is a Defined Benefit Plan. Part II is the Defined Contribution Plan called the Annuity Savings Account. Extension agents hired before 1/01/84 are also eligible for this retirement plan. PERF contributions are determined by the State of Indiana.

PERF

## Attachment A 2025-26 Fringe Benefit Budget Rates

### Part I - Defined Benefit Plan

Effective 7/1/13, the rate to be used in estimating the Defined Benefit Pension Portion of PERF requirements is 11.20% of total budgeted salaries and wages for clerical, service, operations assistants, and technical assistants.

### Part II - Defined Contribution Portion

The University makes contributions of 3% of pay into each Annuity Savings Account for clerical, service, operations assistants, and technical assistants.

Part I: 11.20% and Part II: 3% are combined to arrive at the total estimate used for budgeting retirement for eligible non-exempt employees which is 14.20%.

### Defined Contribution Retirement and Savings Plan

Benefits-eligible new non-exempt employees hired on or after September 9, 2013, are enrolled in defined contribution plan called the Purdue Matching Retirement and Savings Plans.

Purdue Matching Retirement and Savings Plans (PMRS): Offered to: Service, Support, Operations/Technical (closed group) hired on or after September 9, 2013: 403(b) Base with Match and 403(b) Voluntary (University Contribution: 4% base plus up to 4% match 403(b)). For FY24, approximately 71% of the total clerical, service operations assistants, and technical assistants employed by the University are enrolled in the Retirement and Savings Plan. This is a 5% increase over the previous year.

For more conservative estimate, the PERF coverage (14.2%) is used for budgeting retirement for all non-exempt staff which is higher than the 4% base and up to 4% match for employees hired on or after 9/9/2013.

## 10. Staff Fee Remission and Other Fee Remissions

The Staff fee remission represents the reduced tuition fees paid by staff members. As a result of the annual review, the Staff remission rate for FY2026 was approved on 3/19/2025 to be increased from 0.10% to 0.12% of total budgeted salaries and wages for all staff, except student labor and temporary employees.

The Other fee remission amount represents the reduced tuition fees paid by staff members for staff spouses and dependents. The other fee remission rate for FY2026 was approved to be reduced from 0.28% to 0.23% of total budgeted salaries and wages for all staff, except student labor and temporary employees.

***As a reminder: Beginning 7/1/99, the charging of other fee remissions to federal funds is prohibited.***

The Staff fee remission amount **is** included in the rates indicated in Attachment B. The Other fee remission amount **is not** included in the rates indicated in Attachment B. When applicable, the Other fee remission amount should be budgeted as a separate dollar amount.

## **Attachment A**

### **2025-26**

### **Fringe Benefit Budget Rates**

#### 11. Graduate Fee Remissions

The West Lafayette graduate fee remission charge system is reviewed on an annual basis. As a result of that review, the FY2026 graduate fee remission charge rate was approved on 2/21/2025 to remain the same at \$430 per bi-weekly pay period.

The Purdue Northwest (PNW) graduate fee remissions rate is reviewed on an annual basis. As a result of that review, the FY2026 graduate fee remission charge rate remained the same at \$410 per bi-weekly pay period was approved on 3/12/2025.

The Purdue Fort Wayne (PFW) campus does not have a graduate fee remission rate.

The graduate student fee remission rate are separate direct cost amounts and are not included in the rates in Attachment B. These charges should be budgeted for separately.

#### 12. Graduate Medical Insurance

Health insurance costs are charged for Graduate Assistants employed at least .50 FTE. For FY 2025-2026 the University contribution of \$1,883.99 is identified with each individual and is distributed to internal accounts through the payroll charge system.

Graduate Teaching Assistants, Graduate Research Assistants, and Graduate Administrative/Professional appointments are eligible for health insurance. These appointments are in employee group S (Graduate Students) and employee subgroup, pay with benefits.

The University contribution will be distributed in eighteen equal installments for AY payroll area, and the FY payroll area is deducted in twenty-six equal installments. Health insurance for graduate students with greater than 0.50 CUL is included in the rate indicated in Attachment B.

Attachment B

Purdue University  
2025-26 Fringe Benefit Budget Rates

Salary Level	up to \$14,999	\$15,000 to \$19,999	\$20,000 to \$24,999	\$25,000 to \$29,999	\$30,000 to \$34,999	\$35,000 to \$39,999	\$40,000 to \$44,999	\$45,000 to \$49,999	\$50,000 to \$54,999	\$55,000 to \$59,999	\$60,000 to \$64,999	\$65,000 to \$69,999
<b>Staff Classification:</b>												
Faculty / Administrative	134.12%	95.59%	76.33%	64.77%	57.07%	51.56%	47.44%	44.23%	41.66%	39.56%	37.81%	36.32%
Faculty / Administrative (No Defined Contribution Plan) (1)	124.12%	85.59%	66.33%	54.77%	47.07%	41.56%	37.44%	34.23%	31.66%	29.56%	27.81%	26.32%
Civil Service (Before 01/01/84)	130.67%	92.14%	72.88%	61.32%	53.62%	48.11%	43.99%	40.78%	38.21%	36.11%	34.36%	32.87%
Overseas Faculty	135.88%	97.35%	78.09%	66.53%	58.83%	53.32%	49.20%	45.99%	43.42%	41.32%	39.57%	38.08%
Operations / Technical Assistants	138.32%	99.79%	80.53%	68.97%	61.27%	55.76%	51.64%	48.43%	45.86%	43.76%	42.01%	40.52%
Service Staff	139.48%	100.95%	81.69%	70.13%	62.43%	56.92%	52.80%	49.59%	47.02%	44.92%	43.17%	41.68%
Clerical Staff	138.32%	99.79%	80.53%	68.97%	61.27%	55.76%	51.64%	48.43%	45.86%	43.76%	42.01%	40.52%
Graduate Staff (appointments ≥ .50 CUL) (3)	19.51%	13.23%	10.09%	8.21%	6.95%	6.05%	5.38%	4.86%	4.44%	4.10%	3.81%	3.57%
Graduate Staff (appointments < .50 CUL) (4)	0.67%											
Student Labor (2)	0.55%											
Temporary Staff (2)	8.25%											
Salary Level	\$70,000 to \$74,999	\$75,000 to \$79,999	\$80,000 to \$84,999	\$85,000 to \$89,999	\$90,000 to \$94,999	\$95,000 to \$99,999	\$100,000 to \$104,999	\$105,000 to \$109,999	\$110,000 to \$114,999	\$115,000 to \$119,999	\$120,000 to \$124,999	\$125,000 to 129,9999
<b>Staff Classification:</b>												
Faculty / Administrative	35.05%	33.95%	32.99%	32.14%	31.38%	30.71%	30.10%	29.55%	29.05%	28.59%	28.17%	27.79%
Faculty / Administrative (No Defined Contribution Plan) (1)	25.05%	23.95%	22.99%	22.14%	21.38%	20.71%	20.10%	19.55%	19.05%	18.59%	18.17%	17.79%
Civil Service (Before 01/01/84)	31.60%	30.50%	29.54%	28.69%	27.93%	27.26%	26.65%	26.10%	25.60%	25.14%	24.72%	24.34%
Overseas Faculty	36.81%	35.71%	34.75%	33.90%	33.14%	32.47%	31.86%	31.31%	30.81%	30.35%	29.93%	29.55%
Operations / Technical Assistants	39.25%											
Service Staff	40.41%											
Clerical Staff	39.25%											
Graduate Staff (appointments ≥ .50 CUL) (3)	3.36%											
Salary Level	\$130,000 to \$134,999	\$135,000 to \$139,999	\$140,000 to \$144,999	\$145,000 to \$149,999	\$150,000 to \$154,999	\$155,000 to \$159,999	\$160,000 to \$164,999	\$165,000 to \$169,999	\$170,000 to \$174,999	\$175,000 to \$176,100	\$176,101+	
<b>Staff Classification:</b>												
Faculty / Administrative	27.43%	27.10%	26.80%	26.51%	26.25%	26.00%	25.77%	25.55%	25.34%	25.15%	18.91%	
Faculty / Administrative (No Defined Contribution Plan) (1)	17.43%	17.10%	16.80%	16.51%	16.25%	16.00%	15.77%	15.55%	15.34%	15.15%	8.91%	
Civil Service (Before 01/01/84)	23.98%	23.65%	23.35%	23.06%	22.80%	22.55%	22.32%	22.10%	21.89%	21.70%	21.66%	
Overseas Faculty	29.19%	28.86%	28.56%	28.27%	28.01%	27.76%	27.53%	27.31%	27.10%	26.91%	20.67%	
<b>Benefits incorporated in above rates</b> (see attachment A for further detail)	<b>Health / Medical</b>	<b>Group Life Insurance</b>	<b>Defined Contribution Plan Retirement</b>	<b>PERF Retirement</b>	<b>Social Security</b>	<b>Long term Disability</b>	<b>Worker's Compensation</b>	<b>Unemployment</b>	<b>Liability</b>	<b>Staff Fee Remission</b>		
Faculty / Administrative	X	X	X		X	X	X	X	X	X		
Faculty / Administrative (No Defined Contribution Plan) (1)	X	X			X	X	X	X	X	X		
Civil Service (Before 1/01/84)	X	X		X		X	X	X	X	X		
Overseas Faculty	X	X	X		X	X	X	X	X	X		
Operations / Technical Assistants	X	X		X	X	X	X	X	X	X		
Service Staff	X	X		X	X	X	X	X	X	X		
Clerical Staff	X	X		X	X	X	X	X	X	X		
Student Labor (2)							X		X			
Temporary Staff (2)					X		X	X	X			
Graduate Staff (3)	X						X		X	X		
Graduate Staff (4)							X		X	X		
(1) Includes Visiting Staff and Post Doctoral Research appointments												
(2) These rates apply regardless of salary level.												
(3) Grad Insurance (for J APPTS ≥ .5 FTE) is rolled into the calculation for Fringe Benefits												
(4) Grad insurance is not applicable for J APPTS < .5 FTE. In this case, there will be a flat rate irrespective of the salary level												

**Attachment C****FRINGE BENEFIT BUDGET RATES FOR SPONSORED PROGRAMS****RATES FOR 2025-26**

Cost Element Category	Employee Group	New Employee Class (SF)	2024-25 Estimated Annual Salary	2025-26 Estimated Annual Salary <sup>7</sup> (Estimated 2% inc)	Fringe Benefit Budget Rate
<b>Tenured and Tenure Track Faculty (with insurance &amp; Defined Contribution Plans)</b>	C, S, Y, D, E	C, P, Q, R, E, D,B	\$ 137,495	\$ 140,245	26.80%
<b>Visiting Faculty (with out Defined Contribution Plans)</b>	C, S, Y, D, E	C, P, Q, R, E, D,B	\$ 58,973	\$ 60,152	27.81%
<b>Administrative A/P<sup>1</sup> (with Defined Contribution Plans)</b>	A, L	H	\$ 88,813	\$ 90,589	31.38%
<b>Administrative A/P<sup>1</sup> (with out Defined Contribution Plans)</b>	A,L	H	\$ 73,384	\$ 74,852	25.05%
<b>Administrative A/P (with Defined Contribution Plans)</b>	A	(L,A) = F	\$ 88,813	\$ 90,589	31.38%
<b>Administrative A/P (with out Defined Contribution Plans)</b>	A	(L,A) = F	\$ 73,384	\$ 74,852	25.05%
<b>Overseas Personnel<sup>2</sup></b>			\$ 137,495	\$ 140,245	28.56%
<b>Clerical</b>	B	(B,O) = J	\$ 43,849	\$ 44,726	51.64%
<b>Service</b>	U	(O,U) = K	\$ 44,589	\$ 45,481	49.59%
<b>Graduate Students<sup>3</sup></b>	J	S	\$ 57,340	\$ 58,487	4.10%
<b>Graduate Students<sup>4</sup></b>	J	S	N/A	\$ -	0.67%
<b>Extra Labor<sup>5</sup></b>	Students & Temporary	V,W,X	\$ -	\$ -	8.25%

<sup>1</sup> Rate category will also be used for Extension Agents (80As)<sup>2</sup> Tenured and Tenured Track Faculty Estimated Annual Salary used to determine the corresponding Overseas Personnel default rate.<sup>3</sup> The Grad Insurance is rolled into the calculation of Fringe Benefits which requires an average Graduate Salary (for G AND 90A APPTS≥.5 FTE)<sup>4</sup> The Grad Insurance does not apply to grads (for G AND 90A APPTS<.5 FTE) . In this case, regardless of the salary level, these rates would apply.<sup>5</sup> Attachment B rate for Students and Temporary Staff are 0.32% and 8.02% respectively. To be conservative, the Temporary Staff rate will be utilized for this category.<sup>6</sup> This employee group is no longer available: Part of OP/Tech mapped to Support ( SF Class Code J); and part of OP/Tech mapped to Service (SF Class Code K ).<sup>7</sup> On April 4, 2025, Trustees endorse a 2% recurring salary increases for faculty and staff for FY26

## Sponsored Program Services

### Memorandum

To: Pre-Award, Sponsored Program Services

Re: Budgeting Graduate Student Fringe Benefits for Sponsored Programs

Date: June 11, 2025

On June 4, 2025 revised information was provided to all Purdue University campuses for budgeting fringe benefits for sponsored programs and other chargeable accounts. For Sponsored Programs Services, this memo provides additional guidance related to implementing the new rates for graduate students.

The rates provided in Attachment C of the above referenced letter are based on an estimated full-time annual salary. Given that the majority of graduate students budgeted on sponsored programs maintain a 50 CUL or less, we need to budget accordingly. Please use the table below to determine the applicable fringe benefit rate for graduate student appointments at varying CUL levels. Please note that the fringe benefit budget rate is based on the budgeted range of \$55,000 - \$59,999 from Attachment B.

Graduate Student Appointment	Fringe Benefit Budget Rate
100 CUL	4.10%
75 CUL	5.38%
50 CUL or 25 CUL with an additional 25 CUL appointment**	8.21%
25 CUL	0.67%
Other Graduate Students without Insurance	0.67%

\*\*If the budget includes a Graduate Student at 25 CUL and it is expected that the Graduate Student will also hold an additional 25 CUL position, fringe benefits should be budgeted using a rate of 8.21%.



Ken Sandel, AVP  
Sponsored Program Services

cc: Kim Hoebel, Managerial Accounting  
Stephanie Willis, SPS