

Social Security and Medicare Taxes

Summary/Purpose: An explanation of the payroll tax rates under the Federal Insurance Contributions Act (FICA), also known as social security and Medicare, paid by the employee and employer are given.

A combined FICA employment tax rate of 7.65% (6.2% for Social Security's Old-Age, Survivors, and Disability Insurance [OASDI] program and 1.45% for Medicare's hospital insurance program[HI]) is imposed on both the employer and employee. The OASDI rate applies to wages up to the annual limit determined by Social Security. There is no wage base limit for Medicare tax.

Employees are required to pay an additional .09% in Medicare taxes on earnings above \$200,000 in a calendar year.