

## SOCIAL SECURITY & MEDICARE TAX WAGE BASE CHANGES 2009

The maximum amount of wages subject to Social Security tax (old age, survivors, and disability insurance) increases to \$106,800 for 2009. The tax rate will remain at 6.20% each for employees and employers. The new wage limit will result in a maximum social security tax of \$6,621.60 each for employees and employers.

There remains no limit on the amount of earnings subject to the Medicare portion of the tax. The Medicare portion of the tax rate will remain at 1.45% for employees and employers.

These limits are illustrated by the following table:

	<u>Social Security Portion</u>	<u>Medicare Portion</u>
Wage base	\$ 106,800.00	No limit
FICA rate	6.2%	1.45%
Maximum FICA tax	\$ 6,621.60	No limit

The combined Social Security and Medicare tax rate will remain at 7.65% for 2009.

Please refer to your copy of Circular E, Employer's Tax Guide, which will contain the new social security, Medicare and withholding tax charts for 2009.

Please do not hesitate to contact our office if you have any questions.

Cohen, Smith & Company

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