

December 9, 2011 – Social Security Administration Announces Social Security Wage Base for 2012

The Social Security Administration recently announced that the 2012 wage base for determining the Social Security tax has increased to \$110,100, up from \$106,800 for 2011

The Federal Insurance Contributions Act (FICA) imposes two taxes on employers, employees, and self-employed workers – one for Old Age, Survivors and Disability Insurance (OASDI, more commonly known as the Social Security tax), and the other for Hospital Insurance (HI, more commonly known as the Medicare tax). The FICA tax rate for employees and employers normally is 7.65% each – 6.2% for OASDI and 1.45% for HI. However, for 2011, the OASDI rate for employees is 4.2%. This reduced rate also applies to the employee portion of the OASDI rate for self-employed workers.

Unlike OASDI, there is no maximum amount of compensation that is subject for HI.