Social Security

Summary/Purpose: An explanation of the rate of social security tax and hospital insurance (Medicare) paid by the employer and the employee is given.

Presently a combined social security tax rate of 7.65% (6.2% for old-age, survivors, and disability insurance [OASDI]) and 1.45% for hospital insurance (Medicare) is imposed on both employer and employee. The OASDI rate applies to wages up to the yearly limit set by Social Security and there is no limit on the amount of earnings subject to the Medicare portion of the tax.