**Social Security and Medicare - Notes**

*Key Terms:*

|  |  |
| --- | --- |
| Social Security: | Income for people after they \_\_\_\_\_\_\_\_\_\_\_\_, become \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ if you pass. |
| Federal Insurance Contributions Act (FICA): |  |
| FICA tax: |  |
| Social Security Tax: | % of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ taxable income amount; it is split between employee and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. \*Employee: \_\_\_\_\_\_% Self-employed: \_\_\_\_\_ % |
| Medicare tax: | Set % of \_\_\_\_\_\_\_\_\_\_\_\_ income amount with no \_\_\_\_\_\_\_\_\_\_\_\_\_\_ amounts. (medicare is insurance during retirement)  \*Employee: \_\_\_\_\_\_% Self-employed: \_\_\_\_\_ % |
| Maximum taxable income: |  |
| Social Security Number: |  |

*Current Information for 2018:*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Social Security %** | **MTI for Social Security** | **Medicare %** | **MTI for Medicare** |
|  |  |  |  |  |

**Example 1:** Ramiro got his first job in 2006. In that year, Social Security tax was 6.2 % of income up to $94,200. Medicare tax was 1.45%. If Ramiro earned $73, 210, in 2006, how much did he pay for Social Security and Medicare taxes?

**Example 2:** Given the MTI for 2018 is $128,400, find the maximum amount someone can get taxed for Social Security.

Salary

Taxes

**Example 3:** In 1988, Social Security tax was 7.51%, to the maximum income of $45,000. If Grace earned $51,211 in 1988, how much Social security tax did she pay?

**Example 4:** In 2018, Tanya made $136,000 as a physician's assistant. Social Security tax is to a maximum income of $128,400. Medicare is 1.45%. How much did Tanya pay in FICA taxes?

**Example 5:** In 2018, Bianca earned $152,000.

a. What was her monthly gross pay?

b. In what month did Bianca reach the maximum taxable Social Security income?

c. How much Social Security tax did Bianca pay in March?

d. How much Social Security tax did Bianca pay in November?

e. How much Social Security tax did Bianca pay in December?