

Eye On Washington

Regulatory Update



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Social Security Wage Base for 2019 Announced

On October 11, 2018, the Social Security Administration (SSA) announced that the 2019 Social Security wage base will be \$132,900, which is an increase of \$4,500 from \$128,400 in 2018.

There is no limit to the wages subject to the Medicare tax; therefore all covered wages are still subject to the 1.45% tax. As in 2018, wages paid in excess of \$200,000 in 2019 will be subject to an extra 0.9% Medicare tax withholding that will only be withheld from employees' wages as employers do not pay the extra tax.

The Federal Insurance Contributions Act (FICA) tax rate, which is the combined Social Security tax rate of 6.2% and the Medicare tax rate of 1.45%, will be 7.65% for 2019 up to the Social Security wage base. The maximum Social Security tax employees and employers will each pay in 2019 is \$8,239.80. This is an increase of \$279.00 from \$7,960.80 in 2018.

The Social Security wage base for self-employed individuals in 2019 will also be \$132,900. There is no limit on covered self-employment income that will be subject to the Medicare tax. The self-employment tax rate will be 15.3% (combined Social Security tax rate of 12.4% and Medicare tax rate of 2.9%) up to the Social Security wage base. In 2019, the maximum Social Security tax for a self-employed individual will be \$16,479.60.

For a copy of the SSA Fact Sheet, please click on the link provided below:

<https://www.ssa.gov/news/press/factsheets/colafacts2019.pdf>

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