Section 2-4 Social Security and Medicare Taxes

Warm Up

Why is Social Security important?
We will discuss this in 3 minutes.
Section 2-4 Social Security and Medicare Taxes

- Social Security
  - (6.2 percent) is deducted on the first $90,000 of income
  - To pay for retirement and disability benefits

- Medicare
  - (1.45 percent) is paid on all of your earnings.
  - To provide health insurance for those 65 and older.
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Michelle Arbogast’s gross biweekly pay is $734.00. Her earnings to date for the year are $41,324.23. What amount is deducted this pay period for FICA and Medicare?

- $734.00 \times 0.062 = $45.51 \text{ (Social Security deduction)}
- $734.00 \times 0.0145 = $10.64 \text{ (Medicare tax)}

Monica Monroe is paid monthly. Her gross pay for this month is $6,098. Her earnings to date for this year are $54,232. How much is deducted from her paycheck this month for FICA and Medicare?

- $6,098 \times 0.062 = $378.08 \text{ (Social Security deduction)}
- $6,098 \times 0.0145 = $88.42 \text{ (Medicare tax)}
Section 2-4 Social Security and Medicare Taxes

Classwork:

- Log onto computers and complete classwork assignment. For notebook you must write out work and label Section 2-4 Social Security and Medicare Taxes. This will be checked when I grade notebooks at end of quarter.
  - Name: Section2-4
  - Password: salmon