

### **2008 Social Security Wage Base:**

The Social Security Administration announced that the 2008 social security wage base will be \$102,000, an increase of \$4,500 from the 2007 wage base of \$97,500. As in prior years, there is no limit to the wages subject to the Medicare tax, so all covered wages are subject to the 1.45% tax. The FICA tax rate, which is the combined social security tax rate of 6.2% and the Medicare tax rate of 1.45%, remains at 7.65% for 2008. The maximum social security tax employees and employers will each pay in 2008 is \$6,324, an increase of \$279 from the 2007 maximum of \$6,045. The self-employment tax rate remains 15.3% (combined social security tax rate of 12.4% and Medicare tax rate of 2.9%). In 2008, the maximum social security tax for a self-employed individual will be \$12,648, which is \$558 more than the 2007 maximum of \$12,090. Finally, the threshold for coverage under social security and Medicare for domestic employees will be \$1,600 in 2008, up from \$1,500 in 2007.