



## EY Payroll NewsFlash

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### Social Security wage base to increase in 2020

The Social Security wage base will increase from \$132,900 to \$137,700 in 2020, higher than the \$137,100 projected in the April 2019 *Annual Report of The Board of Trustees*. (See EY Payroll NewsFlash, Vol.20, #055, 4-25-2019; [OASDI and SSI program rates & limits, 2020](#).)

The Medicare tax rate for 2019 remains at 1.45% of all covered earnings for employers and employees. The Additional Medicare Tax of 0.9% applies to earned income of more than \$200,000 (\$250,000 for married couples filing joint). While employers are required to withhold the additional 0.9% on covered wages over \$200,000, there is no employer matching contribution.

For a quick reference chart see the following page.

For the federal and state rates and limits for 2019 see our [special report](#).

For the complete Social Security Administration fact sheet go [here](#).

**Social Security, Medicare and disability insurance contributions  
2019 compared to 2020**

Description	2019	2020	Increase
Social Security tax rate for employees	6.20%	6.20%	-0-
Social Security tax rate for employers	6.20%	6.20%	-0-
Social Security wage base	\$132,900.00	\$137,700.00	\$ 4,800.00
Maximum Social Security tax for employees	\$ 8,239.80	\$ 8,537.40	\$ 297.60
Medicare tax rate for employers	1.45%	1.45%	-0-
Medicare tax rate for employees	1.45%*	1.45%	-0-
Medicare tax rate for employees on wages above \$200,000*	2.35% (1.45% Medicare +0.9% Additional Medicare)	2.35% (1.45% Medicare +0.9% Additional Medicare)	-0-
Medicare wage base	No Limit	No Limit	N/A

\* Employers must withhold the Additional Medicare Tax of .9% of wages over \$200,000. There is no employer matching contribution.

**Contact us for more information**

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