



# Social Security Basics For New Workers

[www.ssa.gov](http://www.ssa.gov)



## About Social Security

Social Security is the foundation of economic security for millions of Americans — providing benefits for retirees, workers who become disabled, survivors, and families. As a new worker, you have probably noticed a few deductions from your earnings. These deductions include federal payroll taxes for Social Security and Medicare. This document will help you understand more about Social Security taxes and benefits.

## Your Social Security Statement

Your personalized *Social Security Statement* contains information about your earnings history and provides estimates and eligibility for future retirement, disability, and survivors benefits. The *Statement* has three purposes. It can help you:

- learn about your Social Security benefits;
- plan for your financial future; and
- verify your earnings record.

| Gross Wage Deductions: |       |
|------------------------|-------|
| Social Security Tax    | 6.2%  |
| Medicare Tax           | 1.45% |

## How you can become eligible for benefits

You qualify for Social Security benefits by earning Social Security credits when you work at a job and pay Social Security taxes. You can earn up to four credits each year. You need 40 credits (at least 10 years of work) to be eligible for retirement benefits. Depending on your age, fewer credits are needed to be eligible for disability and survivor benefits. Learn more at [www.ssa.gov/planners/credits.html](http://www.ssa.gov/planners/credits.html).

## About FICA

Your employers collect a U.S. federal payroll tax known as Federal Insurance Contributions Act withholdings, or FICA, which are used to pay benefits for current beneficiaries. This is sometimes shown as Old Age, Survivor, and Disability Insurance (OASDI). You and your employer each pay 7.65% of your gross (pre-tax) earnings. You pay 6.2% for the Social Security tax (up to the taxable maximum earnings subject to Social Security taxes each year) and 1.45% for the Medicare tax on all earnings. (There is an additional 0.9% Medicare tax on earned income over \$200,000 for individuals or \$250,000 for married couples filing jointly). Learn more at [www.ssa.gov/people/materials/pdfs/EN-05-10297.pdf](http://www.ssa.gov/people/materials/pdfs/EN-05-10297.pdf).

If you are self-employed, different rules apply. Learn more at [www.ssa.gov/pubs/EN-05-10022.pdf](http://www.ssa.gov/pubs/EN-05-10022.pdf).

## How we calculate your retirement benefits

Social Security bases your retirement benefits on your lifetime earnings. We adjust or “index” your actual earnings to account for changes in average earnings since the year the earnings were received. Then we calculate your average indexed monthly earnings from your highest 35 years of earnings. We apply a formula to these earnings to determine the benefit amount you would receive at your full retirement age, 67, the age you can get your full retirement benefit amount. There are factors that can change this amount. Your benefits will be lower if you start them before your full retirement age (as early as age 62) or higher if you start them after your full retirement age (up to age 70). Learn more at [www.ssa.gov/pubs/EN-05-10070.pdf](http://www.ssa.gov/pubs/EN-05-10070.pdf).



Securing today  
and tomorrow

## Where can I go if I have questions?

To learn more about Social Security, visit [www.ssa.gov](http://www.ssa.gov).  
To learn more about Medicare, visit [www.medicare.gov](http://www.medicare.gov).

Remember that Social Security is with you throughout life’s journey.  
Learn how at [www.ssa.gov/people/materials/pdfs/EN-05-10233.pdf](http://www.ssa.gov/people/materials/pdfs/EN-05-10233.pdf).