

# What is FICA?

- If you're currently working, you've probably noticed a few deductions on each of your paychecks. Employers collect a **U.S. federal payroll tax** known as **Federal Insurance Contributions Act withholdings** or **FICA**.
- This tax is paid by both employees and employers to fund Social Security and Medicare—federal programs that provide benefits for retirees, the disabled, wounded warriors, and children.
- The total FICA tax is 15.3 percent of your gross wages. You and your employer both pay 7.65 percent. For Social Security tax, you pay 6.2 percent of your gross wages; for Medicare tax, you pay 1.45 percent of your gross wages.
- Today, about 175 million people work and pay these taxes. Any funds that don't go toward current benefits and administrative expenses are, by law, invested in interest-bearing obligations of the United States.
- Social Security is an intergenerational transfer system: today's workers help pay for current retirees' and other beneficiaries' benefits, not their own future benefits. **There's no account set aside with your name and contributions on it.**
- Social Security is the agency responsible for assigning Social Security numbers and issuing Social Security cards. For most of today's young people, their connection with Social Security started with birth, which is normally when Social Security numbers are requested and assigned.
- Many high school students may have used their Social Security number to apply for college, get financial aid, and apply for a job.
- Be sure you always use the correct Social Security number, so your earnings are properly recorded.
- Young adults age 18 and older can open a *my* Social Security account at [www.socialsecurity.gov/myaccount/](http://www.socialsecurity.gov/myaccount/) to keep track of their earnings and get estimates of future benefits. They can also use their account to request a replacement Social Security card online in many states.