

Social Security Tax

You should be able to find several indispensable facts about social security tax in the following paragraphs. If there's at least one fact you didn't know before, imagine the difference it might make.

Every week that you work, there are taxes deducted from your gross payroll that are distributed to the Social Security Administration, along with other programs administered by the government. Of all the taxes we pay, social security is one of the most beneficial, one of the most watched. Why do we pay social security tax, and what does it potentially mean for all Americans? The following article discusses the social security tax regulations and what we benefit from the mandated deduction.

Social security tax is deducted from our payroll each week in order to cover a portion of our retirement income when we reach age 65, but also a survivor benefit, should we become disabled during the course of our working life, or die as a result of work-in which case the surviving spouse and children would receive a monthly income supplement to help them with their daily expenses.

Each and every day, we are bombarded with statements that want to make us aware of the dire straits our social security system and the gloom and doom picture we face in just a few years. This article examines the information available about our social security system, and asks the questions about its fate and ours.

The social security tax we know and pay today has become a greater chunk of our income with the passing years. And, as if this is not enough, it is the poorest of this nation that pay the most, since there is a cap on the income levels that are subject to the social security tax. Currently, any income above \$90,000 isn't subject to social security tax. This presents a problem for the nations poor and the federal government's level of social security tax received. As more and more of our population begin to age, there are fewer and fewer based employees to sustain the fueled growth and maintenance of the social security system. Add to this the fact that individuals with wage earnings beyond \$90,000 are growing faster than the wage base for employees who remain below the \$90,000 level, and you have the makings of a disaster. The latest predictions place the collision date somewhere around 2017. That's not an extremely distant future, and it certainly will be a problem for the 45-50 year old wage earner.

So what has been proposed to deal with this growing problem? There are currently several proposed solutions to the problem, and all of them, with just a few exceptions point to higher taxation of the wage earners income. It is interesting to note here, that when income tax and social security, Medicare, and the many other "beneficial" programs the government has implemented to aid the general public, we have lost in the area of disposable income. In 1913, when the income tax program was begun, less than 1% of the average individual's income was taxed. Today, we pay roughly 10% of our income in tax. That's a staggering rate of growth, when you consider that our income levels have also tremendously increased too. The following paragraphs briefly outline some of the more popular proposals for dealing with the projected shortfall, and the effect it should have on "Joe Citizen".

The information about social security tax presented here will do one of two things: either it will reinforce what you know about social security tax or it will teach you something new. Both are good outcomes.

Increases in FICA taxes; of course, this is a hard sell in the current climate, but by the time we reach 2017, it might look like a better solution than any of the others.

Increases in normal retirement age (NRA) have already begun, and it looks like it is going to be an ongoing process. As our life expectancy increases, the ability of social security to accommodate greater payouts, and a reduction in the working population continues, extending the NRA on past the age of 70 is a real possibility.

Privatization of social security; although on the surface this looks like a promising solution, it would take a special kind of citizen to intelligently, objectively, and rationally invest their 4% allocation wisely, and truly reap the benefit that social security has previously provided.

Selling bonds or printing money. The US Treasury does have the option to intervene and raise the money to accommodate the excess demand, but you increase the probability of runaway inflation when you begin to pump excess money into the economy.

What is the ultimate solution for this problem? No one really knows, simply because no one can accurately predict long-range models. 20, 30, or even 40 years into the future, accurate predictions are extremely hard to come by.

That's how things stand right now. Keep in mind that any subject can change over time, so be sure you keep up with the latest social security tax news.

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About the Author: Hans Hasselfors is the founder of <http://www.SubmitYourNewArticle.com>. You may find varied social security tax articles in our article directory.