



December 28, 2010

2011 FICA Reduction

Two weeks ago, President Obama approved the extension of several tax cuts via the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. As part of the tax cut provisions, millions of employees' net pay will increase during 2011. The tax provision provides a two percentage point payroll tax cut for employees, reducing their Social Security tax withholding rate from 6.2% to 4.2%. This reduced rate will be in effect for one year (2011).

The new withholding tables, with the reduced Social Security tax, is effective starting with the January 7, 2011 paychecks.

No action is required by the employee.

If you'd like more information on this recently passed law, see the [Legislative Bulletin](#) on the Social Security website.