

INTERNAL REVENUE SERVICE

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[REDACTED]

Dear [REDACTED]:

This letter is in response to your inquiry dated August 3, 2001, to the IRS. In your letter you asked whether you must continue to pay FICA tax as a full time 65 year old employee who is receiving social security benefits.

The Federal Insurance Contributions Act (FICA) tax is made up of social security and medicare taxes on the wages paid to you. The Congress enacted the Social Security Act and the FICA to provide for a federal system of old-age, survivors, disability, and hospital insurance. Under this system, the social security tax finances old-age, survivors, and disability insurance part. The medicare tax finances hospital insurance part. Generally, an employer and an employee pay FICA tax on wages paid to the employee during the employee's working years regardless of age or whether the employee is receiving social security benefits. While you and your employer may be paying FICA taxes on wages paid to you after you turn 65, social security retirement benefits and medicare coverage play an important role in the life of every American.

I hope this information is helpful. Please call Elliot Rogers, at (202) 622-6040, if you have any questions.

Sincerely,

Michael A. Swim
Chief, Employment Tax Branch 1
Office of the Division Counsel/
Associate Chief Counsel
(Tax Exempt and Government Entities)