

**Table 5-4. Scheduled Tax Rates for Tier 1 and Tier 2**

Selected Years, 1975—2012

| Year | Tier 1 and Hospital Insurance <sup>a</sup> |                   |           | Tier 2   |          |           | Combined Tier 1, Tier 2 and Hospital Insurance <sup>b</sup> |          |
|------|--|-------------------|-----------|----------|----------|-----------|---|----------|
|      | Employer                                   | Employee          | Wage Base | Employer | Employee | Wage base | Employer  | Employee |
| 1975 | 5.85                                       | 5.85              | \$14,100  | 9.5      | 0.0      | \$14,100  | 15.35   | 5.85     |
| 1980 | 6.13                                       | 6.13              | 25,900    | 9.5      | 0.0      | 20,400    | 15.63   | 6.13     |
| 1985 | 7.05                                       | 7.05              | 39,600    | 13.75    | 3.50     | 29,700    | 20.80   | 10.55    |
| 1986 | 7.15                                       | 7.15              | 42,000    | 14.75    | 4.25     | 31,500    | 21.90   | 11.40    |
| 1987 | 7.15                                       | 7.15              | 43,800    | 14.75    | 4.25     | 32,700    | 21.90   | 11.40    |
| 1988 | 7.51                                       | 7.51              | 45,000    | 16.10    | 4.90     | 33,600    | 23.61   | 12.41    |
| 1989 | 7.51                                       | 7.51              | 48,000    | 16.10    | 4.90     | 35,700    | 23.61   | 12.41    |
| 1990 | 7.65                                       | 7.65              | 51,300    | 16.10    | 4.90     | 38,100    | 23.75   | 12.55    |
| 1991 | 7.65                                       | 7.65              | 53,400    | 16.10    | 4.90     | 39,600    | 23.75   | 12.55    |
| 1992 | 7.65                                       | 7.65              | 55,500    | 16.10    | 4.90     | 41,400    | 23.75   | 12.55    |
| 1993 | 7.65                                       | 7.65              | 57,600    | 16.10    | 4.90     | 42,900    | 23.75   | 12.55    |
| 1994 | 7.65                                       | 7.65              | 60,600    | 16.10    | 4.90     | 45,000    | 23.75   | 12.55    |
| 1995 | 7.65                                       | 7.65              | 61,200    | 16.10    | 4.90     | 45,300    | 23.75   | 12.55    |
| 1996 | 7.65                                       | 7.65              | 62,700    | 16.10    | 4.90     | 46,500    | 23.75   | 12.55    |
| 1997 | 7.65                                       | 7.65              | 65,400    | 16.10    | 4.90     | 48,600    | 23.75   | 12.55    |
| 1998 | 7.65                                       | 7.65              | 68,400    | 16.10    | 4.90     | 50,700    | 23.75   | 12.55    |
| 1999 | 7.65                                       | 7.65              | 72,600    | 16.10    | 4.90     | 53,700    | 23.75   | 12.55    |
| 2000 | 7.65                                       | 7.65              | 76,200    | 16.10    | 4.90     | 56,700    | 23.75   | 12.55    |
| 2001 | 7.65                                       | 7.65              | 80,400    | 16.10    | 4.90     | 59,700    | 23.75   | 12.55    |
| 2002 | 7.65                                       | 7.65              | 84,900    | 15.60    | 4.90     | 63,000    | 23.25   | 12.55    |
| 2003 | 7.65                                       | 7.65              | 87,000    | 14.20    | 4.90     | 64,500    | 21.85   | 12.55    |
| 2004 | 7.65                                       | 7.65              | 87,900    | 13.10    | 4.90     | 65,100    | 20.75   | 12.55    |
| 2005 | 7.65                                       | 7.65              | 90,000    | 12.60    | 4.40     | 66,900    | 20.25   | 12.05    |
| 2006 | 7.65                                       | 7.65              | 94,200    | 12.60    | 4.40     | 69,900    | 20.25   | 12.05    |
| 2007 | 7.65                                       | 7.65              | 97,500    | 12.10    | 3.90     | 72,600    | 19.75   | 11.55    |
| 2008 | 7.65                                       | 7.65              | 102,000   | 12.10    | 3.90     | 75,900    | 19.75   | 11.55    |
| 2009 | 7.65                                       | 7.65              | 106,800   | 12.10    | 3.90     | 79,200    | 19.75   | 11.55    |
| 2010 | 7.65                                       | 7.65              | 106,800   | 12.10    | 3.90     | 79,200    | 19.75   | 11.55    |
| 2011 | 7.65                                       | 5.65 <sup>c</sup> | 106,800   | 12.10    | 3.90     | 79,200    | 19.75   | 9.55     |
| 2012 | 7.65                                       | 5.65 <sup>c</sup> | 110,100   | 12.10    | 3.90     | 81,900    | 19.75   | 9.55     |

**Source:** U.S. Railroad Retirement Board.

**Notes:** October 1, 1973 was the effective date for the allocation of railroad retirement taxes by tiers. This table was updated on August 9, 2012 for the 2012 version of the House Ways and Means Committee Green Book.

a. The tier 1 retirement program tax rate is set equal to the Social Security tax rate, that is, at 6.2% from 1990 on. The tier 1 employer and employee payroll tax rates shown here include the 6.2% tier 1 tax and the

- 1.45% hospital insurance tax (Medicare Part A). The wage base for the hospital insurance payroll tax was \$125,000 in 1991, \$130,200 in 1992, \$135,000 in 1993, and no limit in 1994 and later.
- b. The combined tax rate applies only up to the tier 2 maximum wage base. Wages above the tier 2 maximum wage base are subject to the tier 1 payroll tax rate up to the higher tier 1 maximum wage base, and to the 1.45% hospital insurance (Medicare Part A) tax. Wages above the tier 1 maximum wage base are subject only to the 1.45% hospital insurance (Medicare Part A) tax.
  - c. In 2011 and 2012, a payroll tax holiday reduces the tier 1 payroll tax rate for employees and the self-employed by 2 percentage points. General revenues are transferred to the Social Security Equivalent Benefit Account in amounts equal to the reduction in tier 1 payroll tax revenues.