

As long as you have earnings that are covered by the law, you continue to pay the social security tax regardless of your age and even though you may be receiving social security benefits.

How Taxes Are Paid

If you are employed, your tax is deducted from your wages each payday. Your employer sends it, with an equal amount as his own share of the tax, to the District Director of Internal Revenue.

If you are self-employed and your net earnings are \$400 or more in a year, you must report your earnings and pay your social security self-employment tax each year when you file your individual income tax return. You may have to file an income tax return and pay the social security self-employment tax even if you are not required to pay any income tax.

Your wages and self-employment income are entered on your individual record by the Social Security Administration. This record of your earnings will be used to determine your eligibility for benefits and the amount you will receive.

The maximum amount that can count for social security and on which you pay social security taxes is:

- \$3,000 a year for 1937-50
- \$3,600 a year for 1951-54
- \$4,200 a year for 1955-58
- \$4,800 for 1959 and thereafter.

Although amounts over the maximums may have been reported to your social security account and may show up on your earnings statement, they cannot be used to figure your social security benefit payments.

When you work for more than one employer in a year and pay social security taxes on wages over \$4,800, you may claim a refund of the excess taxes on your income tax return for that year. Questions regarding these refunds should be directed to your District Director of Internal Revenue. If you work for only one employer and he deducts too much in taxes, you should apply to the employer for a refund.

The law does not provide for a refund of the social security taxes properly paid. A refund is made only when more than the required amount of taxes has been paid.

This table shows the present tax rates and scheduled increases:

<i>Calendar Year</i>	<i>Employee</i>	<i>Employer</i>	<i>Self-Employed</i>
1961	3%	3%	4.5%
1962	3 $\frac{1}{8}$ %	3 $\frac{1}{8}$ %	4.7%
1963-65	3 $\frac{5}{8}$ %	3 $\frac{5}{8}$ %	5.4%
1966-67	4 $\frac{1}{8}$ %	4 $\frac{1}{8}$ %	6.2%
1968 and after	4 $\frac{5}{8}$ %	4 $\frac{5}{8}$ %	6.9%

This schedule of tax rates is designed to meet the future obligations of the program and keep it on a self-supporting basis.

THE TRUST FUNDS

The social security taxes collected by the Internal Revenue Service are credited to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund. They are used to pay the benefits and administrative expenses of the program and may be used for no other purpose. Funds not required for current benefit payments and expenses are invested in interest-bearing U.S. Government securities.

Chapter 5

KINDS OF WORK COVERED

Almost every kind of employment and self-employment is covered by social security. Some occupations, however, are covered only if certain conditions are met, as explained below.

Family Employment

Work done by a parent as an employee of his son or daughter, in the course of the son's or daughter's trade or business, is covered beginning January 1, 1961. Domestic work in the private household of a son or daughter is not covered.