Computing a Retired-Worker Benefit

This section provides instructions and a worksheet for computing a retired-worker benefit. The worksheet can be used for persons born in 1926 through 1939—that is, those who attained age 62 in 2001 or earlier and were under age 75 at the end of 2001. The worksheet assumes that the worker had no prior period of entitlement to disability benefits and also did not work after becoming entitled to retired-worker benefits.

The worksheet describes the various steps used in computing a benefit. The steps are based on the following Social Security program goals.

To provide a benefit based on lifetime earnings. Benefits are related to earnings over a period of time that the worker could be expected to have worked in covered employment—from age 22 through age 61. The years of earnings considered are termed computation years. The worker's five lowest earnings years, including years of no earnings at all) are not considered in the computation. They are termed the drop out years.

To index lifetime earnings. Earnings used in the computation are not the actual covered earnings, but an amount for each year which reflects earnings increases in average wage levels after the year the earnings were paid. This procedure is termed wage indexing. Currently, earnings are generally indexed to wage levels in the year the worker turns age 60. For example, for a person attaining age 62 in 2001, actual earnings in 1984 of $20,000 are indexed to $37,768.46, based on 1999 wage levels. Earnings after age 60 are included at their actual (nominal) value.

To replace a portion of the indexed earnings. Indexed earnings are averaged over the number of computation years to calculate the Average Indexed Monthly Earnings (AIME). A benefit formula is applied to the AIME to produce the Primary Insurance Amount (PIA), the amount payable to a worker who retires at age 65. The benefit formula is weighted to provide a higher replacement of earnings for lower wage workers. The formula for persons age 62 in 2001 is 90 percent of the first $561 of AIME; plus 32 percent of the next $2,820; plus 15 percent of the AIME over $3,381.

To permit early retirement. Persons can retire as early as age 62, but the monthly benefit is reduced. The reduction is 5/9 of 1 percent for each of the first 36 months of entitlement immediately preceding the age at which 100 percent of PIA is payable (65 and 4 months in the year 2001 but scheduled to increase to age 67 by the year 2022), plus 5/12 of 1 percent for each of up to 24 earlier months. For a person aged 62 in 2001, the maximum reduction is 21.66667 percent if the individual is entitled to benefits for all 40 months between 62 and 65 and 4 months.

To provide for price indexing after age 62. Benefits are adjusted annually in December to reflect increases in the Consumer Price Index (CPI-W). The 2000 benefit increase was 3.5 percent. These cost-of-living adjustments are applied to the benefit for each year after the person attained age 62—even if the person was not actually receiving benefits.

To give credit for earnings after age 61. Earnings after age 61 (which are not indexed) can be substituted for earnings in earlier years if they result in a higher benefit. In addition, persons who do not receive benefits between ages 65 and 69 may receive increased benefits as a result of the Delayed Retirement Credit (DRC) provision. The benefit is increased by a specified percentage for each month a benefit was not received (See table 2.A20 for percentage increase).

Clarifying the Worksheet Procedure

Step 1 - Determining the Number of Computation Years

For persons who attain age 62 prior to 1991, the number of years used in the benefit computation equals the number of years after 1950 up to the year of attainment of age 62, minus 5 years. For workers who attain age 62 in 1991 or later, the number of computation years is 35.

Step 2 - Wage Indexing of Earnings

The following description and examples are provided for persons who wish to compute the index factors and indexed earnings. The indexing year is the second year prior to attainment of age 62. However, beneficiaries born on January 1 are deemed to have attained age 62 in the prior year, and consequently, the applicable indexing year, factors, and bend points are those for that year.

The average wage for the indexing year is divided by the average wage in each prior year to obtain the factor for each prior year. For example, a person attains age 62 in 2001. The indexing year is 1999. The average annual wage for 1999 was $30,469.84. The average annual wage for 1990 was $21,027.98. The amount, $30,469.84 divided by $21,027.98, yields a factor of 1.4490141.

The worker's actual earnings covered under Social Security in that year, up to the maximum earnings creditable, are multiplied by the indexing factor to obtain the indexed earnings. For example, actual covered earnings of $10,000 in 1990, multiplied by 1.4490141, result in indexed earnings of $14,490.14; actual earnings of $51,300 (the maximum creditable) result in indexed earnings of $74,334.42.

Step 3 - Computing the Average Indexed Monthly Earnings (AIME)

After the earnings in each year have been indexed, they are used in computing Average Indexed Monthly Earnings. The years of highest indexed earnings corresponding to the number of computation years are selected and totaled. This total is then divided by the years. The result, rounded to the nearest lower dollar, is Average Indexed Monthly Earnings.

For example, for a person attaining age 62 in 2001, the highest 35 years of indexed earnings are used. If the sum of these earnings equals $400,000, the AIME is $952 ($400,000 divided by 420 = $952.38, rounded to $952).

Step 4 - Computing the Primary Insurance Amount (PIA)

The PIA, the amount from which all Social Security benefits payable on a worker's earnings record are based, is computed by applying a formula to the AIME. The formula consists of brackets in which 3 percentages are applied to amounts of AIME. The dollar amounts defining the brackets are called bend points, and the bend points are different for each calendar year of attainment of age 62. The PIA is rounded to the nearest lower ten cents.

For retired workers who attained age 62 in 2001, the bend points are $561 and $3,381. Thus the formula is 90 percent of the first $561 of AIME; plus 32 percent of next $2,820 of AIME; plus 15 percent of AIME above $3,381. The following are examples of PIA computations for such workers with different AIME amounts.

Example 1 - AIME of $300
  PIA is $270
  Based on: 90 percent of $300

Example 2 - AIME of $952
  PIA is $630.02 rounded to $630.00
  Based on: 90 percent of $561 ($504.90); plus
         32 percent of $391 ($125.12)

Example 3 - AIME of $3,500
  PIA is $1,425.15 rounded to $1,425.10
  Based on: 90 percent of $561 ($504.90); plus
         32 percent of $2,820 ($902.40); plus
         15 percent of $119 ($17.85)

The above calculations are applicable to workers who attain age 62 in 2001. For workers who attained age 62 in prior years, the bend points will be different and the PIA must be increased to reflect cost-of-living adjustments between the year of attainment of age 62 and the year 2001. Worksheet 2 shows cost-of-living increase factors for 1979 through 2001. After the PIA is calculated for the year of attainment of age 62, cost-of-living increases are applied for each year through 2000. The result is the current 2001 PIA.

For example, a worker who attained age 62 in 1998 would receive cost-of-living adjustments for the years 1998–2000. The adjustments are cumulative, with each step rounded to the next lower dime. If the age 62 PIA was $500, the cost-of-living adjustments would be:

1998: $500 multiplied by 1.013 = $506.50
1999: $506.50 multiplied by 1.024 = $518.60
2000: $518.60 multiplied by 1.035 = $536.70

$536.70 would be the PIA effective December 2000.

Step 5 - Computation of the Monthly Benefit

The full PIA is payable to a worker who retires at age 65. However, beginning in the year 2000, the full retirement age scheduled to be gradually raised to age 67 for workers attaining age 62 in 2022 began to be phased in. Workers can still retire as early as age 62, but the monthly benefit is reduced by 5/9 of 1 percent for each of the first 36 months of entitlement immediately preceding the full retirement age plus 5/12 of 1 percent for each of up to 24 earlier months. Workers attaining age 62 in 2001 have their benefits computed based on the full retirement age of 65 and 4 months. Worksheet 3 may be used to determine the full retirement age based on the year of birth as well as the reduction factors. For individuals electing benefits at exactly age 62 in the year 2001, the maximum reduction is 21.66667 percent.

For example, in 2001 a worker with a PIA of $500 would receive $391 at age 62. The PIA is reduced by $108.33, reflecting a reduction rate of 5/9 of 1 percent for each of 36 months and a rate of 5/12 of 1 percent for each of 4 months for a total reduction of 21.66667 percent. After reduction of the PIA by $108.33, the benefit amount is rounded down to the nearest lower dollar.

Instructions for computing a retired-worker benefit (only for workers attaining age 62 in years 1988–2001)

	STEP 1.—Determining the Number of Computation Years	
1	Year of birth. (If your birthday is January 1, enter prior year.)	
2	Age "62" has been entered.	62
3	Add lines 1 and 2 to obtain year of attainment of age 62 (year of eligibility).	
4	Year of attainment of age 22. If 1951 or earlier, enter 1951.(If your birthday is January 1, enter prior year.)	
5	Subtract line 4 from line 3 (elapsed years).	
6	"5" (drop-out years) has been entered.	5
7	Subtract line 6 from line 5 (computation years-maximum 35).	
	STEP 2.—Indexing of Earnings (Use Worksheet 1 for Steps 2 and 3.)	
8	Enter in column 2 your earnings in each year 1951 through 2000. If none, enter "0."	
9	Column 3 contains the maximum earnings creditable under Social Security for each year.	
10	Enter in column 4 the lower amount from columns 2 or 3 for each year.	
11	Enter in column 5 the indexing factors applicable to the year you attained age 62 (line 3) from table 2.A8.	
	(This table contains the indexing factors for persons attaining age 62 during the period 1988-2001.)	
12	Multiply column 4 by column 5 and enter results in column 6 in dollars and cents. These are your indexed earnings.	
	STEP 3.—Computing the Average Indexed Monthly Earnings (AIME)	
13	Enter the number of computation years from line 7.	
14	Place an "X" in column 7 next to the highest indexed earnings corresponding with the number of computation years from line 13.	
15	Add all individual indexed earnings marked with an "X."	
16	Multiply line 13 (computation years) by 12 to obtain the number of months in the computation period.	
17	Divide line 15 by line 16.	
18	Round the result in line 17 to next lower dollar. This is your average indexed monthly earnings (AIME).	
	STEP 4.—Computing the Primary Insurance Amount (PIA) (Use Worksheet 2 for Step 4.)	
19	Enter first bend point from Worksheet 2 based on year of attainment of age 62, or prior year if birthday is January 1.	
20	Enter second bend point from Worksheet 2.	
21	If your AIME (obtained in line 18) is equal to or less than line 19, complete lines 22–24; If greater than line 19 but less than or equal to line 20, complete lines 25–30; If greater than line 20, complete lines 31–37.	
22	Enter your AIME from line 18.	
23	"0.9" has been entered. If you receive a pension based on noncovered employment see table 2.A11.1.	0.9
24	Multiply line 22 by line 23 and round to next lower dime to obtain your PIA at age 62. Continue with line 38.	
25	Enter your AIME from line 18.	
26	Multiply line 19 by 0.9. If you receive a pension based on noncovered employment see table 2.A11.1.	
27	Subtract line 19 from line 25.	
28	"0.32" has been entered.	0.32
29	Multiply line 27 by line 28.	
30	Add lines 26 and 29 and round to next lower dime to obtain your PIA at age 62. Continue with line 38.	
31	Enter your AIME from line 18.	
32	Multiply line 19 by 0.9. If you receive a pension based on noncovered employment see table 2.A11.1.	
33	Subtract line 19 from line 20 and multiply by 0.32.	
34	Subtract line 20 from line 31.	
35	"0.15" has been entered.	0.15
36	Multiply line 34 by line 35.	
37	Add lines 32, 33, and 36 and round to next lower dime to obtain your PIA at age 62. Continue with line 38.	
38	If you attained age 62 in 2001, skip to line 44. Otherwise you will need to adjust your PIA to reflect cost-of-living adjustments (COLAs) from the year you attained age 62 through 2000 by using lines 39–43 and Worksheet 2.	
39	Enter year of attainment of age 62 from line 3.	
40	Place an "X" corresponding to the year you attained age 62 in column 5, Worksheet 2.	

Instructions for computing a retired-worker benefit (only for workers attaining age 62 in years 1988–2001)—*Continued*

41	Place an "X" in column 5 (Worksheet 2) next to each subsequent year through 2000.	
42	Enter your age 62 PIA from either line 24, 30, or 37—here and in shaded box in column 6, Worksheet 2.	
43	Beginning with first year marked, multiply your age 62 PIA by the corresponding factor (column 4), round to lower dime, and enter in column 6. The resulting PIA is then multiplied by the next factor and is again rounded to lower dime. Continue this process through 2000. Enter this last figure, which is your current PIA.	
STEP 5.—Computing the Monthly Benefit		
44	Enter your current PIA from either line 24, 30, 37, or 43.	
45	Using Worksheet 3, determine your full retirement age and enter here.	
46	If you retired at your full retirement age round PIA from line 44 to next lower dollar to obtain your monthly benefit.	
47	If you retired before the full retirement age enter your age at retirement including year and months.	
48	Subtract line 47 from line 45 and convert the result to months to determine the total number of reduction months.	
49	If line 48 is greater than 36 subtract 36 and enter the number here.	
50	"0.0055556" (the decimal equivalent of 5/9ths of 1 percent—the monthly reduction factor for the first 36 months) has been entered.	0.0055556
51	"0.0041667" (the decimal equivalent of 5/12ths of 1 percent—the monthly reduction factor for months above 36) has been entered.	0.0041667
52	Multiply line 48 (but not more than 36) by line 50 to obtain the percentage reduction for the first 36 months.	
53	Multiply line 49 by line 51 to obtain the percentage reduction for months in excess of 36.	
54	Add lines 52 and 53 to obtain the total percentage reduction.	
55	Multiply line 44 by line 54 to obtain the amount of benefit reduction.	
56	Subtract line 55 from line 44 and round to next lower dollar to obtain your monthly benefit.	

Worksheet 1: Indexing of earnings

1 Year	2 Your earnings	3 Maximum taxable earnings	4 Lower of columns 2 or 3	5 Indexing factor	6 Column 4 times column 5	7 Highest indexed earnings
1951		$3,600				
1952		3,600				
1953		3,600				
1954		3,600				
1955		4,200				
1956		4,200				
1957		4,200				
1958		4,200				
1959		4,800				
1960		4,800				
1961		4,800				
1962		4,800				
1963		4,800				
1964		4,800				
1965		4,800				
1966		6,600				
1967		6,600				
1968		7,800				
1969		7,800				
1970		7,800				
1971		7,800				
1972		9,000				
1973		10,800				
1974		13,200				
1975		14,100				
1976		15,300				
1977		16,500				
1978		17,700				
1979		22,900				
1980		25,900				
1981		29,700				
1982		32,400				
1983		35,700				
1984		37,800				
1985		39,600				
1986		42,000				
1987		43,800				
1988		45,000				
1989		48,000				
1990		51,300				
1991		53,400				
1992		55,500				
1993		57,600				
1994		60,600				
1995		61,200				
1996		62,700				
1997		65,400				
1998		68,400				
1999		72,600				
2000		76,200				

Worksheet 2: Computing the primary insurance amount (PIA) for workers retiring after age 62

Year	1 1st bend point	2 2nd bend point	3 Cost-of-living increase	4 Cost-of-living factor	5	6
						Age 62
1979	$180	$1,085	9.9	1.099		
1980	194	1,171	14.3	1.143		
1981	211	1,274	11.2	1.112		
1982	230	1,388	7.4	1.074		
1983	254	1,528	3.5	1.035		
1984	267	1,612	3.5	1.035		
1985	280	1,691	3.1	1.031		
1986	297	1,790	1.3	1.013		
1987	310	1,866	4.2	1.042		
1988	319	1,922	4.0	1.040		
1989	339	2,044	4.7	1.047		
1990	356	2,145	5.4	1.054		
1991	370	2,230	3.7	1.037		
1992	387	2,333	3.0	1.030		
1993	401	2,420	2.6	1.026		
1994	422	2,545	2.8	1.028		
1995	426	2,567	2.6	1.026		
1996	437	2,635	2.9	1.029		
1997	455	2,741	2.1	1.021		
1998	477	2,875	1.3	1.013		
1999	505	3,043	2.4	1.024		
2000	531	3,202	3.5	1.035		
2001	561	3,381	. . .	. . .		

Worksheet 3: Determining the full retirement age

Year of birth [1]	Year of attainment of age 62	Year of attainment of age 65	Full retirement age	Maximum reduction months	Maximum reduction at age 62 [2]
1935	1997	2000	65 years	36	0.2000000
1936	1998	2001	65 years	36	0.2000000
1937	1999	2002	65 years	36	0.2000000
1938	2000	2003	65 years and 2 months	38	0.2083333
1939	2001	2004	65 years and 4 months	40	0.2166667
1940	2002	2005	65 years and 6 months	42	0.2250000
1941	2003	2006	65 years and 8 months	44	0.2333333
1942	2004	2007	65 years and 10 months	46	0.2416667
1943–1954	2005–2016	2008–2019	66 years	48	0.2500000
1955	2017	2020	66 years and 2 months	50	0.2583333
1956	2018	2021	66 years and 4 months	52	0.2666667
1957	2019	2022	66 years and 6 months	54	0.2750000
1958	2020	2023	66 years and 8 months	56	0.2833333
1959	2021	2024	66 years and 10 months	58	0.2916667
1960 or later	2022 and later	2025 and later	67 years	60	0.3000000

[1] If your birthday is January 1, refer to previous year.
[2] The monthly reduction factor for the first 36 months is .0055556 and .0041667 for additional months.

Table 2.A8.—Factors for indexing earnings, 1951–2001

Year	Annual maximum taxable earnings	Average annual wage [1]	Factors [2] for workers who were first eligible (attained age 62, became disabled, or died) in—						
			1988	1989	1990	1991	1992	1993	1994
1951	$3,600	$2,799.16	6.1882208	6.5828713	6.9070864	7.1805649	7.5122465	7.7921948	8.1936795
1952	3,600	2,973.32	5.8257503	6.1972845	6.5025090	6.7599687	7.0722223	7.3357728	7.7137409
1953	3,600	3,139.44	5.5174872	5.8693621	6.1584359	6.4022724	6.6980035	6.9476085	7.3055768
1954	3,600	3,155.64	5.4891623	5.8392307	6.1268205	6.3694053	6.6636182	6.9119418	7.2680724
1955	4,200	3,301.44	5.2467469	5.5813554	5.8562445	6.0881161	6.3693358	6.6066928	6.9470958
1956	4,200	3,532.36	4.9037527	5.2164870	5.4734059	5.6901194	5.9529550	6.1747953	6.4929452
1957	4,200	3,641.72	4.7564942	5.0598371	5.3090408	5.5192464	5.7741891	5.9893677	6.2979636
1958	4,200	3,673.80	4.7149600	5.0156541	5.2626817	5.4710518	5.7237683	5.9370679	6.2429691
1959	4,200	3,855.80	4.4924062	4.7789071	5.0142746	5.2128093	5.4535972	5.6568287	5.9482909
1960	4,800	4,007.12	4.3227605	4.5984423	4.8249216	5.0159591	5.2476542	5.4432111	5.7236669
1961	4,800	4,086.76	4.2385215	4.5088310	4.7308968	4.9182115	5.1453915	5.3371375	5.6121279
1962	4,800	4,291.40	4.0364030	4.2938225	4.5052990	4.6836813	4.9000280	5.0826304	5.3445076
1963	4,800	4,396.64	3.9397858	4.1910436	4.3974581	4.5715706	4.7827386	4.9609702	5.2165790
1964	4,800	4,576.32	3.7850981	4.0264907	4.2248007	4.3920770	4.5949540	4.7661877	5.0117605
1965	4,800	4,658.72	3.7181500	3.9552731	4.1500756	4.3143932	4.5136819	4.6818869	4.9231162
1966	6,600	4,938.36	3.5076058	3.7313015	3.9150730	4.0700860	4.2580897	4.4167699	4.6443394
1967	6,600	5,213.44	3.3225318	3.5344245	3.7084996	3.8553335	4.0334175	4.1837251	4.3992872
1968	7,800	5,571.76	3.1088597	3.3071256	3.4700059	3.6073969	3.7740283	3.9146697	4.1163690
1969	7,800	5,893.76	2.9390101	3.1264439	3.2804254	3.4103102	3.5678378	3.7007954	3.8914751
1970	7,800	6,186.24	2.8000563	2.9786284	3.1253298	3.2490738	3.3991536	3.5258251	3.7074895
1971	7,800	6,497.08	2.6660931	2.8361218	2.9758045	3.0936282	3.2365278	3.3571389	3.5301120
1972	9,000	7,133.80	2.4281337	2.5829866	2.7102021	2.8175096	2.9476548	3.0575009	3.2150355
1973	10,800	7,580.16	2.2851523	2.4308867	2.5506111	2.6515997	2.7740813	2.8774591	3.0257171
1974	13,200	8,030.76	2.1569341	2.2944914	2.4074982	2.5028204	2.6184296	2.7160070	2.8559464
1975	14,100	8,630.92	2.0069494	2.1349416	2.2400903	2.3287842	2.4363544	2.5271466	2.6573552
1976	15,300	9,226.48	1.8774029	1.9971333	2.0954947	2.1784635	2.2790902	2.3640218	2.4858256
1977	16,500	9,779.44	1.7712487	1.8842091	1.9770089	2.0552864	2.1502233	2.2303527	2.3452693
1978	17,700	10,556.03	1.6409408	1.7455909	1.8315636	1.9040823	1.9920349	2.0662692	2.1727316
1979	22,900	11,479.46	1.5089403	1.6051722	1.6842290	1.7509142	1.8317917	1.9000545	1.9979529
1980	25,900	12,513.46	1.3842550	1.4725352	1.5450595	1.6062344	1.6804289	1.7430511	1.8328600
1981	29,700	13,773.10	1.2576559	1.3378622	1.4037537	1.4593338	1.5267427	1.5836377	1.6652330
1982	32,400	14,531.34	1.1920318	1.2680530	1.3305063	1.3831863	1.4470778	1.5010040	1.5783417
1983	35,700	15,239.24	1.1366590	1.2091489	1.2687011	1.3189339	1.3798575	1.4312787	1.5050239
1984	37,800	16,135.07	1.0735510	1.1420161	1.1982619	1.2457058	1.3032469	1.3518132	1.4214639
1985	39,600	16,822.51	1.0296811	1.0953484	1.1492958	1.1948009	1.2499906	1.2965723	1.3633768
1986	42,000	17,321.82	1.0000000	1.0637745	1.1161668	1.1603602	1.2139590	1.2591979	1.3240768
1987	43,800	18,426.51	1.0000000	1.0000000	1.0492513	1.0907953	1.1411808	1.1837076	1.2446969
1988	45,000	19,334.04	1.0000000	1.0000000	1.0000000	1.0395939	1.0876144	1.1281450	1.1862715
1989	48,000	20,099.55	1.0000000	1.0000000	1.0000000	1.0000000	1.0461916	1.0851785	1.1410912
1990	51,300	21,027.98	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0372656	1.0907096
1991	53,400	21,811.60	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0515240
1992	55,500	22,935.42	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1993	57,600	23,132.67	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1994	60,600	23,753.53	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1995	61,200	24,705.66	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1996	62,700	25,913.90	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1997	65,400	27,426.00	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1998	68,400	28,861.44	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1999	72,600	30,469.84	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2000	76,200	. . .	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2001	80,400	. . .	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

See footnotes at end of table.

Table 2.A8.—Factors for indexing earnings, 1951–2001—*Continued*

Year	Annual maximum taxable earnings	Average annual wage[1]	Factors[2] for workers who were first eligible (attained age 62, became disabled, or died) in—						
			1995	1996	1997	1998	1999	2000	2001
1951	$3,600	$2,799.16	8.2641471	8.4859494	8.8260978	9.2577416	9.7979394	10.3107504	10.8853513
1952	3,600	2,973.32	7.7800809	7.9888912	8.3091157	8.7154763	9.2240324	9.7068059	10.2477500
1953	3,600	3,139.44	7.3684065	7.5661679	7.8694481	8.2543065	8.7359529	9.1931809	9.7055016
1954	3,600	3,155.64	7.3305795	7.5273257	7.8290489	8.2119317	8.6911054	9.1459862	9.6556768
1955	4,200	3,301.44	7.0068425	7.1948998	7.4832982	7.8492718	8.3072841	8.7420762	9.2292575
1956	4,200	3,532.36	6.5487861	6.7245496	6.9940946	7.3361435	7.7642143	8.1705828	8.6259158
1957	4,200	3,641.72	6.3521276	6.5226129	6.7840636	7.1158409	7.5310568	7.9252221	8.3668816
1958	4,200	3,673.80	6.2966601	6.4656568	6.7248244	7.0537046	7.4652948	7.8560183	8.2938211
1959	4,800	3,855.80	5.9994476	6.1604673	6.4074018	6.7207583	7.1129208	7.4852015	7.9023393
1960	4,800	4,007.12	5.7728918	5.9278310	6.1654405	6.4669638	6.8443171	7.2025395	7.6039250
1961	4,800	4,086.76	5.6603936	5.8123134	6.0452926	6.3409400	6.7109397	7.0621813	7.4557449
1962	4,800	4,291.40	5.3904716	5.5351470	5.7570164	6.0385655	6.3909214	6.7254136	7.1002097
1963	4,800	4,396.64	5.2614428	5.4026552	5.6192138	5.8940236	6.2379453	6.5644310	6.9302558
1964	4,800	4,576.32	5.0548629	5.1905308	5.3985866	5.6626066	5.9930250	6.3066918	6.6581533
1965	4,800	4,658.72	4.9654562	5.0987245	5.3031004	5.5624506	5.8870248	6.1951437	6.5403888
1966	6,600	4,938.36	4.6842818	4.8100037	5.0028066	5.2474708	5.5536656	5.8443370	6.1700322
1967	6,600	5,213.44	4.4371221	4.5562105	4.7388404	4.9705952	5.2606341	5.5359686	5.8444789
1968	7,800	5,571.76	4.1517707	4.2632005	4.4340855	4.6509361	4.9223226	5.1799503	5.4686203
1969	7,800	5,893.76	3.9249427	4.0302846	4.1918334	4.3968367	4.6533961	4.8969486	5.1698474
1970	7,800	6,186.24	3.7393748	3.8397363	3.9936472	4.1889581	4.4333876	4.6654252	4.9254216
1971	7,800	6,497.08	3.5604718	3.6560316	3.8025790	3.9885456	4.2212809	4.4422171	4.6897745
1972	9,000	7,133.80	3.2426855	3.3297163	3.4631837	3.6325521	3.8445148	4.0457316	4.2711935
1973	10,800	7,580.16	3.0517390	3.1336449	3.2592531	3.4186482	3.6181294	3.8074975	4.0196830
1974	13,200	8,030.76	2.8805082	2.9578184	3.0763788	3.2268303	3.4151189	3.5938616	3.7941415
1975	14,100	8,630.92	2.6802091	2.7521435	2.8624596	3.0024493	3.1776450	3.3439587	3.5303119
1976	15,300	9,226.48	2.5072043	2.5744954	2.6776907	2.8086443	2.9725312	3.1281095	3.3024339
1977	16,500	9,779.44	2.3654391	2.4289254	2.5262858	2.6498348	2.8044551	2.9512365	3.1157040
1978	17,700	10,556.03	2.1914176	2.2502333	2.3404310	2.4548907	2.5981359	2.7341188	2.8864867
1979	22,900	11,479.46	2.0151357	2.0692202	2.1521622	2.2574145	2.3891368	2.5141810	2.6542921
1980	25,900	12,513.46	1.8486230	1.8982384	1.9743268	2.0708821	2.1917200	2.3064316	2.4349652
1981	29,700	13,773.10	1.6795543	1.7246321	1.7937618	1.8814864	1.9912728	2.0954934	2.2122717
1982	32,400	14,531.34	1.5919158	1.6346414	1.7001639	1.7833111	1.8873690	1.9861513	2.0968362
1983	35,700	15,239.24	1.5179674	1.5587083	1.6211871	1.7004719	1.7996960	1.8938897	1.9994330
1984	37,800	16,135.07	1.4336889	1.4721678	1.5311777	1.6060606	1.6997757	1.7887397	1.8884232
1985	39,600	16,822.51	1.3751022	1.4120087	1.4686072	1.5404301	1.6303156	1.7156441	1.8112541
1986	42,000	17,321.82	1.3354642	1.3713068	1.4262739	1.4960264	1.5833209	1.6661898	1.7590438
1987	43,800	18,426.51	1.2554016	1.2890954	1.3407672	1.4063379	1.4883991	1.5662999	1.6535871
1988	45,000	19,334.04	1.1964737	1.2285860	1.2778323	1.3403251	1.4185344	1.4927785	1.5759686
1989	48,000	20,099.55	1.1509049	1.1817941	1.2291648	1.2892776	1.3645082	1.4359247	1.5159464
1990	51,300	21,027.98	1.1000900	1.1296154	1.1748946	1.2323543	1.3042622	1.3725256	1.4490141
1991	53,400	21,811.60	1.0605673	1.0890320	1.1326844	1.1880788	1.2574043	1.3232152	1.3969557
1992	55,500	22,935.42	1.0086002	1.0356702	1.0771837	1.1298638	1.1957924	1.2583785	1.3285059
1993	57,600	23,132.67	1.0000000	1.0268391	1.0679986	1.1202295	1.1855960	1.2476485	1.3171778
1994	60,600	23,753.53	1.0000000	1.0000000	1.0400837	1.0909494	1.1546073	1.2150379	1.2827500
1995	61,200	24,705.66	1.0000000	1.0000000	1.0000000	1.0489054	1.1101100	1.1682117	1.2333141
1996	62,700	25,913.90	1.0000000	1.0000000	1.0000000	1.0000000	1.0583509	1.1137436	1.1758107
1997	65,400	27,426.00	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0523387	1.1109837
1998	68,400	28,861.44	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0557283
1999	72,600	30,469.84	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2000	76,200	. . .	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2001	80,400	. . .	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

[1] National average wage levels. For years before 1978, average wages were determined from wages earned during the first quarter of the year and reported to the Social Security Administration (SSA) for Social Security tax purposes. These wages were then multiplied by 4 to obtain the average wage for the year. For 1973–77, from data collected on all taxable wages reported to SSA; for 1957–72, based on 1% statistical sample; for 1951–56, based on 1/10 of 1% statistical sample. For 1978–84, from wage data collected by the Internal Revenue Service during processing of annual tax returns. For years after 1984, from W-2 data processed by SSA. For years after 1977, the average wage amounts have been adjusted to be consistent with the pre-1978 series.

[2] The indexing factor for a given year represents the ratio of the average annual wage (col. 2) for the second year before the year of first eligibility to the average annual wage for the year to be indexed. Multiplying a worker's covered earnings, up to the maximum taxable amounts for various years after 1951, by the indicated factors gives the indexed earnings. Earnings in the year before the year of first eligibility, and any earnings thereafter, are not indexed. The actual taxable earnings for those years are considered in calculating the average indexed earnings (AIME).

Table 2.A11.1.—Computation of PIA based on Windfall Elimination Provision (WEP)

Year enacted	Effective	Provision
1983	1986	Workers first eligible for pensions based on noncovered employment [1] and disability or retired workers after Dec. 31, 1985. The benefit computation formula uses a reduced factor of the usual first AIME bendpoint.

Factor   *Year eligible*
80%   1986
70%   1987
60%   1988
50%   1989
40%   1990 and later

WEP is not applicable to persons who were federal employees or nonprofit employees on Jan. 1, 1984 and who were covered by Social Security on that date; to federal employees who switched to the Federal Employees Retirement System (FERS) during a special enrollment period and who have worked under FERS for 5 years; to persons with Railroad Retirement pensions; or to workers with 30 years of substantial Social Security earnings. Workers with 26–29 years of coverage have less than full WEP applied. [2] For benefits payable before January 1989:

Factor   *Years of coverage*
80%   29
70%   28
60%   27
50%   26

Year enacted	Effective	Provision
1988	1989	5% added to factor for each year of coverage over 20.

Factor   *Years of coverage*
85%   29
80%   28
75%   27
70%   26
65%   25
60%   24
55%   23
40%   22
45%   21

	Effective	Provision
	1991	Earnings required for a year of substantial coverage (decoupled from the definition of a year of coverage for special minimum PIA). [2]

Year   *Earnings*
1991 $9,900
1992   10,350
1993   10,725
1994   11,250
1995   11,325
1996   11,625
1997   12,150
1998   12,675
1999   13,425
2000   14,175
2001   14,925

[1] Reduction in PIA will not be greater than one-half of the periodic payment based on noncovered employment performed after 1956.
[2] See table 2.A12. Before 1991, a year of substantial coverage for WEP was the same amount as for the minimum PIA (25 percent of the "old law" contribution and benefit base). For 1991 and following, a year of substantial coverage under WEP provisions remains 25 percent of the old law base, while the criterion for computing the special minimum PIA was changed to 15 percent of the base.