

## 2006 Social Security/SSI Information

- o Tax Rate\*: Employee and employer each -- 7.65% (6.20% - OASDI, 1.45% - HI)  
     Self-employed ----- 15.30% (12.40% - OASDI, 2.90% - HI)  
     \* Social Security tax for employers and self-employed can be partially offset under income tax rules.

- o Maximum Taxable Earnings Base: OASDI-- \$94,200; HI-- No limit

- o Maximum FICA/SECA Taxes:

	<u>OASDI</u>	<u>HI</u>
Employee/employer (each):	\$ 5,840.40	No limit
Self-employed:	11,680.80	No limit

- o OASDI Covered Workers (in millions, 2006 est):
- |  | <u>Wages</u> | <u>Self-employed</u> | <u>Combined</u> |
|--|--------------|----------------------|-----------------|
|  | 151.9        | 16.6                 | 161.6           |

- o Percent of workers in paid employment or self employment who are covered: 96%

- o Estimated Worker/Beneficiary Ratio:      2006: 3.3 to 1                      2040: 2.1 to 1

- o Earnings Required for a Quarter of Coverage: \$970; (\$3,880 for four)

- o Coverage Thresholds 2006:      Domestic Employment:      \$1,500                      Election Workers:              \$1,300

- o Retirement Test Exempt Amounts:

- No test after attaining full retirement age (FRA)—i.e., age 65 and 8 months for those attaining age 65 in 2006
- For pre-FRA months in year attaining FRA: -- \$33,240 annually, \$2,770 monthly (\$1 for \$3 withholding rate)
- Under FRA --\$12,480 annually, \$1,040 monthly (\$1 for \$2 withholding rate)

- o Supplementary Medical Insurance Premium: \$88.50

- o Substantial Gainful Activity: \$860/mo. nonblind, disabled; \$1,450/mo. blind;

- o Trial Work Period Service Month: \$620/mo.

- o Formulae Bend Points: (Applicable to workers who reach age 62, become disabled, or die in 2006)

<u>Primary Insurance Amount (PIA)</u>	<u>OASDI Maximum Family Benefit (MFB)</u>
90% of first \$656 of AIME, plus	150% of first \$838 of PIA, plus
32% of AIME over \$656 thru \$3,955, +	272% of PIA over \$838 thru \$1,210 +
15% of AIME over \$3,955	134% of PIA over \$1,210 thru \$1,578, +
	175% of PIA over \$1,578

(DI MFB ranges from 100% - 150% of the PIA, depending on the PIA level)

- o Average Monthly Benefits:
- |                                       | <u>12/04</u> | <u>12/05</u> |
|---------------------------------------|--------------|--------------|
| Retired worker:                       | \$ 955       | \$1,002      |
| Retired worker and aged spouse:       | 1,574        | 1,648        |
| Disabled worker:                      | 894          | 938          |
| Disabled worker, spouse and children: | 1,496        | 1,571        |
| Aged widow(er):                       | 920          | 966          |
| Widowed mother/father and 2 children: | 1,950        | 2,049        |

- o Benefits for 2006 Retirees (estimated):
- |  | <u>Age 62 (FRA 66)</u> |                | <u>FRA (Age 65 + 6 months)</u> |                |
|--|------------------------|----------------|--------------------------------|----------------|
|  | <u>PIA</u>             | <u>Benefit</u> | <u>PIA</u>                     | <u>Benefit</u> |
| Scaled low earner (45% of avg. earnings) | \$ 808.30              | \$ 609         | \$ 814.40                      | \$ 814         |
| Scaled medium earner                     | 1,331.80               | 1,003          | 1,341.90                       | 1,341          |

Maximum earner 2,030.00 1,530 2,053.20 2,053

o Long-Range Constant Replacement Rate: Retirement at Age 67 in 2030 or later

Scaled low earner (45% of avg. wages): 55%; Scaled medium earner: 41%; Maximum earner: 27%

o Number of OASDI Beneficiaries (as of 12/05):

--Total OASDI beneficiaries: 48.4 million  
 --Retired workers and family members: 33.4 million  
   -Retired workers: 30.4 million  
     --Spouses: 2.5 million  
     --Children: 0.5 million  
 --Survivors of deceased workers: 6.7 million  
   -Aged surviving spouses: 4.4 million  
   -Disabled surviving spouses: 0.2 million  
   -Surviving spouses w/ child-in-care: 0.2 million  
   -Children: 1.9 million  
 --DI beneficiaries: 8.3 million  
   -Disabled workers: 6.5 million  
   -Spouses: 0.2 million  
   -Children: 1.6 million

o Number of OASDI Children Beneficiaries (12/05):

--Total: 4,024,924  
 -Children under age 18: 3,129,506  
 -Students aged 18-19: 126,877  
 -Disabled Children aged 18 or older: 768,535

o COLA: Increase payable in January 2006 benefits – 4.1 percent

o Special Minimum PIA (12/05):

Approximately \$34.10 per year of coverage over 10 years; highest special minimum PIA = \$682.70 (30 years/coverage)

o Minimum Earnings for Year of Coverage:

	<u>2005</u>	<u>2006</u>
--Special Minimum:	\$10,035	\$10,485
--Windfall Elimination Provision:	\$16,725	\$17,475

o Full Retirement Age Schedule — by Year of Birth

1938 - 65/2 mos.		1942 - 65/10 mos.		1957 - 66/6 mos.
1939 - 65/4 mos.		1943-54 – 66		1958 - 66/8 mos.
1940 - 65/6 mos.		1955 - 66/2 mos.		1959 - 66/10 mos.
1941 - 65/8 mos.		1956 - 66/4 mos.		1960+ - 67

o Taxation of Benefits -- % of Benefits Taxed:

<u>% Taxed</u>	<u>Income Threshold</u>	<u>Filing Status</u>
up to 50%	\$25,000 - \$34,000	Individual
	32,000 - 44,000	Joint
up to 85%	\$34,000 +	Individual
	44,000 +	Joint

o Average Wage Level: 2004: \$35,649; 2005: \$36,600 (est.) 2006 : \$38,137(est.)

<u>OASDI Administrative Expenses (FY 2005):</u>	<u>OASI</u>	<u>DI</u>	<u>OASDI</u>
Amount (in billions)	\$ 2.4	\$2.3	\$4.6



- o SSA Online: <http://www.socialsecurity.gov> (41.0 million visits to this website in FY 2005)
- o Congressional Relations Staff: (410) 965-3929
- o OIG/SSA Fraud Hotline: 1-800-269-0271