

2005 Social Security/SSI/Medicare Information

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.

Maximum Taxable Earnings Base: OASDI - \$90,000; HI-- No limit

Maximum FICA/SECA Taxes:

Maximum FICA/SECA Taxes	OASDI	HI
Employee/employer (each):	\$5,580.00	No limit
Self-employed:	\$11,160.00	No limit

OASDI Covered Workers (in millions, 2005 est):

Wages	Self-employed	Combined
149.4	15.7	159.0

Percent of workers who are covered: 96%

Estimated Worker/Beneficiary Ratio: 2005: 3.3 to 1 2041: 2.0 to 1

Earnings Required for a Quarter of Coverage: \$920; (\$3,680 for four)

Coverage Thresholds for 2005: Domestic Employment: \$1,400; Election Workers: \$1,200

Retirement Test Exempt Amounts:

-No test after attaining full retirement age (FRA)—i.e., age 65 and 6 months for those attaining FRA in 2005

-For pre-FRA months in year attaining FRA: \$31,800 annually, \$2,650 monthly (\$1 for \$3 withholding rate)

-Under FRA: \$12,000 annually, \$1,000 monthly (\$1 for \$2 withholding rate)

Supplementary Medical Insurance Premium: \$78.20

Substantial Gainful Activity: \$830/mo. non-blind, disabled; \$1,380/mo. Blind

Trial Work Period Service Month: \$590/mo.

Formulae Bend Points: (Applicable to workers who reach age 62, become disabled, or die in 2005)

Primary Insurance Amount (PIA)

90% of first \$627 of AIME, plus
 32% of AIME over \$627 thru \$3,779, +
 15% of AIME over \$3,779

OASI Maximum Family Benefit (MFB)

150% of first \$801 of PIA, plus
 272% of PIA over \$801 thru \$1,156 +
 134% of PIA over \$1,156 thru \$1,508, +
 175% of PIA over \$1,508

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

Average Monthly Benefits:

Average Monthly Benefits:	12/03	12/04
Retired worker:	\$922	\$955
Retired worker and aged spouse:	\$1,523	\$1,574
Disabled worker:	\$862	\$894
Disabled worker, spouse and children:	\$1,441	\$1,496
Aged widow(er):	\$888	\$920
Widowed mother/father and 2+ children:	\$1,835	\$1,905

Benefits for 2005 Retirees:

	Age 62 (FRA 66) PIA	Age 62 (FRA 66) Benefit	FRA (Age 65 + 6 mos.) PIA	FRA (Age 65 + 6 mos.) Benefit
Scaled low earner (\$15,776 career avg. wages):	\$ 772.60	\$ 582	\$ 775.20	\$ 775
Scaled medium earner (\$35,057 career avg.):	1,272.40	959	1,277.00	1,277
Maximum earner:	1,926.60	1,452	1,939.00	1,939

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%

COLA: Increase payable in January 2005 benefits – 2.7 percent

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

Taxation of Benefits – % of Benefits Taxed:

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

Average Wage Level: 2003: \$34,065 2004: \$35,057 (est.)

Special Minimum PIA (12/04):

Approximately \$32.80 per year of coverage over 10 years; highest special minimum PIA = \$655.90 (30 years of coverage)

Minimum Earnings for Year of Coverage:	2004	2005
Special Minimum:	\$9,765	\$10,035
Windfall Elimination Provision:	\$16,275	\$16,725

Number of OASDI Beneficiaries (as of 12/04):

Total OASDI beneficiaries:	47.7 million
Retired workers and family members:	33.0 million
Retired workers:	30.0 million
Spouses:	2.6 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:	7.9 million
Disabled workers:	6.2 million
Spouses:	0.2 million
Children:	1.6 million

Number of OASDI Children Beneficiaries (12/04):

Total:	3,986,322
Children under age 18:	3,097,466
Students aged 18-19:	129,586
Disabled Children aged 18 and older:	759,270

OASI/DI Trust Funds' Operations (in billions, based on intermediate assumptions in 2005 Trustees Report):

Calendar Year	Funds' Assets			
	Income	Outgoing	Net Increase	EOY Balance
2004	\$658	\$502	\$156	\$1,687
2005 (est)	\$690	\$527	\$163	\$1,850

OASDI Administrative Expenses (CY 2004):

OASDI Administrative Expenses (CY 2004):	OASI	DI	OASDI
Amount (in billions)	\$ 2.4	\$2.2	\$4.5
Percent of Benefit Payments	0.6%	2.7%	0.9%

SSI Payment Standard: \$579 individual, \$869 couple (effective 01/05)

Number of SSI Beneficiaries and Average Payments (11/04):

	Beneficiaries	Average Payments
Total:	7,045,053	\$426.50
Aged	1,227,544	\$348.56
Blind & Disabled	5,817,509	\$442.97
SSI Beneficiaries by Age:		
Under 18	1,001,924	\$505.61
Age 18-64	4,043,681	\$444.52
Age 65 and Over	2,003,023	\$350.48

SSI Expenditures FY 2004

Federal SSI payments	\$33.7 billion
Fed. Administered State Supplements	\$4.2 billion

Number of people receiving monthly benefits from SSA (11/04):

OASDI Benefits only	45.1 million
SSI Benefits only	4.6 million
OASDI and SSI Benefits Concurrently	2.5 million
Total	52.2 million

Program Accuracy

- OASDI Program Dollar Accuracy Rate (Non-medical Factors) -- FY 2003
 - 99.8% of payment outlays without an overpayment
 - 99.9% of payment outlays without an underpayment
- SSI Program Dollar Accuracy Rate (Non-medical Factors) -- FY 2003
 - 93.9% of payment outlays without overpayment
 - 98.9% of payment outlays without underpayment
- DDS Accuracy Rate for Initial Disability Decisions – FY 2003
 - 96.1% - Overall performance accuracy rate

Key dates from 2005 OASDI Trustees Report: (using intermediate assumptions)

- 2015 OASDI assets peak at 418 percent of expenditures.
- 2017 Expenditures exceed tax income for the first time since 1983.
- 2027 OASDI expenditures begin to exceed revenues from all sources, including interest earnings; Trust Fund reserves begin to be drawn down to help pay benefits.
- 2041 OASDI Trust Fund assets are exhausted. Then-current Social Security taxes would support about 74% of the expected benefits.

Estimated long-range deficit: 1.92 percent of taxable payroll.

Social Security Information: 1-800-SSA-1213 TTY: 1-800-325-0778 (53.2 million calls handled in FY 2004)

SSA Online: <http://www.socialsecurity.gov> (35.1 million visits to this website in FY 2004)

Congressional Relations Staff: (410) 965-3929

OIG/SSA Fraud Hotline: 1-800-269-0271