

2003 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 - \$87,000; HI-- No limit

Maximum FICA/SECA Taxes:

Maximum FICA/SECA Taxes	OASDI	HI
Employee/employer (each):	\$5,394.00	No limit
Self-employed:	\$10,788.00	No limit

OASDI Covered Workers (in millions, est):

Wages	Self-employed	Combined
145.7	14.8	154.6

Percent of workers who are covered: 96%

Estimated Worker/Beneficiary Ratio: 2002: 3.4 to 1 2041: 2.0 to 1

Earnings Required for a Quarter of Coverage: \$890; (\$3,560 for four)

Coverage Thresholds for 2003 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 2 months for those attaining FRA in 2003

-For pre-FRA months in year attaining FRA: \$30,720 annually, \$2,560 monthly (\$1 for \$3 withholding rate)

-Under FRA: \$11,520 annually, \$960 monthly (\$1 for \$2 withholding rate)

Supplementary Medical Insurance Premium: \$58.70

Substantial Gainful Activity: \$800/mo. non-blind, disabled; \$1,330/mo. Blind

Trial Work Period Service Month: \$570/mo.

Formulae Bend Points: (Applicable to workers who reach age 62, become disabled, or die in 2003)

Primary Insurance Amount (PIA)

90% of first \$606 of AIME, plus
 32% of AIME over \$606 thru \$3,653, +
 15% of AIME over \$3,653

OASI Maximum Family Benefit (MFB)

150% of first \$774 of PIA, plus
 272% of PIA over \$774 thru \$1,118 +
 134% of PIA over \$1,118 thru \$1,458, +
 175% of PIA over \$1,458

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

Average Monthly Benefits:

Average Monthly Benefits:	12/01	12/02
Retired worker:	\$882	\$895
Retired worker and aged spouse:	\$1,463	\$1,483
Disabled worker:	\$822	\$834
Disabled worker, spouse and children:	\$1,376	\$1,395
Aged widow(er):	\$841	\$861
Widowed mother/father and 2+ children:	\$1,757	\$1,838

Benefits for 2003 Retirees:

	Age 62 PIA	Age 62 Benefit	FRA (Age 65 + 2 mos.) PIA	FRA (Age 65 + 2 mos.) Benefit
Low earner (45% of avg. wages):	\$ 746.60	\$ 575	\$ 709.40	\$ 709
Average earner:	1,229.80	947	1,171.40	1,171
Maximum earner:	1,831.80	1,412	1,741.10	1,741

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

Scaled low earner (45% of avg. wages): 56%; Scaled medium earner: 42%; Maximum earner: 28%

COLA: Increase payable in January 2003 benefits – 1.4 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: 2001: \$32,922 2002: \$33,938 (est.)

Special Minimum PIA (12/02):

Approximately \$31.28 per year of coverage over 10 years; highest special minimum PIA = \$625.60 (30 years of coverage)

Minimum Earnings for Year of Coverage:	2002	2003
Special Minimum:	\$9,450	\$9,675
Windfall Elimination Provision:	\$15,750	\$16,125

Number of OASDI Beneficiaries (as of 12/02):

Total OASDI beneficiaries:	46.4 million
Retired workers and family members:	32.3 million
Retired workers:	29.2 million
Spouses:	2.7 million
Children:	0.5 million
Survivors of deceased workers:	6.9 million
Aged surviving spouses:	4.6 million
Disabled surviving spouses:	0.2 million
Surviving spouses w/ child-in-care:	0.2 million
Children:	1.9 million
DI beneficiaries:	7.2 million
Disabled workers:	5.5 million
Spouses:	0.2 million
Children:	1.5 million

Number of OASDI Children Beneficiaries (12/02):

Total:	3,910,256
Children under age 18:	3,043,029
Students aged 18-19:	122,698
Disabled Children aged 18 and older:	744,529

OASI/DI Trust Funds' Operations (in billions, based on intermediate assumptions in 2002 Trustees Report):

Calendar Year	Fund	Income	Outgo	Fund at End of Year
2001	OASI	\$518	\$378	\$1,072
2001	DI	84	61	141
2002	OASI	\$540	\$394	\$1,218
2002	DI	87	68	161

OASDI Administrative Expenses (FY 2002):

OASDI Administrative Expenses (FY 2002):	OASI	DI	OASDI
Amount (in billions)	\$ 2.1	\$2.0	\$4.1
Percent of Benefit Payments	0.6%	3.1%	0.9%

SSI Payment Standard: \$552 individual, \$829 couple (effective 01/03)

Number of SSI Beneficiaries and Average Payments (11/02):

	Beneficiaries	Average Payments
Total:	6,784,919	\$407.30
Aged	1,258,110	\$328.85
Blind & Disabled	5,526,809	\$425.28
SSI Beneficiaries by Age:		
Under 18	903,435	\$493.61
Age 18-64	3,880,168	\$427.14
Age 65 and Over	2,001,316	\$330.80

SSI Expenditures FY 2002

Federal SSI payments	\$31.3 billion
Fed. Administered State Supplements	\$3.7 billion

Number of people receiving monthly benefits from SSA (11/02):

OASDI Benefits only	46.4 million
SSI Benefits only	4.3 million
OASDI and SSI Benefits Concurrently	2.4 million
Total	50.7 million

Program Accuracy

- OASDI Program Dollar Accuracy Rate (Non-medical Factors) -- FY 2001
 - 99.8% of payment outlays without an overpayment
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- SSI Program Dollar Accuracy Rate (Non-medical Factors) -- FY 2001
 - 92.8% of payment outlays without overpayment
 - 98.6% of payment outlays without underpayment
- DDS Accuracy Rate for Initial Disability Decisions – FY 2001
 - 96.8% - Allowance performance accuracy rate
 - 92.0% - Denial performance accuracy rate

Key dates from 2003 OASDI Trustees Report: (using intermediate assumptions)

- 2016 OASDI assets peak at 471 percent of expenditures.
- 2018 Expenditures exceed tax income for the first time since 1983.
- 2028 OASDI expenditures begin to exceed revenues from all sources, including interest earnings; Trust Fund reserves begin to be drawn down to help pay benefits.
- 2042 OASDI Trust Fund assets are exhausted. Then-current Social Security taxes would support about 73% of the expected benefits.

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

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