



## SOCIAL SECURITY

The Commissioner

October 16, 2012

The Honorable Dave Camp  
Chairman of the Committee on Ways and Means  
House of Representatives  
Room 1102  
Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Camp:

Each year I notify all Members of Congress regarding cost-of-living increases in Social Security benefits and related information. To keep you informed on such matters, I am enclosing a copy of a letter to one of our congressional committees of jurisdiction notifying the Chairman that the increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) over the statutorily required measuring period triggered a cost-of-living adjustment (COLA). The CPI-W increased from the third quarter of 2011 to the third quarter of 2012 by 1.7 percent. The resulting COLA increase will begin with benefits that Social Security beneficiaries receive for December 2012, which we pay in January 2013. Increased payments to Supplemental Security Income recipients will begin December 31, 2012.

We hand delivered notification letters to Chairman Camp and Chairman Baucus. We also hand delivered letters to Representatives Levin, Johnson, Becerra, Paulsen, Doggett, Rogers, Dicks, Rehberg, DeLauro, Ryan, and Van Hollen and to Senators Hatch, Stabenow, Coburn, Inouye, Cochran, Harkin, Shelby, Conrad, and Sessions. We mailed notification letters to all other Members of Congress.

We are also sending copies of the congressional notification package to the other members of the Board of Trustees of the Social Security trust funds.

Sincerely,

Michael J. Astrue

Enclosures



# News Release

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## SOCIAL SECURITY

### **Social Security Announces 1.7 Percent Benefit Increase for 2013**

Monthly Social Security and Supplemental Security Income (SSI) benefits for nearly 62 million Americans will increase 1.7 percent in 2013, the Social Security Administration announced today.

The 1.7 percent cost-of-living adjustment (COLA) will begin with benefits that more than 56 million Social Security beneficiaries receive in January 2013. Increased payments to more than 8 million SSI beneficiaries will begin on December 31, 2012.

Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$113,700 from \$110,100. Of the estimated 163 million workers who will pay Social Security taxes in 2013, nearly 10 million will pay higher taxes as a result of the increase in the taxable maximum.

Information about Medicare changes for 2013, when announced, will be available at [www.Medicare.gov](http://www.Medicare.gov). For some beneficiaries, their Social Security increase may be partially or completely offset by increases in Medicare premiums.

The Social Security Act provides for how the COLA is calculated. To read more, please visit [www.socialsecurity.gov/cola](http://www.socialsecurity.gov/cola).

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**NOTE TO CORRESPONDENTS:** A fact sheet showing the effect of the various automatic adjustments is attached.

The year an individual reaches full retirement age	\$38,880/yr. (\$3,240/mo.)	\$40,080/yr. (\$3,340/mo.)
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**NOTE:** Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

There is no limit on earnings beginning the month an individual attains full retirement age.

**Social Security Disability Thresholds:**

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Substantial Gainful Activity (SGA)

Non-Blind	\$1,010/mo.	\$1,040/mo.
Blind	\$1,690/mo.	\$1,740/mo.
Trial Work Period (TWP)	\$ 720/mo.	\$ 750/mo.

**Maximum Social Security Benefit:** Worker Retiring at Full Retirement Age:

	\$2,513/mo.	\$2,533/mo.
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**SSI Federal Payment Standard:**

Individual	\$698/mo.	\$710/mo.
Couple	\$1,048/mo.	\$1,066/mo.

**SSI Resources Limits:**

Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000

**SSI Student Exclusion:**

Monthly limit	\$1,700	\$1,730
Annual limit	\$6,840	\$6,960

**Estimated Average Monthly Social Security Benefits Payable in January 2013:**

	<b><u>Before</u></b> <b><u>1.7% COLA</u></b>	<b><u>After</u></b> <b><u>1.7% COLA</u></b>
All Retired Workers	\$1,240	\$1,261
Aged Couple, Both Receiving Benefits	\$2,014	\$2,048
Widowed Mother and Two Children	\$2,549	\$2,592
Aged Widow(er) Alone	\$1,194	\$1,214

Disabled Worker, Spouse and One or More Children	\$1,887	\$1,919
All Disabled Workers	\$ 1,113	\$1,132



# Fact Sheet

## SOCIAL SECURITY

### 2013 Social Security Changes

#### Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2011 through the third quarter of 2012, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 1.7 percent COLA for 2013. Other important 2013 Social Security information is as follows:

	<u>2012</u>	<u>2013</u>
<b><u>Tax Rate:</u></b>		
Employee	7.65%*	7.65%
Self-Employed	15.30%*	15.30%

**NOTE:** The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings.

\*The Temporary Payroll Tax Cut Continuation Act of 2011 reduced the Social Security payroll tax rate by 2% on the portion of the tax paid by the worker through the end of February 2012. The Middle Class Tax Relief and Job Creation Act of 2012 extended the reduction through the end of 2012. Under current law, this temporary reduction expires at the end of December 2012.

#### Maximum Taxable Earnings:

Social Security (OASDI only)	\$110,100	\$113,700
Medicare (HI only)	No Limit	

#### Quarter of Coverage:

	\$1,130	\$1,160
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#### Retirement Earnings Test Exempt Amounts:

Under full retirement age	\$14,640/yr. (\$1,220/mo.)	\$15,120/yr. (\$1,260/mo.)
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**NOTE:** One dollar in benefits will be withheld for every \$2 in earnings above the limit.

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