

---

## Appendix D: Computing a Retired-Worker Benefit

### Overview

This section provides instructions and a worksheet for computing a retired-worker benefit for persons born in the years 1941 through 1954. The worksheet assumes that the worker had no prior period of entitlement to disability benefits and 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 the 35 highest earnings years (the number of computation years), but only for years after 1950. If there are fewer than 35 years with earnings, then years of no earnings are included among the 35 computation years.
- *To index lifetime earnings.* Earnings used in the computation are not the actual covered earnings but an amount that reflects earnings increases in average wage levels for each year after 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 2016, actual earnings in 1990 of \$20,000 are indexed to \$44,209.21, on the basis of 2014 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 the full retirement age (FRA). The benefit formula is weighted to provide a higher replacement of earnings for lower-wage workers. The formula for persons aged 62 in 2016 is 90 percent of the first \$856 of AIME; plus 32 percent of the next \$4,301; plus 15 percent of the AIME over \$5,157.
- *To permit early retirement.* Persons can retire as early as age 62, but the monthly benefit is reduced. This reduction applies to all future benefits. The reduction is calculated as 5/9 of 1 percent for each month immediately preceding the FRA, up to 36 months. If the number of months exceeds 36, then the benefit is further reduced 5/12 of 1 percent per month. For a person aged 62 in 2016, the maximum reduction is 25 percent if the individual is entitled to benefits for all 48 months between ages 62 and 66.
- *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 benefit increase in 2015 was 0.0 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.
- *To give credit for late retirement.* Persons who do not receive benefits between the FRA and age 69 may receive increased benefits as a result of the delayed retirement credit provision. The benefit is increased by a specified percentage for each month a benefit was deferred. See Table 2.A20 for percentage increases.

### Clarifying the Worksheet Procedure

#### Step 1 - Determining the Number of Computation Years

For workers born in the years 1941 through 1954, 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 year a person attains age 60. Beneficiaries born on January 1 are deemed to have attained age 60 on December 31 of the prior 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, for a person attaining age 62 in 2016, the indexing year is 2014. The average annual wage for 2014 was \$46,481.52. The average annual wage for 1990 was \$21,027.98. The amount \$46,481.52 divided by \$21,027.98 yields a factor of 2.2104605.

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 (see Worksheet 1). For example, actual covered earnings of \$10,000 in 1990, multiplied by 2.2104605, result in indexed earnings of \$22,104.61; actual earnings of \$51,300 (the maximum creditable) result in indexed earnings of \$113,396.62.

#### 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 number of months in the computation years. The result, rounded to the nearest lower dollar, is the average indexed monthly earnings.

For example, for a person attaining age 62 in 2016, 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 months = \$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 three 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 10 cents.

For retired workers who attained age 62 in 2016, the bend points are \$856 and \$5,157. Thus the formula is 90 percent of the first \$856 of AIME; plus 32 percent of the next \$4,301 of AIME; plus 15 percent of AIME above \$5,157. The following are examples of PIA computations for such workers with different AIME amounts.

Example 1 - AIME of \$700

PIA is \$630

Based on: 90 percent of \$700

Example 2 - AIME of \$1,500

PIA is \$976.48 rounded to \$976.40

Based on: 90 percent of \$856 (\$770.40); plus  
32 percent of \$644 (\$206.08)

Example 3 - AIME of \$6,000

PIA is \$2,273.17 rounded to \$2,273.10

Based on: 90 percent of \$856 (\$770.40); plus  
32 percent of \$4,301 (\$1,376.32); plus  
15 percent of \$843 (\$126.45)

The above calculations are applicable to workers who attain age 62 in 2016. 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 2016. Worksheet 2 shows cost-of-living increase factors for 2002 through 2016. After the PIA is calculated for the year of attainment of age 62, cost-of-living increases are applied for each year through 2015. The result is the current 2016 PIA.

For example, a worker who attained age 62 in 2013 would receive cost-of-living adjustments for the years 2013–2015. The adjustments are cumulative, with each

step rounded to the next lower dime. If the PIA at age 62 was \$700, the cost-of-living adjustments would be:

2013: \$700 multiplied by 1.015 = \$710.50

2014: \$710.50 multiplied by 1.017 = \$722.58

2015: \$722.58 multiplied by 1.000 = \$722.58

\$722.50 would be the PIA effective December 2015.

#### Step 5 - Computation of the Monthly Benefit

The full PIA is payable to a worker who retires at the full retirement age (FRA). In 2000, workers reaching age 62 were the first to be affected by incremental increases in the FRA—from age 65 for workers born before 1938 to age 67 for workers born 1960 and later.

##### **Early retirement reduces benefits:**

Workers can still retire as early as age 62, but the monthly benefit is reduced. The reduction is calculated as 5/9 of 1 percent for each month immediately preceding the FRA, up to 36 months. If the number of months exceeds 36, then the benefit is further reduced 5/12 of 1 percent per month. Workers attaining age 62 in 2016 have their benefits computed based on the FRA of 66. See Table 2.A17.1 to determine the FRA based on the year of birth as well as the benefit reduction factors. For individuals electing benefits at exactly age 62 in 2016, the maximum reduction is 25 percent.

For example, in 2016 a worker with a PIA of \$700 would receive \$525 at age 62. The PIA is reduced by \$175.00, reflecting a reduction rate of 5/9 of 1 percent for each of the first 36 months and a reduction rate of 5/12 of 1 percent for each of the additional 12 months for a total reduction of 25 percent. After reduction of the PIA by \$175.00, the benefit amount is rounded down to the nearest lower dollar.

##### **Delayed retirement increases benefits:**

Delayed retirement increases the benefit amount (by a certain percentage depending on a person's date of birth) if the worker delays retirement beyond FRA. Benefit increases stop accumulating when the worker reaches age 70, even if he or she continues to delay taking benefits. Delayed retirement increases begin to apply to benefits in January of the year following the year the worker reaches FRA. The credit given for delayed retirement will gradually reach 8 percent per year (16/24 of 1 percent monthly) for those born 1943 and later. See Table 2.A20 for percentage increases.

For example, a worker born in June 1950 will reach FRA in June 2016. If the worker delays receiving benefits until November 2016 (5 months after FRA), his or her benefit will be 103.33% of the PIA. If the worker's PIA is \$700, his or her benefit would increase to \$723.31, rounded to \$723.30.

**Instructions for computing a retired-worker benefit (only for workers attaining age 62 in years 2003–2016)**

<b>STEP 1.—Determining the Number of Computation Years</b>		
1	Number of Computation Years.	35
<b>STEP 2.—Indexing of Earnings (Use Worksheet 1 for Steps 2 and 3.)</b>		
2	Enter in column 2 your earnings in each year 1955 through 2015. If none, enter “0.”	
3	Column 3 contains the maximum earnings creditable under Social Security for each year.	
4	Enter in column 4 the lower amount from columns 2 or 3 for each year.	
5	Enter in column 5 the indexing factors applicable to the year you attained age 62 from Table 2.A8. (This table contains the indexing factors for persons attaining age 62 during the period 2001–2016.)	
6	Multiply column 4 by column 5 and enter results in column 6 in dollars and cents. These are your indexed earnings.	
<b>STEP 3.—Computing the Average Indexed Monthly Earnings (AIME)</b>		
7	Enter the number of computation years from line 1.	35
8	Place an “X” in column 7 next to each of the 35 highest indexed earnings entries.	
9	Add all individual indexed earnings marked with an “X.”	
10	Number of months in the computation period.	420
11	Divide line 9 by line 10.	
12	Round the result in line 11 to the next lower dollar. This is your average indexed monthly earnings (AIME).	
<b>STEP 4.—Computing the Primary Insurance Amount (PIA) (Use Worksheet 2 for Step 4.)</b>		
13	Enter first bend point from Worksheet 2 based on year of attainment of age 62. (If your birthday is January 1, enter prior year.)	
14	Enter second bend point from Worksheet 2.	
15	If your AIME (obtained in line 12) is equal to or less than line 13, complete line 16, otherwise skip to line 17.	
16	Multiply line 12 by 0.9. (If you receive a pension on the basis of noncovered employment, see Table 2.A11.1.) Round to next lower dime to obtain your PIA at age 62. Continue with line 26.	
17	If your AIME (obtained in line 12) is greater than line 13 but less than or equal to line 14, complete lines 18–20, otherwise skip to line 21.	
18	Multiply line 13 by 0.9. (If you receive a pension on the basis of noncovered employment, see Table 2.A11.1.)	
19	Subtract line 13 from line 12 then multiply by 0.32.	
20	Add line 18 to line 19, and round to next lower dime to obtain your PIA at age 62. Continue with line 26.	
21	If your AIME (obtained in line 12) is greater than line 14, complete lines 22–25.	
22	Multiply line 13 by 0.9. (If you receive a pension on the basis of noncovered employment, see Table 2.A11.1.)	
23	Subtract line 13 from line 14 then multiply by 0.32.	
24	Subtract line 14 from line 12 then multiply by 0.15.	
25	Add lines 22, 23, and 24, and round to the next lower dime to obtain your PIA at age 62. Continue with line 26.	
26	If you attained age 62 in 2016, skip to line 32. Otherwise you will need to adjust your PIA to reflect cost-of-living adjustments (COLAs) from the year you attained age 62 through 2015 by using lines 27–31 and Worksheet 2.	
27	Enter year of attainment of age 62.	
28	Place an “X” corresponding to the year you attained age 62 in column 5 (Worksheet 2).	
29	Place an “X” in column 5 (Worksheet 2) next to each subsequent year through 2015.	
30	Enter your PIA at age 62 from either line 16, 20, or 25—here and in the first row of column 6 (Worksheet 2).	
31	Beginning with first year marked, multiply your PIA at age 62 by the corresponding factor (column 4), round to the next lower dime, and enter in column 6. The resulting PIA is then multiplied by the next factor and is again rounded to the next lower dime. Continue this process through 2015. Enter this last figure, which is your current PIA.	

(Continued)

**Instructions for computing a retired-worker benefit (only for workers attaining age 62 in years 2003–2016)—Continued**

**STEP 5.—Computing the Monthly Benefit**

32	Enter your current PIA from either line 16, 20, 25, or 31.	
33	Using Table 2.A17.1, determine your full retirement age and enter here.	
34	If you retired at your full retirement age, round the PIA from line 32 to the next lower dollar to obtain your monthly benefit. If you retired before the full retirement age, skip to line 35. If you retired after the full retirement age, skip to line 45.	
35	If you retired before the full retirement age, enter your age at retirement in years and months, and complete lines 36–44.	
36	Subtract line 35 from line 33, and convert the result to months to determine the total number of reduction months.	
37	If line 36 is greater than 36 reduction months, subtract 36 months and enter the result here.	
38	“0.0055556” (the decimal equivalent of 5/9 of 1 percent—the monthly reduction factor for the first 36 months) has been entered.	0.0055556
39	“0.0041667” (the decimal equivalent of 5/12 of 1 percent—the monthly reduction factor for months above 36) has been entered.	0.0041667
40	Multiply line 36 (but not more than 36 months) by line 38 to obtain the percent reduction for the first 36 months.	
41	Multiply line 37 by line 39 to obtain the percent reduction for months in excess of 36.	
42	Add line 40 to line 41 to obtain the total percent reduction.	
43	Multiply line 32 by line 42 to obtain the amount of benefit reduction.	
44	Subtract line 43 from line 32, and round to the next lower dollar to obtain your monthly benefit.	
45	If you retired (or plan to retire) after the full retirement age, enter your actual (or planned) age at retirement in years and months, and complete lines 46–50. If you worked (or plan to work) after attaining age 70, enter “70 years 0 months.”	
46	Subtract line 33 from line 45, and convert the result to months to determine the total number of delayed months.	
47	“0.006667” (the decimal equivalent of 16/24 of 1 percent—the monthly percentage increase for persons born 1943 or later) has been entered.	0.006667
48	Multiply line 46 by line 47 to obtain the total percent increase.	
49	Multiply line 32 by line 48 to obtain the amount of benefit increase.	
50	Add line 32 to line 49, and round to the next lower dollar to obtain your monthly benefit.	

**Worksheet 1: Indexing of earnings**

Year	Your earnings	Maximum taxable earnings (\$)	Lower of columns 2 or 3	Indexing factor	Column 4 times column 5	Highest indexed earnings
1	2	3	4	5	6	7
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				

(Continued)

**Worksheet 1: Indexing of earnings—Continued**

Year	Your earnings	Maximum taxable earnings (\$)	Lower of columns 2 or 3	Indexing factor	Column 4 times column 5	Highest indexed earnings
1	2	3	4	5	6	7
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				
2001		80,400				
2002		84,900				
2003		87,000				
2004		87,900				
2005		90,000				
2006		94,200				
2007		97,500				
2008		102,000				
2009		106,800				
2010		106,800				
2011		106,800				
2012		110,100				
2013		113,700				
2014		117,000				
2015		118,500				

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

	1st bend point (\$)	2nd bend point (\$)	Cost-of-living increase (%)	Cost-of-living factor	Years aged 62 or older	PIA (\$)
Year	1	2	3	4	5	6
					<b>Age 62 PIA:</b>	
2002	592	3,567	1.4	1.014		
2003	606	3,653	2.1	1.021		
2004	612	3,689	2.7	1.027		
2005	627	3,779	4.1	1.041		
2006	656	3,955	3.3	1.033		
2007	680	4,100	2.3	1.023		
2008	711	4,288	5.8	1.058		
2009	744	4,483	0.0	1.000		
2010	761	4,586	0.0	1.000		
2011	749	4,517	3.6	1.036		
2012	767	4,624	1.7	1.017		
2013	791	4,768	1.5	1.015		
2014	816	4,917	1.7	1.017		
2015	826	4,980	0.0	1.000		
2016	856	5,157	...	...		

NOTE: ... = not applicable.

CONTACT: (410) 965-0090 or [statistics@ssa.gov](mailto:statistics@ssa.gov).

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A8—Factors for indexing earnings, 1951–2016

Year	Annual maximum taxable earnings (dollars)	Average annual wage <sup>a</sup> (dollars)	Factors for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2001	2002	2003	2004	2005	2006	2007	2008
1951	3,600	2,799.16	10.8853513	11.4873105	11.7613570	11.8793102	12.1697045	12.7354456	13.2014390	13.8082175
1952	3,600	2,973.32	10.2477500	10.8144498	11.0724443	11.1834885	11.4568731	11.9894764	12.4281746	12.9994114
1953	3,600	3,139.44	9.7055016	10.2422152	10.4865581	10.5917265	10.8506453	11.3550665	11.7705514	12.3115619
1954	3,600	3,155.64	9.6556768	10.1896351	10.4327236	10.5373522	10.7949418	11.2967734	11.7101254	12.2483585
1955	4,200	3,301.44	9.2292575	9.7396348	9.9719880	10.0719959	10.3182096	10.7978791	11.1929764	11.7074398
1956	4,200	3,532.36	8.6259158	9.1029284	9.3200919	9.4135620	9.6436801	10.0919923	10.4612610	10.9420925
1957	4,200	3,641.72	8.3668816	8.8295695	9.0402118	9.1308750	9.3540827	9.7889322	10.1471118	10.6135041
1958	4,200	3,673.80	8.2938211	8.7524688	8.9612717	9.0511432	9.2724019	9.7034542	10.0585062	10.5208258
1959	4,800	3,855.80	7.9023393	8.3393381	8.5382852	8.6239146	8.8347295	9.2454354	9.5837284	10.0242258
1960	4,800	4,007.12	7.6039250	8.0244215	8.2158558	8.2982516	8.5011055	8.8963021	9.2218202	9.6456832
1961	4,800	4,086.76	7.4557449	7.8680471	8.0557508	8.1365409	8.3354418	8.7229370	9.0421116	9.4577147
1962	4,800	4,291.40	7.1002097	7.4928508	7.6716037	7.7485413	7.9379573	8.3069744	8.6109288	9.0067134
1963	4,800	4,396.64	6.9302558	7.3134985	7.4879726	7.5630686	7.7479507	8.1081348	8.4048137	8.7911246
1964	4,800	4,576.32	6.6581533	7.0263487	7.1939724	7.2661199	7.4437430	7.7897852	8.0748156	8.4459588
1965	4,800	4,658.72	6.5403888	6.9020718	7.0667308	7.1376022	7.3120836	7.6520053	7.9319942	8.2965729
1966	6,600	4,938.36	6.1700322	6.5112345	6.6665695	6.7334277	6.8980289	7.2187022	7.4828364	7.8267704
1967	6,600	5,213.44	5.8444789	6.1676782	6.3148171	6.3781476	6.5340639	6.8378173	7.0880148	7.4138016
1968	7,800	5,571.76	5.4686203	5.7710346	5.9087111	5.9679688	6.1138581	6.3980771	6.6321844	6.9370199
1969	7,800	5,893.76	5.1698474	5.4557396	5.5858942	5.6419145	5.7798332	6.0485242	6.2698413	6.5580224
1970	7,800	6,186.24	4.9254216	5.1977970	5.3217981	5.3751697	5.5065678	5.7625553	5.9734087	6.2479648
1971	7,800	6,497.08	4.6897745	4.9491187	5.0671871	5.1180053	5.2431169	5.4868572	5.6876227	5.9490433
1972	9,000	7,133.80	4.2711935	4.5073902	4.6149205	4.6612030	4.7751479	4.9971334	5.1799798	5.4180675
1973	10,800	7,580.16	4.0196830	4.2419711	4.3431695	4.3867267	4.4939619	4.7028757	4.8749551	5.0990230
1974	13,200	8,030.76	3.7941415	4.0039573	4.0994775	4.1405907	4.2418090	4.4390008	4.6014250	4.8129206
1975	14,100	8,630.92	3.5303119	3.7255379	3.8144161	3.8526704	3.9468504	4.1303303	4.2814601	4.4782491
1976	15,300	9,226.48	3.3024339	3.4850582	3.5681994	3.6039844	3.6920852	3.8637216	4.0050962	4.1891827
1977	16,500	9,779.44	3.1157040	3.2880022	3.3664423	3.4002039	3.4833232	3.6452547	3.7786356	3.9523132
1978	17,700	10,556.03	2.8864867	3.0461092	3.1187786	3.1500564	3.2270607	3.3770793	3.5006475	3.6615479
1979	22,900	11,479.46	2.6542921	2.8010743	2.8678980	2.8966598	2.9674697	3.1054205	3.2190486	3.3670059
1980	25,900	12,513.46	2.4349652	2.5696186	2.6309206	2.6573058	2.7222647	2.8488164	2.9530554	3.0887868
1981	29,700	13,773.10	2.2122717	2.3346102	2.3903057	2.4142778	2.4732958	2.5882735	2.6829791	2.8062971
1982	32,400	14,531.34	2.0968362	2.2127911	2.2655805	2.2883017	2.3442401	2.4532184	2.5429823	2.6598655
1983	35,700	15,239.24	1.9994330	2.1100015	2.1603387	2.1820045	2.2353444	2.3392604	2.4248545	2.5363082
1984	37,800	16,135.07	1.8884232	1.9928528	2.0403952	2.0608581	2.1112366	2.2093830	2.2902250	2.3954907
1985	39,600	16,822.51	1.8112541	1.9114163	1.9570159	1.9766426	2.0249624	2.1190982	2.1966365	2.2976007
1986	42,000	17,321.82	1.7590438	1.8563188	1.9006040	1.9196649	1.9665918	2.0580141	2.1333174	2.2313712
1987	43,800	18,426.51	1.6535871	1.7450304	1.7866606	1.8045788	1.8486925	1.9346339	2.0054226	2.0975980
1988	45,000	19,334.04	1.5759686	1.6631196	1.7027957	1.7198728	1.7619158	1.8438231	1.9112891	1.9991378
1989	48,000	20,099.55	1.5159464	1.5997781	1.6379431	1.6543699	1.6948116	1.7735994	1.8384959	1.9229988
1990	51,300	21,027.98	1.4490141	1.5291445	1.5656245	1.5813259	1.6199820	1.6952912	1.7573224	1.8380943
1991	53,400	21,811.60	1.3969557	1.4742073	1.5093767	1.5245140	1.5617813	1.6343849	1.6941875	1.7720575
1992	55,500	22,935.42	1.3285059	1.4019721	1.4354182	1.4498139	1.4852551	1.5543012	1.6111735	1.6852279
1993	57,600	23,132.67	1.3171778	1.3900177	1.4231786	1.4374514	1.4725905	1.5410478	1.5974351	1.6708581
1994	60,600	23,753.53	1.2827500	1.3536860	1.3859801	1.3998799	1.4341005	1.5007685	1.5556820	1.6271859
1995	61,200	24,705.66	1.2333141	1.3015163	1.3325659	1.3459300	1.3788318	1.4429305	1.4957277	1.5644759
1996	62,700	25,913.90	1.1758107	1.2408329	1.2704348	1.2831758	1.3145435	1.3756536	1.4259891	1.4915320
1997	65,400	27,426.00	1.1109837	1.1724211	1.2003909	1.2124294	1.2420677	1.2998086	1.3473689	1.4092981
1998	68,400	28,861.44	1.0557283	1.1141100	1.1406888	1.1521286	1.1802928	1.2351619	1.2803568	1.3392059
1999	72,600	30,469.84	1.0000000	1.0552999	1.0804756	1.0913116	1.1179891	1.1699618	1.2127711	1.2685137

(Continued)



## 2.A OASDI: Benefit Computation and Automatic Adjustments

**Table 2.A8—Factors for indexing earnings, 1951–2016—Continued**

Year	Annual maximum taxable earnings (dollars)	Average annual wage <sup>a</sup> (dollars)	Factors for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2009	2010	2011	2012	2013	2014	2015	2016
1951	3,600	2,799.16	14.4348590	14.7669194	14.5442240	14.8879771	15.3544671	15.8339180	16.0362966	16.6055245
1952	3,600	2,973.32	13.5893479	13.9019581	13.6923069	14.0159250	14.4550906	14.9064581	15.0969825	15.6328683
1953	3,600	3,139.44	12.8702826	13.1663513	12.9677936	13.2742878	13.6902155	14.1176993	14.2981423	14.8056723
1954	3,600	3,155.64	12.8042109	13.0987597	12.9012213	13.2061420	13.6199345	14.0452238	14.2247405	14.7296650
1955	4,200	3,301.44	12.2387443	12.5202851	12.3314705	12.6229251	13.0184435	13.4249509	13.5965397	14.0791655
1956	4,200	3,532.36	11.4386642	11.7017999	11.5253287	11.7977301	12.1673923	12.5473253	12.7076968	13.1587720
1957	4,200	3,641.72	11.0951638	11.3503976	11.1792258	11.4434471	11.8020084	12.1705321	12.3260877	12.7636172
1958	4,200	3,673.80	10.9982797	11.2512848	11.0816076	11.3435217	11.6989520	12.0642577	12.2184550	12.6521640
1959	4,800	3,855.80	10.4791431	10.7202059	10.5585378	10.8080891	11.1467426	11.4948052	11.6417242	12.0549614
1960	4,800	4,007.12	10.0834215	10.3153811	10.1598180	10.3999456	10.7258106	11.0607294	11.2021003	11.5997325
1961	4,800	4,086.76	9.8869226	10.1143620	9.9618304	10.1927285	10.5167933	10.8451854	10.9838013	11.3736848
1962	4,800	4,291.40	9.4154542	9.6320478	9.4867899	9.7110104	10.0152887	10.3280212	10.4600270	10.8313185
1963	4,800	4,396.64	9.1900815	9.4014907	9.2597097	9.4785632	9.7755582	10.0808049	10.2096510	10.5720550
1964	4,800	4,576.32	8.8292515	9.0323601	8.8961458	9.1064065	9.3917405	9.6850024	9.8087896	10.1569645
1965	4,800	4,658.72	8.6730862	8.8726023	8.7387974	8.9453391	9.2256264	9.5137012	9.6352990	9.9773157
1966	6,600	4,938.36	8.1819632	8.3701816	8.2439535	8.4387995	8.7032152	8.9749775	9.0896897	9.4123393
1967	6,600	5,213.44	7.7502532	7.9285405	7.8089726	7.9935379	8.2440020	8.5014252	8.6100847	8.9157102
1968	7,800	5,571.76	7.2518342	7.4186559	7.3067774	7.4794733	7.7138301	7.9546983	8.0563700	8.3423407
1969	7,800	5,893.76	6.8556371	7.0133446	6.9075785	7.0708393	7.2923923	7.5201009	7.6162178	7.8865648
1970	7,800	6,186.24	6.5315086	6.6817598	6.5809943	6.7365362	6.9476144	7.1645571	7.2561297	7.5136949
1971	7,800	6,497.08	6.2190215	6.3620842	6.2661396	6.4142399	6.6152195	6.8217830	6.9089745	7.1542170
1972	9,000	7,133.80	5.6639491	5.7942429	5.7068617	5.8417435	6.0247848	6.2129118	6.2923211	6.5156747
1973	10,800	7,580.16	5.3304257	5.4530472	5.3708114	5.4977507	5.6700136	5.8470626	5.9217958	6.1319972
1974	13,200	8,030.76	5.0313395	5.1478007	5.0694592	5.1892760	5.3518733	5.5189882	5.5895283	5.7879354
1975	14,100	8,630.92	4.6814801	4.7891731	4.7169491	4.8284343	4.9797252	5.1352197	5.2008546	5.3854653
1976	15,300	9,226.48	4.3792952	4.4800368	4.4124747	4.5167637	4.6582890	4.8037464	4.8651447	5.0378389
1977	16,500	9,779.44	4.1316763	4.2267216	4.1629797	4.2613718	4.3948948	4.5321276	4.5900542	4.7529838
1978	17,700	10,556.03	3.8277155	3.9157685	3.8567160	3.9478696	4.0715695	4.1987063	4.2523714	4.4033145
1979	22,900	11,479.46	3.5198067	3.6007765	3.5464743	3.6302953	3.7440446	3.8609543	3.9103024	4.0491034
1980	25,900	12,513.46	3.2289615	3.3032407	3.2534255	3.3303203	3.4346703	3.5419197	3.5871901	3.7145218
1981	29,700	13,773.10	2.9336518	3.0011377	2.9558785	3.0257408	3.1205473	3.2179880	3.2591181	3.3748045
1982	32,400	14,531.34	2.7805750	2.8445395	2.8016418	2.8678587	2.9577183	3.0500745	3.0890585	3.1987084
1983	35,700	15,239.24	2.6514104	2.7124036	2.6714987	2.7346397	2.8203250	2.9083911	2.9455642	3.0501206
1984	37,800	16,135.07	2.5042023	2.5618092	2.5231753	2.5828106	2.6637387	2.7469153	2.7820245	2.8807759
1985	39,600	16,822.51	2.4018699	2.4571226	2.4200675	2.4772659	2.5548869	2.6346645	2.6683390	2.7630550
1986	42,000	17,321.82	2.3326348	2.3862949	2.3503079	2.4058575	2.4812410	2.5587190	2.5914228	2.6834086
1987	43,800	18,426.51	2.1927907	2.2432338	2.2094043	2.2616236	2.3324878	2.4053209	2.4360641	2.5225352
1988	45,000	19,334.04	2.0898622	2.1379375	2.1056960	2.1554641	2.2230020	2.2924164	2.3217165	2.4041287
1989	48,000	20,099.55	2.0102679	2.0565122	2.0254986	2.0733713	2.1383369	2.2051076	2.2332918	2.3125652
1990	51,300	21,027.98	1.9215103	1.9657128	1.9360685	1.9818275	2.0439248	2.1077474	2.1346872	2.2104605
1991	53,400	21,811.60	1.8524767	1.8950911	1.8665119	1.9106269	1.9704932	2.0320229	2.0579948	2.1310459
1992	55,500	22,935.42	1.7617066	1.8022330	1.7750540	1.8170075	1.8739404	1.9324551	1.9571545	2.0266261
1993	57,600	23,132.67	1.7466847	1.7868655	1.7599183	1.8015140	1.8579615	1.9159773	1.9404660	2.0093452
1994	60,600	23,753.53	1.7010305	1.7401611	1.7139183	1.7544268	1.8093989	1.8658982	1.8897469	1.9568258
1995	61,200	24,705.66	1.6354746	1.6730972	1.6478657	1.6868131	1.7396665	1.7939885	1.8169181	1.8814118
1996	62,700	25,913.90	1.5592203	1.5950887	1.5710337	1.6081651	1.6585543	1.7103435	1.7322040	1.7936906
1997	65,400	27,426.00	1.4732546	1.5071454	1.4844166	1.5195008	1.5671119	1.6160457	1.6367009	1.6947976
1998	68,400	28,861.44	1.3999814	1.4321867	1.4105883	1.4439276	1.4891707	1.5356708	1.5552987	1.6105059
1999	72,600	30,469.84	1.3260811	1.3565864	1.3361281	1.3677075	1.4105624	1.4546079	1.4731997	1.5254927

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A8—Factors for indexing earnings, 1951–2016—Continued

Year	Annual maximum taxable earnings (dollars)	Average annual wage <sup>a</sup> (dollars)	Factors for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2001	2002	2003	2004	2005	2006	2007	2008
2000	76,200	32,154.82	1.0000000	1.0000000	1.0238565	1.0341246	1.0594042	1.1086534	1.1492193	1.2020409
2001	80,400	32,921.92	1.0000000	1.0000000	1.0000000	1.0100289	1.0347194	1.0828211	1.1224418	1.1740327
2002	84,900	33,252.09	1.0000000	1.0000000	1.0000000	1.0000000	1.0244454	1.0720695	1.1112968	1.1623754
2003	87,000	34,064.95	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0464877	1.0847789	1.1346387
2004	87,900	35,648.55	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0365903	1.0842351
2005	90,000	36,952.94	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0459631
2006	94,200	38,651.41	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2007	97,500	40,405.48	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2008	102,000	41,334.97	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2009	106,800	40,711.61	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2010	106,800	41,673.83	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2011	106,800	42,979.61	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2012	110,100	44,321.67	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2013	113,700	44,888.16	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2014	117,000	46,481.52	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2015	118,500	48,098.63	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2016	118,500	--	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

(Continued)

## 2.A OASDI: Benefit Computation and Automatic Adjustments

**Table 2.A8—Factors for indexing earnings, 1951–2016—Continued**

Year	Annual maximum taxable earnings (dollars)	Average annual wage <sup>a</sup> (dollars)	Factors for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2009	2010	2011	2012	2013	2014	2015	2016
2000	76,200	32,154.82	1.2565917	1.2854984	1.2661122	1.2960368	1.3366460	1.3783834	1.3960010	1.4455537
2001	80,400	32,921.92	1.2273124	1.2555455	1.2366110	1.2658384	1.3055013	1.3462663	1.3634733	1.4118715
2002	84,900	33,252.09	1.2151260	1.2430789	1.2243324	1.2532695	1.2925386	1.3328988	1.3499350	1.3978526
2003	87,000	34,064.95	1.1861306	1.2134164	1.1951173	1.2233639	1.2616960	1.3010931	1.3177228	1.3644969
2004	87,900	35,648.55	1.1334396	1.1595134	1.1420271	1.1690189	1.2056482	1.2432952	1.2591861	1.3038825
2005	90,000	36,952.94	1.0934307	1.1185841	1.1017150	1.1277541	1.1630904	1.1994085	1.2147385	1.2578572
2006	94,200	38,651.41	1.0453818	1.0694298	1.0533021	1.0781969	1.1119804	1.1467025	1.1613589	1.2025828
2007	97,500	40,405.48	1.0000000	1.0230041	1.0075764	1.0313905	1.0637074	1.0969222	1.1109424	1.1503766
2008	102,000	41,334.97	1.0000000	1.0000000	0.9849193	1.0081979	1.0397881	1.0722560	1.0859609	1.1245084
2009	106,800	40,711.61	1.0000000	1.0000000	1.0000000	1.0236350	1.0557089	1.0886740	1.1025887	1.1417264
2010	106,800	41,673.83	1.0000000	1.0000000	1.0000000	1.0000000	1.0313333	1.0635372	1.0771307	1.1153647
2011	106,800	42,979.61	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0312255	1.0444059	1.0814784
2012	110,100	44,321.67	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0127813	1.0487312
2013	113,700	44,888.16	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0354962
2014	117,000	46,481.52	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2015	118,500	48,098.63	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2016	118,500	--	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2015; regulations issued under the Act; and precedential case decisions (rulings). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2016," *Federal Register*, vol. 80, no. 210 (October 30, 2015). See the Social Security Program Rules page (<https://www.socialsecurity.gov/regulations/index.htm>) for specific laws, regulations, rulings, legislation, and a link to the *Federal Register*.

NOTE: -- = not available.

- a. 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 1973–1977 from data collected on all taxable wages reported to SSA; for 1957–1972, based on 1 percent statistical sample; for 1951–1956, based on 1/10 of 1 percent statistical sample. For 1978–1984, 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.
- b. The indexing factor for a given year represents the ratio of the average annual wage 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 monthly earnings (AIME).

CONTACT: (410) 965-0090 or [statistics@ssa.gov](mailto:statistics@ssa.gov).

## 2.A OASDI: Benefit Computation and Automatic Adjustments

**Table 2.A11.1—Computation of primary insurance amount (PIA) based on Windfall Elimination Provision (WEP), by year enacted**

Year effective	Provision																				
	<i>Enacted in 1983</i>																				
1986	Workers first eligible for pensions based on noncovered employment and disability or retired workers after December 31, 1985. <sup>a</sup> The benefit computation formula uses a reduced factor of the usual first average indexed monthly earnings (AIME) bend point.																				
	<table> <thead> <tr> <th style="text-align: left;"><i>Year eligible</i></th> <th style="text-align: left;"><i>Factor (percent)</i></th> </tr> </thead> <tbody> <tr><td>1986</td><td>80</td></tr> <tr><td>1987</td><td>70</td></tr> <tr><td>1988</td><td>60</td></tr> <tr><td>1989</td><td>50</td></tr> <tr><td>1990 and later</td><td>40</td></tr> </tbody> </table>	<i>Year eligible</i>	<i>Factor (percent)</i>	1986	80	1987	70	1988	60	1989	50	1990 and later	40								
<i>Year eligible</i>	<i>Factor (percent)</i>																				
1986	80																				
1987	70																				
1988	60																				
1989	50																				
1990 and later	40																				
	WEP is not applicable to persons who were federal employees or nonprofit employees on January 1, 1984, and who were covered by Social Security on that date with no Civil Service Retirement System coverage; 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. <sup>b</sup> For benefits payable before January 1989:																				
	<table> <thead> <tr> <th style="text-align: left;"><i>Years of coverage</i></th> <th style="text-align: left;"><i>Factor (percent)</i></th> </tr> </thead> <tbody> <tr><td>26</td><td>50</td></tr> <tr><td>27</td><td>60</td></tr> <tr><td>28</td><td>70</td></tr> <tr><td>29</td><td>80</td></tr> </tbody> </table>	<i>Years of coverage</i>	<i>Factor (percent)</i>	26	50	27	60	28	70	29	80										
<i>Years of coverage</i>	<i>Factor (percent)</i>																				
26	50																				
27	60																				
28	70																				
29	80																				
	<i>Enacted in 1988</i>																				
1989	5 percent added to factor for each year of coverage over 20.																				
	<table> <thead> <tr> <th style="text-align: left;"><i>Years of coverage</i></th> <th style="text-align: left;"><i>Factor (percent)</i></th> </tr> </thead> <tbody> <tr><td>21</td><td>45</td></tr> <tr><td>22</td><td>50</td></tr> <tr><td>23</td><td>55</td></tr> <tr><td>24</td><td>60</td></tr> <tr><td>25</td><td>65</td></tr> <tr><td>26</td><td>70</td></tr> <tr><td>27</td><td>75</td></tr> <tr><td>28</td><td>80</td></tr> <tr><td>29</td><td>85</td></tr> </tbody> </table>	<i>Years of coverage</i>	<i>Factor (percent)</i>	21	45	22	50	23	55	24	60	25	65	26	70	27	75	28	80	29	85
<i>Years of coverage</i>	<i>Factor (percent)</i>																				
21	45																				
22	50																				
23	55																				
24	60																				
25	65																				
26	70																				
27	75																				
28	80																				
29	85																				

(Continued)

**2.A OASDI: Benefit Computation and Automatic Adjustments**

**Table 2.A11.1—Computation of primary insurance amount (PIA) based on Windfall Elimination Provision (WEP), by year enacted—Continued**

Year effective	Provision
	<i>Enacted in 1988 (cont.)</i>
1991	Earnings required for a year of substantial coverage (decoupled from the definition of a year of coverage for special minimum PIA). <sup>b</sup>
	<i>Year</i> <i>Earnings (dollars)</i>
	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
	2002                      15,750
	2003                      16,125
	2004                      16,275
	2005                      16,725
	2006                      17,475
	2007                      18,150
	2008                      18,975
	2009                      19,800
	2010                      19,800
	2011                      19,800
	2012                      20,475
	2013                      21,075
	2014                      21,750
	2015                      22,050
	2016                      22,050

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2015; regulations issued under the Act; and precedential case decisions (rulings). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2016," *Federal Register*, vol. 80, no. 210 (October 30, 2015). See the Social Security Program Rules page (<https://www.socialsecurity.gov/regulations/index.htm>) for specific laws, regulations, rulings, legislation, and a link to the *Federal Register*.

- a. Reduction in PIA will not be greater than one-half the amount of the pension based on noncovered employment performed after 1956.
- b. See Table 2.A12a. 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.

CONTACT: (410) 965-0090 or [statistics@ssa.gov](mailto:statistics@ssa.gov).

## 2.A OASDI: Benefit Computation and Automatic Adjustments

**Table 2.A17.1—Full retirement age and maximum reduction of retired-worker benefits, by year of birth**

Year of birth <sup>a</sup>	Year of attainment of age 62	Year of attainment of age 65	Full retirement age	Maximum reduction months	Maximum reduction at age 62 <sup>b</sup>
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

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2015; regulations issued under the Act; and precedential case decisions (rulings). See the Social Security Program Rules page (<https://www.socialsecurity.gov/regulations/index.htm>) for specific laws, regulations, rulings, legislation, and a link to the *Federal Register*.

a. If birthday is January 1, refer to previous year.

b. The monthly reduction factor is 0.0055556 for the 36 months immediately preceding full retirement age and 0.0041667 for prior months.

CONTACT: (410) 965-0090 or [statistics@ssa.gov](mailto:statistics@ssa.gov).