

2004 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 - \$87,900; HI-- No limit

Maximum FICA/SECA Taxes:

Maximum FICA/SECA Taxes	OASDI	HI
Employee/employer (each):	\$5,449.80	No limit
Self-employed:	\$10,899.60	No limit

OASDI Covered Workers (in millions, 2004 est):

Wages	Self-employed	Combined
146.8	15.1	156.0

Percent of workers who are covered: 96%

Estimated Worker/Beneficiary Ratio: 2004: 3.3 to 1 2041: 2.0 to 1

Earnings Required for a Quarter of Coverage: \$900; (\$3,600 for four)

Coverage Thresholds for 2004 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 4 months for those attaining FRA in 2004

-For pre-FRA months in year attaining FRA: \$31,080 annually, \$2,590 monthly (\$1 for \$3 withholding rate)

-Under FRA: \$11,640 annually, \$970 monthly (\$1 for \$2 withholding rate)

Supplementary Medical Insurance Premium: \$66.60

Substantial Gainful Activity: \$810/mo. non-blind, disabled; \$1,350/mo. Blind

Trial Work Period Service Month: \$580/mo.

Formulae Bend Points: (Applicable to workers who reach age 62, become disabled, or die in 2004)

Primary Insurance Amount (PIA)

90% of first \$612 of AIME, plus
 32% of AIME over \$612 thru \$3,689, +
 15% of AIME over \$3,689

OASI Maximum Family Benefit (MFB)

150% of first \$782 of PIA, plus
 272% of PIA over \$782 thru \$1,129 +
 134% of PIA over \$1,129 thru \$1,472, +
 175% of PIA over \$1,472

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

Average Monthly Benefits:

Average Monthly Benefits:	12/02	12/03
Retired worker:	\$895	\$922
Retired worker and aged spouse:	\$1,483	\$1,523
Disabled worker:	\$834	\$862
Disabled worker, spouse and children:	\$1,395	\$1,441
Aged widow(er):	\$861	\$888
Widowed mother/father and 2+ children:	\$1,768	\$1,835

Benefits for 2004 Retirees:

	Age 62 PIA	Age 62 Benefit	FRA (Age 65 + 4 mos.) PIA	FRA (Age 65 + 4 mos.) Benefit
Low earner (45% of avg. wages):	\$ 754.30	\$ 575	\$ 737.60	\$ 737
Average earner:	1,242.30	947	1,217.20	1,217
Maximum earner:	1,865.80	1,422	1,825.40	1,825

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: 27%

COLA: Increase payable in January 2004 benefits – 2.1 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: 2002: \$33,252 2003: \$34,731 (est.)

Special Minimum PIA (12/03):

Approximately \$31.94 per year of coverage over 10 years; highest special minimum PIA = \$638.70 (30 years of coverage)

Minimum Earnings for Year of Coverage:	2003	2004
Special Minimum:	\$9,675	\$9,765
Windfall Elimination Provision:	\$16,125	\$16,275

Number of OASDI Beneficiaries (as of 12/03):

Total OASDI beneficiaries:	47.0 million
Retired workers and family members:	32.6 million
Retired workers:	29.5 million
Spouses:	2.6 million
Children:	0.5 million
Survivors of deceased workers:	6.8 million
Aged surviving spouses:	4.5 million
Disabled surviving spouses:	0.2 million
Surviving spouses w/ child-in-care:	0.2 million
Children:	1.9 million
DI beneficiaries:	7.6 million
Disabled workers:	5.9 million
Spouses:	0.2 million
Children:	1.6 million

Number of OASDI Children Beneficiaries (12/03):

Total:	3,960,909
Children under age 18:	3,080,308
Students aged 18-19:	127,787
Disabled Children aged 18 and older:	752,814

OASI/DI Trust Funds' Operations (in billions, based on intermediate assumptions in 2004 Trustees Report):

Calendar Year	Fund	Income	Outgo	Fund at End of Year
2003	OASI	\$544	\$406	\$1,355
2003	DI	88	73	175
2004	OASI	\$563	\$422	\$1,497
2004	DI	91	79	188

OASDI Administrative Expenses (FY 2003):

OASDI Administrative Expenses (FY 2003):	OASI	DI	OASDI
Amount (in billions)	\$ 2.4	\$1.8	\$4.2
Percent of Benefit Payments	0.6%	2.5%	0.9%

SSI Payment Standard: \$564 individual, \$846 couple (effective 01/04)

Number of SSI Beneficiaries and Average Payments (11/03):

	Beneficiaries	Average Payments
Total:	6,924,066	\$417.03
Aged	1,242,017	\$340.97
Blind & Disabled	5,682,049	\$433.71
SSI Beneficiaries by Age:		
Under 18	956,451	\$497.78
Age 18-64	3,967,290	\$435.38
Age 65 and Over	2,000,325	\$342.42

SSI Expenditures FY 2003

Federal SSI payments	\$32.4 billion
Fed. Administered State Supplements	\$3.9 billion

Number of people receiving monthly benefits from SSA (11/03):

OASDI Benefits only	44.5 million
SSI Benefits only	4.5 million
OASDI and SSI Benefits Concurrently	2.5 million
Total	51.6 million

Program Accuracy

- OASDI Program Dollar Accuracy Rate (Non-medical Factors) -- FY 2002
 - 99.9% of payment outlays without an overpayment
 - 99.9% of payment outlays without an underpayment
- SSI Program Dollar Accuracy Rate (Non-medical Factors) -- FY 2002
 - 93.0% of payment outlays without overpayment
 - 98.6% of payment outlays without underpayment
- DDS Accuracy Rate for Initial Disability Decisions – FY 2002
 - 98.5% - Allowance performance accuracy rate
 - 95.1% - Denial performance accuracy rate

Key dates from 2004 OASDI Trustees Report: (using intermediate assumptions)

- 2015 OASDI assets peak at 448 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: 1.89 percent of taxable payroll.

Social Security Information: 1-800-SSA-1213 TTY: 1-800-325-0778 (65.1 million calls handled in FY 2003)

SSA Online: <http://www.socialsecurity.gov> (31.2 million visits to this website in FY 2003)

Congressional Relations Staff: (410) 965-3929

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