



Fact Sheet

SOCIAL SECURITY

2006 SOCIAL SECURITY CHANGES

o **Cost-of-Living Adjustment (COLA):**

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2004 through the third quarter of 2005, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 4.1 percent COLA for 2006. Other important 2006 Social Security information is as follows:

	<u>2005</u>	<u>2006</u>
o <u>Tax Rate:</u>		
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.

o **Maximum Taxable Earnings:**

Social Security (OASDI only)	\$90,000	\$94,200
Medicare (HI only)	N o L i m i t	

o **Quarter of Coverage:**

\$920	\$970
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o **Retirement Earnings Test Exempt Amounts:**

Under full retirement age	\$12,000/yr. (\$1000/mo.)	\$12,480/yr. (\$1,040/mo.)
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NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

The year an individual reaches full retirement age	\$31,800/yr. (\$2,650/mo.)	\$33,240/yr. (\$2,770/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 (65 and 6 months for retirees born in 1940; 65 and 8 months for those born in 1941).

o **Social Security Disability Thresholds:**

Substantial Gainful Activity (SGA)

Non-Blind	\$ 830/mo.	\$ 860/mo.
Blind	\$1,380/mo.	\$1,450/mo.
Trial Work Period (TWP)	\$ 590/mo.	\$ 620/mo.

o **Maximum Social Security Benefit: Worker Retiring at Full Retirement Age in 2005 and 2006:**

\$1,939/mo.	\$2,053/mo.
(Age 65 and 6 months)	(Age 65 and 8 months)

NOTE: For retirees born in 1940, full retirement age is 65 and 6 months; for those born in 1941, it is 65 and 8 months. Full retirement age will gradually increase to age 67 for those born in 1960 and later.

o **SSI Federal Payment Standard:**

Individual	\$579/mo.	\$603/mo.
Couple	\$869/mo.	\$904/mo.

o **SSI Resources Limits:**

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

o **SSI Student Exclusion:**

Monthly limit	\$1,410	\$1,460
Annual limit	\$5,670	\$5,910

o **Estimated Average Monthly Social Security Benefits Payable in January 2006:**

	<u>Before</u> <u>4.1% COLA</u>	<u>After</u> <u>4.1% COLA</u>
All Retired Workers	\$ 963	\$1,002
Aged Couple, Both Receiving Benefits	\$1,583	\$1,648
Widowed Mother and Two Children	\$1,992	\$2,074
Aged Widow(er) Alone	\$ 929	\$ 967
Disabled Worker, Spouse and One or More Children	\$1,509	\$1,571
All Disabled Workers	\$ 902	\$ 939