
Computing a Retired-Worker Benefit

This section provides instructions and a worksheet for computing a retired-worker benefit. The worksheet can be used for persons born in 1925 through 1938—that is, those who attained age 62 in 2000 or earlier and were under age 75 at the end of 2000. The worksheet assumes that the worker had no prior period of entitlement to disability benefits and also 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 earnings over a period of time that the worker could be expected to have worked in covered employment—from age 22 through age 61. The years of earnings considered are termed computation years. The worker's five lowest earnings years, including years of no earnings at all) are not considered in the computation. They are termed the drop out years.

To index lifetime earnings. Earnings used in the computation are not the actual covered earnings, but an amount for each year which reflects earnings increases in average wage levels after the year 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 2000, actual earnings in 1984 of \$20,000 are indexed to \$35,774.79, based on 1998 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 age 65. The benefit formula is weighted to provide a higher replacement of earnings for lower wage workers. The formula for persons age 62 in 2000 is 90 percent of the first \$531 of AIME; plus 32 percent of the next \$2,671; plus 15 percent of the AIME over \$3,202.

To permit early retirement. Persons can retire as early as age 62, but the monthly benefit is reduced. The reduction is 5/9 of 1 percent for each of the first 36 months of entitlement immediately preceding the age at which 100 percent of PIA is payable (65 and 2 months in the year 2000 but scheduled to increase to age 67 by the year 2022), plus 5/12 of 1 percent for each of up to 24 earlier months. For a person aged 62 in 2000, the maximum reduction is 20.00833 percent if the individual is entitled to benefits for all 38 months between 62 and 65 and 2 months.

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 1999 benefit increase was 2.4 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. In addition, persons who do not receive benefits between ages 65 and 69 may receive increased benefits as a result of the Delayed Retirement Credit (DRC) provision. The benefit is increased by a specified percentage for each month a benefit was not received (See table 2.A20 for percentage increase).

Clarifying the Worksheet Procedure

Step 1 - Determining the Number of Computation Years

For persons who attain age 62 prior to 1991, the number of years used in the benefit computation equals the number of years after 1950 up to the year of attainment of age 62, minus 5 years. For workers who attain age 62 in 1991 or later, 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 second year prior to attainment of age 62. However, beneficiaries born on January 1 are deemed to have attained age 62 in the prior year, and consequently, the applicable indexing year, factors, and bend points are those for that 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, a person attains age 62 in 2000. The indexing year is 1998. The average annual wage for 1998 was \$28,861.44. The average annual wage for 1990 was \$21,027.98. The amount, \$28,861.44 divided by \$21,027.98, yields a factor of 1.3725256.

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. For example, actual covered earnings of \$10,000 in 1990, multiplied by 1.3725256, result in indexed earnings of \$13,725.26; actual earnings of \$51,300 (the maximum creditable) result in indexed earnings of \$70,410.56.

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 years. The result, rounded to the nearest lower dollar, is Average Indexed Monthly Earnings.

For example, for a person attaining age 62 in 2000, 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 = \$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 3 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 ten cents.

For retired workers who attained age 62 in 2000, the bend points are \$531 and \$3,202. Thus the formula is 90 percent of the first \$531 of AIME; plus 32 percent of next \$2,671 of AIME; plus 15 percent of AIME above \$3,202. The following are examples of PIA computations for such workers with different AIME amounts.

Example 1 - AIME of \$300

PIA is \$270

Based on: 90 percent of \$300

Example 2 - AIME of \$952

PIA is \$612.62 rounded to \$612.60

Based on: 90 percent of \$531 (\$477.90); plus
32 percent of \$421 (\$134.72)

Example 3 - AIME of \$3,300

PIA is \$1,347.32 rounded to \$1,347.30

Based on: 90 percent of \$531 (\$477.90); plus
32 percent of \$2,671 (\$854.72); plus
15 percent of \$98 (\$14.70)

The above calculations are applicable to workers who attain age 62 in 2000. 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 the year 2000. Worksheet 2 shows cost-of-living increase factors for 1979 through 2000. After the PIA is calculated for the year of attainment of age 62, cost-of-living increases are applied for each year through 1999. The result is the current 2000 PIA.

For example, a worker who attained age 62 in 1997 would receive cost-of-living adjustments for the years 1997–99. The adjustments are cumulative, with each step rounded to the next lower dime. If the age 62 PIA was \$500, the cost-of-living adjustments would be:

1997: \$500 multiplied by 1.021 = \$510.50

1998: \$510.50 multiplied by 1.013 = \$517.10

1999: \$517.10 multiplied by 1.024 = \$529.50

\$529.50 would be the PIA effective December 1999.

Step 5 - Computation of the Monthly Benefit

The full PIA is payable to a worker who retires at age 65. However, beginning in the year 2000, the full retirement age will be gradually raised to age 67 in 2022. In 2000 the full retirement age is 65 and 2 months. Workers can still retire as early as age 62, but the monthly benefit is reduced by 5/9 of 1 percent for each of the first 36 months of entitlement immediately preceding the full retirement age plus 5/12 of 1 percent for each of up to 24 earlier months. For individuals electing benefits at exactly age 62 in the year 2000, the maximum reduction is 20.00833 percent.

The final monthly payment is rounded to the nearest lower dollar. For example, the monthly benefit would be \$433 for a worker with a PIA of \$500 who retired at age 63. The PIA would be reduced by 13.33 percent (5/9 of 1 percent (0.005555) multiplied by 24 months). The resulting reduction, \$66.67, is subtracted from \$500 to obtain \$433.33, which is rounded to \$433.

OASDI: Computing a Retired-Worker Benefit

Instructions for computing a retired-worker benefit (only for workers attaining age 62 in years 1987–2000)

STEP 1.—Determining the Number of Computation Years		
1	Year of birth. (If your birthday is January 1, enter prior year.)	
2	Age "62" has been entered.	62
3	Add lines 1 and 2 to obtain year of attainment of age 62 (year of eligibility).	
4	Year of attainment of age 22. If 1951 or earlier, enter 1951. (If your birthday is January 1, enter prior year.)	
5	Subtract line 4 from line 3 (elapsed years).	
6	"5" (drop-out years) has been entered.	5
7	Subtract line 6 from line 5 (computation years-maximum 35).	
STEP 2.—Indexing of Earnings (Use Worksheet 1 for steps 2 and 3.)		
8	Enter in column 2 your earnings in each year 1951 through 1999. If none, enter "0."	
9	Column 3 contains the maximum earnings creditable under Social Security for each year.	
10	Enter in column 4 the lower amount from columns 2 or 3 for each year.	
11	Enter in column 5 the indexing factors applicable to the year you attained age 62 (line 3) from table 2.A8. (This table contains the indexing factors for persons attaining age 62 during the period 1986-99.)	
12	Multiply column 4 by column 5 and enter results in column 6 in dollars and cents. These are your indexed earnings.	
STEP 3.—Computing the Average Indexed Monthly Earnings (AIME)		
13	Enter the number of computation years from line 7.	
14	Place an "X" in column 7 next to the highest indexed earnings corresponding with the number of computation years from line 13.	
15	Add all individual indexed earnings marked with an "X."	
16	Multiply line 13 (computation years) by 12 to obtain the number of months in the computation period.	
17	Divide line 15 by line 16.	
18	Round the result in line 17 to next lower dollar. This is your average indexed monthly earnings (AIME).	
STEP 4.—Computing the Primary Insurance Amount (PIA) (Use Worksheet 2 for step 4.)		
19	Enter first bend point from Worksheet 2 based on year of attainment of age 62, or prior year if birthday is January 1.	
20	Enter second bend point from Worksheet 2.	
21	If your AIME (obtained in line 18) is equal to or less than line 19, complete lines 22–24; If greater than line 19 but less than or equal to line 20, complete lines 25–30; If greater than line 20, complete lines 31–37.	
22	Enter your AIME from line 18.	
23	"0.9" has been entered. If you receive a pension based on noncovered employment see table 2.A11.1.	0.9
24	Multiply line 22 by line 23 and round to next lower dime to obtain your PIA at age 62. Continue with line 38.	
25	Enter your AIME from line 18.	
26	Multiply line 19 by .9. If you receive a pension based on noncovered employment see table 2.A11.1.	
27	Subtract line 19 from line 25.	
28	"0.32" has been entered.	0.32
29	Multiply line 27 by line 28.	
30	Add lines 26 and 29 and round to next lower dime to obtain your PIA at age 62. Continue with line 38.	
31	Enter your AIME from line 18.	
32	Multiply line 19 by 0.9. If you receive a pension based on noncovered employment see table 2.A11.1.	
33	Subtract line 19 from line 20 and multiply by 0.32.	
34	Subtract line 20 from line 31.	
35	"0.15" has been entered.	0.15
36	Multiply line 34 by line 35.	
37	Add lines 32, 33, and 36 and round to next lower dime to obtain your PIA at age 62. Continue with line 38.	
38	If you attained age 62 in 2000, skip to line 44. Otherwise you will need to adjust your PIA to reflect cost-of-living adjustments (COLAs) from the year you attained age 62 through 1999 by using lines 39–43 and Worksheet 2.	

Instructions for computing a retired-worker benefit (only for workers attaining age 62 in years 1987–2000)—Continued

39	Enter year of attainment of age 62 from line 3.	
40	Place an "X" corresponding to the year you attained age 62 in column 5, Worksheet 2.	
41	Place an "X" in column 5 (Worksheet 2) next to each subsequent year through 1999.	
42	Enter your age 62 PIA from either line 24, 30, or 37—here and in shaded box in column 6, Worksheet 2.	
43	Beginning with first year marked, multiply your age 62 PIA by the corresponding factor (column 4), round to lower dime, and enter in column 6. The resulting PIA is then multiplied by the next factor and is again rounded to lower dime. Continue this process through 1999. Enter this last figure, which is your current PIA.	

STEP 5a.—Computing the Monthly Benefit

44	Enter your current PIA from either line 24, 30, 37, or 43.	
	If you retired at age 65, round to next lower dollar to obtain your monthly benefit.	
	If you retired at age exactly age 62 or 62 and 1 month in the year 2000 skip to line 50.	
	If you retired between ages 62 and 2 months through age 64 and 11 months continue with line 45.	
45	Number of months entitled before age 65.	
46	"0.0055555" (the decimal equivalent of 5/9 of 1 percent—the monthly reduction factor) has been entered.	0.0055555
47	Multiply line 45 by line 46 to obtain the total percentage reduction.	
48	Multiply line 44 by line 47 to obtain the amount of benefit reduction.	
49	Subtract line 48 from line 44 and round to next lower dollar to obtain your monthly benefit.	

Step 5b.—Computing the Monthly Benefit for persons electing benefits at age 62 or 62 and 1 month.

50	Effective in the year 2000, benefits paid to workers retiring at exactly age 62 or 62 and 1 month will be further reduced due to the increase in the full retirement age to 65 and 2 months.	
51	Number of months entitled before age 65 (maximum of 36).	
52	"0.0055555" (the decimal equivalent of 5/9 of 1 percent—the monthly reduction factor) has been entered.	0.0055555
53	Multiply line 51 by line 52 to obtain the percentage reduction for the first 36 months.	
54	Number of further reduction months above 36 (maximum of 2).	
55	"0.0041667" (the decimal equivalent of 5/12 of 1 percent—the monthly reduction factor) has been entered.	0.0041667
56	Multiply line 54 by line 55 to obtain the additional percentage reduction.	
57	Add lines 53 and 56 to obtain total percentage reduction.	
58	Multiply line 44 by line 57 to obtain the amount of benefit reduction.	
59	Subtract line 58 from line 44 and round to next lower dollar to obtain your monthly benefit.	

OASDI: Computing a Retired-Worker Benefit

Worksheet 1: Indexing of earnings

1 Year	2 Your earnings	3 Maximum taxable earnings	4 Lower of columns 2 or 3	5 Indexing factor	6 Column 4 times column 5	7 Highest indexed earnings
1951		\$3,600				
1952		3,600				
1953		3,600				
1954		3,600				
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				
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				

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

Year	1 1st bend point	2 2nd bend point	3 Cost-of-living increase	4 Cost-of-living factor	5	6
						Age 62
1979	\$180	\$1,085	9.9	1.099		
1980	194	1,171	14.3	1.143		
1981	211	1,274	11.2	1.112		
1982	230	1,388	7.4	1.074		
1983	254	1,528	3.5	1.035		
1984	267	1,612	3.5	1.035		
1985	280	1,691	3.1	1.031		
1986	297	1,790	1.3	1.013		
1987	310	1,866	4.2	1.042		
1988	319	1,922	4.0	1.040		
1989	339	2,044	4.7	1.047		
1990	356	2,145	5.4	1.054		
1991	370	2,230	3.7	1.037		
1992	387	2,333	3.0	1.030		
1993	401	2,420	2.6	1.026		
1994	422	2,545	2.8	1.028		
1995	426	2,567	2.6	1.026		
1996	437	2,635	2.9	1.029		
1997	455	2,741	2.1	1.021		
1998	477	2,875	1.3	1.013		
1999	505	3,043	2.4	1.024		
2000	531	3,202		

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Table 2.A8.—Factors for indexing earnings, 1951–2000

Year	Annual maximum taxable earnings	Average annual wage ¹	Factors ² for workers who were first eligible (attained age 62, became disabled, or died) in—						
			1987	1988	1989	1990	1991	1992	1993
1951.....	\$3,600	\$2,799.16	6.0098422	6.1882208	6.5828713	6.9070864	7.1805649	7.5122465	7.7921948
1952.....	3,600	2,973.32	5.6578202	5.8257503	6.1972845	6.5025090	6.7599687	7.0722223	7.3357728
1953.....	3,600	3,139.44	5.3584429	5.5174872	5.8693621	6.1584359	6.4022724	6.6980035	6.9476085
1954.....	3,600	3,155.64	5.3309345	5.4891623	5.8392307	6.1268205	6.3694053	6.6636182	6.9119418
1955.....	4,200	3,301.44	5.0955068	5.2467469	5.5813554	5.8562445	6.0881161	6.3693358	6.6066928
1956.....	4,200	3,532.36	4.7623996	4.9037527	5.2164870	5.4734059	5.6901194	5.9529550	6.1747953
1957.....	4,200	3,641.72	4.6193859	4.7564942	5.0598371	5.3090408	5.5192464	5.7741891	5.9893677
1958.....	4,200	3,673.80	4.5790489	4.7149600	5.0156541	5.2626817	5.4710518	5.7237683	5.9370679
1959.....	4,200	3,855.80	4.3629104	4.4924062	4.7789071	5.0142746	5.2128093	5.4535972	5.6568287
1960.....	4,800	4,007.12	4.1981548	4.3227605	4.5984423	4.8249216	5.0159591	5.2476542	5.4432111
1961.....	4,800	4,086.76	4.1163440	4.2385215	4.5088310	4.7308968	4.9182115	5.1453915	5.3371375
1962.....	4,800	4,291.40	3.9200517	4.0364030	4.2938225	4.5052990	4.6836813	4.9000280	5.0826304
1963.....	4,800	4,396.64	3.8262196	3.9397858	4.1910436	4.3974581	4.5715706	4.7827386	4.9609702
1964.....	4,800	4,576.32	3.6759908	3.7850981	4.0264907	4.2248007	4.3920770	4.5949540	4.7661877
1965.....	4,800	4,658.72	3.6109725	3.7181500	3.9552731	4.1500756	4.3143932	4.5136819	4.6818869
1966.....	6,600	4,938.36	3.4064973	3.5076058	3.7313015	3.9150730	4.0700860	4.2580897	4.4167699
1967.....	6,600	5,213.44	3.2267581	3.3225318	3.5344245	3.7084996	3.8553335	4.0334175	4.1837251
1968.....	7,800	5,571.76	3.0192453	3.1088597	3.3071256	3.4700059	3.6073969	3.7740283	3.9146697
1969.....	7,800	5,893.76	2.8542917	2.9390101	3.1264439	3.2804254	3.4103102	3.5678378	3.7007954
1970.....	7,800	6,186.24	2.7193433	2.8000563	2.9786284	3.1253298	3.2490738	3.3991536	3.5258251
1971.....	7,800	6,497.08	2.5892416	2.6660931	2.8361218	2.9758045	3.0936282	3.2365278	3.3571389
1972.....	9,000	7,133.80	2.3581415	2.4281337	2.5829866	2.7102021	2.8175096	2.9476548	3.0575009
1973.....	10,800	7,580.16	2.2192817	2.2851523	2.4308867	2.5506111	2.6515997	2.7740813	2.8774591
1974.....	13,200	8,030.76	2.0947594	2.1569341	2.2944914	2.4074982	2.5028204	2.6184296	2.7160070
1975.....	14,100	8,630.92	1.9490981	2.0069494	2.1349416	2.2400903	2.3287842	2.4363544	2.5271466
1976.....	15,300	9,226.48	1.8232858	1.8774029	1.9971333	2.0954947	2.1784635	2.2790902	2.3640218
1977.....	16,500	9,779.44	1.7201915	1.7712487	1.8842091	1.9770089	2.0552864	2.1502233	2.2303527
1978.....	17,700	10,556.03	1.5936398	1.6409408	1.7455909	1.8315636	1.9040823	1.9920349	2.0662692
1979.....	22,900	11,479.46	1.4654444	1.5089403	1.6051722	1.6842290	1.7509142	1.8317917	1.9000545
1980.....	25,900	12,513.46	1.3443532	1.3842550	1.4725352	1.5450595	1.6062344	1.6804289	1.7430511
1981.....	29,700	13,773.10	1.2214033	1.2576559	1.3378622	1.4037537	1.4593338	1.5267427	1.5836377
1982.....	32,400	14,531.34	1.1576709	1.1920318	1.2680530	1.3305063	1.3831863	1.4470778	1.5010040
1983.....	35,700	15,239.24	1.1038943	1.1366590	1.2091489	1.2687011	1.3189339	1.3798575	1.4312787
1984.....	37,800	16,135.07	1.0426053	1.0735510	1.1420161	1.1982619	1.2457058	1.3032469	1.3518132
1985.....	39,600	16,822.51	1.0000000	1.0296811	1.0953484	1.1492958	1.1948009	1.2499906	1.2965723
1986.....	42,000	17,321.82	1.0000000	1.0000000	1.0637745	1.1161668	1.1603602	1.2139590	1.2591979
1987.....	43,800	18,426.51	1.0000000	1.0000000	1.0000000	1.0492513	1.0907953	1.1411808	1.1837076
1988.....	45,000	19,334.04	1.0000000	1.0000000	1.0000000	1.0000000	1.0395939	1.0876144	1.1281450
1989.....	48,000	20,099.55	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0461916	1.0851785
1990.....	51,300	21,027.98	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0372656
1991.....	53,400	21,811.60	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1992.....	55,500	22,935.42	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1993.....	57,600	23,132.67	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1994.....	60,600	23,753.53	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1995.....	61,200	24,705.66	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1996.....	62,700	25,913.90	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1997.....	65,400	27,426.00	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1998.....	68,400	28,861.44	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1999.....	72,600	...	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2000.....	76,200	...	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

See footnotes at end of table.

2.A OASDI: Benefit Computation & Automatic Adjustments

Table 2.A8.—Factors for indexing earnings, 1951–2000—*Continued*

Year	Annual maximum taxable earnings	Average annual wage ¹	Factors ² for workers who were first eligible (attained age 62, became disabled, or died) in—						
			1994	1995	1996	1997	1998	1999	2000
1951.....	\$3,600	\$2,799.16	8.1936795	8.2641471	8.4859494	8.8260978	9.2577416	9.7979394	10.3107504
1952.....	3,600	2,973.32	7.7137409	7.7800809	7.9888912	8.3091157	8.7154763	9.2240324	9.7068059
1953.....	3,600	3,139.44	7.3055768	7.3684065	7.5661679	7.8694481	8.2543065	8.7359529	9.1931809
1954.....	3,600	3,155.64	7.2680724	7.3305795	7.5273257	7.8290489	8.2119317	8.6911054	9.1459862
1955.....	4,200	3,301.44	6.9470958	7.0068425	7.1948998	7.4832982	7.8492718	8.3072841	8.7420762
1956.....	4,200	3,532.36	6.4929452	6.5487861	6.7245496	6.9940946	7.3361435	7.7642143	8.1705828
1957.....	4,200	3,641.72	6.2979636	6.3521276	6.5226129	6.7840636	7.1158409	7.5310568	7.9252221
1958.....	4,200	3,673.80	6.2429691	6.2966601	6.4656568	6.7248244	7.0537046	7.4652948	7.8560183
1959.....	4,800	3,855.80	5.9482909	5.9994476	6.1604673	6.4074018	6.7207583	7.1129208	7.4852015
1960.....	4,800	4,007.12	5.7236669	5.7728918	5.9278310	6.1654405	6.4669638	6.8443171	7.2025395
1961.....	4,800	4,086.76	5.6121279	5.6603936	5.8123134	6.0452926	6.3409400	6.7109397	7.0621813
1962.....	4,800	4,291.40	5.3445076	5.3904716	5.5351470	5.7570164	6.0385655	6.3909214	6.7254136
1963.....	4,800	4,396.64	5.2165790	5.2614428	5.4026552	5.6192138	5.8940236	6.2379453	6.5644310
1964.....	4,800	4,576.32	5.0117605	5.0548629	5.1905308	5.3985866	5.6626066	5.9930250	6.3066918
1965.....	4,800	4,658.72	4.9231162	4.9654562	5.0987245	5.3031004	5.5624506	5.8870248	6.1951437
1966.....	6,600	4,938.36	4.6443394	4.6842818	4.8100037	5.0028066	5.2474708	5.5536656	5.8443370
1967.....	6,600	5,213.44	4.3992872	4.4371221	4.5562105	4.7388404	4.9705952	5.2606341	5.5359686
1968.....	7,800	5,571.76	4.1163690	4.1517707	4.2632005	4.4340855	4.6509361	4.9223226	5.1799503
1969.....	7,800	5,893.76	3.8914751	3.9249427	4.0302846	4.1918334	4.3968367	4.6533961	4.8969486
1970.....	7,800	6,186.24	3.7074895	3.7393748	3.8397363	3.9936472	4.1889581	4.4333876	4.6654252
1971.....	7,800	6,497.08	3.5301120	3.5604718	3.6560316	3.8025790	3.9885456	4.2212809	4.4422171
1972.....	9,000	7,133.80	3.2150355	3.2426855	3.3297163	3.4631837	3.6325521	3.8445148	4.0457316
1973.....	10,800	7,580.16	3.0257171	3.0517390	3.1336449	3.2592531	3.4186482	3.6181294	3.8074975
1974.....	13,200	8,030.76	2.8559464	2.8805082	2.9578184	3.0763788	3.2268303	3.4151189	3.5938616
1975.....	14,100	8,630.92	2.6573552	2.6802091	2.7521435	2.8624596	3.0024493	3.1776450	3.3439587
1976.....	15,300	9,226.48	2.4858256	2.5072043	2.5744954	2.6776907	2.8086443	2.9725312	3.1281095
1977.....	16,500	9,779.44	2.3452693	2.3654391	2.4289254	2.5262858	2.6498348	2.8044551	2.9512365
1978.....	17,700	10,556.03	2.1727316	2.1914176	2.2502333	2.3404310	2.4548907	2.5981359	2.7341188
1979.....	22,900	11,479.46	1.9979529	2.0151357	2.0692202	2.1521622	2.2574145	2.3891368	2.5141810
1980.....	25,900	12,513.46	1.8328600	1.8486230	1.8982384	1.9743268	2.0708821	2.1917200	2.3064316
1981.....	29,700	13,773.10	1.6652330	1.6795543	1.7246321	1.7937618	1.8814864	1.9912728	2.0954934
1982.....	32,400	14,531.34	1.5783417	1.5919158	1.6346414	1.7001639	1.7833111	1.8873690	1.9861513
1983.....	35,700	15,239.24	1.5050239	1.5179674	1.5587083	1.6211871	1.7004719	1.7996960	1.8938897
1984.....	37,800	16,135.07	1.4214639	1.4336889	1.4721678	1.5311777	1.6060606	1.6997757	1.7887397
1985.....	39,600	16,822.51	1.3633768	1.3751022	1.4120087	1.4686072	1.5404301	1.6303156	1.7156441
1986.....	42,000	17,321.82	1.3240768	1.3354642	1.3713068	1.4262739	1.4960264	1.5833209	1.6661898
1987.....	43,800	18,426.51	1.2446969	1.2554016	1.2890954	1.3407672	1.4063379	1.4883991	1.5662999
1988.....	45,000	19,334.04	1.1862715	1.1964737	1.2285860	1.2778323	1.3403251	1.4185344	1.4927785
1989.....	48,000	20,099.55	1.1410912	1.1509049	1.1817941	1.2291648	1.2892776	1.3645082	1.4359247
1990.....	51,300	21,027.98	1.0907096	1.1000900	1.1296154	1.1748946	1.2323533	1.3042622	1.3725256
1991.....	53,400	21,811.60	1.0515240	1.0605673	1.0890320	1.1326844	1.1880788	1.2574043	1.3232152
1992.....	55,500	22,935.42	1.0000000	1.0086002	1.0356702	1.0771837	1.1298638	1.1957924	1.2583785
1993.....	57,600	23,132.67	1.0000000	1.0000000	1.0268391	1.0679986	1.1202295	1.1855960	1.2476485
1994.....	60,600	23,753.53	1.0000000	1.0000000	1.0000000	1.0400837	1.0400494	1.1546077	1.2150379
1995.....	61,200	24,705.66	1.0000000	1.0000000	1.0000000	1.0000000	1.0489054	1.1101100	1.1682117
1996.....	62,700	25,913.90	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0583509	1.1137436
1997.....	65,400	27,426.00	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0523387
1998.....	68,400	28,861.44	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
1999.....	72,600	...	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2000.....	76,200	...	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

¹ 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 1973–77, from data collected on all taxable wages reported to SSA; for 1957–72, based on 1% statistical sample; for 1951–56, based on 1/10 of 1% statistical sample. For 1978–84, 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.

² The indexing factor for a given year represents the ratio of the average annual wage (col. 2) 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 earnings (AIME).

2.A OASDI: Benefit Computation & Automatic Adjustments

Table 2.A11.1.—Computation of PIA based on Windfall Elimination Provision (WEP)

Year enacted	Effective	Provision																						
1983	1986	<p>Workers first eligible for pensions based on noncovered employment ¹ and disability or retirement workers after Dec. 31, 1985. Benefits computation uses a reduced factor of the usual first AIME bendpoint. ¹</p> <table> <thead> <tr> <th><i>Factor</i></th> <th><i>Year eligible</i></th> </tr> </thead> <tbody> <tr> <td>80%</td> <td>1986</td> </tr> <tr> <td>70%</td> <td>1987</td> </tr> <tr> <td>60%</td> <td>1988</td> </tr> <tr> <td>50%</td> <td>1989</td> </tr> <tr> <td>40%</td> <td>1990 and later</td> </tr> </tbody> </table> <p>WEP is not applicable to persons who were federal employees or nonprofit employees on Jan. 1, 1984 and who were covered by Social Security on that date; 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. ² For benefits payable before January 1989:</p> <table> <thead> <tr> <th><i>Factor</i></th> <th><i>Years of coverage</i></th> </tr> </thead> <tbody> <tr> <td>80%</td> <td>29</td> </tr> <tr> <td>70%</td> <td>28</td> </tr> <tr> <td>60%</td> <td>27</td> </tr> <tr> <td>50%</td> <td>26</td> </tr> </tbody> </table>	<i>Factor</i>	<i>Year eligible</i>	80%	1986	70%	1987	60%	1988	50%	1989	40%	1990 and later	<i>Factor</i>	<i>Years of coverage</i>	80%	29	70%	28	60%	27	50%	26
<i>Factor</i>	<i>Year eligible</i>																							
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80%	29																							
70%	28																							
60%	27																							
50%	26																							
1988	1989	<p>5% added to factor for each year of coverage over 20.</p> <table> <thead> <tr> <th><i>Factor</i></th> <th><i>Years of coverage</i></th> </tr> </thead> <tbody> <tr> <td>85%</td> <td>29</td> </tr> <tr> <td>80%</td> <td>28</td> </tr> <tr> <td>75%</td> <td>27</td> </tr> <tr> <td>70%</td> <td>26</td> </tr> <tr> <td>65%</td> <td>25</td> </tr> <tr> <td>60%</td> <td>24</td> </tr> <tr> <td>55%</td> <td>23</td> </tr> <tr> <td>40%</td> <td>22</td> </tr> <tr> <td>45%</td> <td>21</td> </tr> </tbody> </table>	<i>Factor</i>	<i>Years of coverage</i>	85%	29	80%	28	75%	27	70%	26	65%	25	60%	24	55%	23	40%	22	45%	21		
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45%	21																							
	1991	<p>Earnings required for a year of substantial coverage (decoupled from the definition of a year of coverage for Special Minimum PIA). ²</p> <table> <thead> <tr> <th><i>Year</i></th> <th><i>Earnings</i></th> </tr> </thead> <tbody> <tr> <td>1991</td> <td>\$9,000</td> </tr> <tr> <td>1992</td> <td>10,350</td> </tr> <tr> <td>1993</td> <td>10,725</td> </tr> <tr> <td>1994</td> <td>11,250</td> </tr> <tr> <td>1995</td> <td>11,325</td> </tr> <tr> <td>1996</td> <td>11,625</td> </tr> <tr> <td>1997</td> <td>12,150</td> </tr> <tr> <td>1998</td> <td>12,675</td> </tr> <tr> <td>1999</td> <td>13,425</td> </tr> <tr> <td>2000</td> <td>14,175</td> </tr> </tbody> </table>	<i>Year</i>	<i>Earnings</i>	1991	\$9,000	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
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¹ Reduction in PIA will not be greater than one-half of the periodic payment based on noncovered employment performed after 1956.

² See table 2.A12 for the definition of a year of coverage before 1991.