

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A8—Factors for indexing earnings, 1951–2005

| Year | Annual maximum taxable earnings (dollars) | Average annual wage ^a (dollars) | Factors for workers who were first eligible (attained age 62, became disabled, or died) in ^b — | | | | | | |
|------|---|--|---|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
| 1951 | 3,600 | 2,799.16 | 7.1805649 | 7.5122465 | 7.7921948 | 8.1936795 | 8.2641471 | 8.4859494 | 8.8260978 |
| 1952 | 3,600 | 2,973.32 | 6.7599687 | 7.0722223 | 7.3357728 | 7.7137409 | 7.7800809 | 7.9888912 | 8.3091157 |
| 1953 | 3,600 | 3,139.44 | 6.4022724 | 6.6980035 | 6.9476085 | 7.3055768 | 7.3684065 | 7.5661679 | 7.8694481 |
| 1954 | 3,600 | 3,155.64 | 6.3694053 | 6.6636182 | 6.9119418 | 7.2680724 | 7.3305795 | 7.5273257 | 7.8290489 |
| 1955 | 4,200 | 3,301.44 | 6.0881161 | 6.3693358 | 6.6066928 | 6.9470958 | 7.0068425 | 7.1948998 | 7.4832982 |
| 1956 | 4,200 | 3,532.36 | 5.6901194 | 5.9529550 | 6.1747953 | 6.4929452 | 6.5487861 | 6.7245496 | 6.9940946 |
| 1957 | 4,200 | 3,641.72 | 5.5192464 | 5.7741891 | 5.9893677 | 6.2979636 | 6.3521276 | 6.5226129 | 6.7840636 |
| 1958 | 4,200 | 3,673.80 | 5.4710518 | 5.7237683 | 5.9370679 | 6.2429691 | 6.2966601 | 6.4656568 | 6.7248244 |
| 1959 | 4,800 | 3,855.80 | 5.2128093 | 5.4535972 | 5.6568287 | 5.9482909 | 5.9994476 | 6.1604673 | 6.4074018 |
| 1960 | 4,800 | 4,007.12 | 5.0159591 | 5.2476542 | 5.4432111 | 5.7236669 | 5.7728918 | 5.9278310 | 6.1654405 |
| 1961 | 4,800 | 4,086.76 | 4.9182115 | 5.1453915 | 5.3371375 | 5.6121279 | 5.6603936 | 5.8123134 | 6.0452926 |
| 1962 | 4,800 | 4,291.40 | 4.6836813 | 4.9000280 | 5.0826304 | 5.3445076 | 5.3904716 | 5.5351470 | 5.7570164 |
| 1963 | 4,800 | 4,396.64 | 4.5715706 | 4.7827386 | 4.9609702 | 5.2165790 | 5.2614428 | 5.4026552 | 5.6192138 |
| 1964 | 4,800 | 4,576.32 | 4.3920770 | 4.5949540 | 4.7661877 | 5.0117605 | 5.0548629 | 5.1905308 | 5.3985866 |
| 1965 | 4,800 | 4,658.72 | 4.3143932 | 4.5136819 | 4.6818869 | 4.9231162 | 4.9654562 | 5.0987245 | 5.3031004 |
| 1966 | 6,600 | 4,938.36 | 4.0700860 | 4.2580897 | 4.4167699 | 4.6443394 | 4.6842818 | 4.8100037 | 5.0028066 |
| 1967 | 6,600 | 5,213.44 | 3.8553335 | 4.0334175 | 4.1837251 | 4.3992872 | 4.4371221 | 4.5562105 | 4.7388404 |
| 1968 | 7,800 | 5,571.76 | 3.6073969 | 3.7740283 | 3.9146697 | 4.1163690 | 4.1517707 | 4.2632005 | 4.4340855 |
| 1969 | 7,800 | 5,893.76 | 3.4103102 | 3.5678378 | 3.7007954 | 3.8914751 | 3.9249427 | 4.0302846 | 4.1918334 |
| 1970 | 7,800 | 6,186.24 | 3.2490738 | 3.3991536 | 3.5258251 | 3.7074895 | 3.7393748 | 3.8397363 | 3.9936472 |
| 1971 | 7,800 | 6,497.08 | 3.0936282 | 3.2365278 | 3.3571389 | 3.5301120 | 3.5604718 | 3.6560316 | 3.8025790 |
| 1972 | 9,000 | 7,133.80 | 2.8175096 | 2.9476548 | 3.0575009 | 3.2150355 | 3.2426855 | 3.3297163 | 3.4631837 |
| 1973 | 10,800 | 7,580.16 | 2.6515997 | 2.7740813 | 2.8774591 | 3.0257171 | 3.0517390 | 3.1336449 | 3.2592531 |
| 1974 | 13,200 | 8,030.76 | 2.5028204 | 2.6184296 | 2.7160070 | 2.8559464 | 2.8805082 | 2.9578184 | 3.0763788 |
| 1975 | 14,100 | 8,630.92 | 2.3287842 | 2.4363544 | 2.5271466 | 2.6573552 | 2.6802091 | 2.7521435 | 2.8624596 |
| 1976 | 15,300 | 9,226.48 | 2.1784635 | 2.2790902 | 2.3640218 | 2.4858256 | 2.5072043 | 2.5744954 | 2.6776907 |
| 1977 | 16,500 | 9,779.44 | 2.0552864 | 2.1502233 | 2.2303527 | 2.3452693 | 2.3654391 | 2.4289254 | 2.5262858 |
| 1978 | 17,700 | 10,556.03 | 1.9040823 | 1.9920349 | 2.0662692 | 2.1727316 | 2.1914176 | 2.2502333 | 2.3404310 |
| 1979 | 22,900 | 11,479.46 | 1.7509142 | 1.8317917 | 1.9000545 | 1.9979529 | 2.0151357 | 2.0692202 | 2.1521622 |
| 1980 | 25,900 | 12,513.46 | 1.6062344 | 1.6804289 | 1.7430511 | 1.8328600 | 1.8486230 | 1.8982384 | 1.9743268 |
| 1981 | 29,700 | 13,773.10 | 1.4593338 | 1.5267427 | 1.5836377 | 1.6652330 | 1.6795543 | 1.7246321 | 1.7937618 |
| 1982 | 32,400 | 14,531.34 | 1.3831863 | 1.4470778 | 1.5010040 | 1.5783417 | 1.5919158 | 1.6346414 | 1.7001639 |
| 1983 | 35,700 | 15,239.24 | 1.3189339 | 1.3798575 | 1.4312787 | 1.5050239 | 1.5179674 | 1.5587083 | 1.6211871 |
| 1984 | 37,800 | 16,135.07 | 1.2457058 | 1.3032469 | 1.3518132 | 1.4214639 | 1.4336889 | 1.4721678 | 1.5311777 |
| 1985 | 39,600 | 16,822.51 | 1.1948009 | 1.2499906 | 1.2965723 | 1.3633768 | 1.3751022 | 1.4120087 | 1.4686072 |
| 1986 | 42,000 | 17,321.82 | 1.1603602 | 1.2139590 | 1.2591979 | 1.3240768 | 1.3354642 | 1.3713068 | 1.4262739 |
| 1987 | 43,800 | 18,426.51 | 1.0907953 | 1.1411808 | 1.1837076 | 1.2446969 | 1.2554016 | 1.2890954 | 1.3407672 |
| 1988 | 45,000 | 19,334.04 | 1.0395939 | 1.0876144 | 1.1281450 | 1.1862715 | 1.1964737 | 1.2285860 | 1.2778323 |
| 1989 | 48,000 | 20,099.55 | 1.0000000 | 1.0461916 | 1.0851785 | 1.1410912 | 1.1509049 | 1.1817941 | 1.2291648 |
| 1990 | 51,300 | 21,027.98 | 1.0000000 | 1.0000000 | 1.0372656 | 1.0907096 | 1.1000900 | 1.1296154 | 1.1748946 |
| 1991 | 53,400 | 21,811.60 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0515240 | 1.0605673 | 1.0890320 | 1.1326844 |
| 1992 | 55,500 | 22,935.42 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0086002 | 1.0356702 | 1.0771837 |
| 1993 | 57,600 | 23,132.67 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0268391 | 1.0679986 |
| 1994 | 60,600 | 23,753.53 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0400837 |
| 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 | 30,469.84 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2000 | 76,200 | 32,154.82 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2001 | 80,400 | 32,921.92 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2002 | 84,900 | 33,252.09 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2003 | 87,000 | 34,064.95 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2004 | 87,900 | ... | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2005 | 90,000 | ... | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A8—Factors for indexing earnings, 1951–2005—Continued

| Year | Annual maximum taxable earnings (dollars) | Average annual wage ^a (dollars) | Factors for workers who were first eligible (attained age 62, became disabled, or died) in ^b — | | | | | | | |
|------|---|--|---|-----------|------------|------------|------------|------------|------------|------------|
| | | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| 1951 | 3,600 | 2,799.16 | 9.2577416 | 9.7979394 | 10.3107504 | 10.8853513 | 11.4873105 | 11.7613570 | 11.8793102 | 12.1697045 |
| 1952 | 3,600 | 2,973.32 | 8.7154763 | 9.2240324 | 9.7068059 | 10.2477500 | 10.8144498 | 11.0724443 | 11.1834885 | 11.4568731 |
| 1953 | 3,600 | 3,139.44 | 8.2543065 | 8.7359529 | 9.1931809 | 9.7055016 | 10.2422152 | 10.4865581 | 10.5917265 | 10.8506453 |
| 1954 | 3,600 | 3,155.64 | 8.2119317 | 8.6911054 | 9.1459862 | 9.6556768 | 10.1896351 | 10.4327236 | 10.5373522 | 10.7949418 |
| 1955 | 4,200 | 3,301.44 | 7.8492718 | 8.3072841 | 8.7420762 | 9.2292575 | 9.7396348 | 9.9719880 | 10.0719959 | 10.3182096 |
| 1956 | 4,200 | 3,532.36 | 7.3361435 | 7.7642143 | 8.1705828 | 8.6259158 | 9.1029284 | 9.3200919 | 9.4135620 | 9.6436801 |
| 1957 | 4,200 | 3,641.72 | 7.1158409 | 7.5310568 | 7.9252221 | 8.3668816 | 8.8295695 | 9.0402118 | 9.1308750 | 9.3540827 |
| 1958 | 4,200 | 3,673.80 | 7.0537046 | 7.4652948 | 7.8560183 | 8.2938211 | 8.7524688 | 8.9612717 | 9.0511432 | 9.2724019 |
| 1959 | 4,800 | 3,855.80 | 6.7207583 | 7.1129208 | 7.4852015 | 7.9023393 | 8.3393381 | 8.5382852 | 8.6239146 | 8.8347295 |
| 1960 | 4,800 | 4,007.12 | 6.4669638 | 6.8443171 | 7.2025395 | 7.6039250 | 8.0244215 | 8.2158558 | 8.2982516 | 8.5011055 |
| 1961 | 4,800 | 4,086.76 | 6.3409400 | 6.7109397 | 7.0621813 | 7.4557449 | 7.8680471 | 8.0557508 | 8.1365409 | 8.3354418 |
| 1962 | 4,800 | 4,291.40 | 6.0385655 | 6.3909214 | 6.7254136 | 7.1002097 | 7.4928508 | 7.6716037 | 7.7485413 | 7.9379573 |
| 1963 | 4,800 | 4,396.64 | 5.8940236 | 6.2379453 | 6.5644310 | 6.9302558 | 7.3134985 | 7.4879726 | 7.5630686 | 7.7479507 |
| 1964 | 4,800 | 4,576.32 | 5.6626066 | 5.9930250 | 6.3066918 | 6.6581533 | 7.0263487 | 7.1939724 | 7.2661199 | 7.4437430 |
| 1965 | 4,800 | 4,658.72 | 5.5624506 | 5.8870248 | 6.1951437 | 6.5403888 | 6.9020718 | 7.0667308 | 7.1376022 | 7.3120836 |
| 1966 | 6,600 | 4,938.36 | 5.2474708 | 5.5536656 | 5.8443370 | 6.1700322 | 6.5112345 | 6.6665695 | 6.7334277 | 6.8980289 |
| 1967 | 6,600 | 5,213.44 | 4.9705952 | 5.2606341 | 5.5359686 | 5.8444789 | 6.1676782 | 6.3148171 | 6.3781476 | 6.5340639 |
| 1968 | 7,800 | 5,571.76 | 4.6509361 | 4.9223226 | 5.1799503 | 5.4686203 | 5.7710346 | 5.9087111 | 5.9679688 | 6.1138581 |
| 1969 | 7,800 | 5,893.76 | 4.3968367 | 4.6533961 | 4.8969486 | 5.1698474 | 5.4557396 | 5.5858942 | 5.6419145 | 5.7798332 |
| 1970 | 7,800 | 6,186.24 | 4.1889581 | 4.4333876 | 4.6654252 | 4.9254216 | 5.1977970 | 5.3217981 | 5.3751697 | 5.5065678 |
| 1971 | 7,800 | 6,497.08 | 3.9885456 | 4.2212809 | 4.4422171 | 4.6897745 | 4.9491187 | 5.0671871 | 5.1180053 | 5.2431169 |
| 1972 | 9,000 | 7,133.80 | 3.6325521 | 3.8445148 | 4.0457316 | 4.2711935 | 4.5073902 | 4.6149205 | 4.6612030 | 4.7751479 |
| 1973 | 10,800 | 7,580.16 | 3.4186482 | 3.6181294 | 3.8074975 | 4.0196830 | 4.2419711 | 4.3431695 | 4.3867267 | 4.4939619 |
| 1974 | 13,200 | 8,030.76 | 3.2268303 | 3.4151189 | 3.5938616 | 3.7941415 | 4.0039573 | 4.0994775 | 4.1405907 | 4.2418090 |
| 1975 | 14,100 | 8,630.92 | 3.0024493 | 3.1776450 | 3.3439587 | 3.5303119 | 3.7255379 | 3.8144161 | 3.8526704 | 3.9468504 |
| 1976 | 15,300 | 9,226.48 | 2.8086443 | 2.9725312 | 3.1281095 | 3.3024339 | 3.4850582 | 3.5681994 | 3.6039844 | 3.6920852 |
| 1977 | 16,500 | 9,779.44 | 2.6498348 | 2.8044551 | 2.9512365 | 3.1157040 | 3.2880022 | 3.3664423 | 3.4002039 | 3.4833232 |
| 1978 | 17,700 | 10,556.03 | 2.4548907 | 2.5981359 | 2.7341188 | 2.8864867 | 3.0461092 | 3.1187786 | 3.1500564 | 3.2270607 |
| 1979 | 22,900 | 11,479.46 | 2.2574145 | 2.3891368 | 2.5141810 | 2.6542921 | 2.8010743 | 2.8678980 | 2.8966598 | 2.9674697 |
| 1980 | 25,900 | 12,513.46 | 2.0708821 | 2.1917200 | 2.3064316 | 2.4349652 | 2.5696186 | 2.6309206 | 2.6573058 | 2.7222647 |
| 1981 | 29,700 | 13,773.10 | 1.8814864 | 1.9912728 | 2.0954934 | 2.2122717 | 2.3346102 | 2.3903057 | 2.4142778 | 2.4732958 |
| 1982 | 32,400 | 14,531.34 | 1.7833111 | 1.8873690 | 1.9861513 | 2.0968362 | 2.2127911 | 2.2655805 | 2.2883017 | 2.3442401 |
| 1983 | 35,700 | 15,239.24 | 1.7004719 | 1.7996960 | 1.8938897 | 1.9994330 | 2.1100015 | 2.1603387 | 2.1820045 | 2.2353444 |
| 1984 | 37,800 | 16,135.07 | 1.6060606 | 1.6997757 | 1.7887397 | 1.8884232 | 1.9928528 | 2.0403952 | 2.0608581 | 2.1112366 |
| 1985 | 39,600 | 16,822.51 | 1.5404301 | 1.6303156 | 1.7156441 | 1.8112541 | 1.9114163 | 1.9570159 | 1.9766426 | 2.0249624 |
| 1986 | 42,000 | 17,321.82 | 1.4960264 | 1.5833209 | 1.6661898 | 1.7590438 | 1.8563188 | 1.9006040 | 1.9196649 | 1.9665918 |
| 1987 | 43,800 | 18,426.51 | 1.4063379 | 1.4883991 | 1.5662999 | 1.6535871 | 1.7450304 | 1.7866606 | 1.8045788 | 1.8486925 |
| 1988 | 45,000 | 19,334.04 | 1.3403251 | 1.4185344 | 1.4927785 | 1.5759686 | 1.6631196 | 1.7027957 | 1.7198728 | 1.7619158 |
| 1989 | 48,000 | 20,099.55 | 1.2892776 | 1.3645082 | 1.4359247 | 1.5159464 | 1.5997781 | 1.6379431 | 1.6543699 | 1.6948116 |
| 1990 | 51,300 | 21,027.98 | 1.2323533 | 1.3042622 | 1.3725256 | 1.4490141 | 1.5291445 | 1.5656245 | 1.5813259 | 1.6199820 |
| 1991 | 53,400 | 21,811.60 | 1.1880788 | 1.2574043 | 1.3232152 | 1.3969557 | 1.4742073 | 1.5093767 | 1.5245140 | 1.5617813 |
| 1992 | 55,500 | 22,935.42 | 1.1298638 | 1.1957924 | 1.2583785 | 1.3285059 | 1.4019721 | 1.4354182 | 1.4498139 | 1.4852551 |
| 1993 | 57,600 | 23,132.67 | 1.1202295 | 1.1855960 | 1.2476485 | 1.3171778 | 1.3900177 | 1.4231786 | 1.4374514 | 1.4725905 |
| 1994 | 60,600 | 23,753.53 | 1.0909494 | 1.1546073 | 1.2150379 | 1.2827500 | 1.3536860 | 1.3859801 | 1.3998799 | 1.4341005 |
| 1995 | 61,200 | 24,705.66 | 1.0489054 | 1.1101100 | 1.1682117 | 1.2333141 | 1.3015163 | 1.3325659 | 1.3459300 | 1.3788318 |
| 1996 | 62,700 | 25,913.90 | 1.0000000 | 1.0583509 | 1.1137436 | 1.1758107 | 1.2408329 | 1.2704348 | 1.2831758 | 1.3145435 |
| 1997 | 65,400 | 27,426.00 | 1.0000000 | 1.0000000 | 1.0523387 | 1.1109837 | 1.1724211 | 1.2003909 | 1.2124294 | 1.2420677 |
| 1998 | 68,400 | 28,861.44 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0557283 | 1.1141100 | 1.1406888 | 1.1521286 | 1.1802928 |
| 1999 | 72,600 | 30,469.84 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0552999 | 1.0804756 | 1.0913116 | 1.1179891 |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A8—Factors for indexing earnings, 1951–2005—Continued

| Year | Annual maximum taxable earnings (dollars) | Average annual wage ^a (dollars) | Factors for workers who were first eligible (attained age 62, became disabled, or died) in ^b — | | | | | | | |
|------|---|--|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| 2000 | 76,200 | 32,154.82 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0238565 | 1.0341246 | 1.0594042 |
| 2001 | 80,400 | 32,921.92 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0100289 | 1.0347194 |
| 2002 | 84,900 | 33,252.09 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0244454 |
| 2003 | 87,000 | 34,064.95 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2004 | 87,900 | ... | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 | 1.0000000 |
| 2005 | 90,000 | ... | 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, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

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).

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A9—Indexed earnings for workers with maximum earnings, 1951–2005 (in dollars)

| Year | Annual maximum taxable earnings | Average annual wage ^a | Annual maximum indexed earnings for workers who were first eligible (attained age 62, became disabled, or died) in ^b — | | | | | | | |
|------|---------------------------------|----------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| 1951 | 3,600 | 2,799.16 | 33,327.87 | 35,272.58 | 37,118.70 | 39,187.26 | 41,354.32 | 42,340.89 | 42,765.52 | 43,810.94 |
| 1952 | 3,600 | 2,973.32 | 31,375.71 | 33,206.52 | 34,944.50 | 36,891.90 | 38,932.02 | 39,860.80 | 40,260.56 | 41,244.74 |
| 1953 | 3,600 | 3,139.44 | 29,715.50 | 31,449.43 | 33,095.45 | 34,939.81 | 36,871.97 | 37,751.61 | 38,130.22 | 39,062.32 |
| 1954 | 3,600 | 3,155.64 | 29,562.95 | 31,287.98 | 32,925.55 | 34,760.44 | 36,682.69 | 37,557.81 | 37,934.47 | 38,861.79 |
| 1955 | 4,200 | 3,301.44 | 32,966.94 | 34,890.59 | 36,716.72 | 38,762.88 | 40,906.47 | 41,882.35 | 42,302.38 | 43,336.48 |
| 1956 | 4,200 | 3,532.36 | 30,811.80 | 32,609.70 | 34,316.45 | 36,228.85 | 38,232.30 | 39,144.39 | 39,536.96 | 40,503.46 |
| 1957 | 4,200 | 3,641.72 | 29,886.53 | 31,630.44 | 33,285.93 | 35,140.90 | 37,084.19 | 37,968.89 | 38,349.67 | 39,287.15 |
| 1958 | 4,200 | 3,673.80 | 29,625.56 | 31,354.24 | 32,995.28 | 34,834.05 | 36,760.37 | 37,637.34 | 38,014.80 | 38,944.09 |
| 1959 | 4,800 | 3,855.80 | 32,259.64 | 34,142.02 | 35,928.97 | 37,931.23 | 40,028.82 | 40,983.77 | 41,394.79 | 42,406.70 |
| 1960 | 4,800 | 4,007.12 | 31,041.43 | 32,852.72 | 34,572.19 | 36,498.84 | 38,517.22 | 39,436.11 | 39,831.61 | 40,805.31 |
| 1961 | 4,800 | 4,086.76 | 30,436.51 | 32,212.51 | 33,898.47 | 35,787.58 | 37,766.63 | 38,667.60 | 39,055.40 | 40,010.12 |
| 1962 | 4,800 | 4,291.40 | 28,985.11 | 30,676.42 | 32,281.99 | 34,081.01 | 35,965.68 | 36,823.70 | 37,193.00 | 38,102.20 |
| 1963 | 4,800 | 4,396.64 | 28,291.31 | 29,942.14 | 31,509.27 | 33,265.23 | 35,104.79 | 35,942.27 | 36,302.73 | 37,190.16 |
| 1964 | 4,800 | 4,576.32 | 27,180.51 | 28,766.52 | 30,272.12 | 31,959.14 | 33,726.47 | 34,531.07 | 34,877.38 | 35,729.97 |
| 1965 | 4,800 | 4,658.72 | 26,699.76 | 28,257.72 | 29,736.69 | 31,393.87 | 33,129.94 | 33,920.31 | 34,260.49 | 35,098.00 |
| 1966 | 6,600 | 4,938.36 | 34,633.31 | 36,654.19 | 38,572.62 | 40,722.21 | 42,974.15 | 43,999.36 | 44,440.62 | 45,526.99 |
| 1967 | 6,600 | 5,213.44 | 32,805.93 | 34,720.18 | 36,537.39 | 38,573.56 | 40,706.68 | 41,677.79 | 42,095.77 | 43,124.82 |
| 1968 | 7,800 | 5,571.76 | 36,277.30 | 38,394.12 | 40,403.61 | 42,655.24 | 45,014.07 | 46,087.95 | 46,550.16 | 47,688.09 |
| 1969 | 7,800 | 5,893.76 | 34,295.33 | 36,296.49 | 38,196.20 | 40,324.81 | 42,554.77 | 43,569.98 | 44,006.93 | 45,082.70 |
| 1970 | 7,800 | 6,186.24 | 32,673.87 | 34,580.42 | 36,390.32 | 38,418.29 | 40,542.82 | 41,510.02 | 41,926.32 | 42,951.23 |
| 1971 | 7,800 | 6,497.08 | 31,110.66 | 32,925.99 | 34,649.29 | 36,580.24 | 38,603.13 | 39,524.06 | 39,920.44 | 40,896.31 |
| 1972 | 9,000 | 7,133.80 | 32,692.97 | 34,600.63 | 36,411.58 | 38,440.74 | 40,566.51 | 41,534.28 | 41,950.83 | 42,976.33 |
| 1973 | 10,800 | 7,580.16 | 36,921.40 | 39,075.80 | 41,120.97 | 43,412.58 | 45,813.29 | 46,906.23 | 47,376.65 | 48,534.79 |
| 1974 | 13,200 | 8,030.76 | 42,594.16 | 45,079.57 | 47,438.97 | 50,082.67 | 52,852.24 | 54,113.10 | 54,655.80 | 55,991.88 |
| 1975 | 14,100 | 8,630.92 | 42,334.54 | 44,804.79 | 47,149.82 | 49,777.40 | 52,530.09 | 53,783.27 | 54,322.65 | 55,650.59 |
| 1976 | 15,300 | 9,226.48 | 42,972.26 | 45,479.73 | 47,860.08 | 50,527.24 | 53,321.39 | 54,593.45 | 55,140.96 | 56,488.90 |
| 1977 | 16,500 | 9,779.44 | 43,722.27 | 46,273.51 | 48,695.40 | 51,409.12 | 54,252.04 | 55,546.30 | 56,103.36 | 57,474.83 |
| 1978 | 17,700 | 10,556.03 | 43,451.57 | 45,987.00 | 48,393.90 | 51,090.81 | 53,916.13 | 55,202.38 | 55,756.00 | 57,118.98 |
| 1979 | 22,900 | 11,479.46 | 51,694.79 | 54,711.23 | 57,574.74 | 60,783.29 | 64,144.60 | 65,674.86 | 66,333.51 | 67,955.06 |
| 1980 | 25,900 | 12,513.46 | 53,635.85 | 56,765.55 | 59,736.58 | 63,065.60 | 66,553.12 | 68,140.84 | 68,824.22 | 70,506.65 |
| 1981 | 29,700 | 13,773.10 | 55,880.15 | 59,140.80 | 62,236.15 | 65,704.47 | 69,337.92 | 70,992.08 | 71,704.05 | 73,456.88 |
| 1982 | 32,400 | 14,531.34 | 57,779.28 | 61,150.75 | 64,351.30 | 67,937.49 | 71,694.43 | 73,404.81 | 74,140.98 | 75,953.38 |
| 1983 | 35,700 | 15,239.24 | 60,706.85 | 64,249.15 | 67,611.86 | 71,379.76 | 75,327.06 | 77,124.09 | 77,897.56 | 79,801.80 |
| 1984 | 37,800 | 16,135.07 | 60,709.09 | 64,251.52 | 67,614.36 | 71,382.40 | 75,329.84 | 77,126.94 | 77,900.44 | 79,804.74 |
| 1985 | 39,600 | 16,822.51 | 61,001.03 | 64,560.50 | 67,939.51 | 71,725.66 | 75,692.09 | 77,497.83 | 78,275.05 | 80,188.51 |
| 1986 | 42,000 | 17,321.82 | 62,833.11 | 66,499.48 | 69,979.97 | 73,879.84 | 77,965.39 | 79,825.37 | 80,625.93 | 82,596.86 |
| 1987 | 43,800 | 18,426.51 | 61,597.60 | 65,191.88 | 68,603.93 | 72,427.12 | 76,432.33 | 78,255.74 | 79,040.55 | 80,972.73 |
| 1988 | 45,000 | 19,334.04 | 60,314.63 | 63,834.05 | 67,175.03 | 70,918.59 | 74,840.38 | 76,625.81 | 77,394.28 | 79,286.21 |
| 1989 | 48,000 | 20,099.55 | 61,885.33 | 65,496.39 | 68,924.38 | 72,765.43 | 76,789.35 | 78,621.27 | 79,409.75 | 81,350.96 |
| 1990 | 51,300 | 21,027.98 | 63,219.72 | 66,908.65 | 70,410.56 | 74,334.42 | 78,445.11 | 80,316.54 | 81,122.02 | 83,105.08 |
| 1991 | 53,400 | 21,811.60 | 63,443.41 | 67,145.39 | 70,659.69 | 74,597.44 | 78,722.67 | 80,600.71 | 81,409.05 | 83,399.12 |
| 1992 | 55,500 | 22,935.42 | 62,707.44 | 66,366.48 | 69,840.01 | 73,732.08 | 77,809.45 | 79,665.71 | 80,464.67 | 82,431.66 |
| 1993 | 57,600 | 23,132.67 | 64,525.22 | 68,290.33 | 71,864.55 | 75,869.44 | 80,065.02 | 81,975.09 | 82,797.20 | 84,821.21 |
| 1994 | 60,600 | 23,753.53 | 66,111.54 | 69,969.20 | 73,631.30 | 77,734.65 | 82,033.37 | 83,990.39 | 84,832.72 | 86,906.49 |
| 1995 | 61,200 | 24,705.66 | 64,193.01 | 67,938.73 | 71,494.55 | 75,478.83 | 79,652.80 | 81,553.03 | 82,370.92 | 84,384.51 |
| 1996 | 62,700 | 25,913.90 | 62,700.00 | 66,358.60 | 69,831.72 | 73,723.33 | 77,800.22 | 79,656.26 | 80,455.12 | 82,421.88 |
| 1997 | 65,400 | 27,426.00 | 65,400.00 | 65,400.00 | 68,822.95 | 72,658.34 | 76,676.34 | 78,505.56 | 79,292.89 | 81,231.23 |
| 1998 | 68,400 | 28,861.44 | 68,400.00 | 68,400.00 | 68,400.00 | 72,211.82 | 76,205.13 | 78,023.11 | 78,805.60 | 80,732.03 |
| 1999 | 72,600 | 30,469.84 | 72,600.00 | 72,600.00 | 72,600.00 | 72,600.00 | 76,614.77 | 78,442.53 | 79,229.22 | 81,166.01 |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A9—Indexed earnings for workers with maximum earnings, 1951–2005 (in dollars)—Continued

| Year | Annual maximum taxable earnings | Average annual wage ^a | Annual maximum indexed earnings for workers who were first eligible (attained age 62, became disabled, or died) in ^b — | | | | | | | |
|------|---------------------------------|----------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| 2000 | 76,200 | 32,154.82 | 76,200.00 | 76,200.00 | 76,200.00 | 76,200.00 | 76,200.00 | 78,017.86 | 78,800.29 | 80,726.60 |
| 2001 | 80,400 | 32,921.92 | 80,400.00 | 80,400.00 | 80,400.00 | 80,400.00 | 80,400.00 | 80,400.00 | 81,206.32 | 83,191.44 |
| 2002 | 84,900 | 33,252.09 | 84,900.00 | 84,900.00 | 84,900.00 | 84,900.00 | 84,900.00 | 84,900.00 | 84,900.00 | 86,975.41 |
| 2003 | 87,000 | 34,064.95 | 87,000.00 | 87,000.00 | 87,000.00 | 87,000.00 | 87,000.00 | 87,000.00 | 87,000.00 | 87,000.00 |
| 2004 | 87,900 | ... | 87,900.00 | 87,900.00 | 87,900.00 | 87,900.00 | 87,900.00 | 87,900.00 | 87,900.00 | 87,900.00 |
| 2005 | 90,000 | ... | 90,000.00 | 90,000.00 | 90,000.00 | 90,000.00 | 90,000.00 | 90,000.00 | 90,000.00 | 90,000.00 |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTE: ... = not available.

- 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.
- A worker's earnings for each year after 1950 and through the second year before the year of first eligibility are indexed by multiplying covered earnings, up to the maximum taxable amounts, by specified indexing factors (see Table 2.A8). 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. For example, if the year of first eligibility is 1999, the indexing factor for 1982 is \$27,426.00/14,531.34, or 1.8873690. Multiplication of maximum taxable earnings of \$32,400 for 1982 by this factor gives maximum indexed earnings of \$61,150.75 for 1982.

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A10—Average monthly wage and average indexed monthly earnings provisions, by year enacted

| Year enacted | Provision |
|--|---|
| <i>Average monthly wage (AMW)</i> | |
| 1939 | Computed using creditable earnings after 1936 and before year of death or retirement, divided by months after 1936 and before quarter of death or retirement, excluding months before age 22 in quarters not covered. |
| 1950 | Alternatively, computed using creditable earnings after 1950 (or year aged 21, if later) and before year of death, year of retirement, or subsequent year (or year age 65 attained if then insured), divided by number of months in those years. |
| 1954 | Earnings and months in 4 years may be excluded in all cases; 5 years if worker has 20 quarters of coverage. Period of disability may be excluded. |
| 1956 | Earnings and months in 5 years may be excluded in all cases. Computation period may end at age 62 for women then insured. |
| 1960 | Earnings may be used for any year after 1950 and before year of retirement but including year of death, with the number of years equal to the years elapsed after 1955 (or year age 26 attained) and before year of death or age 65 attained (62 for women). Same method may be used for earnings after 1936 and years elapsed after 1941. |
| 1972 | Number of years for men reaching age 62 after 1972, measured to age 62 or to 1975, if later. |
| 1977 | For workers who attain age 62, become disabled, or die after 1978, excludes earnings in year of attainment of age 62 and later, computed using creditable earnings after 1936. For workers who attain age 62 after 1978 and before 1984, excludes earnings in year of attainment of age 62 and later, computed using creditable earnings after 1950. |
| <i>Average indexed monthly earnings (AIME)</i> | |
| 1977 | For workers who attain age 62, become disabled, or die after 1978, AIME is computed by using indexed earnings after 1950 for the same computation period applicable in calculating the AMW. Indexed earnings for a given year equal actual creditable earnings multiplied by the national average wage for the second year before worker attains age 62, becomes disabled, or dies, divided by the national average wage for the given year, except that for years after the second year before the worker attains age 62, becomes disabled, or dies, indexed earnings equal actual creditable earnings. |
| 1980 | For disabled workers, the number of years of earnings used equals the number of years elapsed after 1950 (or year age 21 attained, if later) and before year of disability, minus dropout years equal to one-fifth of the number of elapsed years rounded to the next lower integer (to a maximum of 5 dropout years). However, the number of years of earnings used is at least 2. <i>Effective for initial entitlement after June 1980.</i> Disabled workers who receive less than 3 dropout years under the one-fifth rule may be credited with additional dropout years based on child care, up to a total of 3 dropout years. (To receive this credit, a worker must have had no earnings in that year and have been living with a child under age 3.) However, the number of years of earnings used is at least 2. <i>Effective for July 1981.</i> |
| 1983 | For workers who die after 1978 but before attaining age 62, indexed earnings for a given year equal actual creditable earnings, multiplied by the national average wage for the earlier of (1) the year in which the worker reached or would have reached age 60 or (2) the second year before the survivor becomes eligible for aged or disabled widow(er) benefits, and then divided by the national average wage for the given year. This computation method applies only if it results in a higher benefit. <i>Effective for surviving spouses newly eligible after 1984.</i> |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>.

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A11—Formulas for computing PIA from AIME, cost-of-living adjustments, and minimum PIA for workers who were first eligible in 1979 or later, by year of first eligibility

| Eligibility year | Calculation of PIA (based on percentage of AIME) ^a (dollars) | | | First applicable cost-of-living adjustment | | Minimum PIA based on indexed earnings (dollars) |
|-------------------------------------|---|-----------------------------|-------------------------------------|--|---------------------|---|
| | 90 percent of the first | Plus 32 percent of the next | Plus 15 percent of the amount above | Effective date | Percentage increase | |
| Enacted in 1977 ^b | | | | | | |
| 1979 | 180 | 905 | 1,085 | June 1979 | 9.9 | ^c 122 |
| 1980 | 194 | 977 | 1,171 | June 1980 | 14.3 | ^c 122 |
| Enacted in 1981 | | | | | | |
| 1981 | 211 | 1,063 | 1,274 | June 1981 | 11.2 | ^c 122 |
| 1982 | 230 | 1,158 | 1,388 | June 1982 | 7.4 | ^d |
| Enacted in 1983 | | | | | | |
| 1983 | 254 | 1,274 | 1,528 | December 1983 | 3.5 | ^d |
| 1984 | 267 | 1,345 | 1,612 | December 1984 | 3.5 | ^d |
| 1985 | 280 | 1,411 | 1,691 | December 1985 | 3.1 | ^d |
| 1986 | 297 | 1,493 | 1,790 | December 1986 | 1.3 | ^d |
| 1987 | 310 | 1,556 | 1,866 | December 1987 | 4.2 | ^d |
| 1988 | 319 | 1,603 | 1,922 | December 1988 | 4.0 | ^d |
| 1989 | 339 | 1,705 | 2,044 | December 1989 | 4.7 | ^d |
| 1990 | 356 | 1,789 | 2,145 | December 1990 | 5.4 | ^d |
| 1991 | 370 | 1,860 | 2,230 | December 1991 | 3.7 | ^d |
| 1992 | 387 | 1,946 | 2,333 | December 1992 | 3.0 | ^d |
| 1993 | 401 | 2,019 | 2,420 | December 1993 | 2.6 | ^d |
| 1994 | 422 | 2,123 | 2,545 | December 1994 | 2.8 | ^d |
| 1995 | 426 | 2,141 | 2,567 | December 1995 | 2.6 | ^d |
| 1996 | 437 | 2,198 | 2,635 | December 1996 | 2.9 | ^d |
| 1997 | 455 | 2,286 | 2,741 | December 1997 | 2.1 | ^d |
| 1998 | 477 | 2,398 | 2,875 | December 1998 | 1.3 | ^d |
| 1999 | 505 | 2,538 | 3,043 | December 1999 | ^e 2.5 | ^d |
| 2000 | 531 | 2,671 | 3,202 | December 2000 | 3.5 | ^d |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A11—Formulas for computing PIA from AIME, cost-of-living adjustments, and minimum PIA for workers who were first eligible in 1979 or later, by year of first eligibility—Continued

| Eligibility year | Calculation of PIA (based on percentage of AIME) ^a (dollars) | | | First applicable cost-of-living adjustment | | Minimum PIA based on indexed earnings (dollars) |
|--------------------------------|---|-----------------------------|-------------------------------------|--|---------------------|---|
| | 90 percent of the first | Plus 32 percent of the next | Plus 15 percent of the amount above | Effective date | Percentage increase | |
| <i>Enacted in 1983 (cont.)</i> | | | | | | |
| 2001 | 561 | 2,820 | 3,381 | December 2001 | 2.6 | d |
| 2002 | 592 | 2,975 | 3,567 | December 2002 | 1.4 | d |
| 2003 | 606 | 3,047 | 3,653 | December 2003 | 2.1 | d |
| 2004 | 612 | 3,077 | 3,689 | December 2004 | 2.7 | d |
| 2005 | 627 | 3,152 | 3,779 | December 2005 | ... | d |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTES: Eligible workers are those who attained age 62, became disabled, or died in the given year.

AIME = average indexed monthly earnings; AMW = average monthly wage; PIA = primary insurance amount; ... = not available.

- a. For workers who attained age 62 in the 1979–1983 period, the PIA cannot be less than that derived from the PIA table in effect in December 1978 (approximated by the PIA formula in Table 2.A16) on the basis of provisions in effect before 1979 but excluding earnings after year aged 61 in computations of AMW and including any general benefit increase after year aged 61.
- b. The amendments in 1977 provided for annual automatic adjustments of bend points (AIME brackets) in benefit formula in proportion to increases in average wage level. As a result, separate formulas are applicable to workers who were first eligible in successive calendar years. The legislation also froze the minimum PIA at \$122.
- c. Not subject to automatic adjustments until earlier of year of attainment of age 65 or year of first receipt of benefits.
- d. In 1981, legislation eliminated the minimum PIA for workers who attain age 62 or die after 1981 (after 1991 for members of certain religious orders). In August 1981, legislation would have eliminated the minimum PIA effective March 1982 for workers who attained age 62 before November 1981 or who died (before attaining age 62) before March 1982; for all others, the minimum would have been eliminated effective November 1981. This legislation was superseded in December 1981 by legislation that restored the minimum PIA for workers who attained age 62 or died (before attaining age 62) before 1982.
- e. The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001.

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A11.1—Computation of 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. ^a The benefit computation formula uses a reduced factor of the usual first AIME bend point. | | | | | | | | | | | | | | | | | | | | |
| | <table border="0"> <thead> <tr> <th style="text-align: left;"><i>Year eligible</i></th> <th style="text-align: center;"><i>Factor (percent)</i></th> </tr> </thead> <tbody> <tr><td>1986</td><td style="text-align: center;">80</td></tr> <tr><td>1987</td><td style="text-align: center;">70</td></tr> <tr><td>1988</td><td style="text-align: center;">60</td></tr> <tr><td>1989</td><td style="text-align: center;">50</td></tr> <tr><td>1990 and later</td><td style="text-align: center;">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. ^b For benefits payable before January 1989: | | | | | | | | | | | | | | | | | | | | |
| | <table border="0"> <thead> <tr> <th style="text-align: left;"><i>Years of coverage</i></th> <th style="text-align: center;"><i>Factor (percent)</i></th> </tr> </thead> <tbody> <tr><td>26</td><td style="text-align: center;">50</td></tr> <tr><td>27</td><td style="text-align: center;">60</td></tr> <tr><td>28</td><td style="text-align: center;">70</td></tr> <tr><td>29</td><td style="text-align: center;">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 border="0"> <thead> <tr> <th style="text-align: left;"><i>Years of coverage</i></th> <th style="text-align: center;"><i>Factor (percent)</i></th> </tr> </thead> <tbody> <tr><td>21</td><td style="text-align: center;">45</td></tr> <tr><td>22</td><td style="text-align: center;">50</td></tr> <tr><td>23</td><td style="text-align: center;">55</td></tr> <tr><td>24</td><td style="text-align: center;">60</td></tr> <tr><td>25</td><td style="text-align: center;">65</td></tr> <tr><td>26</td><td style="text-align: center;">70</td></tr> <tr><td>27</td><td style="text-align: center;">75</td></tr> <tr><td>28</td><td style="text-align: center;">80</td></tr> <tr><td>29</td><td style="text-align: center;">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 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). ^b |
| | <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 |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

- a. Reduction in PIA will not be greater than one-half of the periodic payment based on noncovered employment performed after 1956.
- b. See Table 2.A12. 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: Dena Berglund (410) 965-0162 or Curt Pauzenga (410) 965-7210.

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A12—Special minimum PIA (formula applies to years of coverage), by year enacted

| Year enacted | Number of years of coverage | PIA computation | | |
|-------------------|---|-------------------------|--|---|
| 1972 | For 1937–1950, the number (disregarding any remainder and not exceeding 14) obtained by dividing total creditable wages in 1937–1950 by \$900 | | | <i>Maximum amount^a for workers with 30 or more years of coverage (dollars)</i> |
| | After 1950, the number of years with creditable earnings equal to at least 25 percent of the effective annual maximum taxable earnings, that is: | <i>Effective date</i> | <i>Amount^a per year of coverage over 10 years (dollars)</i> | |
| | <i>Year</i> | <i>Amount (dollars)</i> | | |
| | | January 1973 | 8.50 | 170.00 |
| | 1951–1954 | 900 | | |
| | 1955–1958 | 1,050 | | |
| | 1959–1965 | 1,200 | | |
| | 1966–1967 | 1,650 | | |
| | 1968–1971 | 1,950 | | |
| | 1972 | 2,250 | | |
| | 1973 | 2,700 | | |
| | 1974 | 3,300 | | |
| | 1975 | 3,525 | | |
| | 1976 | 3,825 | | |
| | 1977 | 4,125 | | |
| | 1978 | 4,425 | | |
| 1973 | ... | | | <i>Maximum amount^a for workers with 30 or more years of coverage (dollars)</i> |
| | | <i>Effective date</i> | <i>Amount^a per year of coverage over 10 years (dollars)</i> | |
| | | March 1974 | 9.00 | 180.00 |
| 1977 ^b | After 1978, the number of years with creditable earnings equal to at least 25 percent of what the annual taxable maximum would have been if the statutory increases in the maximum under the 1977 amendments had not been enacted (the “old law” contribution and benefit base), that is: | <i>Effective date</i> | <i>Amount^a per year of coverage over 10 years (dollars)</i> | <i>Maximum amount^a for workers with 30 or more years of coverage (dollars)</i> |
| | <i>Year</i> | <i>Amount (dollars)</i> | | |
| | | January 1979 | 11.50 | 230.00 |
| | 1979 | 4,725 | ^c 12.64 | 252.80 |
| | 1980 | 5,100 | ^c 14.45 | 289.00 |
| | 1981 | 5,550 | ^c 16.07 | 321.40 |
| | 1982 | 6,075 | ^c 17.26 | 345.10 |
| | 1983 | 6,675 | ^c 17.86 | 357.10 |
| | 1984 | 7,050 | ^c 18.49 | 369.50 |
| | 1985 | 7,425 | ^c 19.06 | 380.90 |
| | 1986 | 7,875 | ^c 19.31 | 385.80 |
| | 1987 | 8,175 | ^c 20.12 | 402.00 |
| | 1988 | 8,400 | ^c 20.92 | 418.00 |
| | 1989 | 8,925 | ^c 21.90 | 437.60 |
| | 1990 | 9,525 | ^c 23.08 | 461.20 |
| | | December 1991 | ^c 23.93 | 478.20 |
| | | December 1992 | ^c 24.65 | 492.50 |
| | | December 1993 | ^c 25.29 | 505.30 |
| | | December 1994 | ^c 26.00 | 519.40 |
| | | December 1995 | ^c 26.68 | 532.90 |
| | | December 1996 | ^c 27.45 | 548.30 |
| | | December 1997 | ^c 28.03 | 559.80 |
| | | December 1998 | ^c 28.39 | 567.00 |
| | | December 1999 | ^{c,d} 29.10 | ^d 581.10 |
| | | December 2000 | ^c 30.12 | 601.40 |
| | | December 2001 | ^c 30.90 | 617.00 |
| | | December 2002 | ^c 31.33 | 625.60 |
| | | December 2003 | ^c 31.99 | 638.70 |
| | | December 2004 | ^c 32.85 | 655.90 |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A12—Special minimum PIA (formula applies to years of coverage), by year enacted—Continued

| Year enacted | Number of years of coverage | PIA computation |
|--------------|--|-------------------------|
| 1990 | After 1990, the number of years with creditable earnings equal to at least 15 percent of what the annual taxable maximum would have been if the statutory increases in the maximum under the 1977 amendments had not been enacted (the "old law" contribution and benefit base), that is: ^e | . . . |
| | <i>Year</i> | <i>Amount (dollars)</i> |
| | 1991 | 5,940 |
| | 1992 | 6,210 |
| | 1993 | 6,435 |
| | 1994 | 6,750 |
| | 1995 | 6,795 |
| | 1996 | 6,975 |
| | 1997 | 7,290 |
| | 1998 | 7,605 |
| | 1999 | 8,055 |
| | 2000 | 8,505 |
| | 2001 | 8,955 |
| | 2002 | 9,450 |
| | 2003 | 9,675 |
| | 2004 | 9,765 |
| | 2005 | 10,035 |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTES: Alternative PIA applicable when it exceeds the regularly computed PIA. The usual rates of actuarial reduction apply for retirement before the full retirement age. No delayed retirement credits are applicable to the benefit derived from the special minimum PIA. However, the resulting retirement benefit will be raised if necessary to equal the benefit derived from the regularly computed PIA plus any delayed retirement credits.

. . . = not applicable.

- a. The amount effective for a given month applies, as of that month, to all workers from the date of entitlement to benefits.
- b. Provision for future automatic cost-of-living increases of amount per year of coverage (and maximum amount), beginning with the June 1979 increase.
- c. Factors were obtained by applying cost-of-living increases to initial 1979 factor of \$11.50 and rounding each one to nearest cent. An approximate PIA may be computed by multiplying factor in year of entitlement by the number of years of coverage in excess of 10 with a maximum of 20. Actual PIAs are published yearly in the *Federal Register*.
- d. The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001.
- e. For 1991 and following, a year of substantial coverage under the Windfall Elimination Provision remains 25 percent of the old law base, while the criterion for the special minimum PIA was changed to 15 percent of the base.

CONTACT: Dena Berglund (410) 965-0162 or Curt Pauzenga (410) 965-7210.

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A13—Formulas enacted in 1977 for computing maximum family benefit from PIA and cost-of-living adjustments for workers who were first eligible in 1979 or later, by year of first eligibility

| Eligibility year | Calculation of maximum family benefit (based on percentage of PIA) (dollars) | | | | First applicable cost-of-living adjustment | |
|------------------|--|------------------------------|------------------------------|--------------------------------------|--|---------------------|
| | 150 percent of the first | Plus 272 percent of the next | Plus 134 percent of the next | Plus 175 percent of the amount above | Effective date | Percentage increase |
| 1979 | 230 | 102 | 101 | 433 | June 1979 | 9.9 |
| 1980 | 248 | 110 | 109 | 467 | June 1980 | 14.3 |
| 1981 | 270 | 120 | 118 | 508 | June 1981 | 11.2 |
| 1982 | 294 | 131 | 129 | 554 | June 1982 | 7.4 |
| 1983 | 324 | 144 | 142 | 610 | December 1983 | 3.5 |
| 1984 | 342 | 151 | 150 | 643 | December 1984 | 3.5 |
| 1985 | 358 | 159 | 158 | 675 | December 1985 | 3.1 |
| 1986 | 379 | 169 | 166 | 714 | December 1986 | 1.3 |
| 1987 | 396 | 175 | 174 | 745 | December 1987 | 4.2 |
| 1988 | 407 | 181 | 179 | 767 | December 1988 | 4.0 |
| 1989 | 433 | 193 | 190 | 816 | December 1989 | 4.7 |
| 1990 | 455 | 201 | 200 | 856 | December 1990 | 5.4 |
| 1991 | 473 | 209 | 208 | 890 | December 1991 | 3.7 |
| 1992 | 495 | 219 | 217 | 931 | December 1992 | 3.0 |
| 1993 | 513 | 227 | 226 | 966 | December 1993 | 2.6 |
| 1994 | 539 | 240 | 237 | 1,016 | December 1994 | 2.8 |
| 1995 | 544 | 241 | 239 | 1,024 | December 1995 | 2.6 |
| 1996 | 559 | 247 | 246 | 1,052 | December 1996 | 2.9 |
| 1997 | 581 | 258 | 255 | 1,094 | December 1997 | 2.1 |
| 1998 | 609 | 271 | 267 | 1,147 | December 1998 | 1.3 |
| 1999 | 645 | 286 | 283 | 1,214 | December 1999 | ^a 2.5 |
| 2000 | 679 | 301 | 298 | 1,278 | December 2000 | 3.5 |
| 2001 | 717 | 317 | 315 | 1,349 | December 2001 | 2.6 |
| 2002 | 756 | 336 | 332 | 1,424 | December 2002 | 1.4 |
| 2003 | 774 | 344 | 340 | 1,458 | December 2003 | 2.1 |
| 2004 | 782 | 347 | 343 | 1,472 | December 2004 | 2.7 |
| 2005 | 801 | 355 | 352 | 1,508 | December 2005 | ... |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTES: The 1977 amendments provided for annual automatic adjustments of bend points (PIA brackets) in the maximum family benefit formula in proportion to increases in the average wage level. As a result, separate formulas are applicable to workers first eligible in successive calendar years.

Eligible workers are those who attained age 62 or died in the given year.

... = not available.

a. The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001.

CONTACT: Dena Berglund (410) 965-0162 or Curt Pauzenga (410) 965-7210.

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A14—Formulas for computing maximum family benefit and cost-of-living adjustments for workers first eligible for disability benefits in 1979 or later, by year of enactment

| Eligibility year | Formula |
|------------------------------------|--|
| <i>Enacted in 1977^a</i> | |
| 1979 ^b | 150% of first \$230 of PIA + 272% of next \$102 of PIA + 134% of next \$101 of PIA + 175% of PIA over \$433 ^c |
| 1980 ^b | 150% of first \$248 of PIA + 272% of next \$110 of PIA + 134% of next \$109 of PIA + 175% of PIA over \$467 ^c |
| <i>Enacted in 1980^d</i> | |
| 1979 or later | Smaller of (1) 85% of the AIME (or 100% of PIA, if larger) and (2) 150% of PIA ^e |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

- a. The 1977 amendments provided for annual automatic adjustments of bend points (PIA brackets) in maximum family benefit formula in proportion to increases in average wage level. As a result, separate formulas are applicable to workers first eligible in successive calendar years.
- b. Applicability of formula limited to workers with initial entitlement before July 1980, as a result of 1980 amendments.
- c. Calculated amount subject to cost-of-living adjustments beginning with the one effective for June of the year of first eligibility.
- d. Formula for computing maximum family benefit revised effective for workers with initial entitlement in or after July 1980. New formula remains unchanged for workers eligible in successive calendar years because it has no bend points requiring adjustments.
- e. Calculated amount subject to cost-of-living adjustments beginning with the one effective in year of first eligibility (or in 1981, if later).

CONTACT: Dena Berglund (410) 965-0162 or Curt Pauzenga (410) 965-7210.

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A16—Formulas for computing primary insurance amount (PIA) from average monthly wage (AMW) based on earnings after 1950, and percentage increases in PIA

| AMW (dollars) | April 1952 | September 1952 | September 1954 | January 1959 | January 1965 | February 1968 | January 1970 | January 1971 | September 1972 | June 1974 |
|----------------------------|--------------------|--------------------|--------------------|------------------|------------------|---------------|--------------|--------------|--------------------|--------------------|
| First 110 | ^a 50.00 | ^a 55.00 | 55.00 | 58.85 | 62.97 | 71.16 | 81.83 | 90.01 | 108.01 | 119.89 |
| Next 290 | ^b 15.00 | ^b 15.00 | ^c 20.00 | 21.40 | 22.90 | 25.88 | 29.76 | 32.74 | 39.29 | 43.61 |
| Next 150 | ... | ... | ... | ... | 21.40 | 24.18 | 27.81 | 30.59 | 36.71 | 40.75 |
| Next 100 | ... | ... | ... | ... | ... | 28.43 | 32.69 | 35.96 | 43.15 | 47.90 |
| Next 100 | ... | ... | ... | ... | ... | ... | ... | 20.00 | 24.00 | 26.64 |
| Next 250 | ... | ... | ... | ... | ... | ... | ... | ... | ^d 20.00 | 22.20 |
| Next 175 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ^e 20.00 |
| Percentage increase in PIA | ^f 77.0 | ^g 12.5 | ^h 13.0 | ⁱ 7.0 | ^j 7.0 | 13.0 | 15.0 | 10.0 | 20.0 | ^k 11.0 |

(Continued)

Table 2.A16—Formulas for computing primary insurance amount (PIA) from average monthly wage (AMW) based on earnings after 1950, and percentage increases in PIA—Continued

| AMW (dollars) | June 1975 | June 1976 | June 1977 | June 1978 | June 1979 | June 1980 | June 1981 | June 1982 | December 1983 | December 1984 |
|----------------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|---------------|
| First 110 | 129.48 | 137.77 | 145.90 | 155.38 | 170.76 | 195.18 | 217.04 | 233.10 | 241.26 | 249.70 |
| Next 290 | 47.10 | 50.10 | 53.06 | 56.51 | 62.10 | 70.98 | 78.93 | 84.77 | 87.74 | 90.81 |
| Next 150 | 44.01 | 46.82 | 49.58 | 52.81 | 58.04 | 66.34 | 73.77 | 79.23 | 82.00 | 84.87 |
| Next 100 | 51.73 | 55.05 | 58.30 | 62.09 | 68.24 | 78.00 | 86.74 | 93.16 | 96.42 | 99.79 |
| Next 100 | 28.77 | 30.61 | 32.42 | 34.53 | 37.95 | 43.38 | 48.24 | 51.81 | 53.62 | 55.50 |
| Next 250 | 23.98 | 25.51 | 27.02 | 28.78 | 31.63 | 36.15 | 40.20 | 43.17 | 44.68 | 46.24 |
| Next 175 | 21.60 | 22.98 | 24.34 | 25.92 | 28.49 | 32.56 | 36.21 | 38.89 | 40.25 | 41.66 |
| Next 100 | 20.00 | 21.28 | 22.54 | 24.01 | 26.39 | 30.16 | 33.54 | 36.02 | 37.28 | 38.58 |
| Next 100 | ... | 20.00 | 21.18 | 22.56 | 24.79 | 28.33 | 31.50 | 33.83 | 35.01 | 36.24 |
| Next 100 | ... | ... | 20.00 | 21.30 | 23.41 | 26.76 | 29.76 | 31.96 | 33.08 | 34.24 |
| Next 435 | ... | ... | ... | 20.00 | 21.98 | 25.12 | 27.93 | 30.00 | 31.05 | 32.14 |
| Next 250 | ... | ... | ... | ... | 20.00 | 22.86 | 25.42 | 27.30 | 28.26 | 29.25 |
| Next 315 | ... | ... | ... | ... | ... | 20.00 | 22.24 | 23.89 | 24.73 | 25.60 |
| Next 225 | ... | ... | ... | ... | ... | ... | 20.00 | 21.48 | 22.23 | 23.01 |
| Next 275 | ... | ... | ... | ... | ... | ... | ... | 20.00 | 20.70 | 21.42 |
| Next 175 | ... | ... | ... | ... | ... | ... | ... | ... | 20.00 | 20.70 |
| Next 150 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 20.00 |
| Percentage increase in PIA | ^l 8.0 | 6.4 | 5.9 | 6.5 | 9.9 | 14.3 | 11.2 | 7.4 | 3.5 | 3.5 |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A16—Formulas for computing primary insurance amount (PIA) from average monthly wage (AMW) based on earnings after 1950, and percentage increases in PIA—Continued

| AMW (dollars) | December 1985 | December 1986 | December 1987 | December 1988 | December 1989 | December 1990 | December 1991 | December 1992 | December 1993 | December 1994 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| First 110 | 257.44 | 260.79 | 271.74 | 282.61 | 295.89 | 311.87 | 323.41 | 333.11 | 341.77 | 351.34 |
| Next 290 | 93.62 | 94.84 | 98.82 | 102.77 | 107.60 | 113.42 | 117.62 | 121.15 | 124.30 | 127.78 |
| Next 150 | 87.50 | 88.64 | 92.36 | 96.05 | 100.56 | 105.99 | 109.91 | 113.21 | 116.15 | 119.40 |
| Next 100 | 102.88 | 104.22 | 108.60 | 112.94 | 118.25 | 124.64 | 129.25 | 133.13 | 136.59 | 140.41 |
| Next 100 | 57.22 | 57.96 | 60.39 | 62.81 | 65.76 | 69.31 | 71.87 | 74.03 | 75.95 | 78.08 |
| Next 250 | 47.67 | 48.29 | 50.32 | 52.33 | 54.79 | 57.75 | 59.89 | 61.69 | 63.29 | 65.06 |
| Next 175 | 42.95 | 43.51 | 45.34 | 47.15 | 49.37 | 52.04 | 53.97 | 55.59 | 57.04 | 58.64 |
| Next 100 | 39.78 | 40.30 | 41.99 | 43.67 | 45.72 | 48.19 | 49.97 | 51.47 | 52.81 | 54.29 |
| Next 100 | 37.36 | 37.85 | 39.44 | 41.02 | 42.95 | 45.27 | 46.94 | 48.35 | 49.61 | 51.00 |
| Next 100 | 35.30 | 35.76 | 37.26 | 38.75 | 40.57 | 42.76 | 44.34 | 45.67 | 46.86 | 48.17 |
| Next 435 | 33.14 | 33.57 | 34.98 | 36.38 | 38.09 | 40.15 | 41.64 | 42.89 | 44.01 | 45.24 |
| Next 250 | 30.16 | 30.55 | 31.83 | 33.10 | 34.66 | 36.53 | 37.88 | 39.02 | 40.03 | 41.15 |
| Next 315 | 26.39 | 26.73 | 27.85 | 28.96 | 30.32 | 31.96 | 33.14 | 34.13 | 35.02 | 36.00 |
| Next 225 | 23.72 | 24.03 | 25.04 | 26.04 | 27.26 | 28.73 | 29.79 | 30.68 | 31.48 | 32.36 |
| Next 275 | 22.08 | 22.37 | 23.31 | 24.24 | 25.38 | 26.75 | 27.74 | 28.57 | 29.31 | 30.13 |
| Next 175 | 21.34 | 21.62 | 22.53 | 23.43 | 24.53 | 25.85 | 26.81 | 27.61 | 28.33 | 29.12 |
| Next 150 | 20.63 | 20.90 | 21.78 | 22.65 | 23.71 | 24.99 | 25.91 | 26.69 | 27.38 | 28.15 |
| Next 200 | 20.00 | 20.26 | 21.11 | 21.95 | 22.98 | 24.22 | 25.12 | 25.87 | 26.54 | 27.28 |
| Next 150 | ... | 20.00 | 20.84 | 21.67 | 22.69 | 23.92 | 24.81 | 25.55 | 26.21 | 26.94 |
| Next 100 | ... | ... | 20.00 | 20.80 | 21.78 | 22.96 | 23.81 | 24.52 | 25.16 | 25.86 |
| Next 250 | ... | ... | ... | 20.00 | 20.94 | 22.07 | 22.89 | 23.58 | 24.19 | 24.87 |
| Next 275 | ... | ... | ... | ... | 20.00 | 21.08 | 21.86 | 22.52 | 23.11 | 23.76 |
| Next 175 | ... | ... | ... | ... | ... | 20.00 | 20.74 | 21.36 | 21.92 | 22.53 |
| Next 175 | ... | ... | ... | ... | ... | ... | 20.00 | 20.60 | 21.14 | 21.73 |
| Next 175 | ... | ... | ... | ... | ... | ... | ... | 20.00 | 20.52 | 21.09 |
| Next 250 | ... | ... | ... | ... | ... | ... | ... | ... | 20.00 | 20.56 |
| Next 50 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 20.00 |
| Percentage increase in PIA | 3.1 | 1.3 | 4.2 | 4.0 | 4.7 | 5.4 | 3.7 | 3.0 | 2.6 | 2.8 |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A16—Formulas for computing primary insurance amount (PIA) from average monthly wage (AMW) based on earnings after 1950, and percentage increases in PIA—Continued

| AMW (dollars) | December 1995 | December 1996 | December 1997 | December 1998 | December 1999 | December 2000 | December 2001 | December 2002 | December 2003 | December 2004 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| First 110 | 360.47 | 370.93 | 378.72 | 383.64 | 393.23 | 407.00 | 417.58 | 423.43 | 432.32 | 443.99 |
| Next 290 | 131.10 | 134.90 | 137.73 | 139.52 | 143.01 | 148.02 | 151.87 | 153.99 | 157.23 | 161.47 |
| Next 150 | 122.50 | 126.06 | 128.71 | 130.38 | 133.64 | 138.32 | 141.91 | 143.90 | 146.92 | 150.89 |
| Next 100 | 144.06 | 148.24 | 151.35 | 153.32 | 157.15 | 162.65 | 166.88 | 169.22 | 172.77 | 177.44 |
| Next 100 | 80.11 | 82.43 | 84.16 | 85.26 | 87.39 | 90.45 | 92.80 | 94.10 | 96.07 | 98.67 |
| Next 250 | 66.75 | 68.69 | 70.13 | 71.04 | 72.82 | 75.37 | 77.33 | 78.41 | 80.06 | 82.22 |
| Next 175 | 60.16 | 61.91 | 63.21 | 64.03 | 65.63 | 67.93 | 69.70 | 70.67 | 72.16 | 74.10 |
| Next 100 | 55.70 | 57.32 | 58.52 | 59.28 | 60.77 | 62.89 | 64.53 | 65.43 | 66.81 | 68.61 |
| Next 100 | 52.33 | 53.84 | 54.97 | 55.69 | 57.08 | 59.08 | 60.61 | 61.46 | 62.75 | 64.44 |
| Next 100 | 49.42 | 50.86 | 51.93 | 52.60 | 53.92 | 55.81 | 57.26 | 58.06 | 59.28 | 60.88 |
| Next 435 | 46.42 | 47.76 | 48.76 | 49.40 | 50.63 | 52.40 | 53.77 | 54.52 | 55.66 | 57.17 |
| Next 250 | 42.22 | 43.44 | 44.35 | 44.93 | 46.05 | 47.66 | 48.90 | 49.59 | 50.63 | 52.00 |
| Next 315 | 36.94 | 38.01 | 38.81 | 39.31 | 40.30 | 41.71 | 42.79 | 43.39 | 44.30 | 45.50 |
| Next 225 | 33.20 | 34.16 | 34.88 | 35.33 | 36.21 | 37.48 | 38.46 | 38.99 | 39.81 | 40.89 |
| Next 275 | 30.91 | 31.81 | 32.48 | 32.90 | 33.72 | 34.90 | 35.81 | 36.31 | 37.07 | 38.08 |
| Next 175 | 29.88 | 30.74 | 31.39 | 31.79 | 32.59 | 33.73 | 34.61 | 35.09 | 35.83 | 36.79 |
| Next 150 | 28.88 | 29.72 | 30.34 | 30.74 | 31.51 | 32.61 | 33.46 | 33.93 | 34.64 | 35.57 |
| Next 200 | 27.99 | 28.80 | 29.40 | 29.79 | 30.53 | 31.60 | 32.42 | 32.88 | 33.57 | 34.47 |
| Next 150 | 27.64 | 28.44 | 29.04 | 29.41 | 30.15 | 31.21 | 32.02 | 32.46 | 33.15 | 34.04 |
| Next 100 | 26.53 | 27.30 | 27.87 | 28.24 | 28.94 | 29.95 | 30.73 | 31.16 | 31.82 | 32.68 |
| Next 250 | 25.52 | 26.26 | 26.81 | 27.16 | 27.84 | 28.81 | 29.56 | 29.98 | 30.61 | 31.43 |
| Next 275 | 24.38 | 25.08 | 25.61 | 25.94 | 26.59 | 27.52 | 28.23 | 28.63 | 29.23 | 30.02 |
| Next 175 | 23.12 | 23.79 | 24.29 | 24.61 | 25.22 | 26.10 | 26.78 | 27.16 | 27.73 | 28.48 |
| Next 175 | 22.29 | 22.94 | 23.42 | 23.73 | 24.32 | 25.17 | 25.82 | 26.19 | 26.74 | 27.46 |
| Next 175 | 21.64 | 22.27 | 22.74 | 23.03 | 23.61 | 24.44 | 25.07 | 25.42 | 25.96 | 26.66 |
| Next 250 | 21.09 | 21.71 | 22.17 | 22.45 | 23.02 | 23.82 | 24.44 | 24.78 | 25.30 | 25.99 |
| Next 50 | 20.52 | 21.12 | 21.56 | 21.84 | 22.39 | 23.17 | 23.78 | 24.11 | 24.62 | 25.28 |
| Next 125 | 20.00 | 20.58 | 21.01 | 21.29 | 21.82 | 22.58 | 23.17 | 23.49 | 23.99 | 24.63 |
| Next 225 | ... | 20.00 | 20.42 | 20.69 | 21.20 | 21.94 | 22.52 | 22.83 | 23.31 | 23.94 |
| Next 250 | ... | ... | 20.00 | 20.26 | 20.77 | 21.49 | 22.05 | 22.36 | 22.83 | 23.45 |
| Next 350 | ... | ... | ... | 20.00 | 20.50 | 21.22 | 21.77 | 22.07 | 22.54 | 23.15 |
| Next 300 | ... | ... | ... | ... | 20.00 | 20.70 | 21.24 | 21.54 | 21.99 | 22.58 |
| Next 350 | ... | ... | ... | ... | ... | 20.00 | 20.52 | 20.81 | 21.24 | 21.82 |
| Next 375 | ... | ... | ... | ... | ... | ... | 20.00 | 20.28 | 20.71 | 21.26 |
| Next 175 | ... | ... | ... | ... | ... | ... | ... | 20.00 | 20.42 | 20.97 |
| Next 75 | ... | ... | ... | ... | ... | ... | ... | ... | 20.00 | 20.54 |
| Next 175 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 20.00 |
| Percentage increase in PIA | 2.6 | 2.9 | 2.1 | 1.3 | ^m 2.5 | 3.5 | 2.6 | 1.4 | 2.1 | 2.7 |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTE: ... = not applicable.

- a. Applied to first \$100 of AMW.
- b. Applied to next \$200 of AMW.
- c. Applied to next \$190 before 1955 and to next \$240 effective for January 1955.
- d. Applied to next \$150 effective for January 1973 and to next \$350 effective for January 1974.
- e. Applied to next \$100 before January 1975.
- f. Average increase in benefits of about 77 percent—from 100 percent at the lowest level to 50 percent at the highest level.
- g. Increase of 12.5 percent or \$5, if larger.
- h. Average increase of about 13 percent, with minimum increase of \$5.
- i. Increase of 7 percent or \$3, if larger.
- j. Increase of 7 percent or \$4, if larger.
- k. Increase effective in two steps: 7 percent for March–May and 4 percent for June.
- l. Beginning June 1975, all benefit increases are based on automatic cost-of-living adjustments.
- m. The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001.

CONTACT: Dena Berglund (410) 965-0162 or Curt Pauzenga (410) 965-7210.

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A17—Minimum primary insurance amount (PIA) and maximum family benefit for workers who attained age 62, were first eligible for disabled-worker benefits, or died before 1979

| Year enacted | Effective date | Minimum PIA ^a (dollars) | Maximum family benefit | |
|-------------------|----------------|---------------------------------------|---|------------------------------|
| | | | Percentage of AMW | Not less than— |
| 1935 | ... | 10.00 | ... | ... |
| 1939 | ... | ... | Lesser of 80%, \$85, or 200% of PIA | \$20.00 |
| 1950 | September 1950 | 20.00 | 80% of first \$187.50 | \$40.00 |
| 1952 | September 1952 | 25.00 | 80% of first \$210.93 | \$45.00 |
| 1954 | September 1954 | 30.00 | 80% of first \$250 | \$50.00 or 150% of PIA |
| 1958 | January 1959 | 33.00 | 80% of first \$317.50 | \$20.00 + PIA or 150% of PIA |
| 1961 | August 1961 | 40.00 | 80% of first \$317.50 | 150% of PIA |
| 1965 | January 1965 | 44.00 | 80% of first \$370 + 40% of next \$180 | 150% of PIA |
| 1967 | February 1968 | 55.00 | 80% of first \$436 + 40% of next \$214 | 150% of PIA |
| 1969 | January 1970 | 64.00 | 80% of first \$436 + 40% of next \$180 | 150% of PIA |
| 1971 | January 1971 | 70.40 | 88% of first \$436 + 44% of next \$191 ^b | 150% of PIA |
| 1972 | September 1972 | 84.50 | 105.6% of first \$436 + 52.8% of next \$191 ^b | 150% of PIA |
| 1973 ^c | June 1974 | 89.50 | 111.8% of first \$436 + 55.9% of next \$191 ^b | 150% of PIA |
| 1973 ^d | March 1974 | 90.50 | 113.0% of first \$436 + 56.5% of next \$191 ^b | 150% of PIA |
| | June 1974 | 93.80 | 117.2% of first \$436 + 58.6% of next \$191 ^b | 150% of PIA |
| | June 1975 | 101.40 | 126.6% of first \$436 + 63.3% of next \$191 ^b | 150% of PIA |
| | June 1976 | 107.90 | 134.7% of first \$436 + 67.3% of next \$191 ^b | 150% of PIA |
| | June 1977 | 114.30 | 142.6% of first \$436 + 71.3% of next \$191 ^b | 150% of PIA |
| | June 1978 | 121.80 | 151.9% of first \$436 + 76.0% of next \$191 ^b | 150% of PIA |
| | June 1979 | 133.90 | 167.0% of first \$436 + 83.5% of next \$191 ^b | 150% of PIA |
| | June 1980 | 153.10 | 190.9% of first \$436 + 95.4% of next \$191 ^b | 150% of PIA |
| | June 1981 | 170.30 | 212.2% of first \$436 + 106.1% of next \$191 ^b | 150% of PIA |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A17—Minimum primary insurance amount (PIA) and maximum family benefit for workers who attained age 62, were first eligible for disabled-worker benefits, or died before 1979—Continued

| Year enacted | Effective date | Minimum PIA ^a (dollars) | Maximum family benefit | |
|-------------------|----------------------------|---|---|----------------|
| | | | Percentage of AMW | Not less than— |
| 1981 ^e | March 1982 | f | 190.9% of first \$436 + 106.1% of next \$191 ^b | 150% of PIA |
| 1981 | June 1982 | 182.90 | 227.9% of first \$436 + 114.0% of next \$191 ^b | 150% of PIA |
| | December 1983 | 189.30 | 235.9% of first \$436 + 118.0% of next \$191 ^b | 150% of PIA |
| | December 1984 | 195.90 | 244.2% of first \$436 + 122.1% of next \$191 ^b | 150% of PIA |
| | December 1985 | 201.90 | 251.8% of first \$436 + 125.9% of next \$191 ^b | 150% of PIA |
| | December 1986 | 204.50 | 255.1% of first \$436 + 127.5% of next \$191 ^b | 150% of PIA |
| | December 1987 | 213.00 | 265.8% of first \$436 + 132.9% of next \$191 ^b | 150% of PIA |
| | December 1988 | 221.50 | 276.4% of first \$436 + 138.2% of next \$191 ^b | 150% of PIA |
| | December 1989 | 231.90 | 289.4% of first \$436 + 144.7% of next \$191 ^b | 150% of PIA |
| | December 1990 | 244.40 | 305.0% of first \$436 + 152.5% of next \$191 ^b | 150% of PIA |
| | December 1991 | 253.40 | 316.3% of first \$436 + 158.1% of next \$191 ^b | 150% of PIA |
| | December 1992 | 261.00 | 325.8% of first \$436 + 162.8% of next \$191 ^b | 150% of PIA |
| | December 1993 | 267.70 | 334.3% of first \$436 + 167.0% of next \$191 ^b | 150% of PIA |
| | December 1994 | 275.10 | 343.7% of first \$436 + 171.7% of next \$191 ^b | 150% of PIA |
| | December 1995 | 282.20 | 352.6% of first \$436 + 176.2% of next \$191 ^b | 150% of PIA |
| | December 1996 | 290.30 | 362.8% of first \$436 + 181.3% of next \$191 ^b | 150% of PIA |
| | December 1997 | 296.30 | 370.4% of first \$436 + 185.1% of next \$191 ^b | 150% of PIA |
| | December 1998 | 300.10 | 375.2% of first \$436 + 187.5% of next \$191 ^b | 150% of PIA |
| | December 1999 ^g | 307.60 | 384.6% of first \$436 + 192.2% of next \$191 ^b | 150% of PIA |
| | December 2000 | 318.30 | 398.1% of first \$436 + 198.9% of next \$191 ^b | 150% of PIA |
| December 2001 | 326.50 | 408.5% of first \$436 + 204.1% of next \$191 ^b | 150% of PIA | |
| December 2002 | 331.00 | 414.2% of first \$436 + 206.9% of next \$191 ^b | 150% of PIA | |
| December 2003 | 337.90 | 422.9% of first \$436 + 211.2% of next \$191 ^b | 150% of PIA | |
| December 2004 | 347.00 | 434.3% of first \$436 + 216.9% of next \$191 ^b | 150% of PIA | |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTE: AMW = average monthly wage; . . . = not applicable.

- a. Based on earnings; subject to reduction if claimed before age 65.
- b. For AMW of \$628 or more, 175 percent of PIA.
- c. Superseded by legislation in 1973.
- d. Beginning in 1975, minimum PIA and percentages in maximum family benefit formula are subject to automatic cost-of-living increases. (Superseded legislation in 1972 for automatic increases beginning in 1974.)
- e. Superseded by legislation in 1981 that restored the minimum PIA for these groups.
- f. Minimum PIA eliminated by legislation in 1981.
- g. The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001.

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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 ^a | Year of attainment of age 62 | Year of attainment of age 65 | Full retirement age | Maximum reduction months | Maximum reduction at age 62 ^b |
|----------------------------|------------------------------|------------------------------|------------------------|--------------------------|--|
| 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, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>.

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

b. The monthly reduction factor is 0.0055556 for the first 36 months and 0.0041667 for additional months.

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A18—Automatic adjustment provisions

| Year enacted | Provision |
|--------------|---|
| | <i>Quarter of coverage</i> |
| 1977 | Mandatory annual determination, beginning in 1978, as to whether or not an adjustment is required in the amount of wages and self-employment earnings an individual needs in order to be credited with a quarter of coverage (QC) in the succeeding year. The amount required for a QC is the product of \$250 (in effect in 1978) multiplied by the following quotient: the national average wage for the year before the year of determination, divided by the average wage for 1976 (see Table 2.A8 for average annual wages after 1950). The resulting product, rounded to the nearest multiple of \$10, is the new amount required for a QC. In no case, however, is the new amount reduced below the amount in effect in the year of determination. |
| | <i>Maximum amount of taxable and creditable earnings</i> |
| 1972 | The 1972 Act (as modified by the legislation in 1973) mandated a determination in 1974, and in every subsequent year in which a cost-of-living benefit increase is established, as to whether or not an adjustment is required in the maximum amount of annual earnings that will be taxed and credited toward benefits. The determination in the years after 1975 is made by multiplying the “maximum” in effect in the year of determination by the following quotient: the national average wage for the year before the year of determination, divided by the average wage for the year before the most recent year in which an automatic determination was made that resulted in an increase or in which an increase in the maximum was enacted. (See Table 2.A8 for annual amounts of the average wage after 1950). The resulting product, rounded to the nearest multiple of \$300, is the new maximum amount of taxable and creditable earnings, effective with respect to remuneration paid after the year of determination and with respect to taxable years beginning after that year. In no case, however, is the maximum reduced to an amount below the maximum in the year of determination. |
| 1976 | In the 1974 and 1975 determinations, the quotient was the average wage for the year of determination, estimated from data for the first calendar quarter, divided by the corresponding amount for the year before the year of determination. Public Law (P.L.) 94-202 (signed January 2, 1976) revised the adjustment method by increasing by a year the lag in average wages used in the computation. Thus, for example, the determination in 1976 was based on the percentage increase in the average wage from 1974 to 1975. |
| 1977 | Statutory in lieu of automatic increases in the maximum instituted for 1979, 1980, and 1981. Also, for purposes of establishing a “year of coverage” used in the computation of the special minimum primary insurance amount (PIA), annual maximum taxable and creditable earnings after 1978 are the amounts that would have been determined under the automatic adjustment provisions if the statutory increases in the maximum under the 1977 Act had not been enacted (see Table 2.A12). |
| 1989 | Automatic increases in the maximum for 1990, 1991, and 1992 determined under a transitional rule, specified by the Omnibus Budget Reconciliation Act of 1989, for computing “deemed” average annual wage for 1988, 1989, and 1990. The purpose of the legislation was to include contributions to certain “deferred compensation” plans, most importantly section 401(k) pension plans, in the average annual average wage. |
| 1994 | The determination for years after 1994 is made by multiplying \$60,600, the “maximum” for 1994, by the following quotient: the national average wage index for the year before the year in which the determination is made, divided by the national average wage index for 1992. (See Table 2.A8 for annual amounts of the national average wage index.) The resulting product, rounded to the nearest \$300, is the new maximum amount of taxable and creditable earnings, effective with respect to remuneration paid in (and taxable years beginning in) the year following the year the determination is made. In no case, however, is the new maximum reduced to an amount below the maximum in the year of determination. |
| | <i>Benefits Computation</i> |
| 1977 | New benefit computation method based on average indexed monthly earnings (AIME) after 1950, effective for workers first eligible after 1978. Provision for automatic adjustment of the dollar amounts, or bend points, defining (1) the AIME brackets in the PIA formula (see Table 2.A11) and (2) the PIA brackets in the maximum family benefit formula (see Table 2.A13). New bend points are established by multiplying the bend points in effect in 1979—\$180 and \$1,085 for the PIA formula and \$230, \$332, and \$433 for the maximum family benefit formula—by the following quotient: the national average wage for the second year before the year for which the determination was made, divided by the average wage for 1977 (see Table 2.A8 for average annual wages after 1950). The resulting products, rounded to the nearest dollar, are the new bend points. |
| 1980 | Modified maximum family benefit formula applicable to workers with initial entitlement to disability benefits in or after July 1980 (see Table 2.A14). New formula for disabled workers has no bend points subject to automatic adjustment. |
| | <i>Cost-of-living increase</i> |
| 1972 | Under the original provisions (based on 1972 and 1973 legislation), the arithmetical mean of the consumer price index (CPI) for January, February, and March in the year of determination was compared with the arithmetical mean of the CPI for the later of (a) January, February, and March of the year in which the last effective cost-of-living increase was established or (b) the 3 months of the calendar quarter in which the effective month of the last general benefit increase occurred. (Before the introduction, in 1977, of the alternative CPI series for “all urban consumers,” or the CPI-U, the CPI-W was referred to as the CPI.) If the percentage increase in the CPI, rounded to the nearest one-tenth of 1 percent, was at least 3.0 (the triggering requirement), a cost-of-living benefit increase was established and the level of benefits was increased by the same percentage, effective for June of the year in which the determination was made. |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A18—Automatic adjustment provisions—Continued

| Year enacted | Provision |
|--|---|
| <i>Benefits (cont.)</i> | |
| <i>Cost-of-living increase (cont.)</i> | |
| 1983 | <p>The 1983 Act moved the effective date for a cost-of-living benefit increase from June to December, beginning in 1983, and eliminated the “triggering requirement” for the 1983 increase only. Effective with the determination made in 1984, the two periods used in calculating the CPI-W percentage increase were shifted from the first to the third quarter.</p> <p>The 1983 Act also introduced an alternative method for determining the size of a cost-of-living adjustment. This method, called the stabilizer provision, is applied when the ratio of the combined OASDI trust fund assets to estimated outgo falls below a certain percentage. The “triggering” percentage is 15 percent for 1985–1988 and 20 percent for years after 1988. Under these circumstances, the cost-of-living adjustment is based on the lesser of the CPI-W percentage increase determined above or the increase in average wages. The latter increase is the percentage, rounded to the nearest one-tenth of 1 percent by which the national average wage for the year before the year of determination exceeds the average wage for the year before the most recent year in which either a cost-of-living increase or a general benefit increase occurred. (See Table 2.A8 for the annual amount of the average wage after 1950 and footnote a in that table for the underlying data sources.)</p> <p>The 1983 legislation also included a provision for making up any benefit increases that are based on a lower wage increase rather than on the increase in the cost of living. When the fund ratio is greater than 32 percent, additional increases will be provided so that benefits are increased to the level at which they would have been if all increases had been based on the CPI-W. (See Table 2.A19 for the cumulative effect of statutory and automatic increases in benefits.)</p> |
| 1986 | Triggering requirement eliminated for cost-of-living increases in and after 1986 by P.L. 99-509 (signed October 21, 1986). |
| 2001 | The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001. |
| <i>Earnings test</i> | |
| 1972 | <p>The 1972 Act (as modified by the 1973 Acts) mandated a determination in 1974, and in every subsequent year in which a cost-of-living increase is established, as to whether or not an adjustment in the exempt amount—the amount of earnings permitted without reduction in benefits—is required.</p> <p>The determination in the years after 1975 is made by multiplying the monthly exempt amount in effect in the year of determination by the following quotient: the national average wage for the year before the year of determination, divided by the average wage for the year before the most recent year in which an automatic determination was made that resulted in an increase or in which an increase in the exempt amount was enacted. (See Table 2.A8 for annual amounts of the average wage after 1950.) The resulting product, rounded to the nearest multiple of \$10, is the new monthly exempt amount, effective with respect to remuneration paid after the year of determination and with respect to taxable year beginning after that year. In no case, however, is the new exempt amount reduced below the exempt amount in the year of determination. The new annual exempt amount is determined by multiplying the new monthly amount by 12.</p> |
| 1976 | In the 1974 and 1975 determinations, the quotient was the average wage for the year of determination, estimated from data for the first calendar quarter, divided by the corresponding amount for the year before the year of determination. Public Law 94-202 (signed January 2, 1976) revised the adjustment method by increasing by a year the lag in average wages used in the computation. Thus, for example, the 1976 determination was based on the percentage increase in the average wage from 1974 to 1975. |
| 1994 | The determination for years after 1994 is made by multiplying the monthly exempt amounts in effect for 1994 (\$930 for beneficiaries who have, \$670 for beneficiaries who have not yet, reached “full retirement age”; see footnote f in Table 2.A29) by the following quotient: the national average wage for the year before the year in which the determination is made, divided by the national average wage for 1992. (See Table 2.A8 for annual amounts of the national average wage.) The resulting products, rounded to the nearest \$10, are the new monthly exempt amounts effective for the year following the year the determination is made. The new annual exempt amounts are determined by multiplying the new monthly amounts by 12. |
| 1996 | Public Law 104-121, enacted March 29, 1996, suspended the automatic indexing of the exempt amounts through the year 2002 for workers aged 65–69. It legislated ad hoc increases in the annual exempt amounts to \$12,500 in 1996; \$13,500 in 1997; \$14,500 in 1998; \$15,500 in 1999; \$17,000 in 2000; \$25,000 in 2001; and \$30,000 in 2002. Thereafter, the exempt amounts will increase automatically based on the annual increase in the national average wage as under the 1994 legislation. |
| 2000 | Public Law 106-182, enacted April 7, 2000, eliminated the earnings test beginning with the month a beneficiary reaches full retirement age (FRA). The annual earnings test that applies in the year of attainment of FRA is based on the annual limits established under P.L. 104-121 (including the \$1 for \$3 withholding rate). In determining annual earnings for purposes of the annual earnings test under this legislation, only earnings before the month of attainment of FRA will be considered. Public Law 106-182 did not change the annual exempt amount for beneficiaries who are under FRA throughout the year, which continues to be pegged to increases in the average wage. |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, “Cost-of-Living Increase and Other Determinations for 2005,” *Federal Register*, vol. 69, no. 206 (October 26, 2004).

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2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A19—Illustrative benefit growth: Cumulative effect of statutory and automatic increases in benefits using a 100 dollar base benefit

| Base date | August 1950 | September 1950 | September 1952 | September 1954 | January 1959 | January 1965 | February 1968 | January 1970 | January 1971 | September 1972 | June 1974 | June 1975 | June 1976 |
|---------------------------|-------------|----------------|----------------|----------------|--------------|--------------|---------------|--------------|--------------|----------------|-----------|-----------|-----------|
| August 1950 | 100 | 177 | 199 | 225 | 241 | 258 | 291 | 335 | 368 | 442 | 491 | 530 | 564 |
| September 1950 | ... | 100 | 113 | 127 | 136 | 146 | 164 | 189 | 208 | 250 | 277 | 299 | 318 |
| September 1952 | ... | ... | 100 | 113 | 121 | 129 | 146 | 168 | 185 | 222 | 246 | 266 | 283 |
| September 1954 | ... | ... | ... | 100 | 107 | 114 | 129 | 149 | 164 | 196 | 218 | 235 | 250 |
| January 1959 | ... | ... | ... | ... | 100 | 107 | 121 | 139 | 153 | 184 | 204 | 220 | 234 |
| January 1965 | ... | ... | ... | ... | ... | 100 | 113 | 130 | 143 | 172 | 190 | 206 | 219 |
| February 1968 | ... | ... | ... | ... | ... | ... | 100 | 115 | 127 | 152 | 168 | 182 | 194 |
| January 1970 | ... | ... | ... | ... | ... | ... | ... | 100 | 110 | 132 | 147 | 158 | 168 |
| January 1971 | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 120 | 133 | 144 | 153 |
| September 1972 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 111 | 120 | 128 |
| June 1974 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 108 | 115 |
| June 1975 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 106 |
| June 1976 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 |
| Cost-of-living adjustment | ... | 77.0 | 12.5 | 13.0 | 7.0 | 7.0 | 13.0 | 15.0 | 10.0 | 20.0 | 11.0 | 8.0 | 6.4 |

(Continued)

Table 2.A19—Illustrative benefit growth: Cumulative effect of statutory and automatic increases in benefits using a 100 dollar base benefit—Continued

| Base date | June 1977 | June 1978 | June 1979 | June 1980 | June 1981 | June 1982 | December 1983 | December 1984 | December 1985 | December 1986 | December 1987 | December 1988 | December 1989 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| August 1950 | 597 | 636 | 699 | 799 | 888 | 954 | 987 | 1,022 | 1,053 | 1,067 | 1,112 | 1,156 | 1,211 |
| September 1950 | 337 | 359 | 395 | 451 | 502 | 539 | 558 | 577 | 595 | 603 | 628 | 653 | 684 |
| September 1952 | 300 | 319 | 351 | 401 | 446 | 479 | 496 | 513 | 529 | 536 | 558 | 581 | 608 |
| September 1954 | 265 | 283 | 310 | 355 | 395 | 424 | 439 | 454 | 468 | 474 | 494 | 514 | 538 |
| January 1959 | 248 | 264 | 290 | 332 | 369 | 396 | 410 | 424 | 437 | 443 | 462 | 480 | 503 |
| January 1965 | 232 | 247 | 271 | 310 | 345 | 370 | 383 | 397 | 409 | 414 | 432 | 449 | 470 |
| February 1968 | 205 | 218 | 240 | 274 | 305 | 328 | 339 | 351 | 362 | 367 | 382 | 397 | 416 |
| January 1970 | 178 | 190 | 209 | 239 | 265 | 285 | 295 | 305 | 315 | 319 | 332 | 345 | 362 |
| January 1971 | 162 | 173 | 190 | 217 | 241 | 259 | 268 | 277 | 286 | 290 | 302 | 314 | 329 |
| September 1972 | 135 | 144 | 158 | 181 | 201 | 216 | 223 | 231 | 238 | 241 | 252 | 262 | 274 |
| June 1974 | 122 | 130 | 142 | 163 | 181 | 194 | 201 | 208 | 215 | 218 | 227 | 236 | 247 |
| June 1975 | 113 | 120 | 132 | 151 | 168 | 180 | 186 | 193 | 199 | 201 | 210 | 218 | 229 |
| June 1976 | 106 | 113 | 124 | 142 | 158 | 169 | 175 | 181 | 187 | 189 | 197 | 205 | 215 |
| June 1977 | 100 | 107 | 117 | 134 | 149 | 160 | 165 | 171 | 176 | 179 | 186 | 194 | 203 |
| June 1978 | ... | 100 | 110 | 126 | 140 | 150 | 155 | 161 | 166 | 168 | 175 | 182 | 190 |
| June 1979 | ... | ... | 100 | 114 | 127 | 137 | 141 | 146 | 151 | 153 | 159 | 166 | 173 |
| June 1980 | ... | ... | ... | 100 | 111 | 119 | 124 | 128 | 132 | 134 | 139 | 145 | 152 |
| June 1981 | ... | ... | ... | ... | 100 | 107 | 111 | 115 | 119 | 120 | 125 | 130 | 136 |
| June 1982 | ... | ... | ... | ... | ... | 100 | 104 | 107 | 110 | 112 | 117 | 121 | 127 |
| December 1983 | ... | ... | ... | ... | ... | ... | 100 | 104 | 107 | 108 | 113 | 117 | 123 |
| December 1984 | ... | ... | ... | ... | ... | ... | ... | 100 | 103 | 104 | 109 | 113 | 118 |
| December 1985 | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 101 | 106 | 110 | 115 |
| December 1986 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 104 | 108 | 113 |
| December 1987 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 104 | 109 |
| December 1988 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 105 |
| December 1989 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 |
| Cost-of-living adjustment | 5.9 | 6.5 | 9.9 | 14.3 | 11.2 | 7.4 | 3.5 | 3.5 | 3.1 | 1.3 | 4.2 | 4.0 | 4.7 |

(Continued)

2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A19—Illustrative benefit growth: Cumulative effect of statutory and automatic increases in benefits using a 100 dollar base benefit—Continued

| Base date | Decem-ber 1990 | Decem-ber 1991 | Decem-ber 1992 | Decem-ber 1993 | Decem-ber 1994 | Decem-ber 1995 | Decem-ber 1996 | Decem-ber 1997 | Decem-ber 1998 | Decem-ber 1999 | Decem-ber 2000 | Decem-ber 2001 | Decem-ber 2002 | Decem-ber 2003 | Decem-ber 2004 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| August 1950 | 1,276 | 1,323 | 1,363 | 1,398 | 1,437 | 1,475 | 1,518 | 1,549 | 1,570 | 1,609 | 1,665 | 1,708 | 1,732 | 1,769 | 1,817 |
| September 1950 | 721 | 748 | 770 | 790 | 812 | 833 | 857 | 875 | 887 | 909 | 941 | 965 | 979 | 999 | 1,026 |
| September 1952 | 641 | 665 | 684 | 702 | 722 | 741 | 762 | 778 | 788 | 808 | 836 | 858 | 870 | 888 | 912 |
| September 1954 | 567 | 588 | 606 | 621 | 639 | 655 | 674 | 689 | 698 | 715 | 740 | 759 | 770 | 786 | 807 |
| January 1959 | 530 | 550 | 566 | 581 | 597 | 613 | 630 | 644 | 652 | 668 | 692 | 710 | 720 | 735 | 754 |
| January 1965 | 495 | 514 | 529 | 543 | 558 | 573 | 589 | 601 | 609 | 625 | 646 | 663 | 672 | 687 | 705 |
| February 1968 | 438 | 455 | 468 | 480 | 494 | 507 | 521 | 532 | 539 | 553 | 572 | 587 | 595 | 608 | 624 |
| January 1970 | 381 | 395 | 407 | 418 | 429 | 441 | 453 | 463 | 469 | 481 | 497 | 510 | 517 | 528 | 543 |
| January 1971 | 347 | 359 | 370 | 380 | 390 | 401 | 412 | 421 | 426 | 437 | 452 | 464 | 470 | 480 | 493 |
| September 1972 | 289 | 299 | 308 | 316 | 325 | 334 | 343 | 351 | 355 | 364 | 377 | 387 | 392 | 400 | 411 |
| June 1974 | 260 | 270 | 278 | 285 | 293 | 301 | 309 | 316 | 320 | 328 | 339 | 348 | 353 | 361 | 370 |
| June 1975 | 241 | 250 | 257 | 264 | 271 | 278 | 286 | 292 | 296 | 304 | 314 | 323 | 327 | 334 | 343 |
| June 1976 | 226 | 235 | 242 | 248 | 255 | 262 | 269 | 275 | 278 | 285 | 295 | 303 | 307 | 314 | 322 |
| June 1977 | 214 | 222 | 228 | 234 | 241 | 247 | 254 | 260 | 263 | 270 | 279 | 286 | 290 | 296 | 304 |
| June 1978 | 201 | 208 | 214 | 220 | 226 | 232 | 239 | 244 | 247 | 253 | 262 | 269 | 273 | 278 | 286 |
| June 1979 | 183 | 189 | 195 | 200 | 206 | 211 | 217 | 222 | 225 | 230 | 238 | 245 | 248 | 253 | 260 |
| June 1980 | 160 | 166 | 171 | 175 | 180 | 185 | 190 | 194 | 197 | 201 | 209 | 214 | 217 | 222 | 227 |
| June 1981 | 144 | 149 | 153 | 157 | 162 | 166 | 171 | 174 | 177 | 181 | 188 | 192 | 195 | 199 | 205 |
| June 1982 | 134 | 139 | 143 | 147 | 151 | 155 | 159 | 162 | 165 | 169 | 175 | 179 | 182 | 185 | 190 |
| December 1983 | 129 | 134 | 138 | 142 | 146 | 149 | 154 | 157 | 159 | 163 | 169 | 173 | 176 | 179 | 184 |
| December 1984 | 125 | 130 | 133 | 137 | 141 | 144 | 149 | 152 | 154 | 157 | 163 | 167 | 170 | 173 | 178 |
| December 1985 | 121 | 126 | 129 | 133 | 136 | 140 | 144 | 147 | 149 | 153 | 158 | 162 | 164 | 168 | 172 |
| December 1986 | 120 | 124 | 128 | 131 | 135 | 138 | 142 | 145 | 147 | 151 | 156 | 160 | 162 | 166 | 170 |
| December 1987 | 115 | 119 | 123 | 126 | 129 | 133 | 137 | 139 | 141 | 145 | 150 | 154 | 156 | 159 | 163 |
| December 1988 | 110 | 114 | 118 | 121 | 124 | 128 | 131 | 134 | 136 | 139 | 144 | 148 | 150 | 153 | 157 |
| December 1989 | 105 | 109 | 113 | 116 | 119 | 122 | 125 | 128 | 130 | 133 | 138 | 141 | 143 | 146 | 150 |
| December 1990 | 100 | 104 | 107 | 110 | 113 | 116 | 119 | 121 | 123 | 126 | 131 | 134 | 136 | 139 | 142 |
| December 1991 | ... | 100 | 103 | 106 | 109 | 111 | 115 | 117 | 119 | 122 | 126 | 129 | 131 | 134 | 137 |
| December 1992 | ... | ... | 100 | 103 | 105 | 108 | 111 | 114 | 115 | 118 | 122 | 125 | 127 | 130 | 133 |
| December 1993 | ... | ... | ... | 100 | 103 | 105 | 109 | 111 | 112 | 115 | 119 | 122 | 124 | 126 | 130 |
| December 1994 | ... | ... | ... | ... | 100 | 103 | 106 | 108 | 109 | 112 | 116 | 119 | 121 | 123 | 126 |
| December 1995 | ... | ... | ... | ... | ... | 100 | 103 | 105 | 106 | 109 | 113 | 116 | 117 | 120 | 123 |
| December 1996 | ... | ... | ... | ... | ... | ... | 100 | 102 | 103 | 106 | 110 | 113 | 114 | 117 | 120 |
| December 1997 | ... | ... | ... | ... | ... | ... | ... | 100 | 101 | 104 | 107 | 110 | 112 | 114 | 117 |
| December 1998 | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 103 | 106 | 109 | 110 | 113 | 116 |
| December 1999 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 104 | 106 | 108 | 110 | 113 |
| December 2000 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 103 | 104 | 106 | 109 |
| December 2001 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 101 | 104 | 106 |
| December 2002 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 102 | 105 |
| December 2003 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 | 103 |
| December 2004 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100 |
| Cost-of-living adjustment | 5.4 | 3.7 | 3.0 | 2.6 | 2.8 | 2.6 | 2.9 | 2.1 | 1.3 | ^a 2.5 | 3.5 | 2.6 | 1.4 | 2.1 | 2.7 |

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2004; regulations issued under the Act; and precedential case decisions (rulings). Specific laws, regulations, rulings, legislation, and a link to the *Federal Register* can be found at <http://www.socialsecurity.gov/regulations/index.htm>. Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2005," *Federal Register*, vol. 69, no. 206 (October 26, 2004).

NOTES: Growth reflects cost-of-living adjustments only. Data are rounded to the nearest dollar.

... = not applicable.

- a. The cost-of-living adjustment (COLA) for December 1999 was originally determined to be 2.4 percent, based on the consumer price index (CPI). The underlying CPI was later recomputed by the Bureau of Labor Statistics; a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to Public Law 106-554, benefits were calculated and paid in August 2001 and later as if the COLA for December 1999 had been 2.5 percent. Affected beneficiaries received a one-time payment to cover the shortfall that occurred before August 2001.

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