



2.A OASDI: Benefit Computation and Automatic Adjustments

Table 2.A8—Factors for indexing earnings, 1951–2008—Continued

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

(Continued)

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

**Table 2.A8—Factors for indexing earnings, 1951–2008—Continued**

Year	Annual maximum taxable earnings (dollars)	Average annual wage <sup>a</sup> (dollars)	Factors for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2001	2002	2003	2004	2005	2006	2007	2008
2000	76,200	32,154.82	1.0000000	1.0000000	1.0238565	1.0341246	1.0594042	1.1086534	1.1492193	1.2020409
2001	80,400	32,921.92	1.0000000	1.0000000	1.0000000	1.0100289	1.0347194	1.0828211	1.1224418	1.1740327
2002	84,900	33,252.09	1.0000000	1.0000000	1.0000000	1.0000000	1.0244454	1.0720695	1.1112968	1.1623754
2003	87,000	34,064.95	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0464877	1.0847789	1.1346387
2004	87,900	35,648.55	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0365903	1.0842351
2005	90,000	36,952.94	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0459631
2006	94,200	38,651.41	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2007	97,500	--	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000
2008	102,000	--	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, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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.
- 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, 1951–2008 (in dollars)**

Year	Annual maximum taxable earnings	Average annual wage <sup>a</sup>	Annual maximum indexed earnings for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2001	2002	2003	2004	2005	2006	2007	2008
1951	3,600	2,799.16	39,187.26	41,354.32	42,340.89	42,765.52	43,810.94	45,847.60	47,525.18	49,709.58
1952	3,600	2,973.32	36,891.90	38,932.02	39,860.80	40,260.56	41,244.74	43,162.12	44,741.43	46,797.88
1953	3,600	3,139.44	34,939.81	36,871.97	37,751.61	38,130.22	39,062.32	40,878.24	42,373.99	44,321.62
1954	3,600	3,155.64	34,760.44	36,682.69	37,557.81	37,934.47	38,861.79	40,668.38	42,156.45	44,094.09
1955	4,200	3,301.44	38,762.88	40,906.47	41,882.35	42,302.38	43,336.48	45,351.09	47,010.50	49,171.25
1956	4,200	3,532.36	36,228.85	38,232.30	39,144.39	39,536.96	40,503.46	42,386.37	43,937.30	45,956.79
1957	4,200	3,641.72	35,140.90	37,084.19	37,968.89	38,349.67	39,287.15	41,113.52	42,617.87	44,576.72
1958	4,200	3,673.80	34,834.05	36,760.37	37,637.34	38,014.80	38,944.09	40,754.51	42,245.73	44,187.47
1959	4,800	3,855.80	37,931.23	40,028.82	40,983.77	41,394.79	42,406.70	44,378.09	46,001.90	48,116.28
1960	4,800	4,007.12	36,498.84	38,517.22	39,436.11	39,831.61	40,805.31	42,702.25	44,264.74	46,299.28
1961	4,800	4,086.76	35,787.58	37,766.63	38,667.60	39,055.40	40,010.12	41,870.10	43,402.14	45,397.03
1962	4,800	4,291.40	34,081.01	35,965.68	36,823.70	37,193.00	38,102.20	39,873.48	41,332.46	43,232.22
1963	4,800	4,396.64	33,265.23	35,104.79	35,942.27	36,302.73	37,190.16	38,919.05	40,343.11	42,197.40
1964	4,800	4,576.32	31,959.14	33,726.47	34,531.07	34,877.38	35,729.97	37,390.97	38,759.11	40,540.60
1965	4,800	4,658.72	31,393.87	33,129.94	33,920.31	34,260.49	35,098.00	36,729.63	38,073.57	39,823.55
1966	6,600	4,938.36	40,722.21	42,974.15	43,999.36	44,440.62	45,526.99	47,643.43	49,386.72	51,656.68
1967	6,600	5,213.44	38,573.56	40,706.68	41,677.79	42,095.77	43,124.82	45,129.59	46,780.90	48,931.09
1968	7,800	5,571.76	42,655.24	45,014.07	46,087.95	46,550.16	47,688.09	49,905.00	51,731.04	54,108.76
1969	7,800	5,893.76	40,324.81	42,554.77	43,569.98	44,006.93	45,082.70	47,178.49	48,904.76	51,152.57
1970	7,800	6,186.24	38,418.29	40,542.82	41,510.02	41,926.32	42,951.23	44,947.93	46,592.59	48,734.13
1971	7,800	6,497.08	36,580.24	38,603.13	39,524.06	39,920.44	40,896.31	42,797.49	44,363.46	46,402.54
1972	9,000	7,133.80	38,440.74	40,566.51	41,534.28	41,950.83	42,976.33	44,974.20	46,619.82	48,762.61
1973	10,800	7,580.16	43,412.58	45,813.29	46,906.23	47,376.65	48,534.79	50,791.06	52,649.52	55,069.45
1974	13,200	8,030.76	50,082.67	52,852.24	54,113.10	54,655.80	55,991.88	58,594.81	60,738.81	63,530.55
1975	14,100	8,630.92	49,777.40	52,530.09	53,783.27	54,322.65	55,650.59	58,237.66	60,368.59	63,143.31
1976	15,300	9,226.48	50,527.24	53,321.39	54,593.45	55,140.96	56,488.90	59,114.94	61,277.97	64,094.49
1977	16,500	9,779.44	51,409.12	54,252.04	55,546.30	56,103.36	57,474.83	60,146.70	62,347.49	65,213.17
1978	17,700	10,556.03	51,090.81	53,916.13	55,202.38	55,756.00	57,118.98	59,774.30	61,961.46	64,809.40
1979	22,900	11,479.46	60,783.29	64,144.60	65,674.86	66,333.51	67,955.06	71,114.13	73,716.21	77,104.44
1980	25,900	12,513.46	63,065.60	66,553.12	68,140.84	68,824.22	70,506.65	73,784.34	76,484.13	79,999.58
1981	29,700	13,773.10	65,704.47	69,337.92	70,992.08	71,704.05	73,456.88	76,871.72	79,684.48	83,347.02
1982	32,400	14,531.34	67,937.49	71,694.43	73,404.81	74,140.98	75,953.38	79,484.27	82,392.63	86,179.64
1983	35,700	15,239.24	71,379.76	75,327.06	77,124.09	77,897.56	79,801.80	83,511.59	86,567.31	90,546.20
1984	37,800	16,135.07	71,382.40	75,329.84	77,126.94	77,900.44	79,804.74	83,514.68	86,570.50	90,549.55
1985	39,600	16,822.51	71,725.66	75,692.09	77,497.83	78,275.05	80,188.51	83,916.29	86,986.81	90,984.99
1986	42,000	17,321.82	73,879.84	77,965.39	79,825.37	80,625.93	82,596.86	86,436.59	89,599.33	93,717.59
1987	43,800	18,426.51	72,427.12	76,432.33	78,255.74	79,040.55	80,972.73	84,736.96	87,837.51	91,874.79
1988	45,000	19,334.04	70,918.59	74,840.38	76,625.81	77,394.28	79,286.21	82,972.04	86,008.01	89,961.20
1989	48,000	20,099.55	72,765.43	76,789.35	78,621.27	79,409.75	81,350.96	85,132.77	88,247.80	92,303.94
1990	51,300	21,027.98	74,334.42	78,445.11	80,316.54	81,122.02	83,105.08	86,968.44	90,150.64	94,294.24
1991	53,400	21,811.60	74,597.44	78,722.67	80,600.71	81,409.05	83,399.12	87,276.15	90,469.61	94,627.87
1992	55,500	22,935.42	73,732.08	77,809.45	79,665.71	80,464.67	82,431.66	86,263.71	89,420.13	93,530.15
1993	57,600	23,132.67	75,869.44	80,065.02	81,975.09	82,797.20	84,821.21	88,764.35	92,012.26	96,241.43
1994	60,600	23,753.53	77,734.65	82,033.37	83,990.39	84,832.72	86,906.49	90,946.57	94,274.33	98,607.47
1995	61,200	24,705.66	75,478.83	79,652.80	81,553.03	82,370.92	84,384.51	88,307.35	91,538.54	95,745.93
1996	62,700	25,913.90	73,723.33	77,800.22	79,656.26	80,455.12	82,421.88	86,253.48	89,409.52	93,519.05
1997	65,400	27,426.00	72,658.34	76,676.34	78,505.56	79,292.89	81,231.23	85,007.48	88,117.93	92,168.10
1998	68,400	28,861.44	72,211.82	76,205.13	78,023.11	78,805.60	80,732.03	84,485.07	87,576.40	91,601.68
1999	72,600	30,469.84	72,600.00	76,614.77	78,442.53	79,229.22	81,166.01	84,939.23	88,047.18	92,094.10

(Continued)

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

**Table 2.A9—Indexed earnings for workers with maximum earnings, 1951–2008 (in dollars)—Continued**

Year	Annual maximum taxable earnings	Average annual wage <sup>a</sup>	Annual maximum indexed earnings for workers who were first eligible (attained age 62, became disabled, or died) in <sup>b</sup> —							
			2001	2002	2003	2004	2005	2006	2007	2008
2000	76,200	32,154.82	76,200.00	76,200.00	78,017.86	78,800.29	80,726.60	84,479.39	87,570.51	91,595.52
2001	80,400	32,921.92	80,400.00	80,400.00	80,400.00	81,206.32	83,191.44	87,058.82	90,244.32	94,392.23
2002	84,900	33,252.09	84,900.00	84,900.00	84,900.00	84,900.00	86,975.41	91,018.70	94,349.10	98,685.67
2003	87,000	34,064.95	87,000.00	87,000.00	87,000.00	87,000.00	87,000.00	91,044.43	94,375.77	98,713.57
2004	87,900	35,648.55	87,900.00	87,900.00	87,900.00	87,900.00	87,900.00	87,900.00	91,116.28	95,304.27
2005	90,000	36,952.94	90,000.00	90,000.00	90,000.00	90,000.00	90,000.00	90,000.00	90,000.00	94,136.67
2006	94,200	38,651.41	94,200.00	94,200.00	94,200.00	94,200.00	94,200.00	94,200.00	94,200.00	94,200.00
2007	97,500	--	97,500.00	97,500.00	97,500.00	97,500.00	97,500.00	97,500.00	97,500.00	97,500.00
2008	102,000	--	102,000.00	102,000.00	102,000.00	102,000.00	102,000.00	102,000.00	102,000.00	102,000.00

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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. 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 2008, the indexing factor for 1982 is \$38,651.41/14,531.34, or 2.6598655. Multiplication of maximum taxable earnings of \$32,400 for 1982 by this factor gives maximum indexed earnings of \$86,179.64 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
<b><i>Average monthly wage (AMW)</i></b>	
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.
<b><i>Average indexed monthly earnings (AIME)</i></b>	
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 with computations using fewer 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 his or her child or spouse's child under age 3.) However, the number of years of earnings used is at least 2. <i>Effective 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 first eligible after 1984.</i>

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<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) <sup>a</sup> (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	
<b>Enacted in 1977<sup>b</sup></b>						
1979	180	905	1,085	June 1979	9.9	<sup>c</sup> 122
1980	194	977	1,171	June 1980	14.3	<sup>c</sup> 122
<b>Enacted in 1981</b>						
1981	211	1,063	1,274	June 1981	11.2	<sup>c</sup> 122
1982	230	1,158	1,388	June 1982	7.4	<sup>d</sup>
<b>Enacted in 1983</b>						
1983	254	1,274	1,528	December 1983	3.5	<sup>d</sup>
1984	267	1,345	1,612	December 1984	3.5	<sup>d</sup>
1985	280	1,411	1,691	December 1985	3.1	<sup>d</sup>
1986	297	1,493	1,790	December 1986	1.3	<sup>d</sup>
1987	310	1,556	1,866	December 1987	4.2	<sup>d</sup>
1988	319	1,603	1,922	December 1988	4.0	<sup>d</sup>
1989	339	1,705	2,044	December 1989	4.7	<sup>d</sup>
1990	356	1,789	2,145	December 1990	5.4	<sup>d</sup>
1991	370	1,860	2,230	December 1991	3.7	<sup>d</sup>
1992	387	1,946	2,333	December 1992	3.0	<sup>d</sup>
1993	401	2,019	2,420	December 1993	2.6	<sup>d</sup>
1994	422	2,123	2,545	December 1994	2.8	<sup>d</sup>
1995	426	2,141	2,567	December 1995	2.6	<sup>d</sup>
1996	437	2,198	2,635	December 1996	2.9	<sup>d</sup>
1997	455	2,286	2,741	December 1997	2.1	<sup>d</sup>
1998	477	2,398	2,875	December 1998	1.3	<sup>d</sup>
1999	505	2,538	3,043	December 1999	<sup>e</sup> 2.5	<sup>d</sup>
2000	531	2,671	3,202	December 2000	3.5	<sup>d</sup>

(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) <sup>a</sup> (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	4.1	d
2006	656	3,299	3,955	December 2006	3.3	d
2007	680	3,420	4,100	December 2007	2.3	d
2008	711	3,577	4,288	December 2008	--	d

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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. <sup>a</sup> The benefit computation formula uses a reduced factor of the usual first AIME bend point.																				
	<table> <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								
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1986	80																				
1987	70																				
1988	60																				
1989	50																				
1990 and later	40																				
	WEP is not applicable to persons who were federal employees or nonprofit employees on January 1, 1984, and who were covered by Social Security on that date with no Civil Service Retirement System coverage; to persons with Railroad Retirement pensions; or to workers with 30 years of substantial Social Security earnings. Workers with 26–29 years of coverage have less than full WEP applied. <sup>b</sup> For benefits payable before January 1989:																				
	<table> <thead> <tr> <th style="text-align: left;"><i>Years of coverage</i></th> <th style="text-align: 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> <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																				
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25	65																				
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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). <sup>b</sup>
	<i>Earnings (dollars)</i>
	1991 9,900
	1992 10,350
	1993 10,725
	1994 11,250
	1995 11,325
	1996 11,625
	1997 12,150
	1998 12,675
	1999 13,425
	2000 14,175
	2001 14,925
	2002 15,750
	2003 16,125
	2004 16,275
	2005 16,725
	2006 17,475
	2007 18,150
	2008 18,975

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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

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## 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<sup>a</sup> 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<sup>a</sup> 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<sup>a</sup> for workers with 30 or more years of coverage (dollars)</i>
		<i>Effective date</i>	<i>Amount<sup>a</sup> per year of coverage over 10 years (dollars)</i>	
		March 1974	9.00	180.00
1977 <sup>b</sup>	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<sup>a</sup> per year of coverage over 10 years (dollars)</i>	<i>Maximum amount<sup>a</sup> 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	<sup>c</sup> 12.64	252.80
	1980	5,100	<sup>c</sup> 14.45	289.00
	1981	5,550	<sup>c</sup> 16.07	321.40
	1982	6,075	<sup>c</sup> 17.26	345.10
	1983	6,675	<sup>c</sup> 17.86	357.10
	1984	7,050	<sup>c</sup> 18.49	369.50
	1985	7,425	<sup>c</sup> 19.06	380.90
	1986	7,875	<sup>c</sup> 19.31	385.80
	1987	8,175	<sup>c</sup> 20.12	402.00
	1988	8,400	<sup>c</sup> 20.92	418.00
	1989	8,925	<sup>c</sup> 21.90	437.60
	1990	9,525	<sup>c</sup> 23.08	461.20

(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		
		December 1991	<sup>c</sup> 23.93	478.20
		December 1992	<sup>c</sup> 24.65	492.50
		December 1993	<sup>c</sup> 25.29	505.30
		December 1994	<sup>c</sup> 26.00	519.40
		December 1995	<sup>c</sup> 26.68	532.90
		December 1996	<sup>c</sup> 27.45	548.30
		December 1997	<sup>c</sup> 28.03	559.80
		December 1998	<sup>c</sup> 28.39	567.00
		December 1999	<sup>c,d</sup> 29.10	<sup>d</sup> 581.10
		December 2000	<sup>c</sup> 30.12	601.40
		December 2001	<sup>c</sup> 30.90	617.00
		December 2002	<sup>c</sup> 31.33	625.60
		December 2003	<sup>c</sup> 31.99	638.70
		December 2004	<sup>c</sup> 32.85	655.90
		December 2005	<sup>c</sup> 34.20	682.70
		December 2006	<sup>c</sup> 35.33	705.20
		December 2007	<sup>c</sup> 36.14	721.40
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: <sup>e</sup>			
	<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		
	2006	10,485		
	2007	10,890		
	2008	11,385		

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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.

- 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.

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

**Table 2.A13—Formulas enacted in 1977 for computing OASI 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	<sup>a</sup> 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	4.1
2006	838	372	368	1,578	December 2006	3.3
2007	869	386	381	1,636	December 2007	2.3
2008	909	403	399	1,711	December 2008	--

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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.

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

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

- 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).

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

**Table 2.A16—Percentage of average monthly wage (AMW) applicable to primary insurance amount (PIA) based on formula for computing PIA from AMW, 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	<sup>a</sup> 50.00	<sup>a</sup> 55.00	55.00	58.85	62.97	71.16	81.83	90.01	108.01	119.89
Next 290	<sup>b</sup> 15.00	<sup>b</sup> 15.00	<sup>c</sup> 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	...	...	...	...	...	...	...	...	<sup>d</sup> 20.00	22.20
Next 175	...	...	...	...	...	...	...	...	...	<sup>e</sup> 20.00
Percentage increase in PIA	<sup>f</sup> 77.0	<sup>g</sup> 12.5	<sup>h</sup> 13.0	<sup>i</sup> 7.0	<sup>j</sup> 7.0	13.0	15.0	10.0	20.0	<sup>k</sup> 11.0

(Continued)

**Table 2.A16—Percentage of average monthly wage (AMW) applicable to primary insurance amount (PIA) based on formula for computing PIA from AMW, and percentage increases in PIA—Continued**

AMW (dollars)	June 1975	June 1976	June 1977	June 1978	June 1979	June 1980	June 1981	June 1982	Dec. 1983	Dec. 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	<sup>l</sup> 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—Percentage of average monthly wage (AMW) applicable to primary insurance amount (PIA) based on formula for computing PIA from AMW, and percentage increases in PIA—Continued**

AMW (dollars)	Dec. 1985	Dec. 1986	Dec. 1987	Dec. 1988	Dec. 1989	Dec. 1990	Dec. 1991	Dec. 1992	Dec. 1993	Dec. 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—Percentage of average monthly wage (AMW) applicable to primary insurance amount (PIA) based on formula for computing PIA from AMW, and percentage increases in PIA—Continued**

AMW (dollars)	Dec. 1995	Dec. 1996	Dec. 1997	Dec. 1998	Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007
First 110	360.47	370.93	378.72	383.64	393.23	407.00	417.58	423.43	432.32	443.99	462.19	477.45	488.43
Next 290	131.10	134.90	137.73	139.52	143.01	148.02	151.87	153.99	157.23	161.47	168.09	173.64	177.63
Next 150	122.50	126.06	128.71	130.38	133.64	138.32	141.91	143.90	146.92	150.89	157.08	162.26	165.99
Next 100	144.06	148.24	151.35	153.32	157.15	162.65	166.88	169.22	172.77	177.44	184.71	190.81	195.20
Next 100	80.11	82.43	84.16	85.26	87.39	90.45	92.80	94.10	96.07	98.67	102.71	106.10	108.54
Next 250	66.75	68.69	70.13	71.04	72.82	75.37	77.33	78.41	80.06	82.22	85.59	88.41	90.45
Next 175	60.16	61.91	63.21	64.03	65.63	67.93	69.70	70.67	72.16	74.10	77.14	79.69	81.52
Next 100	55.70	57.32	58.52	59.28	60.77	62.89	64.53	65.43	66.81	68.61	71.42	73.78	75.48
Next 100	52.33	53.84	54.97	55.69	57.08	59.08	60.61	61.46	62.75	64.44	67.09	69.30	70.89
Next 100	49.42	50.86	51.93	52.60	53.92	55.81	57.26	58.06	59.28	60.88	63.37	65.46	66.97
Next 435	46.42	47.76	48.76	49.40	50.63	52.40	53.77	54.52	55.66	57.17	59.51	61.47	62.89
Next 250	42.22	43.44	44.35	44.93	46.05	47.66	48.90	49.59	50.63	52.00	54.13	55.91	57.20
Next 315	36.94	38.01	38.81	39.31	40.30	41.71	42.79	43.39	44.30	45.50	47.36	48.92	50.05
Next 225	33.20	34.16	34.88	35.33	36.21	37.48	38.46	38.99	39.81	40.89	42.56	43.97	44.98
Next 275	30.91	31.81	32.48	32.90	33.72	34.90	35.81	36.31	37.07	38.08	39.64	40.94	41.89
Next 175	29.88	30.74	31.39	31.79	32.59	33.73	34.61	35.09	35.83	36.79	38.30	39.57	40.48
Next 150	28.88	29.72	30.34	30.74	31.51	32.61	33.46	33.93	34.64	35.57	37.03	38.25	39.13
Next 200	27.99	28.80	29.40	29.79	30.53	31.60	32.42	32.88	33.57	34.47	35.89	37.07	37.92
Next 150	27.64	28.44	29.04	29.41	30.15	31.21	32.02	32.46	33.15	34.04	35.44	36.61	37.45
Next 100	26.53	27.30	27.87	28.24	28.94	29.95	30.73	31.16	31.82	32.68	34.02	35.14	35.95
Next 250	25.52	26.26	26.81	27.16	27.84	28.81	29.56	29.98	30.61	31.43	32.72	33.80	34.58
Next 275	24.38	25.08	25.61	25.94	26.59	27.52	28.23	28.63	29.23	30.02	31.25	32.28	33.02
Next 175	23.12	23.79	24.29	24.61	25.22	26.10	26.78	27.16	27.73	28.48	29.64	30.62	31.33
Next 175	22.29	22.94	23.42	23.73	24.32	25.17	25.82	26.19	26.74	27.46	28.58	29.53	30.21
Next 175	21.64	22.27	22.74	23.03	23.61	24.44	25.07	25.42	25.96	26.66	27.75	28.67	29.32
Next 250	21.09	21.71	22.17	22.45	23.02	23.82	24.44	24.78	25.30	25.99	27.05	27.94	28.59
Next 50	20.52	21.12	21.56	21.84	22.39	23.17	23.78	24.11	24.62	25.28	26.32	27.18	27.81
Next 125	20.00	20.58	21.01	21.29	21.82	22.58	23.17	23.49	23.99	24.63	25.64	26.49	27.10
Next 225	...	20.00	20.42	20.69	21.20	21.94	22.52	22.83	23.31	23.94	24.92	25.74	26.34
Next 250	...	...	20.00	20.26	20.77	21.49	22.05	22.36	22.83	23.45	24.41	25.21	25.79
Next 350	...	...	...	20.00	20.50	21.22	21.77	22.07	22.54	23.15	24.09	24.89	25.46
Next 300	...	...	...	...	20.00	20.70	21.24	21.54	21.99	22.58	23.51	24.28	24.84
Next 350	...	...	...	...	...	20.00	20.52	20.81	21.24	21.82	22.71	23.46	24.00
Next 375	...	...	...	...	...	...	20.00	20.28	20.71	21.26	22.14	22.87	23.39
Next 175	...	...	...	...	...	...	...	20.00	20.42	20.97	21.83	22.55	23.07
Next 75	...	...	...	...	...	...	...	...	20.00	20.54	21.38	22.09	22.60
Next 175	...	...	...	...	...	...	...	...	...	20.00	20.82	21.51	22.00
Next 350	...	...	...	...	...	...	...	...	...	...	20.00	20.66	21.14
Next 275	...	...	...	...	...	...	...	...	...	...	...	20.00	20.46
Next 375	...	...	...	...	...	...	...	...	...	...	...	...	20.00
Percentage increase in PIA	2.6	2.9	2.1	1.3	<sup>m</sup> 2.5	3.5	2.6	1.4	2.1	2.7	4.1	3.3	2.3

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

NOTE: The average monthly wage (AMW) computation is based on earnings after 1950. The amounts shown in the table are percentages of the AMW.

... = not applicable.

- Applied to first \$100 of AMW.
- Applied to next \$200 of AMW.
- Applied to next \$190 before 1955 and to next \$240 effective for January 1955.
- Applied to next \$150 effective for January 1973 and to next \$350 effective for January 1974.
- Applied to next \$100 before January 1975.
- Average increase in benefits of about 77 percent—from 100 percent at the lowest level to 50 percent at the highest level.
- Increase of 12.5 percent or \$5, if larger.
- Average increase of about 13 percent, with minimum increase of \$5.
- Increase of 7 percent or \$3, if larger.
- Increase of 7 percent or \$4, if larger.
- Increase effective in two steps: 7 percent for March–May and 4 percent for June.
- Beginning June 1975, all benefit increases are based on automatic cost-of-living adjustments.
- 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—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 <sup>a</sup> (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 <sup>b</sup>	150% of PIA
1972	September 1972	84.50	105.6% of first \$436 + 52.8% of next \$191 <sup>b</sup>	150% of PIA
1973 <sup>c</sup>	June 1974	89.50	111.8% of first \$436 + 55.9% of next \$191 <sup>b</sup>	150% of PIA
1973 <sup>d</sup>	March 1974	90.50	113.0% of first \$436 + 56.5% of next \$191 <sup>b</sup>	150% of PIA
	June 1974	93.80	117.2% of first \$436 + 58.6% of next \$191 <sup>b</sup>	150% of PIA
	June 1975	101.40	126.6% of first \$436 + 63.3% of next \$191 <sup>b</sup>	150% of PIA
	June 1976	107.90	134.7% of first \$436 + 67.3% of next \$191 <sup>b</sup>	150% of PIA
	June 1977	114.30	142.6% of first \$436 + 71.3% of next \$191 <sup>b</sup>	150% of PIA
	June 1978	121.80	151.9% of first \$436 + 76.0% of next \$191 <sup>b</sup>	150% of PIA
	June 1979	133.90	167.0% of first \$436 + 83.5% of next \$191 <sup>b</sup>	150% of PIA
	June 1980	153.10	190.9% of first \$436 + 95.4% of next \$191 <sup>b</sup>	150% of PIA
	June 1981	170.30	212.2% of first \$436 + 106.1% of next \$191 <sup>b</sup>	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 <sup>a</sup> (dollars)	Maximum family benefit	
			Percentage of AMW	Not less than—
1981 <sup>e</sup>	March 1982	f	190.9% of first \$436 + 106.1% of next \$191 <sup>b</sup>	150% of PIA
1981	June 1982	182.90	227.9% of first \$436 + 114.0% of next \$191 <sup>b</sup>	150% of PIA
	December 1983	189.30	235.9% of first \$436 + 118.0% of next \$191 <sup>b</sup>	150% of PIA
	December 1984	195.90	244.2% of first \$436 + 122.1% of next \$191 <sup>b</sup>	150% of PIA
	December 1985	201.90	251.8% of first \$436 + 125.9% of next \$191 <sup>b</sup>	150% of PIA
	December 1986	204.50	255.1% of first \$436 + 127.5% of next \$191 <sup>b</sup>	150% of PIA
	December 1987	213.00	265.8% of first \$436 + 132.9% of next \$191 <sup>b</sup>	150% of PIA
	December 1988	221.50	276.4% of first \$436 + 138.2% of next \$191 <sup>b</sup>	150% of PIA
	December 1989	231.90	289.4% of first \$436 + 144.7% of next \$191 <sup>b</sup>	150% of PIA
	December 1990	244.40	305.0% of first \$436 + 152.5% of next \$191 <sup>b</sup>	150% of PIA
	December 1991	253.40	316.3% of first \$436 + 158.1% of next \$191 <sup>b</sup>	150% of PIA
	December 1992	261.00	325.8% of first \$436 + 162.8% of next \$191 <sup>b</sup>	150% of PIA
	December 1993	267.70	334.3% of first \$436 + 167.0% of next \$191 <sup>b</sup>	150% of PIA
	December 1994	275.10	343.7% of first \$436 + 171.7% of next \$191 <sup>b</sup>	150% of PIA
	December 1995	282.20	352.6% of first \$436 + 176.2% of next \$191 <sup>b</sup>	150% of PIA
	December 1996	290.30	362.8% of first \$436 + 181.3% of next \$191 <sup>b</sup>	150% of PIA
	December 1997	296.30	370.4% of first \$436 + 185.1% of next \$191 <sup>b</sup>	150% of PIA
	December 1998	300.10	375.2% of first \$436 + 187.5% of next \$191 <sup>b</sup>	150% of PIA
	December 1999 <sup>g</sup>	307.60	384.6% of first \$436 + 192.2% of next \$191 <sup>b</sup>	150% of PIA
	December 2000	318.30	398.1% of first \$436 + 198.9% of next \$191 <sup>b</sup>	150% of PIA
	December 2001	326.50	408.5% of first \$436 + 204.1% of next \$191 <sup>b</sup>	150% of PIA
December 2002	331.00	414.2% of first \$436 + 206.9% of next \$191 <sup>b</sup>	150% of PIA	
December 2003	337.90	422.9% of first \$436 + 211.2% of next \$191 <sup>b</sup>	150% of PIA	
December 2004	347.00	434.3% of first \$436 + 216.9% of next \$191 <sup>b</sup>	150% of PIA	
December 2005	361.20	452.1% of first \$436 + 225.8% of next \$191 <sup>b</sup>	150% of PIA	
December 2006	373.10	467.0% of first \$436 + 233.3% of next \$191 <sup>b</sup>	150% of PIA	
December 2007	381.60	477.7% of first \$436 + 238.7% of next \$191 <sup>b</sup>	150% of PIA	

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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

- Based on earnings; subject to reduction if claimed before age 65.
- For AMW of \$628 or more, 175 percent of PIA.
- Superseded by legislation in 1973.
- 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.)
- Superseded by legislation in 1981 that restored the minimum PIA for these groups.
- Minimum PIA eliminated by legislation in 1981.
- 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 <sup>a</sup>	Year of attainment of age 62	Year of attainment of age 65	Full retirement age	Maximum reduction months	Maximum reduction at age 62 <sup>b</sup>
1935	1997	2000	65 years	36	0.2000000
1936	1998	2001	65 years	36	0.2000000
1937	1999	2002	65 years	36	0.2000000
1938	2000	2003	65 years and 2 months	38	0.2083333
1939	2001	2004	65 years and 4 months	40	0.2166667
1940	2002	2005	65 years and 6 months	42	0.2250000
1941	2003	2006	65 years and 8 months	44	0.2333333
1942	2004	2007	65 years and 10 months	46	0.2416667
1943–1954	2005–2016	2008–2019	66 years	48	0.2500000
1955	2017	2020	66 years and 2 months	50	0.2583333
1956	2018	2021	66 years and 4 months	52	0.2666667
1957	2019	2022	66 years and 6 months	54	0.2750000
1958	2020	2023	66 years and 8 months	56	0.2833333
1959	2021	2024	66 years and 10 months	58	0.2916667
1960 or later	2022 and later	2025 and later	67 years	60	0.3000000

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<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.A17.2—Full retirement age and maximum reduction of widow(er)s' benefits, by year of birth**

Year of birth <sup>a</sup>	Year of attainment of age 60	Year of attainment of age 65	Full retirement age	Maximum reduction months	Monthly reduction <sup>b</sup>
1939 or earlier	1999 and earlier	2004 and earlier	65 years	60	0.475
1940	2000	2005	65 years and 2 months	62	0.460
1941	2001	2006	65 years and 4 months	64	0.445
1942	2002	2007	65 years and 6 months	66	0.432
1943	2003	2008	65 years and 8 months	68	0.419
1944	2004	2009	65 years and 10 months	70	0.407
1945–1956	2005–2016	2010–2021	66 years	72	0.396
1957	2017	2022	66 years and 2 months	74	0.385
1958	2018	2023	66 years and 4 months	76	0.375
1959	2019	2024	66 years and 6 months	78	0.365
1960	2020	2025	66 years and 8 months	80	0.356
1961	2021	2026	66 years and 10 months	82	0.348
1962 or later	2022 and later	2027 and later	67 years	84	0.339

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>).

NOTES: Widows and widowers can elect reduced monthly benefits at age 60 or, if disabled, as early as age 50. Surviving divorced spouses can also receive benefits if married to the worker for at least 10 years and not remarried before age 60 (age 50 if disabled).

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

b. Monthly reduction percentages are approximate due to rounding. For survivors whose full retirement age (FRA) is 65, the monthly rate of reduction for the first 60 months immediately preceding FRA is 19/40 of 1 percent of the worker's PIA, with a maximum reduction of 28.5 percent at age 60. For survivors whose full retirement age is after 65, the amount of reduction for each month prior to FRA is adjusted accordingly to ensure that the maximum reduction at age 60 remains 28.5 percent of the worker's PIA.

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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 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 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
	<b>Benefits (cont.)</b> <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 CPI. The underlying CPI was later recomputed by the Bureau of Labor Statistics (BLS); a 2.5 percent COLA would have been consistent with the recomputed CPI. Pursuant to P.L. 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.
2007	The rules for calculating automatic cost-of-living increases to PIAs under title II of the Social Security Act (the Act) were revised. The arithmetical mean of the CPI for each month is computed for the beginning and ending quarters of the measuring period, and the result is rounded to the same number of decimal places as the published CPI figures. Through December 2006, BLS published CPI figures rounded to the nearest one-tenth of 1 percent. BLS began publishing CPI figures rounded to the nearest one-thousandth of 1 percent in January 2007.
	<b>Earnings test</b>
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 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. 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 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	P.L. 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	P.L. 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. P.L. 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, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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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	...	<sup>a</sup> 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	Dec. 1983	Dec. 1984	Dec. 1985	Dec. 1986	Dec. 1987	Dec. 1988	Dec. 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	Dec. 1990	Dec. 1991	Dec. 1992	Dec. 1993	Dec. 1994	Dec. 1995	Dec. 1996	Dec. 1997	Dec. 1998	Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007
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	1,890	1,953	1,997
September 1950	721	748	770	790	812	833	857	875	887	909	941	965	979	999	1,026	1,067	1,102	1,127
September 1952	641	665	684	702	722	741	762	778	788	808	836	858	870	888	912	949	981	1,003
September 1954	567	588	606	621	639	655	674	689	698	715	740	759	770	786	807	839	867	886
January 1959	530	550	566	581	597	613	630	644	652	668	692	710	720	735	754	785	811	829
January 1965	495	514	529	543	558	573	589	601	609	625	646	663	672	687	705	733	758	775
February 1968	438	455	468	480	494	507	521	532	539	553	572	587	595	608	624	649	670	685
January 1970	381	395	407	418	429	441	453	463	469	481	497	510	517	528	543	563	582	595
January 1971	347	359	370	380	390	401	412	421	426	437	452	464	470	480	493	512	529	541
September 1972	289	299	308	316	325	334	343	351	355	364	377	387	392	400	411	428	442	451
June 1974	260	270	278	285	293	301	309	316	320	328	339	348	353	361	370	385	398	406
June 1975	241	250	257	264	271	278	286	292	296	304	314	323	327	334	343	356	368	376
June 1976	226	235	242	248	255	262	269	275	278	285	295	303	307	314	322	335	346	353
June 1977	214	222	228	234	241	247	254	260	263	270	279	286	290	296	304	316	327	334
June 1978	201	208	214	220	226	232	239	244	247	253	262	269	273	278	286	296	306	312
June 1979	183	189	195	200	206	211	217	222	225	230	238	245	248	253	260	269	278	284
June 1980	160	166	171	175	180	185	190	194	197	201	209	214	217	222	227	235	243	248
June 1981	144	149	153	157	162	166	171	174	177	181	188	192	195	199	205	213	220	224
June 1982	134	139	143	147	151	155	159	162	165	169	175	179	182	185	190	197	203	207
December 1983	129	134	138	142	146	149	154	157	159	163	169	173	176	179	184	190	197	201
December 1984	125	130	133	137	141	144	149	152	154	157	163	167	170	173	178	184	190	194
December 1985	121	126	129	133	136	140	144	147	149	153	158	162	164	168	172	179	184	188
December 1986	120	124	128	131	135	138	142	145	147	151	156	160	162	166	170	176	182	186
December 1987	115	119	123	126	129	133	137	139	141	145	150	154	156	159	163	169	174	178
December 1988	110	114	118	121	124	128	131	134	136	139	144	148	150	153	157	163	168	171
December 1989	105	109	113	116	119	122	125	128	130	133	138	141	143	146	150	156	161	164
December 1990	100	104	107	110	113	116	119	121	123	126	131	134	136	139	142	148	152	155
December 1991	...	100	103	106	109	111	115	117	119	122	126	129	131	134	137	142	147	150
December 1992	...	...	100	103	105	108	111	114	115	118	122	125	127	130	133	138	142	145
December 1993	...	...	...	100	103	105	109	111	112	115	119	122	124	126	130	135	139	142
December 1994	...	...	...	...	100	103	106	108	109	112	116	119	121	123	126	131	136	138
December 1995	...	...	...	...	...	100	103	105	106	109	113	116	117	120	123	127	131	134
December 1996	...	...	...	...	...	...	100	102	103	106	110	113	114	117	120	124	128	131
December 1997	...	...	...	...	...	...	...	100	101	104	107	110	112	114	117	122	126	128
December 1998	...	...	...	...	...	...	...	...	100	103	106	109	110	113	116	120	124	126
December 1999	...	...	...	...	...	...	...	...	...	100	104	106	108	110	113	116	120	123
December 2000	...	...	...	...	...	...	...	...	...	...	100	103	104	106	109	113	117	119
December 2001	...	...	...	...	...	...	...	...	...	...	...	100	101	104	106	110	114	116
December 2002	...	...	...	...	...	...	...	...	...	...	...	...	100	102	105	109	113	115
December 2003	...	...	...	...	...	...	...	...	...	...	...	...	...	100	103	107	110	112
December 2004	...	...	...	...	...	...	...	...	...	...	...	...	...	...	100	104	108	110
December 2005	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	100	103	105
December 2006	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	100	102
December 2007	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	100
Cost-of-living adjustment	5.4	3.7	3.0	2.6	2.8	2.6	2.9	2.1	1.3	<sup>b</sup> 2.5	3.5	2.6	1.4	2.1	2.7	4.1	3.3	2.3

SOURCES: Social Security Act of 1935 (the Act), as amended through December 31, 2007; 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 the Social Security Program Rules page (<http://www.socialsecurity.gov/regulations/index.htm>). Social Security Administration, "Cost-of-Living Increase and Other Determinations for 2008," *Federal Register*, vol. 72, no. 206 (October 25, 2007).

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

... = not applicable.

- a. Average increase in benefits of about 77 percent—from 100 percent at the lowest level to 50 percent at the highest level.
- b. 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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