



News Release

SOCIAL SECURITY

Social Security Announces 5.8 Percent Benefit Increase for 2009

Monthly Social Security and Supplemental Security Income benefits for more than 55 million Americans will increase 5.8 percent in 2009, the Social Security Administration announced today. The 5.8 percent increase is the largest since 1982.

Social Security and Supplemental Security Income benefits increase automatically each year based on the rise in the Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W), from the third quarter of the prior year to the corresponding period of the current year. This year's increase in the CPI-W was 5.8 percent.

The 5.8 percent Cost-of-Living Adjustment (COLA) will begin with benefits that over 50 million Social Security beneficiaries receive in January 2009. Increased payments to more than 7 million Supplemental Security Income beneficiaries will begin on December 31.

Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$106,800 from \$102,000. Of the estimated 164 million workers who will pay Social Security taxes in 2009, about 11 million will pay higher taxes as a result of the increase in the taxable maximum.

Information about Medicare changes for 2009 can be found at www.Medicare.gov.

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NOTE TO CORRESPONDENTS: A fact sheet showing the effect of the various automatic adjustments is attached.



Fact Sheet

SOCIAL SECURITY

2009 SOCIAL SECURITY CHANGES

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

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2007 through the third quarter of 2008, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 5.8 percent COLA for 2009. Other important 2009 Social Security information is as follows:

	<u>2008</u>	<u>2009</u>
o <u>Tax Rate:</u>		
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

NOTE: The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings.

o **Maximum Taxable Earnings:**

Social Security (OASDI only)	\$102,000	\$106,800
Medicare (HI only)	No Limit	

o **Quarter of Coverage:**

	\$1,050	\$1,090
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o **Retirement Earnings Test Exempt Amounts:**

Under full retirement age	\$13,560/yr. (\$1,130/mo.)	\$14,160/yr. (\$1,180/mo.)
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NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

The year an individual reaches full retirement age	\$36,120/yr. (\$3,010/mo.)	\$37,680/yr. (\$3,140/mo.)
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NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

There is no limit on earnings beginning the month an individual attains full retirement age.

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o **Social Security Disability Thresholds:**

Substantial Gainful Activity (SGA)

Non-Blind	\$ 940/mo.	\$ 980/mo.
Blind	\$1,570/mo.	\$1,640/mo.

Trial Work Period (TWP)	\$ 670/mo.	\$ 700/mo.
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o **Maximum Social Security Benefit: Worker Retiring at Full Retirement Age:**

	\$2,185/mo.	\$2,323/mo.
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o **SSI Federal Payment Standard:**

Individual	\$637/mo.	\$674/mo.
Couple	\$956/mo.	\$1,011/mo.

o **SSI Resources Limits:**

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

o **SSI Student Exclusion:**

Monthly limit	\$1,550	\$1,640
Annual limit	\$6,240	\$6,600

o **Estimated Average Monthly Social Security Benefits Payable in January 2009:**

	<u>Before 5.8% COLA</u>	<u>After 5.8% COLA</u>
All Retired Workers	\$1,090	\$1,153
Aged Couple, Both Receiving Benefits	\$1,773	\$1,876
Widowed Mother and Two Children	\$2,268	\$2,399
Aged Widow(er) Alone	\$1,051	\$1,112
Disabled Worker, Spouse and One or More Children	\$1,695	\$1,793
All Disabled Workers	\$ 1,006	\$1,064