



# Fact Sheet

## SOCIAL SECURITY

### 2012 Social Security Changes

#### Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2008 through the third quarter of 2011, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 3.6 percent COLA for 2012. Other important 2012 Social Security information is as follows:

	<u>2011</u>	<u>2012</u>
<b><u>Tax Rate:</u></b>		
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.

\* Section 601 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduced, for wages and salaries paid in calendar year 2011 and self-employment income in calendar year 2011, the OASDI payroll tax by 2 percentage points, applied to the portion of the tax paid by the worker and the self-employed individual.

Section 101 of the Temporary Payroll Tax Cut Continuation Act of 2011 extends this reduction of the tax rate through the end of February 2012. (The reduced tax rate for earnings in 2012 applies only to the first \$18,350 of a worker's total wages and self-employment income. The limit of \$18,350 is two-twelfths of the \$110,100 taxable earnings limit for 2012.) Unless additional legislation is approved, the tax rate will then revert to the unreduced rate.

#### Maximum Taxable Earnings:

Social Security (OASDI only)	\$106,800	\$110,100
Medicare (HI only)	N o L i m i t	

#### Quarter of Coverage:

Earnings needed to earn one Social Security Credit	\$1,120	\$1,130
--	---------	---------

**Retirement Earnings Test Exempt Amounts:**

Under full retirement age	\$14,160/yr. (\$1,180/mo.)	\$14,640/yr. (\$1,220/mo.)
---------------------------	-------------------------------	-------------------------------

NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

The year an individual reaches full retirement age	\$37,680/yr. (\$3,140/mo.)	\$38,880/yr. (\$3,240/mo.)
--	-------------------------------	-------------------------------

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.

**Social Security Disability Thresholds:**

Substantial Gainful Activity (SGA)		
Non-Blind	\$1,000/mo.	\$1,010/mo.
Blind	\$1,640/mo.	\$1,690/mo.
Trial Work Period (TWP)	\$ 720/mo.	\$ 720/mo.

**Maximum Social Security Benefit: Worker Retiring at Full Retirement Age:**

	\$2,366/mo.	\$2,513/mo.
--	-------------	-------------

**SSI Federal Payment Standard:**

Individual	\$674/mo.	\$698/mo.
Couple	\$1,011/mo.	\$1,048/mo.

**SSI Resources Limits:**

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

**SSI Student Exclusion:**

Monthly limit	\$1,640	\$1,700
---------------	---------	---------

Annual limit	\$6,600	\$6,840
--------------	---------	---------

**Estimated Average Monthly Social Security Benefits Payable in January 2012:**

	<b><u>Before 3.6% COLA</u></b>	<b><u>After 3.6% COLA</u></b>
All Retired Workers	\$1,186	\$1,229
Aged Couple, Both Receiving Benefits	\$1,925	\$1,994
Widowed Mother and Two Children	\$2,455	\$2,543
Aged Widow(er) Alone	\$1,143	\$1,184
Disabled Worker, Spouse and One or More Children	\$1,826	\$1,892
All Disabled Workers	\$ 1,072	\$1,111