Fact Sheet
SOCIAL SECURITY

2006 SOCIAL SECURITY CHANGES

- **Cost-of-Living Adjustment (COLA):**
  
  Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2004 through the third quarter of 2005, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 4.1 percent COLA for 2006. Other important 2006 Social Security information is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Rate</th>
<th>Maximum Taxable Earnings</th>
<th>Quarter of Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Employee</td>
<td>7.65% 7.65%</td>
<td>$920</td>
</tr>
<tr>
<td></td>
<td>Self-Employed</td>
<td>15.30% 15.30%</td>
<td>$970</td>
</tr>
</tbody>
</table>

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.

- **Maximum Taxable Earnings:**
  - Social Security (OASDI only) $90,000 $94,200
  - Medicare (HI only) **No Limit**

- **Quarter of Coverage:**
  - $920 $970

- **Retirement Earnings Test Exempt Amounts:**
  - Under full retirement age $12,000/yr. $12,480/yr.
  - ($1000/mo.) ($1,040/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 $31,800/yr. $33,240/yr.
  - ($2,650/mo.) ($2,770/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 (65 and 6 months for retirees born in 1940; 65 and 8 months for those born in 1941).
Social Security Disability Thresholds:

Substantial Gainful Activity (SGA)
- Non-Blind: $830/mo. $860/mo.
- Blind: $1,380/mo. $1,450/mo.

Trial Work Period (TWP)
- $590/mo. $620/mo.

Maximum Social Security Benefit: Worker Retiring at Full Retirement Age in 2005 and 2006:
- $1,939/mo. $2,053/mo.
  (Age 65 and 6 months) (Age 65 and 8 months)

NOTE: For retirees born in 1940, full retirement age is 65 and 6 months; for those born in 1941, it is 65 and 8 months. Full retirement age will gradually increase to age 67 for those born in 1960 and later.

SSI Federal Payment Standard:
- Individual: $579/mo. $603/mo.
- Couple: $869/mo. $904/mo.

SSI Resources Limits:
- Individual: $2,000 $2,000
- Couple: $3,000 $3,000

SSI Student Exclusion:
- Monthly limit: $1,410 $1,460
- Annual limit: $5,670 $5,910

Estimated Average Monthly Social Security Benefits Payable in January 2006:

<table>
<thead>
<tr>
<th>Description</th>
<th>Before 4.1% COLA</th>
<th>After 4.1% COLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Retired Workers</td>
<td>$963</td>
<td>$1,002</td>
</tr>
<tr>
<td>Aged Couple, Both Receiving Benefits</td>
<td>$1,583</td>
<td>$1,648</td>
</tr>
<tr>
<td>Widowed Mother and Two Children</td>
<td>$1,992</td>
<td>$2,074</td>
</tr>
<tr>
<td>Aged Widow(er) Alone</td>
<td>$929</td>
<td>$967</td>
</tr>
<tr>
<td>Disabled Worker, Spouse and One or More Children</td>
<td>$1,509</td>
<td>$1,571</td>
</tr>
<tr>
<td>All Disabled Workers</td>
<td>$902</td>
<td>$939</td>
</tr>
</tbody>
</table>