



for your information®



Volume 31, Issue 68, October 16, 2008

Social Security Benefits to Increase 5.8% in 2009

The Social Security Administration has announced key Social Security numbers for 2009.

The 2009 Social Security cost-of-living percentage increase will be 5.8%, and will first apply to December 2008 benefits payable in January 2009. (The 2008 percentage increase was 2.3%.)

For Old Age Survivors and Disability Insurance (OASDI), the payroll tax rate in 2009 remains at 6.20% on wages up to the Social Security taxable wage base. The Social Security taxable wage base will increase in 2009 to \$106,800, up from \$102,000 in 2008. The Medicare Part A payroll tax rate of 1.45% will continue to apply on all wages in 2009.

Other Social Security amounts for 2009 include the following –

- The average of total wages for 2007 (the most recent year) is \$40,405.48. This figure is used in adjusting previous years' earnings to determine the Average Indexed Monthly Earnings (AIME), which is used to calculate Social Security benefits.
- For 2009, the primary Social Security monthly benefit formula will be 90% of the first \$744 of AIME, plus 32% of the next \$3,739, plus 15% of any excess over \$4,483.
- For recipients under Social Security normal retirement age (SSNRA) in 2009, the annual exempt amount will be \$14,160. For recipients who attain SSNRA in 2009, the annual exempt amount, which applies only to earnings in months prior to the month of SSNRA attainment, will be \$37,680. There is no earnings test for Social Security recipients in years following the year of attainment of SSNRA.

If you have any questions on these key figures, please contact your Buck consultant.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.