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Volume 33 | Issue 62 | October 15, 2010

Social Security Benefits Will Not Increase in 2011

The Social Security Administration has announced key Social Security numbers for 2011.

By law, Social Security and Supplemental Security Income benefits increase automatically each year if the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increases from the third quarter of the last year a cost-of-living adjustment was determined to the corresponding period of the current year. There was no increase in the CPI-W from the third quarter of 2008 to the third quarter of 2010. Therefore, there will be no Social Security cost-of-living increase for 2011, and December 2010 benefits payable in January 2011 will remain unchanged.

For Old Age Survivors and Disability Insurance (OASDI), the payroll tax rate in 2011 remains at 6.20% on wages up to the Social Security taxable wage base. For 2011, the Social Security taxable wage base will be \$106,800 (identical to 2010). The Medicare Part A payroll tax rate of 1.45% will continue to apply on all wages in 2011.

Other Social Security amounts for 2011 include the following –

- The average of total wages for 2009 (the most recent year) is \$40,934.93. 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 2011, the primary Social Security monthly benefit formula will be 90% of the first \$753 of AIME, plus 32% of the next \$3,789, plus 15% of any excess over \$4,542.
- For recipients under Social Security normal retirement age (SSNRA) in 2011, the annual exempt amount will remain at \$14,160. For recipients who attain SSNRA in 2011, the annual exempt amount, which applies only to earnings in months prior to the month of SSNRA attainment, will remain at \$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.