



For your information

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Social Security Benefits to Increase 1.7% in 2013

The Social Security Administration [has announced](#) key Social Security numbers for 2013.

Key Changes for 2013

The 2013 Social Security cost-of-living percentage increase will be 1.7%, and will first apply to December 2012 benefits payable in January 2013.

For Old Age Survivors and Disability Insurance (OASDI), the payroll tax rate in 2013 will be 6.20% on wages up to the Social Security taxable wage base. The Social Security taxable wage base will increase in 2013 to \$113,700, up from \$110,100 in 2012. The Medicare Part A payroll tax rate of 1.45% will continue to apply on all wages in 2013. Beginning with 2013, [an additional .9% Medicare tax rate](#) will apply on wages over \$200,000 for single filers, wages over \$250,000 for joint filers, and wages over \$125,000 for persons who are married but filing separately.

INSIGHT

Note that the 6.20% payroll tax applies to both employees and employers. The OASDI tax rate for employees was reduced by law for 2011 and 2012 to 4.20%. Under current law, this temporary reduction is due to expire at the end of December 2012. Although extending this reduction for 2013 has been discussed, nothing is certain at this time.

Other Social Security amounts for 2013 include the following –

- The average of total wages for 2011 (the most recent year) is \$42,979.61. 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 2013, the primary Social Security monthly benefit formula will be 90% of the first \$791 of AIME, plus 32% of the next \$3,977, plus 15% of any excess over \$4,768.

- For recipients under Social Security normal retirement age (SSNRA) in 2013, the annual exempt amount will be \$15,120. For recipients who attain SSNRA in 2013, the annual exempt amount, which applies only to earnings in months prior to the month of SSNRA attainment, will be \$40,080. There is no earnings test for Social Security recipients in months following 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.
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