

Social Security Benefits to Increase in 2015

The Social Security Administration has [announced](#) key Social Security numbers for 2015, including a cost-of-living adjustment of 1.7%.

Key Changes for 2015

The 2015 Social Security cost-of-living percentage increase will be 1.7%, and will first apply to December 2014 benefits payable in January 2015.

For Old Age Survivors and Disability Insurance (OASDI), the payroll tax rate in 2015 will be 6.20% on wages up to the Social Security taxable wage base. The Social Security taxable wage base will increase in 2015 to \$118,500, up from \$117,000 in 2014. The Medicare payroll tax rate of 1.45% will continue to apply on all wages in 2015. An additional 0.9% 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.

Other Social Security amounts for 2015 include the following:

- The average of total wages for 2013 (the most recent year) is \$44,888.16. 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 2015, the primary Social Security monthly benefit formula will be 90% of the first \$826 of AIME, plus 32% of the next \$4,154, plus 15% of any excess over \$4,980.
- For recipients under Social Security normal retirement age (SSNRA) in 2015, the annual exempt amount will be \$15,720. For recipients who reach SSNRA in 2015, the annual exempt amount, which applies only to earnings in months prior to the month of SSNRA attainment, will be \$41,880. There is no earnings test for Social Security recipients in months following attainment of SSNRA.

In Closing

Once again, cost-of-living increases are provided to Social Security recipients, and the Social Security taxable wage base has increased. This is the third year that the additional Medicare tax rate applies to higher wage earners.

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