

SSA Update 2005/2006¹

Current Workers

Social Security and Medicare Taxes

<i>Social Security taxes</i>	2005	2006
Employee/Employer (each)	6.2% on earnings up to \$90,000	6.2% on earnings up to \$94,200
Self-employed	12.4%* up to a maximum of \$90,000	12.4%* up to a maximum of \$94,200

*Can be offset by income tax provisions

<i>Medicare taxes</i>	2005	2006
Employee/employer (each)	1.45% on all earnings	1.45% on all earnings
Self-employed	2.9% on all earnings	2.9% on all earnings

Work Credits Workers need a certain number of credits to be eligible for Social Security benefits. The required number depends on age and the type of benefit applied for. Workers can earn a maximum of four credits each year. Most people need 40 credits to qualify for retirement benefits.

2004	2005	2006
\$900 earns one credit	\$920 earns one credit	\$970 earns one credit

Social Security Beneficiaries

Earnings Limits Under federal law, people who receive SSA benefits who have not reached full retirement age are entitled to receive all of their benefits as long as their earnings are under the limits indicated below. The full retirement age is 65 and 2 months for retirees born in 1938; 65 and 4 months for those born in 1939. The full retirement age will increase gradually each year until it reaches age 67 for people born in 1960 or later.

	2005	2006
At full retirement age	No limit on earnings	No limit on earnings
Under age 65	\$12,000 (\$1,000/mo.) For every \$2 over the limit, \$1 is withheld from benefits	\$12,480 (\$1,040/mo.) For every \$2 over the limit, \$1 is withheld from benefits
In the year you reach full retirement age	\$31,800 (\$2,650/mo.) For every \$3 over the limit, \$1 is withheld from benefits until the month you reach full retirement age	\$33,240(\$2,770/mo.) For every \$3 over the limit, \$1 is withheld from benefits until the month you reach full retirement age

Disability beneficiaries' earnings limits: Recipients can continue to receive benefits if they earn less than the amount that SSA has determined is "substantial gainful activity" (SGA). Workers also may be eligible for a "trial work period" and can continue receiving benefits for up to nine months.

SGA	2005	2006
Non-Blind	\$ 830 per month	\$ 860 per month
Blind	\$1,380 per month	\$1,450 per month

Trial Work Period (TWP)

¹ Based on SSA Publication No. 05-10003

	2005	2006
Working during a trial period	\$ 590 per month	\$ 620 per month

Maximum Social Security Benefit: Worker Retiring at Full Retirement Age in:

2005	2006
\$1,939/mo.	\$2,053/mo.

Supplemental Security Income

Monthly Federal SSI Payment (Maximum)

	2005	2006
Individual	\$579	\$603
Couple	\$869	\$904

Medicare

Hospital Insurance (Part A)

	2005	2006
For first 60 days in a hospital, patient pays	\$912	Available 1/06
For 61st through 90th days in a hospital, patient pays	\$228 per day	Available 1/06
For 91 - 150 days in a hospital, patient pays (for 60 Lifetime Reserve Days)	\$456 per day	Available 1/06

All costs for each day beyond 150 days

For first 20 days in a skilled nursing facility,	\$0	\$0 patient pays
For 21st through 100th days in a skilled per day nursing facility, patient pays	\$114.00 per day	Available 1/06

Part A Premium Buy-In:

The amount of the premium you pay to buy Medicare Part A depends on the number of Social Security credits you have earned. If you have:

40 credits	\$0	\$0
30-39 credits	\$206/mo.	Available 1/06
less than 30 credits	\$375/mo.	\$393/mo.

Medical Insurance (Part B)

Premium	\$78.20/mo.	\$88.50/mo.
Deductible	\$110/yr.	\$124/yr.

After the patient has paid the deductible, Part B pays for 80% of covered services.

<http://www.ssa.gov/pressoffice/factsheets/colafacts2006.htm>