



The Brown & Carlson, P.A. Insight

Social Security Announces 3.6% Benefit Increase for 2012

As you are aware, Social Security's Cost of Living Increase for 2011 was zero. However, for 2012, Social Security will apply a Cost of Living increase of 3.6%. This is good news for all those PTD claims as the Social Security rate will increase next year at a faster pace than the workers' compensation rate. The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$110,100 from \$106,800.

A [fact sheet](#) showing the effect of the various automatic adjustments is attached.

The Social Security Act provides for how the COLA is calculated, please visit www.socialsecurity.gov/cola for more information.

Please call us with any questions.

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News Release

SOCIAL SECURITY

Social Security Announces 3.6 Percent Benefit Increase for 2012

Cost-of-Living Adjustment is First Since 2009

Monthly Social Security and Supplemental Security Income (SSI) benefits for more than 60 million Americans will increase 3.6 percent in 2012, the Social Security Administration announced today.

The 3.6 percent cost-of-living adjustment (COLA) will begin with benefits that nearly 55 million Social Security beneficiaries receive in January 2012. Increased payments to more than 8 million SSI beneficiaries will begin on December 30, 2011.

Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$110,100 from \$106,800. Of the estimated 161 million workers who will pay Social Security taxes in 2012, about 10 million will pay higher taxes as a result of the increase in the taxable maximum.

Information about Medicare changes for 2012, when announced, will be available at www.Medicare.gov. For some beneficiaries, their Social Security increase may be partially or completely offset by increases in Medicare premiums.

The Social Security Act provides for how the COLA is calculated. To read more, please visit www.socialsecurity.gov/cola.

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NOTE TO CORRESPONDENTS: A [fact sheet](#) showing the effect of the various automatic adjustments is attached.



Fact Sheet

SOCIAL SECURITY

2012 Social Security Changes

Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2008 through the third quarter of 2011, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 3.6 percent COLA for 2012. Other important 2012 Social Security information is as follows:

	<u>2011</u>	<u>2012</u>
<u>Tax Rate:</u>		
Employee	7.65% *	7.65%
Self-Employed	15.30% *	15.30%

NOTE: The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings.

* Section 601 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduced, for wages and salaries paid in calendar year 2011 and self-employment income in calendar year 2011, the OASDI payroll tax by 2 percentage points, applied to the portion of the tax paid by the worker and the self-employed individual.

Maximum Taxable Earnings:

Social Security (OASDI only)	\$106,800	\$110,100
Medicare (HI only)	No Limit	

Quarter of Coverage:

Earnings needed to earn one Social Security Credit	\$1,120	\$1,130
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Retirement Earnings Test Exempt Amounts:

Under full retirement age	\$14,160/yr. (\$1,180/mo.)	\$14,640/yr. (\$1,220/mo.)
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NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

The year an individual reaches full retirement age	\$37,680/yr. (\$3,140/mo.)	\$38,880/yr. (\$3,240/mo.)
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NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

There is no limit on earnings beginning the month an individual attains full retirement age.

Social Security Disability Thresholds:

Substantial Gainful Activity (SGA)		
Non-Blind	\$1,000/mo.	\$1,010/mo.
Blind	\$1,640/mo.	\$1,690/mo.
Trial Work Period (TWP)	\$ 720/mo.	\$ 720/mo.

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

	\$2,366/mo.	\$2,513/mo.
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SSI Federal Payment Standard:

Individual	\$674/mo.	\$698/mo.
Couple	\$1,011/mo.	\$1,048/mo.

SSI Resources Limits:

Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000

SSI Student Exclusion:

Monthly limit	\$1,640	\$1,700
Annual limit	\$6,600	\$6,840

Estimated Average Monthly Social Security Benefits Payable in January 2012:

	<u>Before 3.6% COLA</u>	<u>After 3.6% COLA</u>
All Retired Workers	\$1,186	\$1,229
Aged Couple, Both Receiving Benefits	\$1,925	\$1,994
Widowed Mother and Two Children	\$2,455	\$2,543
Aged Widow(er) Alone	\$1,143	\$1,184
Disabled Worker, Spouse and One or More Children	\$1,826	\$1,892
All Disabled Workers	\$ 1,072	\$1,111