



# Fact Sheet

SOCIAL SECURITY

## 2010 MEDICARE CHANGES

	<u>2009</u>	<u>2010</u>
<b><u>Premium</u></b>		
Part B	\$96.40	\$110.50
<b><u>Deductibles</u></b>		
<b><u>Part A</u></b>		
1 <sup>st</sup> inpatient day thru 60 <sup>th</sup> day	\$1,068.00	\$1,100.00
61 <sup>st</sup> day thru 90 <sup>th</sup> day	\$267/day	\$275/day
91 <sup>st</sup> day thru 150 <sup>th</sup> day	\$534/day	\$550/day
<b><u>Skilled Nursing Care,</u></b>		
21 <sup>st</sup> day thru 100 <sup>th</sup> day	\$133.50/day	\$137.50/day
<b><u>Part B</u></b>	\$135/year	\$155/year

### **Part B - Supplementary Medical Insurance (SMI)**

While the monthly Part B base premium rose from \$96.40 to \$110.50 in 2010, most will not be affected by this increase. The "hold harmless" or Variable Supplemental Medical Insurance (V-SMI) protection will apply. Beneficiaries who currently have the Social Security Administration (SSA) and the Railroad Retirement Board (RRB) withhold their Part B premium **will not** have an increase in their Part B premium for 2010 unless income-related monthly adjustment amount (IRMAA) applies (see back). If IRMAA does not apply, these beneficiaries will continue to pay the same \$96.40 Part B premium amount in 2010.

**Beneficiaries who do not currently have the Part B premium withheld from their Social Security benefit and RRB benefit will pay \$110.50 in 2010.**

## 2010 chart

### Part B – Income Related Monthly Adjustment Amount (IRMAA)

Higher income beneficiaries pay \$110.50 plus an additional amount, based on the income-related monthly adjustment amount (IRMAA.) Listed below are the 2010 Part B monthly premium rates to be paid by higher income beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or a joint tax return.

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount*
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$96.40 if the beneficiary currently has SSA withhold; \$110.50 for all others.
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$44.20	\$154.70
Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	\$110.50	\$221.00
Greater than \$160,000 and less than or equal to \$214,000	Greater than \$320,000 and less than or equal to \$428,000	\$176.80	\$287.30
Greater than \$214,000	Greater than \$428,000	\$243.10	\$353.60

\*Assuming Medicare Advantage Reduction (MARD) and/or surcharges do not apply.

In addition, the monthly premium rates to be paid by beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate tax return from their spouse, are listed below.

Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount*
Less than or equal to \$85,000	\$0.00	\$96.40 if the beneficiary currently has SSA withhold; \$110.50 for all others.
Greater than \$85,000 and less than or equal to \$129,000	\$176.80	\$287.30
Greater than \$129,000	\$243.10	\$353.60

\* Assuming MARD and/or surcharges do not apply.



# Fact Sheet

## SOCIAL SECURITY

### 2010 SOCIAL SECURITY CHANGES

o **Cost-of-Living Adjustment (COLA):**

Monthly Social Security and Supplemental Security Income (SSI) benefits will not automatically increase in 2010 as there was no increase in the Consumer Price Index (CPI-W) from the third quarter of 2008 to the third quarter of 2009. Other important 2010 Social Security information is as follows:

	<u>2009</u>	<u>2010</u>
o <b><u>Maximum Taxable Earnings:</u></b>		
Social Security (OASDI only)	\$106,800	\$106,800*
Medicare (HI only)	No Limit	
o <b><u>Quarter of Coverage:</u></b>		
	\$1,090	\$1,120
o <b><u>Retirement Earnings Test Exempt Amounts:</u></b>		
Under full retirement age	\$14,160/yr. (\$1,180/mo.)	\$14,160/yr.* (\$1,180/mo.)

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.)	\$37,680/yr.* (\$3,140/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.

o **Social Security Disability Thresholds:**

Substantial Gainful Activity (SGA)		
Non-Blind	\$ 980/mo.	\$ 1,000/mo.
Blind	\$1,640/mo.	\$1,640/mo.*
Trial Work Period (TWP)	\$ 700/mo.	\$ 720/mo.



Calculate your own benefit at  
[www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator)

### INDEXING METHOD

When we compute a person's benefit, we use the national average wage indexing series to index that person's earnings. Such indexation ensures that a worker's future benefits reflect the general rise in the standard of living that occurred during his or her working lifetime.

The indexing method is the way the Social Security Administration computes Social Security benefits for people who were born in 1922 and after. This method is also used to compute survivor benefits where the death occurred in 1979 or later and for disability benefits when the worker became disabled in 1979 or later.

### HOW INDEXING WORKS

#### RETIREMENT BENEFITS

Wage indexing depends on the year in which a person is first eligible to receive benefits. For retirement, eligibility is at age 62. So if a person reaches age 62 in 2010, then 2010 is the person's year of eligibility.

An individual's earnings are always indexed to the average wage level two years prior to the year of first eligibility. Thus, for a person retiring at age 62 in 2010, the person's earnings would be indexed to the average wage index for 2008 (\$41,334.97). Earnings in a year before 2008 would be multiplied by the ratio of \$41,334.97 to the average wage index for that year; earnings in 2008 or later would be taken at face value.

The number of years used is based upon the year you were born. For anyone born in 1929 and later, 35 years are used in the retirement computation. The number of years used when calculating survivors and disability benefits varies.

There is a chart on the backside that is an example of the actual and indexed earnings for a person who becomes 62 on 1/03/2010. For this example, we assumed that this worker paid Social Security taxes beginning in 1966 and retired 12/31/09. Benefits for workers who are 62 in 2010 are based on their 35 highest earnings years. For this example, we have used all years listed except those marked "low" when computing the retirement benefit amount.



**SOCIAL SECURITY RETIREMENT BENEFITS  
FOR PEOPLE BORN IN 1938 AND AFTER**

When Social Security was first enacted in 1935, age 65 was set as the age when full retirement benefits would be payable. Since the 1930's, life expectancies have greatly increased. In 1983, to assure the future financial stability of Social Security, Congress decided to gradually increase the age when full benefits would be paid. This change also results in a greater reduction for persons retiring at age 62.

Year of Birth	Full Retirement Age (Years + Months)	Per Cent of Full Benefit at Age 62	
		<u>Worker</u>	<u>Spouse</u>
Before 1938	65	80.0	75.0
1938	65 + 2 months	79.2	74.2
1939	65 + 4 months	78.3	73.3
1940	65 + 6 months	77.5	72.5
1941	65 + 8 months	76.7	71.7
1942	65 + 10 months	75.8	70.8
1943 - 1954	66	75.0	70.0
1955	66 + 2 months	74.2	69.2
1956	66 + 4 months	73.3	68.3
1957	66 + 6 months	72.5	67.5
1958	66 + 8 months	71.7	66.7
1959	66 + 10 months	70.8	65.8
1960 or after	67	70.0	65.0