

Automatic Increases



Contribution and Benefit Base

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Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit generally increases each year with increases in the national [average wage index](#). We call this annual limit the contribution and benefit base. For earnings in 2010, this base is **\$106,800**.

The OASDI [tax rate](#) for wages paid in 2010 is set by statute at 6.2 percent for employees and employers, each. Thus, an individual with wages equal to or larger than \$106,800 would contribute \$6,621.60 to the OASDI program in 2010, and his or her employer would contribute the same amount. The OASDI tax rate for self-employment income in 2010 is 12.4 percent.

For Medicare's Hospital Insurance (HI) program, the taxable maximum was the same as that for the OASDI program for 1966-1990. Separate HI taxable maximums of \$125,000, \$130,200, and \$135,000 were applicable in 1991-93, respectively. After 1993, there has been no limitation on HI-taxable earnings. Tax rates under the HI program are 1.45 percent for employees and employers, each, and 2.90 percent for self-employed persons.

Contribution and benefit bases, 1937-2010

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|----------------|
| 1937-50 | \$3,000 | 1981 | \$29,700 | 1996 | \$62,700 |
| 1951-54 | 3,600 | 1982 | 32,400 | 1997 | 65,400 |
| 1955-58 | 4,200 | 1983 | 35,700 | 1998 | 68,400 |
| 1959-65 | 4,800 | 1984 | 37,800 | 1999 | 72,600 |
| 1966-67 | 6,600 | 1985 | 39,600 | 2000 | 76,200 |
| 1968-71 | 7,800 | 1986 | 42,000 | 2001 | 80,400 |
| 1972 | 9,000 | 1987 | 43,800 | 2002 | 84,900 |
| 1973 | 10,800 | 1988 | 45,000 | 2003 | 87,000 |
| 1974 | 13,200 | 1989 | 48,000 | 2004 | 87,900 |
| 1975 | 14,100 | 1990 | 51,300 | 2005 | 90,000 |
| 1976 | 15,300 | 1991 | 53,400 | 2006 | 94,200 |
| 1977 | 16,500 | 1992 | 55,500 | 2007 | 97,500 |
| 1978 | 17,700 | 1993 | 57,600 | 2008 | 102,000 |
| 1979 | 22,900 | 1994 | 60,600 | 2009 | 106,800 |
| 1980 | 25,900 | 1995 | 61,200 | 2010 | 106,800 |

Note: Amounts for 1937-74 and for 1979-81 were set by statute; all other amounts were determined under automatic adjustment provisions of the Social Security Act.