



2015 Changes Announced for Social Security and Medicare

The Social Security Administration and Centers for Medicare and Medicaid Services recently announced changes in Social Security and Medicare benefits effective January 1, 2015. This bulletin provides some of the key changes for review and use by local leaders and active and retired members. More detailed information can be found at www.ssa.gov.gov.

Social Security Changes

Cost-of-living Adjustment

The cost-of-living adjustment (COLA) for Social Security beneficiaries will increase by 1.7 percent, effective January 1, 2015. This adjustment is based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2013 through the third quarter of 2014. The increase for 2014 was 1.5 percent.

Maximum Taxable Earnings

	<u>2014</u>	<u>2015</u>
Social Security (OASDI only)	\$117,000	\$118,500
Medicare (HI only)	No limit	No limit

2015 Social Security and Medicare Tax Rates for Employers and Employees

	<u>2014</u>	<u>2015</u>
Social Security (OASDI only)	6.20%	6.20%
Medicare (HI only)	1.45%	1.45%

Estimates of 2015 Minimum Payroll Taxes

Annual Salary	Social Security Tax (6.2%) ¹	Medicare Part A Tax (1.45%)	Employee Paid Payroll Tax	Total Employer Paid Payroll Tax	Total Payroll Tax
\$25,000	\$1,550	\$363	\$1,913	\$1,913	\$3,826
\$40,000	\$2,480	\$580	\$3,060	\$3,060	\$6,120
\$65,000	\$4,030	\$943	\$4,973	\$4,973	\$9,945
\$90,000	\$5,580	\$1,305	\$6,885	\$6,885	\$13,770
\$120,00	\$7,347	\$1,740	\$9,087	\$9,087	\$18,174

Age to Receive Full Social Security Benefits

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months

1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Additional Social Security Information

- Full retirement age for normal benefits is 66 in 2015. The normal benefit is reduced by 25% for early retirements at age 62.
- If you turn 66 in 2015 but delay receiving Social Security, the Delayed Retirement Credit will increase your benefit by 8.0% for each full year that you do not receive a benefit up to age 70.
- If you take the early retirement benefit (ages 62 through 66), and continue to work, one dollar in benefits will be withheld for every two dollars in annual earnings above the earnings threshold of \$15,720 in 2015. The early retirement earnings limit was capped at \$15,480/yr. in 2014.
- The earnings limit for the year that you reach full retirement age (FRA) will increase from \$41,400 in 2014 to \$41,880 in 2015. This limit applies only for months prior to attaining FRA. One dollar in benefits will be withheld for every three dollars in earnings above this limit.
- Once you reach full retirement age, your Social Security benefit will not be diminished if you continue to work at your current job or another job.

Medicare Changes for 2014

Part A Premium (hospital services)	Most people don't pay a monthly premium for Part A. If you buy Part A, you'll pay up to \$407 each month. This amount reduced from \$426 in 2014.
Part A deductible and copay for inpatient hospital services	You pay: Deductible is \$1,260 (\$1,216 in '14) Days 1-60: \$0 copay Days 61-90: \$315 copay per day (\$304 in '14) Days 91-150: \$630 copay per day (\$608 in '14) Beyond 150 days: all costs
Skilled Nursing Facility	Days 1-20: \$0 copay, the same as last year Days 21-100: \$157.50/day (\$152 in '14) Days beyond 100: all costs

Part B Premium (physician services)	Most people will pay \$104.90 per month, the same as last year. As the premium is wage-related, single tax filers with earnings above \$85,000 and married joint filers earning over \$170,000 pay more (see table below)
Part B Deductible	\$147 in 2015, the same amount as 2014.
Part B Co-Insurance	Once the deductible is met you pay 20% of approved costs and Medicare pays 80%

Medicare Part A Premiums Based on Quarters of Coverage

<u>Medicare Part A Monthly Premium¹</u>	<u>2014</u>	<u>2015</u>
40 Quarters of Medicare-covered Employment	\$0	\$0
30-39 Quarters of Medicare-covered Employment	\$234	\$224
Less than 30 Quarters of Medicare-covered Employment	\$426	\$407

Note: People who pay for Part A hospital insurance must enroll in Part B Medical insurance.

Medicare Part B Premiums Are Wage-Related

If Your Modified Adjusted Gross Income in 2014 was		Monthly Part B Premium for 2015
For singles	For married couples filing jointly	
\$85,000 or less	\$170,000 or less	\$104.90
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	\$146.90
Above \$107,000 up to \$160,000	Above \$214,000 up to \$320,000	\$209.80
Above \$160,000 up to \$214,000	Above \$320,000 up to \$428,000	\$272.70
Above \$214,000	Above \$428,000	\$335.70

Sources:

- U.S. Social Security Administration fact sheet on the 2015 Social Security Changes. <http://www.ssa.gov/news/press/factsheets/colafacts2015.html>

- U. S. Centers for Medicare and Medicaid Services fact sheet on 2014 Medicare costs:
www.medicare.gov/Pubs/pdf/10050.pdf
- Social Security Benefits Planner: Income Taxes and Your Social Security Benefits: [http://
www.ssa.gov/planners/taxes.htm](http://www.ssa.gov/planners/taxes.htm)

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