



Barn Report

A Dairy Keeper Resource

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Social Security and Medicare Figures

Social Security and Medicare Figures for 2012

COLA will be paid in 2012; Medicare costs rise less than predicted

If you receive Social Security or SSI benefits, here's some good news--the Social Security Administration has announced that for the first time since 2009, a cost-of-living adjustment (COLA) will be paid. Monthly benefits will increase 3.6% starting in January 2012 for Social Security beneficiaries and starting on December 30, 2011, for SSI recipients. According to the Social Security Administration, the average increase in monthly benefits will be approximately \$43.

If you're covered by Medicare, you won't be seeing a large premium increase next year. Despite media reports predicting that the COLA increase would be offset by higher Medicare Part B premiums, the Centers for Medicare & Medicaid Services (CMS) has announced that the standard monthly Medicare Part B premium will be \$99.90 in 2012, \$15.50 less than in 2011. However, because the premium for most Medicare beneficiaries has been frozen for the past three years at \$96.40 (the premium rate in 2008), most beneficiaries will pay \$3.50 more per month in 2012. Beneficiaries with higher incomes (individuals with taxable incomes of more than \$85,000 and couples with taxable incomes of more than \$170,000) will pay more than \$99.90 per month because they must pay an income-related surcharge.

While costs vary, the average monthly premium for a Medicare Part D prescription drug plan in 2012 is estimated at around \$30, approximately the same as in 2011. In addition, Medicare Advantage premiums will be 4% lower, on average, in 2012 than in 2011, according to CMS.

Other important Social Security figures

- The amount of taxable earnings subject to the Social Security tax (called the maximum taxable earnings limit) will increase to \$110,100 from \$106,800 in 2011.
- The retirement earnings test exempt amount for beneficiaries under full retirement age will increase to \$14,640 per year from \$14,160 per year in 2011. If earnings exceed this amount, \$1 in benefits will be withheld for every \$2 in earnings above this limit.
- The retirement earnings test exempt amount that applies during the year a beneficiary reaches full retirement age will increase to \$38,880 from \$37,680 per year in 2011. If earnings exceed this amount, \$1 will be withheld for every \$3 in earnings above this limit.
- The amount of earnings needed to earn one Social Security credit will increase to \$1,130 from \$1,120.

Note also that the OASDI payroll tax that was reduced by 2% for wages and salaries paid in 2011 and for self-employment income in 2011 will revert to its normal rate of 6.2% for 2012.

Other important Medicare figures

- The Medicare Part B deductible will be \$140, down from \$162 in 2011.
- The monthly Medicare Part A premium for those with fewer than 30 quarters of coverage will be \$451, up from \$450 in 2011 (most people do not pay a premium for Medicare Part A).
- The monthly Medicare Part A premium for those who have between 30 and 39 quarters of coverage will be \$248, the same as in 2011.
- The Medicare Part A deductible for inpatient hospitalization will be \$1,156, up from \$1,132 in 2011. Beneficiaries will pay an additional \$289 per day for days 61 through 90, up from \$283 in 2011, and \$578 per day for stays beyond 90 days, up from \$566 in 2011.
- Beneficiaries in skilled nursing facilities will pay a daily co-insurance amount of \$144.50 for days 21 through 100 in a benefit period, up from \$141.50 in 2011.

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