



1-28-2008

Social Security Changes Cost-of-Living Adjustments (COLA) (2008)

Ralph Cross

Municipal Technical Advisory Service

Follow this and additional works at: http://trace.tennessee.edu/utk_mtastop

 Part of the [Public Administration Commons](#)

The MTAS publications provided on this website are archival documents intended for informational purposes only and should not be considered as authoritative. The content contained in these publications may be outdated, and the laws referenced therein may have changed or may not be applicable to your city or circumstances.

For current information, please visit the MTAS website at: mtas.tennessee.edu.

Recommended Citation

Cross, Ralph, "Social Security Changes Cost-of-Living Adjustments (COLA) (2008)" (2008). *MTAS Publications: Hot Topics*.
http://trace.tennessee.edu/utk_mtastop/49

This Bulletin is brought to you for free and open access by the Municipal Technical Advisory Service (MTAS) at Trace: Tennessee Research and Creative Exchange. It has been accepted for inclusion in MTAS Publications: Hot Topics by an authorized administrator of Trace: Tennessee Research and Creative Exchange. For more information, please contact trace@utk.edu.

January 28, 2008

2008 SOCIAL SECURITY CHANGES COST-OF-LIVING ADJUSTMENTS (COLA)

Ralph Cross, Finance Consultant

Social Security Income (SSI) beneficiaries will receive a 2.3 percent cost-of-living adjustment for 2008. This increase is based on the growth in the Consumer Price Index (CPI-W) from the third quarter of 2006 through the third quarter of 2007.

Additional information below was extracted from the *Social Security Fact Sheet 2007-2008*, a press release by the Social Security Administration (SSA).

| | <u>TAX RATE</u> | |
|-------------------|-----------------|--------|
| | 2007 | 2008 |
| Employee/Employer | 7.65% | 7.65% |
| Self-Employed | 15.30% | 15.30% |

These tax rates reflect the combined rate for Social Security and Medicare. The 7.65 percent tax rate is composed of the Social Security (OASDI) rate of 6.20 percent and the Medicare rate of 1.45 percent. The Social Security portion is applied on earnings up to the applicable taxable maximum amount listed at right. The Medicare portion is applied to all earnings.

MAXIMUM EARNINGS TABLE

| | 2007 | 2008 |
|------------------------------|----------|-----------|
| Social Security (OASDI only) | \$97,500 | \$102,500 |
| Medicare (HI only) | No Limit | |
| Quarter of Coverage: | \$1,000 | \$1,050 |

RETIREMENT EARNINGS TEST
EXEMPT AMOUNTS

| | 2007 | 2008 |
|----------------------------------|-------------------------------|-------------------------------|
| Under full retirement age | \$12,960/yr. (\$1,080/mo.) | \$13,560/yr. (\$1,130/mo.) |

Note: One dollar in benefits will be withheld for every two dollars in earnings above the limit.

THE YEAR AN INDIVIDUAL
REACHES FULL RETIREMENT AGE

| | 2007 | 2008 |
|--|-------------------------------|-------------------------------|
| | \$34,440/yr. (\$2,870/mo.) | \$36,120/yr. (\$3,010/mo.) |

Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every three dollars in earnings above the limit.

January 28, 2008

2008 SOCIAL SECURITY CHANGES COST-OF-LIVING ADJUSTMENTS (COLA)

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

This reminder is for information purposes only. The material provided within should not be cited or used as authority for benefit or employment tax obligations or requirements. The Internal Revenue Code and the Social Security Act, along with regulations, revenue rulings and case law are the only valid citations of authority.

Mary E. Smith, director of the Old Age and Survivors Insurance Agency (OASI) for the state of Tennessee, has issued additional information regarding Social Security and Internal Revenue Service changes and opportunities in a memorandum dated December 2007. Smith may be reached in Nashville at (615) 741-7902.

Additional information and SSA publications are available at www.socialsecurity.gov or call (800) 772-1213.

MUNICIPAL TECHNICAL ADVISORY SERVICE

| | |
|---|------------------------------------|
| Knoxville (Headquarters) . . . (865) 974-0411 | Jackson (731) 423-3710 |
| Johnson City (423) 854-9882 | Nashville (615) 532-6827 |
| (423) 282-0416 | Martin (731) 881-7057 |

The Municipal Technical Advisory Service (MTAS) is a statewide agency of the University of Tennessee Institute for Public Service. MTAS operates in cooperation with the Tennessee Municipal League to provide technical assistance services to officials of Tennessee's incorporated municipalities. Assistance is offered in areas such as accounting, administration, finance, public works, ordinance codification, and water and wastewater management.

MTAS *Hot Topics* are information briefs that provide a timely review of current issues of interest to Tennessee municipal officials. *Hot Topics* are free to Tennessee local, state, and federal government officials and are available to others for \$2 each. Photocopying of this publication in small quantities for educational purposes is encouraged. For permission to copy and distribute large quantities, please contact the MTAS Knoxville office at (865) 974-0411.

www.mtas.tennessee.edu

The University of Tennessee is an EEO/AA/Title VI/Title IX/Section 504/ADA/ADEA institution.

MTAS1248 • E14-1050-000-037-08