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Hot Topic: Social Security Fact Sheet: 2003 Social Security Cost-of-Living Adjustments

Ralph Cross

Municipal Technical Advisory Service, Ralph.Cross@tennessee.edu

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SOCIAL SECURITY FACT SHEET: 2003 SOCIAL SECURITY COST-OF-LIVING ADJUSTMENTS

By Ralph Cross
Finance and Accounting Consultant

Social Security Income (SSI) beneficiaries will receive a 1.4 percent cost-of-living adjustment for 2003. This increase is based on the growth in the Consumer Price Index (CPI-W) from the third quarter of 2001 through the third quarter of 2002.

Additional information below was extracted from *Fact Sheet – Social Security, 2003 Social Security Changes*, a press release from the Social Security Administration.

Tax Rate	2002	2003
Employee	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 to earnings up to the applicable taxable maximum amount listed below. The Medicare portion is applied to all earnings.

Maximum Earnings Table	2002	2003
Social Security (OASDI only)	\$84,900	\$87,000
Medicare (HI only)	No limit	No limit

Both employees and employers are subject to the rates and amounts listed above.

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Mary E. Smith, Director of the Old Age and Survivors Insurance Agency for the state of Tennessee, has issued additional information regarding Social Security and Internal Revenue Service changes and opportunities in a memorandum dated December 2002. You may contact Ms. Smith in Nashville at (615) 741-7902.

You may request free printed materials from the Social Security Administration by calling (800) 772-1213. Up-to-date wage reporting information is available on the Internet at www.ssa.gov.

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