

## By the Numbers: The 2013 Indexed Pension and Social Security Numbers

Kenn Beam Tacchino, JD, LLM  
David A. Littell, JD, ChFC, CFP  
Jamie Patrick Hopkins, JD, MBA

**Abstract:** We present the 2013 indexed pension and Social Security numbers in an easy-to-read table. Feel free to photocopy this table and keep it handy.

| 2013 INDEXED PENSION AND SOCIAL SECURITY NUMBERS  |                                |                                |                                 |
|---|--------------------------------|--------------------------------|---------------------------------|
| PENSION NUMBERS   | 2011                           | 2012                           | 2013                            |
| <p><b>Sec. 415 Limit for Defined-Benefit Plans (Sec. 415(b)(1)(A))</b><br/>Maximum yearly benefit allowed is the lesser of 100% of the highest 3 years' compensation or the indicated figure. Reductions apply for plans with pre-62 retirement ages and for participants with fewer than 10 years of service.<br/>*This amount will be indexed in \$5,000 increments when applicable.</p>  | \$195,000                      | \$200,000                      | \$205,000*                      |
| <p><b>Sec. 415 Limit for Defined-Contribution Plans (Sec. 415(c)(1)(A))</b><br/>Maximum annual addition is the lesser of these numbers.<br/>*This amount will be indexed in \$1,000 increments when applicable.</p>   | \$49,000/100 percent of salary | \$50,000/100 percent of salary | \$51,000*/100 percent of salary |
| <p><b>Annual Limit on Includible Compensation (Sec. 401(a)(17))</b><br/>Maximum compensation that can be taken into account when determining an individual contribution or benefit. The limit for certain governmental plans is \$380,000 in 2013.<br/>*This amount will be indexed in \$5,000 increments when applicable.</p>  | \$245,000                      | \$250,000                      | \$255,000*                      |
| <p><b>Highly Compensated Employee (Sec. 414(q)(1)(B))</b><br/>A person who earns over the indicated limits in the prior year and who is in the top 20% of employees (if elected) is a highly compensated employee. In addition, a person who was a 5% owner at any time during the year or preceding year is also a highly compensated employee.<br/>*This amount will be indexed in \$5,000 increments when applicable.</p>  | \$110,000                      | \$115,000                      | \$115,000*                      |
| <p><b>Key Employee (Sec. 416(i)(1)(A)(i))</b><br/>An employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of the listed figure, (2) a 5% owner, or (3) a 1% owner with compensation in excess of \$150,000 (not indexed). The law limits the number of officers treated as key employees. The family ownership attribution rule applies in determining whether an individual is a 5% owner of the employer for purposes of the top-heavy rules.<br/>*This amount will be indexed in \$5,000 increments when applicable.</p> | \$160,000                      | \$165,000                      | \$165,000*                      |

| PENSION NUMBERS  | 2011     | 2012     | 2013      |
|--|----------|----------|-----------|
| <p><b>Elective Deferrals for a 401(k) Plan or SARSEP (Sec. 402(g)(1))</b><br/> The indicated figure is the maximum salary reduction that a participant can make under Sec. 402(g)(1).<br/> *This amount will be indexed when applicable.</p>   | \$16,500 | \$17,000 | \$17,500* |
| <p><b>401(k) Catch-up Provision (Sec. 414(v)(2)(B)(i))</b><br/> Individuals aged 50 and older by the end of the year would be allowed to make annual catch-up contributions to a 401(k) plan. The catch up for 2013 is a \$5,500 increase over the traditional 401(k) amounts. The list represents the <b>total</b> amount of salary deferral possible for this cohort.<br/> *Inflation adjustments may be made in \$500 increments when applicable.</p>   | \$22,000 | \$22,500 | \$23,000* |
| <p><b>Elective Deferrals for a 403(b) Plan (Sec. 403(b) and Sec. 402(g)(1))</b><br/> The indicated figure is the maximum salary reduction that a participant can make under a 403(b) plan.<br/> *This amount will be indexed when applicable.</p>  | \$16,500 | \$17,000 | \$17,500* |
| <p><b>403(b) Supplemental Catch-up Provision (Sec. 414(v)(2)(B)(i))</b><br/> In 2013, in addition to the catch-up provisions now available for 403(b) plans, an individual aged 50 or older by the end of the year would be allowed to make an annual supplemental catch-up contribution of \$5,500 to the 403(b) plan.<br/> The list represents the <b>total</b> amount of salary deferral possible for this cohort.<br/> *Inflation adjustments may be made in \$500 increments when applicable.</p> | \$22,000 | \$22,500 | \$23,000* |
| <p><b>Elective Deferrals for a SIMPLE (Sec. 408(p)(2)(E))</b><br/> The figure is the maximum salary reduction that a participant can make under a SIMPLE or 401(k) SIMPLE.<br/> *Inflation adjustments may be made in \$500 increments.</p>  | \$11,500 | \$11,500 | \$12,000* |
| <p><b>SIMPLE Catch-up Provision (Sec. 414(v)(2)(B)(ii))</b><br/> Individuals aged 50 and older by the end of the year would be allowed to make annual catch-up contributions to a SIMPLE plan. The catch up for 2013 is a \$2,500 increase over the traditional SIMPLE amounts. The list represents the <b>total</b> amount of salary deferral possible for this cohort.<br/> *Inflation adjustments may be made in \$500 increments when applicable.</p>  | \$14,000 | \$14,000 | \$14,500* |
| <p><b>Part-Time Employee Limitation for a SEP (Sec. 408(k)(2)(C))</b><br/> Employees who earn over the indicated limits must be included in a SEP if they are otherwise eligible.<br/> *Inflation adjustments may be made in \$50 increments when applicable.</p>  | \$550    | \$550    | \$550*    |

| <b>PENSION NUMBERS</b>  | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|---|-------------|-------------|-------------|
| <p><b>457 Limitation</b><br/>(Sec. 457(e)(15))<br/>Nonqualified plan for state and local government and tax-exempt organizations.<br/>*Inflation adjustments will be made in \$500 increments when applicable.<br/>Also note that government-sponsored 457 plans can allow a catch-up contribution of \$5,500 for those who are age 50 or older in 2013. In addition, a 457 plan can specifically provide that in the 3 years prior to the plan's normal retirement age a special limit applies.<br/>The special limit is the lesser of twice the annual limit or the basic limit plus the amount of the basic limit not used in prior years.</p> | \$16,500    | \$17,000    | \$17,500*   |
| <p><b>Deductible, Nondeductible, and Roth IRA Contribution Limits</b><br/>(Secs. 219(b)(1)(A) and 408(a)(1))<br/>These are the limitations on how much can be contributed to the IRA.<br/>*Indexed for inflation in \$500 increments when applicable.</p>   | \$5,000     | \$5,000     | \$5,500*    |
| <p><b>IRA Catch-up Provision for Individuals 50 or Older by Year End</b><br/>(Sec. 219(a)(5)(B))<br/>The amount that can be contributed for those 50 or older by year end.<br/>The catch up is \$1,000 in 2008 and subsequent years. The listed number is the <b>total</b> amount that can be contributed for this cohort. The catch-up limit of \$1,000 will not be adjusted for cost-of-living increases under current law.</p>   | \$6,000     | \$6,000     | \$6,500     |
| <p><b>Traditional IRA Phaseout Modified Adjusted Gross Income Limitations</b><br/>(Sec. 219(g)(3)(B))</p>   |             |             |             |
| Joint return floor  | \$90,000    | \$92,000    | \$95,000*   |
| Joint return ceiling  | \$110,000   | \$112,000   | \$115,000*  |
| Single/HOH floor  | \$56,000    | \$58,000    | \$59,000*   |
| Single/HOH ceiling  | \$66,000    | \$68,000    | \$69,000*   |
| Married-filing-separately floor   | 0           | 0           | 0           |
| Married-filing-separately ceiling   | \$10,000    | \$10,000    | \$10,000    |
| Spouse (nonworking) coverage-only floor   | \$169,000   | \$173,000   | \$178,000*  |
| Spouse (nonworking) coverage-only ceiling   | \$179,000   | \$183,000   | \$188,000*  |
| *Indexed for inflation when applicable.   |             |             |             |
| <p><b>Roth IRA Modified Adjusted Gross Income Limits</b><br/>(Sec. 408A(c)(3)(C))</p>   |             |             |             |
| Joint return floor  | \$169,000   | \$173,000   | \$178,000*  |
| Joint return ceiling  | \$179,000   | \$183,000   | \$188,000*  |
| Single/HOH floor  | \$107,000   | \$110,000   | \$112,000*  |
| Single/HOH ceiling  | \$122,000   | \$125,000   | \$127,000*  |

| <b>PENSION NUMBERS</b>                         | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|--|-------------|-------------|-------------|
| Roth conversion limit                          | No Limit    | No Limit    | No Limit    |
| *Indexed for inflation when applicable.        |             |             |             |
| <b>PBGC Maximum Monthly Guaranteed Benefit</b> | \$4,500     | \$4,653.41  | \$4,789.77  |
| <b>PBGC Flat Premium Rate</b>                  | \$35        | \$35        | \$42        |

**Other Important Pension Numbers**

The income limit for the savers credit (IRC Sec. 25B) for 2013 is \$59,000 (was \$57,500 in 2012) for taxpayers who are married filing jointly. The limit for taxpayers filing as head of household is \$44,250 in 2013 (was \$43,125 in 2012). The limit for taxpayers filing as single and married filing separately is \$29,500 in 2013 (was \$28,750 in 2012). The savers tax credit is available to taxpayers below the threshold who contribute to a regular or Roth IRA, regular or Roth 401(k), regular or Roth 403(b) plan, 457 plan, SIMPLE, or SARSEP. The credit percentage is:

| <b>Credit Percentage</b> | <b>MFJ</b>             | <b>Single</b>          | <b>Head of Household</b> |
|--------------------------|------------------------|------------------------|--------------------------|
| 50%                      | 0 - \$35,500           | 0 - \$17,750           | 0 - \$26,625             |
| 20%                      | \$35,500.01 - \$38,500 | \$17,750.01 - \$19,250 | \$26,625.01 - \$28,875   |
| 10%                      | \$38,500.01 - \$59,000 | \$19,250.01 - \$29,500 | \$28,875.01 - \$44,250   |

| <b>SOCIAL SECURITY NUMBERS</b>   | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b>                    |
|--|-------------|-------------|-------------|--------------------------------|
| <b>Social Security Tax Rate (Employee—FICA)</b>  |             |             |             |                                |
| OASDI  | 6.2%        | 6.2%        | 6.2%*       | Anticipated to remain constant |
| Medicare   | 1.45%       | 1.45%       | 1.45%       |                                |
| This is the percentage at which both the individual and employer are taxed for Social Security purposes. *Law changes reduced the 6.2% number to 4.2% for 2011 and 2012 for individuals. It is unknown at this time whether it will be extended to 2013. Beginning in 2013, the Medicare tax rate will increase by .9% (from 1.45% to 2.35%) on earned income exceeding \$200,000 for single taxpayers and \$250,000 for joint-filers. |             |             |             |                                |
| <b>Social Security Tax Rate (Self-Employed—SECA)</b>   |             |             |             |                                |
| OASDI  | 12.4%       | 12.4%       | 12.4%*      | Anticipated to remain constant |
| Medicare   | 2.9%        | 2.9%        | 2.9%        |                                |
| This is the percentage at which a self-employed individual is taxed for Social Security purposes. An above-the-line deduction is available for 1/2 of SECA taxes. *The Middle Class Tax Relief and Job Creation Act of 2012 extended the reduction through the end of 2012. However, under current law, this temporary reduction expires at the end of December 2012. It is unknown at this time whether it will extend to 2013.       |             |             |             |                                |

| <b>SOCIAL SECURITY NUMBERS</b>   | <b>2011</b>   | <b>2012</b>               | <b>2013</b>               | <b>2014</b>                                 |
|--|---|---------------------------|---------------------------|---|
| <b>Taxable Wage Base</b><br>This is the maximum amount of covered earnings on which Social Security OASDI taxes are paid.  | \$106,800   | \$110,100                 | \$113,700                 | Increases adjusted according to wage levels |
| <b>Medicare Wage Base</b><br>This is the maximum amount of coverage earnings on which Social Security hospital insurance taxes are paid.   | Unlimited   | Unlimited                 | Unlimited                 | Anticipated to remain unlimited             |
| <b>Social Security Reduction for Postretirement Earnings (Under Full Retirement Age)</b><br>If earnings exceed the stated limit, Social Security recipients will lose \$1 in Social Security benefits for every \$2 earned in excess of the limit.                         | \$14,160<br>(\$1,180/Mo.)   | \$14,160<br>(\$1,220/Mo.) | \$15,120<br>(\$1,260/Mo.) | Indexed for inflation each year             |
| <b>Modified Test That Applies for the Year an Individual Reaches Full Retirement Age</b><br>Applies only to earnings for months prior to attaining full retirement age. Signed into law as the Senior Citizen's Freedom to Work Act; \$1 reduction per \$3 over the limit. | \$37,680<br>(\$3,140/Mo.)   | \$38,880<br>(\$3,240/Mo.) | \$40,080<br>(\$3,340/Mo.) | Indexed for inflation each year             |
| <b>Medicare: Part B Monthly Premium</b><br>The Medicare Part B monthly premium will be \$104.90.   | \$96.40<br>\$110.50<br>(2010 enrolled)<br>\$115.40<br>(2011 enrolled) | \$99.90                   | \$104.90                  | Cost of living adjusted                     |

**Medicare: Part B Monthly Premium Changes**

Starting in 2007, changes instituted by the Medicare Modernization Act required those with higher incomes to pay a greater percentage of Medicare Part B costs. Before the change, Part B beneficiaries were responsible for premiums approximately equal to 25% of the total cost of the benefit. (The federal government pays the remaining 75%.) In order to bolster Medicare's sustainability, beneficiaries with incomes over specified thresholds will pay a monthly premium equal to 35, 50, 65, or 80 percent of the total cost, depending on their income level in 2013. Note that there is a two-year look-back rule for determining income, so except in special circumstances, income from 2011 is used to determine premiums for 2013.

| <b>2012 INDEXED NUMBERS</b> |                                |                               | <b>2013 INDEXED NUMBERS</b>    |                               |
|-----------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                             | <b>2012 Income</b>             | <b>Part B Monthly Premium</b> | <b>2013 Income</b>             | <b>Part B Monthly Premium</b> |
| <b>Single</b>               | \$85,000 or less               | \$99.90                       | \$85,000 or less               | \$104.90                      |
| <b>MFJ</b>                  | \$170,000 or less              |                               | \$170,000 or less              |                               |
| <b>Single</b>               | Over \$85,000 up to \$107,000  | \$139.90                      | Over \$85,000 up to \$107,000  | \$146.90                      |
| <b>MFJ</b>                  | Over \$170,000 up to \$214,000 |                               | Over \$170,000 up to \$214,000 |                               |
| <b>Single</b>               | Over \$107,000 up to \$160,000 | \$199.80                      | Over \$107,000 up to \$160,000 | \$209.80                      |
| <b>MFJ</b>                  | Over \$214,000 up to \$320,000 |                               | Over \$214,000 up to \$320,000 |                               |
| <b>Single</b>               | Over \$160,000 up to \$214,000 | \$259.70                      | Over \$160,000 up to \$214,000 | \$272.70                      |
| <b>MFJ</b>                  | Over \$320,000 up to \$428,000 |                               | Over \$320,000 up to \$428,000 |                               |
| <b>Single</b>               | Over \$214,000                 | \$319.70                      | Over \$214,000                 | \$335.70                      |
| <b>MFJ</b>                  | Over \$428,000                 |                               | Over \$428,000                 |                               |

| <b>SOCIAL SECURITY NUMBERS</b>  | <b>2011</b>  | <b>2012</b> | <b>2013</b> | <b>2014</b>             |
|---|--|-------------|-------------|-------------------------|
| <b>Medicare: Part A Monthly Premium</b><br>This is the amount of monthly premium for Medicare Part A hospital insurance for those retirees who are not eligible for this benefit without charge and have less than 30 quarters with coverage. People with 30-39 quarters of coverage pay \$243 in 2013. High-income earners pay more. | \$450  | \$451       | \$441       | Cost of living adjusted |
| <b>Social Security Quarterly Earnings</b><br>The amount needed to be earned to receive a quarter of Social Security coverage. Forty quarters are needed for coverage under the system.  | \$1,120  | \$1,130     | \$1,160     | Cost of living adjusted |
| <b>Social Security Benefits Cost-of-Living Increase</b><br>Amount that Social Security recipients' checks will increase based on CPI-W.   | 0%   | 3.6%        | 1.7%        | Cost of living adjusted |
| <b>Part A Deductible</b><br>Deductible is for the first 60 days in a benefit period.  | \$1,132  | \$1,156     | \$1,184     | Cost of living adjusted |
| <b>Part A Coinsurance</b><br>From the 61st to the 90th day in each benefit period.  | \$283  | \$289       | \$296       | Cost of living adjusted |
| <b>Part A Coinsurance</b><br>For the 60 lifetime reserve days.  | \$566  | \$578       | \$592       | Cost of living adjusted |
| <b>Part A Skilled Nursing Facility</b><br>Per diem from the 21st to the 100th day.  | \$141.50   | \$144.50    | \$148       | Cost of living adjusted |
| <b>PIA Formulas</b>   | <p>For an individual who first becomes eligible for old-age insurance benefits or disability insurance benefits in 2013, or who dies in 2013 before becoming eligible for benefits, his or her PIA will be the sum of: (a) 90% of the first \$791 of his or her average indexed monthly earnings, plus (b) 32% of his or her average indexed monthly earnings over \$791 and through \$4,768, plus (c) 15% of his or her average indexed monthly earnings over \$4,768. The resulting amount is rounded to the next lower multiple of \$.10 if it is not already a multiple of \$.10.</p> <p>For the family of a worker who becomes age 62 or dies in 2013 before attaining age 62, the total amount of benefits payable will be computed so that it does not exceed: (a) 150% of the first \$1,011 of the worker's PIA, plus (b) 272% of the worker's PIA over \$1,011 through \$1,459, plus (c) 134% of the worker's PIA over \$1,459 through \$1,903, plus (d) 175% of the worker's PIA over \$1,903. The resulting amount is rounded to the next lower multiple of \$.10 if it is not already a multiple of \$.10.</p> |             |             |                         |

### **Other Important Social Security Numbers**

- The Medicare Part B deductible for 2013 is \$147.
- The maximum federal Supplemental Security Income (SSI) payment amount for 2013 is \$710 per month for an eligible individual or \$1,066 per month for an eligible couple.
- The monthly substantial gainful activity (SGA) for statutorily blind individuals for 2013 is \$1,740. For nonblind individuals the monthly SGA is \$1,040 in 2013. To be eligible for disability benefits under Social Security a person must be unable to engage in SGA. A person earning more than the threshold amount is ordinarily considered to be engaged in SGA.
- The maximum Social Security benefit for a worker retiring at full retirement age for 2012 was \$2,513 per month (\$30,156 per year). In 2013 it is \$2,533 per month (\$30,396 per year).
- The average Social Security benefit for all retired workers in 2013 is \$1,261 per month (\$15,132 per year).

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Kenn Beam Tacchino, JD, LLM, is a professor of taxation and financial planning at Widener University in Chester, PA. He is the coauthor of *Financial Decisions for Retirement and Planning for Retirement Needs*, 11th ed., as well as numerous scholarly articles on pension and retirement topics. Professor Tacchino has won awards for both his teaching and his scholarly writing. Among other consulting activities, he conducts retirement planning seminars for employee groups.

Professor Tacchino has been associated with The American College for over 25 years as both a full-time faculty member and a consultant. He is currently the codirector of the New York Life Center for Retirement Income at The American College. He has served as editor of the Journal since January 2001.

Professor Tacchino can be reached at [kbtacchino@widener.edu](mailto:kbtacchino@widener.edu).

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David A. Littell, JD, ChFC, CFP, is the Joseph E. Boettner Chair and professor of taxation at The American College, Bryn Mawr, PA, where he is responsible for course development in pension and retirement planning. He is also the codirector of the New York Life Center for Retirement Income. He can be reached at [David.Littell@TheAmericanCollege.edu](mailto:David.Littell@TheAmericanCollege.edu).

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Jamie Hopkins, JD, is an Assistant Professor of Taxation at The American College. He received his JD/MBA from Villanova University in 2011, and graduated from Davidson College with his BA in Political Science in 2007. He can be reached at [Jamie.Hopkins@theamericancollege.edu](mailto:Jamie.Hopkins@theamericancollege.edu).

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