

SR-PCX-2003-24 and should be submitted by November 12, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SOCIAL SECURITY ADMINISTRATION

### Office of the Commissioner; Cost-of-Living Increase and Other Determinations for 2004

**AGENCY:** Social Security Administration.  
**ACTION:** Notice.

**SUMMARY:** The Commissioner has determined—

(1) A 2.1 percent cost-of-living increase in Social Security benefits under title II of the Social Security Act (the Act), effective for December 2003;

(2) An increase in the Federal Supplemental Security Income (SSI) monthly benefit amounts under title XVI of the Act for 2004 to \$564 for an eligible individual, \$846 for an eligible individual with an eligible spouse, and \$282 for an essential person;

(3) The student earned income exclusion to be \$1,370 per month in 2004 but not more than \$5,520 in all of 2004;

(4) The dollar fee limit for services performed as a representative payee to be \$31 per month (\$59 per month in the case of a beneficiary who is disabled and has an alcoholism or drug addiction condition that leaves him or her incapable of managing benefits) in 2004;

(5) The national average wage index for 2002 to be \$33,252.09;

(6) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base to be \$87,900 for remuneration paid in 2004 and self-employment income earned in taxable years beginning in 2004;

(7) The monthly exempt amounts under the Social Security retirement earnings test for taxable years ending in calendar year 2004 to be \$970 and \$2,590;

(8) The dollar amounts (“bend points”) used in the primary insurance amount benefit formula for workers who become eligible for benefits, or who die before becoming eligible, in 2004 to be \$612 and \$3,689;

(9) The dollar amounts (“bend points”) used in the formula for computing maximum family benefits for workers who become eligible for

benefits, or who die before becoming eligible, in 2004 to be \$782, \$1,129, and \$1,472;

(10) The amount of taxable earnings a person must have to be credited with a quarter of coverage in 2004 to be \$900;

(11) The “old-law” contribution and benefit base to be \$65,100 for 2004;

(12) The monthly amount deemed to constitute substantial gainful activity for statutorily blind individuals in 2004 to be \$1,350, and the corresponding amount for non-blind disabled persons to be \$810;

(13) The earnings threshold establishing a month as a part of a trial work period to be \$580 for 2004; and

(14) Coverage thresholds for 2004 to be \$1,400 for domestic workers and \$1,200 for election workers.

#### FOR FURTHER INFORMATION CONTACT:

Jeffrey L. Kunkel, Office of the Chief Actuary, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-3013. Information relating to this announcement is available on our Internet site at <http://www.socialsecurity.gov/OACT/COLA/index.html>. For information on eligibility or claiming benefits, call 1-800-772-1213 or TTY 1-800-325-0778, or visit our Internet site, Social Security Online, at <http://www.socialsecurity.gov>.

#### SUPPLEMENTARY INFORMATION:

In accordance with the Act, the Commissioner must publish within 45 days after the close of the third calendar quarter of 2003 the benefit increase percentage and the revised table of “special minimum” benefits (section 215(i)(2)(D)). Also, the Commissioner must publish on or before November 1 the national average wage index for 2002 (section 215(a)(1)(D)), the OASDI fund ratio for 2003 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 2004 (section 230(a)), the amount of earnings required to be credited with a quarter of coverage in 2004 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 2004 (section 203(f)(8)(A)), the formula for computing a primary insurance amount for workers who first become eligible for benefits or die in 2004 (section 215(a)(1)(D)), and the formula for computing the maximum amount of benefits payable to the family of a worker who first becomes eligible for old-age benefits or dies in 2004 (section 203(a)(2)(C)).

## Cost-of-Living Increases

### General

The next cost-of-living increase, or automatic benefit increase, is 2.1 percent for benefits under titles II and XVI of the Act. Under title II, OASDI benefits will increase by 2.1 percent for individuals eligible for December 2003 benefits, payable in January 2004. This increase is based on the authority contained in section 215(i) of the Act (42 U.S.C. 415(i)).

Under title XVI, Federal SSI payment levels will also increase by 2.1 percent effective for payments made for the month of January 2004 but paid on December 31, 2003. This is based on the authority contained in section 1617 of the Act (42 U.S.C. 1382f).

### Automatic Benefit Increase Computation

Under section 215(i) of the Act, the third calendar quarter of 2003 is a cost-of-living computation quarter for all the purposes of the Act. The Commissioner is, therefore, required to increase benefits, effective for December 2003, for individuals entitled under section 227 or 228 of the Act, to increase primary insurance amounts of all other individuals entitled under title II of the Act, and to increase maximum benefits payable to a family. For December 2003, the benefit increase is the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers from the third quarter of 2002 to the third quarter of 2003.

Section 215(i)(1) of the Act provides that the Consumer Price Index for a cost-of-living computation quarter shall be the arithmetic mean of this index for the 3 months in that quarter. We round the arithmetic mean, if necessary, to the nearest 0.1. The Department of Labor's Consumer Price Index for Urban Wage Earners and Clerical Workers for each month in the quarter ending September 30, 2002, is: for July 2002, 176.1; for August 2002, 176.6; and for September 2002, 177.0. The arithmetic mean for this calendar quarter is 176.6. The corresponding Consumer Price Index for each month in the quarter ending September 30, 2003, is: for July 2003, 179.6; for August 2003, 180.3; and for September 2003, 181.0. The arithmetic mean for this calendar quarter is 180.3. Thus, because the Consumer Price Index for the calendar quarter ending September 30, 2003, exceeds that for the calendar quarter ending September 30, 2002 by 2.1 percent (rounded to the nearest 0.1), a cost-of-living benefit increase of 2.1 percent is effective for benefits under title II of the Act beginning December 2003.

<sup>17</sup> 17 CFR 200.30-3(a)(12).