

total amount of benefits payable to them so that it does not exceed

(a) 150 percent of the first \$782 of the worker's primary insurance amount, plus

(b) 272 percent of the worker's primary insurance amount over \$782 through \$1,129, plus

(c) 134 percent of the worker's primary insurance amount over \$1,129 through \$1,472, plus

(d) 175 percent of the worker's primary insurance amount over \$1,472.

We then round this amount to the next lower multiple of \$0.10 if it is not already a multiple of \$0.10. This formula and the rounding adjustment described above are contained in section 203(a) of the Act (42 U.S.C. 403(a)).

Quarter of Coverage Amount

General

The amount of earnings required for a quarter of coverage in 2004 is \$900. A quarter of coverage is the basic unit for determining whether a worker is insured under the Social Security program. For years before 1978, we generally credited an individual with a quarter of coverage for each quarter in which wages of \$50 or more were paid, or with 4 quarters of coverage for every taxable year in which \$400 or more of self-employment income was earned. Beginning in 1978, employers generally report wages on an annual basis instead of a quarterly basis. With the change to annual reporting, section 352(b) of the Social Security Amendments of 1977 amended section 213(d) of the Act to provide that a quarter of coverage would be credited for each \$250 of an individual's total wages and self-employment income for calendar year 1978, up to a maximum of 4 quarters of coverage for the year.

Computation

Under the prescribed formula, the quarter of coverage amount for 2004 shall be the larger of: (1) The 1978 amount of \$250 multiplied by the ratio of the national average wage index for 2002 to that for 1976; or (2) the current amount of \$890. Section 213(d) further provides that if the resulting amount is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.

Quarter of Coverage Amount

Multiplying the 1978 quarter of coverage amount (\$250) by the ratio of the national average wage index for 2002 (\$33,252.09) to that for 1976 (\$9,226.48) produces the amount of \$901.00. We then round this amount to \$900. Because \$900 exceeds the current amount of \$890, the quarter of coverage amount is \$900 for 2004.

"Old-Law" Contribution and Benefit Base

General

The "old-law" contribution and benefit base for 2004 is \$65,100. This is the base that would have been effective under the Act without the enactment of the 1977 amendments. We compute the base under section 230(b) of the Act as it read prior to the 1977 amendments.

The "old-law" contribution and benefit base is used by:

(a) The Railroad Retirement program to determine certain tax liabilities and tier II benefits payable under that program to supplement the tier I payments which correspond to basic Social Security benefits,

(b) The Pension Benefit Guaranty Corporation to determine the maximum amount of pension guaranteed under the Employee Retirement Income Security Act (as stated in section 230(d) of the Social Security Act),

(c) Social Security to determine a year of coverage in computing the special minimum benefit, as described earlier, and

(d) Social Security to determine a year of coverage (acquired whenever earnings equal or exceed 25 percent of the "old-law" base for this purpose only) in computing benefits for persons who are also eligible to receive pensions based on employment not covered under section 210 of the Act.

Computation

The "old-law" contribution and benefit base shall be the larger of: (1) The 1994 "old-law" base (\$45,000) multiplied by the ratio of the national average wage index for 2002 to that for 1992; or (2) the current "old-law" base (\$64,500). If the resulting amount is not a multiple of \$300, it shall be rounded to the nearest multiple of \$300.

Amount

Multiplying the 1994 "old-law" contribution and benefit base amount (\$45,000) by the ratio of the national average wage index for 2002 (\$33,252.09) to that for 1992 (\$22,935.42) produces the amount of \$65,241.62. We round this amount to \$65,100. Because \$65,100 exceeds the current amount of \$64,500, the "old-law" contribution and benefit base is \$65,100 for 2004.

Substantial Gainful Activity Amounts

General

A finding of disability under titles II and XVI of the Act requires that a person, except for a title XVI disabled child, be unable to engage in substantial gainful activity (SGA). A person who is

earning more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. The amount of monthly earnings considered as SGA depends on the nature of a person's disability. Section 223(d)(4)(A) of the Act specifies a higher SGA amount for statutorily blind individuals under title II while Federal regulations (20 CFR 404.1574 and 416.974) specify a lower SGA amount for non-blind individuals. Both SGA amounts increase in accordance with increases in the national average wage index.

Computation

The monthly SGA amount for statutorily blind individuals under title II for 2004 shall be the larger of: (1) Such amount for 1994 multiplied by the ratio of the national average wage index for 2002 to that for 1992; or (2) Such amount for 2003. The monthly SGA amount for non-blind disabled individuals for 2004 shall be the larger of: (1) Such amount for 2000 multiplied by the ratio of the national average wage index for 2002 to that for 1998; or (2) such amount for 2003. In either case, if the resulting amount is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.

SGA Amount for Statutorily Blind Individuals

Multiplying the 1994 monthly SGA amount for statutorily blind individuals (\$930) by the ratio of the national average wage index for 2002 (\$33,252.09) to that for 1992 (\$22,935.42) produces the amount of \$1,348.33. We then round this amount to \$1,350. Because \$1,350 is larger than the current amount of \$1,330, the monthly SGA amount for statutorily blind individuals is \$1,350 for 2004.

SGA Amount for Non-Blind Disabled Individuals

Multiplying the 2000 monthly SGA amount for non-blind individuals (\$700) by the ratio of the national average wage index for 2002 (\$33,252.09) to that for 1998 (\$28,861.44) produces the amount of \$806.49. We then round this amount to \$810. Because \$810 is larger than the current amount of \$800, the monthly SGA amount for non-blind individuals is \$810 for 2004.

Trial Work Period Earnings Threshold

General

During a trial work period, a beneficiary receiving Social Security disability benefits may test his or her ability to work and still be considered disabled. We do not consider services performed during the trial work period