

Social Security Contribution and Benefit Base

Under authority contained in the Social Security Act (“the Act”), the Commissioner, Social Security Administration, has determined and announced (61 F.R. 55346, dated October 25, 1996) that the contribution and benefit base for remuneration paid in 1997, and self-employment income earned in taxable years beginning in 1997 is \$65,400.

“Old-Law” Contribution and Benefit Base

General. The 1997 “old-law” contribution and benefit base is \$48,600. This is the base that would have been effective under the Act without the enactment of the 1977 amendments. The base is computed 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 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.