

# Benefit Calculation Examples for Workers Retiring in 2025

We illustrate the calculation of retirement benefits using two examples, labeled case A and case B. In each case, the worker retires in 2025. Case A, born in 1963, retires at age 62. Case B, born in 1959, retires at his normal (or full) retirement age. In each case, we assume the worker has covered earnings from 1985 through 2024, as shown at right in columns labeled "nominal earnings."

Indexing brings nominal earnings up to near-current wage levels. For each case, the table shows columns of earnings before and after indexing. Between these columns is a column showing the indexing factors. A factor will always equal one for the year in which the person attains age 60 and all later years. The indexing factor for a prior year Y is the result of dividing the average wage index for the year in which the person attains age 60 by the average wage index for year Y. For example, the case-A indexing factor for 1985 is the average wage for 2023 (\$66,621.80) divided by the average wage for 1985 (\$16,822.51).

We use the highest 35 years of indexed earnings in a benefit computation. The dropped indexed amounts are shown in red. Below the indexed earnings are the sums for the highest 35 years of indexed earnings and the corresponding average monthly amounts of such earnings. (The average is the result of dividing the sum of the 35 highest amounts by the number of months in 35 years.) Such an average is called an "average indexed monthly earnings" (AIME). The next step is to calculate benefits based on AIME amounts.

Earnings before and after indexing						
Year	Case A, born in 1963			Case B, born in 1959		
	Nominal earnings	Indexing factor	Indexed earnings	Nominal earnings	Indexing factor	Indexed earnings
1985	\$15,729	3.9603	\$62,291	\$39,600	3.2159	\$127,351
1986	16,247	3.8461	62,488	42,000	3.1232	131,176
1987	17,337	3.6155	62,683	43,800	2.9360	128,596
1988	18,248	3.4458	62,879	45,000	2.7982	125,918
1989	19,030	3.3146	63,077	48,000	2.6916	129,197
1990	19,971	3.1682	63,273	51,300	2.5728	131,983
1991	20,780	3.0544	63,471	53,400	2.4803	132,450
1992	21,918	2.9048	63,666	55,500	2.3588	130,913
1993	22,175	2.8800	63,864	57,600	2.3387	134,708
1994	22,840	2.8047	64,060	60,600	2.2776	138,020
1995	23,828	2.6966	64,255	61,200	2.1898	134,015
1996	25,070	2.5709	64,452	62,700	2.0877	130,898
1997	26,614	2.4291	64,649	65,400	1.9726	129,007
1998	28,092	2.3083	64,846	68,400	1.8745	128,214
1999	29,747	2.1865	65,041	72,600	1.7755	128,903
2000	31,487	2.0719	65,238	76,200	1.6825	128,205
2001	32,335	2.0236	65,434	80,400	1.6433	132,120
2002	32,758	2.0035	65,632	84,900	1.6270	138,129
2003	33,659	1.9557	65,828	87,000	1.5881	138,168
2004	35,329	1.8689	66,025	87,900	1.5176	133,396
2005	36,730	1.8029	66,220	90,000	1.4640	131,762
2006	38,532	1.7237	66,416	94,200	1.3997	131,851
2007	40,400	1.6488	66,613	97,500	1.3389	130,545
2008	41,452	1.6118	66,810	102,000	1.3088	133,500
2009	40,946	1.6364	67,005	106,800	1.3289	141,922
2010	42,037	1.5986	67,202	106,800	1.2982	138,645

2011	43,481	1.5501	67,399	106,800	1.2587	134,433
2012	44,969	1.5031	67,595	110,100	1.2206	134,390
2013	45,677	1.4842	67,793	113,700	1.2052	137,033
2014	47,435	1.4333	67,988	117,000	1.1639	136,177
2015	49,227	1.3851	68,185	118,500	1.1248	133,285
2016	49,927	1.3696	68,382	118,500	1.1122	131,796
2017	51,799	1.3239	68,577	127,200	1.0751	136,750
2018	53,831	1.2776	68,775	128,400	1.0375	133,212
2019	56,007	1.2315	68,970	132,900	1.0000	132,900
2020	57,754	1.1976	69,167	137,700	1.0000	137,700
2021	63,068	1.0998	69,364	142,800	1.0000	142,800
2022	66,609	1.0443	69,560	147,000	1.0000	147,000
2023	69,756	1.0000	69,756	160,200	1.0000	160,200
2024	72,233	1.0000	72,233	168,600	1.0000	168,600
			Highest-35 total 2,333,744		Highest-35 total 4,767,584	
			AIME 5,556		AIME 11,351	

Note: Nominal earnings for case B are limited by the contribution and benefit base for all years. Case B is an example of a person who has earned at or above the maximum taxable amount in each year.