The exercise settlement value of Index options at expiration will be determined from closing prices established at the close of the regular Friday trading sessions in Taiwan. If a stock does not trade during this interval or if it fails to open for trading, the last available price of the stock will be used in the calculation of the Index. When expirations are removed in accordance with Exchange holidays, such as when the PSE is closed on the Friday before expiration, the last trading day for expiring options will be Thursday and the exercise settlement value of Index options at expiration will be determined at the close of the regular Thursday trading sessions in Taiwan even if the Taiwanese markets are open on Friday. If the Taiwanese markets are closed on the Friday before expiration but the PSE is open for trading, the last trading day for expiring options will similarly be Thursday, with the exercise settlement value being determined from Thursday closing prices on the TSE.

Surveillance

The Exchange will apply its existing index option surveillance procedures to Index options. In addition, the Exchange has entered into a surveillance sharing agreement with the TSE, which will enable the Exchange to obtain information concerning the trading of the component stocks of the Index.

2. Statutory basis. The PSE believes that the proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to facilitate transactions in securities as well as to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The self-regulatory organization does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the self-regulatory organization consents, the Commission will:

A. by order approve the proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the PSE. All submissions should refer to File No. SR–PSE–96–40 and should be submitted by November 15, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[4]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–27389 Filed 10–24–96; 8:45 am]

BILLING CODE 8010–01–M

[4] 17 CFR 200.30–3(a)(12).

SOCIAL SECURITY ADMINISTRATION

Office of the Commissioner

1997 Cost-of-Living Increase and Other Determinations

AGENCY: Office of the Commissioner, Social Security Administration.

ACTION: Notice.

SUMMARY: The Commissioner has determined—

(1) A 2.9 percent cost-of-living increase in Social Security benefits under title II of the Social Security Act (the Act), effective for December 1996;

(2) An increase in the Federal Supplemental Security Income (SSI) monthly benefit amounts under title XVI of the Act for 1997 to $484 for an eligible individual, $726 for an eligible individual with an eligible spouse, and $242 for an essential person;

(3) The national average wage index for 1995 to be $24,705.66;

(4) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base to be $65,400 for remuneration paid in 1997 and self-employment income earned in taxable years beginning in 1997;

(5) For beneficiaries under age 65, the monthly exempt amount under the Social Security retirement earnings test for taxable years ending in calendar year 1997 to be $720;

(6) The dollar amounts (''bend points'') use in the benefit formula for workers who become eligible for benefits in 1997 and in the formula for computing maximum family benefits;

(7) The amount of earnings a person must have to be credited with a quarter of coverage in 1997 to be $670;

(8) The ''old-law'' contribution and benefit base to be $48,600 for 1997;

(9) The monthly amount of substantial gainful activity applicable to statutorily blind individuals in 1997 to be $1,000;

(10) The domestic worker coverage threshold to be $1,000 for 1997; and

(1) The OASDI fund ration to be 139.9 percent for 1996.

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Kunkel, Office of the Actuary, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965–3013. A summary of the information in this announcement is available in a recorded message by telephoning (410) 965–3053. This telephone message will be updated to reflect changes to the cost-of-living benefit increase and other determinations. Information relating to this announcement is also available on the Social Security Administration's World Wide Web server—http://www.ssa.gov/OACT/COLA/FR.sum.html.

SUPPLEMENTARY INFORMATION: The Commissioner is required by the Act to publish within 45 days after the close of the third calendar quarter of 1996 the benefit increase percentage and the revised table of ''special minimum'' benefits (section 215(i)(2)(D)). Also, the Commissioner is required to publish on or before November 1 the national average wage index for 1995 (section 215(a)(1)(D)), the OASDI fund ration for 1996 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 1997 (section 230(a)), the amount of earnings required to be credited with a quarter of coverage in 1997 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 1997 (section 203(f)(8)(A)), the formula for computing a primary insurance amount for workers who first become eligible for benefits or die in 1997 (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 1997 (section 203(a)(2)(C)).

Cost-of-Living Increases

General. The cost-of-living increase is 2.9 percent for benefits under titles II and XVI of the Act.

Under title II, OASDI benefits will increase by 2.9 percent beginning with the December 1996 benefits, which are payable on January 3, 1997. 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 2.9 percent effective for payments made for the month of January 1997 but paid on December 31, 1996. This is based on the authority contained in section 1617 of the Act (42 U.S.C. 1382f). The percentage increase effective January 1997 is the same as the title II percentage increase and the annual payment amount is rounded, when not a multiple of $12, to the next lower multiple of $12.

Automatic Benefit Increase Computation. Under section 215(i) of the Act, the third calendar quarter of 1996 is a cost-of-living computation quarter for all the purposes of the Act. The Commissioner is, therefore, required to increase benefits, effective with December 1996, 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 1996, the benefit increase is the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers from the third quarter of 1995 through the third quarter of 1996.

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. The arithmetic mean is rounded, 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, 1995, was: for July 1995, 149.9; for August 1995, 150.2; and for September 1995, 150.6. The arithmetic mean for this calendar quarter is 150.2. The corresponding Consumer Price Index for each month in the quarter ending September 30, 1996, was: for July 1996, 154.3; for August 1996, 154.5; and for September 1996, 155.1. The arithmetic mean for this calendar quarter is 154.6. Thus, because the Consumer Price Index for the calendar quarter ending September 30, 1996, exceeds that for the calendar quarter ending September 30, 1995 by 2.9 percent, a cost-of-living benefit increase of 2.9 percent is effective for benefits under title II of the Act beginning December 1996.

Title II Benefit Amounts. In accordance with section 215(i) of the Act, in the case of insured workers and family members for whom eligibility for benefits (i.e., the worker's attainment of age 62, or disability or death before age 62) occurred before 1997, benefits will increase by 2.9 percent beginning with benefits for December 1996 which are payable on January 3, 1997. In the case of first eligibility after 1996, the 2.9 percent increase will not apply.

For eligibility after 1978, benefits are generally determined by a benefit formula provided by the Social Security Amendments of 1977 (Pub. L. 95–216), as described later in this notice.

For eligibility before 1979, benefits are determined by means of a benefit table. A copy of this table may be obtained by writing to: Social Security Administration, Office of Public Inquiries, 4100 Annex, Baltimore, MD 21235.

Section 215(i)(2)(D) of the Act requires that, when the Commissioner determines an automatic increase in Social Security benefits, the Commissioner shall publish in the Federal Register a revision of the range of the primary insurance amounts and corresponding maximum family benefits based on the dollar amount and other provisions described in section 215(a)(1)(C)(i). These benefits are referred to as ''special minimum'' benefits and are payable to certain individuals with long periods of relatively low earnings. To qualify for such benefits, an individual must have at least 11 ''years of coverage.'' To earn a year of coverage for purposes of the special minimum, a person must earn at least a certain proportion (25 percent for years before 1991, and 15 percent for years after 1990) of the ''old-law'' contributions and benefit base. In accordance with section 215(a)(1)(C)(i), the table below shows the revised range of primary insurance amounts and corresponding maximum family benefit amounts after the 2.9 percent benefit increase.

SPECIAL MINIMUM PRIMARY INSURANCE AMOUNTS AND MAXIMUM FAMILY BENEFITS

Special minimum primary insurance amount payable for Dec. 1996	Number of years of coverage	Special minimum primary insurance amount payable for Dec. 1996	Special minimum family benefit payable for Dec. 1996
$26.40	11	$27.10	$40.90
52.80	12	54.30	82.10
79.70	13	82.00	123.30
106.20	14	109.20	164.30
132.80	15	136.60	205.00
159.50	16	164.10	246.70
186.20	17	191.50	287.90
212.90	18	219.00	328.90
239.50	19	246.40	370.10
266.00	20	273.70	411.10
293.00	21	301.40	452.50
319.40	22	328.60	493.60
346.30	23	356.30	535.30
373.00	24	383.80	576.20
399.60	25	411.10	617.00

SPECIAL MINIMUM PRIMARY INSURANCE AMOUNTS AND MAXIMUM FAMILY BENEFITS—Continued

Special minimum primary insurance amount payable for Dec. 1996	Number of years of coverage	Special minimum primary insurance amount payable for Dec. 1996	Special minimum family benefit payable for Dec. 1996
426.50	26	438.80	658.90
453.10	27	466.20	699.90
479.60	28	493.50	740.80
506.20	29	520.80	782.10
532.90	30	548.30	823.00

Section 227 of the Act provides flat-rate benefits to a worker who became age 72 before 1969 and was not insured under the usual requirements, and to his or her spouse or surviving spouse. Section 228 of the Act provides similar benefits at age 72 for certain uninsured persons. The current monthly benefit amount of $193.40 for an individual under sections 227 and 228 of the Act is increased by 2.9 percent to obtain the new amount of $199.00. The present monthly benefit amount of $96.70 for a spouse under section 227 is increased by 2.9 percent to $99.50.

Title XVI Benefit Amounts. In accordance with section 1617 of the Act, Federal SSI benefit amounts for the aged, blind, and disabled are increased by 2.9 percent effective January 1997. Therefore, the yearly Federal SSI benefit amounts of $5,640 for an eligible individual, $8,460 for an eligible individual with an eligible spouse, and $2,820 for an essential person, which became effective January 1996, are increased, effective January 1997, to $5,808, $8,712, and $2,904, respectively, after rounding. The corresponding monthly amounts for 1997 are determined by dividing the yearly amounts by 12, giving $484, $726, and $242, respectively. The monthly amount is reduced by subtracting monthly countable income. In the case of an eligible individual with an eligible spouse, the amount payable is further divided equally between the two spouses.

Fee for Services Performed as a Representative Payee. Sections 205(j)(4)(A)(i) and 1631 (a)(2)(D)(i) of the Act permit a qualified organization to collect from an individual a monthly fee for expenses incurred in providing services performed as such individual's representative payee. Currently the fee is limited to the lesser of (1) 10 percent of the monthly benefit involved, or (2) $25 per month ($50 per month in any case in which the individual is entitled to disability benefits and the Commissioner has determined that payment to the representative payee would serve the interest of the individual because the individual has an alcoholism or drug addiction condition and is incapable of managing such benefits). The dollar fee limits are subject to increase by the automatic cost-of-living increase, with the resulting amounts rounded to the nearest whole dollar amount. The current amounts are thus increased by 2.9 percent to $26 and $51 for 1997.

National Average Wage Index for 1995

General. Under various provisions of the Act, several amounts are scheduled to increase automatically for 1997 based on the annual increase in the national average wage index. The amounts are (1) the OASDI contribution and benefit base, (2) the retirement test exempt amount for beneficiaries under age 65, (3) the dollar amounts, or ''bend points,'' in the primary insurance amount and maximum family benefit formulas, (4) the amount of earnings required for a worker to be credited with a quarter of coverage, (5) the ''old law'' contribution and benefit base (as determined under section 230 of the Act as in effect before the 1977 amendments), and (6) the substantial gainful activity amount applicable to statutorily blind individuals. Section 3121(x) of the Internal Revenue Code requires that the domestic employee coverage threshold be based on changes in the national average wage index. The threshold, however, does not increase for 1997.

Computation. The determination of the national average wage index for calendar year 1995 is based on the 1994 national average wage index of $23,753.53 announced in the Federal Register on October 25, 1995 (60 FR 54751), along with the percentage increase in average wages from 1994 to 1995 measured by annual wage data tabulated by the Social Security Administration (SSA). The wage data tabulated by SSA include contributions to deferred compensation plans, as required by section 209(k) of the Act. The average amounts of wages calculated directly from this data were $22,786.73 and $23,700.11 for 1994 and 1995, respectively. To determine the national average wage index for 1995 at a level that is consistent with the national average wage indexing series for 1951 through 1977 (published December 29, 1978, at 43 FR 61016), the 1994 national average wage index of $23,753.53 is multiplied by the percentage increase in average wages from 1994 to 1995 (based on SSA-tabulated wage data) as follows (with the result rounded to the nearest cent):

Amount. The national average wage index for 1995 is $23,753.53 times $23,700.11 divided by $22,786.73, which equals $24,705.66. Therefore, the national average wage index for calendar year 1995 is determined to be $24,705.66.

OASDI Contribution and Benefit Base

General. The OASDI contribution and benefit base is $65,400 for remuneration paid in 1997 and self-employment income earned in taxable years beginning in 1997.

The OASDI contribution and benefit base serves two purposes:

(a) It is the maximum annual amount of earnings on which OASDI taxes are paid. The OASDI tax rate for remuneration paid in 1997 is set by statute at 6.2 percent for employees and employers, each. The OASDI tax rate for self-employment income earned in taxable years beginning in 1997 is 12.4 percent. (The Hospital Insurance tax is due on remuneration, without limitation, paid in 1997, at the rate of 1.45 percent for employees and employers, each, and on self-employment income earned in taxable years beginning in 1997, at the rate of 2.9 percent.)

(b) It is the maximum annual amount used in determining a person's OASDI benefits.

Computation. Section 230(b) of the Act provides the formula used to determine the OASDI contribution and benefit base. Under the formula, the base for 1997 shall be equal to the larger of (1) the current base ($62,700) or (2) the 1994 base of $60,600 multiplied by the ratio of the national average wage index for 1995 to that for 1992. If the amount so determined is not a multiple of $300, it shall be rounded to the nearest multiple of $300.

Amount. The ratio of the national average wage index for 1995, $24,705.66 as determined above, compared to that for 1992, $22,935.42, is 1.0771837. Multiplying the 1994 OASDI contribution and benefit base amount of $60,600 by the ratio of 1.0771837 produces the amount of $65,277.33 which must then be rounded to $65,400. Because $65,400 exceeds the current base amount of $62,700, the OASDI contribution and benefit base is determined to be $65,400 for 1997.

Retirement Earnings Test Exempt Amounts

General. Social Security benefits are withheld when a beneficiary under age 70 has earnings in excess of the retirement earnings test exempt amount. Since 1978, higher exempt amounts have applied to beneficiaries aged 65 through 69 compared to those under age 65. Formulas for determining the monthly exempt amounts are provided in section 203(f)(8)(B) of the Act, as amended by section 102 of the ''Senior Citizens' Right to Work Act of 1996,'' Title I of Pub. L. 104–121. This amendment set the annual exempt amount for beneficiaries aged 65 through 69 to $12,500 for 1996, $13,500 for 1997, $14,500 for 1998, $15,500 for 1999, $17,000 for 2000, $25,000 for 2001, and $30,000 for 2002. The corresponding monthly exempt amounts are exactly one-twelfth of the annual amounts. After 2002, the monthly exempt amount for this group of beneficiaries will increase under the applicable formula.

For beneficiaries aged 65 through 69, $1 in benefits is withheld for every $3 of earnings in excess of the annual exempt amount. For beneficiaries under age 65, $1 in benefits is withheld for every $2 of earnings in excess of the annual exempt amount.

Conputation. Under the formula in section 203(f)(8)(B) applicable to beneficiaries under age 65, the monthly exempt amount for 1997 shall be the larger of (1) the 1996 monthly exempt amount or (2) the 1994 monthly exempt amount multiplied by the ratio of the national average wage index for 1995 to that for 1992. The ratio of the national average wage index for 1995, $24,705.66 as determined above, compared to that for 1992, $22,935.42, is 1.0771837. Section 203(f)(8)(B) further provides that if the amount so determined is not a multiple of $10, it shall be rounded to the nearest multiple of $10.

Exempt Amount for Beneficiaries Under Age 65. Multiplying the 1994 retirement earnings test monthly exempt amount of $670 by the ratio 1.0771837 produces the amount of $721.71. This must then be rounded to $720. Because $720 is larger than the corresponding current exempt amount of $690, the retirement earnings test monthly exempt amount for beneficiaries under age 65 is thus determined to be $720 for 1997. The corresponding retirement earnings test annual exempt amount for these beneficiaries is $8,640.

Computing Benefits After 1978

General. The Social Security Amendments of 1977 provided a method for computing benefits which generally applies when a worker first becomes eligible for benefits after 1978. This method uses the worker's ''average indexed monthly earnings'' to compute the primary insurance amount. The computation formula is adjusted automatically each year to reflect changes in general wage levels, as measured by the national average wage index.

A worker's earnings are adjusted, or ''indexed,'' to reflect the change in general wage levels that occurred during the worker's years of employment. Such indexation ensures that a worker's future benefits reflect the general rise in the standard of living that occurs during his or her working lifetime. A certain number of years of earnings are needed to compute the average indexed monthly earnings. After the number of years is determined, those years with the highest indexed earnings are chosen, the indexed earnings are summed, and the total amount is divided by the total number of months in those years. The resulting average amount is then rounded down to the next lower dollar amount. The result is the average indexed monthly earnings.

For example, to compute the average indexed monthly earnings for a worker attaining age 62, becoming disabled before age 62, or dying before attaining age 62, in 1997, the national average wage index for 1995, $24,705.66, is divided by the national average wage index for each year prior to 1995 in which the worker had earnings. The actual wages and self-employment income, as defined in section 211(b) of the Act and credited for each year, is multiplied by the corresponding ratio to obtain the worker's indexed earnings for each year before 1995. Any earnings in 1995 or later are considered at face value, without indexing. The average indexed monthly earnings is then computed and used to determine the worker's primary insurance amount for 1997.

Computing the Primary Insurance Amount. The primary insurance amount is the sum of three separate percentages of portions of the average indexed monthly earnings. In 1979 (the first year the formula was in effect), these portions were the first $180, the amount between $180 and $1,085, and the amount over $1,085. The dollar amounts in the formula which govern the portions of the average indexed monthly earnings are frequently referred to as the ''bend points'' of the formula. Thus, the bend points for 1979 were $180 and $1,085.

The bend points for 1997 are obtained by multiplying the corresponding 1979 bend-point amounts by the ratio between the national average wage index for 1995, $24,705.66, and for 1977, $9,779.44. These results are then rounded to the nearest dollar. For 1997, the ratio is 2.5262858. Multiplying the 1979 amounts of $180 and $1,085 by 2.5262858 produces the amounts of $454.73 and $2,741.02. These must then be rounded to $455 and $2,741. Accordingly, the portions of the average indexed monthly earnings to be used in 1997 are determined to be the first $455, the amount between $455 and $2,741, and the amount over $2,741.

Consequently, for individuals who first become eligible for old-age insurance benefits or disability insurance benefits in 1997, or who die in 1997 before becoming eligible for benefits, their primary insurance amount will be the sum of:

(a) 90 percent of the first $455 of their average indexed monthly earnings, plus

(b) 32 percent of the average indexed monthly earnings over $455 and through $2,741, plus

(c) 15 percent of the average indexed monthly earnings over $2,741.

This amount is then rounded to the next lower multiple of $.10 if it is not already a multiple of $.10. This formula and the rounding adjustment described above are contained in section 215(a) of the Act (42 U.S.C. 415(a)).

Maximum Benefits Payable to a Family

General. The 1977 amendments continue the long established policy of limiting the total monthly benefits which a worker's family may receive based on his or her primary insurance amount. Those amendments also continued the then existing relationship between maximum family benefits and primary insurance amounts but did change the method of computing the maximum amount of benefits which may be paid to a worker's family. The

Social Security Disability Amendments of 1980 (Pub. L. 96–265) established a formula for computing the maximum benefits payable to the family of a disabled worker. This formula is applied to the family benefits of workers who first become entitled to disability insurance benefits after June 30, 1980, and who first become eligible for these benefits after 1978. For disabled workers initially entitled to disability benefits before July 1980, or whose disability began before 1979, the family maximum payable is computed the same as the old-age and survivor family maximum.

Computing the Old-Age and Survivor Family Maximum. The formula used to compute the family maximum is similar to that used to compute the primary insurance amount. It involves computing the sum of four separate percentages of portions of the worker's primary insurance amount. In 1979, these portions were the first $230, the amount between $230 and $332, the amount between $332 and $433, and the amount over $433. The dollar amounts in the formula which govern the portions of the primary insurance amount are frequently referred to as the ''bend points'' of the family-maximum formula. Thus, the bend points for 1979 were $230, $332, and $433.

The bend points for 1997 are obtained by multiplying the corresponding 1979 bend-point amounts by the ratio between the national average wage index for 1995, $24,705.66, and the average for 1977, $9,779.44. This amount is then rounded to the nearest dollar. For 1997, the ratio is 2.5262858. Multiplying the amounts of $230, $332, and $433 by 2.5262858 produces the amounts of $581.05, $838.73, and $1,093.88. These amounts are then rounded to $581, $839, and $1,094. Accordingly, the portions of the primary insurance amounts to be used in 1997 are determined to be the first $581, the amount between $581 and $839, the amount between $839 and $1,094, and the amount over $1,094.

Consequently, for the family of a worker who becomes age 62 or dies in 1997 before age 62, the total amount of benefits payable to them will be computed so that it does not exceed:

(a) 150 percent of the first $581 of the worker's primary insurance amount, plus

(b) 272 percent of the worker's primary insurance amount over $581 through $839, plus

(c) 134 percent of the worker's primary insurance amount over $839 through $1,094, plus

(d) 175 percent of the worker's primary insurance amount over $1,094.

This amount is then rounded to the next lower multiple of $.10 if it is not already a multiple of $.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 1997 amount of earnings required for a quarter of coverage is $670. A quarter of coverage is the basic unit for determining whether a worker is insured under the Social Security program. For years before 1978, an individual generally was credited with a quarter of coverage for each quarter in which wages of $50 or more were paid, or an individual was credited with 4 quarters of coverage for every taxable year in which $400 or more of self-employment income was earned. Beginning in 1978, wages generally are no longer reported on a quarterly basis; instead, annual reports are made. 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 1997 shall be equal to the larger of (1) the current amount of $640 or (2) the 1978 amount of $250 multiplied by the ratio of the national average wage index for 1995 to that for 1976. The national average wage index for 1976 was previously determined to be $9,226.48. The average wage index for 1995 is $24,705.66 as determined above. Section 213(d) further provides that if the amount so determined is not a multiple of $10, it shall be rounded to the nearest multiple of $10.

Quarter of Coverage Amount. The ratio of the national average wage index for 1995, $24,705.66, compared to that for 1976, $9,226.48, is 2.6776907. Multiplying the 1978 quarter of coverage amount of $250 by the ratio of 2.6776907 produces the amount of $669.42, which must then be rounded to $670. Because $670 exceeds the current amount of $640, the quarter of coverage amount is determined to be $670 for 1997.

''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.

Computation. The base is computed using the automatic adjustment formula in section 230(b) of the Act as it read prior to the enactment of the 1977 amendments, but with the revised indexing formula introduced by section 321(g) of the ''Social Security Independence and Program Improvements Act of 1994.'' Under the formula, the ''old-law'' contribution and benefit base shall be the larger of (1) the current ''old-law'' base ($46,500) or (2) the 1994 ''old-law'' base ($45,000) multiplied by the ratio of the national average wage index for 1995 to that for 1992. If the amount so determined is not a multiple of $300, it shall be rounded to the nearest multiple of $300.

Amount. The ratio of the national average wage index for 1995, $24,705.66 as determined above, compared to that for 1992, $22,935.42, is 1.0771837. Multiplying the 1994 ''old-law'' contribution and benefit base amount of $45,000 by the ratio of 1.0771837 produces the amount of $48,473.27 which must then be rounded to $48,600. Because $48,600 exceeds the current amount of $46,500, the ''old-law'' contribution and benefit base is determined to be $48,600 for 1997.

Substantial Gainful Activity Amount for Blind Individuals

General. A finding of disability under Titles II and XVI of the Act requires that a person be unable to engage in substantial gainful activity (SGA). Under current regulations, a person who is not statutorily blind and is earning more than $500 a month (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. The Social Security amendments of 1977 established a higher SGA amount for statutorily blind individuals by setting their monthly SGA amount to the monthly exempt amount for persons aged 65 through 69 under the retirement earnings test provisions of the Act. As mentioned earlier, section 102 of Pub. L. 104–121 increased the exempt amount for persons aged 65 through 69 to specific levels for 1996–2002. Section 102 further provided that the SGA amount for blind individuals be the same as it would have been if section 102 had not been enacted. Thus, the monthly SGA amount for blind individuals in 1996 is $960—the same as the monthly exempt amount for persons aged 65 through 69 promulgated in the Federal Register on October 25, 1995 (60 FR 54751).

Computation. Under the formula in section 203(f)(8)(B) in effect prior to the enactment of Pub. L. 104–121, the monthly SGA amount for statutorily blind individuals for 1997 shall be the larger of (1) such amount for 1996 or (2) such amount for 1994 multiplied by the ratio of the national average wage index for 1995 to that for 1992. The ratio of the national average wage index for 1995, $24,705.66 as determined above, compared to that for 1992, $22,935.42, is 1.0771837. Section 203(f)(8)(B) further provides that if the amount so determined 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 of $930 by the ratio of 1.0771837 produces the amount of $1,001.78. This must then be rounded to $1,000. Because $1,000 is larger than the current amount of $960, the monthly SGA amount for statutorily blind individuals is determined to be $1,000 for 1997.

Domestic Employee Coverage Threshold

General. Section 2 of the ''Social Security Domestic Employment Reform Act of 1994'' (Pub. L. 103–387) increased the threshold for coverage of a domestic employee's wages paid per employer from $50 per calendar quarter to $1,000 in calendar year 1994. The statute holds the coverage threshold at the $1,000 level for 1995 and then increases the threshold in $100 increments for years after 1995. The formula for increasing the threshold is provided in section 3121(x) of the Internal Revenue Code.

Computation. Under the new formula, the domestic employee coverage threshold amount for 1997 shall be equal to the 1995 amount of $1,000 multiplied by the ratio of the national average wage index for 1995 to that for 1993. The national average wage index for 1993 was previously determined to be $23,132.67. The national average wage index for 1995 is $24,705.66 as determined above. If the amount so determined is not a multiple of $100, it shall be rounded to the next lower multiple of $100.

Domestic Employee Coverage Threshold Amount. The ratio of the national average wage index for 1995, $24,705.66, compared to that for 1993, $23,132.67, is 1.0679986. Multiplying the 1995 domestic employee coverage threshold amount of $1,000 by the ratio of 1.0679986 produces the amount of $1,068.00, which must then be rounded to $1,000. Accordingly, the domestic employee coverage threshold amount is determined to be $1,000 for 1997.

OASDI Fund Ratio

General. Section 215(i) of the Act provides for automatic cost-of-living increases in OASDI benefit amounts. This section also includes a ''stabilizer'' provision that can limit the automatic OASDI benefit increase under certain circumstances. If the combined assets of the OASI and DI Trust Funds, as a percentage of annual expenditures, are below a specified threshold, the automatic benefit increase is equal to the lesser of (1) the increase in the national average wage index or (2) the increase in prices. The threshold specified for the OASDI fund ratio is 20.0 percent for benefit increases for December of 1989 and later. The law also provides for subsequent ''catch-up'' benefit increases for beneficiaries whose previous benefit increases were affected by this provision. ''Catch-up'' benefit increases can occur only when trust fund assets exceed 32.0 percent of annual expenditures.

Computation. Section 215(i) specifies the computation and application of the OASDI fund ratio. The OASDI fund ratio for 1996 is the ratio of (1) the combined assets of the OASI and DI Trust Funds at the beginning of 1996 to (2) the estimated expenditures of the OASI and DI Trust Funds during 1996, excluding transfer payments between the OASI and DI Trust Funds, and reducing any transfers to the Railroad Retirement Account by any transfers from that account into either trust fund.

Ratio. The combined assets of the OASI and DI Trust Funds at the beginning of 1996 equaled $496,068 million, and the expenditures are estimated to be $354,615 million. Thus, the OASDI fund ratio for 1996 is 139.9 percent, which exceeds the applicable threshold of 20.0 percent. Therefore, the stabilizer provision does not affect the benefit increase for December 1996. Although the OASDI fund ratio exceeds the 32.0-percent threshold for potential ''catch-up'' benefit increases, no past benefit increase has been reduced under the stabilizer provision. Thus, no ''catch-up'' benefit increase is required.

(Catalog of Federal Domestic Assistance: Program Nos. 96.001 Social Security—Disability Insurance; 96.002 Social Security—Retirement Insurance; 96.003 Social Security—Special Benefits for Persons Aged 72 and Over; 96.004 Social Security—Survivors Insurance; 96.006 Supplemental Security Income.)

Dated: October 18, 1996.

Shirley S. Chater,

Commissioner, Social Security Administration.

[FR Doc. 96–27414 Filed 10–24–96; 8:45 am]

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Generalized System of Preferences (GSP); 1995 Annual Review Public Hearings Site

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of site for the hearings associated with the 1995 Annual Review.

SUMMARY: This notice announces that the hearings for the 1995 Annual Review under the Generalized System of Preferences will be held November 13 and 14, 1996 at the International Trade Commission, Main Hearing Room, 500 E Street, S.W., Washington, D.C. 20436. The hearings will begin at 10 am on November 13th.

For further information contact the GSP Information Center (202) 395–6971.

Frederick L. Montgomery,

Chairman, Trade Policy Staff Committee.

[FR Doc. 96–27410 Filed 10–24–96; 8:45 am]

BILLING CODE 3190–01–M

[Docket Number 301–103]

Termination of Section 302 Investigation Regarding Portugal's Implementation of the Patent Protection Provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights

AGENCY: Office of the United States Trade Representative.