



SOCIAL SECURITY
The Commissioner

October 18, 2016

The Honorable Kevin Brady
Chairman, Committee on Ways and Means
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Each year I notify all Members of Congress regarding cost-of-living increases in Social Security benefits and related information. To keep you informed on such matters, I am enclosing a copy of a letter to one of our congressional committees of jurisdiction notifying the Chairman that the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) did increase over the applicable measuring period (the third quarter of 2015 to the third quarter of 2016) by 0.3 percent, thus triggering an automatic cost-of-living adjustment (COLA). Accordingly, there will be a COLA increase in Social Security benefits beginning December 2016, as well as an increase in payments to Supplemental Security Income recipients beginning December 30, 2016.

We hand delivered a notification letter to Chairman Hatch. We also hand delivered letters to Representatives Becerra, Buchanan, Cole, DeLauro, Doggett, Johnson, Levin, Lowey, Price, Rogers, and Van Hollen, and to Senators Blunt, Brown, Cochran, Enzi, Heller, Mikulski, Murray, Sanders, and Wyden. We mailed notification letters to all of the other members of Congress.

We are also sending copies of the congressional notification package to the other members of the Board of Trustees of the Social Security trust funds.

Sincerely,

Carolyn W. Colvin
Acting Commissioner

Enclosures



News Release

SOCIAL SECURITY

Social Security Announces 0.3 Percent Benefit Increase for 2017

Monthly Social Security and Supplemental Security Income (SSI) benefits for more than 65 million Americans will increase 0.3 percent in 2017, the Social Security Administration announced today.

The 0.3 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 60 million Social Security beneficiaries in January 2017. Increased payments to more than 8 million SSI beneficiaries will begin on December 30, 2016. The Social Security Act ties the annual COLA to the increase in the Consumer Price Index as determined by the Department of Labor's Bureau of Labor Statistics.

Some other adjustments that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$127,200 from \$118,500. Of the estimated 173 million workers who will pay Social Security taxes in 2017, about 12 million will pay more because of the increase in the taxable maximum.

Information about Medicare changes for 2017, when announced, will be available at www.Medicare.gov. For some beneficiaries, their Social Security increase may be partially or completely offset by increases in Medicare premiums.

The Social Security Act provides for how the COLA is calculated. To read more, please visit www.socialsecurity.gov/cola.

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NOTE TO CORRESPONDENTS: Attached is a fact sheet showing the effect of the various automatic adjustments.



Fact Sheet

SOCIAL SECURITY

2017 SOCIAL SECURITY CHANGES

o **Cost-of-Living Adjustment (COLA):**

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2014 through the third quarter of 2016, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 0.3 percent COLA for 2017. Other important 2017 Social Security information is as follows:

	<u>2016</u>	<u>2017</u>
o <u>Tax Rate:</u>		
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

NOTE: The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings. Also, as of January 2013, individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes. The tax rates shown above do not include the 0.9 percent.

o **Maximum Taxable Earnings:**

Social Security (OASDI only)	\$118,500	\$127,200
Medicare (HI only)	N o L i m i t	

o **Quarter of Coverage:**

	\$1,260	\$1,300
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o **Retirement Earnings Test Exempt Amounts:**

Under full retirement age	\$15,720/yr. (\$1,310/mo.)	\$16,920/yr. (\$1,410/mo.)
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NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

The year an individual reaches full retirement age	\$41,880/yr. (\$3,490/mo.)	\$44,880/yr. (\$3,740/mo.)
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NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

There is no limit on earnings beginning the month an individual attains full retirement age.

o **Social Security Disability Thresholds:**

Substantial Gainful Activity (SGA)

Non-Blind	\$1,130/mo.	\$1,170/mo.
Blind	\$1,820/mo.	\$1,950/mo.

Trial Work Period (TWP)	\$ 810/mo.	\$ 840/mo.
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o **Maximum Social Security Benefit: Worker Retiring at Full Retirement Age:**

	\$2,639/mo.	\$2,687/mo.
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o **SSI Federal Payment Standard:**

Individual	\$ 733/mo.	\$ 735/mo.
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Couple	\$1,100/mo.	\$1,103/mo.
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o **SSI Resources Limits:**

Individual	\$2,000	\$2,000
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Couple	\$3,000	\$3,000
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o **SSI Student Exclusion:**

Monthly limit	\$1,780	\$1,790
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Annual limit	\$7,180	\$7,200
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o **Estimated Average Monthly Social Security Benefits Payable in January 2017:**

	<u>Before 0.3% COLA</u>	<u>After 0.3% COLA</u>
All Retired Workers	\$1,355	\$1,360
Aged Couple, Both Receiving Benefits	\$2,254	\$2,260
Widowed Mother and Two Children	\$2,686	\$2,695
Aged Widow(er) Alone	\$1,296	\$1,300
Disabled Worker, Spouse and One or More Children	\$1,990	\$1,996
All Disabled Workers	\$1,167	\$1,171