



SOCIAL SECURITY

The Commissioner

October 13, 2017

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

Dear Mr. Chairman:

The Social Security Act provides the formula for determining whether we can apply a cost-of-living adjustment (COLA) to Social Security and Supplemental Security Income (SSI) benefits. The formula links the COLA to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The CPI-W did increase over the applicable measuring period, thus triggering an automatic COLA of 2 percent. Accordingly, there will be a COLA increase in Social Security benefits beginning December 2017, as well as an increase in payments to SSI recipients beginning December 30, 2017.

For Social Security beneficiaries, the estimated average monthly benefit amount at the end of 2017 for all retired workers will rise from \$1,377 to \$1,404. The maximum Federal SSI monthly payment to an individual will rise from \$735 to \$750. For a couple, the maximum Federal SSI payment will rise from \$1,103 to \$1,125. The Social Security contribution and benefit base will also increase from \$127,200 to \$128,700 as a result of increases in national average wages. We have enclosed a copy of the press release with additional information.

We will publish details concerning the above amounts and related information in the *Federal Register*, and we will also make it available on our Internet site at:

<http://www.socialsecurity.gov/OACT/COLA>.

Additional information regarding this issue is available on our Internet site at:

<http://www.socialsecurity.gov/OACT/COLA/colasummary.html>.

If you have any questions, please contact Royce Min, our Acting Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6013.

Sincerely,

Nancy A. Berryhill
Acting Commissioner

Enclosure

Press Releases

Friday, October 13, 2017
For Immediate Release



Mark Hinkle, Acting Press
Officer
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News Release

SOCIAL SECURITY

Social Security Announces 2.0 Percent Benefit Increase for 2018

Monthly Social Security and Supplemental Security Income (SSI) benefits for more than 66 million Americans will increase 2.0 percent in 2018, the Social Security Administration announced today.

The 2.0 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 61 million Social Security beneficiaries in January 2018. Increased payments to more than 8 million SSI beneficiaries will begin on December 29, 2017. (Note: some people receive both Social Security and SSI benefits) 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 \$128,700 from \$127,200. Of the

estimated 175 million workers who will pay Social Security taxes in 2018, about 12 million will pay more because of the increase in the taxable maximum.

Information about Medicare changes for 2018, when announced, will be available at www.medicare.gov.

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

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

To get more Social Security news, follow the Press Office on Twitter @SSAPress.



Fact Sheet

SOCIAL SECURITY

2018 SOCIAL SECURITY CHANGES

Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2016 through the third quarter of 2017, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 2.0 percent COLA for 2018. Other important 2018 Social Security information is as follows:

| Tax Rate | 2017 | 2018 |
|---------------|--------|--------|
| 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.

| | 2017 | 2018 |
|--|-------------------------------|-------------------------------|
| Maximum Taxable Earnings | | |
| Social Security (OASDI only) | \$127,200 | \$128,700 |
| Medicare (HI only) | No Limit | |
| Quarter of Coverage | | |
| | \$1,300 | \$1,320 |
| Retirement Earnings Test Exempt Amounts | | |
| Under full retirement age | \$16,920/yr. (\$1,410/mo.) | \$17,040/yr. (\$1,420/mo.) |
| NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit. | | |
| The year an individual reaches full retirement age | \$44,880/yr. (\$3,740/mo.) | \$45,360/yr. (\$3,780/mo.) |
| 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. | |
| Beginning the month an individual attains full retirement age | None |

| | 2017 | 2018 |
|---|-----------------------------|----------------------------|
| Social Security Disability Thresholds | | |
| Substantial Gainful Activity (SGA) | | |
| Non-Blind | \$1,170/mo. | \$1,180/mo. |
| Blind | \$1,950/mo. | \$1,970/mo. |
| Trial Work Period (TWP) | \$ 840/mo. | \$ 850/mo. |
| Maximum Social Security Benefit: Worker Retiring at Full Retirement Age | | |
| | \$2,687/mo. | \$2,788/mo. |
| SSI Federal Payment Standard | | |
| Individual | \$ 735/mo. | \$ 750/mo. |
| Couple | \$1,103/mo. | \$1,125/mo. |
| SSI Resource Limits | | |
| Individual | \$2,000 | \$2,000 |
| Couple | \$3,000 | \$3,000 |
| SSI Student Exclusion | | |
| Monthly limit | \$1,790 | \$1,820 |
| Annual limit | \$7,200 | \$7,350 |
| Estimated Average Monthly Social Security Benefits Payable in January 2018 | | |
| | Before 2.0% COLA | After 2.0% COLA |
| All Retired Workers | \$1,377 | \$1,404 |
| Aged Couple, Both Receiving Benefits | \$2,294 | \$2,340 |
| Widowed Mother and Two Children | \$2,717 | \$2,771 |
| Aged Widow(er) Alone | \$1,310 | \$1,336 |
| Disabled Worker, Spouse and One or More Children | \$2,011 | \$2,051 |
| All Disabled Workers | \$1,173 | \$1,197 |