



SOCIAL SECURITY

Office of Legislation and Congressional Affairs

October 13, 2020

Member of Congress
U.S. House of Representatives
Washington, DC 20515

Dear Representative:

The Social Security Act requires us to apply a cost-of-living adjustment (COLA) to Social Security and Supplemental Security Income (SSI) benefits when the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increases. The CPI-W increased over the applicable measuring period, and so we will apply a COLA of 1.3 percent, effective with Social Security benefits for December 2020 and SSI benefits for January 2021.

For Social Security beneficiaries, the estimated average monthly benefit amount at the end of 2020 for all retired workers will increase from \$1,523 to \$1,543. The maximum Federal SSI monthly payment will increase from \$783 to \$794 for eligible individuals and from \$1,175 to \$1,191 for eligible couples. The Social Security contribution and benefit base will also increase from \$137,700 to \$142,800 as a result of an increase in the national average wage index. Enclosed is a copy of a press release with additional information.

We will publish information on the COLA in the *Federal Register* and our Internet site at <http://www.socialsecurity.gov/OACT/COLA>.

I hope this information is helpful. If members of your staff have any questions, please have them contact me, at (202) 358-6030.

Sincerely,

Eric Skidmore
Deputy Commissioner

Enclosures

Tuesday, October 13, 2020
For Immediate Release

Mark Hinkle, Press Officer
press.office@ssa.gov



News Release

SOCIAL SECURITY

Social Security Announces 1.3 Percent Benefit Increase for 2021

Social Security and Supplemental Security Income (SSI) benefits for approximately 70 million Americans will increase 1.3 percent in 2021, the Social Security Administration announced today.

The 1.3 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 64 million Social Security beneficiaries in January 2021. Increased payments to more than 8 million SSI beneficiaries will begin on December 31, 2020. (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 \$142,800 from \$137,700.

Social Security and SSI beneficiaries are normally notified by mail starting in early December about their new benefit amount. Most people who receive Social Security payments will be able to view their COLA notice online through their personal *my Social Security* account. People may create or access their *my Social Security* account online at www.socialsecurity.gov/myaccount.

Information about Medicare changes for 2021, when announced, will be available at www.medicare.gov. For Social Security beneficiaries receiving Medicare, Social Security will not be able to compute their new benefit amount until after the Medicare premium amounts for 2021 are announced. Final 2021 benefit amounts will be communicated to beneficiaries in December through the mailed COLA notice and *my Social Security's* Message Center.

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.

To get more Social Security news, follow the Press Office on Twitter [@SSAPress](https://twitter.com/SSAPress).

This press release was produced and disseminated at U.S. taxpayer expense.



Fact Sheet

SOCIAL SECURITY

2021 SOCIAL SECURITY CHANGES

Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2019 through the third quarter of 2020, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 1.3 percent COLA for 2021. Other important 2021 Social Security information is as follows:

Tax Rate	2020	2021
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.

	2020	2021
Maximum Taxable Earnings		
Social Security (OASDI only)	\$137,700	\$142,800
Medicare (HI only)	No Limit	
Quarter of Coverage		
	\$1,410	\$1,470
Retirement Earnings Test Exempt Amounts		
Under full retirement age	\$18,240/yr. (\$1,520/mo.)	\$18,960/yr. (\$1,580/mo.)
NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.		
The year an individual reaches full	\$48,600/yr.	\$50,520/yr.

retirement age	(\$4,050/mo.)	(\$4,210/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	

	2020	2021
Social Security Disability Thresholds		
Substantial Gainful Activity (SGA)		
Non-Blind	\$1,260/mo.	\$1,310/mo.
Blind	\$2,110/mo.	\$2,190/mo.
Trial Work Period (TWP)	\$ 910/mo.	\$ 940/mo.
Maximum Social Security Benefit: Worker Retiring at Full Retirement Age		
	\$3,011/mo.	\$3,148/mo.
SSI Federal Payment Standard		
Individual	\$ 783/mo.	\$ 794/mo.
Couple	\$1,175/mo.	\$1,191/mo.
SSI Resource Limits		
Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000
SSI Student Exclusion		
Monthly limit	\$1,900	\$1,930
Annual limit	\$7,670	\$7,770
Estimated Average Monthly Social Security Benefits Payable in January 2021		
	Before 1.3% COLA	After 1.3% COLA
All Retired Workers	\$1,523	\$1,543
Aged Couple, Both Receiving Benefits	\$2,563	\$2,596
Widowed Mother and Two Children	\$2,962	\$3,001
Aged Widow(er) Alone	\$1,434	\$1,453
Disabled Worker, Spouse and One or More Children	\$2,195	\$2,224
All Disabled Workers	\$1,261	\$1,277

This press release was produced and disseminated at U.S. taxpayer expense.