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Social Security Announces 1.3 Percent Benefit Increase for 2021

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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.

According to the release, 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, the release stated.

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.