

2019 Social Security Inflation Adjustments

Social Security benefits will increase by 2.8% for 2019, the largest increase since 2011.

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Since 1975, Social Security benefits have been adjusted each year to keep pace with increases in the cost-of-living. The Social Security Administration has announced an inflation adjustment of 2.8% to benefit amounts for 2019.

This is a larger increase in benefits than we've seen recently, but is more in line with historical increases. For 2018, the increase was 2.0%, but the two years prior to that were 0.3% in 2017 and 0% in 2016. Benefits are prevented by law from ever decreasing. For the 2019 calculation, the Consumer Price Index for Urban Wage Earners & Clerical Workers (CPI-W) from the third quarter of 2017 is used as the base, which is compared to the third quarter of 2018.

There are several other Social Security-related thresholds that will increase in 2019.

- The maximum amount of wages subject to Social Security tax will increase to \$132,900, from \$128,700, for 2019. This represents an increase of 3.3%. For people earning wages of \$128,700 or more, this will result in \$260 of additional Social Security tax due.
- The earnings limit for workers who are younger than full retirement age (age 66 for people born in 1943 through 1954) and collecting Social Security will increase to \$17,640. There is a reduction of \$1 in benefits for every \$2 earned over \$17,640.
- Lastly, the earnings limit for people reaching age 66 in 2019 will increase to \$46,920, from \$45,360 in 2018. There is a deduction of \$1 in benefits for each \$3 earned over \$46,920 until the month the worker turns age 66. There is no limit on earnings for workers who are full retirement age or older for the entire year.

The Department of Health and Human Services also recently announced that the standard monthly Medicare premium will increase by \$1.50 for 2019 to \$135.50. They expect approximately 2 million Medicare beneficiaries will pay less than this full amount due to the Hold Harmless provision. This rule prevents Social Security recipients from seeing a decrease in net benefit payments if the Medicare increase is larger than the increase in Social Security.

