

2018 Social Security COLA and Medicare Premiums

Based on the increase in the Consumer Price Index, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 2.0 percent cost of living adjustment (COLA) for 2018. That's the good news. The bad news is some people may actually receive a lower Social Security check than last year after their Medicare Part B premium is deducted. This generally affects lower income beneficiaries. Blame it on the "hold harmless" provision designed to protect most retirees from a net decline in Social Security benefits from year to year. The provision prohibits annual increases in Medicare Part B premiums, which pay for doctor's visits and outpatient services, from exceeding the dollar amount of annual Social Security cost-of-living adjustments (COLA). The Centers for Medicare and Medicaid services estimated that 42% of Part B enrollees who are subject to the hold harmless provision—most of whom pay \$109 per month for Part B in 2017—will pay the full \$134 per month in 2018. That's a 23% increase!

Higher income earners must be aware of other changes that may affect them. The standard Medicare Part B premium amount in 2018 will be \$134 (or higher depending on your income). However, if your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount you'll pay the standard premium amount and an Income Related Monthly Adjustment Amount (IRMAA). IRMAA is an extra charge added to your premium. It's important to note that some of the income thresholds have been reduced for 2018, please see chart below.

If your yearly income in 2016 (for what you pay in 2018) was			You pay each month (in 2018)
File individual tax return	File joint tax return	File married & separate tax return	
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$134
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$187.50
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000	Not applicable	\$267.90
above \$133,500 up to \$160,000	above \$267,000 up to \$320,000	Not applicable	\$348.30
above \$160,000	above \$320,000	above \$85,000	\$428.60