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# 2018 Social Security COLA Is Biggest in Years

The cost-of-living adjustment for next year is the largest since 2012 and will affect more than 69 million Americans



The Social Security Administration on Friday announced a 2% increase in benefits for 2018, its largest cost-of-living adjustment (COLA) since 2012.

***(Related: [How the Social Security COLA Really Affects Your Clients](#))***

More than 69 million Americans will receive the bump in benefits, including more than 61 million Social Security recipients and more than 8 million recipients of Supplemental Security Income benefits. (Some people are beneficiaries of both programs.) They will receive an average \$25 more per month.

Although the 2018 COLA is the largest in several years, it is less than the 2.2% that the Social Security Board of Trustees had projected in July. It follows a 0.3% increase in 2017 and no increase in 2016.

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In addition to the larger COLA, the Social Security Administration raised the ceiling on earnings subject to the Social Security payroll tax to \$128,700 from \$127,200.

It also increased the limit that working recipients can earn before being subject to deductions in benefits. The earnings limit for workers younger than their full retirement age, which is 66 for those born in 1943 through 1954, rises to \$17,040 from \$16,920. For every \$2 earned above that level, their benefits are cut \$1.

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For those working recipients who turn 66 in 2018, the ceiling is set at \$45,360, up from \$44,880. Every \$3 earned above that level reduces benefits by \$1. A table of all the changes announced today can be found [here](#).

AARP CEO Jo Ann Jenkins said the new COLA will bring some relief to Social Security beneficiaries and their families but “may not adequately cover expenses that rise faster than inflation including prescription drug, utility and housing costs” for those who depend on the program for most or all of their retirement income.

COLAs are calculated using a formula in the Social Security Act based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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