

Administration, 409 Third Street SW., Washington, DC 20416.

Dated: October 23, 2017.

A. Joseph Shepard,

Associate Administrator for Investment and Innovation.

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SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2017-0053]

Cost-of-Living Increase and Other Determinations for 2018

AGENCY: Social Security Administration.

ACTION: Notice.

SUMMARY: Under title II of the Social Security Act (Act), there will be a 2.0 percent cost-of-living increase in Social Security benefits effective December 2017. In addition, the national average wage index for 2016 is \$48,664.73. The cost-of-living increase and national average wage index affect other program parameters as described below.

FOR FURTHER INFORMATION CONTACT:

Susan C. Kunkel, Office of the Chief Actuary, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-3000. Information relating to this announcement is available on our Internet site at www.socialsecurity.gov/oact/cola/index.html. For information on eligibility or claiming benefits, call 1-800-772-1213 (TTY 1-800-325-0778), or visit our Internet site at www.socialsecurity.gov.

SUPPLEMENTARY INFORMATION: Because of the 2.0 percent cost-of-living increase, the following items will increase for 2018:

(1) The maximum Federal Supplemental Security Income (SSI) monthly payment amounts for 2018 under title XVI of the Act will be \$750 for an eligible individual, \$1,125 for an eligible individual with an eligible spouse, and \$376 for an essential person;

(2) The special benefit amount under title VIII of the Act for certain World War II veterans will be \$562.50 for 2018;

(3) The student earned income exclusion under title XVI of the Act will be \$1,820 per month in 2018, but not more than \$7,350 for all of 2018;

(4) The dollar fee limit for services performed as a representative payee will be \$42 per month (\$80 per month in the case of a beneficiary who is disabled and has an alcoholism or drug addiction condition that leaves him or her incapable of managing benefits) in 2018; and

(5) The dollar limit on the administrative-cost fee assessment charged to an appointed representative such as an attorney, agent, or other person who represents claimants will be \$93 beginning in December 2017.

The national average wage index for 2016 is \$48,664.73. This index affects the following amounts:

(1) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base will be \$128,700 for remuneration paid in 2018 and self-employment income earned in taxable years beginning in 2018;

(2) The monthly exempt amounts under the OASDI retirement earnings test for taxable years ending in calendar year 2018 will be \$1,420 for beneficiaries who will attain their Normal Retirement Age (NRA) (defined in the *Retirement Earnings Test Exempt Amounts* section below) after 2018 and \$3,780 for those who attain NRA in 2018;

(3) The dollar amounts (“bend points”) used in the primary insurance amount (PIA) formula for workers who become eligible for benefits, or who die before becoming eligible, in 2018 will be \$896 and \$5,399;

(4) The bend points used in the formula for computing maximum family benefits for workers who become eligible for benefits, or who die before becoming eligible, in 2018 will be \$1,145, \$1,652, and \$2,155;

(5) The taxable earnings a person must have to be credited with a quarter of coverage in 2018 will be \$1,320;

(6) The “old-law” contribution and benefit base under title II of the Act will be \$95,400 for 2018;

(7) The monthly amount deemed to constitute substantial gainful activity (SGA) for statutorily blind persons in 2018 will be \$1,970. The corresponding amount for non-blind disabled persons will be \$1,180;

(8) The earnings threshold establishing a month as a part of a trial work period will be \$850 for 2018; and

(9) Coverage thresholds for 2018 will be \$2,100 for domestic workers and \$1,800 for election officials and election workers.

According to section 215(i)(2)(D) of the Act, we must publish the benefit increase percentage and the revised table of “special minimum” benefits within 45 days after the close of the third calendar quarter of 2017. We must also publish the following by November 1: The national average wage index for 2016 (215(a)(1)(D)), the OASDI fund ratio for 2017 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 2018 (section 230(a)), the earnings required to be credited with a quarter of

coverage in 2018 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 2018 (section 203(f)(8)(A)), the formula for computing a PIA for workers who first become eligible for benefits or die in 2018 (section 215(a)(1)(D)), and the formula for computing the maximum benefits payable to the family of a worker who first becomes eligible for old-age benefits or dies in 2018 (section 203(a)(2)(C)).

Cost-of-Living Increases

General

The cost-of-living increase is 2.0 percent for monthly benefits under title II and for monthly payments under title XVI of the Act. Under title II, OASDI benefits will increase by 2.0 percent for individuals eligible for December 2017 benefits, payable in January 2018. We base this increase on the authority contained in section 215(i) of the Act.

Pursuant to section 1617 of the Act, Federal SSI payment levels will also increase by 2.0 percent effective for payments made for January 2018 but paid on December 29, 2017.

Computation

Computation of the cost-of-living increase is based on an increase in a Consumer Price Index produced by the Bureau of Labor Statistics. At the time the Act was amended to provide cost-of-living increases, only one Consumer Price Index existed, namely the Consumer Price Index for Urban Wage Earners and Clerical Workers. Although the Bureau of Labor Statistics has since developed other consumer price indices, we follow precedent by continuing to use the Consumer Price Index for Urban Wage Earners and Clerical Workers. We refer to this index in the following paragraphs as the CPI.

Section 215(i)(1)(B) of the Act defines a “computation quarter” to be a third calendar quarter in which the average CPI exceeded the average CPI in the previous computation quarter. The last cost-of-living increase, effective for those eligible to receive title II benefits for December 2016, was based on the CPI increase from the third quarter of 2014 to the third quarter of 2016. Therefore, the last computation quarter is the third quarter of 2016. The law states that a cost-of-living increase for benefits is determined based on the percentage increase, if any, in the CPI from the last computation quarter to the third quarter of the current year. Therefore, we compute the increase in the CPI from the third quarter of 2016 to the third quarter of 2017.

Section 215(i)(1) of the Act states that the CPI for a cost-of-living computation quarter is the arithmetic mean of this index for the 3 months in that quarter. In accordance with 20 CFR 404.275, we round the arithmetic mean, if necessary, to the nearest 0.001. The CPI for each month in the quarter ending September 30, 2016, the last computation quarter, is: For July 2016, 234.771; for August 2016, 234.904; and for September 2016, 235.495. The arithmetic mean for the calendar quarter ending September 30, 2016 is 235.057. The CPI for each month in the quarter ending September 30, 2017, is: For July 2017, 238.617; for August 2017, 239.448; and for September 2017, 240.939. The arithmetic mean for the calendar quarter ending September 30, 2017 is 239.668. The CPI for the calendar quarter ending September 30, 2017, exceeds that for the calendar quarter ending September 30, 2016 by 2.0 percent (rounded to the nearest 0.1). Therefore, beginning December 2017 a cost-of-living benefit increase of 2.0 percent is effective for benefits under title II of the Act.

Section 215(i) also specifies that a benefit increase under title II, effective for December of any year, will be limited to the increase in the national average wage index for the prior year if the OASDI fund ratio for that year is below 20.0 percent. The OASDI fund ratio for a year is the ratio of the combined assets of the OASDI Trust

Funds at the beginning of that year to the combined expenditures of these funds during that year. For 2017, the OASDI fund ratio is assets of \$2,847,687 million divided by estimated expenditures of \$954027 million, or 298.5 percent. Because the 298.5 percent OASDI fund ratio exceeds 20.0 percent, the benefit increase for December 2017 is not limited.

Program Amounts That Change Based on the Cost-of-Living Increase

The following program amounts change based on the cost-of-living increase: (1) Title II benefits; (2) title XVI payments; (3) title VIII benefits; (4) the student earned income exclusion; (5) the fee for services performed by a representative payee; and (6) the appointed representative fee assessment.

Title II Benefit Amounts

In accordance with section 215(i) of the Act, for workers and family members for whom eligibility for benefits (that is, the worker's attainment of age 62, or disability or death before age 62) occurred before 2018, benefits will increase by 2.0 percent beginning with benefits for December 2017, which are payable in January 2018. For those first eligible after 2017, the 2.0 percent increase will not apply.

For eligibility after 1978, we determine benefits using a formula provided by the Social Security

Amendments of 1977 (Pub. L. 95–216), as described later in this notice.

For eligibility before 1979, we determine benefits by using a benefit table. The table is available on the Internet at www.socialsecurity.gov/oact/ProgData/tableForm.html or by writing to: Social Security Administration, Office of Public Inquiries, Windsor Park Building, 6401 Security Boulevard, Baltimore, MD 21235.

Section 215(i)(2)(D) of the Act requires that, when we determine an increase in Social Security benefits, we will publish in the **Federal Register** a revision of the range of the PIAs and maximum family benefits based on the dollar amount and other provisions described in section 215(a)(1)(C)(i). We refer to these benefits as “special minimum” benefits. These benefits are payable to certain individuals with long periods of low earnings. To qualify for these benefits, an individual must have at least 11 years of coverage. To earn a year of coverage for purposes of the special minimum benefit, a person must earn at least a certain proportion of the old-law contribution and benefit base (described later in this notice). For years before 1991, the proportion is 25 percent; for years after 1990, it is 15 percent. In accordance with section 215(a)(1)(C)(i), the table below shows the revised range of PIAs and maximum family benefit amounts after the 2.0 percent benefit increase.

SPECIAL MINIMUM PIAs AND MAXIMUM FAMILY BENEFITS PAYABLE FOR DECEMBER 2017

Number of years of coverage	PIA	Maximum family benefit
11	\$40.80	\$62.10
12	83.30	126.10
13	125.90	190.10
14	168.30	253.60
15	210.50	317.10
16	253.30	381.20
17	295.80	445.40
18	338.30	508.80
19	380.80	572.70
20	423.50	636.00
21	466.00	700.40
22	508.20	764.00
23	551.50	828.80
24	593.90	892.00
25	636.00	955.30
26	679.30	1,020.10
27	721.30	1,083.70
28	763.80	1,147.20
29	806.40	1,211.50
30	848.80	1,274.60

Title XVI Payment Amounts

In accordance with section 1617 of the Act, maximum Federal SSI payments amounts for the aged, blind,

and disabled will increase by 2.0 percent effective January 2018. For 2017, we derived the monthly payment amounts for an eligible individual, an

eligible individual with an eligible spouse, and for an essential person—\$735, \$1,103, and \$368, respectively—from yearly, unrounded Federal SSI

payment amounts of \$8,830.84, \$13,244.80, and \$4,425.55. For 2018, these yearly unrounded amounts respectively increase by 2.0 percent to \$9,007.46, \$13,509.70, and \$4,514.06. We must round each of these resulting amounts, when not a multiple of \$12, to the next lower multiple of \$12. Therefore, the annual amounts, effective for 2018, are \$9,000, \$13,500, and \$4,512. Dividing the yearly amounts by 12 gives the respective monthly amounts for 2018—\$750, \$1,125, and \$376. For an eligible individual with an eligible spouse, we equally divide the amount payable between the two spouses.

Title VIII Benefit Amount

Title VIII of the Act provides for special benefits to certain World War II veterans who reside outside the United States. Section 805 of the Act provides that “[t]he benefit under this title payable to a qualified individual for any month shall be in an amount equal to 75 percent of the Federal benefit rate [the maximum amount for an eligible individual] under title XVI for the month, reduced by the amount of the qualified individual’s benefit income for the month.” Therefore, the monthly benefit for 2018 under this provision is 75 percent of \$750, or \$562.50.

Student Earned Income Exclusion

A blind or disabled child who is a student regularly attending school, college, university, or a course of vocational or technical training can have limited earnings that do not count against his or her SSI payments. The maximum amount of such income that we may exclude in 2017 is \$1,790 per month, but not more than \$7,200 in all of 2017. These amounts increase based on a formula set forth in regulation 20 CFR 416.1112.

To compute each of the monthly and yearly maximum amounts for 2018, we increase the unrounded amount for 2017 by the latest cost-of-living increase. If the amount so calculated is not a multiple of \$10, we round it to the nearest multiple of \$10. The unrounded monthly amount for 2017 is \$1,786.71. We increase this amount by 2.0 percent to \$1,822.44, which we then round to \$1,820. Similarly, we increase the unrounded yearly amount for 2017, \$7,202.19, by 2.0 percent to \$7,346.23 and round this to \$7,350. Therefore, the maximum amount of the income exclusion applicable to a student in 2018 is \$1,820 per month but not more than \$7,350 in all of 2018.

Fee for Services Performed as a Representative Payee

Sections 205(j)(4)(A)(i) and 1631(a)(2)(D)(i) of the Act permit a qualified organization to collect a monthly fee from a beneficiary for expenses incurred in providing services as the beneficiary’s representative payee. In 2017, the fee is limited to the lesser of: (1) 10 percent of the monthly benefit involved; or (2) \$41 each month (\$78 each month when the beneficiary is entitled to disability benefits and has an alcoholism or drug addiction condition that makes the individual incapable of managing such benefits). The dollar fee limits are subject to increase by the cost-of-living increase, with the resulting amounts rounded to the nearest whole dollar amount. Therefore, we increase the current amounts by 2.0 percent to \$42 and \$80 for 2018.

Appointed Representative Fee Assessment

Under sections 206(d) and 1631(d) of the Act, whenever we pay a fee to a representative such as an attorney, agent, or other person who represents claimants, we must impose on the representative an assessment to cover administrative costs. The assessment is no more than 6.3 percent of the representative’s authorized fee or, if lower, a dollar amount that is subject to increase by the cost-of-living increase. We derive the dollar limit for December 2017 by increasing the unrounded limit for December 2016, \$91.47, by 2.0 percent, which is \$93.30. We then round \$93.30 to the next lower multiple of \$1. The dollar limit effective for December 2017 is, therefore, \$93.

National Average Wage Index for 2016

Computation

We determined the national average wage index for calendar year 2016 based on the 2015 national average wage index of \$48,098.63, published in the **Federal Register** on October 27, 2016 (81 FR 74859), and the percentage increase in average wages from 2015 to 2016, as measured by annual wage data. We tabulate the annual wage data, including contributions to deferred compensation plans, as required by section 209(k) of the Act. The average amounts of wages calculated from these data were \$46,119.78 for 2015 and \$46,662.59 for 2016. To determine the national average wage index for 2016 at a level consistent with the national average wage indexing series for 1951 through 1977 (published December 29, 1978, at 43 FR 61016), we multiply the 2015 national average wage index of \$48,098.63 by the percentage

increase in average wages from 2015 to 2016 (based on SSA-tabulated wage data) as follows. We round the result to the nearest cent.

National Average Wage Index Amount

Multiplying the national average wage index for 2015 (\$48,098.63) by the ratio of the average wage for 2016 (\$46,662.59) to that for 2015 (\$46,119.78) produces the 2016 index, \$48,664.73. The national average wage index for calendar year 2016 is about 1.18 percent higher than the 2015 index.

Program Amounts That Change Based on the National Average Wage Index

Under the Act, the following amounts change with annual changes in the national average wage index: (1) The OASDI contribution and benefit base; (2) the exempt amounts under the retirement earnings test; (3) the dollar amounts, or bend points, in the PIA formula; (4) the bend points in the maximum family benefit formula; (5) the earnings required to credit a worker with a quarter of coverage; (6) the old-law contribution and benefit base (as determined under section 230 of the Act as in effect before the 1977 amendments); (7) the substantial gainful activity (SGA) amount applicable to statutorily blind individuals; and (8) the coverage threshold for election officials and election workers. Additionally, under section 3121(x) of the Internal Revenue Code, the domestic employee coverage threshold is based on changes in the national average wage index.

Two amounts also increase under regulatory requirements—the SGA amount applicable to non-blind disabled persons, and the monthly earnings threshold that establishes a month as part of a trial work period for disabled beneficiaries.

OASDI Contribution and Benefit Base

General

The OASDI contribution and benefit base is \$128,700 for remuneration paid in 2018 and self-employment income earned in taxable years beginning in 2018. The OASDI contribution and benefit base serves as the maximum annual earnings on which OASDI taxes are paid. It is also the maximum annual earnings used in determining a person’s OASDI benefits.

Computation

Section 230(b) of the Act provides the formula used to determine the OASDI contribution and benefit base. Under the formula, the base for 2018 is the larger of: (1) The 1994 base of \$60,600 multiplied by the ratio of the national average wage index for 2016 to that for

1992; or (2) the current base (\$127,200). If the resulting amount is not a multiple of \$300, we round it to the nearest multiple of \$300.

OASDI Contribution and Benefit Base Amount

Multiplying the 1994 OASDI contribution and benefit base (\$60,600) by the ratio of the national average wage index for 2016 (\$48,664.73 as determined above) to that for 1992 (\$22,935.42) produces \$128,582.02. We round this amount to \$128,700. Because \$128,700 exceeds the current base amount of \$127,200, the OASDI contribution and benefit base is \$128,700 for 2018.

Retirement Earnings Test Exempt Amounts

General

We withhold Social Security benefits when a beneficiary under the NRA has earnings over the applicable retirement earnings test exempt amount. The NRA is the age when retirement benefits (before rounding) are equal to the PIA. The NRA is age 66 for those born in 1943–54, and it gradually increases to age 67 for those born in 1960 or later. A higher exempt amount applies in the year in which a person attains NRA, but only for earnings in months before such attainment. A lower exempt amount applies at all other ages below NRA. Section 203(f)(8)(B) of the Act provides formulas for determining the monthly exempt amounts. The annual exempt amounts are exactly 12 times the monthly amounts.

For beneficiaries who attain NRA in the year, we withhold \$1 in benefits for every \$3 of earnings over the annual exempt amount for months before NRA. For all other beneficiaries under NRA, we withhold \$1 in benefits for every \$2 of earnings over the annual exempt amount.

Computation

Under the formula that applies to beneficiaries attaining NRA after 2018, the lower monthly exempt amount for 2018 is the larger of: (1) The 1994 monthly exempt amount multiplied by the ratio of the national average wage index for 2016 to that for 1992; or (2) the 2017 monthly exempt amount (\$1,410). If the resulting amount is not a multiple of \$10, we round it to the nearest multiple of \$10.

Under the formula that applies to beneficiaries attaining NRA in 2018, the higher monthly exempt amount for 2018 is the larger of: (1) The 2002 monthly exempt amount multiplied by the ratio of the national average wage index for

2016 to that for 2000; or (2) the 2017 monthly exempt amount (\$3,740). If the resulting amount is not a multiple of \$10, we round it to the nearest multiple of \$10.

Lower Exempt Amount

Multiplying the 1994 retirement earnings test monthly exempt amount of \$670 by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1992 (\$22,935.42) produces \$1,421.62. We round this to \$1,420. Because \$1,420 exceeds the current exempt amount of \$1,410, the lower retirement earnings test monthly exempt amount is \$1,420 for 2018. The lower annual exempt amount is \$17,040 under the retirement earnings test.

Higher Exempt Amount

Multiplying the 2002 retirement earnings test monthly exempt amount of \$2,500 by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 2000 (\$32,154.82) produces \$3,783.63. We round this to \$3,780. Because \$3,780 exceeds the current exempt amount of \$3,740, the higher retirement earnings test monthly exempt amount is \$3,780 for 2018. The higher annual exempt amount is \$45,360 under the retirement earnings test.

Primary Insurance Amount Formula

General

The Social Security Amendments of 1977 provided a method for computing benefits that generally applies when a worker first becomes eligible for benefits after 1978. This method uses the worker's average indexed monthly earnings (AIME) to compute the PIA. We adjust the formula each year to reflect changes in general wage levels, as measured by the national average wage index.

We also adjust, or index, a worker's earnings to reflect the change in the general wage levels that occurred during the worker's years of employment. Such indexing ensures that a worker's future benefit level will reflect the general rise in the standard of living that will occur during his or her working lifetime. To compute the AIME, we first determine the required number of years of earnings. We then select the number of years with the highest indexed earnings, add the indexed earnings for those years, and divide the total amount by the total number of months in those years. We then round the resulting average amount down to the next lower dollar amount. The result is the AIME.

Computing the PIA

The PIA is the sum of three separate percentages of portions of the AIME. In 1979 (the first year the formula was in effect), these portions were the first \$180, the amount between \$180 and \$1,085, and the amount over \$1,085. We call the dollar amounts in the formula governing the portions of the AIME the "bend points" of the formula. Therefore, the bend points for 1979 were \$180 and \$1,085.

To obtain the bend points for 2018, we multiply each of the 1979 bend-point amounts by the ratio of the national average wage index for 2016 to that average for 1977. We then round these results to the nearest dollar. Multiplying the 1979 amounts of \$180 and \$1,085 by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1977 (\$9,779.44) produces the amounts of \$895.72 and \$5,399.21. We round these to \$896 and \$5,399. Therefore, the portions of the AIME to be used in 2018 are the first \$896, the amount between \$896 and \$5,399, and the amount over \$5,399.

Therefore, for individuals who first become eligible for old-age insurance benefits or disability insurance benefits in 2018, or who die in 2018 before becoming eligible for benefits, their PIA will be the sum of:

- (a) 90 percent of the first \$896 of their AIME, plus
- (b) 32 percent of their AIME over \$896 and through \$5,399, plus
- (c) 15 percent of their AIME over \$5,399.

We round this amount to the next lower multiple of \$0.10 if it is not already a multiple of \$0.10. This formula and the rounding adjustment are stated in section 215(a) of the Act.

Maximum Benefits Payable to a Family

General

The 1977 amendments continued the policy of limiting the total monthly benefits that a worker's family may receive based on the worker's PIA. Those amendments also continued the relationship between maximum family benefits and PIAs but changed the method of computing the maximum benefits that may be paid to a worker's family. The Social Security Disability Amendments of 1980 (Pub. L. 96–265) established a formula for computing the maximum benefits payable to the family of a disabled worker. This formula applies to the family benefits of workers who first become entitled to disability insurance benefits after June 30, 1980, and who first become eligible for these benefits after 1978. For disabled workers initially entitled to disability benefits

before July 1980 or whose disability began before 1979, we compute the family maximum payable the same as the old-age and survivor family maximum.

Computing the Old-Age and Survivor Family Maximum

The formula used to compute the family maximum is similar to that used to compute the PIA. It involves computing the sum of four separate percentages of portions of the worker's PIA. In 1979, these portions were the first \$230, the amount between \$230 and \$332, the amount between \$332 and \$433, and the amount over \$433. We refer to such dollar amounts in the formula as the "bend points" of the family-maximum formula.

To obtain the bend points for 2018, we multiply each of the 1979 bend-point amounts by the ratio of the national average wage index for 2016 to that average for 1977. Then we round this amount to the nearest dollar. Multiplying the amounts of \$230, \$332, and \$433 by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1977 (\$9,779.44) produces the amounts of \$1,144.53, \$1,652.11, and \$2,154.71. We round these amounts to \$1,145, \$1,652, and \$2,155. Therefore, the portions of the PIAs to be used in 2018 are the first \$1,145, the amount between \$1,145 and \$1,652, the amount between \$1,652 and \$2,155, and the amount over \$2,155.

Thus, for the family of a worker who becomes age 62 or dies in 2018 before age 62, we will compute the total benefits payable to them so that it does not exceed:

- (a) 150 percent of the first \$1,145 of the worker's PIA, plus
- (b) 272 percent of the worker's PIA over \$1,145 through \$1,652, plus
- (c) 134 percent of the worker's PIA over \$1,652 through \$2,155, plus
- (d) 175 percent of the worker's PIA over \$2,155.

We then round this amount to the next lower multiple of \$0.10 if it is not already a multiple of \$0.10. This formula and the rounding adjustment are stated in section 203(a) of the Act.

Quarter of Coverage Amount

General

The earnings required for a quarter of coverage in 2018 is \$1,320. A quarter of coverage is the basic unit for determining if a worker is insured under the Social Security program. For years before 1978, we generally credited an individual with a quarter of coverage for each quarter in which wages of \$50 or more were paid, or with 4 quarters of

coverage for every taxable year in which \$400 or more of self-employment income was earned. Beginning in 1978, employers generally report wages yearly instead of quarterly. With the change to yearly reporting, section 352(b) of the Social Security Amendments of 1977 amended section 213(d) of the Act to provide that a quarter of coverage would be credited for each \$250 of an individual's total wages and self-employment income for calendar year 1978, up to a maximum of 4 quarters of coverage for the year. The amendment also provided a formula for years after 1978.

Computation

Under the prescribed formula, the quarter of coverage amount for 2018 is the larger of: (1) The 1978 amount of \$250 multiplied by the ratio of the national average wage index for 2016 to that for 1976; or (2) the current amount of \$1,300. Section 213(d) provides that if the resulting amount is not a multiple of \$10, we round it to the nearest multiple of \$10.

Quarter of Coverage Amount

Multiplying the 1978 quarter of coverage amount (\$250) by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1976 (\$9,226.48) produces \$1,318.62. We then round this amount to \$1,320. Because \$1,320 exceeds the current amount of \$1,300, the quarter of coverage amount is \$1,320 for 2018.

Old-Law Contribution and Benefit Base

General

The old-law contribution and benefit base for 2018 is \$95,400. This base would have been effective under the Act without the enactment of the 1977 amendments.

The old-law contribution and benefit base is used by:

- (a) The Railroad Retirement program to determine certain tax liabilities and tier II benefits payable under that program to supplement the tier I payments that correspond to basic Social Security benefits,
- (b) the Pension Benefit Guaranty Corporation to determine the maximum amount of pension guaranteed under the Employee Retirement Income Security Act (section 230(d) of the Act),
- (c) Social Security to determine a year of coverage in computing the special minimum benefit, as described earlier, and
- (d) Social Security to determine a year of coverage (acquired whenever earnings equal or exceed 25 percent of the old-law base for this purpose only)

in computing benefits for persons who are also eligible to receive pensions based on employment not covered under section 210 of the Act.

Computation

The old-law contribution and benefit base is the larger of: (1) The 1994 old-law base (\$45,000) multiplied by the ratio of the national average wage index for 2016 to that for 1992; or (2) the current old-law base (\$94,500). If the resulting amount is not a multiple of \$300, we round it to the nearest multiple of \$300.

Old-Law Contribution and Benefit Base Amount

Multiplying the 1994 old-law contribution and benefit base (\$45,000) by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1992 (\$22,935.42) produces \$95,481.70. We round this amount to \$95,400. Because \$95,400 exceeds the current amount of \$94,500, the old-law contribution and benefit base is \$95,400 for 2018.

Substantial Gainful Activity Amounts

General

A finding of disability under titles II and XVI of the Act requires that a person, except for a title XVI disabled child, be unable to engage in SGA. A person who is earning more than a certain monthly amount is ordinarily considered to be engaging in SGA. The monthly earnings considered as SGA depends on the nature of a person's disability. Section 223(d)(4)(A) of the Act specifies the SGA amount for statutorily blind individuals under title II while our regulations (20 CFR 404.1574 and 416.974) specify the SGA amount for non-blind individuals.

Computation

The monthly SGA amount for statutorily blind individuals under title II for 2018 is the larger of: (1) The amount for 1994 multiplied by the ratio of the national average wage index for 2016 to that for 1992; or (2) the amount for 2017. The monthly SGA amount for non-blind disabled individuals for 2018 is the larger of: (1) The amount for 2000 multiplied by the ratio of the national average wage index for 2016 to that for 1998; or (2) the amount for 2017. In either case, if the resulting amount is not a multiple of \$10, we round it to the nearest multiple of \$10.

SGA Amount for Statutorily Blind Individuals

Multiplying the 1994 monthly SGA amount for statutorily blind individuals (\$930) by the ratio of the national

average wage index for 2016 (\$48,664.73) to that for 1992 (\$22,935.42) produces \$1,973.29. We then round this amount to \$1,970. Because \$1,970 exceeds the current amount of \$1,950, the monthly SGA amount for statutorily blind individuals is \$1,970 for 2018.

SGA Amount for Non-Blind Disabled Individuals

Multiplying the 2000 monthly SGA amount for non-blind individuals (\$700) by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1998 (\$28,861.44) produces \$1,180.31. We then round this amount to \$1,180. Because \$1,180 exceeds the current amount of \$1,170, the monthly SGA amount for non-blind disabled individuals is \$1,180 for 2018.

Trial Work Period Earnings Threshold

General

During a trial work period of 9 months in a rolling 60-month period, a beneficiary receiving Social Security disability benefits may test his or her ability to work and still receive monthly benefit payments. To be considered a trial work period month, earnings must be over a certain level. In 2018, any month in which earnings exceed \$850 is considered a month of services for an individual's trial work period.

Computation

The method used to determine the new amount is set forth in our regulations at 20 CFR 404.1592(b). Monthly earnings in 2018, used to determine whether a month is part of a trial work period, is the larger of: (1) The amount for 2001 (\$530) multiplied by the ratio of the national average wage index for 2016 to that for 1999; or (2) the amount for 2017. If the amount so calculated is not a multiple of \$10, we round it to the nearest multiple of \$10.

Trial Work Period Earnings Threshold Amount

Multiplying the 2001 monthly earnings threshold (\$530) by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1999 (\$30,469.84) produces \$846.49. We then round this amount to \$850. Because \$850 exceeds the current amount of \$840, the monthly earnings threshold is \$850 for 2018.

Domestic Employee Coverage Threshold

General

The minimum amount a domestic worker must earn so that such earnings are covered under Social Security or

Medicare is the domestic employee coverage threshold. For 2018, this threshold is \$2,100. Section 3121(x) of the Internal Revenue Code provides the formula for increasing the threshold.

Computation

Under the formula, the domestic employee coverage threshold for 2018 is equal to the 1995 amount of \$1,000 multiplied by the ratio of the national average wage index for 2016 to that for 1993. If the resulting amount is not a multiple of \$100, we round it to the next lower multiple of \$100.

Domestic Employee Coverage Threshold Amount

Multiplying the 1995 domestic employee coverage threshold (\$1,000) by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1993 (\$23,132.67) produces \$2,103.72. We then round this amount to \$2,100. Therefore, the domestic employee coverage threshold amount is \$2,100 for 2018.

Election Official and Election Worker Coverage Threshold

General

The minimum amount an election official and election worker must earn so the earnings are covered under Social Security or Medicare is the election official and election worker coverage threshold. For 2018, this threshold is \$1,800. Section 218(c)(8)(B) of the Act provides the formula for increasing the threshold.

Computation

Under the formula, the election official and election worker coverage threshold for 2018 is equal to the 1999 amount of \$1,000 multiplied by the ratio of the national average wage index for 2016 to that for 1997. If the amount we determine is not a multiple of \$100, it we round it to the nearest multiple of \$100.

Election Official and Election Worker Coverage Threshold Amount

Multiplying the 1999 coverage threshold amount (\$1,000) by the ratio of the national average wage index for 2016 (\$48,664.73) to that for 1997 (\$27,426.00) produces \$1,774.40. We then round this amount to \$1,800. Therefore, the election official and election worker coverage threshold amount is \$1,800 for 2018.

(Catalog of Federal Domestic Assistance: Program Nos. 96.001 Social Security-Disability Insurance; 96.002 Social Security-Retirement Insurance; 96.004 Social Security-

Survivors Insurance; 96.006 Supplemental Security Income)

Nancy A. Berryhill,

Acting Commissioner of Social Security.

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SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2017-0032]

Social Security Disability Program Demonstration Project: Promoting Opportunity Demonstration (POD)

AGENCY: Social Security Administration.

ACTION: Notice.

SUMMARY: We are announcing a demonstration project for the Social Security disability program under title II of the Social Security Act (Act). Under this project, we will modify program rules applied to beneficiaries who work and receive title II disability benefits. We are required to conduct the Promoting Opportunity Demonstration (POD), in compliance with section 823 of the Bipartisan Budget Act (BBA) of 2015.

In this project, we will test simplified work incentives and use a benefit offset based on earnings as an alternative to rules we currently apply to title II disability beneficiaries who work. Under the benefit offset, we will reduce title II disability benefits by \$1 for every \$2 that a beneficiary earns above a certain threshold.

We will select beneficiaries and offer them the opportunity to volunteer for the project. When we make the selection, we will include beneficiaries who receive title II disability benefits only as well as beneficiaries who receive both title II disability benefits and Supplemental Security Income (SSI) based on disability or blindness under title XVI of the Act. We are modifying rules that apply to the title II program and the Ticket to Work program under title XI. We will continue to apply the usual SSI program rules for participants who receive SSI payments in addition to title II disability benefits.

DATES: We plan to begin this project in November 2017 and end it in June 2021.

FOR FURTHER INFORMATION CONTACT: Jeffrey Hemmeter, Office of Retirement and Disability Policy, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 597-1815.

SUPPLEMENTARY INFORMATION: