# 2021 Social Security Reference Guide

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## Full Retirement Age (FRA)

| RETIREMENT AND SPOUSAL BENEFITS | 66 YEARS | 66 YRS + 2 MOS | 66 YRS + 4 MOS | 66 YRS + 6 MOS | 66 YRS + 8 MOS | 66 YRS + 10 MOS | 67 YEARS |
|---|---|---|---|---|---|---|---|
| YEAR OF BIRTH | 1943–1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960+ |

## Milestone ages

**50**
Catch-up contributions for IRA, 401(k), 403(b) and other employer sponsored retirement plans
Penalty-free withdrawals from governmental retirement plans for public safety employees who are separated from service
Disabled spouse eligible for Social Security survivors benefit

**55**
Penalty-free withdrawals from 401(k) if separated from service
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**59½**
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**60**
Minimum Social Security survivors benefits

**62**
Minimum Social Security retirement benefits
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Medicare begins
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**66**
Full Retirement Age for retirees born 1943–1954
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Maximum survivors benefits for survivors born 1945–1956

**67**
Full Retirement Age for retirees born 1960 or later
Maximum spousal benefits for spouses born 1960 or later
Maximum survivors benefits for survivors born 1962 or later

**70**
Maximum Social Security retirement benefit

**72**
Required minimum distributions for traditional IRAs and some retirement plans**

* Please contact a tax advisor for information on qualified medical expenses.
** The SECURE Act changed the required beginning date of RMDs for those who attain age 70½ in 2020 or later to age 72.

Sources: Social Security Administration, IRS.

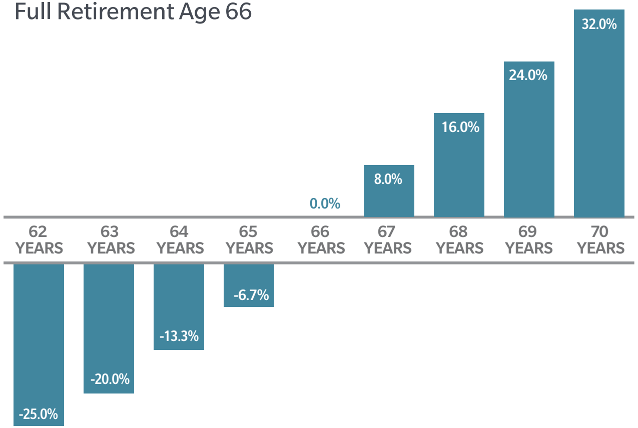
## Requirements to qualify for Social Security retirement benefits

**40** **You must work for at least 40 quarters to be eligible for Social Security retirement benefits**

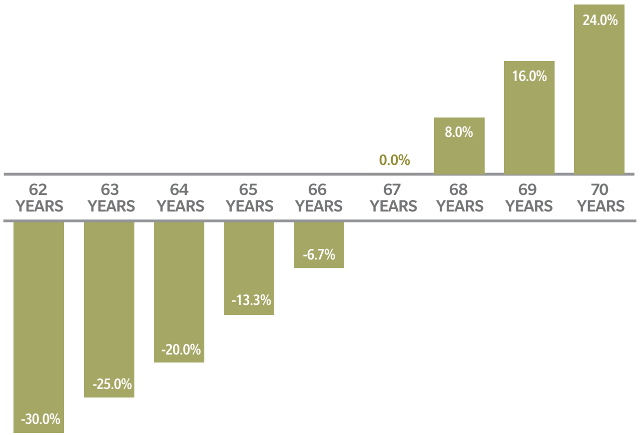
**35** **Your Social Security retirement benefits are averaged over your 35 highest-earning years**

## Retirement benefit increases and decreases

### Full Retirement Age 66




### Full Retirement Age 67




Source: Social Security Administration.

## Primary insurance amount (PIA)

PIA is the Social Security retirement benefit at Full Retirement Age (FRA). It is the sum of three separate percentages of average indexed monthly earnings (AIME). For 2021, the percentages (bend points) are shown below.

**BEND POINT 1**

- 90% of the first $996 of AIME

\+

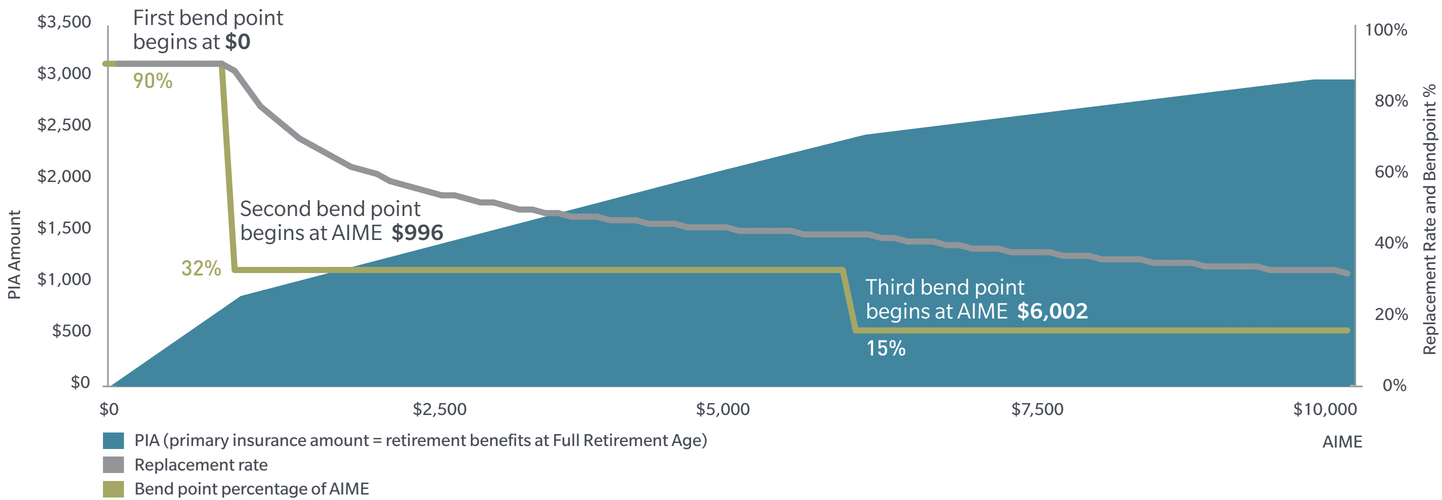
**BEND POINT 2**

- 32% of AIME over $996 and through $6,002

\+

**BEND POINT 3**

- 15% of AIME over $6,002



# Cost of living numbers for 2021

## Earnings requirement to qualify for Social Security credits

| EMPLOYEE: | SELF-EMPLOYED: |
|---|---|
| $1,470 per quarter | $5,880 per calendar year |

## Maximum taxable earnings

| SOCIAL SECURITY: | MEDICARE: |
|---|---|
| $142,800 | NO LIMIT |

## Work and Social Security (earnings test)*

Applies to any Social Security benefit received before Full Retirement Age

| AGE | 2021 EARNINGS LIMITS | WITHHOLDING |
|---|---|---|
| Through the year before turning Full Retirement Age | $18,960 ($1,580 per month)** | Withheld by $1 for every $2 of earnings above the limit |
| In year of turning Full Retirement Age | $50,520 ($4,210 per month)** | Withheld by $1 for every $3 of earnings above the limit |

## Average and maximum monthly benefits (2021)

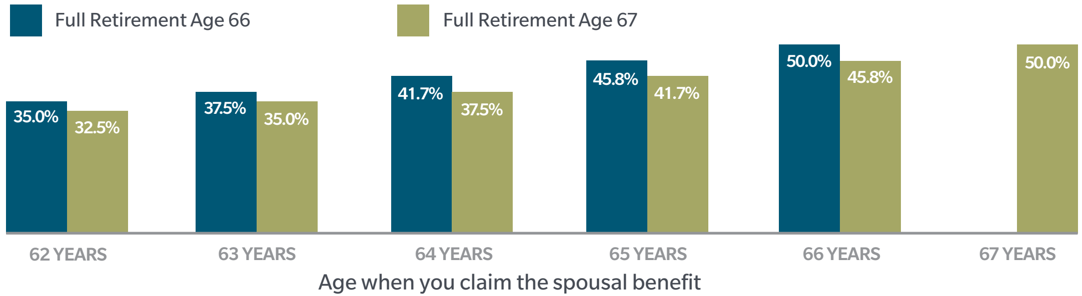
| MAXIMUM MONTHLY RETIREMENT BENEFIT AT FULL RETIREMENT AGE | AVERAGE MONTHLY BENEFIT FOR RETIRED WORKER | AVERAGE MONTHLY WIDOW(ER) BENEFIT | AVERAGE MONTHLY BENEFIT FOR RETIRED COUPLE WHO BOTH WORKED |
|---|---|---|---|
| $3,148 | $1,543 | $1,453 | $2,596 |

*Earnings test applies to any benefit (retirement, spousal, survivors, divorcée) received before Full Retirement Age. If married, Social Security looks at the wages of the spouse receiving Social Security benefit (not their joint income). Social Security only considers wages earned after you start Social Security. Earnings test is based on earned income only. Dividend, capital gains, rental income, distributions from IRAs and workplace retirement plans, etc. may not be counted as earned income. Severance pay is counted as earned income, unemployment benefits are an entitlement benefit and not counted as earned income. Please contact a qualified tax advisor for more information on earned income.

**Special earnings monthly limit may apply the first calendar year.

# Spousal percentages

FRA for **spousal benefits** is age 66 for anyone born 1943–1954. It increases by two months for every year from 1955 to 1959. FRA is age 67 for anyone born 1960+.




# Spousal benefits key facts

### REQUIREMENTS TO RECEIVE A SPOUSAL BENEFIT

- Must be currently married to your spouse for one year (ten years if divorced)
- Your spouse must be receiving their retirement or disability benefit
- Available even if you didn't work

### IF BOTH SPOUSES WORKED

- Generally receive greater of your retirement or spousal benefit (possible exception if born on or before 1/1/1954, see page 8)
- Only one spouse can receive a spousal benefit

### SPOUSAL BENEFIT CALCULATION

- Amount is based on your spouse's benefit at their Full Retirement Age (regardless of how old they were when they claimed their Social Security benefit)
- Percent is based on your age when you apply

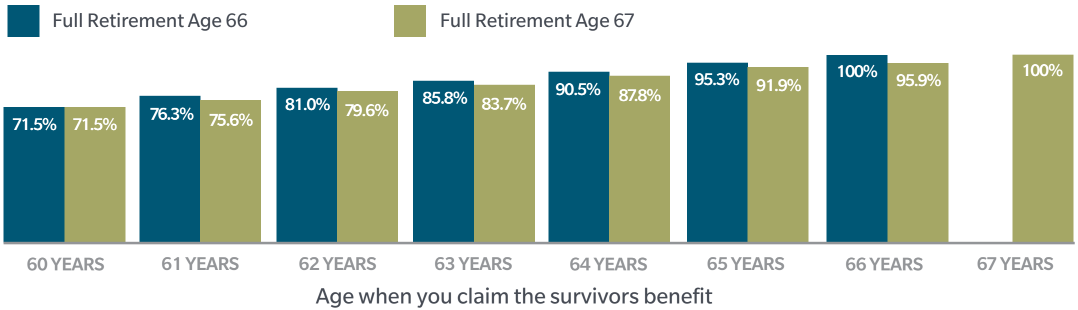
### CLAIMING BEFORE FULL RETIREMENT AGE (FRA)

- If your spouse claims before/ after FRA it doesn't impact how much you receive as a spousal benefit
- If you claim before FRA, it reduces your spousal benefit

Source: Social Security Administration

## Survivors percentages

FRA for **survivors benefits** is age 66 for anyone born 1945–1956. It increases by two months for every year from 1957 to 1961. FRA is age 67 for anyone born 1962+.




## Survivors benefits key facts

### REQUIREMENTS TO RECEIVE A SURVIVORS BENEFIT

- Must be married to your spouse for nine months (ten years if divorced)
- Must be age 60 or older (50 if you are disabled) or have a "child-in-care" (see page 19)

### SURVIVORS BENEFIT CALCULATION

- Amount is based off benefit deceased spouse was receiving. (See page 9 for more information).
- Percent is based on how old you are when you apply for the survivors benefit

### EVENTS BEFORE FULL RETIREMENT AGE

- If you claimed your retirement or spousal benefit before FRA, you are still eligible for the maximum survivors benefit if you are FRA or older when you apply for the survivors benefit.
- If the deceased passed away before FRA without claiming, the survivors benefit is based on what the deceased would have received at his/her FRA.
- If widow is between ages 60 and 70, widow may be eligible to start with one benefit and switch to the other. (See page 9).
- The earnings test applies to any benefit received before FRA.

Source: Social Security Administration.

## Length-of-marriage requirements

**SPOUSAL BENEFIT**

- One continuous year just before filing for benefits

**SURVIVORS BENEFIT**

- At least the nine months before the worker dies

**DIVORCED BENEFIT**

- 10 years

**CHILD-IN-CARE BENEFIT**

- No length-of-marriage requirements

## Key facts comparison (for married couples and divorcees)

**MAXIMUM PERCENT**

- Spousal: 50% of your spouse's FRA benefit
- Survivors: 100% of the deceased's benefit*

**AMOUNT BASED ON**

- Spousal: Your spouse's FRA benefit
- Survivors: Your spouse's benefit at death (if they died before claiming, it is based on the greater of their FRA benefit or what they would have been entitled to at death)

**IF YOU CLAIM YOUR RETIREMENT BENEFIT BEFORE FRA****

- Spousal: reduces your spousal and retirement benefit
- Survivors: no impact; percent is based on your age when you claim the survivors benefit

**IF YOUR SPOUSE CLAIMS THEIR BENEFIT BEFORE FRA**

- Spousal: no impact because the spousal benefit is based on your spouse's FRA benefit
- Survivors: reduces survivors benefit because survivors benefit is based on when the deceased claimed

*See page 9 if deceased claimed before FRA.

** Earnings test applies to any benefit received before Full Retirement Age.

Source: Social Security Administration.

## Coordinating spousal and retirement benefits

| HAS YOUR SPOUSE APPLIED FOR THEIR RETIREMENT BENEFIT? | | |
|---|---|---|
| YES | ■ You receive the greater of your retirement or the spousal benefit | Exception: If you were born on or before 1/1/1954, you may be eligible for restricted application. |
| NO | ■ Start with your retirement benefit<br>■ When your spouse applies: May step up to spousal (if greater) | If you receive a reduced retirement benefit, your spousal benefit is also reduced.* |

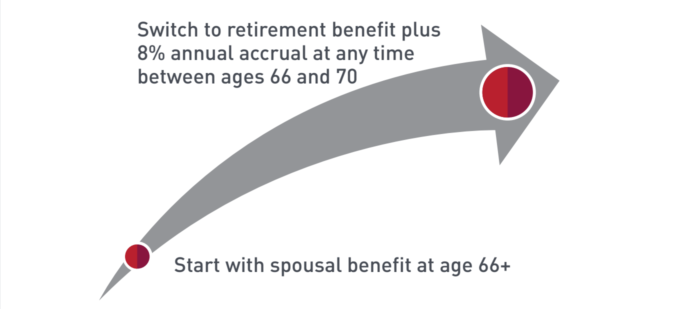
* Technically, the Social Security Administration (SSA) pays out your retirement benefit first. When your spouse applies, the SSA tops off your current amount with an excess spousal benefit. The excess spousal benefit = (your max spousal) - (your retirement benefit at FRA). After your spouse applies, the new total amount = (your current benefit) + (excess spousal benefit).

## Requirements to restrict application to spousal benefits only

**RESTRICTED APPLICATION OVERVIEW**

### REQUIREMENTS FOR RESTRICTED APPLICATION

- You are born on or before 1/1/1954*
- You apply at age 66 or older
- Your spouse is receiving retirement or disability benefit**




* If born after January 1, 1954: receive greater of retirement or spousal benefit.

** Restricted application is available even if your spouse is receiving a reduced retirement benefit or born after 1/1/1954. The age 66 and birth date requirements are only for the spouse who wants to elect restricted application.

## Deceased claimed before passing*

### Deceased claimed before Full Retirement Age (FRA)
Widow(er) limit may apply

### Deceased claimed at or after Full Retirement Age (FRA)
Widow(er) benefit based on amount deceased was receiving at death

## Deceased did not claim before passing

### Deceased passed away before Full Retirement Age (FRA)
Widow(er) benefit based on deceased's retirement benefit at FRA

### Deceased passed away at or after Full Retirement Age (FRA)
Widow(er) benefit based on deceased's retirement benefit at FRA plus any credits

## Widow(er) limit

Use this formula if the deceased claimed before FRA

**SURVIVING SPOUSE RECEIVES LESSER OF:**

- Widow(er)'s percent based off deceased's FRA benefit. See page 5 for widow(er)'s percent.
- **GREATER OF:**
  - Benefit deceased was receiving at death
  - 82.5% of deceased's FRA benefit

## Widow(er) switch-up options

OPTION 1: **Start with reduced survivors benefit as early as age 60** → **Switch to retirement benefit at any time between ages 62 and 70**

OPTION 2: **Start with reduced retirement benefit as early as age 62** → **Switch to survivors benefit at any time**

* If the deceased was receiving disability benefits, the survivor percent is based on the deceased's disability benefit.
Earnings limit applies to any benefit received before Full Retirement Age.
Source: Social Security Administration.

## Types of widow(er) benefits

| | AGED WIDOW(ER) | CHILD-IN-CARE WIDOW(ER) | DISABLED WIDOW(ER) |
|---|---|---|---|
| Definition | Age 60 or older<br>Worker died fully insured | Has a child in care under 16 or disabled<br>Worker died fully or currently insured | Age 50–59 and disabled<br>Worker died fully insured |
| Marital status | Unmarried or remarried after age 60<br>If divorced, marriage lasted 10+ years | Unmarried<br>If divorced, marriage does not need to equal or exceed ten years | Unmarried<br>Or remarried after age 50 and after onset of disability<br>If divorced, marriage lasted 10+ years |
| Maximum benefit | 100% of deceased's benefit | 75% of deceased's benefit at FRA | 71.5% of deceased's benefit at FRA |
| Factors that may affect benefit amount | Earnings test<br>Reduced if widow(er) claims before FRA<br>Widow(er) limit may apply if deceased claimed before FRA<br>Increased if deceased claimed after FRA | Earnings test<br>Family maximum (150%–187.5% of deceased's benefit at FRA) | Earnings test |

Earnings limit applies to any benefit received before Full Retirement Age.

## Requirements to receive a divorcee benefit

| | SPOUSAL | SURVIVORS |
|---|---|---|
| Age for benefit | 62 or older | 60 or older |
| Length of marriage | 10 years | 10 years |
| Your current marital status | Unmarried | Unmarried or remarried after age 60 |
| Your former spouse | Former spouse must be age 62 or disabled<br>Former spouse does not need to apply for a retirement benefit* | Must qualify for retirement or disability benefits |
| If both spouses worked | Generally receive greater of your retirement or spousal benefit | Receive greater of your retirement or deceased's retirement benefit |
| Requirements for switch-up | Must be age 66 when first applying for any benefit and born on or before January 1, 1954 | Start with reduced survivors, switch to retirement<br>Or, start with reduced retirement, switch to full survivors |

Earnings limit applies to any benefit received before Full Retirement Age.
*Must be divorced for two consecutive years (if divorce was less than two years ago, former spouse needs to apply in order for you to receive a spousal).

Source: Social Security Administration.

## Remarriage (applicable for divorcees and widow(er)s)

- **If your former spouse remarries**, it does not affect your divorcee benefits.
- **If you remarry and your second marriage ends** (through divorce, annulment or death), you may become re-entitled to benefits off of the first marriage.

REMARRY **BEFORE** AGE 60

Forfeit spousal benefit off former spouse

Forfeit survivors benefit off former spouse

REMARRY **AFTER** AGE 60

Forfeit spousal benefit off former spouse

Keep survivors benefit off former spouse*

* Receive greater of spousal/survivors benefit of current spouse, your retirement benefit or survivors benefit of former spouse.

## Windfall Elimination Provision and Government Pension Offset

| | WINDFALL ELIMINATION PROVISION (WEP) | GOVERNMENT PENSION OFFSET (GPO) |
|---|---|---|
| Who it affects | You worked in a position that didn't pay into Social Security and you also worked in the private sector. | You worked in a position that didn't pay into Social Security; your spouse worked in the private sector. |
| What it may reduce | Your retirement benefit<br>Spousal benefit based off of you<br>Survivors benefit is not reduced | Spousal benefit off your spouse<br>Survivors benefit off your spouse |
| Calculation | First bend point of PIA may be reduced from 90% to 40% (see page 3) | Reduce spousal/survivors benefits by two-thirds of government pension |
| Maximum reduction | $483.00 per month if you applied in 2021<br>Reduction cannot exceed 50% of the amount of the pension received from noncovered employment | May fully or partially eliminate spousal and survivors benefit |

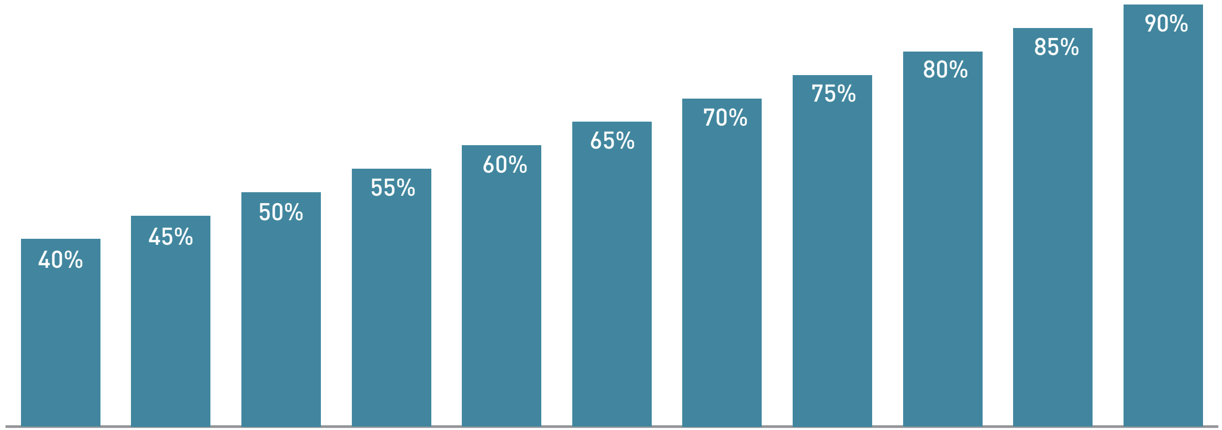
WEP does not apply to benefits from foreign Social Security systems that are based on a "totalization" agreement with the United States.

You are subject to WEP and GPO even if you take a lump sum. In this case, the lump sum will be prorated to determine the monthly pension amount.

Source: Social Security Administration.

## Years of substantial earnings* for Windfall Elimination Provision

Percent of first bend point of PIA received (see page 3)




| MAXIMUM MONTHLY BENEFIT REDUCTIONS | <20 YEARS | 21 YEARS | 22 YEARS | 23 YEARS | 24 YEARS | 25 YEARS | 26 YEARS | 27 YEARS | 28 YEARS | 29 YEARS | 30+ YEARS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | $483.00 | $434.70 | $386.40 | $338.10 | $289.80 | $241.50 | $193.20 | $144.90 | $96.60 | $48.30 | $0.00 |
| 2020 | $480.00 | $432.00 | $384.00 | $336.00 | $288.00 | $240.00 | $192.00 | $144.00 | $96.00 | $48.00 | $0.00 |

*Substantial earnings for selected years are $26,550 (2021), $25,575 (2020), $22,050 (2015), $19,800 (2010), $16,725 (2005), $14,175 (2000), $11,325 (1995), $9,525 (1990). See Social Security Publication "Windfall Elimination Provision" for more details.

## Federal retirement plans

| | CIVIL SERVICE RETIREMENT SYSTEM (CSRS) | CIVIL SERVICE RETIREMENT SYSTEM (CSRS) OFFSET | FEDERAL EMPLOYEES RETIREMENT SYSTEM (FERS) |
|---|---|---|---|
| Date of hire | Hired prior to 01/01/1984<br>Or rehired after a break in service of less than one year from CSRS | Rehired after a break in service of more than one year and with at least five years of creditable civilian service by 1/01/1987 | Hired on or after 1/01/1984<br>Or rehired after a break in service greater than one year but with less than five years of creditable CSRS civilian service<br>Or transferred to FERS from CSRS |
| Subject to WEP or GPO | **WEP and GPO** | **Neither** | **Neither*** |
| Social Security coverage | **No** | **Yes**. CSRS annuity computed under same rules as other CSRS retirees. When eligible for Social Security benefits (usually at age 62), CSRS annuity is offset by value of Social Security benefit earned during CSRS Offset service. | **Yes**. For certain FERS employees who retire and are entitled to immediate annuity before age 62, OPM pays "retiree annuity supplement" that substitutes for Social Security part of FERS. It is paid only until age 62, regardless of when retiree applies for Social Security. |

* WEP: If an annuity based on CSRS service was transferred to FERS, WEP rules may apply to that portion. GPO: Must have elected to transfer to the FERS before 01/01/1988 or during belated transfer period ending 06/30/1988. Employees covered by CSRS and who elected FERS coverage after 06/30/1988 must have five years of federal employment covered by Social Security to be exempt from the offset.

Source: Office of Personnel Management.

# Military and railroad retirement plans

| MILITARY | RAILROAD RETIREMENT BENEFITS |
|---|---|
| Since 1957, active duty (including active duty for training) covered under Social Security.<br><br>Since 1988, inactive duty covered under Social Security.<br><br>From 1957 through 2001, special earnings credits granted for periods of active duty or active duty for training. | **RETIREMENT**<br><br>**Tier 1**: Based on earnings an employee acquired under both railroad and Social Security covered employment; uses Social Security formula but with railroad age and service requirements*<br><br>**Tier 2**: Based on railroad earnings; similar in concept to defined benefit plan<br><br>**SPOUSAL**<br><br>**Tier 1**: Spouse receives up to 50% of retiree's Tier 1 basic benefit.**<br><br>**Tier 2**: Spouse receives up to 45% of employee's Tier 2 basic benefit.<br><br>**SURVIVOR**<br><br>**Tier 1**: Survivor receives up to 100% of deceased's Tier 1 benefit.**<br><br>**Tier 2**: Survivor may receive percent of deceased's Tier 2 amount. |

* Tier 1 benefits reduced by amount of any Social Security benefit paid on the basis of non-railroad employment. Tier 1 benefits also reduced for any Social Security benefit an employee receives that is based on earnings of their spouse.

** Tier 1 portion of spouse or survivor annuity is reduced for any Social Security benefit, even if Social Security benefit is based on spouse's or survivor's own earnings. Tier 1 portion of spouse or survivor annuity may also be reduced for receipt of federal, state or local government pension based on spouse's or survivor's earnings.

Sources: Social Security Administration, Railroad Retirement Board.

## Earnings requirement for disability

In general, to receive disability benefits, you must meet two different earnings tests:

1) recent work test

2) duration of work test

## Recent work test

Test based on your age at the time you became disabled

- **DISABLED BEFORE AGE 24**
  1.5 years of work required during the three-year period ending with the quarter that disability began

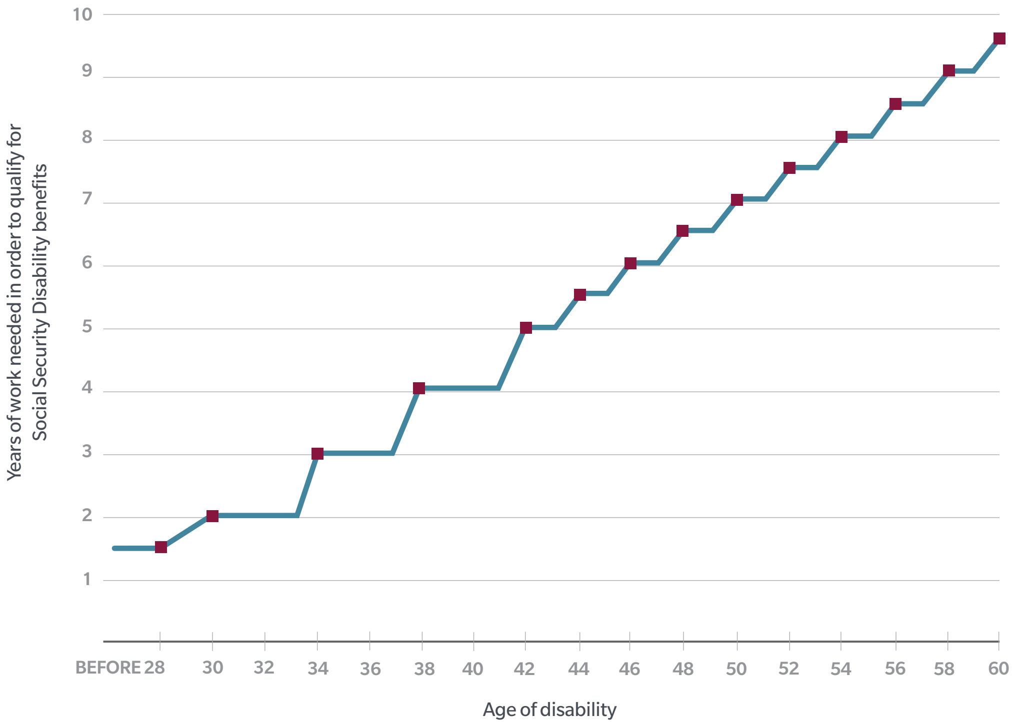
- **DISABLED BETWEEN AGES 24 AND 31**
  Work required during half the time for period beginning with quarter after turning 21 and ending with quarter that disability began

- **DISABLED AT AGE 31 OR AFTER**
  Work 5 years out of the 10-year period ending with the quarter that disability began

Source: Social Security Administration.

## Duration of work test for disability benefits

Test that you worked long enough under Social Security



## Social Security Disability Insurance (SSDI) versus Supplemental Social Insurance (SSI)

| | SOCIAL SECURITY DISABILITY INSURANCE (SSDI) | SUPPLEMENTAL SOCIAL INSURANCE (SSI) |
|---|---|---|
| Qualifications | Based on recent work history | Must have limited income and resources |
| Full Retirement Age (FRA) | At FRA, amount does not change<br>Funding switches from disability trust funds to retirement trust funds | Assuming assets, income and life circumstances do not change, dollar amount will not change |
| Dependents' eligibility | May entitle children and spouse to Social Security benefits | Does not entitle children and spouse to Social Security benefits |
| Health insurance | Medicare after two years of disability | Medicaid |

Source: Social Security Administration.

## Eligibility for family benefits

**QUALIFYING EVENT**
- Disablement
- Retirement
- Death

**CHILDREN QUALIFICATION**
- Unmarried
- Younger than age 18
- Or 18–19 years old and a full-time student (no higher than grade 12)
- Or 18 or older and disabled (disability must have started before age 22)

**CHILD-IN-CARE SPOUSE / WIDOW(ER) QUALIFICATIONS***
- Caring for child who is under age 16 or disabled
- Benefits end if child-in-care spouse/widow(er) remarries

## Maximum family benefits*

| | CHILDREN'S BENEFIT | CHILD-IN-CARE SPOUSAL / WIDOW(ER) BENEFIT | FAMILY MAXIMUM |
|---|---|---|---|
| If parent is disabled | Up to 50% of disability benefit | Up to 50% of disability benefit | 100%–150% of worker's PIA |
| If parent is retired | Up to 50% of full retirement benefit | Up to 50% of full retirement benefit | 150%–180% of worker's PIA |
| If parent is deceased | Up to 75% of deceased parent's basic Social Security benefit | Up to 75% of deceased parent's basic Social Security benefit | 150%–180% of worker's PIA |

**IF TOTAL AMOUNT PAYABLE TO ALL FAMILY MEMBERS EXCEEDS FAMILY MAXIMUM LIMIT, EACH PERSON'S BENEFIT IS REDUCED PROPORTIONATELY (EXCEPT RETIRED/DISABLED PARENT'S BENEFIT) UNTIL TOTAL EQUALS FAMILY MAXIMUM.**

*Earnings test applies to any benefit received before Full Retirement Age.
Sources: Social Security Bulletin, Social Security Handbook, Social Security Administration.

## Nonqualified Deferred Compensation and Executive Compensation

The chart below describes when the following could be credited as wages to the Social Security earnings record. Contact IRS for information on taxation.

| | WAGES CREDITED TO SOCIAL SECURITY EARNINGS RECORD |
|---|---|
| NQ Deferred Comp: No risk of forfeiture | Payments to plan are wages for Social Security purposes when services are performed and amount deferred. |
| NQ Deferred Comp: Risk of forfeiture lapses at retirement | All past contributions to plan (or value of the plan), including any accumulated interest, are wages in year of retirement. |
| NQ Deferred Comp: Risk of forfeiture lapses before retirement | All past contributions to plan (or the value of plan), including any accumulated interest, are wages in the year the point is reached. If employee continues working, future employer contributions are wages as they are paid to plan. |
| Stock bonus plan | Count the fair market value of the stock if not tax exempt. |
| Stock option plan | Count as wages the difference between the fair market value of stock at the time the option is exercised and option price. Count in the period the option was granted. |
| Net unrealized appreciation (NUA) | The portion that represents NUA and is attributable to employee contributions is viewed as a resource (not as wages). |

Sources: Social Security Bulletin, Social Security Handbook, Social Security Administration.

## Determining the taxable portion of Social Security

| | SINGLE | MARRIED FILING JOINTLY |
|---|---|---|
| Social Security benefits not included in income | < **$25,000** of combined income | < **$32,000** of combined income |
| Up to 50% of social Security benefits included in income and taxed | **$25,000–$34,000** of combined income | **$32,000–$44,000** of combined income |
| 50%–85% of Social Security benefits included in income and taxed | > **$34,000** of combined income | > **$44,000** of combined income |

Sources: IRS.gov, Social Security Administration.

## Combined income

ADJUSTED GROSS INCOME + NONTAXABLE INTEREST† + ½ OF SOCIAL SECURITY = COMBINED INCOME

**WHAT COMBINED INCOME DOES NOT INCLUDE**

- Roth IRA and Roth 401(k)/403(b)
- Inheritance and gifts
- Life insurance proceeds
- Nontaxable portion of pensions and annuities
- Qualified charitable distributions
- HSA withdrawals for qualified medical expenses

## FICA taxes*

| | EMPLOYEE | EMPLOYER | TOTAL |
|---|---|---|---|
| Social Security | 6.20% | 6.20% | 12.40% |
| Medicare | 1.45%** | 1.45%** | 2.90%** |
| Total | 7.65%** | 7.65%** | 15.30%** |

† Examples may include municipal bond income, income from savings bonds to pay for higher education and deductions for qualified educational loans. This is not an all-encompassing list.
* FICA and the earned income test are based on gross income before contributions to employer sponsored retirement plans, health insurance plans, and other deductions that may reduce federal taxes.
** Does not include Additional Medicare Tax of .9% on earnings over $200,000 ($250,000 for married couples filing jointly).
Sources: IRS.gov, Social Security Administration.

## Medicare taxes on earnings

| Earnings thresholds | EMPLOYEE | EMPLOYER | TOTAL |
|---|---|---|---|
| Single < $200,000<br>Married filing jointly < $250,000<br>Married filing separately < $125,000 | 1.45%<br>on earnings < threshold | 1.45%<br>on earnings < threshold | 2.9%<br>on earnings < threshold |
| Single > $200,000<br>Married filing jointly > $250,000<br>Married filing separately > $125,000 | 2.35%<br>on earnings > threshold | 1.45%<br>on earnings > threshold | 3.8%<br>on earnings > threshold |

## Medicare, Social Security and HSA nuances

### Medicare and Social Security

Cannot refuse Medicare Part A if age 65 and receiving Social Security

### Medicare and HSA

Cannot make contributions to HSA if receiving Medicare

### Medicare and Hold Harmless

Social Security payments not reduced if Part B premium increases

**EXCEPTIONS:**

- New enrollees to Medicare Part B
- Not receiving Social Security benefits
- Modified Adjusted Gross Income (MAGI) > $88,000 single ($176,000 married filing jointly)
- Part D premiums may increase regardless of income

Sources: Medicare, IRS.gov, Social Security Administration.

# Medicare Part B and D premiums for 2021

| Individual Tax Return in 2019 | Joint Tax Return in 2019 | PART B PREMIUM PER PERSON | PART D PREMIUM PER PERSON |
|---|---|---|---|
| < $88,000 | < $176,000 | $148.50 | Plan premium |
| $88,001–$111,000 | $176,001–$222,000 | $207.90 | $12.30 + plan premium |
| $111,001–$138,000 | $222,001–$276,000 | $297.00 | $31.80 + plan premium |
| $138,001–$165,000 | $276,001–$330,000 | $386.10 | $51.20 + plan premium |
| $165,001–$499,999 | $330,001–$749,999 | $475.20 | $70.70 + plan premium |
| $500,000+ | $750,000+ | $504.90 | $77.10 + plan premium |

**PREMIUMS BASED ON MAGI FROM TWO YEARS AGO**

Source: Medicare.gov.

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