



SOCIAL SECURITY
The Commissioner

October 15, 2015

The Honorable Gregorio Kilili Camacho Sablan
House of Representatives
Washington, DC 20515-5201

Dear Del. Sablan:

The Social Security Act provides the formula for determining whether we can apply a cost-of-living adjustment (COLA) to Social Security and Supplemental Security Income (SSI) benefits. The formula links the COLA to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The CPI-W did not increase over the applicable measuring period (the third quarter of 2014 to the third quarter of 2015) and thus has not triggered an automatic COLA. Therefore, there will be no increase in Social Security benefits beginning December 2015, nor will there be an increase in payments to SSI recipients beginning January 1, 2016. Enclosed is a copy of the press release with additional information.

The Social Security contribution and benefit base will remain at the current amount, \$118,500 for calendar year 2016 because there will be no automatic COLA beginning December 2015. Further information regarding this issue is available on our Internet site:
<http://www.socialsecurity.gov/OACT/COLA/colasummary.html>.

If you have any questions, please have your staff contact Judy L. Chesser, our Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

Sincerely,

A handwritten signature in black ink that reads "Carolyn W. Colvin".

Carolyn W. Colvin
Acting Commissioner

Enclosure





News Release

SOCIAL SECURITY

Law Does Not Provide for a Social Security Cost-of-Living Adjustment for 2016

With consumer prices down over the past year, monthly Social Security and Supplemental Security Income (SSI) benefits for nearly 65 million Americans will not automatically increase in 2016.

The Social Security Act provides for an automatic increase in Social Security and SSI benefits if there is an increase in inflation as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The period of consideration includes the third quarter of the last year a cost-of-living adjustment (COLA) was made to the third quarter of the current year. As determined by the Bureau of Labor Statistics, there was no increase in the CPI-W from the third quarter of 2014 to the third quarter of 2015. Therefore, under existing law, there can be no COLA in 2016.

Other adjustments that would normally take effect based on changes in the national average wage index also will not take effect in January 2016. Since there is no COLA, the statute also prohibits a change in the maximum amount of earnings subject to the Social Security tax, as well as the retirement earnings test exempt amounts. These amounts will remain unchanged in 2016. The attached fact sheet provides more information on 2016 Social Security and SSI changes.

The Department of Health and Human Services has not yet announced Medicare premium changes for 2016. Should there be an increase in the Medicare Part B premium, the law contains a “hold harmless” provision that protects approximately 70 percent of Social Security beneficiaries from paying a higher Part B premium, in order to avoid reducing their net Social Security benefit. Those not protected include higher income beneficiaries subject to an income-adjusted Part B premium and beneficiaries newly entitled to Part B in 2016. In addition, beneficiaries who have their Medicare Part B premiums paid by state medical assistance programs will see no change in their Social Security benefit. The state will be required to pay any Medicare Part B premium increase.

Information about Medicare changes for 2016, when available, will be found at www.medicare.gov.

For additional information, please go to www.socialsecurity.gov/cola.