

2017 Social Security and Medicare Guide

Social Security in 2017

Determining your Social Security full retirement age (FRA)

Year of birth	Social Security FRA	Age 62 reduction
1941	age 65 and 8 months	23.33%
1942	age 65 and 10 months	24.17%
1943-1954	age 66	25.00%
1955	age 66 and 2 months	25.83%
1956	age 66 and 4 months	26.67%
1957	age 66 and 6 months	27.50%
1958	age 66 and 8 months	28.33%
1959	age 66 and 10 months	29.17%
1960 and later	age 67	30.00%

Social Security Administration, Benefit Reduction for Early Retirement.

Social Security benefits

Maximum monthly benefit	\$2,687
Earnings limitations and benefit reduction	Before FRA (\$1 for \$2 benefit reduction): \$16,920/year Year up until first of month one turns FRA (\$1 for \$3 benefit reduction): \$44,880/year After FRA: no reduction

Social Security Administration, Fact Sheet, 2017.

Social Security benefits taxation (income in retirement causing 0%, up to 50%, or up to 85% of Social Security benefits to be taxable)	Single or HOH up to 50% taxable: \$25,000 MAGI up to 85% taxable: \$34,000 MAGI Married, filing jointly up to 50% taxable: \$32,000 MAGI up to 85% taxable: \$44,000 MAGI
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Benefits Planner: Income Taxes and Your Social Security Benefits.

Social Security cost-of-living adjustments (COLAs)

Note: Percentage increase to benefits received, starting in January of the year indicated.

Year	COLA (%)	Year	COLA (%)
2000	2.5%	2009	5.8%
2001	3.5%	2010	0.0%
2002	2.6%	2011	0.0%
2003	1.4%	2012	3.6%
2004	2.1%	2013	1.7%
2005	2.7%	2014	1.5%
2006	4.1%	2015	1.7%
2007	3.3%	2016	0%
2008	2.3%	2017	0.3%

Social Security Administration, Cost-of-Living Adjustment.

Social Security FICA payroll taxes

Wage base	\$127,200
Employee Social Security rate	6.2%
Employee Medicare rate	1.45%
Additional 0.9% high-income payroll tax for wages in excess of	Single or HOH: \$200,000 Married, filing jointly: \$250,000 Married, filing separately: \$125,000
Earnings required for 1 credit	\$1,300
Self-employed Social Security rate	12.4%
Self-employed Medicare rate	2.9%

Social Security Administration, Fact Sheet, 2017.

Primary insurance amount (PIA) calculation

Average indexed monthly earnings (AIME)	PIA (as % of AIME)
\$0 - \$885	90%
\$885 - \$5,336	\$796.50 plus 32% of the excess over \$885
\$5,336+	\$2,220.82 plus 15% of the excess over \$5,336

Social Security Administration, Primary Insurance Amount.

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Medicare in 2017

Medicare Part B

There is a special rule for Social Security recipients, called the “hold harmless rule,” that ensures that Social Security benefits will not decline from one year to the next because of increases in Medicare Part B premiums. The hold harmless rule applies to most, but not all, Social Security recipients. Most people who receive Social Security disability or retirement benefits and Medicare Part B are eligible for protection under this rule. Whether this rule comes into play in a particular year depends on the amount of COLA and the Medicare Part B premium increase. The hold harmless rule will take effect in 2017 since Medicare Part B premiums increased and the COLA was not large enough to cover the full amount of the increased premium. People who qualify for the hold harmless rule in 2017 will see their monthly premium for Medicare Part B increase slightly to an average premium of \$109 per month. Everyone else will pay the 2017 not held harmless premium. The MAGI used for the 2017 not held harmless premiums is based on the individual’s 2015 tax return.

Modified adjusted gross income (MAGI)	2016 held harmless	2016 not held harmless	2017 held harmless	2017 not held harmless	Premium level
Individual ≤ \$85,000 Married, filing jointly ≤ \$170,000 Married, filing separately < \$85,000	\$104.90	\$121.80	\$109.00 (average)	\$134.00	Standard premium
Individual > \$85,000 up to \$107,000 Married, filing jointly > \$170,000 up to \$214,000	N/A	\$170.50	N/A	\$187.50	1.4 x standard
Individual > \$107,000 up to \$160,000 Married, filing jointly > \$214,000 up to \$320,000	N/A	\$243.60	N/A	\$267.90	2.0 x standard
Individual > \$160,000 up to \$214,000 Married, filing jointly > \$320,000 up to \$428,000 Married, filing separately > \$85,000 up to \$129,000	N/A	\$316.70	N/A	\$348.30	2.6 x standard
Individual > \$214,000 Married, filing jointly > \$428,000 Married, filing separately > \$129,000	N/A	\$389.80	N/A	\$428.60	3.2 x standard

Centers for Medicare and Medicaid Services, 2016 and 2017 Medicare Costs.

Medicare projected income brackets for determining monthly premiums in 2018

Higher-income Medicare beneficiaries have been paying more for their Medicare Part B and Part D coverage for several years in the form of income-related monthly adjustment amounts.

Legislation called the Medicare Access and CHIP Re-authorization Act of 2015, otherwise known as the “Doc Fix” law, permanently repaired the method of paying doctors under Medicare, secured permanent funding for low-income Medicare recipients, and ensured that children will be able to get access to health coverage. This law also enacted new MAGI tier brackets that will go into effect for the 2018 Medicare premiums. The 2016 tax return will be used to set those 2018 income-related monthly adjustment accounts (IRMAA) payments using this new tiered system to determine Medicare Part B premiums.

MAGI 2015 tax year/ 2017 premium year	NEW MAGI (projected) 2016 tax year/2018 premium year
Individual ≤ \$85,000 Married, filing jointly ≤ \$170,000	Individual ≤ \$85,000 Married, filing jointly ≤ \$170,000
Individual > \$85,000 up to \$107,000 Married, filing jointly > \$170,000 up to \$214,000	Individual > \$85,000 up to \$107,000 Married, filing jointly > \$170,000 up to \$214,000
Individual > \$107,000 up to \$160,000 Married, filing jointly > \$214,000 up to \$320,000	Individual > \$107,000 up to \$133,500 Married, filing jointly > \$214,000 up to \$267,000
Individual > \$160,000 up to \$214,000 Married, filing jointly > \$320,000 up to \$428,000	Individual > \$133,500 up to \$160,000 Married, filing jointly > \$267,000 up to \$320,000
Individual > \$214,000 Married, filing jointly > \$428,000	Individual > \$160,000 Married, filing jointly > \$320,000

Katy Votava, PhD, RN, President of Goodcare.com, “Big change coming soon for high income Medicare beneficiaries,” May 13, 2015.

Please note: it is not clear how the new law will be applied to married, filing separately in 2018.

Medicare Part D prescription benefits in 2017

Note: Some prescription drug plans have different levels or “tiers” of co-payments with different costs for different types of drugs.

Average monthly premium, deductible, and/or coinsurance varies by plan.

Higher-income consumers may pay more.

Please note the hold harmless rule does not apply to Medicare part D premiums for prescription drugs.

MAGI 2015 tax year	PART D 2017 monthly premium
Individual income ≤ \$85,000 Married couple income ≤ \$170,000	Plan premium
Individual income > \$85,000 up to \$107,000 Married couple income > \$170,000 up to \$214,000	\$13.30 + plan premium
Individual income > \$107,000 up to \$160,000 Married couple income > \$214,000 up to \$320,000	\$34.20 + plan premium
Individual income > \$160,000 up to \$214,000 Married couple income > \$320,000 up to \$428,000	\$55.20 + plan premium
Individual income > \$214,000 Married couple income > \$428,000	\$76.20 + plan premium

Centers for Medicare and Medicaid Services, 2017 Medicare Costs.

2017 held harmless premium consists of: 2016 premium amount + the increase amount, if any, of their Social Security benefit due to the 0.3% COLA for 2017 (capped at \$134). \$109 is the average held harmless premium for 2017.

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