

# 2021 SOCIAL SECURITY AND MEDICARE GUIDE

## Social Security in 2021

### 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%

If born on January 1, use the prior year of birth. Social Security Administration, Benefit Reduction for Early Retirement

### Social Security FICA payroll taxes

Wage base	\$142,800
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	\$1,470
Self-employed Social Security rate	12.4%
Self-employed Medicare rate	2.9%

Social Security Administration, Fact Sheet, 2021

### Social Security benefits

Maximum monthly benefit	\$3,148
Earnings limitations and benefit reduction	Before FRA (\$1 for \$2 benefit reduction): \$18,960/year Year up until first of month one turns FRA (\$1 for \$3 benefit reduction): \$50,520/year After FRA: no reduction

Social Security Administration, Fact Sheet, 2021

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
---	--

Benefits Planner: Income Taxes and Your Social Security Benefits

### Primary insurance amount (PIA) calculation

Average indexed monthly earnings (AIME)	PIA (as % of AIME)
\$0-\$996	90%
\$996-\$6,002	\$896 plus 32% of excess over \$996
\$6,002+	\$2,498 plus 15% of the excess over \$6,002

Social Security Administration, Primary Insurance Amount, 2021

### Social Security cost-of-living adjustments (COLAs)

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

Year	COLA (%)	Year	COLA (%)
2002	2.6%	2012	3.6%
2003	1.4%	2013	1.7%
2004	2.1%	2014	1.5%
2005	2.7%	2015	1.7%
2006	4.1%	2016	0%
2007	3.3%	2017	0.3%
2008	2.3%	2018	2.0%
2009	5.8%	2019	2.8%
2010	0.0%	2020	1.6%
2011	0.0%	2021	1.3%

Social Security Administration, Cost-of-Living Adjustment, 2021

Allianz Life Insurance Company of North America  
Allianz Life Insurance Company of New York



INVESTMENT AND INSURANCE PRODUCTS ARE: NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES • SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

# Medicare in 2021

## 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. 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 apply in 2021 for those people who had been paying the standard Part B premium if their Medicare Part B premium increased but the Social Security COLA amount was not large enough to cover the full amount of their increased premium. Those who are subject to the 2021 hold harmless rule will pay less than the full \$148.50 premium. Everyone else will pay the 2021 not held harmless premium. The MAGI used for the 2021 not held harmless premiums is based on the individual’s 2019 tax return.

Modified adjusted gross income (MAGI) 2019 tax year	2021 held harmless (HH)	2021 not held harmless	Premium level
Individual ≤\$88,000 Married, filing jointly ≤\$176,000	< \$148.50	\$148.50	Standard premium
Individual >\$88,000-\$111,000 Married, filing jointly >\$176,000-\$222,000		\$207.90	1.4 x standard
Individual >\$111,000-\$138,000 Married, filing jointly >\$222,000-\$276,000		\$297.00	2.0 x standard
Individual >\$138,000-\$165,000 Married, filing jointly >\$276,000-\$330,000		\$386.10	2.6 x standard
Individual >\$165,000-\$500,000 Married, filing jointly >\$330,000-\$750,000		\$475.20	3.2 x standard
Individual >\$500,000 Married, filing jointly >\$750,000		\$504.90	3.4 x standard

Centers for Medicare and Medicaid Services, 2021 Medicare Parts A & B Premiums and Deductibles

## MEDICARE INCOME BRACKETS FOR DETERMINING MONTHLY PREMIUMS IN 2021

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 starting in 2019 that will apply for the 2021 Medicare premiums as reflected in the tables. The 2019 tax return will be used to set those 2021 income-related monthly adjustment accounts (IRMAA) payments using this new tiered system to determine Medicare Part B premiums.

## MEDICARE PART D PRESCRIPTION BENEFITS IN 2021

**Note:** Some prescription drug plans have different levels or “tiers” of copayments, 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.

Modified adjusted gross income (MAGI) 2019 tax year	PART D 2021 monthly premium
Individual ≤\$88,000 Married couple ≤\$176,000	Plan premium
Individual >\$88,000-\$111,000 Married couple >\$176,000-\$222,000	\$12.30 + plan premium
Individual >\$111,000-\$138,000 Married couple >\$222,000-\$276,000	\$31.80 + plan premium
Individual >\$138,000-\$165,000 Married couple >\$276,000-\$330,000	\$51.20 + plan premium
Individual >\$165,000-\$500,000 Married couple >\$330,000-\$750,000	\$70.70 + plan premium
Individual >\$500,000 Married couple >\$750,000	\$77.10 + plan premium

Medicare.gov, Monthly premium for drug plans, 2021

2021 held harmless premium consists of: 2019 premium amount + the increase amount, if any, of their Social Security benefit due to the 1.3% COLA for 2021 (capped at \$148.50).

This content is for general informational purposes only. It is not intended to provide fiduciary, tax, or legal advice and cannot be used to avoid tax penalties; nor is it intended to market, promote, or recommend any tax plan or arrangement. Allianz Life Insurance Company of North America, Allianz Life Insurance Company of New York, their affiliates, and their employees and representatives do not give legal or tax advice or advice related to Social Security benefits. You are encouraged to consult with your own legal, tax, and financial professionals for specific advice or product recommendations, or to go to your local Social Security Administration office regarding your particular situation.

Guarantees are backed by the financial strength and claims-paying ability of the issuing company. Variable annuity guarantees do not apply to the performance of the variable subaccounts, which will fluctuate with market conditions.

Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. www.allianzlife.com. In New York, products are issued by Allianz Life Insurance Company of New York, 1633 Broadway, 42<sup>nd</sup> Floor, New York, NY 10019-7585. www.allianzlife.com/new-york. Variable products are distributed by their affiliate, Allianz Life Financial Services, LLC, member FINRA, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. www.allianzlife.com.

Only Allianz Life Insurance Company of New York is authorized to offer annuities and life insurance in the state of New York.