

Updated 2018 Taxable Maximum Wage Subject to Social Security Tax

Cross References

- <https://www.ssa.gov/news/press/releases/2017/#11-2017-1>

In October of each year, the Social Security Administration announces adjustments that take effect the following January that are based on the increase in average wages. Based on the wage data Social Security had at the time of the October 13, 2017 announcement, the maximum amount of earnings subject to the Social Security tax (taxable maximum) was to increase to \$128,700 in 2018, from \$127,200 in 2017. The new amount for 2018, based on updated wage data reported to Social Security, is \$128,400.

This lower taxable maximum amount is due to corrected W-2s provided to Social Security in late October 2017 by a national payroll service provider. Approximately 500,000 corrections for W-2s from 2016 resulted in changes for three items based on the national average wage:

- The 2018 taxable maximum, primary insurance amount bend points
- Figures used in the computation of Social Security benefits, and
- Family maximum bend points.

No other items based on national average wages were affected.

The change to the taxable maximum does not take effect until January 2018 and the updated bend points in the benefit computation only apply to people who initially become eligible for Social Security benefits in calendar year 2018. This does not affect current beneficiaries.