What’s new for Social Security in 2020?

The changes include higher payroll taxes, larger benefits and a promise of improved customer service

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The new year brings some changes to Social Security payroll taxes and benefits, as well as a promise by the new Social Security Commissioner to improve customer service in 2020.

In an open letter to the public, Commissioner Andrew M. Saul pledged to improve customer service this year by hiring 1,100 new frontline employees to staff the agency’s crucial 800 number (800-772-1213).

In addition, Social Security Administration field offices will resume full-day operations on Wednesdays beginning Jan. 8. Field offices had closed at noon on Wednesdays since 2012, when budget cutback curtailed service hours. Now, all SSA field offices will be open from 9 a.m. to 4 p.m., Monday through Friday.

However, the agency continues to urge the public to conduct as much business as possible on line, including setting up personal accounts at **www.socialsecurity.gov/myaccount** to access their estimated benefits statements and apply for retirement benefits.

Higher payroll taxes - Higher-income workers will pay more Social Security taxes in 2020. The maximum taxable wage base increased by $4,800, from $132,900 in 2019 to $137,700 in 2020.

Employers and employees each contribute 7.65% of gross wages to fund Social Security benefits and pay a portion of Medicare costs. Self-employed individuals pay both the employer and employee share for a combined FICA tax rate of 15.3% of net self-employment earnings.

As a result of the higher taxable wage base, workers earning $137,700 or more will see their FICA taxes increase by $367.20 to $10,534.05 this year. Self-employed individuals will pay twice that much, up to $21,068.10 in FICA taxes in 2020. Workers earning less than the taxable maximum amount will see not change in their FICA contributions.

Bigger benefits - A 1.6% cost-of-living adjustment will boost maximum Social Security benefits for someone retiring at their full retirement age this year to $3,011 a month, an increase of $150 per month from the 2019 maximum benefit. Average retirement benefits will increase to $1,503 in 2020, up just $24 per month from the previous year.

But increased deductions for Medicare premiums will offset some of the COLA hike. The standard Part B premium for outpatient services, which is usually deducted directly from Social Security benefits, increased by $9.10 per month to $144.60 in 2020. That’s a 6.7% increase in the base Medicare premium.

Some higher-income retirees pay even more for Medicare. Individuals whose modified adjusted gross income exceeds $87,000 and married couples whose joint income exceeds $174,000 are subject to monthly surcharges ranging from an additional $57.80 to an additional $347 per month per person above the base premium in 2020. Medicare Part D prescription drug plans are also subject to high-income surcharges.

Higher earnings limit - Social Security beneficiaries under full retirement age who continue to work can earn more money in 2020 than they could last year before losing any benefits to the earnings cap. Beneficiaries who are under full retirement age for the entire year can earn up to $18,240 this year without losing any benefits, $600 more than in 2019. If they earn more than that, they would forfeit $1 in benefits for every $2 earned over that limit.

Someone who reaches full retirement age in 2020 can earn up to $48,600 without losing any benefits, up $1,680 from last year. Benefits are reduced by $1 for every $3 earned over that limit. The earnings cap disappears at full retirement age and any benefits lost due to excess earnings would be restored in the form of larger monthly benefits.

Disappearing claiming strategies - Individuals who reach full retirement age in 2020 and beyond will not be able to use certain strategies to maximize their lifetime Social Security benefits that were available to earlier retirees.

People who were born on are before Jan. 1, 1954, are still eligible to file a restricted claim for spousal benefits if they wait until age 66 or later to claim Social Security, allowing them to collect half of their spouse’s or ex-spouse’s full retirement age benefit amount while their own retirement benefit continues to grow by 8% per year up until age 70. People born after that date — including those who turn 66 this year — are not eligible to use this claiming strategy.

This year also marks the final phase out of another valuable claiming strategy. People who were 66 or older, and who filed and suspended their benefits by the April 29, 2016, deadline, were able to trigger dependent benefits for eligible family members while their own retirement benefit continued to grow. Their retirement benefits will automatically begin when they turn 70. This lucrative claiming option will be relegated to the history books when the last group of eligible retirees turns 70 in April.