

Social Security's 3.6% COLA for 2027: What It Means for Your Special Needs Plan



A 3.6% increase in Social Security benefits sounds like good news, and for many families, it is. But when you or a loved one receives Supplemental Security Income (SSI), even a welcome increase is a reason to check how benefits, income, and your estate plan fit together.

On October 14, 2026, the Social Security Administration (SSA) announced that the 2027 cost-of-living adjustment, or COLA, will be 3.6%. Social Security retirement and disability benefits with the increase begin in January 2027. The increased SSI payment is scheduled for December 31, 2026. The SSA estimates an average increase of about \$75 per month for retired workers. These are broad averages; your loved one's actual benefit may be different.

A COLA does not automatically mean someone will lose benefits. But it's a useful prompt to review benefit notices, income, resources, and the way your trust is managed. Below, we'll walk through what to watch for, and what not to assume.

[Read the SSA's 2027 COLA announcement.](#)

What does the increase mean for SSI?

SSI is a needs-based program. In general, the amount a person receives depends on their countable income, living arrangements, and other eligibility rules. The maximum federal SSI payment for an individual is expected to rise from \$994 in 2026 to about \$1,030 per month in 2027. The actual amount can be lower, and some people may receive a state supplement.

SSI income limits are not a single dollar figure that applies to everyone. SSA uses a formula to decide how much income counts. For example, most Social Security benefits are generally counted as unearned income when calculating SSI. If your loved one receives both SSI and Social Security, the

Social Security increase may affect their SSI amount, although the COLA also raises the maximum federal SSI rate.

The important distinction is that **income and resources are different**. A monthly benefit is income. Money kept in a bank account may become a resource. Federal SSI resource limits generally remain \$2,000 for one person and \$3,000 for a couple; they do not automatically increase just because the COLA does.

That's why a higher monthly payment may not change someone's eligibility on its own, but a growing bank balance, or other income, could still matter. Check your loved one's individual notice and ask SSA or a qualified benefits professional about their specific circumstances.



What should California families watch out for?

1. Don't confuse Medi-Cal asset limits with SSI resource limits

California's Medi-Cal asset rules are separate from SSI's federal resource rules. According to the [California Department of Health Care Services \(DHCS\)](#), for certain Medi-Cal eligibility groups, including some people who are 65 or older or have a disability, the asset limit is **\$130,000 for one person and \$195,000 for two people through June 30, 2027**.

DHCS lists lower limits scheduled to begin July 1, 2027: \$21,000 for one person and \$31,000 for two people, with additional amounts for larger households. **Not every Medi-Cal recipient is subject to an asset test**, and the rules that apply depend on the person's eligibility category and circumstances. Confirm current requirements with the county or a benefits advisor before acting.

A Social Security payment increase is not the same thing as an asset-limit change. Still, benefit deposits can add up over time, so keep accurate records and make sure you understand which rules apply to your loved one.

2. Don't let an inheritance or gift go directly to your loved one without advice

You might assume that a modest gift or inheritance is harmless. But money received directly by an SSI recipient can affect benefits. Cash may count as income in the month it's received and, if kept, may count as a resource in a later month.

That's one reason families often use a properly drafted **third-party special needs trust**. It can hold assets provided by parents, grandparents, or other people without giving the beneficiary direct control of the funds. The trust must be drafted and administered correctly: simply calling an account a "special needs trust" does not make it exempt from benefit rules.

If your loved one has already received an inheritance, **don't rush to transfer or spend it**. The rules depend on the source of the money, timing, type of asset, and benefits involved. Get advice promptly before moving funds. California also has separate rules that may affect people who later need long-term care, so a transfer that seems simple could have broader consequences.

Learn more about [special needs trust planning](#).

3. Coordinate trust distributions with benefits

A trustee may want to use trust funds to make life better: perhaps by paying for a computer, transportation, activities, or other support. But **how a distribution is made can matter**. Cash paid directly to a beneficiary may be treated differently from a trustee paying for an item or service. Payments related to housing can raise additional questions.

Before making recurring payments or changing how the trust is used, have the trustee check how the proposed distribution could affect SSI or Medi-Cal. A COLA is a good reminder to revisit the plan, not a reason to stop helpful support.

4. Check notices, accounts, and representative-payee arrangements

SSI recipients who want to see their COLA notice online need to create a personal [my Social Security account](#) by **November 18, 2026**. Otherwise, SSA says the notice will be mailed in December. Make sure contact information and mailing addresses are current, and help your loved one keep the notice with their benefit records.

If someone manages benefits as a representative payee, review that arrangement as well. A representative payee is responsible for using and accounting for Social Security payments for the beneficiary. That role is different from being a trustee, agent under a power of attorney, or caregiver. **One role does not automatically give someone authority in the others.**



What can you do now to protect your plan?

Think about your family's plan as a set of connected pieces: the trust, your will, beneficiary designations, benefit paperwork, and the people who will carry out your wishes. A change in one area is a good reason to make sure the others still line up.

1. **Review benefit notices.** Compare the new payment information with current income and living arrangements. If something is unclear, contact SSA or a benefits professional before changing how money is handled.
2. **Check your trust and estate documents.** Confirm that future gifts and inheritances are directed as intended, and that your trustee knows whom to contact before making significant distributions.
3. **Coordinate beneficiary designations.** Review life insurance, retirement accounts, and payable-on-death accounts. These designations can pass assets outside a will, so they should be consistent with your special needs plan.
4. **Update your letter of intent.** This practical guide can describe your loved one's routines, preferences, support needs, and important contacts. It does not replace a trust, but it can help future caregivers understand your wishes.
5. **Review the plan regularly.** Benefit rules and family circumstances change. An annual check-in can help you catch outdated information before it becomes a problem.



A COLA is a reminder to review, not a reason to panic

You don't need to rebuild your estate plan every time a benefit amount changes. But you do want to know whether the change affects your loved one's income, resources, or day-to-day benefit administration, and whether your trust and estate documents still reflect your intentions.

At Pele Law Group, we help families across California plan for loved ones with disabilities through a virtual-first process and transparent flat-fee pricing. We can help you review a plan, consider trust amendments, or get ongoing support, even if you originally planned elsewhere. **The complimentary three-year review is for clients who completed a special needs trust or estate plan with our firm.**

If you're unsure how the 2027 COLA fits into your family's plan, [contact Pele Law Group](#) to discuss your questions with a California estate planning team.

This article is for general educational purposes and is not legal, tax, or benefits advice. Rules can depend on your loved one's specific circumstances. Confirm benefit questions with the appropriate agency or a qualified professional.