

# NEWS BRIEF

Provided by: StoneTapert Insurance Services

## Social Security Cost-of-Living Adjustment Largest in Decades

Effective Jan. 1, 2022, Social Security recipients will see an increase in their monthly checks. Additionally, the cap on taxable income to help fund Social Security benefits will also be increasing.

The cost-of-living adjustment (COLA) will be 5.9% in 2022, affecting nearly 70 million Americans. This is the largest increase to the benefits in nearly 40 years. The COLA will amount to a little under \$100 per monthly Social Security check, on average.

Historically, the COLA had been under 2% for much of the past decade. The increased 2022 COLA is aimed to help offset rising costs and high inflation, according to industry groups.

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*“Today’s announcement of a 5.9% COLA increase, the largest increase in four decades, is crucial for Social Security beneficiaries and their families as they try to keep up with rising costs.”*

- AARP CEO Jo Ann Jenkins, in a statement

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Additionally, maximum earnings subject to Social Security payroll taxes will rise to \$147,000 in 2022, up \$4,200 from 2021.

This means some individuals may see a smaller net pay on their paychecks.

### What’s Next?

Employers should be aware of the rising COLA and inform affected employees that they may see slightly reduced paychecks.

Employers should also ensure their payroll systems are updated to account for the increased taxable wage cap.

