



## Press Brief CPI – COLA Update

September 13, 2022

For immediate use

- Based on new CPI-W data through August, it appears the Social Security cost-of-living adjustment (COLA) for 2023 will be: 8.7%.
- The CPI-W decreased for the second straight month in August.

A COLA of 8.7% would increase the average retiree benefit of \$1,656 by \$144.10 (rounded as done by SSA). Readers can calculate the increase by taking their gross Social Security benefit (the amount prior to deductions for Medicare premiums and any tax withholdings) and multiplying it by .087: For example -  $\$1,000 \times .087 = \$87.00$

For more benefit examples see – [Social Security Monthly Statistical Snapshot](#).

There is only one month of consumer price data left to go. We expect the Social Security Administration to announce the COLA, on October 13, 2022, after the release of the September consumer price index data. For more information about how the COLA is calculated:

[COLA Computation](#).

A COLA of 8.7% is extremely rare and would be the highest ever received by most Social Security beneficiaries alive today. There were only three other times since the start of automatic adjustments that it was higher (1979-1981). You can find a history of the COLA here:

<https://www.ssa.gov/oact/cola/colaseries.html>.

COLAs are intended to help maintain the buying power of Social Security benefits when prices rise. They are a permanent increase that will gradually boost the total Social Security income that individuals will receive over the course of their retirement. Without a COLA that adequately keeps pace with inflation, Social Security benefits purchase less and less over time, and that can create hardships especially as older Americans live longer lives in retirement.

Based on inflation through August, we calculate that the COLA for August 2023 has fallen short on average by 48%. A \$1,656 benefit is short about \$43.80 per month on average and by a total of \$417.60 year to date.

According to *early* results from The Senior Citizens League's 2022 Retirement Survey, about 59 percent of survey participants believe they could be at risk of higher tax liability for 2022 due to the 5.9% COLA received this year. In addition, 21 percent of survey participants say that until 2022, their household income was below the income thresholds that can make up to 85 percent of Social Security benefits subject to federal income taxes. That group worries they will pay tax on a portion of their Social Security benefits for the first time in the coming tax season. A COLA of 8.7% would present similar ongoing increased tax liabilities for next year. The survey is still underway, and the above results come from a sample of 630 survey participants, 96 percent of whom currently receive Social Security benefits.

The Medicare Part B premium and other costs tend to be announced in mid-November. Medicare Part B premiums may not grow by very much in 2023. The Medicare Trustees forecast in their 2022 annual report that the standard Part B premium in 2023 would stay the same as it is now, \$170.10 (page 198). The Centers for Medicare and Medicaid Services (CMS) recently said that excess [Part B premium charges in 2022 due to a reassessment of the premium](#) would be used to reduce the Part B premium in 2023.

For more early survey results see the following below.

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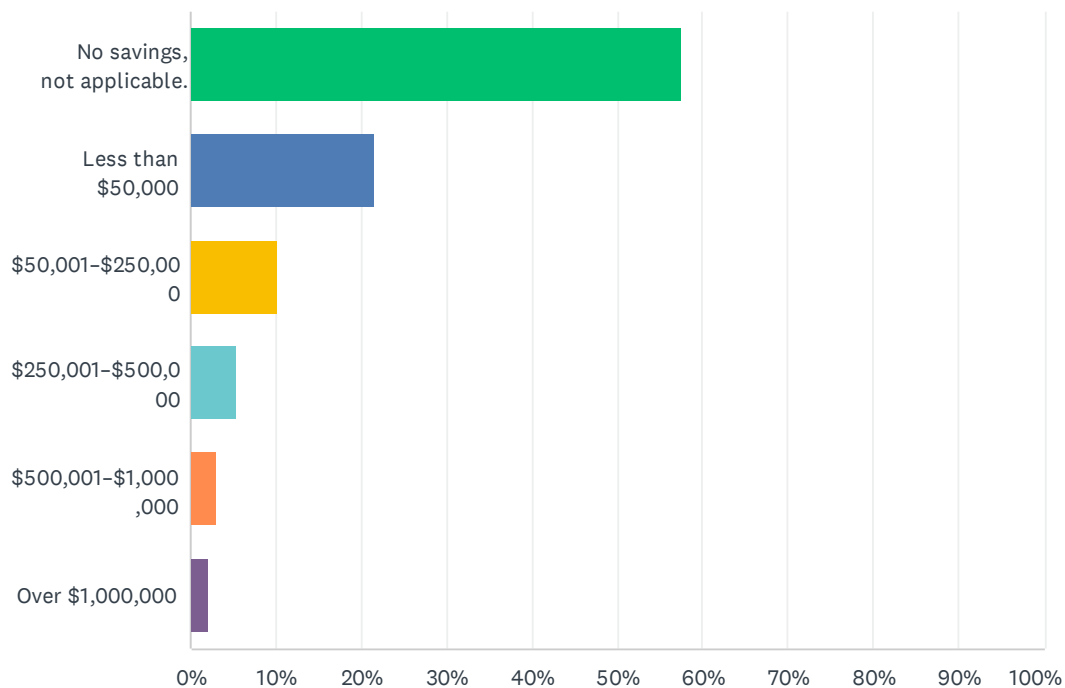
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## How much in liquid assets does your household have available for retirement savings and income? (Please do not include the value of your primary residence.)

Answered: 630 Skipped: 0



ANSWER CHOICES	RESPONSES	
No savings, not applicable.	57.62%	363
Less than \$50,000	21.59%	136
\$50,001-\$250,000	10.32%	65
\$250,001-\$500,000	5.40%	34
\$500,001-\$1,000,000	3.02%	19
Over \$1,000,000	2.06%	13
<b>TOTAL</b>		<b>630</b>