

FAQs Cost-of-Living Adjustment (COLA)

Q: Will your COLA be enough to keep up with rising prices?

A: Social Security beneficiaries will receive an 8.7% Cost-of-Living Adjustment (COLA) in January, the highest that almost every beneficiary alive today has ever received. This COLA comes on the heels of another record-setting COLA, the 5.9% adjustment that older Social Security beneficiaries received this year. But many retirees report that the COLA in 2022, came nowhere near to keeping up with rapid price increases.

That is often the case due to the index used to determine the COLA which does not account for inflation experienced by older retired households. There is also a lag time between when the COLA is announced in October, and when the COLA is received in January and the months that follow when prices may rise faster than the amount of the COLA.

Q: How much more money are we talking about for 2023?

A: An 8.7% COLA would increase a benefit of \$1,000 by \$87. ($\$1,000 \times .087 = \87 .) The average retiree benefit of \$1,677 would increase by \$145.90 per month to \$1,822.90 before deduction of the Part B premium. The Social Security Administration will be sending out “Your New Benefit

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FAQs Medicare Part B Costs

Q: How will Part B premium costs change in 2023?

A: Most healthcare costs are expected to continue to climb from 2022–2023, but there is some good news. The Medicare Part B premium is going down in 2023. Medicare Part B is the part that pays for doctor and hospital outpatient services and is automatically deducted from Social Security checks. The standard Part B premium in 2023 will be \$164.90, a decrease of \$5.20 per

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FAQs Taxation of Social Security Benefits

By Mary Johnson, editor

Q: How will inflation affect your taxes?

A: With inflation at historic levels, it’s helpful to know about two important inflation-related factors of our tax code that affect what older (and disabled) taxpayers may pay in taxes. Our tax system is full of moving pieces that can be frustrating to anyone trying to figure out the bottom line. Compounding the uncertainty, many of us rely on e-filing tax tools to do the calculations for us, without having any clear idea about what to expect.

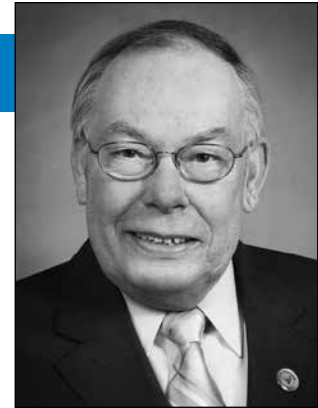
Q: What are the two inflation-related factors that you need to watch for?

A: Up to 85% of Social Security benefits can be taxable if your “provisional” income is above \$25,000 (single filers), or \$32,000 (joint filers). Unlike the rest of the tax code, the income thresholds that subject your Social Security benefits to taxation have never been adjusted for inflation since the tax became effective in 1984. Consequently, any increase in Social Security income due to Cost-of-Living-Adjustments (COLAs) could mean a portion of, or a higher portion of your Social Security benefits, would be taxable, if your income exceeds the threshold.

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FAQs Medicare and the COLA

Edward Cates, Chairman of the Board, TSCL



Edward Cates,
Chairman of the Board, TSCL

Q: How could the COLA affect Medicare costs?

A: Rising Social Security income due to the COLAs will provide some greatly needed relief from rising prices. But the increased income from the COLA can impact your Medicare costs down the road. Knowing what to plan for is important to avoid unpleasant Medicare cost surprises later.

In fact, any increase in the income of a Medicare beneficiary—whether due to COLAs, earnings from jobs, retirement savings, or pensions—could potentially affect what you pay for Medicare premiums if your income is over certain thresholds. This premium surprise is non-discriminatory, affecting both those with the highest incomes as well as those with the lowest, but in different ways.

Q: How are low-income Medicare beneficiaries affected?

A: Those who receive low-income assistance for healthcare costs can be subject to trims in the amount

of assistance they receive through Medicare Savings programs or Medicare Extra Help, or Medicaid. Increased incomes due to the COLA can make older and disabled beneficiaries ineligible for the level of benefits received when their income exceeds the limits. This can happen when COLAs increase Social Security benefits faster than inflation adjustments increase the federal poverty guidelines, which are used to determine eligibility for these programs. The consumer price index that the government uses to adjust federal poverty levels grew more slowly in 2022 than the index used to calculate COLAs. Thus, many older households reported adjustments to the amount of low-income assistance that they received in 2022, despite historic rates of inflation.

According to TSCL's recent Seniors Priority Plan Survey, 38% of survey participants who received low-income assistance in 2021 said their benefits were

reduced to a lower level of assistance in 2022 due to the 5.9% COLA received this year. In addition, 16% reported that because their income was right on the borderline, they lost access to one or more low-income programs altogether.

TSCL's most recent survey found that 83% of survey respondents support enactment of legislation that would temporarily protect low-income Social Security recipients in 2023 from losing their low-income assistance due to the 8.7% COLA.

Q: How are higher income Medicare beneficiaries affected?

A: Individuals with modified adjusted gross income of more than \$97,000 and joint filers with incomes of more than \$194,000 pay "income related monthly adjustment amount" (IRMAA). This a surcharge paid on Part B and Part D premiums when income is above these levels.

The Social Security Administration uses the most current tax return to figure the Part B premium for the following year. That creates a two-year lag time between the year in which the COLA is received and when Part B premiums may be affected by IRMAA premium surcharges. That

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Your Opinion Counts!

The Senior Citizens League needs your opinions and ideas to share with Members of Congress on the issues. Make sure they hear your concerns. Take a survey, sign a petition, read about the latest legislative action in Congress, or send us an email. Visit The Senior Citizens League's website at <https://seniorsleague.org/2022-retirement-survey/>. ■



FAQs TSCL's Ongoing Efforts

By Daisy Brown, TSCL Legislative Liaison



Daisy Brown,
TSCL Legislative Liaison

Q: What does TSCL support to make Medicare and Social Security benefits more adequate?

A: Keeping Medicare affordable while providing effective, high-quality care often tops TSCL's to-do list for lawmakers in Congress. When starting Medicare for the first time, beneficiaries look forward to saving money on healthcare costs, and for some, getting long-postponed medical care. But Medicare alone comes with high out-of-pocket costs and uncovered care. To lower their financial risk, most beneficiaries must either join Medicare Advantage plans or purchase a Medicare supplement (Medigap) insurance to help lower out-of-pocket costs. TSCL believes Medicare could be strengthened in several ways that would lower costs for both the government and beneficiaries.

From 2013 to 2022, Medicare premiums routinely increased three times faster than the COLA. Social Security benefits grew by 18.8 percentage points while Medicare premiums grew by 57.2 percentage points.

Q: What options does TSCL support to lower Medicare costs?

A: Slowing the growth of costs in Medicare Part B which pays for doctors and outpatient care also slows the growth of Part B premiums. Medicare Part B premiums, which are automatically deducted from Social Security benefits, are generally the fastest growing cost in retirement. Many of you tell us that the annual Part B premium increase frequently takes most, or even all, of your annual COLA.

The drop in Part B premiums from \$170.10 in 2022, to \$164.90 for 2023 (\$5.10 per month), occurred in part due to public outcry by TSCL and other senior advocates that put the brakes on wasteful Medicare spending. In 2022, we drew the attention of Congress and Medicare to the out-sized share of the Part B premium increase that was attributable to the cost of a single pricey Alzheimer's drug—Aduhelm. At the time when the 14.5% Medicare Part B premium increase was announced for 2022, that drug was priced at \$56,000 per year and had not received approval for coverage by Medicare. The price of Aduhelm was subsequently cut in half by the manufacturer, and Medicare

determined that the drug would only be covered under restricted use. That led to a re-examination of the 2022 Part B premium, and the savings were used to reduce Part B premiums in 2023. We think Congress should look for more savings like this.

Q: Where should Congress look next?

A: Congress should take a closer look at reimbursements of Medicare Advantage health plans. Private insurers who administer Medicare Advantage plans have come under investigation by the federal government in recent years for inflating patient "risk scores." The practice is used to make health plan enrollees appear sicker than their medical records may indicate, to receive higher reimbursements from Medicare. The inflated wasteful payments received by Medicare Advantage plans increase Part B costs and subsequently Part B premiums—even for beneficiaries who are not enrolled in a Medicare Advantage plan. Reducing these costs would

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FAQs: Cost-of-Living Adjustment (COLA); continued from page 1

in 2023” notices later in December. But you can estimate it if you know your gross benefit in 2022. This is the amount prior to deductions for Medicare Part B, any tax withholdings, and other Medicare plan premiums. That information can be found in the Social Security Administration’s “Your New Benefit in 2022” notice, or you can check that amount online with your “mySocialSecurity.gov” account.

Social Security beneficiaries will receive an 8.7% Cost-of-Living Adjustment (COLA) in January, the highest that almost every beneficiary alive today has ever received.

Q: How much is the average Social Security check now?

A: The “average” Social Security check varies a lot depending on the type of benefit that you receive. The Social Security Administration’s data indicates that the average *retiree* benefit in 2022 is about \$1,677. The average *widow or widower’s* check is about \$1,331 and the average check of disabled adults is \$1,363. But the size of your check isn’t as important as how well the COLA protects the buying power of the benefits that you received at retirement. When the COLA fails to keep pace with the inflation experienced over time, you wind up spending more, but your benefits buy less. Over the course of a 20-year to 30-year retirement, this can affect your standard of living, jeopardizing your ability to pay for food, prescription drugs, and even housing.

Q: Even though 8.7% is a significant increase, is it enough?

A: As high as it is, this increase may not be enough considering the COLA often falls short of the actual inflation that retirees experience. This could potentially be the case in 2023—we won’t know until the inflation data starts coming in. We do know that the 5.9% COLA clearly fell short in 2022.

The inflation adjustment is based on the percentage of increase in inflation during the third quarter (July, August, and September) compared with the average rate of increase in the third quarter a year ago. But there is a lag time between when the COLA is calculated and announced, and when it is received. This year, inflation was running almost 2 percentage points ahead of the 5.9% COLA that Social Security beneficiaries received in January of 2022 and inflation climbed considerably higher thereafter. According to our calculations through October 2022, Social Security COLAs fell short on average by 50%.

For example, if your COLA boosted your benefit by \$92 in January of 2022, by September, you actually needed a COLA of about \$138 per month to keep up with inflation in 2022.

Q: Is there a better way to adjust for inflation?

A: A major weakness in the way our government adjusts benefits for inflation is the “market basket” that our government is looking at when calculating the COLA. Under current law, the consumer price index that the Social Security Administration uses to determine the COLA is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

This index does not measure the spending patterns of retired

households older than age 62. That means it doesn’t accurately account for the percentage of income that older Americans spend on healthcare, housing, and food, three of the most important spending categories of older adults. For example, the CPI-W assumes that consumers only spend about 7% of their budget on healthcare costs. This tends to understate the growth in healthcare costs. Surveys by TSCL and other researchers find that older and disabled Social Security recipients spend 14% or more of their incomes on healthcare. Even worse, Medicare Part B premiums, which are the fastest growing cost in retirement, aren’t even measured by the CPI-W. From 2013 to 2022, Part B premiums grew three times faster than the COLA-raised benefits.

Q: Is there a better way to measure rising prices of older and disabled adults who receive Social Security benefits?

A: TSCL is working for legislation that would increase benefits modestly, and strengthen the annual COLA three ways, by:

- Providing a modest boost to the benefits of all retirees, to help individuals “catch up” after the past two years of historically high rates of inflation.
- Tying the annual COLA to a seniors’ consumer price index such as the Consumer Price Index for Elderly (CPI-E). This index tends to show inflation growing at a modestly faster rate than the CPI-W in many years. This has often been the case in deflationary periods when prices as measured by the CPI-W dropped below the previous year, and no COLA was payable at all.
- Guarantee a minimum COLA of no less than 3%. ■

month, from \$170.10 in 2022. The annual deductible for Part B will also decrease from \$233 in 2022 to \$226 in 2023.

Q: Can you give an example of how much more I would receive in Social Security benefits?

A: What you pay in Medicare premiums can be related to income. Here is a simple example that applies to most (but not all) Medicare beneficiaries. You will need to confirm the amount of your Social Security benefits in 2022 before deduction for Medicare Part B and any other withholdings, such as for income taxes. This example is based on a monthly Social Security benefit of \$1,500 before deductions in 2022.

Step 1.

Calculate the amount of the new benefit in 2023 by applying the 8.7% COLA to the 2022 monthly benefit.

$$\$1,500 \times .087 = 130.50$$

Step 2.

Add the COLA amount to your 2022 benefit.

$$\$1,500 + \$130.50 = \$1,630.50$$

Step 3.

Subtract the Part B premium for 2023 from your new benefit amount.

$$\$1,630.50 - \$164.90 = \$1,465.60$$

Any deductions for income tax withholdings or additional Medicare health or drug plan premiums will adjust your monthly amount accordingly.

Q: How common is this? Have Part B premiums ever gone down before?

A: A drop in the Part B premium is rare. There were only three other times since Medicare was enacted

in 1965 that premiums went down—in 1990, 1996, and ten years ago in 2012.

Most healthcare costs are expected to continue to climb from 2022–2023, but there is some good news. The Medicare Part B premium is going down in 2023.

Q: What caused this drop in the Part B premium?

A: The federal government collected too much for Part B premiums in 2022. The 2022 Part B premium increase of 14.5% was one of the highest in the history of Medicare. The premium jumped that high to provide contingency funding for the new Alzheimer's drug—Aduhelm. When the 2022 premium was announced last November, Aduhelm had a \$56,000 per year price tag, but there was uncertainty over whether Medicare would cover the drug and how frequently it might be prescribed. Just weeks after the announcement of the 2022 premium increase, the manufacturer of Aduhelm cut the price in half, to \$28,200 per year. Then, in early 2022, CMS announced that its pending coverage decision for Aduhelm was for very limited use—in clinical trials and only for certain types of Alzheimer's patients. At the urging of TSCL, some Members of Congress, and other senior advocates, the Secretary of the Department of Health and Human Services instructed CMS to reassess the 2022 Medicare Part B premium. After re-assessment,

CMS agreed that the 2022 Part B premium was higher than necessary, and that the excess would be used to reduce the 2023 premium. The assessment of a Part B premium was unprecedented, and we believe the only time that CMS has ever adjusted a Part B premium downward due to collecting more than was necessary. Usually when this has occurred in the past, there is no change in the Part B premium, it remains the same as the previous year.

Q: Do you think this sets a precedent? Will this happen more frequently in the future?

A: TSCL does not think so without continued vigilance by older voters and their insistence that our elected lawmakers take positive action. While the 2022 Inflation Reduction Act gives Medicare authority to negotiate prices of certain drugs, passage of that legislation came months after Biogen had already cut the price of Aduhelm, and the new legislation would not affect the price of Aduhelm any time soon. The legislation applies to drugs that have been on the market for 13 or more years. Aduhelm is brand new.

However, it does show the value of senior activism and how asking elected lawmakers and the Administration to make a reassessment when there is good cause to do so can have positive results in lowering Part B premiums for tens of millions of Medicare recipients. TSCL feels Congress can and should do more of this sort of reassessment when healthcare costs run amuck. ■

FAQs: Taxation of Social Security Benefits; continued from page 1

But the other factor—tax brackets, standard exemption, and the exemption for over 65—are adjusted for inflation, and they are rising by a historically high amount next year, by 7% according to tax experts. Depending on your overall income and other factors, rising tax brackets and the standard deduction could potentially offset much of the increase due to higher Social Security income.

Unlike the rest of the tax code, the income thresholds that subject your Social Security benefits to taxation have never been adjusted for inflation since the tax became effective in 1984.

Q: What if Social Security is your only source of income?

A: When your only source of retirement income is Social Security, you probably won't pay any federal income taxes on that income, according to the Social Security Administration. But from 50%–85% of Social Security income may become taxable if you have income from other sources, such as savings from a traditional IRA or 401(k), pension payments, or earnings from a job or other sources.

Q: Can you provide an example of how the IRS figures income?

A: The IRS has a worksheet that can help you figure out if your

Social Security benefits will be taxable. For example, let's say you received \$18,000 in Social Security and \$24,000 in distributions from retirement savings in 2022. There was no other income.

First.

Multiply your Social Security benefits by 50% or (0.50).

$$\$18,000 \times 0.50 = \$9,000$$

Next.

Add your total taxable income from other sources, such as retirement accounts.

$$\$9,000 + \$24,000.00 = \$33,000$$

Next.

Add any tax-exempt interest.

$$\$33,000 + \$0.00 = \$33,000$$

Result.

Your income is \$33,000.

If the sum exceeds \$32,000 for married couples filing jointly, or \$25,000 for single filers, then a portion of your Social Security benefits will be taxable.

Q: How do I calculate the taxable portion of my benefits?

A: You can calculate the taxable portion using the worksheet found in the instructions for the federal 1040 returns. (In the 2021 edition, it is found on page 31.)

Q: Where can I find information about inflation adjusted tax brackets and standard deduction for 2023?

A: The IRS tax inflation adjustments for 2023 can be found online at: <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2023>

Q: What can I do if I'm worried about owing taxes on my 2022 income?

A: If you are worried that you might have a tax liability, there's

still time to send in an estimated tax payment, if you do so by January 15, 2023. To learn about estimated payments, get IRS publication 505 (2022) Tax Withholding and Estimated Payments.

Q: Why haven't the income thresholds for the tax on Social Security benefits been adjusted?

A: Some policy experts say that fixing the income thresholds was the intention of Congress. But the record is not clear. In 1984, the tax was estimated to affect roughly 10 percent of the highest-income Social Security recipients. In fact, a review of the news archives of the time suggest that the new tax on benefits was sold to the public as affecting the wealthiest Social Security recipients. Today the tax can affect roughly 50 percent or more of all Social Security recipients. Had the income thresholds been adjusted for inflation since 1984, the \$25,000 level would be about \$72,660, and the \$32,000 level would be \$93,000. TSCL supports legislation that would adjust these income thresholds. ■

Table 1

Income-Related Adjustments for Full Part B Coverage			
Beneficiaries who file individual tax returns with modified adjusted gross income:	Beneficiaries who file joint tax returns with modified adjusted gross income:	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
<\$97,000	<\$194,000	\$0.00	\$164.90
\$97,001–\$123,000	\$194,001–\$246,000	\$65.90	\$230.80
\$123,001–\$153,000	\$246,001–\$306,000	\$164.80	\$329.70
\$153,001–\$183,000	\$306,001–\$366,000	\$263.70	\$428.60
\$183,001–\$500,000	\$366,001–\$750,000	\$362.60	\$527.50
>\$500,001	>\$750,001	\$395.60	\$560.50

Table 2

Income-Related Adjustments for Part D		
Beneficiaries who file individual tax returns with modified adjusted gross income:	Beneficiaries who file joint tax returns with modified adjusted gross income:	Income-Related Monthly Adjustment Amount
<\$97,000	<\$194,000	\$0.00
\$97,001–\$123,000	\$194,001–\$246,000	12.20
\$123,001–\$153,000	\$246,001–\$306,000	31.50
\$153,001–\$183,000	\$306,001–\$366,000	50.70
\$183,001–\$500,000	\$366,001–\$750,000	70.00
>\$500,001	>\$750,001	76.40

FAQs: Medicare and the COLA; continued from page 2

means the 5.9% COLA received in 2022 will affect Part B and Part D premiums in 2024, and the 8.7% COLA in 2023 will affect those premiums in 2025.

Table 1, left, illustrates the IRMAA for Part B premiums.

Table 2, left, illustrates the income-related monthly adjustment costs for Part D in 2023.

One final word: A sincere thank you to all our new members, and those of you who have taken action to help support our efforts in Congress. We look forward to serving you in the New Year and protecting your earned benefits! ■

FAQs: TSCL's Ongoing Efforts; continued from page 3

slow the growth in Medicare Part B, saving money for both beneficiaries and taxpayers.

Q: What do you propose to make Social Security benefits more adequate?

A: TSCL would like to see stronger protection from rising Medicare costs by calculating the annual Social Security COLA using a consumer price index that better accounts for rising Medicare premiums. One of the biggest shortcomings of the current method of calculating the annual COLA is the price index used to calculate the percentage of change.

The COLA is determined using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)—a poor choice for calculating the cost of living for older and retired Social Security recipients. The CPI-W represents the spending patterns of younger working adults, and it specifically *excludes* the inflation experienced by retired and disabled adults aged 62 and up who are covered by Medicare. Thus, the current COLA never keeps up with rising Medicare costs, because those costs are not surveyed for the CPI-W.

From 2013 to 2022, Medicare premiums routinely increased three times faster than the COLA. Social Security benefits grew by

18.8 percentage points while Medicare premiums grew by 57.2 percentage points. Surveys by TSCL have found that Social Security recipients overwhelming support tying the annual inflation adjustment to a “seniors” CPI that more fairly represents the spending patterns of older and disabled adults who receive Medicare.

One last word; TSCL says thanks to all of you who have donated to TSCL, joined the organization, participated in our surveys, signed petitions, and sent in your stories and comments. We look forward to a busy 2023 as a new Congress gets underway! ■

FAQs Social Security's Solvency

Q: Will the 8.7% COLA affect the solvency of Social Security?

A: TSCL thinks it might. Since 1975, the Social Security Administration has automatically adjusted benefits annually based on inflation. Rarely have prices ever soared as high as we have experienced over the past two years. Higher than expected inflation will provide higher than expected COLAs for more than 63 million beneficiaries in 2023. This increase in Social Security income provided by COLAs is permanent, meaning that program costs in future years will be significantly higher than previously forecast. That could potentially result in an earlier insolvency date.

Q: What level of COLA was previously forecast and what is the current Trust Fund insolvency date?

A: Social Security Trust Fund solvency estimates vary. The annual Social Security Trustees report released in early June of 2022 estimated that the combined Trust Funds would be depleted by 2035. Their “intermediate” or middle estimate of the COLA for 2023 was originally just 3.8%, dropping to 2.4% in subsequent years. But a few weeks after the release of the Trustees report, the Chief Actuary of Social Security adjusted the estimate for the COLA in 2023 saying “a COLA close to 8% is likely based on CPI-W trends...” Actuaries, however, have not released an updated Trust Fund solvency estimate.

The Congressional Budget Office (CBO), which uses different methodology to produce its estimates, in May of 2022 estimated that the 2023 COLA

would be 6%, but also estimates COLAs averaging about 2.4% in subsequent years. The CBO estimated that the Social Security Trust Funds will become insolvent slightly sooner, in 2033.

A third estimate that TSCL is following closely is one by the Committee for a Responsible Federal Budget. According to their experts, if the COLA is at least 8.8% in 2023, and 3% in 2024, the Social Security insolvency date would be in 2033.

Q: That would still give Congress some time to fix Social Security, right?

A: Considering how difficult and how long it takes to enact major Social Security legislation on this scale—not that much time. Changes that would reduce benefits require as much time as possible in order to phase in changes, and to avoid deep cuts or disparities in benefits. Congress last passed major Social Security legislation in 1983. When the legislation passed, Social Security was just weeks away from being unable to pay full benefits. This was the case even though Congress had made changes to the benefit formula in 1977, cutting benefits of new retirees by as much as 20% for the first group affected by the changes. Like the situation today, the weakening financial position of the program was known to lawmakers throughout the 1970s.

Q: What would be involved in fixing Social Security for the long-term?

A: Congress would need to enact a plan that either cuts benefits, raises revenues, or some combination of both. Passing such

a plan in an evenly divided Congress would not be easy. Passage of Social Security legislation requires a super majority in the Senate of 60 votes.

Q: What are some of the proposals that would cut benefits?

A: Three of the most widely discussed options include:

- Reduce the rate of growth in Social Security COLAs. This option would cut total retirement income of all Social Security recipients, current and future. Some proposals would simply cut the COLA by a fixed amount, such as by 1 percentage point. Other options would tie the annual inflation adjustment to a consumer price index that tends to grow more slowly than the currently used Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). These cuts are cumulative and would grow deeper the longer an individual is retired. Worse, it would not save that much for the program compared with the financial hardship it would cause. This has proven to be a widely unpopular proposal and one of the most contentious fought by TSCL for more than 27 years.
- Increase the retirement age. Currently individuals can start Social Security benefits as early as age 62, but benefits are permanently reduced for doing so, by as much as 30% depending on the year born. Age 67 is the age for full retirement benefits affecting those turning 62 in 2022. Proposals would gradually increase the age for full benefits,

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but those who would not be able to work and wait until full retirement age would see even deeper reductions for taking benefits sooner. This proposal has little support from current retirees.

- Change the benefit formula. The Social Security Administration uses the highest 35 years of earnings to calculate one's retirement benefit. Proposals would require a higher number of years, such as 40, which would reduce most beneficiaries' average annual earnings and the size of his or her monthly benefit. This would tend to impact women more

negatively than men, since women often have shorter work histories. Women are out of the work force periodically for child birth, raising families, and often to provide care for aging and disabled family members.

Q: What are the most discussed proposals to raise revenues?

A: Two of the most discussed proposals to strengthen Social Security's revenues include:

- Increase the amount of wages subject to the Social Security payroll tax. In 2022, CEOs earning several million in wages pay the same amount of Social Security payroll taxes as workers earning less than \$147,000. An individual earning \$2 million a

year will fulfill their payroll tax obligation and stop paying into Social Security the first work month of the year. The average worker, however, is still seeing payroll taxes withheld in the December paycheck. TSCL surveys have consistently found that majorities of survey participants favor this change.

- Increase the payroll tax rate. Under current law, the payroll tax is 12.4%, 6.2% paid by the worker and 6.2% matched by the employer. Proposals would very gradually phase in small increases of .02 percentage point, for example, over several years to bring the percentage up to a 14.4%. ■

FAQs Inflation Outlook for 2023

Q: Will prices come down in 2023?

A: Consumer price data through September of 2022 suggests that the rate of price increases gives no clear sign that inflation is abating yet. So far, there's no indication that inflation will disappear like a popping balloon. Snarled supply chains have caused high demand, and inflation in virtually every industry has driven up costs, and the geo/political tensions in Eastern Europe and elsewhere show little sign of abating. Economists expect those supply problems to eventually resolve and inflation to fall back to normal range in 2023 and thereafter.

Q: What items have come down in price?

A: Gasoline prices came down in August and September according to consumer price data, but have

started to climb again. During July, August, and September, the federal government suspended an eighteen cents per gallon tax on gasoline for 90 days, but that ended in September.

TSCL remains highly concerned about the price of fuel oil. The cost of staying warm this winter is up 58% for homes heating with oil, and 33% for homes using natural gas.

Consumers still must hunt hard for any sign that other prices are dropping. The price of beef steaks—often the highest-priced cut of beef—dropped 4.8%, but ground beef on the other hand is still up 3.9%.

Q: What can older consumers do to cut food costs in the meantime?

A: Check local resources for food programs. Forty-two percent of survey participants said that rising

food costs have forced them to cut back the number of meals consumed daily, according to TSCL's latest Retirement Survey. But cutting back too much can backfire. Twenty percent of survey participants said that cutting back on food worsened health problems and led to new medical expenses. Instead, try to eat three small meals per day of filling, nutrient dense foods. Check your local food banks and area agencies on aging. There are many different types of food programs for older adults including some that let you shop for free groceries, senior food boxes, and help applying for SNAP benefits.

Q: What help is available for covering Medicare and other healthcare costs?

A: Help is available to cover

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FAQs: Inflation Outlook for 2023; continued from page 9

Medicare premiums, as well as deductibles, coinsurance, and copayment costs if income is low enough. There are several levels of assistance based on income. Individuals with monthly incomes as high as \$1,549, with resources of \$8,400 or married couples with incomes of \$2,080 and resources of \$12,600 may qualify. To learn more about these programs and apply, contact your local Medicaid or Department of Family Services.

Medicare Extra Help covers most of the drug plan premium

and significantly reduces out-of-pocket costs for covered drugs. Qualifying for this program is somewhat easier than Medicare Savings programs due to modestly higher financial limits. To learn more and apply, do so online at the Social Security website—<https://www.ssa.gov/benefits/medicare/prescriptionhelp.html>

Q: Where can I learn more about other programs that might help lower my costs?

A: Try the website: <https://benefitscheckup.org>. BenefitsCheckUp® is a

comprehensive online tool to screen and connect older adults and people with disabilities to benefits. The tool helps you learn about programs for which you may be eligible—and then helps you find out where to apply online or how to get help from a benefits counselor. ■