

A 6.1% Bump in Social Security?

COLA and Social Security.

Provided by Ed Grondahl

The news keeps getting better for Social Security recipients.

It's now projected that benefits will increase 6.1% in 2022, up from the 4.7% forecast just two months ago. That would be the most significant increase since 1983.^{1,2}

It's all about inflation. Social Security cost of living adjustments (COLA) are based on the consumer price index, which rose 5.4% in June — its largest 12-month increase since 2008. The official announcement is expected in October and, once it's confirmed, the revised payment will go into effect in January 2022.³

More than 65 million Americans receive Social Security, and the annual cost of living adjustments are designed to help recipients manage higher costs. At the start of 2021, recipients saw a 1.3% increase.⁴

The average monthly benefit is \$1,544 for retired workers. So a 6.1% increase amounts to \$94 more a month. That might not be quite enough for a car payment, but it's double the 3% raise being given to U.S. workers in 2021.^{4,5}

Social Security can be confusing. One survey found only 6% of Americans know all the factors that determine the maximum benefits someone can receive. If you have any questions, please reach out. We have a number of resources at our fingertips that you may find helpful.⁶

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The forecasts for Social Security benefits are based on assumptions, subject to revision without notice, and may not materialize.

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Citations

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