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## Social Security Changes Coming in 2022


Here's what the Social Security COLA for 2022 means for you.

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People who will turn 62 in 2022 will need to wait until an older retirement age than existing Social Security beneficiaries in order to claim their full retirement benefit.  (GETTY IMAGES)

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Social Security payments will grow by 5.9% in 2022. This is the biggest Social Security cost-of-living adjustment in nearly 40 years. The program will also be tweaked in several important ways that could affect the [Social Security](#) payments you receive or how much you

**Correct Your Social Security Earnings Record**



Get ready for these Social Security changes coming in 2022:

- Social Security payments will increase by 5.9%.
- The earnings subject to the Social Security tax will climb to \$147,000.
- Social Security beneficiaries who are younger than their full retirement age can earn up to \$19,560 before their benefit is temporarily withheld.
- The full retirement age will increase to 67 for those born in 1960.
- The Social Security Administration has redesigned Social Security statements to include more information.

Here's a look at how much more you can expect from Social Security in 2022 and other ways the program will change in the coming year.

### **Social Security Payments Will Increase**

The average Social Security benefit for retired workers is expected to climb by \$92 to \$1,657 per month as a result of the cost-of-living adjustment. Married couples in which both spouses receive benefits will see an estimated \$154 increase to an average payment of \$2,753 per month in 2022. However, part of your cost-of-living adjustment could be used to pay for Medicare premiums.

The [maximum possible Social Security benefit](#) for someone who retires at full retirement age will be \$3,345 in 2022, up \$197 from 2021.

Social Security payments are adjusted each year to keep pace with inflation as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers. The 5.9% Social Security cost-of-living adjustment for 2022 is significantly larger than the 1.3% COLA in 2021. [Previous Social Security COLAs](#) have ranged from zero in 2010, 2011 and 2016 to 14.3% in 1980. The last time retirees received a cost-of-living adjustment that exceeded 5% was in January 2009, when the COLA was 5.8%.

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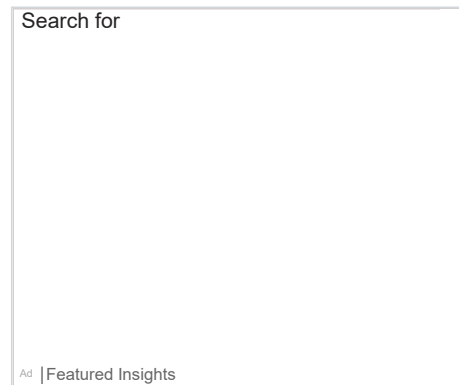
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post personalized COLA notices online beginning in December 2021. You can receive next year by logging into your [my Social Security account](#).

[ **READ:** [How Much You Will Get From Social Security](#). ]

## A Higher Social Security Tax Cap

Workers pay 6.2% of their earnings into the Social Security system until their income exceeds the taxable maximum. "We will see an increase in the maximum wage subject to the Social Security tax," says Jim Blair, a former Social Security administrator and lead consultant at Premier Social Security Consulting in Cincinnati. The maximum amount of earnings subject to [Social Security tax](#) will increase by \$4,200 to \$147,000 in 2022.



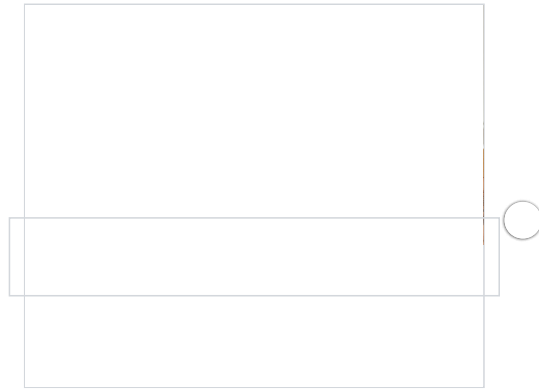
Those who earn more than \$147,000 in 2022 will notice a bump in their paychecks once their earnings have surpassed the [taxable maximum](#) and they no longer have Social Security tax withheld from their salary. Earnings above this amount will not be used to calculate future Social Security payments.

[ **SEE:** [10 Ways to Increase Your Social Security Payments](#). ]

## Social Security Earnings Limits Climb

Social Security beneficiaries who continue to work will be able to earn \$600 more in 2022 before part of their Social Security benefit is temporarily withheld. Social Security recipients who are younger than their full retirement age can earn up to \$19,560 in 2022 before a benefit dollar is withheld for every \$2 earned above the limit. In the year you turn your full retirement age, the [Social Security earnings limit](#) climbs to \$51,960, up \$1,440 from 2021, and the penalty declines to \$1 withheld for every \$3 in excess earnings.

Once you turn your full retirement age, there is no penalty for working and collecting Social Security benefits at the same time, and your benefit is recalculated to give you credit for your continued earnings and any benefits that were withheld in the past. "There is no limit on earnings for workers who are full retirement age or older for the entire year," says William Reichenstein, head of research at Social Security Solutions and professor emeritus at Baylor University.



[ [SEE: 10 Social Security Rules Everyone Should Know.](#) ]

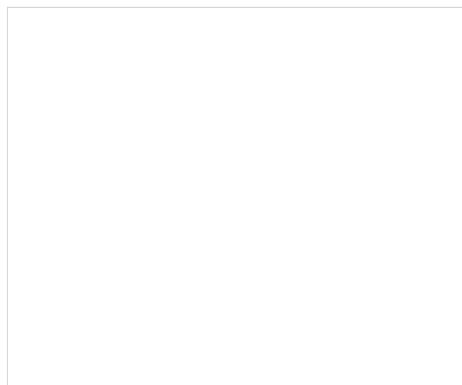
### **An Older Social Security Full Retirement Age**

People who will turn 62 in 2022 will need to wait until an older retirement age than existing Social Security beneficiaries in order to claim their full retirement benefit. The full retirement age for those born in 1960 is 67, two months older than the full retirement age of 66 and 10 months for those born in 1959. The full retirement age increases in two-month increments for those born between 1955 and 1959 until it reaches age 67 for everyone born in 1960 or later.

Workers who claim Social Security before their full retirement age receive reduced payments, and those with an older retirement age experience bigger reductions. "This is the first cohort of retirees who will have a full retirement age of 67, which means that an early retirement at age 62 will result in a reduction of 30% from the full retirement age benefit amount," says Jim Blankenship, a certified financial planner for Blankenship Financial Planning in New Berlin, Illinois, and author of "A Social Security Owner's Manual." Those with an older full retirement age also have less opportunity to increase their Social Security payments via delayed claiming.

### **New Social Security Statements**

The Social Security Administration has redesigned Social Security statements to include more information and be easier to read. The new Social Security statements provide personalized estimates of your future Social Security benefit at nine different potential claiming ages, as opposed to three ages on the previous statements. Your Social Security statement also contains information about your earnings history, taxes paid, Medicare eligibility and disability and survivor's benefits. The statement can be viewed online via a my Social Security account and will be mailed to workers age 60 and older who don't have a my Social Security account.



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