

NEWS BRIEF

Provided by: Towne Benefits

2023 Social Security Cost-of-Living Adjustment Will See Highest Increase in 40 Years

On Oct. 13, 2022, the U.S. Social Security Administration [announced](#) that Social Security beneficiaries can expect an 8.7% increase in benefits next year. This increase surpasses the 5.9% cost-of-living adjustment (COLA) in 2022, which, at the time, was the highest in four decades. On average, Social Security benefits will increase by more than \$140 per month for beneficiaries beginning in January. This change is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers.

The announced COLA increase comes as many beneficiaries have struggled with increasing prices due to inflation. The COLA applies to approximately 70 million Social Security and Supplemental Security Income beneficiaries. Most beneficiaries rely on Social Security benefits for the majority of their income. Consequently, the COLA provides beneficiaries with inflation protection to help individuals maintain their standard of living.

Medicare B premiums and taxes may impact the amounts beneficiaries receive next year. The standard Medicare B premium will decrease by \$5.20 next year, according to the Centers for Medicare & Medicaid Services. Accordingly, beneficiaries will likely be able to keep all COLA increases. However, the 2023 COLA could increase some beneficiaries' tax returns in future years.

What This Means

Individuals who decide to claim Social Security benefits now will receive the record-high COLA. However, the COLA adjustment shouldn't influence individuals claiming benefits because they will receive

every COLA when they decide to claim benefits. Experts generally recommend individuals delay as long as possible before claiming benefits, as it can increase the size of their monthly check.

Beneficiaries can expect to see the 2023 COLA in their benefits checks starting in January. Beneficiaries are normally notified by mail starting in early December about their new benefit amount. The fastest way for beneficiaries to find out their new benefit amount is to view the COLA notice [online](#) via their "my Social Security" account.

We will keep you apprised to any notable updates.

