



SSA Releases 2022 Indexed Figures; Announces 5.9% Benefit Increase

October 2021

The Social Security Administration (SSA) released the Social Security 2022 indexed figures on October 13, 2021. **The SSA announced that there will be a 5.9% Cost-of-Living Adjustment (COLA) for 2022.** Some other changes that take effect in January of each year are based on the increase in average wages. Relevant figures are shown below.

COLA

Based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, Social Security and Supplemental Security Income beneficiaries will receive a **5.9% COLA for 2022.** (There was a 1.3% COLA increase in 2021.)

WAGE BASE

The 2022 Social Security wage base is **\$147,000.** (The 2021 amount was \$142,800.)

FICA TAX RATE

The FICA tax rate remains at **7.65%**: 6.20% for Social Security and 1.45% for Medicare combined.

Beginning in 2013, the Affordable Care Act increased the Medicare tax rate on wages by 0.9% (from 1.45% to 2.35%) for higher-income individuals. The payroll tax increase applies to wages over \$200,000 for single tax filers and \$250,000 for couples filing jointly. (\$125,000 for a married individual filing separately.) The tax rates above do not include the 0.9%. The Internal Revenue Service has provided frequently asked questions on the Medicare tax increase, available at: <https://www.irs.gov/businesses/small-businesses-self-employed/questions-and-answers-for-the-additional-medicare-tax>.

MAXIMUM MONTHLY BENEFIT

For someone retiring at **full retirement age** in 2022, the maximum monthly benefit is **\$3,345.** (The 2021 amount was \$3,148.)

NATIONAL AVERAGE WAGE INDEX

The most recent National Average Wage (NAW) index amount is **\$55,628.60** for 2020. (The index is 2.83% higher than the 2019 NAW of \$54,099.99.)



FORMULA FOR COMPUTING BENEFITS

The 2022 formula is used for retirement benefits for individuals who are age 62 in 2022 and for most death and disability benefits if death or disability occurs in 2022. The 2022 formula is:

90% of the first **\$1,024** of Average Indexed Monthly Earnings (AIME) +
32% of the AIME over **\$1,024** and through **\$6,172** +
15% of the AIME over **\$6,172**

The family maximum formula, for workers who are age 62 in 2022 and for most workers who become disabled or die in 2022, is:

150% of the first **\$1,308** of the worker's Primary Insurance Amount (PIA) +
272% of the worker's PIA over **\$1,308** through **\$1,889** +
134% of the worker's PIA over **\$1,889** through **\$2,463** +
175% of PIA in excess of **\$2,463**

ANNUAL EARNINGS TEST LIMITS

For individuals **under full retirement age**, the 2022 annual earnings test limit is **\$19,560**. (The 2021 amount was \$18,960.)

For individuals **attaining full retirement age in 2022**, the annual earnings test limit for the months prior to attaining full retirement age is **\$51,960**. (The 2021 amount was \$50,520.)

There is no annual earnings test for individuals who have attained full retirement age.

Resources

More information on the SSA COLA is available at:

<https://www.ssa.gov/news/cola/>

A fact sheet on the SSA's 2022 Social Security changes is available at:

<https://www.ssa.gov/news/press/factsheets/colafacts2022.pdf>

The October 13, 2021, news release is available at:

<https://www.ssa.gov/news/press/releases/2021/#10-2021-2>



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