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## 5 Social Security Changes For 2023



Every year there are changes to Social Security so even if you're decades away from retirement, it's important to keep tabs on what's happening. After all, Social Security gets a chunk of each paycheck during your working years. And without Social Security, about 40% of Americans 65 and older would have incomes below the poverty level.

*Robin Hartill, Senior Editor of The Penny Hoarder* describes what lies ahead for Social Security in 2023. Here are the five biggest changes you need to know about in the new

year.

### **1) The 8.7% COLA is the biggest since 1981.**

Probably the most talked-about change to Social Security benefits is the **8.7% cost of living adjustment (COLA)**. That's the largest Social Security raise since 1981. Over the past decade, COLAs have averaged less than 2%. The higher-than-usual adjustment is the result of soaring inflation, as measured by the U.S. Department of Labor's Consumer Price Index (CPI-W).

Recipients will see that extra money in their checks beginning in January. Here's how the COLA will break down for the average recipient:

- The average retired worker will get an extra \$146 a month.
- The average disabled worker will get an extra \$119 a month.
- The maximum Supplemental Security Income (SSI) benefit for individuals will increase by \$73 a month.

### **2) Medicare premiums are dropping.**

The 8.7% raise for Social Security recipients seems a little more generous when you consider that Medicare premiums are dropping slightly as well. Medicare Part B monthly premiums will decrease by \$5.20 in 2023, the first decrease in a decade. Because Part B premiums are automatically deducted from Social Security benefits, recipients who get Medicare will see their checks increase by slightly more than the 8.7% COLA.

### **3) You'll need to earn slightly more to get Social Security credits.**

In 2023, you'll need to earn \$1,640 for each Social Security credit. That's up slightly from 2022, when the minimum was \$1,510.

To qualify for Social Security benefits, you need at least 40 work credits. You can only earn four credits within a year, so qualifying for benefits requires at least 10 years of work. As long as you earn at least \$1,640 each quarter of 2023, you'll receive the maximum four credits for the year.

### **4) Social Security will tax up to \$160,200 of wages.**

If you're a six-figure earner, Social Security taxes may eat up a slightly higher portion of your paycheck this year. The cap on taxable Social Security wages will increase to \$160,200 in 2023, up from \$147,000 in 2022. Essentially, the first \$160,200 of your earnings are subject to the 6.2% Social Security tax. Anything you earn above \$160,200 is exempt.

The increase in this cap isn't something most people have to worry about, though. Only about 6% of workers earn more than the maximum taxable income in any given year.

### **5) You can earn more if you work and collect Social Security.**

If you're working while collecting Social Security and you haven't reached full retirement age yet, you'll be able to earn a bit more money without chipping away at your benefit. In 2023, Social Security will withhold benefits at the following rates:

- **\$1 for every \$2 you earn above \$21,240 per year, or \$1,770 a month**, if you won't reach full retirement age in 2023. In 2022, the limits were \$19,560 per year, or \$1,630 per month.
- **\$1 for every \$3 you earn above \$56,520 per year, or \$4,710 per month**, if you'll reach full retirement age in 2023. The limits only apply to income you earn until the month you turn 67, which is full retirement age. So if you turn 67 in April 2023, Social Security will only withhold benefits if you earn more than \$56,520 between January and March. The 2022 limits for those reaching full retirement age during the year were \$51,960 per year, or \$4,330 per month.

The thresholds for working while collecting disability will also rise in 2023. Disabled workers who aren't blind can earn up to \$1,470 a month without affecting benefits, up from \$1,350 a month in 2022. Blind workers can earn up to \$2,460 a month in 2023, up from \$2,260 a month in 2022.


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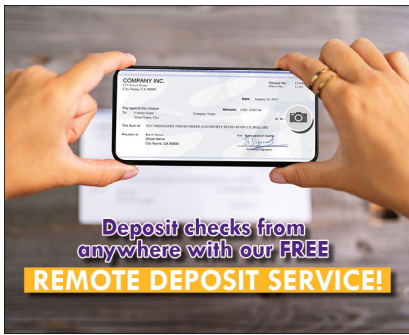
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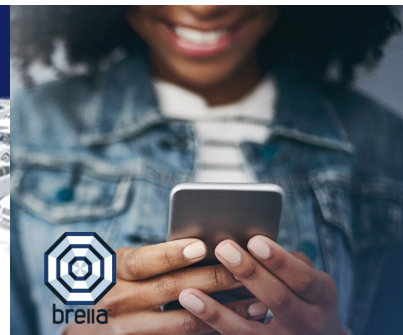


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