

## Social Security Recipients May See A 6.2% Increase In 2022



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If you rely on Social Security payments, you're in for a much-needed raise. Each year, Social Security and Supplemental Security Income (SSI) benefit recipients, like those who receive retirement or disability payments, get an automatic annual cost-of-living adjustment (COLA) to preserve their purchasing power and keep up with rising prices, better known as [inflation](#).

### How Much Might My Social Security Payment Be in 2022?

The Social Security COLA for 2022 is estimated to be 6.2%, the highest increase in almost four decades, according to the [Senior Citizens League](#). This projection comes from the non-partisan Senior Citizens League, not the Social Security Administration itself, which will ultimately set COLA rates at the end of October.

Nevertheless, this kind of raise can't come sooner for many as the U.S. faces high inflation while the economy manages its recovery from the [Covid-19 recession](#). 2021's 1.3% COLA increase has trailed [the massive year-over-year inflation](#) that's developed over the past few months. July 2021, for instance, saw prices 5.4% higher than they were in July 2020.

heavily influenced by gasoline prices, which are already up more than 40% this year. This, combined with general rises in the prices of other goods and services considered in CPI-W, may result in even larger Social Security benefit increases in 2022.

## COLA Increases May Not Be Enough

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Some argue, however, that these benefit increases won't be sufficient to maintain seniors' purchasing power. This is because the CPI-W, which tracks spending habits of urban workers, may not accurately reflect how many retirees spend their money.

For example, seniors generally spend a disproportionately high amount on good and services like health care, which historically has seen higher than normal price increases. While health care spending is represented in the CPI-W, the percentage allocated to it may be less than the average senior citizen spends on it. This means the overall inflation rate impacting seniors' wallets may differ greatly from the amount computed by the CPI-W. Over the years, this has led to a loss in purchasing power for many seniors, compared to the amount of support Social Security was originally intended to provide.

That's why Rep. John Garamendi, D-Calif., recently introduced The Fair COLA for Seniors Act of 2021, which advocates for Social Security benefit COLAs being based on the Consumer Price Index for the Elderly, instead of the CPI-W.

COLAs averaged 2.9% between 1982 and 2011, the legislation notes. When recalculated according to the CPI-E, however, they would have risen 3.1% on average. That can amount to hundreds of dollars of difference in monthly benefits (and thousands of dollars a year) over decades. Given that Social Security represents most seniors' largest source of income, these increases could be invaluable to millions.

## COLAs in Context

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While COLAs help ensure retirees maintain their purchasing power today, built-in Social Security increases were not always the norm.

Before 1975, Social Security benefits did not increase automatically, and Congress set any new increases through legislation. But with inflation running high in the 1970s, Congress passed the 1972 Social Security Amendments to provide automatic increases for benefits. The first COLAs rolled out in 1975, giving recipients an automatic increase of 8%.

Since the inception of COLA, increases have ranged as high as 14.6% to no change at all based on changes to the CPI-W. Although the 6.2% for 2022 is just an estimate, those who receive Social Security and Supplemental Security income might see one of the highest COLA adjustments in the last 40 years next year.

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