



Social Security Announces the Largest COLA Increase in 40 Years

The Social Security Administration (SSA) recently announced the largest cost-of-living adjustment (COLA) in four decades. For Americans receiving Social Security benefits, the 5.9% increase, which is effective January 1, 2022, is expected to add \$92 to the average monthly benefit, bringing that estimated amount to \$1,657.¹

While this is good news for retirees, it's driven by the steep rise in inflation over the past 12 months, which reduces consumer buying power, especially for those living on fixed incomes in retirement. In September, the Consumer Price Index, a broad measure of inflation, rose 5.4% over the previous year, marking the largest annual gain since 2008.² As a result, much of the Social Security COLA increase is expected to be absorbed by the rising cost of goods and services, along with the projected \$10 rise in Medicare Part B premiums, from \$148.50 in 2021, to \$158.50 in 2022. For comparison, last year's Part B increase was only \$3.90 per month.³ For most retirees, Medicare Part B premiums are automatically deducted from their monthly Social Security benefit payments.

2022 marks the final incremental annual increase in FRA

Next year also marks the 12th and final annual increase for the full retirement age (FRA). That's the age when you are entitled to your full Social Security benefits. In 2022, the FRA will increase from 66 years and 10 months for persons born in 1959, to age 67 for anyone born in 1960 or later. While you can start receiving retirement benefits as early as age 62, the amount you receive is permanently reduced. However, if you delay taking benefits until after your FRA, up to age 70, your benefit amount will increase.⁴ That makes it important to have a plan in place for when you will claim your benefits.

What if you're still working and receiving benefits?

If you're working and taking Social Security benefits before your FRA, you may receive a temporarily reduced benefit, due to the earnings test. However, because the earnings threshold increases each year, beneficiaries can earn more income from work next year, before benefits are reduced. In 2022, if you're under your FRA, the SSA will hold back \$1 in benefits for every \$2 you earn from working, above \$19,560 (\$18,960 for 2021). If you reach your FRA in 2022, the earnings limit jumps to \$51,960, from \$50,520 in 2021, and \$1 is held back for every \$3 you earn until the month you reach your FRA. After that, the earnings limit no longer applies, the SSA stops holding money back due to work, and your monthly benefit will be permanently increased to account for the months in which benefits were withheld.⁵ For more information on Social Security changes for 2022, visit [SSA.gov](https://www.ssa.gov).

If you have questions about optimizing your benefits, contact the office to schedule time to talk.

¹ <https://www.ssa.gov/news/press/factsheets/colafacts2022.pdf>

² <https://www.bls.gov/news.release/pdf/cpi.pdf>

³ <https://www.helpadvisor.com/medicare/medicare-rate-increase>

⁴ <https://www.ssa.gov/benefits/retirement/planner/agereduction.html>

⁵ <https://www.ssa.gov/oact/cola/rtea.html>



4 Ways to Keep Online Spending in Check This Holiday Season

Despite supply chain bottlenecks, inventory challenges, and rising prices, this holiday season is expected to break records for online shopping and spending. According to Adobe Analytics, online holiday sales are expected to hit \$207 billion for the Nov.1 to Dec. 31, 2021 period, a 10% increase over 2020.¹ The ease and convenience of online shopping gradually pushed ecommerce adoption rates upward in recent years. However, the pandemic sealed the deal by exponentially driving adoption rates as ecommerce became an essential service.

While 43% of Americans plan to do all or a part of their shopping at brick-and-mortar retail stores this year, 57% say most of their holiday shopping will take place online.² However, one potential drawback to ecommerce sites is that they are available 24/7, which can lead to impulse purchases or spending more than you intended. While it can be easy to overspend when shopping online, consider the following tips to help keep your budget in check this holiday season:

1. **Create a budget:** Putting a holiday spending budget in place is an important first step. Begin by making a list of your intended gift recipients and how much you plan to spend on each. Compare that with what you actually spent last year to determine if your budget is realistic.
2. **Use cash:** Using cash can help you stay disciplined and out of debt. While you can't use actual dollar bills to transact online, you can make purchases with a bank debit card or prepaid gift cards. Prepaid gift cards can be purchased in different amounts, and many can be reloaded as you draw down on them. Just make sure the card you select is free of activation and other potential fees.
3. **Start early:** This year's holiday shopping is expected to be marked by inventory shortages, shipping delays, and rising prices. That makes it critical to start early to ensure the items you want are available and that you're not paying a premium for high-demand items or expedited shipping, due to inventory backlogs.
4. **Get the best deals:** Deal finder apps and extensions can help save time and money when shopping online by automatically searching for promo codes, coupons, and deals on the items you add to your online shopping cart. Most provide price comparisons across online merchants, and many will alert you to price drops on items saved to a cart or wish list.

If you have questions about ways to stay on track toward your important spending and savings goals, contact the office to schedule time to talk.

¹ <https://blog.adobe.com/en/publish/2021/10/20/adobe-forecasts-record-billion-holiday-season-online-us-billion-globally.html#gs.ebjzvm>

² <https://footwearnews.com/2021/business/retail/more-proof-the-consumer-is-back-survey-suggests-increases-in-early-in-person-holiday-shopping-1203167334/>