Social Security benefits to rise 5.9 percent for roughly 70 million people in 2022

*Inflation pushes the cost-of-living increase to the highest one-year bump in almost four decades.*

By Jeff Stein  
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The Social Security Administration announced Wednesday that its beneficiaries will see a 5.9 percent increase in their benefit checks starting next year — the largest boost to benefits in close to four decades.

The adjustment will be made for 64 million Social Security beneficiaries as well as 8 million Supplemental Security Income beneficiaries. Some Americans receive both benefits.

The cost-of-living increase, which will impact roughly 70 million people starting in late December and January, is tied to a measure of inflation that has surged this year as prices rise in a U.S. economy emerging from the coronavirus pandemic. Experts caution that millions of seniors will in reality see substantially less than a 6 percent bump, because Medicare Part B premiums are deducted from Social Security beneficiaries’ checks and are tied to seniors’ income. The increase in benefits will amount to roughly an additional $92 per month for seniors.

The Bureau of Labor Statistics said Wednesday that prices rose 0.4 percent in September compared to August. Overall, prices are up 5.4 percent over the last year. The “cost of living adjustment” that determines Social Security payment hikes is based on a different measure of inflation, but they both capture similar phenomenon in the economy.

Prices rise 5.4 percent in September over last year, as delta holds back economic recovery

The Social Security benefit increase has averaged about 1.7 percent over the last 10 years. This year’s increase amounts to the biggest since 1982, experts say. The price of prescription drugs often used by seniors has exploded, rising by 16 percent in 2021 alone, according to one industry group.

“This is welcome but inadequate — healthcare and prescription drug costs have been going up way faster than seniors’ cost of living. People’s Social Security benefits have been eroding,” Nancy Altman, co-director of Social Security Works, a nonprofit group.

Marc Goldwein, a budget expert at the Committee for a Responsible Federal Budget, said the increase in payments could amount to a major new cost for the government. He said the jump could move up the date at which Social Security is projected to become an insolvent by as much as a year, to 2032.
“There’s been huge inflation, so seniors are about to get a big raise. The problem is that’s going to cut into Social Security’s finances,” Goldwein said. “It’s potentially a big new cost.”