

SOCIAL SECURITY

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Starting in January 2023 millions of retirees will see the largest cost of living increase (COLA) in over four decades. The Social Security retiree benefit has been linked to inflation since 1975 so retirees wouldn't see their benefit reduced by inflation. The 8.7% increase for 2023 will be reflected in your January check deposit.

The other positive in 2023 is that Medicare Part B benefits, which are deducted from your Social Security checks, will decline this year by about \$5. As such, these falling Medicare premiums (unusual as 2022 saw a 14% + rise in Medicare) will allow retirees to keep their entire COLA increase.

We have clients that wonder if they will miss out on COLA by their delayed claiming of Social Security. Retirees can start claiming Social Security anytime between 62 and 70, but we rarely advocate taking before your Full Retirement Age (67 is the most common). Every month that you delay taking Social Security your payment increases for your life and your surviving spouse. In addition, your benefits are adjusted annually for inflation. Even if you delay claiming your Social Security you will still receive the 8.7% increase for 2023 even if you aren't cashing a check currently.

The taxation of Social Security can be a bit tricky as the formulas can be a bit complicated. The taxation of Social Security is not indexed to inflation, so you may see this impact your Federal taxes a bit more than normal. We can run a tax forecast for anybody that wants to review their tax picture for next year, so don't hesitate to contact us.

The claiming of Social Security is a major financial decision that has impacts for decades, so please make sure you lean on us to help with this important benefit at landmark-info@wealthenhancement.com