**Good News. We all need some good news.**

**Those receiving Social Security should get a good COLA increase**

Due to the increase in the cost of living, it is estimated that, barring unexpected reduce in the cost of living, all social security recipients can expect a 6.2% increase in their monthly social security checks. This is known as the Cost of Living Allowance (COLA). While we are all veterans in the American Legion, few of us served long enough to retire and receive a nice pension, and did not need to get a civilian job. Most of us have and many of us continue to have paid civilian jobs, have and are paying into social security. Thus many veterans are also receiving social security checks.

We can expect a nice increase next year (2022) in our social security payments. Note that a COLA is not really a pay raise, but an increase to keep up with the inflating cost of living.

In the last ten years, the average annual increase in social security payments has been 1.5% per year, that's an average because we all know that some years we did not receive any COLA increase.

Let's keep our fingers crossed as we are all going to need that COLA. Food has already increased double digits, and with the current and possibility of a long term drought, the cost of food, especially fruits and vegetables will increase dramatically. This increase is needed badly as the cost of everything seems to be going up.

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**SOURCE:**

***https://www.fool.com/investing/2021/08/29/how-much-average-social-security-benefit-rHere's How Much the Average Social Security Benefit Could Rise in 2022***

**The biggest payout increase in nearly four decades could put a lot of extra cash into beneficiaries' pockets.**

***Sean Williams, Aug 29, 2021 at 6:06AM***

***Key Points***

Social Security is an indispensable income source during retirement for most Americans.

Next year's cost-of-living adjustment could be its biggest since 1983.

Despite a large expected payout bump in 2022, longtime beneficiaries are still worse for the wear.

When you retire, there's a really good chance you'll be reliant on Social Security to some degree to help make ends meet. When national pollster Gallup asked non-retirees about their expected reliance on Social Security when they hang up their work coats for good, just 15% in 2021 expected that it wouldn't be a necessary source of income. That compares to 38% who responded it would be a "major" income source, which represents an all-time high for this poll, dating back to 2001.

Considering how important Social Security is to the financial well-being of its more than 65 million current beneficiaries, there's arguably no decision that plays a bigger role than the cost-of-living adjustment (COLA) announcement in the second week of October.

**Social Security's cost-of-living adjustment is a "raise" in name only**

COLA, as it's more commonly known, can be thought of as the "raise" that beneficiaries receive from one year to the next. I say "raise" in quotation marks, because **it's not an increase in payout that's designed to get beneficiaries ahead. Rather, it's aimed at accounting for the inflation (i.e., the rising price of goods and services) that Social Security recipients have contended with over the past year.**

Social Security's COLA is determined by changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers, or CPI-W. The CPI-W has eight major spending categories and dozens of subcategories, each of which have their own respective weightings. As the price for a predetermined basket of goods and services changes, it can be tabulated into a neat and tidy number that can be used for comparative purposes to determine the rate of inflation (or deflation, i.e., falling prices).

The interesting thing about Social Security is that its COLA is determined by examining only the third-quarter (Q3) CPI-W readings (July through September). If the average CPI-W reading from Q3 of the current year is higher than the average CPI-W reading from Q3 of the previous year, beneficiaries are getting a payout bump. The magnitude of the "raise" is simply the percentage increase from Q3 in the current year compared to Q3 in the previous year, rounded to the nearest tenth of a percent.

The thing is, when Social Security beneficiaries check their bank accounts come January, they could be in for quite the surprise.

Two Social Security cards and two one hundred dollar bills laid atop a payout schedule.

**According to data from the U.S. Bureau of Labor Statistics (BLS), inflation has been picking up in a big way over the past year**. **On Aug. 11, the BLS released data showing a 6% increase in the CPI-W over the trailing 12 months. This reading led The Senior Citizens League (TSCL), a nonpartisan senior advocacy group, to estimate that Social Security's 2022 COLA would come in at 6.2%.**

For some context here, **a 6.2% COLA would mark the highest year-over-year percentage increase in benefits since 1983,** which featured a 7.4% COLA. Around 169 million Americans alive today weren't even born the last time COLA was this robust.

The big question is: What would a 6.2% COLA actually look like, in terms of extra monthly payout, for the average Social Security beneficiary?

The answer really depends on what you consider to be the definition of "average beneficiary."

For example, most people associate Social Security with providing for retired workers. In July 2021, 72.1% of the program's 65.04 million people were retirees. Based on the $1,556.72 the average retired worker received from the program in July, and taking into account the uptick in the average payout since the year began (the average retired worker payout was $1,543.07 in January), we can estimate that $1,568 will be the average payout come Decemer.

If a 6.2% COLA were passed along in January 2022, based on this figure, the average retired worker would see a monthly benefit increase of about $97 to $1,665, working out to an annual jump of a little over $1,165.

However, Social Security also provides monthly benefits for more than 8 million disabled workers and 5.8 million survivors of deceased workers. In July, the average monthly benefit for disabled workers was $1,280.62, while the average monthly survivor benefit was $1,249.05. By December, the average monthly disabled worker payout should be roughly $1,283, with survivors bringing home in the neighborhood of $1,254 each month.

With a 6.2% COLA, the average disabled worker would net close to $80 extra each month, beginning in January, pushing their benefit to $1,363. Meanwhile, the average survivor is looking at a monthly increase of $78, which would lift their monthly payout to $1,332.

Two concerned seniors with calculator and papers.

For somewhere in the neighborhood of 60 million of the program's 65 million beneficiaries, 2022 could feature an average monthly payout increase of between $78 and $97. Unfortunately, this isn't cause for a celebration.

Putting aside that we only have CPI-W data from one (July) of the three months used to calculate Social Security's COLA, the bigger issue for monthly payout recipients is that the CPI-W has historically done a very poor job of tracking the true inflation that the program's beneficiaries are facing.

As its full name rightly suggests, the CPI-W tracks the spending habits of urban and clerical workers. These are typically working-age Americans who spend their money very differently than the senior citizens who comprise the bulk of Social Security's beneficiaries.

For example, urban and clerical workers devote less of a percentage of their total spending to medical care and housing than do seniors. Comparably, they spend far more on education, apparel, and transportation than seniors. This leads to the CPI-W underweighting important costs to seniors while overweighting less important expenses.

Earlier this year, TSCL released a study showing that the CPI-W's shortcomings have reduced the purchasing power of Social Security dollars for retired workers by 30% since 2000. What a retiree could buy with $100 in Social Security income can now only purchase $70 worth of those same goods and services. With no legislative fix on the horizon, Social Security recipients are likely to see their purchasing power erode further over time.

Additionally, the **boost in payout 65 million-plus people will see in 2022 will be predominantly eaten up by higher costs, such as rising shelter prices or higher Medicare Part B premiums.**

It'll be a nominally welcome hike in benefits for sure, but beneficiaries would be wise to keep the champagne on ice.

The $17,166 Social Security bonus most retirees completely overlook pending inflation that can be expected as climate change causes shortages of many issues, including food. Just the forecasted drought in the West will mean dramatic increases in fruits and vegetables.

If you're like most Americans, you're a few years (or more) behind on your retirement savings. But a handful of little-known "Social Security secrets" could help ensure a boost in your retirement income. For example: one easy trick could pay you as much as $17,166 more... each year! Once you learn how to maximize your Social Security benefits, we think you could retire confidently with the peace of mind we're all after.

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