

How Will My Social Security Change In 2024?

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As the U.S. economy grapples with inflation above the Fed's target of 2%, the Social Security Administration (SSA) has some key updates for 2024. The Cost-of-Living Adjustment (COLA) for the new year is 3.2%. While the increase in benefit checks is smaller than last year's significant 8.7% jump, more money in your pocket is always helpful. But that's not all – come January, Social Security recipients can expect several other adjustments that may impact the upcoming year.

What Can I Expect Starting in January?

More Money in Your Pocket

The 3.2% COLA translates to an average increase of more than \$50 each month. To put this in perspective, the SSA has released some numbers on what your checks could look like this coming year:

- The average retiree receiving a benefit of \$1,848 will now enjoy a monthly payment of \$1,907.
- For a married couple where both individuals receive benefits and have a combined Social Security check of \$2,939, they will now receive \$3,033 per month.
- If you qualify for Social Security disability, your monthly benefit will increase by an estimated \$48.

Retirees May Receive a Higher Benefit

The maximum Social Security benefit is increasing. Those who retire at full retirement age can now earn up to \$3,822 per month, compared to the previous year's \$3,627. Keep in mind that not everyone will receive this maximum amount; your specific benefit depends on factors such as your work history, income, and when you claimed your benefits. To calculate your benefit, click [here](#).

More Leeway with Retirement Earnings Test Exempt Amounts

If you're still working while claiming benefits before Full Retirement Age (FRA), you should be aware of the retirement earnings test exempt amounts. If not, don't worry – here's a quick rundown: If you claim benefits before FRA while still working, a portion of your benefit might be reduced for earnings above a certain amount.

- If you're under FRA, you can make up to \$22,320 a year (\$1,860 a month) with no penalties. Earnings beyond this limit will result in \$1 in benefits being withheld for every \$2 in earnings above the limit.
- If you're working in the year you'll reach FRA, you can make up to \$59,520 a year (\$4,960 a month) with no consequences. During this time, \$1 in benefits will be withheld for every \$3 in earnings above the limit. But this only applies to earnings for months before reaching FRA. Once you reach FRA, you'll have no restrictions.

Slight Boost in Supplemental Security Income (SSI)

Another significant change is the increased payments for those who qualify for SSI. This program provides monthly payments to individuals with disabilities or older adults who have little or no income. While SSI depends on various factors like income and living situations, the SSA estimates that those who qualify could receive around an extra \$30 a month.

Some Workers Will Be Taxed More

Unfortunately, not all the changes result in increased benefits. In 2024, the amount you can be taxed on will increase to \$168,600, up from the 2023 maximum taxable earnings of \$160,200. Simply stated, if you earn \$200,000 a year, you'll be subject to Social Security tax for \$168,600 of it starting in 2024, in addition to income tax, Medicare tax, and other tax implications.

The Bottom Line

While the upcoming Social Security changes bring some good news for recipients, you'll need to take a closer look at how these adjustments might impact your personal finances. To make the most of these changes and guarantee your financial well-being in the coming years, it's a good idea to plan around these changes and alter your budget and financial plan where necessary. If you're interested in learning more specifics about these changes, check out the SSA fact sheet.