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living adjustment (COLA) for benefit checks in 2024. It's just one of many changes announced by Social Security recently.

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By Bob Haegele, [Bankrate.com](https://www.bankrate.com) (via TNS).

As inflation lingers, the Social Security Administration (SSA) is boosting its cost of living adjustment (COLA) for benefit checks in 2024. It's just one of many changes announced by Social Security recently.

More than 71 million people depend on one of Social Security's benefit programs, so

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The SSA has announced that benefit checks will rise 3.2% in 2024. The 3.2% adjustment will amount to a \$59 increase in monthly benefits for the average retired worker on Social Security, beginning in January.

Specifically, the average check for retired workers will increase from \$1,848 to \$1,907. For a couple with both partners receiving benefits, the estimated payment will increase from \$2,939 to \$3,033, a rise of \$94.

Since 1975, the SSA has tied cost of living adjustments to the Consumer Price Index for urban wage earners and clerical workers (CPI-W). The SSA compares the third-quarter CPI-W for the prior year to the third-quarter CPI-W in the current year to determine the COLA. It then adjusts the COLA based on the difference in CPI-W from one year to the next.

2. Maximum taxable earnings going up

In 2023, the maximum earnings subject to Social Security taxes was \$160,200. That is, workers paying into the system are taxed on wages up to this amount, typically at the 6.2% rate. In 2024, the maximum earnings will increase to \$168,600, meaning more of a worker's income will be subject to the tax. This adjustment is due to an increase in average wages in the U.S.

3. Maximum Social Security benefit also set to increase

As expected, the maximum Social Security benefit for a worker retiring at full retirement age will also increase in 2024, from \$3,627 to \$3,822. It's important to note that this maximum applies to those retiring at the full retirement age, which is 67 for anyone born after 1960.

The maximum will be different for those who retire before the full retirement age,

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—The SSA says the average widowed mother with two children will see an increase from \$3,540 to \$3,653.

—Aged widows and widowers living alone will see their benefits increase from \$1,718 to \$1,773.

—The benefit will increase for a disabled worker with a spouse and one or more children from \$2,636 to \$2,720.

Of course, those are averages, and individual circumstances will vary.

5. Social Security adjusts earnings test exempt amounts

If you claim your retirement benefits before you hit full retirement age, Social Security will withhold some benefits from your check above certain levels of income. It's what the program calls the retirement earnings test exempt amounts, and it can claim a serious chunk of your benefits if you're still working. Here's how it will work in 2024.

If you start collecting Social Security before full retirement age, you can earn up to \$1,860 per month (\$22,320 per year) in 2024 before the SSA will start withholding benefits, at the rate of \$1 in benefits for every \$2 above the limit. In 2023, the maximum exempt earnings were \$1,770 per month (\$21,240 per year).

In the year you reach full retirement age, this rule still applies, but only up until the month you hit full retirement age and with much more forgiving terms. In 2024, you can earn up to \$4,960 per month (\$59,520 per year) before benefits are withheld, at the rate of \$1 in benefits for every \$3 earned above the limit (instead of every \$2). In 2023, the threshold was \$4,710 per month (\$56,520 per year).

Medicare Part B premiums increase

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Bottomline

The 2024 Social Security COLA offers retirees and others a better-than-average boost to their benefits as inflation lingers. But that's not the only change to the program, as other levels and thresholds have been adjusted to account for on-going inflation, too.

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