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The new COLA (no, not Coca-Cola)

By Mandi M. Irkfitz

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With the end of the year fast approaching, we know what is on everyone's mind... cost-of-living adjustments (COLA) for Social Security benefits of course.

The purpose of COLA is for Social Security benefits to keep pace with inflation. The Social Security Act specifies a formula for determining COLA. COLA are based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which are calculated on a monthly basis by the Bureau of Labor Statistics.

A COLA effective for December of the current year is equal to the percentage increase (if any) in the CPI-W from the average for the third quarter of the current year to the average for the third quarter of the last year in which a COLA became effective.

On October 13, 2022, Social Security Administration (SSA) announced the latest COLA for social security benefits and supplemental security income payments is **8.7 percent**. This will be the largest automatic COLA increase since 1981. SSA indicated on average, Social Security benefits will increase by more than \$140 per month. The Social Security benefits increase will begin with the December 2022 benefits, which are payable in January 2023.

Why it matters? Any employee that is on permanent total disability (PTD) with a Social Security offset will have an adjustment of benefits with the Social Security benefits increase. So, the PTD rate will drop. While this happens almost every year (there have been some years where the formula results in no COLA), this year's PTD rate drop will be more significant given it is the largest COLA increase in over 40 years (hopefully the largest you have seen in your career).

If you have questions about any workers' compensation matter, please feel free to reach out to myself, or any of the attorneys here at Brown & Carlson. Additionally, if this is an urgent matter, please feel free to contact the Brown & Carlson Hotline at (855) 844.7070, as someone will always be available to answer your call.

Mandi M. Irkletz
763-252-6376
mirkletz@brownandcarlson.com

