

Social Security COLA FAQ



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To compensate for the effects of inflation, Social Security benefits are indexed to inflation. This adjustment is one of the features that makes Social Security a unique source of income in retirement. Use this info sheet with your financial advisor or investment professional to help address common questions and concerns you may have about the recent Cost-of-Living adjustments (COLA).

How much is the COLA increase for 2025?

Social Security benefits will increase by 2.5% in 2025. By law, Social Security benefits increase when the cost-of-living rises, as measured by the Department of Labor's Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Do I have to be receiving Social Security benefits in order to receive the COLA?

No, you don't have to be receiving Social Security benefits in order to receive the COLA. You're eligible for a cost-of-living adjustment starting with the year you turn age 62. This is true even if you don't receive benefits until your Full Retirement Age, or even age 70.¹ The Social Security Administration (SSA) adds the cost-of-living increases to your benefit beginning with the year you reach 62. Benefits are adjusted yearly to reflect the increase, if any, in the cost-of-living as measured by the Consumer Price Index.

Do I have to contact Social Security to get the COLA?

COLA is automatic and does not require activation. You can view your COLA notice online through your personal *my* Social Security account at www.ssa.gov/myaccount.

Recent reports indicate that criminals are trying to trick people into sharing personal and financial information over the phone or through deceptive text and email messages that lure people to a fake Social Security website. Criminals falsely advise recipients to apply to receive Social Security benefits or extra money, such as a cost-of-living adjustment (COLA), or to set up an online account. The message may also provide fake contact information for SSA.¹ Generally, SSA mainly contacts people who have recently applied for a Social Security benefit, someone who is already receiving payments and requires an update to their records or has requested a phone call from the agency. If there is a problem with a person's Social Security number or record, the SSA will typically mail a letter.

When will the increase take effect?

Automatic COLAs for retirement and disability benefits are effective for December of 2024. If you are currently receiving Social Security benefits, your benefits for December of 2024 are paid in January of 2025.

When will the notice arrive in the mail?

The SSA will mail COLA notices throughout the entire month of December. It is possible that a friend or family member will receive their notice in the mail before you. Please wait until January before contacting the SSA about your mailed notice. However, you may not need to wait for your mailed notice to learn your new benefit amount for 2025: You can view your COLA notice online with your personal *my* Social Security account.



¹ Source: SSA Office of the Inspector General.

² Full Retirement Age is age 66 for anyone born between 1943 and 1954. It increases by two months for every year from 1955 to 1959. It is age 67 for anyone born 1960 or later.

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When will my new estimated benefits be available online?

In December 2024, Social Security COLA notices will be available online for most people. Check the Message Center of your my Social Security account. This is a secure, convenient way to receive COLA notices online, and you can save the message for later.

Why did my Social Security deposit go down even though there was a COLA?

If you have higher income, you'll pay an additional premium amount for Medicare Part B and Medicare prescription drug coverage. The SSA calls the additional amount the "income-related monthly adjustment amount." If you're a higher-income beneficiary, this amount is deducted from your monthly Social Security payments regardless of how you usually pay your monthly prescription plan premiums. For more information, please visit www.ssa.gov/benefits/medicare/medicare-premiums.html.

What are some of the numbers that were updated?

	2024	2025
MAXIMUM TAXABLE EARNINGS		
Social Security	\$168,600	\$176,100
RETIREMENT EARNINGS TEST EXEMPT AMOUNTS		
Under Full Retirement Age	\$22,320/yr. (\$1,860/mo.)	\$23,400/yr. (\$1,950/mo.)
NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.		
The year an individual reaches Full Retirement Age	\$59,520/yr. (\$4,960/mo.)	\$62,160/yr. (\$5,180/mo.)
NOTE: Applies only to earnings for months prior to attaining Full Retirement Age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.		
MAXIMUM SOCIAL SECURITY BENEFIT: WORKER RETIRING AT FULL RETIREMENT AGE		
	\$3,822/mo.	\$4,018/mo.
ESTIMATED AVERAGE MONTHLY SOCIAL SECURITY BENEFITS PAYABLE IN JANUARY 2025		
	Before 2.5% COLA	After 2.5% COLA
All Retired Workers	\$1,927/mo.	\$1,976/mo.

Chart Source: ssa.gov.

This chart and estimates is for illustrative purposes only and will based on each individual's situation.

How is the Social Security COLA calculated?

COLA 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. If the increase in the CPI-W is at least 0.1%, there will be a COLA. However, if the CPI-W increases by less than 0.05%, or if the CPI-W decreases, there won't be a COLA.

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Social Security Cost-of-Living Adjustments

Below is a list of COLAs by the year the COLA was announced. If you are receiving Social Security benefits, a COLA is effective starting with your December benefits that are paid in January.

Since 1983, COLA changes take effect the next January 1.

YEAR	COLA	YEAR	COLA
1975	8.0	2001	2.6
1976	6.4	2002	1.4
1977	5.9	2003	2.1
1978	6.5	2004	2.7
1979	9.9	2005	4.1
1980	14.3	2006	3.3
1981	11.2	2007	2.3
1982	7.4	2008	5.8
1983	3.5	2009	0.0
1984	3.5	2010	0.0
1985	3.1	2011	3.6
1986	1.3	2012	1.7
1987	4.2	2013	1.5
1988	4.0	2014	1.7
1989	4.7	2015	0.0
1990	5.4	2016	0.3
1991	3.7	2017	2.0
1992	3.0	2018	2.8
1993	2.6	2019	1.6
1994	2.8	2020	1.3
1995	2.6	2021	5.9
1996	2.9	2022	8.7
1997	2.1	2023	3.2
1998	1.3	2024	2.5
1999	2.5		
2000	3.5		

Chart Source: ssa.gov.

For more information and answers to your questions,
please visit ssa.gov/benefits

Source: Social Security Administration.

For help determining what role Social Security benefits will play in your financial future, work closely with your financial advisor or investment professional. They will provide the perspective you need to help you build and maintain a retirement strategy that may work best for you.

For informational purposes only. MFS does not provide tax, legal, retirement or Social Security advice. Clients of MFS should obtain their own independent tax and legal advice based on their particular circumstances. Please contact the Social Security Administration at 1-800-772-1213 or go to ssa.gov for more information.