



Written by [David Kelly](#) on August 7, 2022

## Increased Benefits Come With Social Security Expansion Act

Inflation has been taking its toll on retirees, especially those who rely solely on Social Security. But have no fear, Senator Bernie Sanders (I-Vt.) and seven Democratic [cosponsors](#) recently introduced S. 4365, the [Social Security Expansion Act](#), a bill to enhance Social Security benefits and ensure the long-term solvency of the Social Security program.

If this bill passes, retirees 62 and over would start to receive an additional \$200 a month in benefits beginning in January 2023. Most retirees rely heavily on Social Security benefits, and for some it's their only source of income.



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Currently, Americans will stop receiving their full Social Security benefits in about 13 years if Congress doesn't act to address the pending shortfall, according to an [annual report](#) released in June by the Social Security and Medicare trustees. In other words, monthly benefits will dramatically decrease to all by 2034. At that time, the fund's reserves will be depleted, and payroll taxes will only cover 77% of benefits owed. About 56 million people received these benefits in 2021.

With this new legislation all may not be lost, as the new bill aims to ease seniors' financial strain by boosting each recipient's monthly check. The average monthly Social Security check is about \$1,658, meaning a \$200 increase would represent a 12% boost. This year's Social Security [Cost-of-Living Adjustment](#) (COLA) of 5.9 percent is based on inflation figures from 2021. But since then, inflation has pushed well above nine percent, meaning Social Security recipients today are actually losing money.

"Many, many seniors rely on Social Security for the majority, if not all, of their income," said [Martha Shedden](#), president of the National Association of Registered Social Security Analysts. "\$200 a month can make a significant difference for many people."

How will Congress ensure that Social Security will be able to increase benefits and stay solvent for years to come? If you guessed increasing payroll taxes to cover the costs, then you guessed right. According to the bill's sponsors, the proposed changes will be made possible by raising taxes on people who earn more money per year.

Today Social Security taxes are set at 6.2 percent for employees and employers. This figure is for each, not for both combined. Self-employed workers pay a higher tax rate of 12.4 percent. As the maximum taxable salary is \$147,000, the maximum tax payable is therefore \$9,114 each for employee and employer, with the self-employed paying up to \$18,228 per year.

The bill proposes to increase the maximum taxable salary for Social Security, adding funding by applying the Social Security payroll tax to all income below \$250,000. Currently, earnings above \$147,000 aren't subject to the Social Security tax. An additional proposal would be to base the annual



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COLA on the Consumer Price Index for the Elderly (CPI-E) instead of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Not all in Congress are on the same page with the proposed Social Security Expansion Act. Republican senators were eager to state their opposition to the bill, with Mitt Romney (R-Utah) proudly [proclaiming](#), “This bill has no chance whatsoever of receiving a single Republican vote in either House.”

Instead, the Republicans are proposing the so-called [TRUST Act](#) (S. 1295), a bill that establishes congressional rescue committees to develop recommendations and legislation to improve critical social-contract programs such as Social Security and Medicare. Senator Lindsey Graham (R-S.C.) suggested a Senate vote pitting the Social Security Expansion Act against the TRUST Act.

The Expansion Act bill is new and has several hurdles to cross in Congress, but observers expect some kind of change to Social Security to ensure it serves the needs of recipients well into the future. No one knows what Congress will end up with other than it will likely cost Americans more.

We all know that taxation is theft, and the promise of all welfare programs such as Social Security will never be the utopia as expounded by our inept politicians. In a free society the individual should be responsible for his journey in life, knowing full well the consequences of his actions. That responsibility includes planning for retirement. Ultimately, Social Security should be sunset and retirement decisions left to the individual.

An awakening for all Americans who continue to carry the burden of our government’s largesse would be to abolish payroll withholding taxes and allow employees to keep their hard-earned wages. This would force government to end nanny-state socialism and wasteful spending, and bring about a long-needed budgetary revolution.



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