



2022 Social Security, PBGC figures and projected covered compensation

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Social Security benefits payable in 2022 will increase by 5.9%, the Social Security Administration (SSA) [announced](#) Oct. 13 in updates that include the 2022 [taxable wage base](#) and the 2020 [national average wage](#). The Pension Benefit Guaranty Corp. (PBGC) likewise has released inflation-indexed [premium amounts](#) for next year and the [maximum guaranteed benefit](#) for single-employer pension plans. Mercer has estimated the present value of the maximum guarantee for 2022. IRS has yet to issue 2022 covered compensation, but Mercer has projected those figures, using the published taxable wage base.

Social Security and Supplemental Security Income (SSI) amounts

The 5.9% cost-of-living increase for 2022 Social Security benefits reflects the change in the third-quarter Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from 2020 to 2021. Other 2022 Social Security amounts are tied to the 2.83% increase in [average annual wages](#) from 2019 to 2020. The next table shows key Social Security values for 2020–2022 from SSA's 2022 [fact sheet](#) and [automatic determinations](#) webpage.

Social Security and SSI values	2022	2021	2020
Cost-of-living increase	5.9%	1.3%	1.6%
Average annual wage (second preceding year)	\$55,628.60	\$54,099.99	\$52,145.80
OASDI contribution and benefit base (wage base)	147,000	142,800	137,700
“Old law” contribution and benefit base	109,200	106,200	102,300

Social Security and SSI values	2022	2021	2020
Retirement earnings test exempt amount (annual)			
Under full retirement age (full year)	\$19,560	\$18,960	\$18,240
Year individual attains full retirement age (period before attaining full retirement age)	51,960	50,520	48,600
Wages needed for a quarter of coverage	1,510	1,470	1,410
Disability thresholds (monthly amounts)			
Substantial gainful activity — not blind	1,350	1,310	1,260
Substantial gainful activity — blind	2,260	2,190	2,110
Trial work period	970	940	910
Coverage thresholds for:			
Domestic employees	2,400	2,300	2,200
Election workers	2,000	2,000	1,900
Bend-points — PIA formula applied to average indexed monthly earnings (AIME)			
90% of AIME up to	1,024	996	960
32% of AIME over first bend-point up to	6,172	6,002	5,785
15% of AIME over second bend-point			
Bend-points — maximum family benefit formula applied to worker's PIA			
150% of PIA up to	1,308	1,272	1,226
272% of PIA over first bend-point up to	1,889	1,837	1,770
134% of PIA over second bend-point up to	2,463	2,395	2,309
175% of PIA over third bend-point			
SSI federal payment standard (monthly amounts)			
Individual	841	794	783
Couple	1,261	1,191	1,175
SSI student exclusion limits			
Monthly limit	2,040	1,930	1,900
Annual limit	8,230	7,770	7,670

PBGC premiums, guaranteed benefits and maximum present value

On Oct. 14, PBGC [announced](#) inflation-adjusted 2022 premium rates and the variable-rate premium cap. Since 2020, all premium amounts — including the per-participant variable-rate premium cap — are indexed annually for wage inflation.

On Oct. 20, PBGC [announced](#) that the maximum guaranteed benefit for plans terminating in 2022 will rise to \$74,455 from \$72,409 in 2021. This amount is determined using the Social Security “old law” contribution and benefit base (see [Social Security and SSI amounts](#)). The maximum guaranteed benefit is adjusted if benefit payments start before (or after) age 65 or are paid in a form other than a single-life annuity. Some of the guaranteed amount may be paid from the plan’s assets, and participants may receive more if the plan is better funded or PBGC can recover other amounts from the plan sponsor.

PBGC amount	2022	2021	2020
Flat-rate premium — single-employer plans	\$88	\$86	\$83
Flat-rate premium — multiemployer plans	32	31	30
Variable-rate premium per \$1,000 of unfunded vested benefits	48	46	45
Per-participant variable-rate premium cap	598	582	561
Annual maximum guaranteed benefit (payable as a single-life annuity starting at age 65)	74,455	72,409	69,750

* Value set by statute.

PBGC is expected to publish the 2022 present value of the maximum guarantee table in November, but Mercer has projected these amounts. These values are used to administer Internal Revenue Code Section 436 restrictions on lump sums and other accelerated payments from underfunded plans. The present values will increase slightly from 2021 levels for most ages, mainly because the increase in the maximum guaranteed benefit was worth more than the decrease resulting from using the August 2021 417(e) lump sum segment rates (0.66%, 2.50% and 3.12% for 2022 present values vs. the August 2020 rates of 0.52%, 2.22% and 3.03% used to determine the 2021 present values).

Plans at least 60% but less than 80% funded may only pay lump sums (or other accelerated distributions) up to the lesser of (i) 50% of the present value of the benefit otherwise payable or (ii) the present value of the participant’s PBGC maximum guarantee. Plans subject to the restrictions must use the 2022 table for annuity starting dates in 2022, regardless of the plan year.

The next table shows the projected present values for 2022 and the two prior years. The [full table](#) of present values for every year back to 2008 is available on the PBGC website, along with a downloadable Excel table.