

2023 – Stay Informed and Be Prepared



By Christina A. Nash, CFP® & Jodi M. Viaud, CFP® | Knox Grove Financial, LLC

What can we expect this year? Economists have warned us about financial headwinds, tailwinds, and why they foresee a recession. It can be a bit unnerving. We believe that staying informed and prepared for changes that will impact your financial strategy will go a long way in keeping you on track to meet your financial goals in any economic environment. Let's start the year by looking at some of the key retirement changes you can expect.

Look for an increase in your Social Security payments – As the result of an 8.7% cost of living adjustment (COLA), retired workers receiving Social Security can expect a higher payment beginning this month. This is the largest COLA in 40 years with an average benefit increase among all retired workers of \$146/month while the average for a senior couple, both receiving benefits will be \$238/month.

Wage base has gone up – The amount of a worker's earnings that is taxable for Social Security purposes is considered the wage base. This bump (\$147,000 to \$160,200) in the wage base means that high earners can expect to pay more in Social Security taxes. On the bright side, this also means that more of their earnings will be credited to their future Social Security benefit.

The earnings limit subject to Social Security tax will be higher - If you are a Social Security beneficiary and still working, you will be able to earn \$1680 more in 2023 before Social Security benefits are reduced. If you're a Social Security recipient and younger than your full retirement age, you can earn up to \$21,240 in 2023 before a benefit dollar is withheld for every \$2 earned above the limit.

Full Retirement Age (FRA) increase – Although the FRA has gradually been going up for those born between 1954 and 1960, it has hit 67 if you were born in 1960 or later. This is one year later than the FRA of 66 for those born between 1943 and 1954.

Lower Medicare Premiums – For many, Medicare premiums are deducted from their Social Security payment. Basic Part B Medicare premiums will decrease slightly in 2023 (\$170.10 to \$164.90) Please note that some folks may pay higher premiums because of a late enrollment penalty or having a high income. In addition, the annual deductible for all Medicare Part B beneficiaries is also decreasing by \$7 to \$226.00

Financial planning for retirement has become even more important as the strength of the Social Security system continues to be questioned. Each year, the number of Social Security recipients increases, and the number of years people spend in retirement gets longer. And, while Social Security is an important piece of your retirement plan, it will probably not be enough to replace your income or provide a comfortable retirement.

Facing that reality is the first step to ensuring you put a strategy in place that will provide a stream of income for the rest of your life. That strategy should include having a good estimate of what you'll spend during retirement and what percentage of your current income you'll need to cover those expenses. It will allow for the



Get Financially Strong and Savvy in 2023

From Investment Portfolio Management to Comprehensive Living Plans, we work hand in hand with you to develop a financial roadmap that will serve you throughout your lifetime.

Contact us to discuss how you can start the year off on the right path to financial strength and success.



The Knox Grove Financial Team
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lifestyle you envision, where you want live, what activities you'll be involved in and the legacy you want to leave. Understanding your retirement savings options, both tax-deductible and tax-deferred is another important aspect of retirement planning. Time spent preparing for retirement is never wasted, no matter what economic predictions actually occur. Remember, it's never too early to start saving for retirement, but sometimes, it can be too late.

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