



2022 Social Security, PBGC figures and projected covered compensation

By Margaret Berger and James Chakan
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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.

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	Projected 2022*	2021†	202019		Projected 2022*	2021†	201920‡
25	\$310,890	\$312,953	\$227,914	56	\$863,380	\$861,626	\$734,107
26	320,653	322,514	236,193	57	893,271	891,196	763,193
27	330,723	332,367	244,772	58	924,061	921,538	793,333
28	341,112	342,523	253,664	59	955,827	952,725	824,609
29	351,830	352,993	262,881	60	988,660	984,837	857,118
30	362,888	363,787	272,436	61	1,028,142	1,022,944	893,387
31	374,300	374,917	282,341	62	1,067,809	1,061,192	930,697
32	386,077	386,394	292,611	63	1,107,766	1,099,682	969,175
33	398,233	398,232	303,261	64	1,148,162	1,138,552	1,008,989
34	410,779	410,441	314,304	65	1,189,022	1,177,804	1,050,190
35	423,729	423,033	325,755	66	1,270,985	1,259,089	1,124,309
36	437,095	436,020	337,629	67	1,356,977	1,344,382	1,202,280
37	450,889	449,412	349,940	68	1,456,589	1,443,188	1,292,654
38	465,126	463,224	362,708	69	1,567,577	1,553,281	1,393,511
39	479,822	477,469	375,947	70	1,687,681	1,672,416	1,502,901
40	494,990	492,162	389,678	71	1,898,943	1,881,892	1,694,086
41	510,650	507,320	403,921	72	2,089,626	2,070,996	1,867,664
42	526,816	522,957	418,694	73	2,259,633	2,239,596	2,023,451
43	543,510	539,093	434,021	74	2,408,927	2,387,670	2,161,349
44	560,750	555,748	449,927	75	2,537,641	2,515,318	2,281,345
45	578,561	572,942	466,437	76	2,965,213	2,939,144	2,671,083
46	601,805	597,048	487,603	77	3,343,502	3,314,077	3,017,919
47	625,517	621,531	509,324	78	3,673,339	3,640,928	3,322,352
48	649,714	646,402	531,619	79	3,955,911	3,920,868	3,585,157
49	674,411	671,676	554,512	80	4,192,727	4,155,461	3,807,542
50	699,628	697,369	578,029	81	5,221,335	5,174,996	4,751,490
51	725,389	723,498	602,197	82	6,113,857	6,059,695	5,575,176

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	Projected 2022*	2021†	202019		Projected 2022*	2021†	201920‡
52	\$751,707	\$750,075	\$627,041	83	\$6,877,479	\$6,816,572	\$6,284,334
53	778,622	777,134	652,603	84	7,517,070	7,450,520	6,882,581
54	806,166	804,708	678,925	85	8,042,600	7,971,207	7,378,136
55	834,382	832,835	706,056				

* Projected present value determined using August 2021 lump sum segment rates of 0.66%, 2.50% and 3.12%.

† Present value determined using August 2020 lump sum segment rates of 0.52%, 2.22% and 3.03%.

‡ Present value determined using August 2019 lump sum segment rates of 2.09%, 3.00% and 3.61%.

Projected covered compensation

Qualified defined benefit (DB) pension plans use covered compensation to determine “permitted disparity” under Section 401(l) design-based safe harbor rules and “imputed disparity” under Section 401(a)(4) general nondiscrimination testing rules. Covered compensation is the average Old-Age, Survivors and Disability Insurance (OASDI) contribution and benefit base for the 35 years ending with the year the employee reaches Social Security retirement age. IRS rounds Social Security retirement ages up to the next higher integer for covered compensation purposes, even though the actual Social Security full retirement age increases in two-month increments. Qualified plans have the option to determine permitted or imputed disparity using either actual or rounded covered compensation.

IRS has not yet issued 2022 covered compensation tables, but Mercer has projected these amounts based on the increase in the taxable wage base to \$147,000 for 2022 from \$142,800 for 2021. The next table shows covered compensation amounts for individuals who have already reached Social Security full retirement age. (At that age, covered compensation becomes fixed and is no longer affected by annual changes in the OASDI contribution and benefit base.)

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
1920	65	1985	\$12,276	\$12,000
1921	65	1986	13,368	12,000
1922	65	1987	14,520	15,000
1923	65	1988	15,708	15,000
1924	65	1989	16,968	18,000
1925	65	1990	18,312	18,000
1926	65	1991	19,728	21,000

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
1927	65	1992	\$21,192	\$21,000
1928	65	1993	22,716	24,000
1929	65	1994	24,312	24,000
1930	65	1995	25,920	27,000
1931	65	1996	27,576	27,000
1932	65	1997	29,304	30,000
1933	65	1998	31,128	30,000
1934	65	1999	33,060	33,000
1935	65	2000	35,100	36,000
1936	65	2001	37,212	36,000
1937	65	2002	39,444	39,000
1938	65 & 2 months	2004	43,992	45,000
1939	65 & 4 months	2005	46,344	45,000
1940	65 & 6 months	2006	48,816	48,000
1941	65 & 8 months	2007	51,348	51,000
1942	65 & 10 months	2008	53,952	54,000
1943	66	2009	56,628	57,000
1944	66	2010	59,268	60,000
1945	66	2011	61,884	63,000
1946	66	2012	64,560	66,000
1947	66	2013	67,308	66,000
1948	66	2014	69,996	69,000
1949	66	2015	72,636	72,000
1950	66	2016	75,180	75,000
1951	66	2017	77,880	78,000
1952	66	2018	80,532	81,000
1953	66	2019	83,244	84,000
1954	66	2020	86,052	87,000

This table shows Mercer's projected 2022 amounts for individuals below Social Security full retirement age.

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2022*	2021	2022*	2021
1955	66 & 2 months	2022	\$91,884	\$91,764	\$93,000	\$93,000
1956	66 & 4 months	2023	94,800	94,560	96,000	96,000
1957	66 & 6 months	2024	97,620	97,260	99,000	96,000
1958	66 & 8 months	2025	100,356	99,876	99,000	99,000
1959	66 & 10 months	2026	103,032	102,432	102,000	102,000
1960	67	2027	105,648	104,928	105,000	105,000
1961	67	2028	108,204	107,364	108,000	108,000
1962	67	2029	110,664	109,704	111,000	111,000
1963	67	2030	113,124	112,044	114,000	111,000
1964	67	2031	115,524	114,324	117,000	114,000
1965	67	2032	117,864	116,544	117,000	117,000
1966	67	2033	120,108	118,668	120,000	120,000
1967	67	2034	122,232	120,672	123,000	120,000
1968	67	2035	124,260	122,580	123,000	123,000
1969	67	2036	126,156	124,356	126,000	123,000
1970	67	2037	127,932	126,012	129,000	126,000
1971	67	2038	129,648	127,608	129,000	129,000
1972	67	2039	131,340	129,180	132,000	129,000
1973	67	2040	132,960	130,680	132,000	132,000
1974	67	2041	134,472	132,072	135,000	132,000
1975	67	2042	135,888	133,368	135,000	132,000
1976	67	2043	137,172	134,532	138,000	135,000
1977	67	2044	138,324	135,564	138,000	135,000
1978	67	2045	139,464	136,584	138,000	138,000
1979	67	2046	140,616	137,616	141,000	138,000
1980	67	2047	141,672	138,552	141,000	138,000

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2022*	2021	2022*	2021
1981	67	2048	\$142,620	\$139,380	\$144,000	\$138,000
1982	67	2049	143,484	140,124	144,000	141,000
1983	67	2050	144,300	140,820	144,000	141,000
1984	67	2051	145,104	141,504	144,000	141,000
1985	67	2052	145,680	141,960	147,000	142,800
1986	67	2053	146,208	142,368	147,000	142,800
1987	67	2054	146,604	142,644	147,000	142,800
1988	67	2055	146,880	142,800	147,000	142,800
1989+	67	2056+	147,000	142,800	147,000	142,800

* Projected

Related resources

Non-Mercer resources

- [Maximum guaranteed benefit tables](#) (PBGC, Oct. 20, 2021)
- [Premium rates for 2022 and earlier years](#) (PBGC, Oct. 14, 2021)
- [Press release on Social Security COLA for 2021](#) (SSA, Oct. 13, 2021)
- [Automatic determinations](#) (SSA, Oct. 13, 2021)

Mercer Law & Policy resources

- [Mercer projects 2022 retirement plan limits will soar](#) (Aug. 17, 2021)
- [Summary of 2021 benefit-related cost-of-living adjustments](#) (Jan. 21, 2021)

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