



2023 Social Security, PBGC figures and projected covered compensation

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Social Security benefits payable in 2023 will increase by 8.7%, the Social Security Administration (SSA) [announced](#) Oct. 13 in updates that include the 2023 [taxable wage base](#) and the 2021 [national average wage](#). The Pension Benefit Guaranty Corp. (PBGC) likewise has released the inflation-indexed 2023 [premium amounts](#), [maximum guaranteed benefit](#) for single-employer pension plans and [present value of the maximum guarantee](#). IRS has yet to issue 2023 covered compensation, but Mercer has projected those figures, using the published taxable wage base.

Social Security and Supplemental Security Income (SSI) amounts

The 8.7% cost-of-living increase for 2023 Social Security benefits reflects the change in the third-quarter Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from 2021 to 2022 and is the largest annual adjustment in more than 40 years. Other 2023 Social Security amounts are tied to the 8.89% increase in [average annual wages](#) from 2020 to 2021. The next table shows key Social Security values for 2021–2023 from SSA’s 2023 [fact sheet](#) and [automatic determinations](#) webpage.

Social Security and SSI values	2023	2022	2021
Cost-of-living increase	8.7%	5.9%	1.3%
Average annual wage (second preceding year)	\$60,575.07	\$55,628.60	\$54,099.99
OASDI contribution and benefit base (wage base)	160,200	147,000	142,800
“Old law” contribution and benefit base	118,800	109,200	106,200

Social Security and SSI values	2023	2022	2021
Retirement earnings test exempt amount (annual)			
Under full retirement age (full year)	\$21,240	\$19,560	\$18,960
Year individual attains full retirement age (period before attaining full retirement age)			
	56,520	51,960	50,520
Wages needed for a quarter of coverage	1,640	1,510	1,470
Disability thresholds (monthly amounts)			
Substantial gainful activity — not blind	1,470	1,350	1,310
Substantial gainful activity — blind	2,460	2,260	2,190
Trial work period	1,050	970	940
Coverage thresholds for:			
Domestic employees	2,600	2,400	2,300
Election workers	2,200	2,000	2,000
Bend-points — PIA formula applied to average indexed monthly earnings (AIME)			
90% of AIME up to	1,115	1,024	996
32% of AIME over first bend-point up to	6,721	6,172	6,002
15% of AIME over second bend-point			
Bend-points — maximum family benefit formula applied to worker's PIA			
150% of PIA up to	1,425	1,308	1,272
272% of PIA over first bend-point up to	2,056	1,889	1,837
134% of PIA over second bend-point up to	2,682	2,463	2,395
175% of PIA over third bend-point			
SSI federal payment standard (monthly amounts)			
Individual	914	841	794
Couple	1,371	1,261	1,191
SSI student exclusion limits			
Monthly limit	2,220	2,040	1,930
Annual limit	8,950	8,230	7,770

PBGC premiums, guaranteed benefits and maximum present value

On Oct. 14, PBGC [announced](#) inflation-adjusted 2023 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. 18, PBGC [announced](#) that the maximum guaranteed benefit at age 65 for terminating plans will rise to \$81,000 in 2023 from \$74,455 in 2022. 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	2023	2022	2021
Flat-rate premium — single-employer plans	\$96	\$88	\$86
Flat-rate premium — multiemployer plans	35	32	31
Variable-rate premium per \$1,000 of unfunded vested benefits	52	48	46
Per-participant variable-rate premium cap	652	598	582
Annual maximum guaranteed benefit (payable as a single-life annuity starting at age 65)	81,000	74,455	72,409

PBGC [published](#) the 2023 present value of the maximum guarantee table on Oct. 31. These values are used to administer Internal Revenue Code Section 436 restrictions on lump sums and other accelerated payments from underfunded plans. 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 2023 table for annuity starting dates in 2023, regardless of the plan year.

The present values will decrease significantly from 2022 levels, mainly because the increase in the maximum guaranteed benefit was worth less than the decrease resulting from using the August 2022 417(e) lump sum segment rates (3.79%, 4.62%, and 4.69% for 2023 present values vs. the August 2021 rates of 0.66%, 2.50%, and 3.12% used to determine the 2022 present values).

The next table shows the present values for 2023 and the two prior years. [Tables](#) of present values for every year back to 2008 are available on the PBGC website, along with downloadable Excel tables.

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	2023*	2022†	2021‡		2023*	2022†	2021‡
25	\$165,072	\$310,890	\$312,953	56	\$677,502	\$863,380	\$861,626
26	172,703	320,653	322,514	57	710,900	893,271	891,196
27	180,244	330,723	332,367	58	746,152	924,061	921,538
28	187,691	341,112	342,523	59	783,405	955,827	952,725
29	195,038	351,830	352,993	60	822,825	988,660	984,837
30	202,279	362,888	363,787	61	866,940	1,028,142	1,022,944
31	210,563	374,300	374,917	62	913,219	1,067,809	1,061,192
32	220,494	386,077	386,394	63	961,863	1,107,766	1,099,682
33	230,897	398,233	398,232	64	1,016,066	1,148,162	1,138,552
34	241,796	410,779	410,441	65	1,067,191	1,189,022	1,177,804
35	253,214	423,729	423,033	66	1,145,430	1,270,985	1,259,089
36	265,176	437,095	436,020	67	1,228,031	1,356,977	1,344,382
37	277,708	450,889	449,412	68	1,323,796	1,456,589	1,443,188
38	290,838	465,126	463,224	69	1,430,856	1,567,577	1,553,281
39	304,594	479,822	477,469	70	1,547,320	1,687,681	1,672,416
40	319,006	494,990	492,162	71	1,748,897	1,898,943	1,881,892
41	334,108	510,650	507,320	72	1,933,403	2,089,626	2,070,996
42	349,934	526,816	522,957	73	2,100,536	2,259,633	2,239,596
43	366,518	543,510	539,093	74	2,250,042	2,408,927	2,387,670
44	383,902	560,750	555,748	75	2,381,794	2,537,641	2,515,318
45	402,126	578,561	572,942	76	2,796,801	2,965,213	2,939,144
46	421,648	601,805	597,048	77	3,169,228	3,343,502	3,314,077
47	442,098	625,517	621,531	78	3,499,194	3,673,339	3,640,928
48	463,524	649,714	646,402	79	3,787,100	3,955,911	3,920,868
49	485,980	674,411	671,676	80	4,033,671	4,192,727	4,155,461
50	509,522	699,628	697,369	81	5,047,823	5,221,335	5,174,996
51	534,212	725,389	723,498	82	5,939,083	6,113,857	6,059,695
52	560,111	751,707	750,075	83	6,712,384	6,877,479	6,816,572

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	2023*	2022†	2021‡		2023*	2022†	2021‡
53	\$587,298	\$778,622	\$777,134	84	\$7,370,266	\$7,517,070	\$7,450,520
54	615,854	806,166	804,708	85	7,920,664	8,042,600	7,971,207
55	645,873	834,382	832,835				

* Present value determined using August 2022 lump sum segment rates of 3.79%, 4.62% and 4.69%.

† 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%.

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. Qualified plans have the option to determine permitted or imputed disparity using either actual or rounded covered compensation.

IRS has not yet issued 2023 covered compensation tables, but Mercer has projected these amounts based on the increase in the taxable wage base to \$160,200 for 2023 from \$147,000 for 2022. 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
1927	65	1992	21,192	21,000
1928	65	1993	22,716	24,000
1929	65	1994	24,312	24,000

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
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
1955	66 & 2 months	2022	91,884	93,000

This table shows Mercer's projected 2023 amounts for individuals below Social Security full retirement age.

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2023*	2022	2023*	2022
1956	66 & 4 months	2023	\$95,172	\$94,800	\$96,000	\$96,000
1957	66 & 6 months	2024	98,376	97,620	99,000	99,000
1958	66 & 8 months	2025	101,484	100,356	102,000	99,000
1959	66 & 10 months	2026	104,544	103,032	105,000	102,000
1960	67	2027	107,532	105,648	108,000	105,000
1961	67	2028	110,460	108,204	111,000	108,000
1962	67	2029	113,304	110,664	114,000	111,000
1963	67	2030	116,136	113,124	117,000	114,000
1964	67	2031	118,920	115,524	120,000	117,000
1965	67	2032	121,632	117,864	123,000	117,000
1966	67	2033	124,260	120,108	123,000	120,000
1967	67	2034	126,756	122,232	126,000	123,000
1968	67	2035	129,156	124,260	129,000	123,000
1969	67	2036	131,436	126,156	132,000	126,000
1970	67	2037	133,584	127,932	135,000	129,000
1971	67	2038	135,684	129,648	135,000	129,000
1972	67	2039	137,748	131,340	138,000	132,000
1973	67	2040	139,752	132,960	141,000	132,000
1974	67	2041	141,636	134,472	141,000	135,000
1975	67	2042	143,424	135,888	144,000	135,000
1976	67	2043	145,092	137,172	144,000	138,000
1977	67	2044	146,616	138,324	147,000	138,000
1978	67	2045	148,140	139,464	147,000	138,000
1979	67	2046	149,664	140,616	150,000	141,000
1980	67	2047	151,104	141,672	150,000	141,000
1981	67	2048	152,424	142,620	153,000	144,000

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2023*	2022	2023*	2022
1982	67	2049	\$153,660	\$143,484	\$153,000	\$144,000
1983	67	2050	154,860	144,300	156,000	144,000
1984	67	2051	156,048	145,104	156,000	144,000
1985	67	2052	156,984	145,680	156,000	147,000
1986	67	2053	157,896	146,208	159,000	147,000
1987	67	2054	158,676	146,604	159,000	147,000
1988	67	2055	159,324	146,880	159,000	147,000
1989	67	2056	159,816	147,000	160,200	147,000
1990+	67	2057+	160,200	147,000	160,200	147,000

* Projected

Related resources

Non-Mercer resources

- [Present value of PBGC maximum guarantee](#) (PBGC, Oct. 31, 2022)
- [Maximum guaranteed benefit tables](#) (PBGC, Oct. 18, 2022)
- [Premium rates for 2023 and earlier years](#) (PBGC, Oct. 14, 2022)
- [Press release on Social Security COLA for 2023](#) (SSA, Oct. 13, 2022)
- [Automatic determinations](#) (SSA)

Mercer Law & Policy resources

- [Quick benefit facts for 2023](#) (Oct. 21, 2022)
- [Mercer projects record increases for 2023 retirement plan limits](#) (Oct. 13, 2022)
- [Quick benefit facts and COLA resources for benefit plans](#) (2017–2022)

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