

Word to the Wise

December 2022

WOUGH MALONEY

CPAs & BUSINESS ADVISORS

415 Sargon Way, Suite J, Horsham, PA 19044-1289

wm-cpa.com inquiries@wm-cpa.com 215.675-8364

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**This is our last issue of
Word to the Wise for
2022. Our next issue
will be published in
February 2023.**

Social Security to See Significant Adjustment for 2023

Your 2023 Social Security Benefits

Find out how your benefits have changed

Average Retirement Benefits: Starting January 2023

- All workers in 2022: \$1,681/mo
- All workers in 2023: \$1,827/mo (+\$146)
- The 2023 maximum Social Security retirement benefits for a worker retiring at full retirement age: \$3,627/mo

An 8.7% cost of living increase for Social Security retirement benefits and SSI payments begins with December 2022 benefits (payable in January 2023).

Increase your Social Security retirement benefits by 5 to 8% per year when you delay applying until you're age 70.

Social Security Revenues & Expenditures

Revenue Sources = \$1.09 trillion

- 3.5% - Taxation of benefits
- 6.4% - Interest
- 90.1% - Payroll taxes

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Social Security 2023

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Expenditures = \$1.14 trillion

- 0.6% - Administrative expenses
- 0.4% - Railroad Retirement financial interchange
- 99.0% - Benefit payments

SOURCE: 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, Table II.B1.

2023 Social Security & Medicare Tax Rates

If you work for someone else...

- Your employer pays **7.65%**
- You pay **7.65%**

If you're self-employed...

- You pay **15.3%**

NOTE: The above tax rates are a combination of 6.2% for Social Security and 1.45% for Medicare. There is also a 0.9% Medicare wages surtax for those with wages above \$200,000 single (\$250,000 joint filers) that is not reflected in these figures.

Did you know you can check your benefits status before you retire?

- You can check online by creating a My Social Security account on the SSA website. If you don't have an account, you'll be mailed a paper Social Security statement 3 months before your 61st birthday.
- It shows your year-by-year earnings, and estimates of retirement, survivors and disability benefits you and your family may be able to receive now and in the future.
- If it doesn't show earnings from a state or local government employer, contact them. The work may not be covered within Social Security.

Sources: SSA.gov



Social Security (continued from page 2)

Item	2023	2022	Change
Maximum amount you may pay in Social Security taxes	\$9,932.40	\$9,114.00	+ \$818.40
Maximum earnings amount Social Security will tax at 6.2%	\$160,200.00	\$147,000.00	+ \$13,200.00

- **165+ million** people work and pay Social Security taxes
- Social Security has provided financial protection for Americans **since 1935**

Social Security Payments Explained

- **Social Security (SS)** retirement benefits are for people who have paid into the Social Security system through taxable income.
- **Social Security Disability (SSD or SSDI)** benefits are for people who have disabilities but have paid into the Social Security the system through taxable income.
- **Supplemental Security Income (SSI)** benefits are for adults and children who have disabilities, plus limited income and resources.

Maximum SSI Payments

Filing Status	2023	2022	Change
Individual	\$914/mo	\$841/mo	+ \$73
Couple	\$1,371/mo	\$1,261/mo	+ \$110

How does Social Security work?

- When you work, you pay taxes into Social Security.
- The Social Security Administration uses your tax money to pay benefits to people right now.
- Any unused money goes into Social Security trust funds and is borrowed by the government to pay for other programs.
- Later on when you retire, you receive benefits.

Here's how you qualify for retirement benefits

When you work and pay Social Security taxes, you earn **credits** toward benefits. The number of credits you need to earn retirement benefits depends on when you were born.

- If you were born in **1929** or later, you need **40 credits** (10 years of work) to receive retirement benefits
- You receive one credit for each **\$1,640** of earnings in **2023**
- **4 credits** maximum per year

Tis the Season for Gift Card Fraud

With supply chain snarls still plaguing parts of the U.S. economy, many consumers are turning to gift cards as the holiday present of choice this year. In fact, according to the website Research and Markets, the United States gift card industry is expected to reach \$188 billion in 2022.

Why is gift card fraud such a problem?

Because of the small dollar amounts involved, gift card fraudsters face a low probability of prosecution. It's also easy to convert gift card value to cash or merchandise. In other words, this kind of fraud is relatively risk-free and easy to pull off.

In one common scam, a crook goes to a retail establishment, grabs a handful of gift cards from an out-of-the-way stand or kiosk, and records the card numbers using a magnetic strip reader. After returning the cards, the crook heads home and repeatedly checks balances on the merchant's website until the numbers are activated.

The thief then spends or transfers the money on the card before the legitimate buyer or gift recipient has a chance to use it. Less sophisticated scammers may simply scratch off the card's coating and replace it with a sticker, hoping the buyer won't notice.

You can scam-proof your gift card experience by following these tips:

- **Don't pick the front card.** Crooks are impatient. They often return compromised cards to the most accessible place on the rack. Select your gift card from the middle of the rack.
- **Buy gift cards online.** Purchase cards online, directly from the business that issued them. This reduces the potential tampering risk.
- **Inspect packaging.** If you purchase gift cards in person at a store, examine the cards for signs of tampering. It's safer to buy from stores that keep gift cards behind the counter or in well-sealed packaging.
- **Register the card.** If a card issuer lets you register on their website, do it. You'll be able to check your balance regularly and identify any abuse.
- **Don't give out card information** to callers claiming to be from government agencies, tech companies, utilities or other businesses. Only scammers ask you to pay fees, back taxes or bills for services with gift cards.
- **Don't buy gift cards from online auction sites.** They could be counterfeit or stolen, according to the Federal Trade Commission.

If you think you've been scammed, contact the store directly and report incidents to local law enforcement.

Beware of Texting Scams Known as Smishing

The IRS also reminds people about [advice from the Federal Trade Commission](#) to **never** buy anything from online sellers that accept payment only by gift cards, money transfers through companies like Western Union or MoneyGram or cryptocurrency. Payments you make that way are nearly impossible to trace and reverse. Scammers often tell people to use those payment methods so they can get money quickly.

Additionally, the IRS warned taxpayers of a recent increase in IRS-themed texting scams aimed at stealing personal and financial information. During 2022, the IRS identified and reported thousands of fraudulent domains tied to multiple MMS/SMS/text scams (known as smishing) targeting taxpayers.

Smishing campaigns target mobile phone users, and the scam messages often look like they're coming from the IRS, offering lures like fake COVID relief, tax credits or help setting up an IRS online account. Recipients of these IRS-related scams can report them to phishing@irs.gov.

Stolen data can be used to file fraudulent tax returns that make it more difficult for the IRS and the states to detect because the fraudulent returns use real financial information. Other data thieves sell the basic tax preparer or taxpayer information on the web so other fraudsters can try filing fraudulent tax returns.

Given the rise of texting scams, taxpayers can check out security recommendations for their specific mobile phone by reviewing the Federal Communications Commission's [Smartphone Security Checker](#). Since phones are used for shopping and even for doing taxes, remember to make sure phones and tablets are just as secure as computers.

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WOUCHMALONEY
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415 Sargon Way, Suite J,
Horsham, PA 19044-1289
wm-cpa.com
inquiries@wm-cpa.com 215.675.8364