

TO: Feature Editor
RE: Chained CPI Affects More Than COLAs
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For Immediate Release

Chained CPI Affects More Than COLAs, Seniors Would Get Less, Pay More

Most seniors are aware of the impact of the consumer price index (CPI) on their cost-of-living adjustments (COLAs). But a widely-debated deficit reduction proposal that would switch to the more slowly-growing “chained” CPI to determine COLAs would have far greater impact than Social Security cuts alone if applied government-wide, warns The Seniors Citizens League (TSCL), one of the nation’s largest nonpartisan seniors groups.

President Obama included the proposal in his fiscal year 2014 budget plan, and it has won support among Congressional proponents on both sides of the aisle. “Chaining the COLA is getting so much attention because it’s a deficit cutter’s magic bullet,” says Larry Hyland, Chairman of TSCL. The Congressional Budget Office has estimated that the proposal would cut federal spending by \$216 billion and increase revenues by \$123.7 billion— reducing the deficit by \$339.8 billion in the first ten years alone.

In addition to Social Security, beneficiaries of the Supplemental Security Income program (SSI), military retirement and veterans programs, Rail Road Retirement, civil service and federal workers programs — more than 62.5 million beneficiaries in all— would bear the brunt of the cuts by receiving lower benefits. But in addition to the cut in income, the change would also increase seniors’ costs. Specifically:

- Some Medicare coverage would become less generous, such as more slowly-growing Part D coverage amounts.
- Fewer low-income seniors would qualify for Medicaid, or such seniors would have to wait longer to qualify. This could include nursing home stays as the income limits rise more slowly.
- Fewer low-income seniors would qualify for food stamps, and the food stamp benefit would grow more slowly.
- Seniors would pay more in taxes as tax brackets, exemptions, and deductions, which are indexed to the CPI, rise more slowly.

TSCL has compiled a [chart](#), “12 Ways Seniors Would Get Less, Pay More”, which illustrates these effects.

“Efforts have been quietly underway for months to lay the groundwork for a far-reaching fiscal deal that involves Social Security cost-of-living adjustments (COLAs) and Medicare benefits,” Hyland notes. “It’s important for older Americans to realize that switching to the “chained” CPI is no single, or small, one-time cut. It’s a permanent annual cut across multiple senior programs that grows bigger over time the longer one lives,” Hyland states. “In the meantime senior taxpayers would pay more in taxes,” he adds.

TSCL is fighting “Chaining the COLA” and higher Medicare costs, and encourages seniors to attend town hall meetings and to contact their Members of Congress. To learn how much COLA cuts would cost you, try [TSCL’s Chained COLA calculator](#). To subscribe to TSCL’s newsletter *The Social Security and Medicare Advisor*, visit www.SeniorsLeague.org.

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