



October 19, 2016
For Immediate Release

Media Contacts:

Jessie Gibbons

jgibbons@tsclhq.org or
1-800-333-TSCL (8725)

Mary Johnson

mary.johnson.nld@gmail.com
(540)832-5513

Older Americans Deserve A Fair COLA

The Senior Citizens League Calls On Congress To Provide A Better Annual Boost

(Washington, DC) –Today’s announcement of a 0.3 percent cost - of - living adjustment (COLA) is another major disappointment to the 60 million people who depend on Social Security, says [The Senior Citizens League](#) (TSCL.) “The consumer price index (CPI) that the government uses to determine the annual COLA is simply not doing the job of protecting the buying power of older and disabled Americans,” says Mary Johnson, TSCL’s Social Security policy analyst.

Johnson says that the federal government is looking at the wrong market basket to determine the annual change in prices in the goods and services used by retired and disabled Americans. According to Johnson, had the government used a more appropriate inflation index that measures costs experienced by people age 62 and older, the Consumer Price Index for the Elderly (CPI-E), retirees would get a COLA of 2.1 percent instead of 0.3 percent in 2017. “But instead, the COLA is based on the increased price of goods normally purchased by younger working adults,” she notes.

Social Security is one of the only types of retirement income that provides a small increase annually to keep up with inflation. But in recent years, inflation as measured by the government’s Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) has been almost non-existent, averaging just 1.2 percent per year since 2010, less than half the 3 percent inflation averaged the decade prior to 2010.

While a drop in inflation should mean that people don’t have to spend as much money due to higher prices, that hasn’t been the case for older households, according to a survey by TSCL. The majority of survey participants, 72 percent, reported that their household budgets had gone up \$79 per month during 2015 even though the CPI-W in 2015 indicated that no COLA (for 2016) was payable.

The CPI-W gives *less* weight to medical care and housing costs — two categories that have climbed by more than 7 percent and almost 5 percent, respectively, over the past 12 months — and more weight to gasoline, which has deeply plunged over the past year.

Older Americans tend to use more medical services and spend more of their budgets on housing than younger workers. Because the CPI-W excludes the spending patterns of people over the age of 62, it does not include things like rising Medicare premiums, which are one of the fastest growing costs in retirement.

TSCL recently sent a letter to every office in Congress calling for enactment of legislation that would provide an emergency COLA, would prevent an anticipated Medicare Part B premium and deductible spike of more than 22%, as well as legislation that would result in a more fair and accurate COLA using the CPI-E in the future.

“This year’s zero COLA combined with next year’s insufficient increase will have a devastating impact on the long term adequacy of Social Security benefits for millions of Americans ... we hope that you will act swiftly and responsibly before the end of this year,” the letter stated.

To learn more, visit www.SeniorsLeague.org.

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With 1.2 million supporters, The Senior Citizens League is one of the nation’s largest nonpartisan seniors groups. Its mission is to promote and assist members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. Citizens, and to protect and defend the benefits senior citizens have earned and paid for. The Senior Citizens League is a proud affiliate of [The Retired Enlisted Association](#). Visit www.SeniorsLeague.org for more information.