

September 26, 2017
For Immediate Release

Media Contacts:
Jessie Gibbons: 1-800-333-TSCL (8725)
jgibbons@tsclhq.org
or
Mary Johnson: (540) 832-5513
mary.johnson.nld@gmail.com



1.8 Percent COLA Forecast For 2018 By The Senior Citizens League *Hurricanes May Cause COLA To Climb Higher*

(Washington, DC) – Social Security recipients can look forward to receiving an annual cost – of – living adjustment (COLA) of about 1.8 percent in 2018, according to an estimate released today by The Senior Citizens League (TSCL). “A COLA of that amount would make it the highest since 2012 — but even at 1.8 percent, the raise is less than half of the 4 percent that COLAs averaged from 2000-2009,” says TSCL’s Social Security policy analyst, Mary Johnson.

That estimate is based on consumer price index (CPI) data through August, but it could significantly change with the September CPI data. Estimating the COLA this year has been far more challenging than in previous years due to the impact of hurricanes Harvey and Irma, which are affecting the prices of gasoline, food, housing and other costs. “We’ve got a hurricane wild card this year,” Johnson says. “When the COLA is announced in October 13th, my 1.8 percent estimate could be off the mark,” she says. “This is especially so when you take a look at what happened after Hurricane Katrina in 2005,” Johnson notes.

The calculation of the COLA is based on the percentage of difference in the average third quarter change in the Consumer Price Index for Urban Clerical Workers and Wage Earners (CPI-W) from one year to the next. In late August of 2005, Hurricane Katrina knocked out petroleum production, causing gasoline and other consumer prices to surge in September. The CPI-W shot up an astonishing 1.5 percent between August and September of that year. But since Katrina, the CPI-W has increased .042 percent on average from August to September. “Even if costs were to rise as much as they did after Katrina, the COLA for 2018 would still be about 2 percent,” Johnson says.

Over the past 8 years COLAs have been at record lows, averaging just 1.1 percent. During three of those years there was no COLA at all, and in 2017, the COLA was just 0.3 percent. But inflation, especially for the goods and services used by older Americans, has continued to grow more quickly than annual COLAs.

A recent study by TSCL, which examines the price changes in the goods and services typically purchased by retirees, found that Social Security benefits lost 30 percent of their buying power since 2000. The loss of buying power jumped 7 percent in just one year, rising from 23 percent in 2016, to 30 percent in 2017. The steep one-year loss of buying power occurred as costs rose far more rapidly than the COLA and it is an early indication that the COLA for 2018 will likely be higher than usual.

TSCL is working for legislation that would provide greater retirement security for older Americans as well as strengthening financing for Social Security. To learn more, visit www.SeniorsLeague.org.

###

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.