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0.3 Percent 2017 COLA Forecast By The Senior Citizens League *2017 COLA Will Be Lowest Ever Paid*

(Washington, DC) – After no annual cost of living adjustment (COLA) this year, older Americans are likely to get a boost for 2017. But the increase will be so small that it will be the lowest ever paid, according to a new forecast by The Senior Citizens League (TSCL).

The 2017 COLA will likely be 0.3 percent says Mary Johnson, a Social Security policy analyst and researcher for TSCL. “And there’s a chance that lower gas prices will drag the COLA down even further, to 0.2 percent,” Johnson adds. Either way, the 2017 COLA is expected to raise Social Security benefits by only a few dollars, and any increase will be completely offset by stiff increases in the Medicare Part B premium for most people 65 and over.

COLAs have flat-lined at unprecedented lows over the past 7 years, averaging just 1.2 percent a year. That’s less than half the 3 percent that COLAs averaged from 2000 to 2009. “The low growth in Social Security benefits since 2009 has a significant impact on overall retirement income of anyone who has been retired since that year,” Johnson says. “For people retired over the past seven years, monthly benefits in 2016 are today 13 percent lower than if inflation had been the more typical 3 percent per year,” Johnson explains. “In dollar amounts, that’s \$150 per month lower for someone with average benefits,” she adds. “This is huge and this loss of anticipated retirement income compounds every year causing people to spend through retirement savings far more quickly than planned,” she says. “Over the course of a 25 or 30 year retirement, it reduces anticipated Social Security income by tens of thousands of dollars,” Johnson says. “Unfortunately this financial impact is not fully understood by the vast majority of the public and Members of Congress — The Senior Citizens League is working to change that,” Johnson notes.

A major reason that the COLA is so low is the consumer price index that the government uses to calculate the increase. Under current law, the COLA is tied to the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). That index surveys the spending patterns of younger working adults and does

not include the market basket of goods and services that is more typical of people age 62 and over. The CPI-W gives greater weight to goods and services that younger workers spend more on, like gasoline prices and electronics, which have dramatically dropped in price over the past two years. It gives less weight to housing and medical expenses even though those two categories have experienced bigger price jumps over the past two years, and are the two biggest spending categories for older consumers.

TSCL surveys confirm that costs for older Americans continued to climb despite no COLA this year. A recent TSCL survey found that 72 percent of respondents reported that their monthly household expenses rose by more than \$79 in 2015.

TSCL is working to convince Congress to enact a bill that provides an emergency COLA. The organization supports the *Seniors and Veterans Emergency (SAVE) Benefits Act* (S. 2251, H.R. 4144), which would provide Social Security beneficiaries with a one-time emergency COLA of 3.9 percent. For the average retiree, the emergency COLA would amount to around \$580 dollars. 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.