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## **Social Security COLA Estimated to Be 2.8 Percent**

Won't Meet Many Retirees' Biggest Cost Increases, Says The Senior Citizens League

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**(Washington, DC)** – Social Security recipients can look forward to receiving an annual cost-of-living adjustment (COLA) of about 2.8 percent in 2019, according to the latest estimate released by The Senior Citizens League. “A COLA of that size would be the highest since 2012 — but the impact of hurricane Florence on prices might change our forecast,” says Mary Johnson, Social Security policy analyst for The Senior Citizens League.

The 2.8% estimate is based on consumer price index (CPI) data through August, and uses the Social Security Administration’s COLA calculation, which could change when the September CPI data is released. Last year, hurricanes Harvey in Texas and Irma in Florida pushed up September consumer prices significantly. “August data last year indicated the COLA might be 1.8 percent but when the September 2017 data came out, the final COLA was 2 percent for 2018,” Johnson notes.

Hurricanes affect consumer prices by disrupting supply chains and causing shortages. The three price categories that have the biggest impact on the CPI are higher gasoline prices, higher housing and rental costs when large numbers of people are displaced, and higher food costs due to shortages when there are significant crop and livestock losses.

“While a higher COLA for 2019 will be welcome, retirees may be disappointed as they learn what the cost of their Medicare premiums and prescription drugs will be for 2019,” Johnson cautioned. In June, Medicare trustees estimated that Part B premiums for 2019 would increase by about \$1.50 per month, from \$134.00 to \$135.50. But according to a survey conducted by The Senior Citizens League, roughly 25 percent of all Medicare beneficiaries, more than 13 million, pay less than \$134.00 per month due to a special “hold harmless” provision of law. “For those individuals, a bigger portion of their COLA will go to Part B than for the others, who paid \$134 per month or more for their premium this year,” Johnson says. “Millions of people paid lower Medicare Part B premium in recent years, due to the triggering of a special “hold harmless” provision of law. The provision protects an individual’s Social Security benefit from reduction when the dollar amount of the Medicare Part B premium increase is higher than the dollar amount of their COLA increase,” Johnson says.

In addition to Part B premiums, most retirees also have to pay Medigap and Part D plan premiums or Medicare Advantage premiums. Johnson, who is over 65, says that her Anthem Medigap Plan “F” premium increased by 20 percent, and her Humana Walmart RX Plan, which offers one of the lowest Part D plan premiums, is going up 30 percent in 2019. “That’s not sustainable for people who depend on Social Security for most of their income,” she notes.

A recent study by TSCL that examined price changes in the goods and services typically purchased by retirees found that Social Security benefits have lost 34 percent of their buying power since 2000. Since that year, COLAs have increased Social Security benefits by a total of 46 percent, but typical expenses of retiree households have grown more than twice as fast — 96.3 percent. Medicare Part B, prescription drug out-of-pocket costs, and Medigap premiums were among the top ten fastest-growing costs since 2000.

TSCL strongly recommends that Medicare beneficiaries compare drug and health plans during the fall Medicare Open Enrollment, taking place from October 15, 2018, to December 7, 2018. TSCL is advocating for legislation that would provide greater retirement security to older Americans as well as strengthen financing for Social Security. To learn more, visit [www.SeniorsLeague.org](http://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](http://www.SeniorsLeague.org) for more information.*

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