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NEWS RELEASE
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Social Security COLA Drops to 1.6 Percent For 2020 According to Estimate by The Senior Citizens League

(Washington, DC) The Social Security cost-of-living adjustment (COLA) for 2020 will be considerably lower than the 2.8 percent COLA received this year, according to a new estimate from The Senior Citizens League (TSCL). “The government’s consumer price index data for August indicates that COLA recipients can expect to get a benefit boost of about 1.6 percent in 2020,” says TSCL’s Social Security policy analyst, Mary Johnson. “That would raise an average retiree benefit of \$1,460.00 by about \$23.40 per month, a big drop from the \$40.90 that people with that level of benefits received this year,” Johnson says.

The COLA for 2020 will be announced in less than a month. A COLA of 1.6 percent would be the lowest COLA since 2017, when the annual boost was just 0.3 percent. Over the past decade COLAs have averaged 1.4 percent, less than half the 3 percent they averaged during the previous decade from 2000 to 2009.

The below average COLAs are having a significant impact on lifetime Social Security income and the standard of living of retirees, particularly those who have been retired since 2009. According to an analysis by Johnson, Social Security benefits are about 17.5 percent lower today than they would have been if inflation had averaged the more typical 3% over the same period. “Over ten years that’s about \$17,299 less in retirement income for someone with average benefits,” Johnson notes.

Because low COLAs compound over time, this loss of income due to low COLAs will continue to grow deeper as beneficiaries age. “This has not gone unnoticed by those who depend on these annual adjustments,” she says. “Many Social Security recipients tell us their standard of living has declined,” Johnson says.

While retirees won’t be getting as much in their Social Security checks in 2020, the Part B premium, on the other hand, is expected to go up considerably more than it did this year. In 2019, most beneficiaries paid \$1.50 per month more than in 2018. In 2020, however, the Medicare Trustees have forecast that Part B premiums will increase from \$135.50 to \$144.30 per month — \$8.80 per month more. After the deduction for Part B premiums, that would leave the retirees with average benefits, roughly \$15 per month more to cover all other rising costs which typically include higher Medicare supplemental and prescription drug insurance premiums and out-of-pocket costs.

Social Security recipients with the lowest benefits may not see much, if any increase at all. “If premiums rise by \$8.80 or more, and if the cost-of-living adjustment (COLA) is 1.6 percent as we estimate, then Social Security recipients with benefits of about \$550 or less are at risk of seeing the Part B premiums take their entire COLA, leaving nothing extra to deal with other rising costs,” Johnson says.

When an individual’s Part B premium rises more than the dollar amount of their COLA, that doesn’t necessarily mean that the premium deduction would cut into existing Social Security benefits. Due to a special provision of law known as the Social Security “hold harmless” provision, the Medicare Part B premium is adjusted to prevent a reduction in Social Security benefits from December of the previous year. The provision only applies to about 70% of all Medicare beneficiaries, however, and those who are not protected include people whose overall income is so low that their Medicare Part B premium is paid by state Medicaid programs, and individuals with incomes above \$85,000 or married couples with incomes above \$175,000.

When a retiree’s actual costs climb faster than their COLA, the buying power of Social Security erodes. A study by The Senior Citizens League has found that Social Security benefits have lost one third (33 percent) of buying power since 2000.

To protect Social Security benefits from an erosion in buying power, The Senior Citizens League supports legislation that would strengthen the COLA. 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](http://www.TheRetiredEnlistedAssociation.org). Visit www.SeniorsLeague.org for more information.