

Impoverishing America: 58 Million US Retirees to receive Negligible Social Security COLA Increases

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The Associated Press (AP) reported Monday that tens of millions of US retirees will receive inflation adjustments to their Social Security checks of only 1.5 percent in January, among the smallest increases since automatic cost of living raises were instituted in 1975. For the more than 20 percent of the US population that relies on Social Security benefits to pay their bills, the negligible size of the monthly increase—typically about \$17—will add to the hardship resulting from five years of economic slump and sweeping cuts in social programs. The tiny projected inflation adjustment for 2014 will follow three straight years of either negligible or nonexistent raises. This year's increase was only 1.7 percent and there were no increases at all in 2010 and 2011. The average increase since 1975 is 4.1 percent. The AP made its own projection based on consumer price data released by the US government, which show only a marginal increase in the cost of living. In reality, increases in basic expenses such as rent, food and utilities have severely and disproportionately impacted older Americans who rely in Social Security to escape poverty.

Due to the continued shutdown of Federal government offices, the Social Security Administration has been unable to calculate next year's cost of living adjustment (COLA) rate for retirees and disabled workers drawing Social Security payments. It normally releases the figure in October. Social Security Administration officials say they have been unable to obtain inflation numbers for the month of September due to the furloughing of Federal employees.

Nearly 70 percent of all senior citizens rely on Social Security payments for at least half of their income. Forty percent rely on it for nearly all of their income. The average payment is roughly \$1,162 monthly, or barely \$15,000 annually.

The inflation adjustment is calculated based on the rates of inflation for the months of July, August and September of the current year, which are then compared to the previous year's numbers.

Though the Federal shutdown has not affected Social Security payments, failure to raise the debt ceiling by this Thursday could result in delays in benefit checks, with severe consequences for millions of retirees.

President Barack Obama has already proposed permanently reducing Social Security COLA increases as part of an overall package of cuts in Social Security and Medicare. He advocates the adoption of the so-called "chained" consumer price index for calculating Social Security benefits, which would substantially reduce inflation adjustments.

The attacks on the right to a secure retirement have already produced a steady increase in

the number of workers above the age of 50 whose financial situation will prevent them from retiring at 60 or 65. The growth of “defined contribution” and 401k plans and decline in traditional pensions has left workers at the mercy of the stock market. The average nearly retired worker has less than \$120,000 saved for his or her post-retirement years. This calculates to a monthly income of barely \$575 for someone living until his or her mid-80s.

A recent poll released by the Associated Press-NORC Center for Public Affairs Research found that 82 percent of workers over the age of 50 planned to continue working into their official retirement. Another 47 percent expected they would have to postpone their retirement at least several years.

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