



THE VOICE OF MIDLIFE AND OLDER WOMEN

“CHAINED COLA”: THE STEALTH SOCIAL SECURITY BENEFIT CUT

STATEMENT OF OWL’S SOCIAL SECURITY TASK FORCE

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Social Security is the largest part of income for most recipients; for almost 80% of them, it is half or more: for 60% it is more than half, for 30% it is all their income. A majority of them are women. The average benefit is \$1100 a month.

In the 1970’s, Congress enacted yearly “cost-of-living adjustments” (COLA) to provide predictable and objective criteria for benefit boosts to keep pace with inflation. Currently, Social Security COLA is calculated as the difference between the price of a market basket of goods and services typical of urban workers for the most recent year and for the prior year. This design inevitably means that current benefits always lag behind current year prices.

The “chained COLA” proposal reduces COLA by 3/10ths of one percent every year, a seemingly “small” reduction. However, it accumulates. After 5 years, benefits would be 1.5% behind price increases; after 10 years, 3%; after 20 years 6%. For the majority of beneficiaries dependent on Social Security’s modest benefits, small subtractions hurt - and will hurt more every subsequent year.

Chained COLA is a substantial benefit cut in sheep’s clothing.