

STRENGTHEN SOCIAL SECURITY

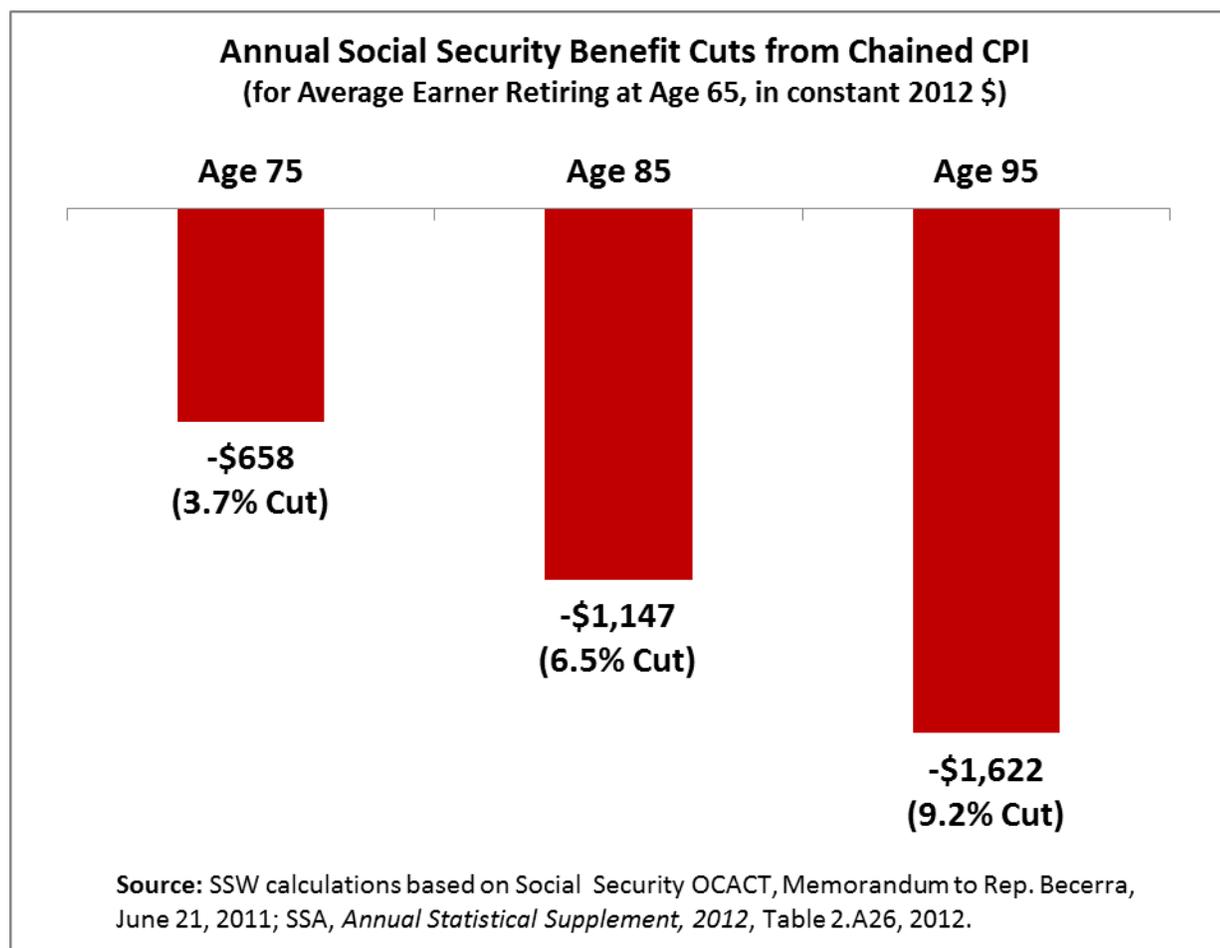
...don't cut it.

Social Security COLA Cut: A Benefit Cut Affecting Everyone

Some politicians in Washington are preparing to cut your Social Security COLA for good. This change would cut the benefits of all beneficiaries, including current retirees, disabled workers, and others – even after politicians promised repeatedly that any changes to Social Security would not affect current beneficiaries.

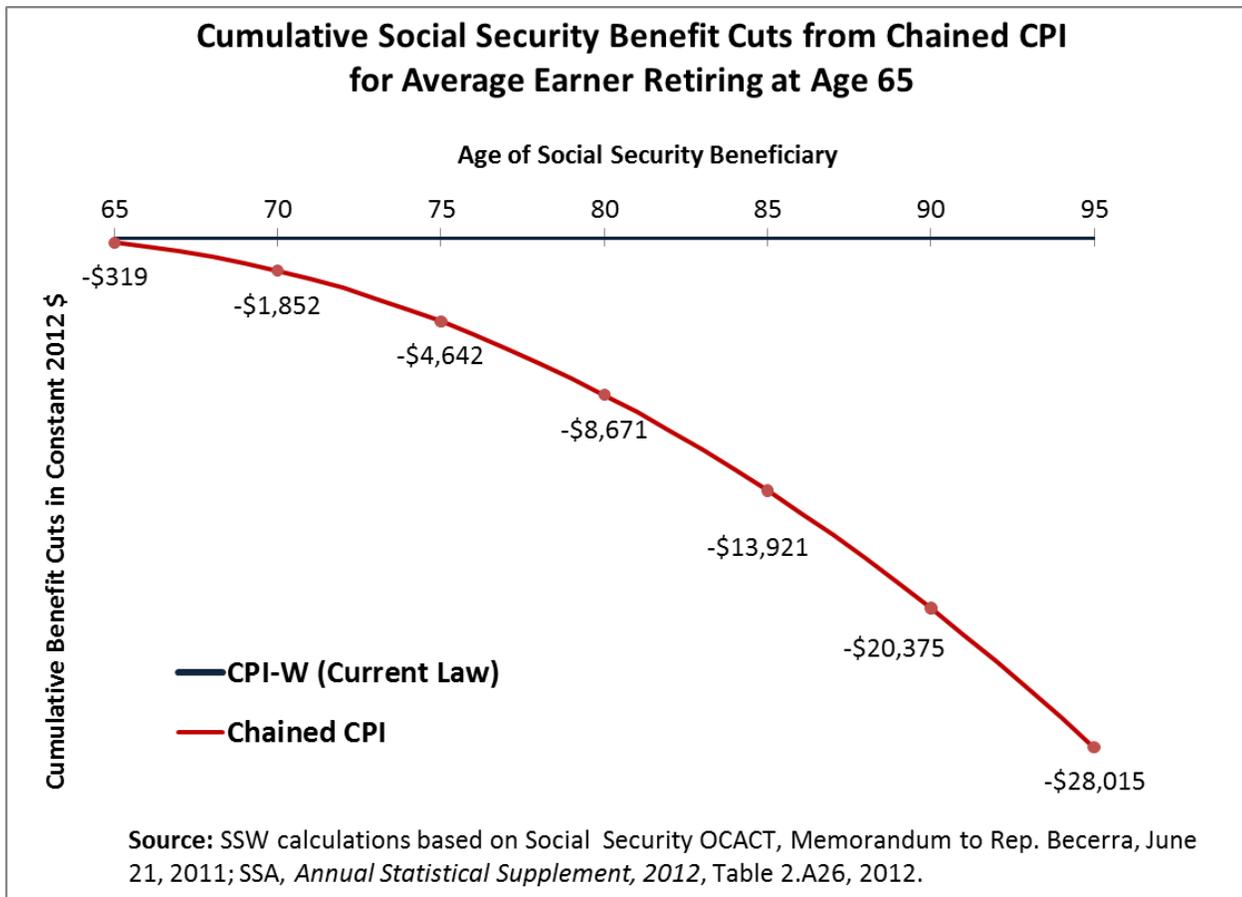
- The chained CPI would cut benefits for current and future beneficiaries.

The average earner retiring at age 65 would get an annual cut of \$658 at age 75, and \$1,147 at age 85. By age 95, when Social Security benefits are typically needed the most, that person faces a 9.2 percent cut, amounting to \$1,622.¹



COLA Cut Compounds over Time to Hit Oldest Old, Long Disabled Hardest

What is far more severe is the cumulative effect of the COLA cut as it compounds over time.



The average earner retiring at age 65 would get a cumulative cut of \$4,642 by age 75, \$13,921 by age 85, and \$28,015 by age 95.² These cuts hit seniors hardest at a time in their lives when most have exhausted other sources of income, and many have lost their spouse. People with disabilities will suffer the cumulative effect of the chained CPI cut most of all.

We Need a More Accurate COLA – Higher, not Lower

The current COLA formula does not take into account the greater proportion of income that seniors and people with disabilities spend on health care. Adopting the chained CPI would make matters even worse. Instead, Social Security should use a formula that takes account of these differences – the CPI-E, the experimental CPI for the elderly.

Social Security Should be Expanded, not Cut

The CPI-E does not expand benefits; it would just keep benefits from eroding over time. Congress should go further and actually expand benefits. Senator Harkin (D-IA) and Senator Begich (D-AK), as well as others, are proposing bills to expand Social Security, which is a common-sense approach to the retirement income crisis today’s and tomorrow’s seniors are facing around the country.

¹ SSW calculations based on Social Security Office of the Chief Actuary, Memorandum to Rep. Becerra, June 21, 2011. http://ssa.gov/oact/solvency/XBecerra_20110621.pdf; SSA, Table 2.A26, *Annual Statistical Supplement, 2012*, 2012. <http://www.ssa.gov/policy/docs/statcomps/supplement/2012/2a20-2a28.html#table2.a26>

² See Endnote 1. Cumulative reductions calculated by adding up annual reductions over beneficiary’s retirement.