



## **TRI-VALLEY Help-line**

August 2008

Tri-Valley receives many questions from area seniors, younger people with disabilities and caregivers and has created this monthly Help-line column to provide some assistance. We are also available five days a week to answer individual questions.

### **Is a Big COLA Coming?**

**Q: Is my Social Security check going to go way up to cover my high cost of food and fuel?**

**A:** We won't know until October. Every October since 1975, the Social Security Administration announces the annual cost of living adjustment (COLA) for more than 50 million Social Security beneficiaries. In October, 2007, the COLA was increased 2.3%, and took effect on January 1, 2008. The next COLA will be based on the percentage increase in the Consumer Price Index for Urban Wage Earners (CPI-W) from July, August and September of 2007, compared to the same months in 2008. But don't hold your breath: it won't be nearly enough to pay for the extraordinary price rises in fuel and food.

In 2008, the COLA increased the average retiree's Social Security check by \$24 a month. This coming year, it is likely that the COLA will be much higher. But the average retiree this year is getting only \$12,948 a year. One fill up of a 250 gallon oil tank at \$4.75 per gallon is \$1,187. That's almost 10% of the average retiree's income. It is very likely that the COLA coming in January, 2009 will be eaten up by higher fuel and food prices before the year even begins.

The use of the CPI-W for the COLA has long been criticized by elder advocates as being too low, because it measures the spending of younger workers, who have much

lower health care expenses than seniors. There is a Consumer Price Index just for elderly consumers, and the federal government has been collecting data on the "CPI-E" for 25 years---but it has never been used to calculate the CPI for Social Security purposes. A senior who retired with average benefits in 2007 would receive about \$18,277 more in benefits over a 25-year retirement if the government were to use the CPI-E.

Congressman Charles Gonzalez of Texas has introduced the "The Consumer Price Index for Elderly Consumers Act" (H.R. 1953). This bill would provide Social Security beneficiaries with a more fair and adequate COLA by tying the annual increase for Social Security to the Consumer Price Index for the Elderly (CPI-E).

But the 2009 COLA that will be announced in October won't be enough. The largest COLA ever dates back to 1980, when the government announced a 14.3% cost of living adjustment. Even if beneficiaries got an increase at that level in 2009, the average retiree would only get an additional \$154 a month---enough to buy 32 gallons of heating oil at today's prices, or 38 gallons of gasoline. The COLA system is not working, and that's one of the reasons why seniors have lost 51% of their buying power over the past eight years.

Tri-Valley continues to be ready to assist you with other questions through its free information & referral HELP-LINE at (508) 949-6640 or 1-800-286-6640. You may also access Tri-Valley by E-mail: [info@tves.org](mailto:info@tves.org) or visit the agency's website at: [www.trivalleyinc.org](http://www.trivalleyinc.org)

Tri-Valley, Inc. is a private non-profit agency providing in-home and community based services in 25 Southern Worcester County towns. The agency receives funding from the Commonwealth of Massachusetts through the Executive Office of Elder Affairs and Federal financial support under the Older Americans Act furnished by the Central Massachusetts Agency on Aging and the Massachusetts Executive Office of Elder Affairs. Funds are also received from other public and private sources. All donations are welcome and memorials may be established. Marilyn L. Travinski is the executive director.

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