



News Release

SOCIAL SECURITY

Prompt Passage of Economic Recovery Act Payment for 2010 Needed

Law Does Not Provide for a Social Security Cost-of-Living Adjustment for 2010

With consumer prices down over the past year, monthly Social Security and Supplemental Security Income benefits for more than 57 million Americans will not automatically increase in 2010. This will be the first year without an automatic Cost-of-Living Adjustment (COLA) since they went into effect in 1975.

“Social Security is doing its job helping Americans maintain their standard of living,” Michael J. Astrue, Commissioner of Social Security said. “Last year when consumer prices spiked, largely as a result of higher gas prices, beneficiaries received a 5.8 percent COLA, the largest increase since 1982. This year, in light of the human need, we need to support President Obama’s call for us to make another \$250 recovery payment for 57 million Americans.”

The Social Security Act provides that Social Security and Supplemental Security Income benefits increase automatically each year if there is an increase in the Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) from the third quarter of the last year to the third quarter of the current year. This year there was no increase in the CPI-W from the third quarter of 2008 to the third quarter of 2009. In addition, because there was no increase in the CPI-W this year, under the law the starting point for determinations regarding a possible 2011 COLA will remain the third quarter of 2008.

Some other changes that would normally take effect in January 2010 based on the increase in average wages also will not take effect, even though average wages did increase. Since there is no COLA, the statute prohibits an increase in the maximum amount of earnings subject to the Social Security tax as well as the retirement earnings test exempt amounts. These amounts will remain unchanged in 2010. The attached [fact sheet](#) provides more information on 2010 Social Security changes.

Information about Medicare changes for 2010, when available, will be found at www.Medicare.gov. The Department of Health and Human Services has not yet announced if there will be any Medicare premium changes for 2010. Should there be an increase in the Medicare Part B premium, the law contains a “hold harmless” provision that protects about 93 percent of Social Security beneficiaries from paying a higher Part B premium, in order to avoid reducing their net Social Security benefit. Those not protected include higher income beneficiaries subject to an income-adjusted Part B premium and beneficiaries newly entitled to Part B in 2010. On September 24th, the House passed legislation by 406-18 that would, on a fully paid-for basis, prevent abnormally large

premium increases. The President is calling on the Senate to enact this legislation before it becomes too late for the Social Security Administration to update its computer systems to implement this needed change.

For additional information about the 2010 COLA, go to www.socialsecurity.gov/cola.

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