



Social Security COLA Increases Trying To Keep Up With Inflation - Retirement Planning

The latest Cost of Living Adjustment (COLA) for Social Security payments is barely keeping up with inflation. The 1.6% increase in Social Security payments effective for 2020 are less than the most recent inflation numbers as measured by the Consumer Price Index (CPI) of 2.3% over the past year. Retirees receiving Social Security benefit payments are finding that the latest COLA increase is not keeping up with increases in food, energy, and medical costs, which all increased more than the 1.6% COLA adjustment.

Over the decades, Americans have become increasingly dependent on Social Security payments, however, for some Americans it may not be enough to rely on Social Security alone. Unfortunately, Social Security is a major source of income for many of the elderly, where nine out of ten retirees 65-years of age and older receive benefit payments representing an average of 41% of their income. Over the years, Social Security benefits have come under more pressure due to the fact that retirees are living longer. In 1940, life expectancy for both male and females was 63, fifteen years less than life expectancy rates today.

Source: Social Security Administration