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AARP: Social Security COLA is Critically Important

Chained CPI would make small COLA even smaller.

WASHINGTON, D.C. – AARP Executive Vice President Nancy LeMond offered the following statement in reaction to today's announcement by the Social Security Administration of a 1.5 percent Cost of Living Adjustment (COLA) for 2014:

"The annual Social Security COLA is critically important to the financial security of the nearly 58 million Americans receiving benefits. By providing protection against inflation, the COLA helps beneficiaries of all ages maintain their standard of living, keeping many from falling into poverty. The COLA announced today is vital to millions, but at an average of just \$19 per month, it will quickly be consumed by the rising costs of basic needs like food, utilities and health care.

"Some in Washington, though, would make this small COLA even smaller by including the Chained CPI in a budget deal. The Chained CPI would further lower the COLA for Social Security and veterans' benefits with cuts that would start now and grow larger every year. Under Chained CPI, the modest 1.5 percent COLA announced today would be reduced, putting increasing strain on millions of beneficiaries struggling to keep up with expenses.

"Shrinking the COLA could also negatively impact our still fragile national economy, since every dollar of Social Security benefits generates about two dollars of economic activity. Recent research by the AARP Public Policy Institute calculated that spending of Social Security benefits added about \$1.4 trillion in total economic output to the U.S. economy in 2012.

"We know that any adjustments Washington makes to Social Security will have a profound effect on individuals of all ages, businesses and our economy as a whole. That's why AARP is fighting the chained CPI and calling for a national conversation about the future of Social Security – so those who paid into the system can have a voice in the debate and so current and future generations get the benefits they've earned."

Additional resources on the Chained CPI, including a calculator showing how individual benefits would be impacted by the Chained CPI, at www.earnedasay.org.

AARP is a nonprofit, nonpartisan organization, with a membership of more than 37 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse. We advocate for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name as well as help our members obtain discounts on a wide range of products, travel, and services. A trusted source for lifestyle tips, news and educational information, AARP produces AARP The Magazine, the world's largest circulation magazine; AARP Bulletin; www.aarp.org; AARP TV & Radio; AARP Books; and AARP en Español, a Spanish-language website addressing the interests and needs of Hispanics. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. The AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. AARP has staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Learn more at www.aarp.org.

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