



Written by [Bob Adelman](#) on October 18, 2010

Social Security: No COLA for You

When the Social Security Administration announced that there would be no cost-of-living-adjustment for 2011, Betty Dizik, Claire E., John Walker, Nancy Pelosi, and the AARP all agreed it would be difficult for the 58 million beneficiaries currently receiving checks. Betty's only source of income is her \$1,200 monthly payment from Social Security. At age 83, she exclaimed, "I'm like a lot of other people in my predicament who live on Social Security. It's hard. We cannot make ends meet."



Claire E., a widow who has a small pension and little savings, is in the same boat as Betty. Her medical costs are going up and she wants to stay independent as long as possible. John Walker, age 62, was laid off from his trucking job two years ago and lives on his veteran's benefits and his early Social Security check: "It's like being stuck in neutral. I have the same income but [it] seems like the basic necessities we have from day-to-day living go up. I don't think it's fair."

House Speaker Nancy Pelosi is planning on bringing to the floor during the upcoming lame-duck session a bill introduced by Earl Pomeroy (D-N.D.) to send another \$250 check to all Social Security recipients to help out. He said, "Our seniors have everyday expenses for drugs, utilities, housing and food that have increased, regardless of [what] the government's consumer price index formula [says]." Nancy LeMond, executive vice president for [AARP](#), says that challenges facing people like Claire and the others "are not rare, unfortunately. We believe that Congress and the administration should provide fiscally responsible relief for [those] millions of Americans who count on an increase in their check to help pay their mounting bills."

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Social Security was the primary source of income for 64 percent of retirees in 2008, and for a third of them those checks represented 90 percent or more of their income. As David Certner, AARP's policy director, put it: "People ... certainly feel like they're falling further and further behind.... [They] are very reliant on Social Security as a major portion of their income and, quite frankly, they have counted on the COLA over the years."

Perspective is gained when it is remembered that the last COLA was nearly six percent, which was calculated in 2008 when energy prices were high and gasoline was approaching \$4 a gallon. Prices dropped since then, with gasoline averaging about \$2.70 per gallon now. And the next COLA, to be



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announced for 2012, is expected to be 1.2 percent, according to the Social Security Administration.

It's also helpful to remember that, regardless of calls for "fiscally responsible relief," the financial tidal wave of Social Security and its big sister, Medicare, threatens to inundate the American taxpayer. Rep. Dave Camp (R-Mich.), the ranking Republican on the House Ways and Means Committee, admits that although "it will be difficult for many seniors to deal with the lack of a COLA for a second year in a row...that will pale in comparison to the actual hardship future Social Security recipients will experience if Congress continues to ignore the program's underlying financial problems."

The tension between those recipients and the taxpayers supporting the system is only bound to increase. Social Security beneficiaries represent a huge voting block, and the Democrats and Republicans know it. The American taxpayer who is unwittingly supporting the system with his payroll taxes is another huge voting interest. The conflict is inter-generational as well. Young people have little confidence that the system will be there for them when they retire, and question the fairness of a system that forces them to support it anyway.

The lack of a COLA this year is merely the early warning shot in a battle whose sounds can be heard just over the horizon. President Franklin Roosevelt knew that the battle would eventually erupt. According to [Luther Gulick](#), who worked in the Roosevelt administration, the President acknowledged that the Social Security program was "politics all the way through. We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions.... With those taxes in there, no damn politician can ever scrap my social security program."

That battle between taxpayers and recipients is about to be joined.



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