

Our Shows: [Marketplace Morning Report](#) [Marketplace](#) [Marketplace Money](#)

Friday, August 28, 2009

Social Security left without a boost

Social Security payments usually increase by a small amount each year to adjust for cost of living. But thanks to the recession, those living off the government-issued checks won't be seeing more dollar signs this year. Tamara Keith reports.

TEXT OF STORY

TESS VIGELAND: Expecting a big fat raise this year? OK, stop laughing -- I get it. You're not all CEOs. Given the way things are, most people aren't even thinking about the possibility of more green in their bank accounts. But if you're a senior collecting Social Security, not only were you thinking about it, you were probably counting on it.



The upper left-hand corner of a Social Security card (iStockPhoto.com)

That is until Social Security officials announced this week that for the first time in more than 30 years, seniors will not get cost of living increases, often referred to as COLA.

From Washington, Tamara Keith has more.

TAMARA KEITH: Social Security payments normally increase a little bit every year. That's because the payments are tied to the Consumer Price Index. The CPI measures the cost of things like food and gas and other consumer goods. Thanks to the recession and the dramatic drop in gas prices, the CPI is down. So, next year Social Security payments are expected to stay right where they are.

BARBARA LABELLE: I'm not an economist, but I'm sorry that just doesn't cut it with me.

Barbara LaBelle is 67 years old. She's retired, lives in Michigan and relies almost entirely on her \$900 a month Social Security check. She says her personal consumer price index hasn't come down.

LABELLE: I go to the grocery store and the prices haven't decreased. The prices have gone up. Everything goes up in price, but my Social Security doesn't go up.

And LaBelle says she's paying more for healthcare. Her co-payments have gone up, so she's spending as much on health care every month as she is on rent.

Her experience is common for many seniors. Healthcare costs are rising a lot faster than the rate of inflation. Barbara Canelli is president of the National Committee to Preserve Social Security and Medicare. She says healthcare costs are factored into the CPI. But they're based on the average American, and seniors spend a lot more on healthcare than the average American.

BARBARA CANELLI: That's why seniors get hurt by not having a COLA, because their basic expense, other than their rent or their mortgage, is healthcare.

Seniors who had been counting on extra income from their 401(k)s or equity in their homes have seen their nest eggs shrink. Take Minnesota retiree Douglas Agustin. He's rationing his retirement saving and relying more heavily on his Social Security check.

DOUGLAS AGUSTIN: I am not living high on the hog.

Agustin says his only indulgences are his pets and the occasional fishing trip.

AGUSTIN: I think I've been to two movies in two years. And I don't eat out much although I might grab something like a Taco Bell where you can get a 69-cent taco.

Social Security advocate Barbara Canelli and groups like the AARP want Congress to either give seniors a small lump sum or approve a cost of living increase, even though the Social Security funding formula doesn't call for it. But not everyone is convinced that seniors are worse off. Jagadeesh Gokhale is a senior fellow at the conservative Cato Institute.

JAGADEESH GOKHALE: On net, I think retirees are coming out ahead.

He points out Social Security recipients got a nearly 6 percent cost of living increase earlier this year and prices on many consumer goods have dropped.

GOKHALE: We hear a lot about the senior's plight, because their lobbies are much more organized and more vocal about their problems.

But that doesn't mean Congress will be listening when it returns from recess. Lawmakers already have a lot of pressing and pricey matters on their to-do lists, like a healthcare overhaul.

In Washington, I'm Tamara Keith for Marketplace Money.

COMMENTS

[Comment](#) | [Refresh](#)

By Jennifer Harris
From Derby, KS, 08/30/2009

I didn't get a cost of living increase either with my govt job and I don't expect other tax payers to pay for it like those who have SS. I think it is unfair for those to expect a cost of living increase just because their personal expenses went up when CPI has gone down. In a way I feel for Barbara, but I also think she made a conscience decision not to save for her retirement and therefore should deal with the consequences.

By Janet Nygaard
From Fergus Fall, MN, 08/29/2009

Let's not count our chickens b/4 they're hatched (-; . Speculation is an exercise in futility; I'm waiting until I actually hear it from the "horse's mouth!"

Post a Comment: Please be civil, brief and relevant.

Email addresses are never displayed, but they are required to confirm your comments. All comments are moderated. Marketplace reserves the right to edit any comments on this site and to read them on the air if they are extra-interesting. Please read the [Comment Guidelines](#) before posting.

* indicates required field

Comments *

May we contact you about future stories? *

Yes No

You must be 13 or over to submit information to American Public Media. The information entered into this form will not be used to send unsolicited email and will not be sold to a third party. For more information see [Terms and Conditions](#) and [Privacy Policy](#).

© 2009 | [Terms and Conditions](#) | [Privacy Policy](#)

PROGRAMS

- [American RadioWorks](#)
- [American Routes](#)
- [Composers Datebook](#)
- [Future Tense](#)
- [Marketplace](#)
- [Marketplace Money](#)

- [Performance Today](#)
- [Pipedreams](#)
- [A Prairie Home Companion](#)
- [Saint Paul Sunday](#)
- [Sound Opinions](#)

- [Speaking of Faith](#)
- [The Splendid Table](#)
- [The Story](#)
- [SymphonyCast](#)
- [The Writer's Almanac](#)
- [More...](#)

SUPPORT AMERICAN PUBLIC MEDIA

American Public Media's online services are supported by users like you. [Contribute now...](#)

MORE FROM AMERICAN PUBLIC MEDIA

- [APM Podcasts/RSS Feeds](#)
- [APM Newsletters](#)
- [iTunes U](#)
- [Public Radio Tuner](#)
- [APM Careers](#)
- [About APM](#)