



No Social Security Cost-of-Living Increase for 2011

Written On November 17, 2010 By [Bob Kraft](#)

As I've written before, there will be no cost-of-living increase in Social Security benefits in 2011. This is the second year in a row with no increase. Of course the reason is that inflation did not rise enough to trigger an automatic increase.

The actual rule is a bit complicated: the COLA is determined by comparing the change in the Consumer Price Index (CPI-W) from the third quarter of 2008, the last year that a COLA was determined, to the third quarter of 2010. There was no increase in that period. This is in contrast to the change from 2008 to 2009, which was 5.8 percent, the largest increase since 1982.

The Social Security Administration has issued a press release about the lack of increase, and a [fact sheet](#) listing the amounts of each type of benefit available through Social Security. Here is the text of the press release:

Kraft & Associates
2777 Stemmons Freeway
Suite 1300
Dallas, Texas 75207
Toll Free: (800) 989-9999
FAX: (214) 637-2118
E-mail: info@kraftlaw.com

Monthly Social Security and Supplemental Security Income (SSI) benefits for more than 58 million Americans will not automatically increase in 2011.

The Social Security Act provides for an automatic increase in Social Security and SSI benefits if there is an increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the last year a cost-of-living adjustment (COLA) was determined to the third quarter of the current year. As determined by the Bureau of Labor Statistics, there is no increase in the CPI-W from the third quarter of 2008, the last year a COLA was determined, to the third quarter of 2010, therefore, under existing law, there can be no COLA in 2011.

Other changes that would normally take effect based on changes in the national average wage index also will not take effect in January 2011. Since there is no COLA, the statute also prohibits a change 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 2011. The [attached fact sheet](#) provides more information on 2011 Social Security and SSI changes.

Information about Medicare changes for 2011, 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 2011. Should there be an increase in the Medicare Part B premium, the law contains a “hold harmless” provision that protects more than 70 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 2011. In addition, almost 20 percent of beneficiaries have their Medicare Part B premiums paid by state medical assistance programs and thus will see no change in their Social Security benefit. The state will be required to pay any Medicare Part B premium increase.

For additional information about the 2011 COLA, go to www.socialsecurity.gov/cola.

For additional information about changes in the national average wage index, go to www.socialsecurity.gov/OACT/COLA/AWI.html.

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