



Obama Proposes Extra One-Time Payment to Social Security Recipients

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As a follow-up to the last post, the press is reporting today that President Obama is proposing a one-time payment of \$250 to Social Security recipients and others to partially make up for the lack of a cost-of-living-adjustment in 2010. The payments would be made sometime next year, and would go to all Social Security retirement and disability recipients as well as to veterans and railroad and governmental retirees. If a person fits into more than one of those categories, the total payment would still be only \$250. There are roughly 57 million people who would qualify, and the total cost would be about \$13 billion.

There will be no COLA next year because that is tied to the inflation rate, and there will actually be a negative inflation rate this year. Benefit payments cannot be reduced though, as a matter of law. Next year would be the first ever with no COLA since that program was made permanent in 1975. In January of 2009 the COLA increase was about 5.8%.

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