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News

## Social Security cost-of-living adjustment might fall short for some retirees

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By Max Reinhart

[MReinhart@News-Herald.com](mailto:MReinhart@News-Herald.com)

[@mreinhartnh](https://twitter.com/mreinhartnh)

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Next year's Social Security cost-of-living adjustment will be one of the lowest increases in the program's history.

And the 1.7 percent bump has some retirees preparing to tighten their belts and has leaders at local organizations concerned.

Joe Tomsick, CEO for the Lake County Council on Aging, said most senior citizens can expect to feel the pinch.

"From the (Social Security) beneficiaries I've talked to, I know they were expecting about the same if not more from last year and in the end they're given 1.7 percent," Tomsick said.

According to the U.S. Social Security Administration, the increase takes effect for the nearly 62 million Americans at the start of the next calendar year. Automatic cost-of-living adjustments began in 1975.

Before that, it took an act of Congress.

The adjustment for 2012 was a 3.6 percent increase though there was zero change in 2010 and 2011.

Tomsick said the average recipient should get about \$21 more per month in benefits. Despite the slight boost, he believes it will be basically wiped out for many retirees because of the impending rise in Medicare costs, which are deducted from Social Security payments.

"I think it will really hurt or offset this almost to a zero balance," he said.

For most seniors, premiums are currently about \$99.90 per month.

That figure is expected to increase by about \$7 to \$9 next year.

Compared to the rising cost of living in many areas, Tomsick said the adjustment is simply too low for many beneficiaries to maintain their quality of life.

Some area retirees, including former Willoughby Hills Mayor Morton O'Ryan, are already seeing the effects and scaling back purchases.

"A lot of people I know have spent time in Florida or other places in the south every year and they just can't do it any more because of the costs," he said.

Like O'Ryan, Eastlake resident June Watson said its clear the annual adjustment is not keeping up with increasing prices for many of the items she need on a daily basis.

"The cost of everything is going up — gas, food, clothes," Watson said. "Social Security isn't making up for that increase and it hurts."

The rate is calculated each year via language in the Social Security Act. The figure is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers, which measures price changes for food, housing, clothing, transportation, energy, medical care, recreation and education.

According to the index, food prices have gone up 2 percent, housing costs 1.4 percent and gasoline prices 1.8 percent, over the past year.

The lone decrease was in home energy prices which dipped 3.8 percent

When the adjustment goes into effect, it will be only the sixth time since 1975 it has been below 2 percent, including the zero increases 2010 and 2011.

During that time, the adjustment has averaged a 4.2 percent annual increase. By law, there cannot be a reduction in Social Security.

As seniors may be pinching their pennies more next year, Tomsick recommended they take advantage of services offered by the Council on Aging and other organizations.

"We will continue to focus on offering the services seniors need in order to live independently and safely in their homes," Tomsick said.

Alyea Barajas, community services coordinator for the council, said Social Security recipients should review their Medicare options, especially the Part D prescription drug coverage, to help take as much sting as possible out of the increasing cost of premiums.

"They may be surprised that they could possibly save some money by switching their plan," Barajas said. "What might be their best option for this year may not be for next year."

Tomsick, who worked for Geauga County's Department on Aging until April, said retirees on a fixed income in Northeast Ohio have got at least one thing working in their favor.

"We have a great set of elected officials and great senior centers who are working with the community and reaching out on a daily basis," Tomsick said.

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