

For Your Benefit

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Social Security Payments to Increase 2 Percent Next Year

It's the biggest boost since 2012 — but not nearly enough to keep up with rising costs

by Gary Strauss, AARP

Social Security recipients will be getting a 2 percent cost-of-living adjustment (COLA) in 2018, the biggest increase since 2012. But it won't be enough to keep pace with the rising costs affecting millions of older consumers who depend on the monthly benefit as their prime source of retirement income.

The COLA, announced Friday by the Social Security Administration, will boost the average beneficiary check by \$27.38 a month, or about \$329 a year. The increase is the largest since a 3.6 percent hike in 2012. The adjustment was a minuscule 0.3 percent increase in 2017, and there was no change in 2016.

AARP CEO Jo Ann Jenkins said the 2018 COLA will provide recipients some financial relief but not enough to offset the higher costs eroding older consumers' purchasing power.

"For the tens of millions of families who depend on Social Security for all or most of their retirement income, this cost of living increase may not adequately cover expenses that rise faster than inflation including prescription drug, utility and housing costs," Jenkins said.

Indeed, while overall inflation remains relatively tame, those on fixed incomes and struggling to make ends meet are feeling an economic pinch. Average consumer electricity bills are up about 3.5 percent over 2016, and prescription drug prices are climbing at an even faster clip.

The 2018 COLA could be crimped by higher Medicare Part B premiums. The standard premium is now about \$134 a month, but many participants pay about \$109 a month if they have the fee deducted from monthly benefit payments. A "hold harmless" provision in federal law prohibits Medicare from raising a person's Part B premiums if it reduces their Social Security benefits. For the past two years, most Medicare beneficiaries have been held harmless because, without a significant COLA, increasing their premiums would have resulted in lower Social Security benefits.

In 2018, the COLA will be large enough to allow for the increase in premiums. Medicare costs have grown very slowly in the past few years. The increase in premiums that some beneficiaries will see next year is an unfortunate side effect of not having a substantial Social Security COLA recently. Medicare Part B premium prices are expected to be announced next month.

"For many beneficiaries, even this small adjustment will be wiped out by increases in Medicare premiums and other health care costs," said Nancy Altman, president of Social Security Works, a nonprofit advocacy group. "It's long past time for Congress to update the formula used to calculate the yearly COLAs so that it reflects the real expenses that seniors and Americans with disabilities face every day."

The Social Security Administration also announced that the maximum amount of earnings subject to Social Security tax, now \$127,200, would climb to \$128,700 next year.

This year, 42 million retirees are receiving Social Security payments averaging \$1,377 a month, or about \$16,524 a year. With the 2018 COLA, payments will average \$1,404 a month, or \$16,848 a year.

In its 2017 annual report, Social Security trustees again warned that without changes, the Social Security trust fund would be depleted by 2034.

Jenkins says AARP will keep pressing for solutions. "AARP continues our advocacy for bipartisan solutions to help ensure the long-term solvency of the program, as well as adequate benefits for recipients," Jenkins said.



Coping With Holiday Stress

THE HOLIDAY SEASON CAN BE A TIME OF JOY, BUT IT CAN ALSO BE HECTIC AND STRESSFUL.

USE THESE NINE TIPS TO CALM THE PRESSURE.

Most children wait eagerly for the holidays to arrive. Adults often have more mixed feelings. For them, the holidays mean increased stress: dashing to decorate the house, elbowing through crowds at the mall, and fretting about the right gift or how to pay for it.

Relax. Don't let stress suck the joy out of your holiday season. These tips can help you keep stress under control so your holidays can be merry and bright.

- 1.** Create a game plan. Spend a little time up front getting organized. Make a list of what you need to buy. Try to shop ahead of time, before things are picked over and you're under pressure. If you'll be cooking, plan your menu. Think whether some items could be prepared ahead and frozen or refrigerated.
- 2.** Make a budget and stick to it. Money is one of the major stressors during the holidays. Don't dig yourself into a hole by overspending. A thoughtful gift doesn't have to be expensive. If money is tight, suggest a family gift exchange with a spending limit.
- 3.** Accept reality. Guests may arrive late. Your mother may get on your nerves. The turkey may be dry. Real life isn't a holiday special. Don't expect perfect decorations, a perfect meal, or perfect people. Try to go with the flow and enjoy what you have.
- 4.** Beware of unhealthy stress relievers. Holiday stress causes some people to fall into bad habits such as smoking, drinking, or eating too much. Think about any unhealthy habits you're prone to and better ways to handle stress.
- 5.** Create new traditions. Stressed out by the usual festivities? Try something different. Instead of cooking a huge meal on your own, make it a potluck. Ask adults to bring gag gifts or have a "white elephant" or used book gift exchange. Attend a local holiday concert, walk the neighborhood to look at holiday lights, or go sledding.
- 6.** Make time for your health. In the holiday rush, don't let your well-being fall by the wayside. Try to stay on your normal sleep schedule and get regular exercise. If you can't find a 30-minute chunk of time for exercise, break it up into three 10-minute sessions spread through the day.
- 7.** Watch out for caffeine and alcohol. Caffeine can raise your stress and interfere with sleep. Alcoholic drinks contain lots of calories, and drinking too much may make you feel depressed. Instead, drink plenty of water or try herb tea or seltzer.
- 8.** Give yourself a break. In the midst of doing things for others, it's easy to forget to take care of ourselves. If you feel stress building up, get away for a few minutes. Find a quiet corner and do some deep breathing, listen to calming music, or just sit. Or throw on a coat and slip outside for a walk.
- 9.** Enjoy! The holidays are supposed to be a time of joy and togetherness. In the flurry of the holidays, we sometimes forget what we're celebrating. Remember to savor the time with people you love.