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July 17, 2009

United States Senate  
Washington, DC 20510

Dear Senator:

On behalf of the millions of seniors represented by the National Committee to Preserve Social Security and Medicare, we urge the Congress to take swift action to restore the Social Security Cost-of-Living Adjustment (COLA) for 2010.

Unless Congress takes action this year, 2010 will be the first year without a Social Security COLA in 35 years. In fact, the Trustees of the Social Security system predict there will be no COLA in either 2010 or 2011. While seniors are already beginning to express strong concerns based on the prediction of no COLA, the response is likely to intensify this fall when the Social Security Administration (SSA) officially announces that there will be no increase in the January checks of millions of elderly and disabled beneficiaries.

In October of each year, the Social Security Administration (SSA) announces the percentage by which Social Security checks will increase the following year. This cost-of-living increase is measured from the third quarter of the previous year to the third quarter of the current year. For most of the last decade, the Social Security COLA has remained in the 2 to 3 percent range. However, due to the significant rise in energy prices in the summer and fall of 2008, the adjustment in the January 2009 checks was an unexpected 5.8 percent.

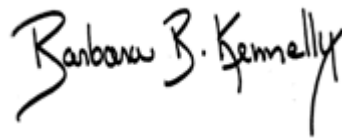
By late 2008, oil prices had tumbled and the economy had fallen into recession. The steepness of the decline and the serendipity of the third quarter measurements contributed to the elimination of the COLA for 2010. Fortunately, the Social Security statute prevents the COLA from falling below zero in order to preserve the beneficiary's check at the previous year's level.

Despite a relatively low rate of general inflation, health care costs continue to rise rapidly, and the elderly on fixed incomes spend a significantly larger share of their income on these health costs. According to the 2009 Medicare Trustees' Report, Part B costs have grown an average of 7.8 percent over the last 5 years and are projected to rise in 2010 to as much as 9 percent. Similarly, Part D costs are projected to grow annually by 11.1 percent.

Seniors can't afford to lose their Social Security COLA. Out-of-pocket health care costs are eating up an increasingly large portion of their Social Security checks at a time when the value of non-Social Security retirement income has plummeted. The 2009 Medicare Trustees' Report concluded that Medicare premiums and out-of-pocket expenses will consume nearly \$3 of every \$10 of the average Social Security benefit. At the same time, seniors have been especially hard hit by the 20 to 30 percent decline in the value of employer pensions, IRAs and 401(k)s as well as the steep drop in housing values. Low-income seniors with few additional resources and the oldest seniors with the highest medical expenses are likely to suffer the most from flat or even diminishing income.

The National Committee strongly urges you to take timely legislative action to assure that Social Security beneficiaries receive a COLA so they do not suffer even more from the consequences of these unpredictable economic times.

Cordially,

A handwritten signature in black ink that reads "Barbara B. Kennelly". The signature is written in a cursive, flowing style.

Barbara B. Kennelly  
President and CEO