THE SENIOR CITIZENS LEAGUE
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TSCL
Defending Your Earned Benefits

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Seniors Taking Desperate Measures to Keep Up With Inflation

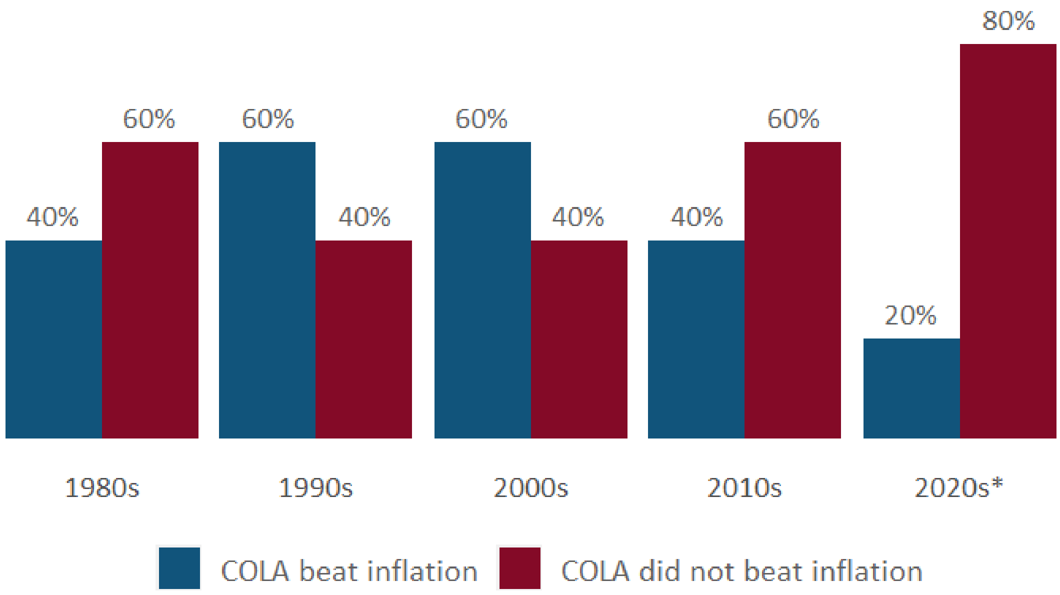
By Alex Moore

Social Security’s Cost-of-Living Adjustment (COLA) for this year was 3.2 percent, which is higher than the 2.6 percent average inflation we’ve seen over the last 20 years. According to the most recent data from TSCL’s Senior Survey, 69 percent of seniors saw their household expenses rise by more than the COLA over the past year, with costs for food and housing leading the way.

As a result, some seniors turned to dire measures to keep afloat. Among more than 1,550 seniors who participated in the Senior Survey, about half said their financial situation forced them to dip into emergency savings or carry credit card debt for more than three months during the last year. Perhaps even more concerning, a third of seniors said they had to visit a food pantry or apply for SNAP benefits, or food stamps, to put dinner on the table, and nearly a quarter said they had depleted a retirement or savings account to zero.

A major driver behind seniors’ financial struggles is the failure of Social Security payments to keep up with inflation over the long term. COLAs fell behind inflation much more often in the 2010s and the 2020s so far compared to the 1990s and 2000s, according to data from the Social Security Administration and the Consumer Price Index (CPI).

Percentage of COLAs that Beat Inflation by Decade, 1980s-2020s



So, what can we do to reverse this trend? A majority of seniors support three key changes to mitigate the impact of inadequate COLAs.

Remove the Wage Limit for Social Security Contributions

Under current law, working Americans pay a 6.2 percent payroll tax into Social Security. That is, until their income reaches $168,600. After that, they don't pay any taxes toward Social Security on any additional money they earn as income. This means that as top earners make more, they pay a lower percentage of their wages into the program.

Senior citizens resoundingly support changing this law. More than three in four participants in the Senior Survey (78 percent) said the payroll tax should be applied to all wages, removing the $168,600 threshold.

Apply 6.2% Social Security Tax to Net Investment Income

Another opportunity to increase Social Security's revenue to fund more robust COLAs is applying the 6.2 percent tax that funds the program to investment income for high earners. Currently, money people make from selling stocks and collecting dividends is not taxed toward Social Security. To make things worse for retirees, seniors whose income rises because they cash in their investments can see the amount of taxes they pay on their Social Security benefits go up.

A popular way to address this issue would be applying the 6.2 percent Social Security payroll tax to investment income for taxpayers with income greater than $200,000 for individual filers or $250,000 for joint filers. About three in five participants in the Senior Survey supported this change.

Adjust Taxation Threshold on Social Security Benefit

The third major policy that most seniors support to address the gap between COLAs and inflation is fixing how Social Security benefits are taxed. Today, seniors who are single filers start paying taxes on their benefits when they make $25,000 or more. Joint filers start paying taxes on their benefits once they make $32,000 or more. These thresholds have never been adjusted for inflation since they became effective in 1983, more than 40 years ago.

More than half of participants in the Senior Survey (57 percent) said these thresholds need to be changed, and that's despite nearly a third being unsure of whether or not they'd support the policy—potentially because it's a complex change. More specifically, they want to see the current income thresholds for taxing benefits adjusted to today's dollars, which would be $74,614 for single filers and $93,600 for joint filers.

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The Seasons of Medicare Advantage Plans

By Susan Stewart

The Medicare Advantage/Prescription Drug Plan year cycles through three seasons: the Annual Enrolment Period (AEP), Open Enrollment Period (OEP), and Rest of Year (ROY).

So, what do these seasons mean and when do they occur?

Annual Enrollment Period

The AEP begins the cycle and runs from October 15th to December 7th. This is the free-for-all when beneficiaries can make as many changes to their plans as they want. Whatever plan is in place on December 7th is the plan you take into the next year, whether it's a Medicare Advantage plan or a Prescription Drug Plan. Your agent has access to next year's plans on October 1st, but they can't change to next year's plan until the 15th.

AEP is when carriers compete for the upcoming year. Your current plan may change, and other plans may offer benefits they didn't offer last year. It's the perfect time for a full review of your doctors, medications, and needs. If a hospital or any other medical service provider is important to you, mention them to your agent, too. Be prepared. A good agent needs to review all this information to best advise you.

Open Enrollment Period

Following AEP is the OEP, which runs from January 1st to March 31st. In this period, Medicare allows one change to a Medicare Advantage plan. The rules around the changes are moderately complicated, and certain circumstances could allow a second change. It's up to your agent to know them.

Rest of Year

Last comes the ROY period, which we're in right now. To understand how it works, you need to know about Special Election Periods (SEPs), which are required every time an agent writes a Medicare Advantage or Prescription Drug Plan. These are simple during the other two periods: From October 15th to December 7th, the Special Election Period is the AEP. Easy. From January 1st to March 31st, the Special Election Period is OEP. Still relatively easy but more restrictions. During ROY, though, your agent needs to find an alternate SEP for Medicare to approve the change.

Some of the more common SEPs are for individuals who are just turning 65; lose employer health coverage, usually due to retirement; move to a new county or state; and Medicare Drug Event (MDE) or receive assistance from the Extra Help program to help pay for prescriptions.

Some less common SEPs are LCC (involuntary loss of prescription drug cover), 5ST (a 5-Star plan), DST (FEMA declared disaster that could have prevented a plan change during AEP or OEP), and CHR (plans for beneficiaries with eligible chronic health needs). Other, even rarer SEPs include LTC (recent discharge from a skilled nursing facility) and LAW (recently became lawful citizen entitled to Medicare).

This is not a comprehensive list, and every Special Election Period has rules and timeframes that you must follow for Medicare to approve the change. If you don't, Medicare will deny your plan change. During ROY, be patient with your agent if they need to search for an SEP by asking questions that may seem strange or double check your eligibility for the SEP they are considering. It's always in your best interest for an SEP to be valid.

Benefit Bulletin: Social Security Trust Fund Now Projected to Last Through 2033

By Edward Cates, Chairman of the Board, TSCL


Chair Ed Cates

The Social Security Administration (SSA) recently announced some important news in its 2024 Annual Report to Congress. The SSA projects that the trust funds have enough projected revenue to pay all scheduled benefits through 2033 rather than 2034, which is when last year's report expected it to deplete its reserves.

If reserves reach zero in 2033, Social Security will only have enough funds to pay 83 percent of the benefits it owes to seniors. If we applied that cut to 2024's average monthly check of $1,860 for retired workers, the average senior would lose out on about $316.

To prevent this from occurring, the SSA Commissioner said that legislative changes are needed to extend Social Security's solvency. "It's critical that Congress acts quickly to address the projected trust fund shortfalls," he said in a press release that accompanied the report, pointing to previously successful bipartisan legislation to extend Social Security as an example. Whether that comes from "increasing revenue, reducing benefits, or some combination, is a matter of political preference, not affordability."

If you ask most seniors, of course, reducing benefits shouldn't be an option. As we've repeatedly mentioned throughout this issue of The Advisor, many seniors are already struggling because Cost-of-Living Adjustments (COLAs) haven't kept up with inflation. Even SSA itself acknowledges the importance of maintaining robust benefits, estimating that Social Security is the difference between poverty and dignity for about 50 percent of seniors, or more than 35 million people.

That's why we'll keep fighting for you at TSCL.

Simple changes, like having America's highest earners pay more of their wages into the program than the average worker, applying Social Security taxes to investment income for the wealthy, and using a price index specifically designed for older Americans to calculate COLAs, would protect benefits today while extending the program's life for future generations.

We're pushing for changes like these to make sure you get the fair deal you deserve after paying into Social Security all those years, as well as the retirees tomorrow who are paying into the fund today. And with 2024 being an election year, we encourage you to support candidates who will do the same.

Congressional Corner: Protecting Seniors' Access to Banking Services

By Congressman Mike Turner

Rep.
Mike Turner
(OH-10)

The way we communicate has rapidly changed over the past three decades. The internet allows us to be more connected with friends and family, find information almost instantly, and make some of our daily tasks far more convenient. While digital advancements are beneficial to many of us, Congress has a responsibility to protect the availability of monthly bank statements and in-person banking.

In recent years, banking institutions have started mandating their customers to go fully digital, effectively forcing customers to relinquish paper statements and requiring they access their banks exclusively through online accounts.

I introduced the Protecting Against Paperless and Electronic Requirements (PAPER) Act to ensure that everyone has the option to receive paper receipts and statements from banks and credit unions. U.S. financial institutions are putting profits over people and are denying customers the documentation they deserve and need to manage their hard-earned money.

Millions of Americans, especially our seniors, prefer not to use an app on their phone or a program on their computer to conduct business as personal as banking. Some Americans may simply not have reliable internet access to conduct such critical financial transactions. Regardless of age, income or location, customers deserve to have the option to continue banking with paper statements and receipts.

The PAPER Act requires financial institutions to give customers the option to continue to receive paper statements. It also prohibits banks from withholding paper services from customers by conditioning a customer's use of the bank to digital services only. America's seniors, those living in rural areas, or underserved communities across the United States cannot afford to lose access to physical bank records because they do not have advanced technology skills or internet access. Also, many customers have concerns about digital security when conducting personal financial activity.

The PAPER Act does not favor one type of financial statement over the other, but it requires that consumers have the option to choose which type of banking best suits them. Digital statements are fine for those who prefer them, but a financial institution should not be able to force a customer to give up paper statements. This piece of legislation ensures that all Americans continue to have access to their banking records.

I thank The Senior Citizens League for their endorsement of the PAPER Act and look forward to working with them to pass this bill and other policies that directly benefit our seniors.

Statements contained in this article are those of the writer and do not necessarily reflect the position of The Senior Citizens League.

Legislative Update: New Proposal Would Boost Benefits and COLAs

By Daisy Brown, Legislative Liaison

Daisy Brown

A new bill proposed this Spring by Pennsylvania Senator Bob Casey could bring meaningful, positive change for Social Security benefits and seniors. Called the Boosting Benefits and COLAs for Seniors Act, it would direct the Social Security Administration (SSA) to adjust benefits based on an inflation index tailored to the budgets of elderly Americans rather than the current index, which is based on the budgets of urban wage earners.

More specifically, the bill would tie COLAs to the Consumer Price Index for the Elderly (CPI-E) rather than the Consumer Price Index for Urban Wage Earners (CPI-W), a change that TSCL has long advocated. It would also require the Bureau of Labor Statistics to begin calculating and publishing the CPI-E every month.

Even though it might seem small on the surface, this change would be huge for seniors over the long term.

TSCL calculates that the CPI-E regularly puts spending inflation for seniors about 0.2 percentage points higher than the CPI-W. This adds up to about $45 more per year for 2024’s average Social Security check of $1,860, which isn’t much. But if you start projecting into the future, the power of compound interest kicks in. We estimate that a senior who filed for Social Security with average benefits over 30 years ago would have received an additional $14,000 in payments if COLAs had followed the CPI-E instead of the CPI-W. That’s the difference, for example, a senior might need to replace an aging vehicle with a modest used car.

If you’re curious why using the CPI-E for COLAs would work so much better for seniors than the CPI-W, it helps to understand how the CPI works.

The CPI is a tool to track inflation that’s a weighted average of inflation across different spending categories, and different versions of the index use different weights. As you can see in Table 1, the CPI-E puts extra emphasis on things like housing and healthcare that are especially important for older Americans.

As it stands, though, it's hard to find CPI-E data. BLS doesn't publish it as regularly as the CPI-W, which is where the second part of the Boosting Benefits and COLAs for Seniors Act would come in. The bill would require BLS to publish the CPI-E every month, which would make it far easier to understand how seniors' costs are changing over time.

Table 1: CPI-E Weights vs. CPI-W Weights

Category	CPI-E	CPI-W
Housing	49.5%	43.1%
Transportation	13.2%	17.9%
Food and beverages	12.9%	16.0%
Medical	11.0%	6.9%
Recreation	4.9%	4.4%
Communication	4.0%	6.0%
Apparel	1.7%	2.6%
Other	2.9%	3.1%
Total	100.1%*	100.0

** Does not add up exactly to 100 due to rounding.*

New Rule to Expand Rental Subsidies for Seniors

By Alex Moore

The cost of housing has far outpaced wage growth in America for decades. According to estimates from In2013Dollars.com, an inflation watchdog organization, a house that would have cost $100,000 in 1967—around when many of today's seniors would have entered the workforce—costs an average of more than $1 million today.

As a result, many seniors have struggled to keep up with their monthly rent or mortgage payments. A recent study from Harvard's Joint Center for Housing Studies found that a third of seniors spend more than 30 percent of their income on housing, with half of that group paying more than 50 percent.

To help address this issue, the Social Security Administration (SSA) has introduced a new rule that will expand rental assistance for older Americans. On April 13, SSA announced that it would expand its rental subsidy policy for Supplemental Security Income (SSI) beneficiaries to all states, instead of the mere seven states that currently provide the subsidies. The SSI program helps Social Security's most vulnerable beneficiaries cover basic needs like food, clothing, and medicine, and previously, getting rental assistance subsidies often put people at risk of losing this crucial benefit. The new rule will take effect on September 30, which means that many seniors can use it to get relief quickly.

If you are struggling to afford basic needs and want to apply for the SSI program, we recommend visiting the SSA website to learn how to apply at https://ssa.gov/apply/ssi. This link leads to a short questionnaire that will show where and how to apply based on your individual situation, as well as the information you'll need to provide on your application.

Likewise, if you are struggling to afford housing and need assistance, a good place to start looking for help is the federal government's Housing and Urban Development (HUD) agency website at https://resources.hud.gov/#. This page features a map of all HUD-affiliated resources across the country, so it's easy to find nearby resources. You can use it to find affordable housing opportunities for the elderly, a local HUD office, or the public housing authority for your county, city, or state.

You can help inform the public and members of Congress about issues affecting older Americans by taking our 2024 Retirement Survey. Your response to this survey helps The Senior Citizens League (TSCL) bring you better services to meet your needs and priorities. Your responses help us craft TSCL's legislative agenda and represent your interests on Capitol Hill. Your answers are vitally important to us and will be kept anonymous.

Take Survey HERE
https://seniorsleague.org/2024-retirement-survey/

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