THE SENIOR CITIZENS LEAGUE
An Affiliate of TREA The Enlisted Association

TSCL
Defending Your Earned Benefits

THE SOCIAL SECURITY & MEDICARE
ADVISOR
March/April 2024 • Vol. 29, No. 2

NEW SURVEY FINDINGS

67% Say Household Budget 10% Higher Than a Year Ago

More than two-thirds of older adults participating in TSCL's latest Retirement Survey say their monthly budget for essential items such as housing, food, and prescription drugs was 10 percent higher than in the fall of 2022. This occurred at the same time the rate of inflation in 2023 was slowing.

Even though inflation as measured by the same index that's used to calculate the Cost-of-Living Adjustment was 3% in November 2023, prices remained high for some of the biggest-ticket budget items of older households. Housing, motor vehicle insurance, the cost of hospitals, and care of invalids at home—these are the savings-draining black holes even when inflation is low. Yet these are among the very categories seeing

continued on page 2

Ten Areas of Senior Spending With the Worst Inflation

Item	Percentage of increase	Compared with 3.2% COLA
1. Motor vehicle insurance	20.3%	6.3 times faster
2. Frozen juices and drinks	19.1%	5.9 times faster
3. Admission to sporting events	14.9%	4.6 times faster
4. Beef steak	11.2%	3.5 times faster
5. Veterinarian services	10.8%	3.4 times faster
6. Motor vehicle repair	10.3%	3.2 times faster
7. Outpatient hospital services and care of invalids at home	6.7%	2.1 times faster
8. Rent	6.5%	2 times faster
9. Homeowners' costs	6.3%	2 times faster
10. Frozen vegetables	6.1%	1.9 times faster

Bureau of Labor Statistics, December CPI-U data, January 11, 2024. Compiled by The Senior Citizens League.

IN THIS ISSUE:

67% Say Household Budget 10% Higher Than a Year Ago; continued from page 1

the most persistent and painful inflation in recent months.

The rate of inflation is still coming down, but will persistently high prices come down? We expect some costs, such as housing and care of elderly at home to remain elevated for 2024. TSCL is continuing to monitor persistent high prices, and we invite you to help us do so by taking our 2024 Senior Survey online at seniorsleague.org/2024-senior-survey. Tell us, what are your biggest cost challenges in 2024? ■

FACT CHECK

Critics Argue Stimulus Checks Cause Inflation… Is This True?

A $1,400 stimulus check for each Social Security recipient is a top legislative goal for TSCL in 2024. While hundreds of thousands of older Americans have signed our petitions in support of such legislation, some critics of the idea argue that stimulus checks caused recent inflation, and another round of stimulus checks would cause inflation to climb again. Is this a legitimate claim?

Here's some background about recent stimulus checks to help you better understand this issue.

Some critics have argued stimulus payments during the COVID-19 pandemic fueled record high inflation and that "the needy might waste it."

At the onset of COVID-19, businesses across the U.S. shut down leaving Americans without the income they rely on. Congress rapidly responded by passing several massive emergency aid packages aimed at providing relief and a boost to the economy. Among other measures, that legislation included "economic impact payments" better known as "stimulus checks" for millions of eligible adults, including Social Security recipients. There were three rounds of such checks—$1,200 in 2020, and two additional payments of $600 and $1,400 per person in 2021.

Now, three years later, TSCL is again working to get another round of $1,400 stimulus checks for Social Security recipients who were hit hard by the high inflation in recent years. Some critics have argued stimulus payments during the COVID-19 pandemic fueled record high inflation and that *"the needy might waste it."*

Inflation researchers recognize multiple factors caused inflation in 2020–2023. For example, the war in Ukraine has the effect of keeping oil and gasoline prices high because European nations are seeking oil from producers outside of Russia and driving up the price of U.S. oil. The war sent the prices of wheat products such as pasta and flour into orbit because Ukraine produces 20% of the world's supply of wheat. Climate disasters such as droughts, wildfires, and hurricanes wiped out many U.S. crops, creating temporary shortages of certain types of produce. Avian flu led to the need to slaughter large numbers of chickens, driving up the cost of poultry products and eggs. Many factors contributed to the disruption of supply chains from 2020–2023.

An analysis by the U.S. Census Bureau said that the stimulus payments in 2021 were effective in significantly improving the recipients' ability to buy food and pay household bills.

It's also fair to point out that COVID emergency legislation pumped more than just stimulus

continued on page 3

Critics Argue Stimulus Checks Cause Inflation… Is This True? continued from page 2

checks into the economy. During the same period, the Small Business Administration (SBA) disbursed $1.2 trillion in small businesses payroll protection loans. Companies could qualify for full loan forgiveness if certain criteria were met. It was troubling to learn the SBA estimates $200 billion of the loans were potentially fraudulent.

Stimulus payments are not welfare, which usually refers to programs supplying ongoing regular monthly payments. TSCL is proposing a one-time $1,400 payment. Like the previous stimulus payments, TSCL supports structuring this payment like a *payable-in-advance tax refund.* The payments are intended to encourage spending on essentials during times of economic distress and thus give citizens and the U.S. economy a boost.

An analysis by the U.S. Census Bureau said that the stimulus payments in 2021 were effective in significantly improving the recipients' ability to buy food and pay household bills. Stimulus payments aren't taxable. In addition, stimulus payments are not counted as income and thus won't affect eligibility for assistance programs such as food stamps.

TSCL believes that targeted stimulus for Social Security recipients is good for the economy and good for older Americans. What do you think about a $1,400 stimulus payment? ■

Source: "COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape," U.S. Small Business Administration, Office of Inspector General, June 27, 2023. https://www.sba.gov/document/report-23-09-covid-19-pandemic-eidl-ppp-loan-fraud-landscape

Please Take Our Poll

- ❑ A senior stimulus is good for the economy and older Americans, and I support it.
- ❑ A senior stimulus is too inflationary, and I strongly oppose it.
- ❑ A senior stimulus is for the needy, and they might waste it. So I strongly oppose it.

The 2024 Senior Survey can be taken online at seniorsleague.org/2024-senior-survey.

Will You Pay Taxes on Your Social Security Benefits This Year?

The number of older Americans who pay federal income tax on their Social Security benefits is rapidly growing, according to recent surveys by TSCL. Twenty-three percent of participants in TSCL's latest Retirement Survey said they paid federal income tax on a portion of their Social Security benefits *for the first time in 2023,* when the Cost-of-Living Adjustment (COLA) increased Social Security income by 5.8% the year before. Now TSCL expects this trend will continue during this year's tax season after the 8.7% COLA raised Social Security income in 2023.

Unlike federal income tax brackets, the income thresholds that subject Social Security benefits to taxation have never been adjusted for inflation since the tax became effective in 1984. This means that more older taxpayers not only become liable for the tax on Social Security benefits over time, but also the portion of benefits that are taxable can increase as retirement income grows.

To determine what portion of Social Security benefits will be added to *taxable income*, the IRS requires that taxpayers add:

Adjusted Gross Income (AGI)
\+ nontaxable interest
\+ half of your Social Security benefits

= Your "combined income"

If you file a federal tax return as an "individual" and your "combined income" is:

- between $25,000 and $34,000, you may have to pay income tax on up to 50 percent of your benefits.
- more than $34,000, up to 85 percent of your benefits may be taxable.

continued on page 4

Will You Pay Taxes on Your Social Security Benefits This Year? continued from page 3

If you file a joint return, and you and your spouse have a "combined income" that's:

- between $32,000 and $44,000, you may have to pay income tax on up to 50 percent of your benefits.
- more than $44,000, up to 85 percent of your benefits may be taxable.

The number of older Americans who pay federal income tax on their Social Security benefits is rapidly growing, according to recent surveys by TSCL.

If these thresholds had been adjusted more like federal income tax brackets, the individual $25,000 level would be over $75,000 and the joint filer level would be more than $96,000 based on inflation through November 2023.

The swelling tax revenues from the taxation of the Social Security benefits are earmarked for the Social Security and Medicare Trust Funds. Taxation of Social Security in fact, forms an important and growing share of the funds needed to pay the Social Security and Medicare benefits of current retirees.

The Social Security Trustees estimate that in 2024 the Trust Fund will receive $57.3 billion in benefit tax revenues accounting for about 4% of the financing required to pay benefits. Medicare Trustees estimate that the Medicare Trust Fund will collect about $40 billion in revenues from the tax on Social Security benefits forming about 10% of the financing needed for payment of Medicare benefits.

TSCL is working to get legislation introduced that would not only adjust these income thresholds but also ensure new replacement revenues come from other sources to strengthen Social Security and Medicare financing.

Will you pay tax on your Social Security benefits this year? Please take TSCL's 2024 Senior Survey online at seniorsleague.org/2024-senior-survey. ■

Need help figuring out if your benefits might be taxable?

The IRS has a calculator that can help you determine if your Social Security benefits will be taxable: https://www.irs.gov/help/ita/are-my-social-security-or-railroad-retirement-tier-i-benefits-taxable. Also see Publication 915, Social Security and Equivalent Railroad Retirement Benefits—https://www.irs.gov/forms-pubs/about-publication-915.

BEST WAYS TO SAVE

Figuring Your Taxes? Don't Overlook These Little-Known Medical Expense Deductions

Although Medicare often comes with high out-of-pocket costs, you might be able to mitigate the hit to your finances by itemizing those medical expenses on your federal income taxes to lower your tax bill. Taxpayers are allowed to deduct the part of their medical and dental expenses that exceed 7.5% of their adjusted gross income (AGI).

For example, if your AGI is about $40,000, you would be able to deduct the amount of medical expenses over $3,000. ($40,000 X .075 = $3,000).

Is it worth the bother of tallying up your expenses? Possibly yes, especially in years when there are high medical and other deductible items that would exceed your standard deductions. Taxpayers must first run the numbers to learn whether itemizing deductions would produce more tax savings than simply going with the standard deduction.

In 2024 the standard deduction is:

- $14,600 for single filers,
- $29,200 for joint filers.

In addition, older taxpayers may qualify for an aged or blind deduction of $1,550 per person.

Whose expenses can you deduct? In addition to those of

continued on page 5

Figuring Your Taxes? Don't Overlook These Little-Known Medical Expense Deductions; continued from page 4

yourself and a spouse, you might be able to include medical expenses you paid for a qualified dependent, such as a person who meets the definition as a "qualifying relative" such as a mother, father, sibling, child, or grandchild.

Is it worth the bother of tallying up your expenses? Possibly yes, especially in years when there are high medical and other deductible items that would exceed your standard deductions.

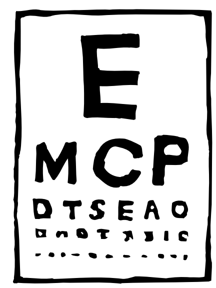
The following is just a partial list of deductible expenses, but among those that are frequently overlooked:

- **Health insurance premiums including Medicare.** This includes Part B which is easy to forget because it's automatically deducted from Social Security benefits. The standard monthly premium in 2023 was $164.90, but if you have a higher income, your income related premium deduction could be hundreds more. Consult your Form SSA 1099 detail for the amount in Box 3. You can also deduct Part D premiums, those for Medigap supplements, or Medicare Advantage plan premiums (if any), as well as dental and qualified long-term care insurance premiums.
- **Transportation.** You can include amounts paid for transportation "for, and essential to," medical care. This includes what you pay out of pocket for ambulance services as well as what you pay for your own car expenses getting to appointments. You have a choice of either including actual out-of-pocket expenses such as the cost of gasoline and oil, or you can use the standard mileage rate which is 22 cents a mile from January 1, 2023. You can include parking fees and tolls.

- **Capital expenses.** This includes both special equipment installed in a home and improvements such as modifications to accommodate a disabling condition (such as installing grab bars, modifying stairways, and lowering kitchen cabinets). Certain rules apply to how much you can include. Look for the Capital Expense worksheet in Publication 502, Medicare and Dental Expenses. See—www.irs.gov.

- **Nursing services.** Includes wages and other amounts paid for nursing services. *The services need not be performed by a nurse, if the services are of a kind generally performed by a nurse,* including giving medication, changing dressing, as well as bathing the patient. The services can be provided in-home or at a care facility. Special rules apply to determine the amount that qualifies as a medical expense versus personal and household services. Learn more—IRS Publication 502, Nursing Services.

- **Dental treatments.** Includes what you pay for prevention as well as treatment of dental disease. This includes the services of a dental hygienist as well as the dentist, and procedures such as X-rays, extractions, dentures, and other dental problems.
- **Eye exams and eyeglasses.** Includes medical expenses for eye examinations and what you pay for eyeglasses and contact lenses needed for medical reasons.



Be sure to keep records and discuss your deductions with a tax professional! ■

Learn more about what you might be missing in the way of deductible medical expenses with IRS Publication 502, Medicare and Dental Expenses—www.irs.gov.

ASK THE ADVISOR

My Part D Premium Went Up by 48%… Does Medicare Allow This?

Q: My Part D plan premium went up by 48% in 2024. I remember reading that the new Inflation Reduction Act restricted the amount that our drug plan premiums would increase this year. What happened?

Many Medicare Part D enrollees faced substantially higher Part D premium increases this year, while enrollees in Medicare Advantage plans with Part D coverage saw little, if any, change in premiums.

A: A recent analysis by the nonpartisan Kaiser Family Foundation digs into the new provision of law that capped annual growth in the Part D "base" beneficiary premium at 6%. But in 2024 monthly premiums for prescription drug coverage are substantially higher for prescription drug plans—an estimated five times higher on average compared to Medicare Advantage plans that cover prescription drugs.

Kaiser experts estimate that the average enrollment-weighted monthly premium for Part D stand-alone plans in 2024 is $48 per month. That's up 21% from $40 in 2023.

The Kaiser analysis states that the law applies to the "base" beneficiary premium that Medicare negotiates with drug plans but the law *did not apply the cap to the individual plan premium that drug plan enrollees really pay.* Many Medicare Part D enrollees faced substantially higher Part D premium increases this year, while enrollees in Medicare Advantage plans with Part D coverage saw little, if any, change in premiums.

Without equal protection from premium hikes, enrollees in free-standing Part D plans might be hit with cost shifts that don't affect Medicare Advantage plans in the same way.

The Part D "base" premium is calculated using standardized bids that drug and Medicare Advantage plans submit to cover basic Part D benefits in 2024, but quite likely is not what most beneficiaries pay. Part D plans have wide leeway to vary premiums by plan, and the premium that enrollees pay may be higher or lower than the base premium. Kaiser experts estimate that the average enrollment-weighted monthly premium for Part D stand-alone plans in 2024 is $48 per month. That's up 21% from $40 in 2023.

On the other hand, monthly premiums for Medicare Advantage plans remained stable with little change. Medicare Advantage plans can use rebate dollars from Medicare payments to lower or eliminate Part D premiums, but there *is no equivalent system for Part D plans.*

TSCL feels this rule discriminates unfairly against beneficiaries who get their Part D coverage through a free-standing drug plan instead of through Medicare Advantage plans with drug coverage. Beneficiaries who are enrolled in these Medicare Part D plans are not getting equal access to protection from premium rate hikes. TSCL is concerned that without a corresponding 6% cap on premium increases that beneficiaries pay, Part D plan premiums would quickly become unaffordable in coming years if this problem isn't addressed. Part D plans will be taking on a higher share of costs in 2025 when the Inflation Reduction Act limits out-of-pocket costs to $2,000. Without equal protection from premium hikes, enrollees in free-standing Part D plans might be hit with cost shifts that don't affect Medicare Advantage plans in the same way.

TSCL is looking for ways to provide stronger protection from Part D premium increases and will be working with members of Congress who support such efforts. ■

How much are you spending on health care costs? Please take TSCL's 2024 Senior Survey online at seniorsleague.org/2024-senior-survey.

Sources: "Medicare Part D In 2024: A First Look At Prescription Drug Plan Availability, Premiums, and Cost Sharing," Juliette Cubanksi, Anthony Damico, Kaiser Family Foundation, November 8, 2023.

SOCIAL SECURITY BENEFITS OF PUBLIC WORKERS CAN BE REDUCED—

TSCL is Working to Change That

Edward Cates, Chairman of the Board, TSCL

Edward Cates, Chairman of the Board, TSCL

Momentum is growing to fix two provisions of Social Security law that reduce the Social Security benefits of public employees such as firemen, teachers, postal workers, police, and others. The provisions reduce the Social Security benefits of those who earned those benefits through payroll tax withholdings under Social Security-covered jobs *worked in addition* to their public service jobs.

The Windfall Elimination Provision (WEP) reduces the Social Security benefits of individuals who have also earned a public pension from a job not covered by Social Security. For those affected, Social Security uses a less generous benefits formula which adjusts the first part of the replacement rate from 90% to 40%.

TSCL has been working hard in support of the bipartisan Social Security Fairness Act which would repeal both the WEP and the GPO.

The Government Pension Offset (GPO) affects the spousal benefits of individuals who worked in a federal, state, or local government job. Under the GPO, Social Security benefits are reduced by two-thirds of the government pension. If two-thirds of the government pension is more than the Social Security benefit, it can completely wipe out the Social Security widows' or spousal benefit.

TSCL has been working hard in support of the bipartisan Social Security Fairness Act which would repeal both the WEP and the GPO. That bill, introduced by Representatives Abigail Spanberger (VA-07) and Garret Graves (LA-06), has more than 300 co-sponsors at a time when the House has been politically divided. The bill has also been introduced in the Senate and has 49 co-sponsors. Graves and Spanberger both have said they could eventually try to force a floor vote if the House Ways and Means Committee doesn't act.

TSCL feels that the time has come to get rid of this terrible public policy. Those who have worked jobs covered by Social Security in addition to public jobs deserve their hard-earned Social Security benefits.

Rest assured we will be working to get this legislation passed, ending these unfair cuts to earned Social Security benefits. ■

Your Opinion Counts!

We can strengthen Social Security, Medicare and Medicaid programs without the need for deep cuts and higher out-of-pocket costs. The Senior Citizens League needs your opinions and ideas to share with Members of Congress on the issues. Make sure they hear your concerns. Take a survey, sign a petition, read about the latest legislative action in Congress, or send us an email. Visit The Senior Citizens League's website at seniorsleague.org/2024-senior-survey.

Legislative Update

How TSCL is Working for You in 2024

By Daisy Brown, TSCL Legislative Liaison

Daisy Brown, TSCL Legislative Liaison

Most of the older Americans who take our surveys aren't very confident about the future of their retirement. Less than one out of five adults aged 65 and up expects their income to be adequate and last through their entire retirement.

TSCL's latest survey found that most of our survey participants—56%—rely on Social Security for one third to as much as 90% of their total retirement income. But there is a huge portion of retirees—44% of participants in our latest survey who told us that they rely on Social Security for 90% or more of their income. That group is at high risk of falling into debt, may be seeking low-income assistance, and visiting food pantries.

Social Security is the most critical source of retirement income that older Americans have today. TSCL works to strengthen Social Security benefits as well as to protect our nation's older Americans from benefit cuts.

Less than one out of five adults aged 65 and up expects their income to be adequate and last through their entire retirement

In 2024, enactment of legislation that provides financial and tax relief for older Americans is our top priority. TSCL is working for legislation that would:

- **Boost retirement income.** TSCL supports legislation that would provide a $1,400 stimulus payment for Social Security recipients in 2024. With historically high inflation, retirees received high Cost-of-Living Adjustments (COLAs) of 5.9% in 2022 and 8.7% in 2023. But even as the rate of inflation has moderated, some prices for big ticket items, such as housing, hospital costs and home care, auto insurance and repairs have remained high and unaffordable for many. A $1,400 stimulus payment can help pay down high interest credit cards or pay the heating and cooling bills.

- **Boost benefits and provide stronger inflation protection.** TSCL supports legislation that would provide more adequate benefits by boosting benefits by 2% or roughly $35 per month on average. In addition, we support tying the annual inflation adjustment to a seniors' consumer price index, the Consumer Price Index for the Elderly (CPI-E) when it would yield a higher COLA than the currently used Consumer Price Index for Urban Wage Earners and Workers (CPI-W).

- **Adjust the income thresholds that subject Social Security benefits to taxation.** Up to 85% of Social Security benefits can be taxable when your income exceeds certain income thresholds. For example, if you file a federal tax return as an individual and your "combined income" exceeds $25,000; or file a joint return, and you and your spouse have a "combined income" of over $32,000 you may pay federal income tax on a portion of your Social Security benefits. Unlike income tax brackets and the standard deductions, these income thresholds have NEVER been adjusted for inflation since the law became effective in 1984. If those thresholds were adjusted to today's dollars, the $25,000 threshold would be about $75,330, and the $32,000 threshold would be about $96,424.

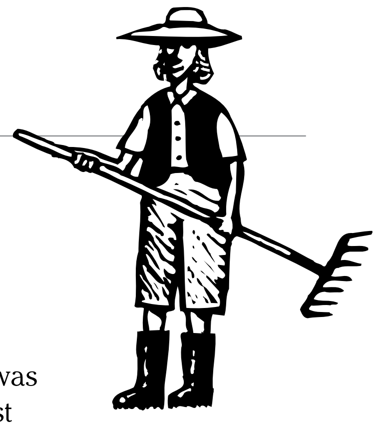
- **Fight efforts to cut your earned Social Security and Medicare benefits.** Over the past three decades, numerous plans have been put forward to cut deficits and bring Social Security into balance. Virtually every major plan shared one key element—COLA cuts. One major proposal would tie the annual inflation adjustment to a more slowly growing "chained" consumer price index. A recent analysis by *Advisor* editor Mary Johnson compared COLA increases from 2015 to 2024 with

continued on page 9

How TSCL is Working for You in 2024; continued from page 8

what those increases would have been if using the chained CPI instead. The analysis found that a starting monthly benefit of $1,294 (the average monthly benefit in 2014) would be $1,692.20 in 2024. Had the chained CPI been used to calculate the annual increase, the monthly benefit would only be $1,653.10 in 2024—about $39 per month less. Total Social Security income since 2015 would be about $1,808 lower. ■

TSCL is working to be your voice in Congress. To stay up to date visit us on Facebook: https://www.facebook.com/. seniorsleague.



ONE FINAL NOTE...

By Mary Johnson, editor

I hope this issue of *The Social Security and Medicare Advisor* provokes thought and gets you thinking about how to get more involved in efforts to strengthen and protect our Social Security and Medicare benefits. This issue is a special one for me, because at age 72 and six months, I'm retiring after writing this newsletter for more than 29 years.

I'm looking forward to spending more time in my garden, exploring classes through the Osher Lifelong Learning Institute at the University of Virginia, visiting friends, family, and neighbors. I'll be busy decluttering and getting ready for some long-postponed home repairs and painting, as well as turning my former basement office into a senior-friendly "age-in-place" apartment.

But most importantly, I'll be spending time—a lot more time—with my brother. He was hospitalized twice last October due to heart problems and stroke and now has increasing care needs. These days I'm scheduling appointments, getting him to doctor's appointments, dealing with his Medicare Advantage plan, while managing his coverage from Medicare and Medicaid to ensure he gets the medical care that he's entitled to. Finances are a big challenge for him. My brother depends on Social Security for 100% of his income and is facing thousands of dollars in hospital bills.

His situation is shared by millions of other older Americans. According to TSCL Senior Surveys, about 37% of participants in our 2023 Retirement Survey say they are "not prepared" for retirement. Like my brother, they report having trouble affording essentials, such as shelter and food. They depend on Social Security for most, or all, of their income and have little or no savings. Also like my brother, they report going into debt, needing food, medical and housing assistance.

Retirement is not for sissies, but I'm looking forward to exploring this next life phase, making new friends, and enjoying new activities and interests with those I meet along the way. Thanks to all who have read this newsletter and TSCL's stories in the news media over the past three decades and for being such receptive and enthusiastic readers!

And please be sure to take TSCL's 2024 Senior Survey online at seniorsleague.org/2024-senior-survey. ■

The Social Security & Medicare Advisor © 2024 is published by The Senior Citizens League (TSCL). TSCL is an organization of active seniors concerned about the protection of their earned Social Security, Medicare, military, and other retirement benefits. TSCL's supporters participate in a number of grassroots lobbying and public education campaigns to help ensure governmental bodies live up to their commitments. Current active contributors to The Senior Citizens League are entitled to receive *The Social Security & Medicare Advisor.* Readers wishing to contact TSCL should address correspondence to The Senior Citizens League, 1800 Diagonal Road, Suite 600, Alexandria, VA 22314. TSCL website: www.SeniorsLeague.org. Editor: Mary Johnson.