THE ADVISOR

Social Security and Medicare News • Vol. 29 Issue 6 • NOV/DEC 2025

Benefit Bulletin: 2025 COLA Announced at 2.5%

BY EDWARD CATES, CHAIRMAN, TSCL

The Social Security Administration announced that 2025's COLA will be 2.5 percent on October 10. On average, retired workers' Social Security checks will increase by $48 on January 1, 2025 from$1,920 to $1,968.

The Social Security Administration calculated the COLA by taking the average of the change in the Consumer Price Index for Urban Wage Earners (CPI-W) for July, August, and September. The CPI-W is one of the government's key measures of inflation, which cooled rapidly during the third quarter of 2024. After hovering near or above 3 percent for most of the year, it came in at 2.9 percent for July, 2.5 percent for August, and 2.2 percent for September.

TSCL has expected this cooling inflation—and a disappointing COLA—since the beginning of the year. Our predictive model had the COLA falling between 2.5 and

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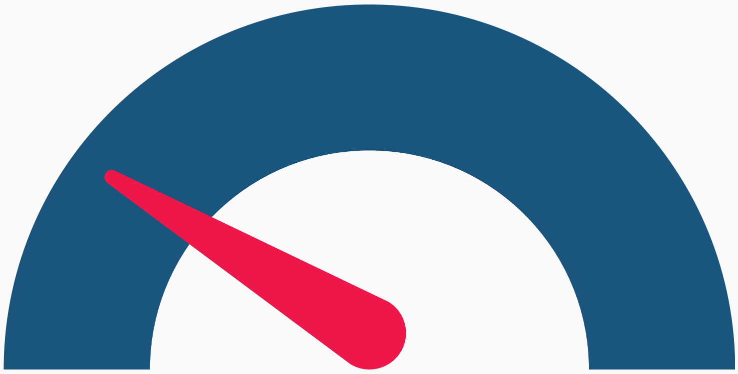
2.7 percent throughout the year, even as far back as March, when the February CPI-W figure came in at 3.5 percent. The model's final prediction before the COLA announcement, 2.5 percent, was the exact same as the final COLA.

The sad fact is that, just like this year, COLAs have often disappointed over the last decade and a half. TSCL's 2024 Loss of Buying Power report estimates that Social Security checks have lost approximately 20 percent of their value since 2010 due to inadequate COLAs. According to another one of our studies, the 2024 Retirement Survey, which had more than 3,000 responses at the time of this writing, 72 percent of seniors said that passing laws that ensure COLAs better reflect older Americans' changing costs should be a top priority for Congress.

One modest change that would help COLAs better capture seniors' rising experiences would be changing the index used to calculate them. In fact, such an index already exists: The Consumer Price Index for the Elderly, also known as the CPI-E. The CPI-E weights different spending categories to better reflect the typical budget for senior households, and often comes in higher than the CPI-W.

For example, if the COLA for 2025 was calculated with the CPI-E instead of the CPI-W, it would have come in at 3 percent, a difference of $10 per average monthly check. That may not seem like much at face value, but that small difference can add up to tens of thousands of dollars over the course of a long retirement.



20%

Social Security's Lost Buying Power Since 2010

TSCL also advocates many other changes to help ensure that seniors receive the benefits they deserve after paying into Social Security for a lifetime. We advocate for establishing a minimum COLA of 3 percent, as well as providing a one-time boost to Social Security payments to make up for decades of lost buying power. We push for legislation that would better fund Social Security into the future, such as raising the Social Security payroll tax and removing the wage limit for program contributions.

In other words, while we have long expected that this year's COLA would be disappointing, we're not going to accept that. We're going to keep fighting for you and your right to a dignified retirement.

Legislative Update: Medicare Negotiates Prices for 10 Key Drugs

BY DAISY BROWN, LEGISLATIVE LIAISON, TSCL

This August, Medicare announced that it has successfully negotiated new, lower prices for 10 key drugs for seniors. The negotiations reduced the drugs' average costs by 63 percent. The new prices will take effect in 2026, and the Center for Medicare and Medicaid Services (CMS) expects seniors to save about $1.5 billion per year in out-of-pocket costs as a result.

Medicare completed these first-ever negotiations using powers granted by 2022's Inflation Reduction Act, and pharmaceutical companies participated voluntarily. The negotiations prioritized life-saving medicines that treat conditions like:

- cardiovascular disease
- diabetes
- autoimmune disease
- and cancer.

If you look at the table on the next page , you'll also notice that Medicare prioritized drugs that many Medicare Part D beneficiaries rely on. Nearly four million Medicare Part D beneficiaries use Eliquis, which prevents and treats blood clots. Nearly two million use Jardiance, which treats diabetes, heart failure, and chronic kidney disease.

And that's only the beginning of the good news. Medicare is set to negotiate lower prices for 10 new drugs each year moving forward, with the next batch to be announced in Summer 2025.

The negotiation process will also prevent drug companies from price gouging seniors like you in the future. Once Medicare and a manufacturer agree on a price for a drug, its cost will remain tied to inflation and increase at the same rate as the Consumer Price Index for Urban Wage Earners (CPI-W), the same price index used to calculate Social Security's COLA.

At TSCL, we're advocating for additional legislation that further expands Medicare's power to negotiate drug prices with pharmaceutical companies. This will help improve the government's budget, potentially letting it allocate more resources to other programs that support seniors. At the same time, we will push for incentives that maintain a competitive environment that encourages pharmaceutical companies to continue innovating new life-saving drugs and treatments.

See the table on the next page →

Medicare's First Round of Drug Price Negotiations

Drug Name	Part D Users	Negotiated Savings
Januvia	843,000	79%
Fiasp Fiasp Flextouch Fiasp Penfill NovoLog NovoLog Flexpen NovoLog PenFill	785,000	76%
Farxiga	994,000	68%
Enbrel	48,000	67%
Jardiance	1,883,000	66%
Stelara	23,000	66%
Xarelto	1,324,000	62%

Two-Thirds of Seniors Rely on Social Security for More Than Half Their Income

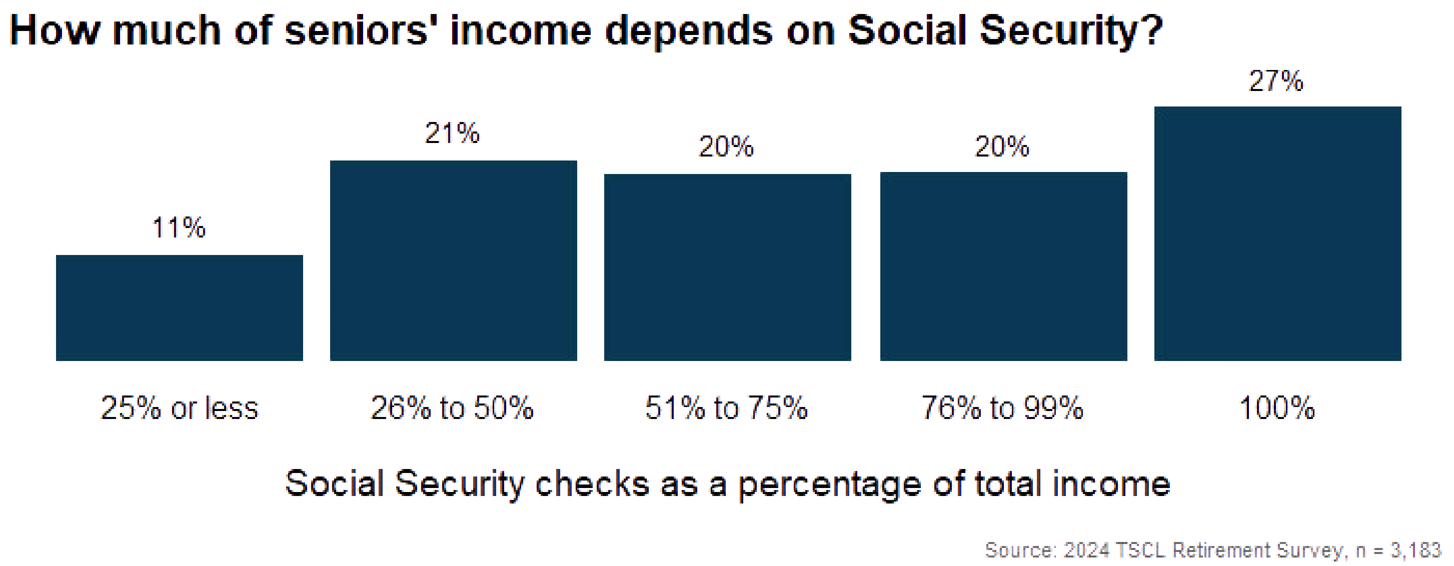
BY ALEX MOORE

When the Social Security Commissioner Martin O'Malley estimated that the program is "the difference between dignity and poverty" for about half of seniors in a May 2024 press release, he may have needed a fact check. The sentiment was right, but the estimate was low: 67 percent of seniors said they rely on Social Security for more than half their income in TSCL's 2024 Retirement Survey, as shown in the chart below.

Among the survey's more than 3,000 respondents, 27 percent said their entire income came from Social Security. An additional 20 percent depended on the program for between 76 percent and 99 percent of their income, while another 20 percent depended on it for between 51 percent and 75 percent of their total earnings.

Even more concerning, most seniors reported spending numbers that suggest their income falls far below the national household median of $80,610 for 2023, as reported by the Census Bureau. In TSCL's survey, the median senior household estimated that it spent between $24,000 and $48,000 per year on monthly living expenses, which includes both incomes for couples who receive benefits or draw from separate retirement accounts.

Seniors' dependence on Social Security and its often-meager COLAs means that many find themselves under intense financial stress. In TSCL's survey, 62 percent reported worrying that their income won't be enough to cover basic essentials, like rent and food. Even more, 69 percent, said they're concerned that rising prices will force them to raise their spending and deplete their savings.



Proposed Law Would Increase Social Security Survivorship Benefits by $2,645

BY ALEX MOORE

One unfortunate fact of aging with a loved one is that one person has to outlive the other. And that doesn't just bring emotional turmoil, but financial turmoil as well. The average funeral cost $8,300 in 2023, according to the National Funeral Directors' Association. Social Security offers seniors little to no help with this steep cost—in fact, it demands the return of all benefits paid in the month of death—but a new bill proposed by Senator Peter Welch this September would change that.

The Social Security Survivor Benefits Equity Act would increase the lump-sum death payment to the widow or widower of a Social Security beneficiary to $2,900. That's up from a meager $255, a figure that hasn't changed since 1954.

The proposed law's boost would bring seniors' benefits all the way up to speed with inflation. The $255 benefit introduced in 1954 would be worth $2,984 in 2024 dollars, according to USInflationCalculator.com. If passed, the bill would also ensure that the survivorship benefit continued to keep pace with inflation by increasing it each year at the same rate as the Consumer Price Index for Urban Wage Earners (CPI-W), the same index used to calculate Social Security's COLA.

The Social Security Administration (SSA) expects that this law would dramatically increase retirees' use of the survivorship benefit. Right now, only 57 percent of widows and widowers eligible for the benefit apply for the payment because it is so meager, but the SSA expects that number would rise to 90 percent with the increased payout.

The new law would come with a cost, though. If enacted, the SSA projects that it would cost about $39.8 billion from 2024 to 2033. Over the next 75 years, the SSA predicts that the bill would decrease Social Security's trust fund balance by 0.03 percent of the payroll taxes it collects.

At TSCL, we strongly endorse this legislation. We understand that the costs of an unexpected funeral are often prohibitive for seniors who are struggling to get by. However, we'd like to see it go one step further and eliminate the requirement to return benefits paid in the month of death. By bringing the survivor benefits back up to speed and eliminating the requirement to return already-paid benefits, we could help todays and tomorrow's seniors better navigate one of the most difficult experiences life has to offer.

Be Prepared for Medicare's Annual Enrollment Period

BY SUSAN STEWART, LICENSED INSURANCE AGENT

The Medicare Annual Enrollment Period ends on December 7. This means it's time for you to work with an advisor to select the Medicare Advantage plan that best suits your needs.

As a licensed insurance agent who specializes in Medicare, I frequently hear complaints about how long a review takes, but your role in this process is crucial. Being prepared can save you lots of time, and it will also help ensure you get all the coverage you need. Here are a few things you can do ahead of time to make sure your Annual Enrollment Period goes smoothly.

List Your Doctors

Part of a thorough and accurate review of a Medicare Advantage plan is recording key information about all your important doctors. This includes the correct spelling of their names and addresses. As an agent, hearing the doctor is across from the library doesn't help me get the correct address. This information is key to help me prevent one of beneficiaries' top frustrations: finding out a doctor they love isn't in network under their new plan.

When preparing your list, limit it to what really matters. The longer your list, the bigger the challenge of keeping everyone in network. If you've not seen a certain specialist in two years, maybe that provider isn't important, and you'd be okay with seeing a different one if your original isn't in your new network.

Also remember that contracts between doctors and carriers can change. It's not uncommon for a doctor who was in-network during the quoting process to leave the network at some point during the year.

List Your Facilities

Facilities include more than just your preferred hospitals. Do you have an important durable medical equipment supplier? Are you in the middle of physical therapy? If a facility is important to you, don't risk losing that facility because you didn't mention it to your agent. Make a list of every facility that's important to your health, and along with an accurate address for each one.

List Your Medications

Have a complete list of your prescription medications before your Annual Enrollment Period consultation. As an agent, I often wait while my clients look for their prescriptions in drawers, bags, and boxes, not remembering that they have insulin in the refrigerator. Sometimes they memorize their list of prescriptions but forget an essential medication.

Agents need the name, the dose, and the frequency of doses for all your key medications. We also need to ask important questions like: Are you happy with a generic or do you require the name brand? Does your medicine come in a tablet or a capsule? What pharmacy do you use? What street is the pharmacy on? All of these details are relevant to giving you accurate quotes of networks, tiers, formularies, and copays. You don't have to tell us the purposes of each medication, though—that's between you and your doctor.

Conclusion

Keep in mind that beneficiaries also do reviews during Open Enrollment from January 1 to March 31 and throughout the year. Have a place where you keep this information. The more prepared you are for your Medicare Advantage plan review, the faster it will go, the more accurate it will be, and the more peace of mind you will have. Keeping it simple and clear will prevent misunderstanding and frustration down the road.

Your time matters.
Your healthcare matters.
Your doctors matter.
Your prescriptions matter.

Be prepared.

Hackers May Have Stolen Your Social Security Number

BY ALEX MOORE

A recent lawsuit claims that hackers have gained access to billions of records of personal information, including Americans' names, phone numbers, addresses, and Social Security numbers. Filed in Florida on August 1 on behalf of Christopher Hoffman, it alleges that a group of cyber criminals called USDoD (no relation to the US Department of Defense) conducted the hack around April 2024, then published the stolen data for sale on the dark web for $3.5 million.

What might surprise you is that the lawsuit doesn't target the Social Security Administration or any other government entity. Instead, it names a background check company called National Public Data (NPD), as the defendant.
So why would a background check company have access to millions of Americans' private information?

Allegedly, NPD collected the data by "scraping" it from non-public sources. (Scraping is a process in which computer programs pull information down from web pages or other digital sources.) This means that NPD collected its data without anyone's consent, used that data to turn a profit, and then failed to protect it. In fact, Hoffman, the lawsuit's plaintiff, only learned that his data had been collected after his identity theft protection service notified him that his data had been compromised in the hack.

You might think that collecting Americans' data without their consent would be illegal, but sadly it's not. Any business that produces data through its operations is free to share or sell that data unless its terms and conditions state otherwise, and some businesses exist for the sole purpose of collecting personal data that they can sell to third parties.

How to Protect Yourself

One of the best ways seniors can protect themselves from data theft and identity fraud is by freezing their credit. This process, which prevents potential creditors from requesting your credit report, is free. While it can't protect your information from being stolen in the first place, it does prevent hackers and other criminals from taking out loans, opening credit cards, and making other transactions in your name.

To freeze your credit, you'll need to contact each of the U.S.'s three big credit bureaus, Experian, Equifax, and TransUnion. These companies will let you submit a request to freeze your credit online, by phone, or by mail, and they can complete the process in as little as one business day. You can always contact them to quickly unfreeze your credit if someone needs to run a credit check on you for any legitimate reason.

Another option is to hire an identity theft protection service. These services monitor your credit, alert you of suspicious activity, and help recover money lost to fraud.

Critical Social Security Legislation – Discharge Petition

BY ALEX MOORE

After an arduous legislative journey, the House of Representatives is poised to finally vote on the **Social Security Fairness Act, H.R. 82.**

The Bill:
This bill seeks to repeal two Social Security rules - the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO), which impact around 2.8 million retirees. These rules affect non-covered pensions, where Social Security taxes aren't taken out of their pay. WEP cuts benefits for people with a public pension from jobs that don't pay into Social Security, such as some educators, firefighters, and police officers. However, those workers might have prior covered work or worked part-time in the National Guard or during the summer. Even though they've paid their dues, they often end up with lower benefits. Meanwhile, GPO trims survivors and spousal benefits for those with pensions.

In the 1980s, the government established the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) to prevent individuals from double-dipping into public pensions and Social Security. However, these measures reduced benefits and complicated retirement for public servants who are critically important to American communities.

The Legislative Process:
Even with bipartisan support, getting a bill to a vote is difficult. There are hoops to jump through and rules and regulations to follow.

H.R. 82, introduced by Representatives Abigail Spanberger (D-VA) and Garrett Graves (R-LA) in January 2023, faced over 18 months of stagnation due to typical House gridlock. To expedite the process, Spanberger and Graves initiated a discharge petition in September, which allows a majority of House members to compel the Speaker to bring a bill to a vote. The discharge petition quickly got the requisite 218 votes required.

Discharge petitions are a rare legislative tool used to bypass committee inaction and force a vote on a bill. This rarity underscores lawmakers' frustration regarding the stagnation of the Social Security Fairness Act despite strong bipartisan support. Such petitions highlight the challenges of legislative impasse.

Representatives Graves and Spanberger will request that the Speaker schedule the bill for a vote before the full U.S. House of Representatives. According to U.S. House rules, the Speaker has two legislative days to schedule that vote.

The Debate:
Repealing the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) will undoubtedly come with a hefty price

since it means the government would need to provide full Social Security benefits to those affected. But let's not forget that these folks have been shortchanged all along, even though they've been paying into the Social Security system just like everyone else. This isn't just a numbers game; it's about fairness. While it might cost a pretty penny to make things right, it is a necessary step to address the wrongs faced by our public servants who've dedicated their lives to serving the community.

What's Next:
We encourage you to call, write, or email your Representatives and ask them to support H.R. 82 or thank them if they already do.

If the bill passes the House, it will advance to the Senate for consideration. If the Senate passes the bill without any changes, it will go directly to the President to sign it into law.

If it does not pass, the bill will die in the 118th Congress and represent a major blow to public workers' retirement nationwide, but that doesn't mean the fight is finished. At TSCL, we will lobby for Congress to reintroduce and ultimately pass a version of the bill. And, while we're at it, we'll also push for a minimum 3% COLA, a better index to measure seniors' inflation and fight the taxes imposed on Social Security benefits.

We know that today's seniors deserve Social Security reform, not just for themselves but also for future retirees.

Changes Coming to Your Social Security Online Services

BY ALEX MOORE

Did you create your Social Security online account before September 18, 2021? Do you sign in to access your benefits with a "my Social Security" account? If so, it's essential that you go online and update your account to maintain access to your online services before a new Social Security Administration (SSA) change takes effect.

This Summer, the Social Security Administration announced that beneficiaries will soon be required to use a new portal to access its online services, such as viewing benefits statements, managing direct deposits, and printing tax forms. The new login service is called Login.gov, and it is designed to provide you with a single login across all government services. The change will also improve your account's security, says the SSA.

Making the transition from "my Social Security" to Login.gov is easy. You only need to make a change to your existing online account and will not need to open a new one.

Here's how to make the change:

Step 1: Sign In to Your Legacy Account
To get started, open your web browser and go to www.SSA.gov. There, you should see a button that says "Sign In" in the top-right corner of the page. Click it. From there, if you don't already have a Login.gov account, you'll need to click the button that says, "Sign in with Social Security Username," enter your existing username and password, and select "Sign In."

The next screen will show you the phone number you registered with your account and ask if you still have access to it. If you have access to this number and click yes, you'll receive a text with a security code that you can enter on the next screen to continue the login process.

Step 2: Create Your Login.gov Account
Once you're finished signing in, your screen will automatically show you a prompt that says, "Create or Sign in with Login.gov." Go ahead and click it. This will take you to a new page that asks for your email and preferred language.

After you finish filling out the form to create your Login.gov account, you'll receive an email confirmation to complete the process. Look for a message with the subject "Confirm Your Email," open it, and click the "Confirm Your Email Address" button inside.

Step 3: Choose a New Password
Once you confirm your email, you'll be directed to a web page where you can create a new password for Login.gov. The password will need to be at least 12 characters long.

Step 4: Set Up Authentication

One of the big changes with Login.gov is that it requires two-factor authentication, which is basically a process that confirms that you are who you say you are when you access online services. You'll have to choose how you want to do this: through a phone number, an app, or some other method.

If you choose to use your phone, you'll register your phone number and specify whether you want to receive a call or text to confirm your identity when you sign in. Click the "Send Code" button, then you'll receive a call or text with a security code you can enter on the next screen.

Now you're all set. You'll just have to click a button that says you agree to share your information with SSA.