



## COLA Not Keeping Up With Medicare Premium Increases - Retirement Planning

Even before the onset of the COVID-19 pandemic, seniors were foregoing retirement until later as well as taking part-time jobs even after retiring. Living longer for millions of Americans has translated into a financial challenge resulting in dealing with the threat of dwindling assets during an extensive retirement.

The single greatest menace to retirees has historically been inflation. Over the past year, inflation expectations by consumers place inflation at nearly a 3% rate, nearing the 50-year average rate of 4%. With that in mind, housing, food, energy and healthcare expenses are all projected to gradually rise over the next few years. Since the majority of retirees live on a fixed income, the ability to keep ahead of inflation becomes more difficult as time goes on. So if the annual inflation rate is 3%, then the cost of living would essentially be 30% more over ten years.

At the center of controversy, which has been for decades, is Social Security. Even with COLA applied to Social Security payments, medical expenses not covered by Medicare are expected to rise more than the COLA increases as reported by the Senior Citizens League. The COLA increase for 2021 Social Security payments is 1.3%, while the increase in Medicare Part B premium for 2021 is 6%, a significant difference.

Sources: Social Security Administration, Senior Citizens League

	SS COLA	MEDICARE PART B INCREASE
2010	0.0	14.6
2011	0.0	4.4
2012	3.6	-13.4
2013	1.7	5.0
2014	1.5	0.0
2015	1.7	0.0
2016	0.0	16.1
2017	0.3	10.0
2018	2.0	0.0
2019	2.8	1.1
2020	1.6	6.7
2021	1.3	6.0

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