



Don't Hold Your Breath for a Social Security Cost-of-Living-Adjustment for 2011

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The official announcement as to whether there will be a cost-of-living-adjustment (COLA) to Social Security benefits for 2011 will come later in October. But as the situation stands now, the odds are good there will not be an adjustment. That would be two years in a row with no benefits increase.

The COLA calculations are complicated — everything the government does seems to be unnecessarily complicated — but the basic rule for Social Security is that inflation is tracked by using the figures for the third quarter of the most recent year that had an adjustment. So the Social Security Administration will compare the third quarter of 2010 to the third quarter of 2008 (the last year for which we had an adjustment), and if there has not been an upward change in prices there will be no COLA for 2011. Things could change, but the latest calculations point to no change. Almost 60 million people in the United States receive Social Security retirement, disability, or supplemental income benefits.

Kraft & Associates
2777 Stemmons Freeway
Suite 1300
Dallas, Texas 75207
Toll Free: (800) 989-9999
FAX: (214) 637-2118
E-mail: info@kraftlaw.com