

**Coalition of Labor Union Women
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NO CUTS TO SOCIAL SECURITY COLA

Social Security's Cost of Living Adjustments (COLA) are designed to help increase Social Security benefits when costs rise. COLAs are currently tied to the Consumer Price Index (CPI-W) for Urban Wage Earners. This cost measure currently does not protect a senior's purchasing power because seniors spend two to three times as much of their budget on medical care as younger households and the cost of medical care rises at a faster rate than regular inflation. Yet policy makers are considering replacing the current COLA with a new "Chained Consumer Price Index (C-CPI-U)" which is a less accurate measure of changes in the cost of living than the current CPI-W.

Chained CPI uses a geometric progression instead of an arithmetic progression which would result in a lower inflation calculation than CPI-W. With the current Consumer Price Index, price changes are calculated based on a market basket of goods that changes every two years. When the price of a good rises, it is assumed that people might substitute items in the same category - such as buying sirloin steak when the price of T-bone steak rises. The Chained CPI would allow the substitution of items out of the category like substituting chicken for T-bone steak which will mask price increases even more.

Chained CPI would lower Social Security benefits for current and future retirees and produce deeper cuts the longer an individual receives benefits. The oldest and those who are disabled at an early age would receive the deepest cuts. It works just like compounded interest. At age 65 it is a cut of .9 percent, but at age 95 monthly benefits would be almost 10 percent lower than at current benefits. This results in a cumulative difference of almost \$16,000 for someone receiving a monthly benefit of \$890 at age 65.

The Chained CPI would raise taxes on the middle class while leaving billionaires and millionaires untouched.

This change would be devastating for women since they make up a larger percentage of Social Security recipients, live longer than men and make less money than men. Since Social Security is more likely to be their only source of retirement income, they have a greater risk of poverty than men.

THEREFORE BE IT RESOLVED:

The Coalition of Labor Union Women will oppose any action and/or legislative bills that will require changing the Consumer Price Index (CPI) to the Chained CPI, thus reducing Cost of Living Adjustments (COLA) to Social Security beneficiaries.

CLUW will launch a campaign to contact our Congressional Representatives encouraging them not to support the change to the Chained CPI.

CLUW will also launch a campaign to let our members know that the Chained CPI is not a mere technical change but a substantial cut for current and future Social Security beneficiaries.