Statement By Barbara Franklin
President of the Illinois Alliance for Retired Americans (ARA)

On October 19, the Social Security Administration announced that monthly Social Security benefits will increase 3.6 percent in 2012.

Additionally, die to an increase in average wages, the maximum amount of wages subject to the Social Security tax will increase to $110,100 from $106,800. About 10 million workers will pay higher taxes as a result of this increase in the Social Security payroll tax cap.

Unfortunately, an increase in Medicare premiums will likely completely or partially offset the 3.6 percent Social Security benefit increase.

Furthermore, today's news is tempered by reports that the congressional "Super Committee" is considering changes to Social Security that will severely hinder retirees' ability to keep pace with the rising cost of living. The panel may recommend a new statistical formula for future cost of living adjustments, one that would grossly understate the growing financial pressures on retirees. This "technical" change assumes that seniors will substitute one good for a cheaper version to make ends meet. While that may work for certain goods, a senior cannot just substitute triple bypass surgery with a double bypass surgery because it's cheaper.

Plain and simple, **the chained CPI is a COLA cut**. If the chained CPI had been in existence two weeks ago, that 3.6 percent increase in Social Security benefits would only amount to a 2.8 percent increase. What the proponents of the change clinically call a "Chained CPI" is what millions of seniors would call "food, shelter, clothing." A recent study showed that if this change took effect, a worker retiring this year at age 65 would lose $6,000 in benefits by the time they turn 80.

Social Security did not create our budget deficit – it is fully funded by worker and employer payroll taxes. It is inexcusable for politicians, who never met a tax break they didn't like, to try and balance the budget on the backs of current and future retirees.