

Social Security Announces 2024 COLA – Video Transcript

The Social Security Administration has announced a 3.2% cost-of-living adjustment for 2024 – a big drop from last year’s record-setting increase.

This cost-of-living adjustment, or COLA, is an increase to Social Security benefits. It's meant to help offset rising prices that could erode purchasing power.

Social Security COLAs are not guaranteed every year. COLAs have been paid in most years, but not when inflation is too low to trigger an increase. [Chart: 3.5% COLA in 1984, 5.8% COLA in 2009, 8.7% COLA in 2023, 3.2% COLA in 2024, no COLA in 2010, 2011, and 2016]

COLAs are officially announced each October and reflect any annual increase in the average Consumer Price Index for Urban Wage Earners and Clerical Workers, called the CPI-W. Specifically, the average CPI-W for the third calendar quarter of the current year is compared to the average CPI-W for the third calendar quarter of the last year a COLA was paid. Any percentage increase is the COLA.

Prices rose modestly between the third quarter of 2022 and the third quarter of 2023, resulting in this year's adjustment, which will be applied to benefits starting in January 2024.

Although any increase is welcome news, this year’s COLA may still not be enough to keep those relying on Social Security from feeling inflation’s bite.