

SSD and SSI Payments to Increase in 2015

At the end of October 2014 the Social Security Administration (SSA) announced a [cost-of-living \(COLA\)](#) adjustment for recipients of Social Security Disability benefits for 2015. The increase, which also applies to recipients of Supplemental Security Income (SSI). Monthly benefits will increase by 1.7 percent beginning on December 31, 2014.

The increase means that the average monthly SSD payment will be \$1,165 from the 2014 average benefit of \$1,146. SSI payments will grow from an average of \$721 to an average of \$733 for individuals.

History of COLAs for Social Security

Adjustments for inflation have been applied to Social Security beneficiaries since 1950. These increases ranged from 77 percent in 1950 (since there had been no increase for 10 years) to none in 2010 and 2011. In 1975, adjustments in benefit amounts became tied to the Consumer Price Index (CPI)). This meant that Congress no longer had to vote on an increase each year, separating COLAs from politics. It also meant that large increases such as the 1950 adjustment of 77 percent would become very unlikely.

How Are COLAs Calculated?

Increases in the CPI are documented each month by the Bureau of Labor Statistics. At the end of the third quarter each year, the difference between in the CPI for the current quarter and the previous year's third quarter is determined. The percentage of the change from one year to the next is used to calculate the COLA for the succeeding year. For example, if the third quarter CPI went from 230.327 in 2013 to 234.232 in 2014, the difference between the two is a little more than

four, or 1.7 percent. That figure is used to calculate the increase for 2015 over 2014.

Social Security retirement benefits are also increased by 1.7 percent based on the CPI.