

The Social Security Administration Announces 2021 COLA

What you should know about the most recent cost-of-living adjustment.

Provided by DSA Financial Group

On October 13, 2020, the Social Security Administration (SSA) officially announced that Social Security recipients will receive a 1.3 percent cost-of-living adjustment (COLA) for 2021. This adjustment will begin with benefits payable to more than 64 million Social Security beneficiaries in January 2021. Additionally, increased payments to more than 8 million Supplemental Security Income (SSI) beneficiaries will begin on December 31, 2020.¹

Is this a COLA lite? Many may be disappointed by this modest bump compared to the 1.6 percent increase beneficiaries saw in 2020 or the 2.8 percent boost in 2019. However, it's important to remember that the Social Security Act ties the annual COLA to the increase in the Consumer Price Index (CPI). In broad terms, the CPI measures the price of consumer goods and how they're trending in to evaluate the economy. In short, lower inflation numbers usually equals a modest COLA.²

How You Will Be Notified. According to the Social Security Administration, Social Security and SSI beneficiaries are usually notified by mail starting in early December about their new benefit amount. However, if you've set up your SSA online account, you will also be able to view your COLA notice online through your "My Social Security" account.³

What are your next steps? If this increase surprises or concerns you, it's always a good idea to seek guidance from your financial professional about changes to any of your sources of retirement income.

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Citations

1. SSA.gov, October 13, 2020
2. SSA.gov, October 13, 2020
3. SSA.gov, October 13, 2020