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## Latest Cost-Of-Living Adjustment

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Automatic Determinations

### What is a COLA?

COLA history

Legislation enacted in 1973 provides for cost-of-living adjustments, or COLAs. With COLAs, Social Security and Supplemental Security Income (SSI) benefits keep pace with inflation.

How COLA is used

Federal SSI benefit rate

### Latest COLA

Wage-indexed amounts

The latest COLA is 2.5 percent for Social Security benefits and SSI payments. Social Security benefits will increase by 2.5 percent beginning with the December 2024 benefits, which are payable in January 2025. Federal SSI payment levels will also increase by 2.5 percent effective for payments made for January 2025. Because the normal SSI payment date is the first of the month and January 1 is a holiday, the SSI payments for January are always made at the end of the previous December.

### How is a COLA calculated?

The Social Security Act specifies a formula for determining each COLA. According to the formula, COLAs are based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). CPI-Ws are calculated on a monthly basis by the Bureau of Labor Statistics.

A COLA effective for December of the current year is equal to the percentage increase (if any) in the CPI-W from the average for the third quarter of the current year to the average for the third quarter of the last year in which a COLA became effective. If there is an increase, it must be rounded to the nearest tenth of one

percent. If there is no increase, or if the rounded increase is zero, there is no COLA for the year.

### **COLA Computation**

The last year in which a COLA became effective was 2023. Therefore the law requires that we use the average CPI-W for the third quarter of 2023 as the base from which we measure the increase (if any) in the average CPI-W. The base average is 301.236, as shown in the table below.

Also shown in the table below, the average CPI-W for the third quarter of 2024 is 308.729. Because this average exceeds 301.236 by 2.5 percent, the COLA effective for December 2024 is 2.5 percent. The COLA calculation, with the result rounded to the nearest one-tenth of one percent, is:

$$(308.729 - 301.236) / 301.236 \times 100 = 2.5 \text{ percent.}$$

	<b>CPI-W for—</b>	
	<b>2023</b>	<b>2024</b>
July	299.899	308.501
August	301.551	308.640
September	302.257	309.046
Third quarter total	903.707	926.187
Average (rounded to the nearest 0.001)	301.236	308.729