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Provisions Affecting Cost-of-Living Adjustments

An annual cost-of-living adjustment (COLA) applies to benefits after initial eligibility. For each provision, we provide an estimate of the financial effect on the OASDI program over the long-range period (the next 75 years) and for the 75th year. We base all estimates on the intermediate assumptions described in the 2025 Trustees Report.

Category A: Cost-of-Living Adjustment (2025 Trustees Report intermediate assumptions)

Current law shortfall in long-range actuarial balance is **3.82** percent of payroll and in annual balance for the 75th year is **4.84** percent of payroll.

Description of proposed provisions		Change from current law (percent of payroll)		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
A1	Starting December 2026, reduce the annual COLA by 1 percentage point.	1.96	2.56	51%	53%
A2	Starting December 2026, reduce the annual COLA by 0.5 percentage point.	1.02	1.35	27%	28%
A3	Starting December 2026, compute the COLA using a chained version of the consumer price index for wage and salary workers (CPI-W). We estimate this new computation will reduce the annual COLA by about 0.3 percentage point, on average.	0.63	0.82	16%	17%
A4	Starting December 2028, compute the COLA using a chained version of the consumer price index for wage and salary workers (CPI-W). We estimate this new computation will reduce the annual COLA by about 0.3 percentage point, on average. The new COLA will not apply to DI benefits. It will apply to OASI benefits, except for those of formerly disabled-workers who converted to retired-worker status.	0.49	0.66	13%	14%
A5	Starting December 2026, add 1 percentage point to the annual COLA for beneficiaries who have lived past a specified age. The specified age is the sum of: (1) 65 and (2) the unisex cohort life expectancy at age 65.	-0.12	-0.14	-3%	-3%
A6	Starting December 2027, compute the COLA using the Consumer Price Index for the Elderly (CPI-E). We estimate this new computation will increase the annual COLA by about 0.2 percentage point, on average.	-0.43	-0.58	-11%	-12%
A7	Starting December 2026, reduce the annual COLA by 1 percentage point, but not to less than zero. In cases where the unreduced COLA is less than 1 percentage point, do not carry over the unused reduction into future years.	1.85	2.41	48%	50%
A8	Starting December 2026, for OASI beneficiaries only (DI beneficiaries would only be affected when their benefit converts to OASI at NRA), the annual COLA would be based on the chain-weighted version of the CPI-U.	0.55	0.72	14%	15%
A9	For single/head-of-household/married-filing-separate taxpayers with modified adjusted gross income (MAGI) below \$114,100 and for joint filers with MAGI below \$228,100 for December 2027 (\$85,000 and \$170,000 multiplied by estimated CPI-U for 2018-2027), use the chain-weighted version of the Consumer Price Index for All Urban Consumers (C-CPI-U) to calculate the cost-of-living adjustment (COLA), beginning with the December 2027 COLA. For those beneficiaries whose MAGI is above these thresholds, provide no COLA. Use prior tax year income data for this determination. Use the chain-weighted CPI for the COLA for years prior to benefit receipt. Index the eligibility income threshold amounts to the CPI-U after December 2027.	1.41	2.43	37%	50%

Read More: [Social Security 2026 COLA increase chart pdf](#) | [2026 SSI COLA Increase](#)