



AMERICAN ACADEMY  
*of* ACTUARIES

FOX News Channel  
News Corporation  
1211 Avenue of the Americas  
New York, NY 10036

Re: “Shrinking Social Security” (Aug. 24, 2009)

Sept. 4, 2009

To whom it may concern:

Last week’s interview with Rep. Anthony Weiner during “Your World with Neil Cavuto” (Aug. 24, 2009) contained numerous inaccuracies about the determination of cost of living adjustments (COLAs) for Social Security. The American Academy of Actuaries is currently attempting to contact the congressman’s office to clarify these misconceptions, and we would like to do so for your audience as well.

Annual COLAs for Social Security are determined using a formula that is prescribed by the Social Security Act. The COLA determination depends on actual inflation/deflation as reported by the Department of Labor’s Bureau of Labor Statistics. The next such COLA determination, as directed by law, will be made in October—after the Bureau of Labor Statistics reports on inflation/deflation through the end of September.

Separate from this statutory process, the annual Social Security trustees’ report routinely includes long-term projections of the system’s future financial condition. These projections are developed by the actuaries at the Social Security Administration and include forecasts of likely COLA adjustments for current and future years. The 2009 Social Security trustees’ report forecasted that there would be no COLAs for two years and that they would resume again after two years. These forecasts are in no way a substitute for the statutory COLA determinations.

More information on the COLA determinations can be found on the Social Security Administration’s website: <http://www.socialsecurity.gov/OACT/COLA/latestCOLA.html>

Sincerely,

Frank Todisco  
Senior Pension Fellow  
American Academy of Actuaries