

# FRIDAY ALERT



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## **Rep. Garamendi Introduces Bill to Provide Fair COLA for Social Security Recipients**

This week Rep. **John Garamendi** (D-CA) introduced [a bill](#) that would change the way cost-of-living adjustments (COLAs) are calculated each year for Social Security. The paltry increase that Social Security beneficiaries received this year was largely absorbed by higher Medicare premiums that are automatically deducted from Social Security checks.

H.R. 1251 would change the inflation index used to calculate the COLA from the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to the Consumer Price Index for the Elderly (CPI-E). CPI-W does not reflect the inflation seniors actually face. Social Security benefits therefore have not kept pace with the rising prices of items that seniors truly need to spend their money on, such as prescription drugs, which are seeing double digit increases every year. In fact, the last 10 years of COLA's combined are less than the one-year adjustment retirees received in 1980.



Executive Director **Rich Fiesta** and Rep. **John Garamendi** at a press conference announcing the legislation. A video of the event can be found [here](#).

The bill already has over two dozen co-sponsors. CPI-E has been calculated by the Bureau of Labor Statistics for 30 years, but despite its relevance it has never been applied to Social Security. The change would also benefit veterans' pensions and all other federal benefits that are still calculated using the flawed index.

"The COLAs that seniors currently receive are negligible and do not reflect the true hardships that seniors face just living day-to-day," said **Robert Roach, Jr.**, President of the Alliance. "This legislation would ensure that the real costs that seniors pay are fully accounted for."

Alliance Executive Director **Richard Fiesta** spoke at a Capitol Hill event on Wednesday where Rep. Garamendi announced his legislation. "It's clear to most people that expenses for a 30-year-old and for an 85-year-old are simply different," he said. "The CPI-E Act of 2017 gets that, and fixes the problem. This bill will ensure that future COLAs more accurately reflect the cost of things retirees actually purchase, including health care, prescription drugs and housing."

### **Addressing Skyrocketing Drug Prices, Senators Introduce Affordable and Safe Prescription Drug Importation Act**

Americans pay the highest prices in the world for prescription drugs, spending \$1,112 per person in 2014. In contrast Canadians spent \$772 and Danes spent \$325. Nearly 1 in 5 Americans cannot afford the medicines they are prescribed, while drug manufacturers are making billions of dollars in profits. Democrats in Congress addressed the issue this week with the introduction of S. 469, the Affordable and Safe Prescription Drug Importation Act.

Introduced by Senators **Bernie Sanders** (I-VT), **Cory Booker** (D-NJ), and **Bob Casey** (D-PA) along with Representatives **Elijah Cummings** (D-MD) and **Lloyd Doggett** (D-TX) in the House, the legislation allows the same unaffordable medication in the U.S. to be imported from Canada and other advanced countries at a fraction of the price. The bill requires foreign medicines to have the same strength and composition of U.S.-produced drugs, ensuring their safety and quality. Allowing the importation of these drugs to lower outrageous prices has widespread support among Americans, with 71% in favor of the change. A video of the press conference that introduced the legislation can be viewed [here](#).

"This bill gives hard-working middle-class families and retirees access to safe and affordable prescription drugs," said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance. "It is unacceptable that those in foreign countries pay substantially less for the same prescription drugs as Americans. Many of these drugs aren't currently for sale in the United States only to protect corporate profits."

### **Retirement Security Concerns Cut Across Party Lines**

A new [study](#) shows growing American anxiety about retirement security. The National Institute on Retirement Security found that Americans are not only concerned but also increasingly frustrated. These frustrations are compounded by two disturbing trends, higher living costs and decreased pensions. The precipitous decline in private pension plans has led to an increased reliance on Social Security.

The survey found that 85% of Americans believe political leaders do not understand their concerns. Their fears are seemingly justified by numerous proposals introduced by Republicans in Congress to gut Social Security and turn Medicare into a coupon to purchase private insurance. The concerns exist not just for current retirees but also for future retirees.

“Across party lines, Americans are united by their dissatisfaction and anxiety about their retirement security,” said President Roach. “That is why 82 percent of Americans have a favorable view of pensions.”

### **Fiduciary Rule to Protect Retirees is Delayed**

Efforts to require financial advisors to act in the best interest of their clients rather than themselves were complicated this week by the Department of Labor’s request for a delay in the implementation of the “fiduciary rule.” The implementation date of the Department of Labor’s regulation is currently set for April 10. However, the Department proposed a rule on Wednesday to delay its applicability date for 60 days.

The rule was designed to protect investors from advisors who are more motivated to increase their own commission fees rather than the nest eggs of their clients. The Obama administration [estimated](#) that eliminating these conflicts of interest would increase retirement savings by \$17 billion each year.

The delay would allow the Department of Labor to rewrite the rule to limit enforcement and craft loopholes. However, the extra time also allows supporters of the rule to voice their desire to see conflicts of interest addressed from a regulatory perspective as soon as possible. The rule has already withstood multiple legal challenges, but with the new administration, its fate remains up in the air.

Mr. Fiesta reiterated support for the regulation, saying, “We need to get this rule on the books, now. Each day that the bureaucratic battles continue is another day that conflicts of interest hurt seniors.”