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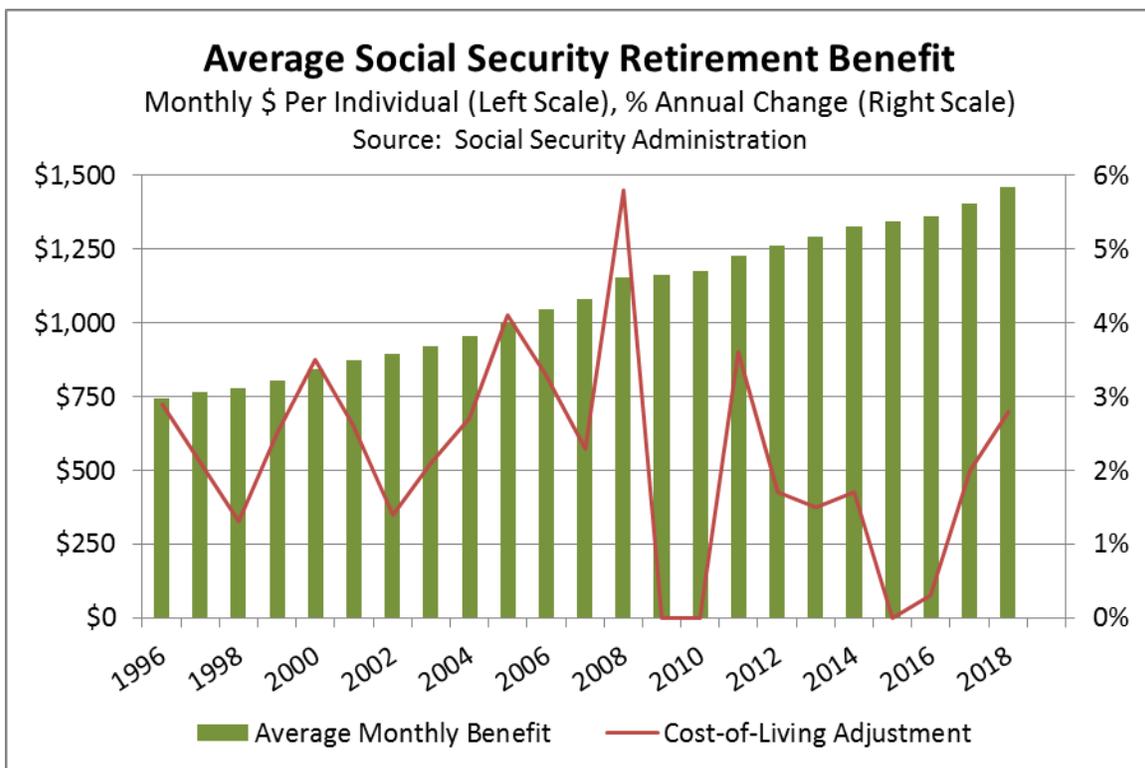
Proactive Investment Management & Financial Planning

Economic Chart of the Week October 17, 2018

Even though we continue to worry that accelerating inflation will keep pushing up interest rates and potentially disrupt the economy or financial markets, we think one group of people will have some protection from the rise in prices. This week, the Social Security Administration announced it will apply a 2.8% “cost-of-living adjustment” (COLA) to monthly retirement benefits starting in January 2019. According to the agency, the COLA will lift monthly checks to an average of \$1,461 per individual.

Every year, Social Security benefits are adjusted based on a special price index that’s released along with the well-known Consumer Price Index (CPI). As with the regular CPI, many prices in the special index have increased rapidly over the last year, but others have risen slowly or fallen. The weighted average increase was 2.8% in the year ended in the third quarter of 2018, compared with increases of 2.0% last year and just 0.3% in the year before that. In fact, the COLA announced this week was the biggest since 2011. The Social Security Administration estimates the average benefit currently stands at \$1,422 per month, so the COLA in January will boost checks by about \$41. It’s important to note that the COLA also applies to some other aspects of Social Security. For example, it means there will be a small increase in the amount that a retired person aged 66 or younger can earn before losing some benefits. Changes like this are one reason why it’s good to review your retirement plans periodically and make any necessary adjustments. As always, we stand ready to help with that, and we would look forward to hearing from you.

Patrick Fearon, CFA
Chief Investment Officer



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