

# Social Security 2025 COLA Is the Lowest in Four Years – Video Transcript

The Social Security Administration has announced a 2.5% cost-of-living adjustment for 2025 – the lowest number since 2021.

This cost-of-living adjustment, or COLA, is an increase to Social Security benefits. It's meant to help offset rising prices that could erode purchasing power.

Social Security COLAs are not guaranteed every year. COLAs have been paid in most years, but not when inflation is too low to trigger an increase.

COLAs are officially announced each October and reflect any annual increase in the average Consumer Price Index for Urban Wage Earners and Clerical Workers, called the CPI-W.

Specifically, the average CPI-W for the third calendar quarter of the current year is compared to the average CPI-W for the third calendar quarter of the last year a COLA was paid. Any percentage increase is the COLA.

Prices rose modestly between the third quarter of 2023 and the third quarter of 2024, resulting in this year's adjustment, which will be applied to benefits starting in January 2025.

This cost-of-living adjustment is just below the average annual COLA over the last 25 years. Future adjustments could be lower if inflation continues to cool.