



2026 Social Security COLA

Updated 30 October 2025

Action: The Social Security Administration (SSA) [announced](#) a 2.8% cost-of-living adjustment (COLA) for Social Security benefits in 2026, covering Social Security and Supplemental Security Income (SSI) payments for 75 million Americans.

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- The COLA translates to an average monthly increase in Social Security retirement benefits of \$56. For comparison, the COLA for 2025 was 2.5%; COLAs have averaged about 3.1% over the last decade. SSA also updated other important [thresholds](#) for 2026, including increasing the maximum taxable earnings for the payroll tax that funds Social Security from \$176,100 to \$184,500.
- SSA [implements](#) an annual COLA to protect the purchasing power of Social Security and SSI benefits from inflation. By law, SSA [uses](#) the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), determined by the Bureau of Labor Statistics, to calculate the COLA.
- Because of the government shutdown, the Bureau of Labor Statistics [delayed](#) the release of the September CPI report from October 15 to October 24. The September CPI report was the last crucial data point for SSA to calculate the COLA for 2026 and comes amid uncertainty about the development of the October CPI report and other government data on the economy.
- For reference, the September CPI report [revealed](#) on a year-over-year basis a

Headline CPI inflation of 3.0% and a Core CPI inflation of 3.0% (excluding more volatile food and energy costs). Rising goods inflation, particularly for necessities such as food and energy, and other items affected by tariffs, appears to have led to softer demand and an associated easing of price pressures elsewhere. Additionally, the weakest monthly gain in rental prices since 2021, as reflected by owners' equivalent rent, highlighted the resumption of slowing shelter cost increases.

- SSA's COLA is also used to [adjust](#) benefits for military retirees and individuals obtaining veterans [benefits](#) (such as disability compensation and dependency and indemnity benefits) and is a factor to [determine](#) the COLA for retirees in the Federal Employees Retirement System.
- According to the Board of Trustees for the Social Security Trust Funds, Social Security's Old-Age and Survivors Insurance Trust Fund will be able to [pay](#) 100% of total scheduled benefits until 2033, at which point the fund's reserves will be depleted and the program can only pay 77% of total scheduled benefits. As such, CED has [recommended](#) using chained CPI rather than the traditional CPI-W measure because chained CPI is a slower growing measure that is more reflective of substitutions across goods and other spending patterns.
- **What this means for business:** Many seniors are concerned that the 2.8% COLA may not be [sufficient](#) to maintain the purchasing power of older Americans who depend on Social Security as energy services such as electricity (5.1%) and utility gas service (11.7%), shelter costs (3.6%), and medical care services (3.9%) all grew faster than the overall rate of inflation (3.0%) in the September CPI [report](#) (on an annual basis). CEOs, especially those running businesses in the retail, health care, and housing sectors, should adjust models anticipating changes to consumer demand and behavior. Furthermore, pricing tactics, especially ahead of the busy holiday season, may need to be adjusted with a thorough understanding of price elasticity.

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