



Written by [Bob Adelman](#) on October 12, 2022

Social Security to Announce Cost of Living Increase Tomorrow

Trustees managing the federally mandated “most successful Ponzi Scheme in History” — Social Security — [will announce the largest COLA \(cost of living adjustment\) in history tomorrow](#). It is expected to be 8.7%, or an increase of about \$170 a month for each of the nearly 70 million Americans who are forced to participate in it.

The increase is calculated on the basis of an inflation factor that is alleged to measure the cost of goods and services purchased by working people.

Gary Galles of the Mises Institute backs up [his claim](#) that Social Security is “the most successful Ponzi Scheme in History”:



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If Social Security and Medicare both involved people voluntarily financing their own benefits, an argument could be made for seniors’ “earned benefits” view.

But they have not. They have redistributed tens of trillions of dollars of wealth to themselves from those younger.

Social Security and Medicare have transferred those trillions because they have been partial Ponzi schemes.

For proof, he offers as evidence the scheme’s first participant, Ida Mae Fuller:

After Social Security’s creation, those in or near retirement got benefits far exceeding their costs (Ida Mae Fuller, the first Social Security recipient, got 462 times what she and her employer together paid in “contributions”).

Those benefits in excess of their taxes paid inherently forced future Americans to pick up the tab for the difference.

And the program’s almost unthinkable unfunded liabilities are no less a burden on later generations because earlier generations financed some of their own benefits, or because the government has consistently lied that they have paid their own way.

According to retired Boston University Professor Laurence Kotlikoff, [the unfunded liability of Social Security exceeds \\$200 trillion](#), thanks to the government’s flawed accounting of the scheme’s deficit.

The news from the trustees is bad enough: the primary “trust fund” — the Old-Age and Survivors Insurance Trust Fund (OASI) — will be depleted in less than 12 years. The present “reserves” — a staggering \$2.9 trillion — will have been spent by then, leaving trustees with few options to keep the



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scheme afloat.

The misnamed “Committee for a Responsible Federal Budget” has come up with 10 ways to keep the flawed system afloat, but they boil down to these:

1. Raise taxes
2. Raise the retirement age
3. Change the COLA calculation

Missing from Thursday’s announcement by the trustees will be the fact that for most recipients, 85 percent of their monthly check will be taxable. That means that a large part of each check will ultimately find its way back into the U.S. Treasury.

And the fact that inflation is currently far ahead of wage growth won’t show up until the trustees’ report next year. At that time, it’s more than likely the \$2.9 trillion in “reserves” will have shrunk considerably, shortening the life span of the Ponzi scheme even further.

For those still thinking that each “participant” has his own account that he can count on, the Supreme Court ruled back in 1960 in [Flemming v. Nestor](#) that he has no binding contractual right to any of the funds he has paid into it. Which is just as well, as those funds have already been spent to fund the retirement of those currently receiving checks from the scheme.

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