Social Security Benefits to Increase in 2012

After two years without a raise, an estimated 55 million Social Security recipients will receive the first cost-of-living increase in benefits next year.

The raise will be 3.6 percent, according to the U.S. Social Security Administration.

The Social Security Administration made the official announcement this week when the government released an inflation measure that determines the annual cost-of-living adjustment, or COLA.

Right now, the monthly social security payment averages $1,082 per person or about $13,000 a year.

The increase would amount to about $38 a month—or $455 a year.

There was no COLA for 2010 and 2011 because inflation was too low.

It's been a long two years for the millions of retirees and disabled people who have been struggling through the economic downturn, said Web Phillips of the National Committee to Preserve Social Security and Medicare.

"If you've been at the grocery store lately and remember what you used to pay for things, see what you're paying for things today," Phillips said.

"The cost-of-living adjustment makes sure that the Social Security benefit that you qualify for when you retire or you become disabled continues to stay current with prices so that the buying power of your benefit does not decline over time," he added.

Some of the increase in January may be lost to higher Medicare premiums. The premiums are deducted from the recipients monthly government payments.

The Medicare Part B premiums for 2012 are expected to be announced next week.

Most retirees rely on Social Security for a majority of their income, according to the Social Security Administration. Many rely on it for more than 90 percent of their income.