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# SOCIAL SECURITY BENEFITS LOSE 30% OF BUYING POWER SINCE 2000

[Home](#) > [Cost Of Living Adjustment \(COLA\) Articles](#) > [Social Security Benefits Lose 30% Of Buying Power Since 2000](#)

## Social Security Benefits Lose 30% of Buying Power Since 2000

🕒 June 7, 2017

**(Washington, DC)** – Social Security beneficiaries have lost nearly one – third of their buying power since 2000, according to the 2017 Social Security Loss of Buying Power Study released today by The Senior Citizens League (TSCL). “The findings represent a big loss of 7 percent in buying power, from 23% in 2016 to 30% over the past 12 months. This occurred as inflation has begun to climb, but people receiving Social Security received an annual cost - of - living adjustment (COLA) of just 0.3 percent for 2017,” says TSCL’s Social Security policy analyst and the study’s author, Mary Johnson. Housing and medical costs – particularly for prescription drug expenses – were among the most rapidly - rising spending categories over the past year.

The study’s findings illustrate the impact on the buying power of Social Security benefits when the economy goes from a period of extremely low inflation to more typical rates of inflation. The last time there was a loss in buying power this big was in 2011, another year similar to 2017, when there was no COLA, but inflation spiked. The following year in 2012 Social Security benefits increased by 3.6 percent. Based on consumer price index (CPI) data through April of this year, Johnson estimates that the COLA for 2018 may indeed be significantly higher than in recent years –around 2.1 percent – but that number could change since there are still several months to go before all the data is in.

More than 840 respondents to TSCL's annual senior survey, conducted from January through March of this year, confirm that monthly household expenses made steep increases over the past year. The majority, 67%, indicated their monthly expenses went up by more than \$79. "With today's Social Security benefit averaging \$1,320 per month, that's an unsustainable level of rising spending when there's just a 0.3 percent benefit increase to match," Johnson says.

Social Security beneficiaries receive a small automatic increase in their Social Security checks most years, intended to help their benefits keep up with rising costs. But since 2000, COLAs increased benefits a total of just 43 percent while typical senior expenses have jumped 86 percent. "When costs climb more rapidly than benefits, retirees must spend down retirement savings more quickly than expected, and those without savings or other retirement income are either going into debt, or going without," Johnson says.

### Top Ten Fastest Growing Senior Costs Since 2000

Item	Cost in 2000	Cost in 2017	Percent Increase
	Average cost \$ or numeric value	Average cost \$ or numeric value*	
1. Medicare Part B monthly premium	\$45.50	\$134.00	195%
2. Prescription drugs Annual average out-of-pocket	\$1,102.00	\$3,132.00	184%
3. Homeowner's insurance national average annual premium	\$508.00	\$1,292.00	154%
4. Real estate tax annual	\$690.00	\$1,701.50	147%
5. Propane gas per gallon	\$1.01	\$2.39	137%
6. Heating oil	\$1.15	\$2.63	130%
7. Medigap supplement average monthly premium all plans	\$119.00	\$264.45	122%
8. Pet care services including veterinary	109.300*	232.317*	113%
9. Total medical out-of-pocket expenses national average people age 65 and up	\$6,140.00	\$12,125.00	97%
10. Oranges per pound	.61	\$1.19	95%

\* Where no average prices are available, numeric values from the U.S. Bureau of Labor Statistics CPI-U are used.

The survey found that a person having the national average Social Security benefit in 2000 – \$816 per month – would have \$1,169.80 per month by 2016. However, because retiree costs are rising at a substantially faster pace than the COLA, that individual would require a Social Security benefit of \$1,517.80 per month in 2017 *just to maintain his or her 2000 level of buying power.*

The study examined the increase in costs of 39 key items between 2000 and January 2017. The items were chosen because they are typical of the costs that most Social Security recipients must bear. Of the 39 costs analyzed, 26 exceeded the percentage of increase in the COLA over the same period. The selected items represent eight categories, weighted by approximate expenditure. The study used the same weightings that the government uses in calculating the Consumer Price Index for the Elderly. “This study illustrates why Congress should enact legislation to provide a more fair and adequate COLA,” Johnson says. “To put it in perspective, for every \$100 worth of expenses seniors could afford in 2000, they can afford just \$70 today,” Johnson adds.

A majority of the 57 million senior and disabled Americans who receive Social Security depend on it for at least 50 percent of their total income, and one – third of all beneficiaries rely on it for 90 percent or more of their income. To help protect the buying power of benefits, TSCL supports legislation that would base COLAs on the Consumer Price Index for the Elderly (CPI-E). To learn more, visit [www.SeniorsLeague.org](http://www.SeniorsLeague.org).

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*With 1.2 million supporters, The Senior Citizens League is one of the nation’s largest nonpartisan seniors groups. Its mission is to promote and assist members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. Citizens, and to protect and defend the benefits senior citizens have earned and paid for. [The Senior Citizens League](http://www.SeniorsLeague.org) is a proud affiliate of [The Retired Enlisted Association](#). Visit [www.SeniorsLeague.org](http://www.SeniorsLeague.org) for more information.*

**ALSO AVAILABLE TO JOURNALISTS:** [Full Report including study methodology.](#)

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- Eliminate the 12.4% Social Security payroll tax and find another means to fund benefits.
- Strengthen Social Security by gradually increasing the payroll tax.
- Strengthen Social Security by lifting the taxable maximum so that high earners pay the 12.4% on all earnings.

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