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**Social Security Benefits Lose 22% Of Buying Power Since 2000**

*According To Annual Survey By The Senior Citizens League*

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**(Washington, DC) –** Social Security beneficiaries have lost 22 percent of their buying power since 2000, according to the 2015 Survey of Senior Costs by The Senior Citizens League (TSCL). The findings show a dramatic drop in inflation over the past year, due almost entirely to the drop in oil prices. “The deflationary trend, while good news for some consumers, spells trouble ahead next year for retired and disabled beneficiaries who depend on Social Security for most of their income,” says TSCL Chairman Ed Cates.

In most years, Social Security beneficiaries receive a small increase in their Social Security checks, intended to help them keep up with rising costs. But according to the 2015 TSCL survey of typical senior costs, since 2000 the Cost of Living Adjustment (COLA) has increased benefits just 43 percent while typical senior expenses have jumped 74 percent. Recently the [Social Security Trustees](http://www.ssa.gov/oact/tr/2015/index.html) confirmed that there would be no annual COLA for 2016 — which TSCL earlier [forecast](http://seniorsleague.org/2015/2015-senior-survey-results/) in May.

Inflation has been at historic lows in recent years and seniors received a COLA of just [1.7 percent](http://www.ssa.gov/OACT/COLA/latestCOLA.html) this year. “While there’s been some temporary improvement in the buying power of Social Security benefits recently, the drop in inflation is now so large that there is no COLA expected for 2016,” says TSCL Chairman Ed Cates. “The government will announce the COLA for 2016 in October, ” he adds. Going without any COLA has long-term consequences resulting in lower total retirement income,” Cates says. “This problem also affects military retirees and others who receive COLA adjusted benefits,” he adds.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | Expense | Cost in Jan 2000 | Cost in Jan 2015 | Percent Increase, 2000-2015 |
| Housing | Own | N/A | N/A | 44% |
| Housing | Apartment rental | N/A | N/A | 56% |
| Housing | Homeowner’s insurance (annual) | $508.00 | $1,135.90 | 161% |
| Housing | Real estate tax (annual) | $690.00 | $1,569.40 | 127% |
| Housing | Heating oil (gallon) | $1.15 | $2.97 | 159% |
| Housing | Natural gas (dollars per gallon) | $1.01 | $2.36 | 133% |
| Housing | Electricity per kilowatt hr | $.08 | $.13 | 63% |
|  |  |  |  |  |
| Transportation | New & used vehicles | N/A | N/A | 0% |
| Transportation | All grades gas (gallon) | $1.31 | $2.31 | 76% |
| Transportation | Oil change  | $23.11 | $27.94 | 21% |
| Transportation | Maintenance/repair | N/A | N/A | 54% |
|  |  |  |  |  |
| Medical | Total out-of-pocket medical expenses | $1,074.50 | $1,391.90 | 30% |
| Medical | Prescription drugs, generic, brand, special. | $623.70 | $581.25 | -7% |
| Medical | dental, general visits | $377.40 | $691.12 | 83% |
| Medical | Medicare Part B premiums (monthly) | $45.50 | $104.90 | 131% |
| Medical | Medicare Part D premiums average weighted for enrollment | $25.93 | $39.00 | 50%\*since 2006 |
| Medical | Medigap average premium, all plans | $119.00 | $238.00 | 100% |
|  |  |  |  |  |
| Food | 10 lbs. potatoes | $2.98 | $4.98 | 67% |
| Food | 1 lb. cheddar cheese | $3.84 | $5.40 | 41% |
| Food | Milk (gal.) | $2.78 | $3.76 | 35% |
| Food | Eggs (dz.) | $0.93 | $2.11 | 117% |
| Food | Ground chuck (lb.) | $1.90 | $4.38 | 130% |
| Food | Chicken (lb.) | $1.06 | $1.55 | 46% |
| Food | coffee (lb.) | $3.54 | $4.74 | 34% |
| Food | Bread, white (loaf) | $.91 | $1.48 | 63% |
| Food | Apples (lb.) | $.95 | $1.35 | 41% |
| Food | Oranges (lb.) | $.61 | $1.20 | 96% |
|  |  |  |  |  |
| Recreation | Movie ticket  | $5.39 | $8.46 | 52% |
| Recreation | category | N/A | N/A | 13% |
|  |  |  |  |  |
| Communication | Basic phone service, 2 land lines, local | $55.37 | $84.97 | 52% |
| Communication | First class postage | $0.33 | $0.49 | 48% |
|  |  |  |  |  |
| Apparel  | Clothing | N/A | N/A | (-3%) |
|  |  |  |  |  |
| Other | Personal care products | N/A | N/A | 7% |
| Other | Personal care services  | N/A | N/A | 26% |

According to the TSCL survey, people with average Social Security benefits in 2000 received $816 per month, a figure that rose to $1,166.30 by 2015. However, those individuals would require a Social Security benefit of $1,419.00 per month in 2015 *just to maintain the same buying power they had when they first retired,* the study found.

The study examined the increase in costs of 34 key items between 2000 and January 2015. The items were chosen because they are typical of the costs seniors must bear. Of the 34 costs analyzed, 22 exceeded the amount of increase in the COLA over the same period. The selected items represent eight categories, weighted by approximate expenditure.

 “This study illustrates why budget proposals that would cut the growth of COLAs would put millions of older and disabled Americans at risk of insufficient income to cover more growing expenses,” says Cates. “To put it in perspective, for every $100 worth of expenses seniors could afford in 2000, they can afford just $78 today,” Cates adds.

A majority of the 59 million senior and disabled Americans who receive Social Security depend on it for at least 50 percent of their total income, and one in three beneficiaries relies on it for 90 percent or more of his or her total income.

To help the protect buying power of benefits, The Senior Citizens League supports legislation that would base COLAs on the Consumer Price Index for the Elderly and emergency legislation to provide COLA and Medicare premium relief for seniors in 2016.

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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 is a proud affiliate of The Retired Enlisted Association. Visit* [*www.SeniorsLeague.org*](http://www.SeniorsLeague.org) *for more information.*

**ALSO AVAILABLE TO JOURNALISTS:** STUDY METHODOLOGY AND INTERVIEWS



Study Methodology:

2015 Annual Survey of Senior Costs

**Summary:**

The Social Security Cost of Living Adjustment (COLA) is intended to protect the purchasing power of benefits received by older and disabled Americans. However, typical senior costs have increased much faster than COLAs over the past fifteen years. COLAs have been growing at record lows levels, averaging just 1.4% per year since 2010. As a result, beneficiaries who have been retired over the past 15 - year period have just 78 percent of the buying power that they did in 2000, making it more difficult to afford basic necessities such as medical care, food, and housing.

**Methodology:**

This study examined the increase in costs of 34 key goods and services between 2000 and 2015. The items were chosen because they are typical of the costs that seniors must bear.

In order to track how the purchasing power of Social Security benefits is affected from year to year, we examined the average benefit in 2000, and tracked it through January 2015. The average Social Security benefit was $816 in 2000 and it increased to $1,166.30 in 2015, an increase of 43 percent over the 15 - year period.

However, our study found that costs have risen by 74 percent for 34 essential items since 2000, meaning that seniors would have required benefits to increase to $1,419.00

 per month *just to maintain their year 2000 level of buying power*. That amount can be calculated by multiplying the 2000 benefit of $816 by 84 percent (1.74) and rounding to the next tenth of a dollar, as is Social Security protocol.

The loss of buying power was then determined by dividing the difference in the amount that beneficiaries would need to keep up, $257.80, by the amount actually received in 2015, $1,166.30. That represents a 22 percent loss of buying power since 2000.

The 34 items analyzed fall within the eight major expenditure categories: housing, transportation, medical, food, recreation, communication, apparel, and other. The categories were weighted to ensure that each represented the portion of income that seniors spend on each category. For example, housing costs were weighted higher than food or recreation costs, since housing costs account for a much greater share of a senior’s budget.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | Expense | Cost in Jan 2000 | Cost in Jan 2015 | Percent Increase, 2000-2015 |
| Housing | Own | N/A | N/A | 44%[[1]](#endnote-1) |
| Housing | Apartment rental | N/A | N/A | 56%[[2]](#endnote-2) |
| Housing | Homeowner’s insurance (annual) | $508.00 | $1,135.90 | 161%[[3]](#endnote-3) |
| Housing | Real estate tax (annual) | $690.00 | $1,569.40 | 127%[[4]](#endnote-4) |
| Housing | Heating oil (gallon) | $1.15 | $2.97 | 159%[[5]](#endnote-5) |
| Housing | Natural gas (dollars per gallon) | $1.01 | $2.36 | 133%[[6]](#endnote-6) |
| Housing | Electricity per kilowatt hr | $.08 | $.13 | 63%[[7]](#endnote-7) |
|  |  |  |  |  |
| Transportation | New & used vehicles | N/A | N/A | 0%[[8]](#endnote-8) |
| Transportation | All grades gas (gallon) | $1.31 | $2.31 | 76%[[9]](#endnote-9) |
| Transportation | Oil change  | $23.11 | $27.94 | 21%[[10]](#endnote-10) |
| Transportation | Maintenance/repair | N/A | N/A | 54%[[11]](#endnote-11) |
|  |  |  |  |  |
| Medical | Total out-of-pocket medical expenses | $1,074.50 | $1,391.90 | 30%[[12]](#endnote-12) |
| Medical | Prescription drugs, generic, brand, special. | $623.70 | $581.25 | -7%[[13]](#endnote-13) |
| Medical | dental, general visits | $377.40 | $691.12 | 83%[[14]](#endnote-14) |
| Medical | Medicare Part B premiums (monthly) | $45.50 | $104.90 | 131%[[15]](#endnote-15) |
| Medical | Medicare Part D premiums average weighted for enrollment | $25.93 | $39.00 | 50%[[16]](#endnote-16)\*since 2006 |
| Medical | Medigap average premium, all plans | $119.00 | $238.00 | 100%[[17]](#endnote-17) |
|  |  |  |  |  |
| Food | 10 lbs. potatoes | $2.98 | $4.98 | 67%[[18]](#endnote-18) |
| Food | 1 lb. cheddar cheese | $3.84 | $5.40 | 41%[[19]](#endnote-19) |
| Food | Milk (gal.) | $2.78 | $3.76 | 35%[[20]](#endnote-20) |
| Food | Eggs (dz.) | $0.93 | $2.11 | 117%[[21]](#endnote-21) |
| Food | Ground chuck (lb.) | $1.90 | $4.38 | 130%[[22]](#endnote-22) |
| Food | Chicken (lb.) | $1.06 | $1.55 | 46%[[23]](#endnote-23) |
| Food | coffee (lb.) | $3.54 | $4.74 | 34%[[24]](#endnote-24) |
| Food | Bread, white (loaf) | $.91 | $1.48 | 63%[[25]](#endnote-25) |
| Food | Apples (lb.) | $.95 | $1.35 | 41%[[26]](#endnote-26) |
| Food | Oranges (lb.) | $.61 | $1.20 | 96%[[27]](#endnote-27) |
|  |  |  |  |  |
| Recreation | Movie ticket  | $5.39 | $8.46 | 52%[[28]](#endnote-28) |
| Recreation | category | N/A | N/A | 13%[[29]](#endnote-29) |
|  |  |  |  |  |
| Communication | Basic phone service, 2 land lines, local | $55.37 | $84.97 | 52%[[30]](#endnote-30) |
| Communication | First class postage | $0.33 | $0.49 | 48% |
|  |  |  |  |  |
| Apparel  | Clothing | N/A | N/A | (-3%)[[31]](#endnote-31) |
|  |  |  |  |  |
| Other | Personal care products | N/A | N/A | 7%[[32]](#endnote-32) |
| Other | Personal care services  | N/A | N/A | 26%[[33]](#endnote-33) |

Weighting:

We used the weighting of the Consumer Price Index for the Elderly (CPI-E) to suggest our weighting guidelines. [[34]](#endnote-34)

|  |  |  |
| --- | --- | --- |
| Expenditure Group | CPI-E | TSCL Survey  |
| Housing | 44.5 | 45.3 |
| Transportation | 14.5 | 14.1 |
| Medical | 11.3 | 14.7[[35]](#endnote-35) |
| Food | 12.8 | 12.8 |
| Recreation | 5.3 | 4.2 |
| Communication | 3.8 | 3.2 |
| Apparel | 2.4 | 2.4 |
| Other | 5.4 | 3.3 |

1. Home Owners, CPI-U, January 2000 through January 2015 Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-1)
2. Rental of Primary Residence CPI-U, January 2000 through January 2015, Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-2)
3. Average Premiums For Homeowners and Renters Insurance, Insurance Information Institute, April 14, 2015. <http://www.iii.org/media/facts/statsbyissue/homeowners/>

Methodology: Rate of increase extended from 2013 through 2015 based on historic average rate of increase. To be adjusted year to year. [↑](#endnote-ref-3)
4. Real estate tax, Orange County Virginia, files of Mary Johnson, 2000 through December 2014. Methodology: According to state data collected by the Tax Foundation, Virginia property taxes rank about in the middle nationally (30th). <http://www.taxfoundation.org/taxdata/show/1913.html>. [↑](#endnote-ref-4)
5. Retail prices of residential heating oil 2000-2015, Energy Information Administration, February 1, 2014.

<http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W_EPD2F_PRS_NUS_DPG&f=W>

From 01/03/2000 -01/06/2015. [↑](#endnote-ref-5)
6. Residential prices natural gas 2000 -2015, Energy Information Administration, April 14, 2015. <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W_EPLLPA_PRS_NUS_DPG&f=W>

From 1/03/2000 to 1/06/2015. [↑](#endnote-ref-6)
7. Average retail price of electricity to customers, 2000-2014, Energy Information Administration, March 13, 2014 , <http://www.eia.gov/cneaf/electricity/epm/table5_3.html>. [↑](#endnote-ref-7)
8. New and &used motor vehicle costs, CPI-U, January 2000 through January 2015, Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-8)
9. Retail prices of gasoline, all grades 2000-2015, Energy Information Administration, April 14, 2015. From 01/03/2000 -01/05/2015. <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=W> . [↑](#endnote-ref-9)
10. Oil change four qts. oil and oil filter, files of Mary Johnson, 2000 through 2015. [↑](#endnote-ref-10)
11. Maintenance and repair data, CPI-U, January 2000 through January 2015, Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-11)
12. Medical Expenditure Panel Survey, Total Health Services Table 1, Agency for Healthcare Research and Quality, April 15, 2015. <http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=1&subcomponent=0&year=-1&tableSeries=1&searchText=&searchMethod=1&Action=Search>

Methodology: Data through 2012 used to project spending through December 2014. Adjusted using CPI-U medical care index Jan-Jan. Percentage of out-of-pocket held at most recent data. [↑](#endnote-ref-12)
13. Ibid, Medical Expenditure Panel Survey, Table 2: Prescription Medicines, Agency for Healthcare Research and Quality, April 15, 2015. <http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=1&subcomponent=0&year=-1&tableSeries=1&searchText=&searchMethod=1&Action=Search>

Methodology: Data through 2012 used to project spending through December 2014. Adjusted using CPI-U medical care index Jan-Jan. Percentage of out-of-pocket data used to determine out-of-pocket costs. [↑](#endnote-ref-13)
14. Ibid. Medical Expenditure Panel Survey, Table 3.1.a. General Dental Visits, Agency for Healthcare Research and Quality, April 15, 2015. <http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=1&subcomponent=0&year=-1&tableSeries=1&searchText=&searchMethod=1&Action=Search>

Methodology: Data through 2012 used to project spending through December 2014. Adjusted using CPI-U medical care index Jan-Jan. Percentage of out-of-pocket data used to determine out-of-pocket costs. [↑](#endnote-ref-14)
15. Medicare Premiums for 2015, CMS, April 15, 2015. [↑](#endnote-ref-15)
16. ”Medicare Part D: A First Look at Plan Offerings in 2015,” Kaiser Family Foundation, October 2014. [↑](#endnote-ref-16)
17. Starting premium: “Estimation of Hedonic Pricing Model For Medigap Insurance, Table 2 Average Premiums by Plan — Year 2000, ” John Robst, Health Services Research, National Institute of Health, 2006. http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1955311/pdf/hesr0041-2097.pdf “Medigap Spotlight on Enrollment, Premiums, and Recent Trends, Kaiser Family Foundation, April 2013. <http://kff.org/medicare/report/medigap-enrollment-premiums-and-recent-trends/> Data through 2015 estimated based on historical rate of increase, to be adjusted annually. [↑](#endnote-ref-17)
18. Sam’s Club Charlottesville Virginia, 2000 through 2015, 10 pound Gold potatoes, www.sams.com. [↑](#endnote-ref-18)
19. Retail Dairy Prices, Cheddar/lb. Agricultural and Applied Economics, University of Wisconsin, April 15, 2015.

<http://future.aae.wisc.edu/data/monthly_values/by_area/303?area=US>. [↑](#endnote-ref-19)
20. Retail Dairy Prices Fresh Whole Milk Retail (GAL), Agricultural and Applied Economics, University of Wisconsin, April 15, 2015, <http://future.aae.wisc.edu/tab/prices.html#15> . [↑](#endnote-ref-20)
21. Food data 2000 through January 2015, Bureau of Labor Statistics, April 15, 2015. [↑](#endnote-ref-21)
22. Ibid. [↑](#endnote-ref-22)
23. Ibid. [↑](#endnote-ref-23)
24. Ibid. [↑](#endnote-ref-24)
25. Ibid. [↑](#endnote-ref-25)
26. Ibid. [↑](#endnote-ref-26)
27. Ibid. [↑](#endnote-ref-27)
28. Movie ticket: Average Ticket Prices, The National Association of Theater Owners, March 12, 2014. <http://natoonline.org/data/ticket-price/> [↑](#endnote-ref-28)
29. Recreation, CPI-U data January 2000-January 2015, Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-29)
30. Basic local residential phone service (2 lines), Verizon, 2000 through 2015. [↑](#endnote-ref-30)
31. Apparel data from CPI-U, January 2000 through January 2015, Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-31)
32. Personal care data from CPI-U, January 2000 through January 2015, Bureau of Labor Statistics, February 26, 2015. [↑](#endnote-ref-32)
33. Ibid. [↑](#endnote-ref-33)
34. 2011-2012 Weights for CPI-E, Bureau of Labor Statistics, March 2013. [↑](#endnote-ref-34)
35. “Health Care On a Budget,” Kaiser Family Foundation, March 2012. [↑](#endnote-ref-35)