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## **Social Security Benefits Lose 33% of Buying Power Since 2000** *According to Latest Study By The Senior Citizens League*

**(Washington, DC)** Social Security benefits have lost 33 percent of buying power since 2000, according to the latest Social Security Loss of Buying Power Study released today by The Senior Citizens League. “One would think that a higher cost-of-living adjustment in 2019, combined with relatively low inflation, would lead to an improvement of buying power in Social Security benefits,” says study author Mary Johnson, a Social Security policy analyst for the League. “But any improvement was offset by spiking costs of essentials, including out-of-pocket spending on prescription drugs,” Johnson says.

For roughly 10 million older Americans who have been retired since 2000, the buying power of their Social Security benefits only ‘improved’ by a meager 1 percent, from a loss of 34 percent over the period 2000 to 2018 to a loss of 33 percent from 2000- 2019. The loss occurred even though beneficiaries received a 2.8 percent annual cost - of - living adjustment (COLA) for 2019.

This year's study of retiree costs found that between January of 2000 and January of 2019, Social Security COLAs increased Social Security benefits by 50 percent, but the costs of goods and services purchased by typical retirees rose more than twice as fast — 100.3 percent. Food and medical costs — particularly for fresh fruits and vegetables, and prescription drugs — were among the most rapidly - rising costs over the past year. The study examines the growth since 2000 in price of goods and services that are typical for retired and disabled households, and, compares them to the growth in Social Security benefits due to annual COLAs.

As an indicator of low inflation, based on consumer price index (CPI) data through April of this year, Johnson estimates that the COLA for 2019 will be about 1.7%percent. That number could change, since there are still five months of consumer price index data to be collected before the Social Security Administration announces the COLA in October.

Those participating in The Senior Citizens League’s annual senior survey, which is still being conducted, confirm that monthly household expenses made steep increases over the past year, far in excess of the dollar amount that their COLAs increased benefits. The 2.8 percent COLA raised the average Social Security benefit of \$1,400 by about \$39 per month this year. Yet more than 78 percent of survey participants report that their household spending rose by more than \$39.00 per month in 2018. “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.

Item	Cost in 2000	Cost in 2018	Percent Increase
	Average cost \$ or numeric data	Average cost	
1. Prescription drugs, generic, brand, special, average out-of-pocket annual.	\$1,102.00	\$3,891.90	253%
2. Homeowner's insurance (annual)	\$508.00	\$1,518.97	199%
3. Medicare Part B premiums (monthly)	\$45.50	\$135.50	198%
4. Home heating oil (gallon)	\$1.15	\$3.09	170%
5. 10 lbs. potatoes (gold)	\$2.98	\$7.98	168%
6. Propane gas (gal.)	\$1.01	\$2.43	141%
7. Medigap (average monthly premium, all plans)	\$119.00	\$279.55	135%
8. Real estate tax (annual)	\$690.00	\$1,579.06	129%
9. Total medical costs, not including premiums (annual)	\$6,140.00	\$13,665.00	123%
10. Oranges (lb.)	\$0.61	\$1.34	120%

A person receiving the national average Social Security benefit in 2000 — \$816 per month — would have \$1,226.60 per month by 2019. However, because retiree costs are rising at a substantially faster pace than the COLA, that individual would require a Social Security benefit of \$407.90 more per month, or \$1,634.50 in 2019, *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 2018. The items were chosen because they are typical of the costs of most Social Security recipients, and include expenditures like the Medicare Part B premium, that are not measured by the index currently used to calculate the COLA. Of the 39 items analyzed, 25 exceeded the percentage of increase in the COLA over the same period. “This study illustrates why legislation is needed to provide a more fair and adequate COLA,” Johnson says. “To put it in perspective, the same \$100 worth of groceries that a retiree household could buy in 2000, can only buy \$67 worth today,” Johnson adds.

A majority of the 60 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 bipartisan legislation called the *Fair COLA for Seniors Act* (H.R. 1553) 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 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.](#)