

# **2022 Social Security Loss of Buying Power Study**

## **Social Security Benefits Lose 40% Of Buying Power Since 2000**

By Mary Johnson, Social Security Policy Analyst  
The Senior Citizens League, May 2022



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#### **Summary:**

High inflation over the past year has deeply weakened the buying power of Social Security benefits, particularly for those who have been retired for more than two decades. The buying power of benefits of those who retired before the year 2000 has eroded by 40 percent — the deepest loss in buying power since the beginning of this study by The Senior Citizens League in 2010.

Rapidly rising prices since March 2021 led to an erosion of 10 percentage points in buying power when compared with March data in 2022. While almost every expenditure category increased, this year's erosion in buying power was most felt in energy costs for heating and gasoline, higher prices for many food items, and the steep jump in Medicare Part B premiums in 2022.

Social Security benefits are adjusted annually for inflation to protect the buying power of beneficiaries when prices rise. Without an accurate and adequate adjustment that keeps pace with rising costs, beneficiaries lose purchasing power, especially over the course of a retirement that could last 25 to 30 years. This loss is cumulative and grows deeper as retirees age. It can cause significant hardships that include more rapid depletion of savings than expected, growing debt, and even worse health outcomes.

Based on data from the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through April, the 2023 cost of living adjustment (COLA) may be about 8.6% percent in 2023, the highest since 1981.

## **Background**

When prices rise more rapidly than the annual COLA, benefits can fall short. This shortfall can produce long-term impacts on retirement income needs, including reduced retiree savings as consumers are forced to either withdraw more than expected or incur higher debt levels. High inflation can even affect health, when older people cut back on meals, cannot afford prescriptions, or postpone getting necessary medical and dental care.

Between January of 2000 and March 2022, Social Security COLAs increased benefits by 64 percent, but the costs of goods and services purchased by typical retirees rose by more than twice that rate— 130 percent. For every \$100 a retired household spent on groceries in 2000, that household can only buy about \$60 worth today.

Actual price increases vary but consider the following example and its impact on the finances of older homeowners: Home heating oil increased by 348 percent from 2000 to 2022, by far the most ever recorded in this study. In 2000, the average annual cost of homeowners' heating oil was \$1.15 a gallon and it cost about \$575 to fill a 500 - gallon tank, roughly enough for a typical winter heating season. In 2000 the average benefit was \$816 per month and one month's benefits could pay the entire winter's oil bill while still leaving some money for groceries and medications. On the other hand, by March 2022, home heating oil climbed to \$5.13 a gallon, costing \$2,565 to fill up the same 500 - gallon tank. By 2022 COLAs only increased benefits to \$1,336.90 per month, and it would take two months of Social Security checks before the season's oil bill is paid in full.

## **Major Findings**

In 2022, more than 65 million Social Security recipients received a 5.9 percent annual COLA, which raised an average retiree benefit of \$1,565 by \$92.30 per month. For many retirees ages 65 and up, especially those with lower benefits, much of their COLA was offset by rising Medicare Part B premiums. The Part B premium rose by \$21.60 per month in 2022 from \$148.50 in 2021 to \$170.10 in 2022. A recent survey conducted by TSCL found that 25 percent of survey participants reported that, after the deduction for just the Part B premium and other automatically deducted health and drug plan premiums, their COLA increased their available Social Security benefit by less than \$25 per month.

As noted above, in this year's study, price data through March 2022 indicate that Social Security benefits lost 40 percent of buying power since 2000. Since 2000, COLAs have increased Social Security benefits by a total of 64 percent, yet typical senior expenses through March 2022 grew 130 percent. Table 1 of this report lists ten of the fastest-growing costs since 2000. Where no average prices are available, numeric values from the U.S. Bureau of Labor Statistics CPI-U are used. Table 2 shows the fastest-growing costs from March 2021 to March 2022, among our list of 37 items.

**Table 1. Top Ten Fastest Growing Costs of Older Americans Since 2000**

<b>Item</b>	<b>Cost in Jan. 2000 Average cost \$ or numeric data*</b>	<b>Cost in March 2022 Average cost\$ or numeric data*</b>	<b>Percent Increase Since 2000</b>
1.) Home heating oil (gal.)	\$1.15	\$5.13	348%
2.) Prescription drug out - of - pocket	\$ 1.102.00	\$ 4,245.00	285%
3.) Medicare Part B premium (mo.)	\$ 45.50	\$170.10	274%
4.) All grades gasoline (gal.)	\$1.31	\$4.33	231%
5.) Propane gas (gal.)	\$1.01	\$2.98	195%
6.) Veterinarian services	109.300*	311.775*	185%
7.) Homeowner's insurance (annual)	\$508.00	\$1,335.77	163%
8.) Bacon (lb.)	\$2.75	\$7.20	162%
9.) Ground chuck (lb.)	\$1.90	\$4.87	156%
10.) Total medical expenses included uncovered costs (annual)	\$6,140.00	\$15,671.00	155%

**Table 2. Fastest Growing Costs of Older Americans March 2021 – March 2022**

<b>Item</b>	<b>Cost in March 2021 Average cost \$ or numeric data*</b>	<b>Cost in March 2022 Average cost \$ or numeric data*</b>	<b>Percent increase since March 2021</b>
1.) Home heating oil (gal.)	\$2.86	\$5.13	79%
2.) Gasoline (all grades, gal.)	\$2.86	\$4.33	51%
3.) Used vehicles	153.873*	208.216*	35%
4.) Propane gas (gal.)	\$2.30	\$2.98	30%
5.) Eggs (dz.)	\$1.63	\$2.05	26%
6.) Bacon (lb.)	\$5.85	\$7.20	23%
7.) Oranges (lb.)	\$1.27	\$1.48	16.5%
8.) Coffee (lb.)	\$4.67	\$5.41	16%
9.) Medicare Part B premium (mo.)	\$148.50	\$170.10	14.5%
10.) Ground chuck (lb.)	\$4.31	\$4.87	13%

\*Source U.S. Bureau of Labor Statistics, data through March 2022. Where no average prices are available, numeric data are used.

## What the Average Benefit Would Have to Be to Maintain Buying Power

The average Social Security benefit in 2000 was \$816 per month. That benefit grew to \$1,336.90 by 2022 due to COLA increases. However, because retiree costs are rising at a far more rapid pace than the COLA, this study found that a Social Security benefit of \$1,876.70 per month in 2020 would have been required (\$539.80 more) *just to maintain the same level of buying power as in 2000*.

To help protect the buying power of benefits, The Senior Citizens League supports legislation that would strengthen the COLA in three ways:

1. Calculate COLAs based on a consumer price index that better reflects the spending patterns of retirees.
2. Provide a modest boost in monthly benefits to retirees to make up for years when no COLA or only a negligible COLA was paid.
3. Guarantee a minimum COLA of no less than 3 percent for future adjustments.

To learn more, visit [www.SeniorsLeague.org](http://www.SeniorsLeague.org).

## Methodology

This study examined the increase in costs of 37 key items purchased by persons aged 65 and older, between 2000 and March 2022 (see Table 4). The items were chosen not only because they are typical expenditures of older adults, but also because they include common expenditures, such as Medicare Part B and D premiums, which are not tracked under the consumer price index used to adjust Social Security benefits, the Consumer Price Index for Urban Wage Earners, and Clerical Workers (CPI-W).

To determine how the purchasing power of Social Security benefits is affected from year to year, the average benefit in January of 2000 was adjusted using COLA increases through January 2022. The average Social Security benefit was \$816 in 2000. COLAs increased benefits 64 percent over the 22-year period, increasing this benefit to \$1,336.90 in 2022.

The study found that typical retiree expenditures have increased over the same period by 130 percent for the 37 expenditure items. That means the \$816 average benefit in 2000 would have needed to increase to \$1,876.70 per month or \$539.80 per month *just to maintain the same level of buying power as in 2000*.

The loss of buying power was then determined by dividing the difference in the amount that beneficiaries would need to keep up, \$539.80, by the amount received in 2022 — \$1,336.90. That represents a 40 percent loss of buying power since 2000.

The 37 selected items represent eight categories, weighted by expenditure. The study uses somewhat similar weightings to those used in calculating the Consumer Price Index for the Elderly (CPI-E).

Table 3 illustrates trends for the COLA for the year following the year of our Loss of Buying Power Study findings. Based on inflation through the month of April 2022, we estimate the COLA for 2023 will be about 8.6 percent. But as new consumer price data is released this estimate will change several times before the COLA is announced in October 2022.

**Table 3.**  
**TSCL’s Social Security Loss of Buying Power Study and COLA Trends for 2010-2022**

<b>Year</b>	<b>Loss of Buying Power Findings</b>	<b>Loss or Gain in Buying Power</b>	<b>COLA (Announced in October, effective January 1 the following year.)</b>
2010	24%		0%
2011	32%	- 8%	3.6%
2012	34%	- 2%	1.7%
2013	31%	+ 3%	1.5%
2014	31%	No change from previous year	1.7%
2015	22%	+ 9%	0%
2016	23%	- 1%	0.3%
2017	30%	- 7%	2.0%
2018	34%	-4%	2.8%
2019	33%	+ 1%	1.6%
2020	30%	+ 3%	1.3%
2021	30% (through March 2021)	No change from previous year	5.9%
2021 (update)	32% (through July 2021)	- 2%	5.9%
2022	40% (through March 2022)	- 10% from March 2021 - March 2022 -8% from July 2021 to March 2022	

The chart below illustrates the changes in item costs from 2000 to March 2022. Where no average prices are available, numeric values from the U.S. Bureau of Labor Statistics CPI-U are used.

## Loss of Buying Power Data Sources 2022

Category	Expense	Average cost or numeric value in Jan 2000	Average cost or numeric value Mar 2022	Percent Increase 2021-2022
Housing	Own	195.700	354.968	81% <sup>1</sup>
Housing	Rental	180.800	361.083	100% <sup>2</sup>
Housing	Homeowner's insurance (annual)	\$508.00	\$1,335.77	163% <sup>3</sup>
Housing	Real estate tax (annual)	\$690.00	\$1,494.02	117% <sup>4</sup>
Housing	Heating oil (gallon)	\$1.15	\$5.13	348% <sup>5</sup>
Housing	Propane gas (dollars per gallon)	\$1.01	\$2.98	195% <sup>6</sup>
Housing	Electricity per kilowatt hr	\$.08	\$.15	88% <sup>7</sup>
Transportation	New vehicles	143.300	168.056	17% <sup>8</sup>
	Used vehicles	153.900	208.216	35% <sup>9</sup>
Transportation	All grades gas (gallon)	\$1.31	\$4.33	231% <sup>10</sup>
Transportation	Maintenance/repair	174.600	329.992	89% <sup>11</sup>
Transportation	Services including motor vehicle insurance, airline fare	193.000	340.671	77% <sup>12</sup>
Medical	Total medical expenses, not including premiums	\$6,140.00	\$15,671	155% <sup>13</sup>
Medical	Prescription drugs, generic, brand, special.	\$1,102.00	\$4,245.00	285% <sup>14</sup>
Medical	dental, general visits	\$286.00	\$497.23	74% <sup>15</sup>
Medical	Medicare Part B premiums (monthly)	\$45.50	\$170.10	274% <sup>16</sup>
Medical	Medicare Part D premiums average weighted for enrollment	\$25.93	\$43.00	66% <sup>17</sup> since 2006
Medical	Medigap average premium, all plans	\$119.00	\$216.00	82% <sup>18</sup>
Food	10 lbs. potatoes	\$2.98	\$6.78	128% <sup>19</sup>
Food	1 lb. cheddar cheese	\$3.76	\$5.49	46% <sup>20</sup>
Food	Milk (gal.)	\$2.79	\$3.92	41% <sup>21</sup>
Food	Eggs (dz.)	\$0.98	\$2.05	110% <sup>22</sup>
Food	Ground chuck (lb.)	\$1.90	\$4.87	156% <sup>23</sup>
Food	Chicken (lb.)	\$1.06	\$1.72	63% <sup>24</sup>
Food	coffee (lb.)	\$3.54	\$5.41	53% <sup>25</sup>

Food	Bread, white (loaf)	\$ .91	\$1.61	77% <sup>26</sup>
Food	Apples (lb.)	\$ .95	\$1.68	76% <sup>27</sup>
Food	Oranges (lb.)	\$ .61	\$1.48	143% <sup>28</sup>
Food	Tomatoes	\$1.44	\$1.83	27% <sup>29</sup>
Food	Bacon	\$2.75	\$7.20	162% <sup>30</sup>
Recreation	(all items in category)	102.300	129.437	27% <sup>31</sup>
Recreation	Major League Baseball ticket	\$16.22	\$36.02	122% <sup>32</sup>
Recreation	Pets and pet products	144.300	196.819	36% <sup>33</sup>
Recreation	Veterinarian services	109.300	311.775	185% <sup>34</sup>
Communication	Basic phone service, land lines, local	\$27.69	\$58.08	110% <sup>35</sup>
Communication	First class postage	\$0.33	\$0.58	67%
Apparel	Clothing	126.800	120.430	-5% <sup>36</sup>
Other goods and services	Including personal care products and services	265.300	498.538	88% <sup>37</sup>

Weighting:

The chart below shows how our expenditure weighting compares with the BLS weighting for the Consumer Price Index for the Elderly.

<b>Expenditure Group</b>	<b>CPI-E</b>	<b>TSCL Survey</b>
Housing	47.4	47.4
Transportation	14.5	13.6
Medical	11.7	12.5
Food	12.6	13.0
Recreation	4.9	4.8
Communication	4.4	4.2
Apparel	1.8	1.8
Other	2.7	2.7

<sup>1</sup> Home Owners, CPI-U, January 2000 through March 2022, Bureau of Labor Statistics, April 12, 2022.

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- <sup>2</sup> Rental of Primary Residence CPI-U, January 2000 through March 2022, Bureau of Labor Statistics, April 12, 2022.
- <sup>3</sup> Average Premiums For Homeowners and Renters Insurance, Insurance Information Institute, March 1, 2022. <http://www.iii.org/media/facts/statsbyissue/homeowners/>  
Methodology: Rate of increase extended from 2020 through 2022 based on percentage of historic average rate of increase from 2012 - 2021.
- <sup>4</sup> Real estate tax, Orange County Virginia, files of Mary Johnson, 2000 through January 2022. Virginia ranks approximately 21 of 50 states in order of the average amount collected. <http://www.tax-rates.org/virginia/property-tax>.
- <sup>5</sup> Retail prices of residential heating oil 2000- through March 29, 2022, Energy Information Administration, April 17, 2022.  
[http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W\\_EPD2F\\_PRS\\_NUS\\_DPG&f=W](http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W_EPD2F_PRS_NUS_DPG&f=W).
- <sup>6</sup> Residential prices natural gas 2000 –through March 29, 2022, Energy Information Administration, April 17, 2022.  
[http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W\\_EPLLPA\\_PRS\\_NUS\\_DPG&f=W](http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W_EPLLPA_PRS_NUS_DPG&f=W)
- <sup>7</sup> Average retail price of electricity to customers, 2000-2022, Bureau of Labor Statistics Average Price Data through March 2022.
- <sup>8</sup> New motor vehicle costs, January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2022.
- <sup>9</sup> Used motor vehicle costs, CPI-U January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2022.
- <sup>10</sup> Retail prices of gasoline, all grades 2000 - through March 29, 2022, Energy Information Administration.,  
[http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM\\_EPM0\\_PTE\\_NUS\\_DPG&f=W](http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=W) .
- <sup>11</sup> Maintenance and repair data, CPI-U January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2022.
- <sup>12</sup> Transportation services, CPI-U, January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2022.
- <sup>13</sup> 2021 Medicare Trustees Report, August 31, 2021, Table V.D1. Beneficiary Costs, page 207.
- <sup>14</sup> Medicare Part D Utilization, Average Annual Prescription Drug Fills, Gross Costs, [MDCR UTLZN D 4, Medicare Statistical Supplement](#), accessed April 18, 2022. Cost for 2021 projected using prescription drug CPI for Jan 2022.
- <sup>15</sup> Costs through 2020 based on National Health Expenditures 2020, CMS, accessed April 17, 2022. Medicare and Dental Coverage: A Closer Look, Kaiser Family Foundation, July 28, 2021. <https://www.kff.org/medicare/issue-brief/medicare-and-dental-coverage-a-closer-look/>. Dental estimator: <https://www.in2013dollars.com/Dental-services/price-inflation/2020-to-2021?amount=486.36>.
- <sup>16</sup> Medicare Premiums for 2022, CMS, November 2021.
- <sup>17</sup> “Medicare Part D: A First Look at Prescription Drug Plans 2022,” Kaiser Family Foundation, November 2, 2021.
- <sup>18</sup> Medigap plan comparison, prices for ABCDGF averaged, <https://www.valuepenguin.com/medicare-cost#supplement>.
- <sup>19</sup> Sam’s Club Charlottesville Virginia, 10 lbs. gold potatoes.
- <sup>20</sup> Average price data U.S. Bureau of Labor Statistics, April 18, 2022.
- <sup>21</sup> Average price data Bureau of Labor Statistics, accessed on April 12, 2022.
- <sup>22</sup> Ibid.
- <sup>23</sup> Ibid.
- <sup>24</sup> Ibid.
- <sup>25</sup> Ibid.
- <sup>26</sup> Ibid.
- <sup>27</sup> Average apple price based on average per pound cost all varieties Walmart, April 18, 2022.
- <sup>28</sup> Average price data, Bureau of Labor Statistics, accessed on April 12, 2022.
- <sup>29</sup> Ibid.
- <sup>30</sup> Ibid.
- <sup>31</sup> Recreation, CPI-U data January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2022.
- <sup>32</sup> Ticket price data-<http://roadsidephotos.sabr.org/baseball/earlyticketprices.htm>. Statista.com <https://www.statista.com/statistics/193426/average-ticket-price-in-the-mlb-since-2006/>



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<sup>33</sup> CPI-U data Bureau of Labor Statistics, April 12, 2022.

<sup>34</sup> Ibid.

<sup>35</sup> Basic local residential phone service Verizon, January 2000 through March 2022.

<sup>36</sup> Apparel data from CPI-U, January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2022.

<sup>37</sup> Other goods and services, CPI-U, January 2000 through March 2022 Bureau of Labor Statistics, April 12, 2021.