



**TSCl**  
*Defending Your Earned Benefits*

## 2023 Social Security Loss of Buying Power Study

### *Social Security Benefits Lose 36% Of Buying Power Since 2000*

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#### **Summary:**

Soaring inflation over the past two years has deeply weakened the buying power of Social Security benefits, particularly for the oldest and disabled adults who have received benefits the longest. This latest research on the buying power of Social Security benefits finds that older adults who retired before 2000 (now age 85 and older) have lost 36 percent of their buying power and would need an extra \$516.70 more per month (\$6,200 more in 2023) than they are currently getting *to maintain the same level of buying power as in 2000*.

Inflation is moderating, but a lower inflation rate has not necessarily meant that prices have decreased. This study confirms that the prices older consumers are paying simply are not growing as fast as a year ago, but many prices on key items remain stubbornly high through February 2023. On the other hand, the declining rate of inflation points to a significantly lower COLA for next year after the 8.7% COLA in 2023 — the highest in four decades.

The buying power of Social Security benefits can erode when the annual cost of living adjustment (COLA) fails to keep pace with rising costs. But in some years, buying power can improve modestly when inflation moderates. One year ago, this study found that Social Security benefits lost 40 percent of buying power since 2000. That was the deepest loss in buying power since the start of this study in 2010. This year, the study found that the loss of buying power slightly improved — by four percentage points — to 36 percent. However, that is still one of the deepest losses recorded by this study, exceeded only by 2022.

To measure this loss of buying power, this study compares the growth in the COLA since 2000 with changes in the price of 38 goods and services typically used by retirees over

the same period. This year, buying power was most impacted by sharp increases in food items, electricity, rental housing, a 16 percent increase in the cost of dental care as well as repair and maintenance costs of motor vehicles.

Topping our list of fastest-growing items? Eggs. In fact, no other spending item beat eggs or grew faster during the survey reference period, which compared price changes from March 2022 to February 2023. (See Table 1).

### **Major Findings**

Social Security benefits are adjusted annually for inflation to protect the buying power of beneficiaries as prices rise. Without an accurate cost of living adjustment (COLA) 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, including more rapid depletion of savings than expected, growing debt, and worse health outcomes. In short, inadequate COLAs result in a significant deterioration in an older household's standard of living.

Between January 2000 and February 2023, Social Security COLAs increased benefits by 78 percent, averaging 3.4 percent annually. But the cost of goods and services purchased by typical retirees rose by 141.4 percent averaging about 6.2 percent annually over the same period. For every \$100 a retired household spent on goods and services in 2000, that household can only buy about \$64 worth today.

Table 1. of this report lists 10 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 10 fastest-growing costs year over year from February 2022 to February 2023 among our list of 38 items.

**Table 1. 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 Feb. 2023 Average cost \$ or numeric data*</b>	<b>Percent Increase Since 2000</b>
1.) Eggs, Grade A, large (doz.)	\$.98	\$4.21	332%
2.) Prescription drugs, out-of-pocket	\$ 1,102.00	\$ 4,524.03	311%
3.) Heating oil (gal.)	\$ 1.15	\$4.34	279%
4.) Dental services, general visits	\$286.00 (annual) out of pocket	\$1,073.00	275%
5.) Medicare Part B premiums, standard monthly	\$45.50	\$164.90	262%
6.) Homeowner's insurance (annual)	\$508.00	\$1,489.14	193%
7.) Pet services, including veterinarian services	109.300*	317.279*	190%
8.) Total medical expenses, including uncovered costs (annual)	5,844.00	\$16,192.00	177%
9.) Propane gas (gal.)	\$1.01	\$2.70	167.3%
10.) Gasoline, all grades (gal.)	\$1.31	\$3.50	167.1%

\*Source U.S. Bureau of Labor Statistics, data through February 2023. Where no average prices are available, numeric data are used.

**Table 2. Fastest Growing Costs of Older Americans February 2022 – February 2023**

Item	Cost in Feb. 2022 Average cost \$ or numeric data*	Cost in Feb. 2023 Average cost \$ or numeric data*	Percent increase since Feb. 2022
1.) Eggs, Grade A, large (doz.)	\$2.01	\$4.21	110%
2.) Apples, all varieties (lb.)	\$1.68	\$2.09	24%
3.) Bread, white (loaf)	\$1.61	\$1.90	18%
4.) Coffee (lb.)	\$5.41	\$6.35	17%
5.) Dental visits, out of pocket, over 65	\$1,029.55	\$1,073.82	16%
6.) Electricity (kilowatt hr.).	\$.15	\$.17	13.3%
7.) Motor vehicle maintenance and repair	329.992*	372.572*	13%
8.) Pets and pet products	192.891	213.861	11%
9.) Chicken (lb.)	\$1.72	\$1.89	10%
10.) Rental housing	361.083*	391.141*	8%

\*Source U.S. Bureau of Labor Statistics, data through February 2023. Where no average prices are available, numeric data are used.

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

The average Social Security benefit (for all beneficiaries) in 2000 was \$816 per month. That benefit grew to \$1,453.20 by 2023 due to COLA increases. However, because retiree costs are rising at a far more rapid pace than the COLA raises benefits, this study found that a Social Security benefit of \$1,969.8 per month in 2023 would have been required (\$516.70 more per month, or \$6,200 more per year) *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 for retirees to make up for the erosion in buying power.
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 38 key items purchased by persons ages 65 and older between 2000 and February 2023 (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, that 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 February 2023. The average Social Security benefit was \$816 in 2000. COLAs increased benefits by 78 percent over the 23-year period, increasing this benefit to \$1,453.20 in 2023.

The study also found that typical retiree expenditures have increased by 141.4 percent for the 38 expenditure items over the same period. That means the \$816 average benefit in 2000 would have needed to increase to \$1,969.80 per month or \$516.70 more per month (\$6,200 per year) *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, \$516.70, by the amount received in 2023 — \$1,453.20. That represents a 36 percent loss of buying power since 2000.

The 38 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.

**Table 3.**  
**TSCL’s Social Security Loss of Buying Power Study and Trends for 2010- 2023.**

<b>Year</b>	<b>Loss of Buying Power</b>	<b>Loss or Gain in Buying Power</b>	<b>COLA (Announced in October, effective January 1 of 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	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 the previous year	5.9%
2021 (update)	32% (Through July 2021)	- 2%	5.9%
2022	40%	- 10% from March 2021 - March 2022	8.7%
2023	36%	+4%	

Table 4. illustrates the changes in item costs from 2000 to February 2023. Where no average prices are available, numeric values from the U.S. Bureau of Labor Statistics CPI-U are used.

**Table 4. Retiree Expenditure Price Change**

Category	Expense	Average cost or numeric value in Jan 2000	Average cost or numeric value Feb 2023	Percent Increase 2000-2023
Housing	Own	195.700	381.844	95% <sup>1</sup>
Housing	Rental	180.800	391.141	116% <sup>2</sup>
Housing	Homeowner's insurance (annual)	\$508.00	\$1,489.14	193% <sup>3</sup>
Housing	Real estate tax (annual)	\$690.00	\$1,556.25	126% <sup>4</sup>
Housing	Heating oil (gallon)	\$1.15	\$4.34	279% <sup>5</sup>
Housing	Propane gas (dollars per gallon)	\$1.01	\$2.70	167% <sup>6</sup>
Housing	Electricity per kilowatt hr.	\$.08	\$.168	110% <sup>7</sup>
Transportation	New vehicles	143.300	177.817	24% <sup>8</sup>
Transportation	Used vehicles	153.900	183.241	19% <sup>9</sup>
Transportation	All grades of gas (gallon)	\$1.31	\$3.50	167% <sup>10</sup>
Transportation	Maintenance/Repair	174.600	372.572	113% <sup>11</sup>
Transportation	Services including motor vehicle insurance, airline fare	193.000	382.801	98% <sup>12</sup>
Medical	Total medical expenses, not including premiums	\$5,844	\$16,192.	177% <sup>13</sup>
Medical	Prescription drugs, generic, brand, special.	\$1,102.00	\$4,524.03	311% <sup>14</sup>
Medical	dental, general visits	\$286.00	\$1,073.82	275% <sup>15</sup>
Medical	Medicare Part B premiums (monthly)	\$45.50	\$164.90	262% <sup>16</sup>
Medical	Medicare Part D premiums	\$25.93	\$43.00	66% <sup>17</sup> since 2006
Medical	Medigap average premium, Plan G	\$119.00	\$201.25	69% <sup>18</sup>
Food	1 lb. potatoes	\$.41	\$.98	141% <sup>19</sup>
Food	1 lb. cheddar cheese	\$3.76	\$5.85	56% <sup>20</sup>
Food	Milk (gal.)	\$2.79	\$4.16	49% <sup>21</sup>

Food	Eggs (dz.)	\$0.98	\$4.21	332% <sup>22</sup>
Food	Ground chuck (lb.)	\$1.90	\$4.78	152% <sup>23</sup>
Food	Chicken (lb.)	\$1.06	\$1.89	79% <sup>24</sup>
Food	Coffee (lb.)	\$3.54	\$6.35	79% <sup>25</sup>
Food	Bread, white (loaf)	\$.91	\$1.90	108% <sup>26</sup>
Food	Apples (lb.)	\$.95	\$2.09	120% <sup>27</sup>
Food	Oranges (lb.)	\$.61	\$1.55	154% <sup>28</sup>
Food	Rice, white (lb.)	\$.50	\$.96	92% <sup>29</sup>
Food	Bacon (lb.)	\$2.75	\$6.60	140% <sup>30</sup>
Recreation	(All items in category)	102.300	135.519	32% <sup>31</sup>
Recreation	Major League Baseball ticket	\$16.22	\$37.91	134% <sup>32</sup>
Recreation	Pets and pet products	144.300	213.861	48% <sup>33</sup>
Recreation	Veterinarian services	109.300	317.279	190% <sup>34</sup>
Communication	Basic phone service, landlines, and local	\$27.69	\$58.08	110% <sup>35</sup>
Communication	First-class postage	\$0.33	\$0.58	67%
Apparel	Clothing	126.800	132.039	4% <sup>36</sup>
Other goods and services	Including personal care products and services	265.300	498.538	88% <sup>37</sup>

Weighting:

We used the weighting of the Consumer Price Index for the Elderly (CPI-E)<sup>38</sup> to suggest our weighting guidelines.

<b>Expenditure Group</b>	<b>CPI-E</b>	<b>TSCL Survey</b>
Housing	49.4	49.4
Transportation	13.0	12.2
Medical	11.3	12.9
Food	12.9	13.1
Recreation	5.2	4.5
Communication	4.0	3.8
Apparel	1.7	1.7
Other	2.6	2.4



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- <sup>1</sup> Home Owners, CPI-U, January 2000 through February 2023, Bureau of Labor Statistics, March 14, 2023.
- <sup>2</sup> Rental of Primary Residence CPI-U, January 2000 through February 2023, Bureau of Labor Statistics, March 14, 2023.
- <sup>3</sup> Average Premiums For Homeowners and Renters Insurance, Insurance Information Institute, March 1, 2022. <http://www.iii.org/media/facts/statsbyissue/homeowners/> and “Average Homeowners Insurance Cost in March 2023. Average percentage of increase since 2000 used to project premium through 2022.
- <sup>4</sup> Real estate tax, Orange County Virginia, files of Mary Johnson, 2000 through January 2023. Virginia ranks approximately 21 of 50 states in order of the median amount collected. <http://www.tax-rates.org/virginia/property-tax>.
- <sup>5</sup> Retail prices of residential heating oil 2000 through February 2023, Energy Information Administration, averaged. [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 February 2023, Energy Information Administration, averaged [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, 2000-2023, Bureau of Labor Statistics Average Price Data through February 2023.
- <sup>8</sup> New motor vehicle costs, January 2000 through February 2023 Bureau of Labor Statistics, March 14, 2023.
- <sup>9</sup> Used motor vehicle costs, CPI-U January 2000 through February 2023 Bureau of Labor Statistics, March 14, 2023.
- <sup>10</sup> Retail prices of gasoline, all grades 2000 through February 2023, Energy Information Administration, averaged. [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 February 2023 Bureau of Labor Statistics, March 14, 2023.
- <sup>12</sup> Transportation services, CPI-U, January 2000 through February 2023, Bureau of Labor Statistics, March 14, 2023.
- <sup>13</sup> 2022 Medicare Trustees Report, June 2, 2022, Table V.D1. Beneficiary Costs, page 195 (2022 estimate).
- <sup>14</sup> Medicare Part D Utilization, Average Annual Prescription Drug Fills, Gross Costs, Medicare Prescription drug data 2021, March 23, 2023. Cost for 2022 projected using prescription drug CPI for February 2022.
- <sup>15</sup> “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/>. Costs through 2021, National Health Expenditures including estimates through 2022, March 2023.
- <sup>16</sup> Medicare Premiums for 2023, CMS, September 27, 2022.
- <sup>17</sup> “Medicare Part D: A First Look at Prescription Drug Plans 2023,” Kaiser Family Foundation, November 10, 2022. <https://www.kff.org/medicare/issue-brief/medicare-part-d-a-first-look-at-medicare-drug-plans-in-2023/>.
- <sup>18</sup> Average Cost of Medigap Plan F, N and G by Age, Christian Worstell, MedicareSupplement.com, February 21, 2023.
- <sup>19</sup> Average price: Potatoes, White per pound, FRED Economic Data, U.S. Bureau of Labor Statistics, March 14, 2023.
- <sup>20</sup> Average price: Cheddar Cheese Natural, per pound, FRED Economic Data, U.S. Bureau of Labor Statistics, March 14, 2023.
- <sup>21</sup> Average price data Bureau of Labor Statistics, through February 2023, accessed February 2023.
- <sup>22</sup> Ibid.
- <sup>23</sup> Ibid. retrieved: <https://fred.stlouisfed.org/series/APU0000703111>
- <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, March 2023.
- <sup>28</sup> Average price data, Bureau of Labor Statistics, accessed on March 14, 2023.
- <sup>29</sup> Ibid.
- <sup>30</sup> Ibid.
- <sup>31</sup> Recreation, CPI-U data January 2000 through February 2023. Bureau of Labor Statistics, March 14, 2023.

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<sup>32</sup> Average ticket price in Major League Baseball 2022 Statista.com, accessed March 2023. Average growth used to project 2023 cost.

<sup>33</sup> CPI-U data Bureau of Labor Statistics, March 14, 2023.

<sup>34</sup> Ibid.

<sup>35</sup> Basic local residential phone service Verizon, January 2000 through February 2023.

<sup>36</sup> Apparel data from CPI-U, January 2000 through February 2023, Bureau of Labor Statistics, March 14, 2023.

<sup>37</sup> Other goods and services, CPI-U, January 2000 through February 2023, Bureau of Labor Statistics, March 14, 2023.

<sup>38</sup> 2022 Weights for CPI-E, Bureau of Labor Statistics, March 2023.