

For Immediate Release:

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Social Security Benefits Lose 36% Of Buying Power Since 2000
The Cost-of-Living Adjustment for 2024 Could Be 3.1%
According to The Senior Citizens League

Research on the buying power of Social Security benefits by The Senior Citizens League (TSCL) confirms that inflation is moderating. But a lower inflation rate has not necessarily meant that prices have come down. This year the study found that the oldest adults, especially those (age 85 and older) who retired before 2000, have lost 36 percent of their buying power. These retirees would need an extra \$516.70 per month (\$6,200 in 2023) *to maintain the same level of buying power as in 2000.* 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 through February 2023 remain stubbornly high.

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 2024 COLA could be around 3.1%,” says The Senior Citizens League’s Social Security and Medicare policy analyst, Mary Johnson.

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% 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%. However, that is still one of the deepest losses recorded by this study, exceeded only by the loss in 2022.

Nothing beats eggs! This study compares the growth in the COLA since 2000 with increases 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, repair and maintenance costs of motor vehicles, and a 16% increase in the cost of dental care. (Medicare does not cover routine dental services.)** Topping our list of fastest-growing items? Eggs. No other spending item on the list grew faster during the survey reference period, which compared the average price change from February 2022 to February 2023. (See Tables 1 & 2).

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, 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 groceries in 2000, that household can only buy about \$64 worth today.

Table 1. 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. Ten fastest-growing costs from February 2022 to February 2023 among our list of 38 items.

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

Item	Cost in Jan. 2000 Average cost \$ or numeric data*	Cost in Feb. 2023 Average cost \$ or numeric data*	Percent Increase Since 2000
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 included 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.

Why would failing to come to an agreement on the debt limit affect the payment of Social Security benefits? Beneficiaries are legally entitled to full scheduled benefits under the Social Security Act. But according to a recent [issue brief](#) from the Congressional Research Service, another law, the Antideficiency Act, prohibits government spending in excess of the available funds.

The Social Security Administration (SSA) would not have the legal authority to pay Social Security benefits in full or on time should the trust funds fall short due to a delay in an agreement over the debt limit. There is no law that provides the specific actions that the SSA must take to ensure Social Security benefits are paid in full and on time.

According to the Social Security Trustees' most recent annual report, the Social Security Trust Fund is the largest government holder of U.S. debt — an estimated \$2.8 trillion. Social Security benefits are paid for by law from the Social Security Trust Fund. When employers send in payroll tax revenues and the U.S. Treasury receives federal income taxes from the taxation of Social Security benefits, the Treasury issues special non-marketable bonds in the funds to Trust Fund. In other words, the U.S. government “borrows” those funds.

In return, the Social Security Administration depends on “the net interest” earned by the special bonds and payroll tax revenues to pay the Social Security benefits of today’s retirees in full and on time. The Social Security Trustees recently estimated that the Retirement and Survivors Trust Fund would receive about \$66.4 billion in net interest in 2023. That money comes from the Federal General Budget and is subject to the debt limit.