



Report: Social Security Benefits Lose 30% Buying Power Since 2000

According to this year's Social Security Loss of Buying Power Study by The Senior Citizens League (TSCSL), Social Security recipients have lost 30% of their buying power since the year 2000. At fault is the ever increasing inflation in senior expenses (particularly housing and medical costs) which have jumped by 86% since 2000 while cost of living adjustments (COLAs) have only increased benefits by 43% in the same period.

Looking at the Social Security Administration's COLA history, there have been a number of occurrences which helped contribute to the erosion of buying power. Since 2000 the years of 2009, 2010, and 2015 received no benefit increase while 2016 received an increase of 0.3%. Meanwhile, as the study points out, Medicare Part B monthly premiums have increased 195%, prescription drugs have increased 184% and homeowner's insurance premiums have increased on average 154% since the year 2000. Even for seniors who have paid off their mortgage, housing related costs continued to increase with respects to property taxes and utility bills.

Some Tips for Mitigating Inflation and Rising Healthcare Costs

Most, if not all, of your living expenses will continue to increase as you age. To protect your assets against the effects of inflation it is important to review your portfolio to ensure your asset allocation has an appropriate mix of inflation hedging assets. It is important to have a mix of equities and income assets that are less susceptible to inflation, such as inflation protected securities, bank loans, real estate, etc. Higher income yielding securities may be less susceptible to interest rate increases and the equities portion of your portfolio may provide a greater potential for growth.

Additionally, you can mitigate the impact of rising healthcare costs by continually shopping for more affordable health insurance and taking advantage of any prescription discounts available. Simply asking drug manufacturers for a discount can yield surprising savings. Also, living an active lifestyle with regular exercise and social interactions can increase your overall health as you age.

Another way of extending your purchasing power is to consider claiming Social Security benefits at age 70. If possible, delaying until age 70 can provide you with 132% of your full retirement age benefit. To find your full retirement age benefit you can call the Social Security Administration and request a benefits statement or you can register at www.ssa.gov/myaccount and create a *My Social Security* account.



Top Ten Fastest Growing Costs of Older American since 2000

Mary Johnson, "2017 Loss of Buying Power Study - Social Security Benefits Lost 30% of Buying Power since 2000," *The Senior Citizens League*, June 2017.
<http://seniorsleague.org/loss-of-buying-power-press-release/>

Item	Cost in 2000	Cost in 2017	Percent Increase
1. Medicare Part B monthly premium	\$45.50	\$134.00	195%
2. Prescription drugs: Annual average out-of-pocket	\$1102.00	\$3132.00	184%
3. Homeowner's insurance national average annual premium	\$508.00	\$1292.00	154%
4. Real estate tax (annual)	\$690.00	\$1701.50	147%
5. Propane gas per gallon	\$1.01	\$2.39	137%
6. Heating oil	\$1.15	\$2.63	130%
7. Medigap supplement average monthly premium – all plans	\$119.00	\$264.45	122%
8. Pet care services including veterinary	\$109.30	\$232.31	113%
9. Total medical out-of-pocket expenses national average (age 65 and up)	\$6140.00	\$12125.00	97%
10. Oranges (lb.)	\$0.61	\$1.19	95%

Social Security Cost-Of-Living Adjustments

"Cost-Of-Living Adjustments," *Social Security Administration*. <https://www.ssa.gov/oact/cola/colaseries.html>

Year	COLA	Year	COLA	Year	COLA
1975	8	1990	5.4	2005	4.1
1976	6.4	1991	3.7	2006	3.3
1977	5.9	1992	3	2007	2.3
1978	6.5	1993	2.6	2008	5.8
1979	9.9	1994	2.8	2009	0
1980	14.3	1995	2.6	2010	0
1981	11.2	1996	2.9	2011	3.6
1982	7.4	1997	2.1	2012	1.7
1983	3.5	1998	1.3	2013	1.5
1984	3.5	1999	2.5	2014	1.7
1985	3.1	2000	3.5	2015	0
1986	1.3	2001	2.6	2016	0.3
1987	4.2	2002	1.4		
1988	4	2003	2.1		
1989	4.7	2004	2.7		