



Written by [Bob Adelman](#) on November 23, 2018

# Social Security Benefits Have Lost One-Third of Their Purchasing Power Since 2000

The latest survey from the Senior Citizens League (SCL) revealed that Social Security, the welfare program originally designed to help workers in their old age, is instead slowly impoverishing them:

Over the past 18 years, Social Security benefits have lost 34 percent of their buying power, according to the findings of this study.



Many of the goods and services purchased by typical retirees increased several times faster than annual Social Security cost of living adjustments (COLAs) from January 2000 through January 2018.

As *The New American* recently pointed out, for three out of every five of the more than 60 million Americans receiving Social Security, that monthly check represents half or more of their total monthly income. Because many have not planned for the future, or been able to, by the time workers start receiving their benefits, four out of 10 will be living at or near the poverty level.

There have been previous attempts to “adjust” the purchasing power of those checks including using cost-of-living-adjustments or COLAs. For 2019 those 62 million Social Security recipients will see their checks increase by 2.8 percent.

But since 2000 those COLAs have fallen far behind the real costs of living by those over 65. Said the SCL: “Since 2000, COLAs have increased Social Security benefits a total of just 46 percent, while typical senior expenses grew more than twice as quickly — 96.3 percent.” For example, a homeowner heating his or her home with heating oil has taken a terrible beating. In January 2000 he or she would have paid \$575 to fill a 500-gallon tank, while Social Security was paying an average of \$845 a month. But fast forward to 2018: filling that tank now costs more than \$1,600 while Social Security paid an average of \$1,200. That’s a shift in costs that moves that homeowner from a “plus” \$275 a month (after paying for heat) to a “minus” \$400 a month — a negative shift of nearly \$700 a month.

Because so few workers have saved enough for a “decent” retirement (according to the Center for Retirement Research), their only option is to learn to live on less. That’s partly because more than 90 percent of retiring American workers didn’t have a pension plan where they worked, and half of those who did didn’t participate in it.

The result, according to the SCL, is “that millions of retirees, especially the almost 4 million age 80 and over who have been retired since 2000, are at high risk of a declining standard of living.”

The story behind this sad story is that the COLA used to adjust seniors’ Social Security checks is based on the CPI (Consumer Price Index), which measures expenses incurred by the average worker still employed. It’s called the CPI-W. There is another COLA — one based on the cost of living specifically designed to track the expenses of those in retirement, called the CPI-E, which isn’t being used but would have helped, a little. Seniors face increasing healthcare costs and housing expenses but their COLAs don’t reflect that.



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The problem isn't which COLA to use, on which the SCL wants to focus. It's the fundamental problem of a social welfare scheme that was never designed to deliver what it promised. Robert Ball, a past commissioner of Social Security, said it was "social insurance," designed to help people when their earnings stopped or became disabled, or when they had extraordinary expenses related to illness.

A closer look reveals a scheme that instead enriched early participants such as Ida May Fuller. She paid into Social Security for just three years before retiring in November 1939. During those years she paid a total of \$24.75 into Social Security. She lived to age 100, dying in 1975, during which time she received total Social Security benefits of \$22,888.92.

Those who have retired since 2000 have seen a steady reduction in the purchasing power of their benefits, pushing an increasing number into poverty. Social Security is slowly impoverishing the very people it was allegedly designed to help.

*Photo: DNY59/iStock/Getty Images Plus*

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