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# Spending More on Necessities: Patterns Among Low-Income Older Households

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## Key Takeaways

- ✓ **Lower-income households with adults 50-plus devote a disproportionate share of overall spending to basic needs; housing, food, and transportation dominate spending.**
- ✓ **Although spending patterns look similar across low-income households regardless of age, those with adults 50-plus spend higher shares on health care.**
- ✓ **The average amount spent on necessities—particularly food and housing—has grown over time.**
- ✓ **A growing share of income goes to necessities, with average spending exceeding income.**

For households with low incomes–most of which include older adults–affording necessities such as housing and food has become increasingly difficult. Between 2020 and 2026, for example, average rents rose by 35 percent and average monthly grocery prices rose 33 percent.[1] As costs rise, many households are forced to make difficult tradeoffs between paying for food, utility bills, and other necessities such as medications[2]–potentially putting their health and well-being at risk.

Nearly two-thirds of low-income households include at least one adult age 50 or older.[3] These households typically have little room to save for retirement or plan for emergencies. Many low-income households with older adults rely on fixed incomes, making it difficult to absorb rising costs.

AARP and Mathematica reviewed data from the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey to understand spending trends among low-income households with older adults.[4] This analysis focuses primarily on households with at least one adult age 50 or older and defines low income as annual income below 200 percent of the federal poverty level ($42,280 for a two-person household in most states in 2026).[5] The analysis also includes some comparisons to other groups, including younger households and households at other income levels.

This analysis examines various dimensions of financial strain: spending allocation, average spending growth, spending as a share of income, expenses versus income, and rural/urban spending differences. It also incorporates quotes from survey participants to bring personal perspective to the data.[6] The findings point to the importance of federal programs that make up our nation's social safety net, some of which have undergone recent policy changes.

> **"We are living paycheck to paycheck, and sometimes not even that, and we do not have extra money to set aside for emergencies."**
>
> *—Low-income older respondent in AARP January 2026 Financial Security Trends Survey*

## Findings: Rising spending and financial strain

The following findings examine several related indicators to capture the financial strain that necessities place on low-income older households.

### *Spending allocation: Most spending goes toward necessities*

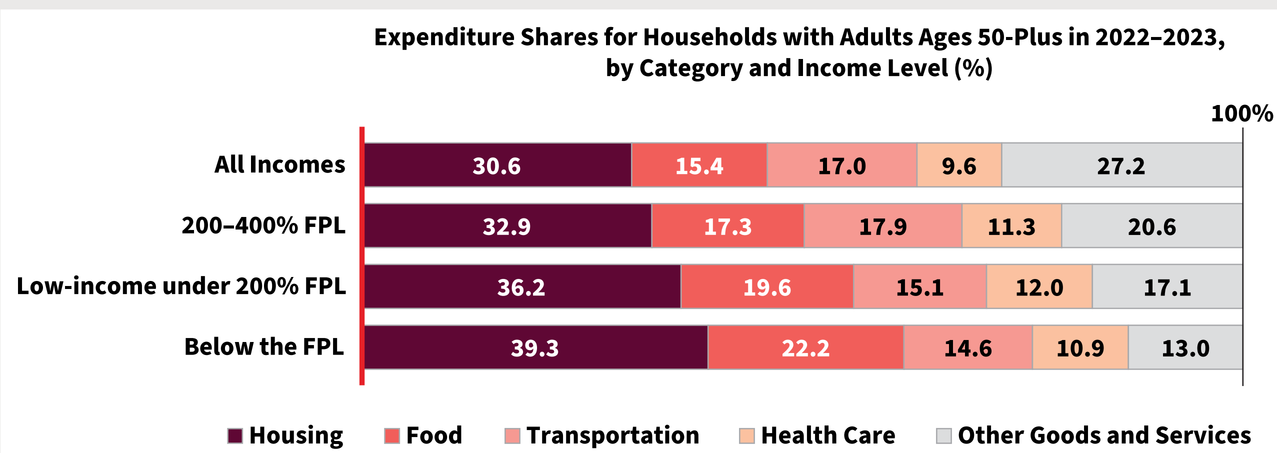
Low-income 50-plus households report that 70 percent of their spending went to three basic necessities in 2022-2023[7]: housing (36.2 percent), food (mostly groceries, 19.6 percent),[8] and transportation (15.1 percent; figure 1). The remainder went to health care (mostly health insurance) and other goods and services.[9]

These households devote a larger share of their spending to basic needs relative to higher-income households—especially for housing and food. About 56 percent of spending went to housing and food among low-income 50-plus households, compared to 46 percent among 50-plus households overall.

There was a notable difference in health care spending between low-income 50-plus households compared to similar households *without* an older adult. Although spending patterns were otherwise similar in 2022-2023, households with adults 50-plus devoted 12.0 percent of total expenditures to health care, compared with 3.4 percent among households without an older adult. This difference likely reflects the fact that health care needs and costs tend to increase with age.[10]

> **"The price of just regular basic food and hygiene products are increasing every day, but our paychecks are not."**
>
> *—Low-income older respondent in AARP January 2026 Financial Security Trends Survey*

FIGURE 1
**Lower-Income Households Spend Higher Shares on Basic Needs**




***Source:*** *Mathematica analysis of Consumer Expenditure Survey data, 2022–2023*

***Note:*** *FPL = Federal Poverty Level. The "all incomes" group includes people with incomes that exceed 400% of the FPL.*

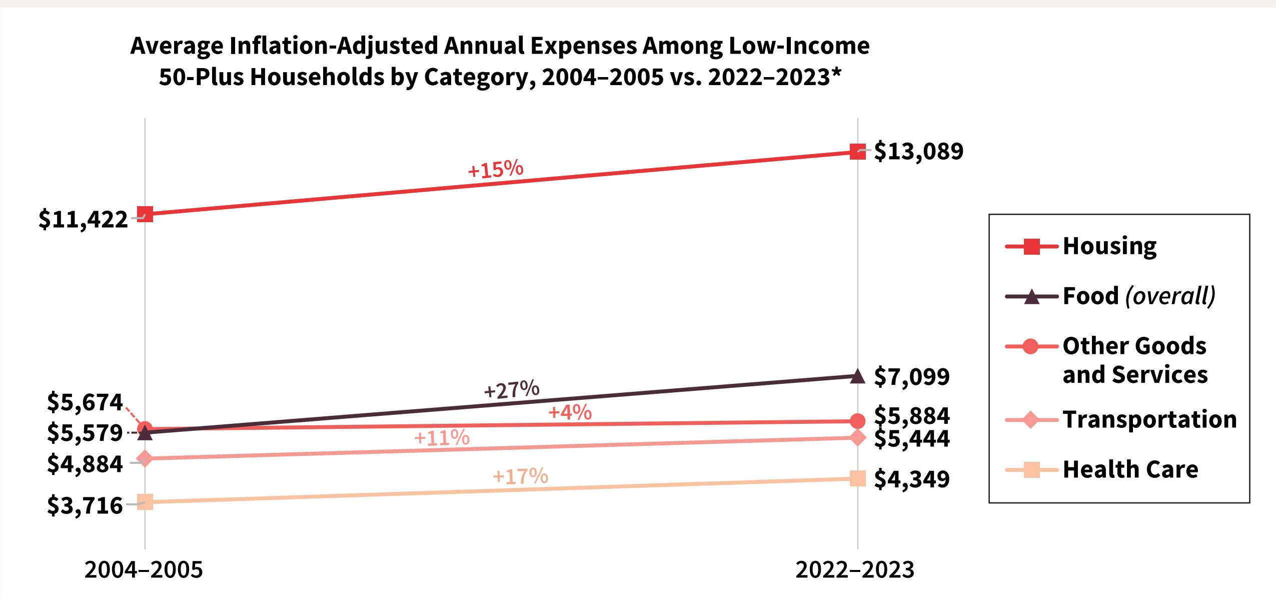
### *Spending growth: Spending on housing and food has increased substantially*

Low-income 50-plus households spend more on basic needs than they did about two decades prior, particularly for housing and food (figure 2).[11] Even after adjusting for general inflation, average annual spending on food rose by 27 percent ($5,579 to $7,099, a $1,520 increase) between 2004-2005 and 2022-2023, and housing spending increased by 15 percent (from $11,422 to $13,089, a $1,667 increase).[12] Average spending on health care also rose by 17 percent, though the dollar increase was less (from $3,716 to $4,349, a $633 increase).

### *Spending as a share of income: With expenses outpacing income, a growing share of income goes to necessities*

Expenses are rising faster than income for low-income 50-plus households. In nominal terms, average posttax income among these households rose modestly from 2014-2015[13] to 2022-2023, from about $18,600 to $21,300 (a $2,700 gain. Average Social Security benefits for retired workers (all incomes) increased from about $1,300 in January 2015 to $1,800 in January 2023 (a $500 increase).[14] Meanwhile, average annual expenses rose much more sharply—from about $27,600 in 2014-2015 to $36,100 (an $8,500 increase) in 2022-2023.

FIGURE 2
**Spending on Basic Needs Has Grown—Especially for Housing and Food**




** 2004–2005 data adjusted for inflation to 2023 prices.*

**Source:** *Mathematica analysis of Consumer Expenditure Survey data.*

**Note:** *Low-income refers to below 200 percent of the Federal Poverty Level.*

With expenses outpacing income, households are devoting a larger share of their income to basic needs than they did in 2014-2015 (figure 3), especially for housing and food. This reflects both rising costs and slow-growing incomes, and it underscores a growing affordability problem.

### *Expenses versus income: Overall expenses exceed income*

Spending outpaced income for low-income 50-plus households. On average, these households report about $36,000 in annual expenditures but only $21,000 in posttax income. Part of this gap could be due to some households underreporting their income and the Consumer Expenditure Survey's incomplete capture of certain benefits and resources.[15] However, the gap is large enough to suggest some are drawing from savings, borrowing, or relying on help from friends, family, and community resources. Others may be falling behind on bills and accruing debt.

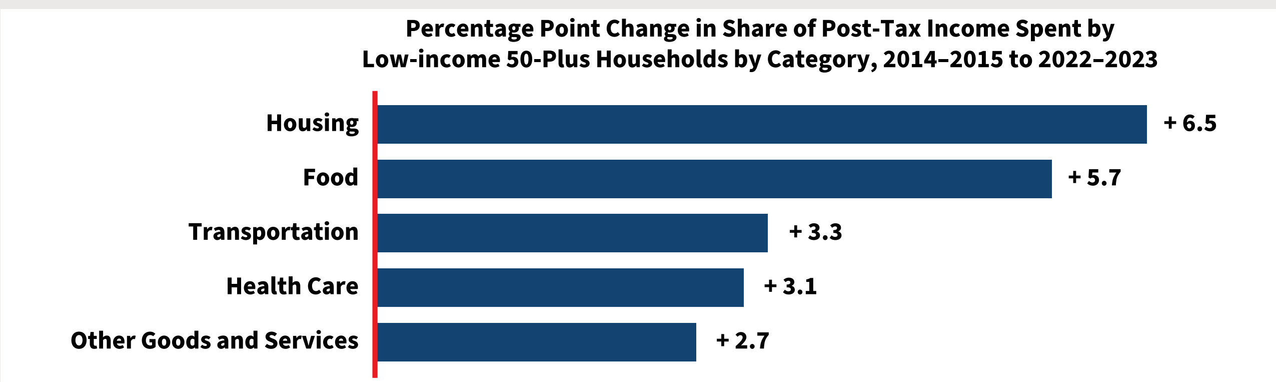
These findings align with previous research showing that low-income households often go "into the red."[16]

### *Rural/urban differences: Urban households spend more on housing, and rural households spend more on transportation and health care*

National trends can mask important differences in spending between rural and urban households. Housing and food accounted for the largest shares of spending in both rural

> **"Everything is more expensive than it was a year ago. And prices keep rising on everything. Makes it harder to catch up on bills and have money for groceries."**
>
> *—Low-income older respondent in AARP January 2026 Financial Security Trends Survey*

FIGURE 3
**A Growing Share of Income Goes Toward Necessities**




***Source:*** *Mathematica analysis of Consumer Expenditure Survey (CE) data, 2014–2015 and 2022–2023.*

***Note:*** *Shows change in share of post-tax income (excluding the Supplemental Nutrition Assistance Program) spent on each category between years. Not adjusted for inflation.*

and urban areas in 2022-2023 for low-income 50-plus households (figure 4).[17] However, urban households devoted a larger share of spending to housing (7.8 percentage points more), and rural households devoted more to transportation and health care (3.9 and 3.7 percentage points more, respectively).[18] Spending on food and other goods and services was similar across the two groups. These findings align with other research that shows urban households tend to be burdened more by housing costs than rural households are,[19] and rural households spend more on transportation due to reasons like longer distances traveled.[20]

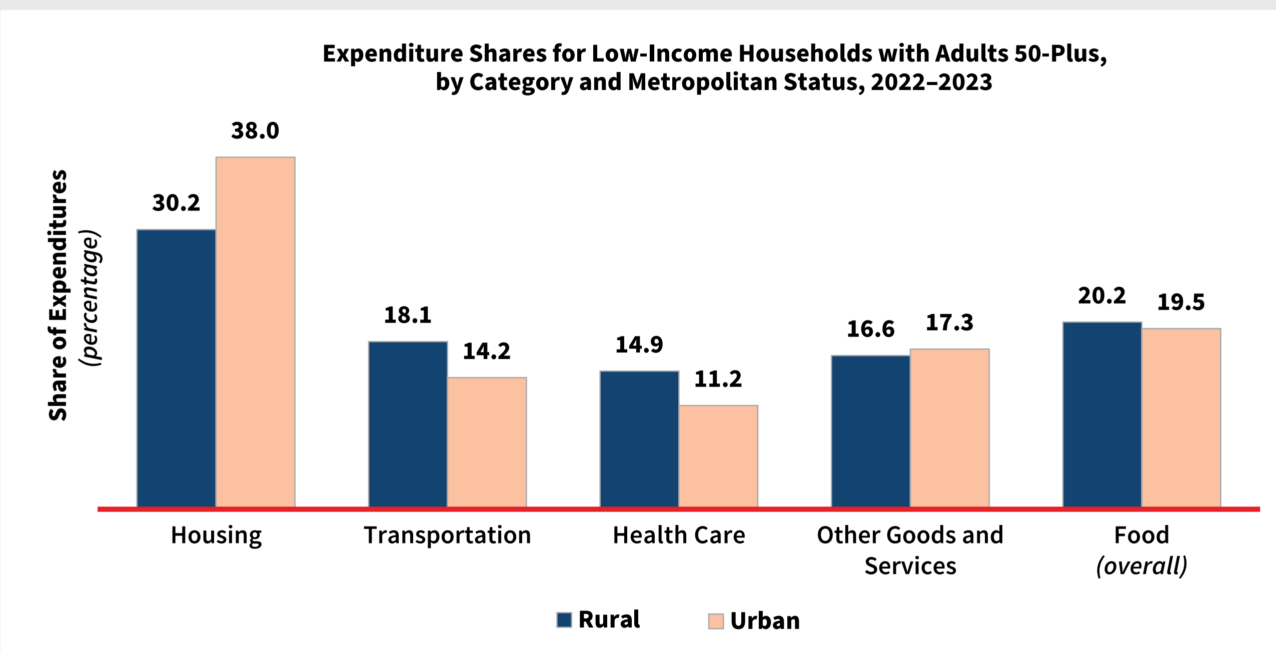
## Implications: Importance of the social safety net amid growing financial strain

Rising costs and affordability pressures underscore the importance of federal social safety net programs for low-income households. Examples include Medicaid for health and long-term care, the Supplemental Nutrition Assistance Program (SNAP) for food support, Supplemental Security Income for financial support, the Low Income Home Energy Assistance Program for help with heating and cooling costs, housing assistance programs, and others.

Recent changes to programs such as Medicaid and SNAP—as well as other low-income programs—have tightened eligibility and increased administrative requirements.[21] Other recent proposals, such as a proposed rule that would extend work requirements to rental assistance programs, could further affect access to low-income supports.[22] These changes coincide with a period in which the cost of basic necessities has increased, placing greater financial demands on many households. Changes to federal program eligibility and funding may also have implications for state

FIGURE 4

**Urban Households Spend More on Housing, and Rural Households Spend More on Health Care and Transportation**




***Source:*** *Mathematica analysis of Consumer Expenditure Survey data, 2022–23.*

and local budgets, as well as for geographic variation in the availability of resources and services.[23]

Protecting and strengthening the social safety net will be critical to ensuring that low-income households with adults ages 50 and older can meet their basic needs and maintain their health and independence.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## Appendix: Spending Categories and Definitions

| Spending Category | Types of Goods and Services |
|---|---|
| **Food at Home** | Food includes both "food at home" and "food away from home." Food at home includes nonalcoholic beverages purchased at grocery, convenience, or specialty stores and food and beverages purchased and prepared by the household during out-of-town trips. Food away from home includes food or board at school; catered affairs; food and nonalcoholic beverages at restaurants, cafes, and fast-food places on trips; dining out at restaurants, cafeterias, and drive-ins (excluding alcoholic beverages); school meals for preschool and school-age children; and meals received as pay. |
| **Housing** | Mortgage interest, property taxes, rent, other lodging expenses, maintenance, repairs, and insurance; utilities such as natural gas, electricity, fuel oil, telephone services, and water; textiles, furniture, and flooring; appliances (major, small, and miscellaneous); other household expenses and miscellaneous equipment |
| **Domestic Services** | Babysitting and child care, adult and older adult care, housekeeping, gardening and lawn care, pest control |
| **Health** | Health insurance (including Medicare and other health insurance premiums), medical services, prescription drugs, medical supplies |
| **Transportation** | New or used cars, trucks, or other vehicles; gas or motor oil; vehicle finance charges, maintenance and repairs, insurance, and rentals; public transportation |
| **Other** | Apparel and apparel services (clothing for men, women, and children; footwear; services such as dry cleaning and laundering); fees and admissions; televisions, radios, and sound equipment; pets, toys, and playground equipment; other entertainment; personal care; reading; education; tobacco and smoking supplies; cash contributions; alcohol; personal insurance; miscellaneous goods and services |

1 “The American Affordability Tracker,” Urban Institute, April 2, 2026, https://www.urban.org/data-tools/american-affordability-tracker.

2 “Economic Security Monitor: Tracking the Harsh Realities of Aging in Poverty,” AARP Foundation, https://www.aarp.org/aarp-foundation/research-economic-security-monitor/.

3 Sixty-four percent in 2022–2023, according to the Consumer Expenditure Survey data.

4 The Consumer Expenditure Survey is nationally representative and provides information on the purchasing habits of American consumers (households and individuals) and their demographic characteristics.

5 The analysis used the federal poverty levels for each year. Source: “Prior HHS Poverty Guidelines and Federal Register References,” Office of the Assistant Secretary for Planning and Evaluation, https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references.

6 S. Kathi Brown, “Financial Insecurity Increases Slightly in 2026, Yet Overall Trend Masks Uneven Experiences: AARP Financial Security Trends Survey, January 2026,” AARP Research, July 20, 2026, https://doi.org/10.26419/res.01076.001.

7 The most recent data available are from 2022–2023.

8 14.7 percent spent on food at home versus 5.0 percent spent on food outside of home.

9 This includes payments for goods and services such as personal insurance, entertainment, cash gifts, charitable contributions, domestic services, child support, and education. See appendix for more details on spending categories. For a detailed description of goods and services that constitute expenditure types (e.g., health care, food, housing, transportation), see “Consumer Expenditure Surveys Tables: Getting Started Guide,” The Bureau of Labor and Statistics, https://www.bls.gov/cex/tables-getting-started-guide.htm.

10 Matthew McGough et al., “How Do Health Expenditures Vary Across the Population?,” Peterson-KFF Health System Tracker, March 2, 2026, https://www.healthsystemtracker.org/chart-collection/health-expenditures-vary-across-population/.

11 The average household size was 1.9 in both study periods, so that factor does not account for the difference.

12 Not adjusted for inflation, the average amount spent on housing in 2004–2005 was $7,281, and the average amount spent on food was $3,556.

13 We compared 2014–2015 versus 2022–2023 in this section because the Consumer Expenditure Survey changed from reported to imputed taxes starting in 2013, so posttax income measures were not directly comparable before and after this year.

14 “Monthly Statistical Snapshot, January 2015,” Social Security Administration, https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/2015-01.html; “Monthly Statistical Snapshot, January 2023,” Social Security Administration, https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/2023-01.html.

15 For example, 401k or Individual Retirement Account distributions are not counted as income. Benefits from rental assistance and some other support programs are also not counted as income. Source: “Consumer Expenditure Surveys Glossary,” US Bureau of Labor Statistics, https://www.bls.gov/cex/csxgloss.htm#inc.

16 “Household Expenditures and Income,” Pew, March 30, 2016, https://www.pew.org/en/research-and-analysis/issue-briefs/2016/03/household-expenditures-and-income.

17 Starting with the 2021 Consumer Expenditure Survey data products, the Bureau of Labor and Statistics updated its area definition to use both the Office of Management and Budget principal city designation and the Census Bureau’s designations for urban and rural areas.

18 Despite having similar average household sizes, rural low-income 50-plus households spent less on housing than did their urban counterparts ($10,619 versus $13,837 in 2022–2023). At the same time, they spent more on transportation than did their urban counterparts ($6,358 versus $5,166) and health care ($5,256 versus $4,074).

19 Alexis Swendener et al., “Rural-Urban Differences in Housing Cost Burden Across the U.S.,” University of Minnesota Rural Health Research Center, March 12, 2024, https://rhrc.umn.edu/publication/rural-urban-differences-in-housing-cost-burden-across-the-u-s/.

20 “Household Spending on Transportation: Average Household Spending,” Bureau of Transportation Statistics, https://data.bts.gov/stories/s/Transportation-Economic-Trends-Transportation-Spen/ida7-k95k/.

21 The One Big Beautiful Bill Act, signed into law in July 2025, made significant changes to the Supplemental Nutrition Assistance Program and Medicaid, such as expanding work requirements in both programs. The law also made other changes that could reduce access to programs for low-income households with midlife and older adults, such as freezing a 2023 federal rule that would help streamline enrollment for qualified older adults into Medicare Savings Programs and allowing enhanced premium tax credits for Marketplace coverage to expire.

22 Erik Gartland, "Nearly 3.7 Million People at Risk of Losing Needed Rental Assistance to Harsh Time Limit and Work Requirement Proposal," Center on Budget and Policy Priorities, April 24, 2026, https://www.cbpp.org/research/housing/nearly-37-million-people-at-risk-of-losing-needed-rental-assistance-to-harsh-time.

23 Katrina Kosec and Cecilia Hyunjung Mo, "Shrinking Welfare in the United States Will Bring Political and Social Consequences," Carnegie Endowment for International Peace, January 8, 2026, https://carnegieendowment.org/posts/2026/01/shrinking-welfare-benefits-united-states.

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