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Living Below the Line: Economic Insecurity and Older Americans Insecurity in the States 2016

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CENTER FOR SOCIAL AND DEMOGRAPHIC RESEARCH ON AGING
GERONTOLOGY INSTITUTE
McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES

UMASS BOSTON

ABOUT THE AUTHORS

This report was prepared by the Center for Social and Demographic Research on Aging, in consultation with staff from the National Council on Aging. Individuals responsible for the report include **Jan E. Mutchler, Yang Li,** and **Ping Xu.**

ABOUT THE CENTER FOR SOCIAL AND DEMOGRAPHIC RESEARCH ON AGING

The Center for Social and Demographic Research on Aging promotes the demographic and applied research capacity within UMass Boston's Gerontology Institute. The Center aims to serve the research and evaluation needs of municipalities, states, and organizations that serve older adults in the community, as well as provide interdepartmental support for UMass Boston faculty and staff with shared interests. The Center also provides training for students in the Gerontology PhD Program at UMass Boston. Areas of special interest include economic security in later life; well-being and quality of life; community supports for older adults; evaluating programs designed for older adults; and demography and diversity of the aging population. For more information, please visit **www.umb.edu/demographyofaging.**

LIVING BELOW THE LINE:
Economic Insecurity and Older Americans

Insecurity in the States 2016

New estimates from the 2016 Elder Economic Security Standard Index™ suggest that half of older adults living alone, and one out of four older adults living in two-elder households, lack the financial resources required to pay for basic needs. The Gerontology Institute compares the 2016 household incomes for adults age 65 and above living in one- and two-person households to the 2016 Elder Economic Security Standard Index™ for each state and Washington, DC to calculate Elder Economic Insecurity Rates (EEIRs), the percentage of independent older adults age 65 or older living in households with annual incomes that do not support economic security. The EEIRs allow state and local governments to better understand and benchmark how many and which older adults are at risk of financial instability. *National averages suggest that 53% of older adults living alone, and 26% of older adults living in elder couple households (with an older spouse, partner, or some other older adult), have annual incomes below the Elder Index value.* In every state, more than four out of ten elder singles are at risk of being unable to afford basic needs and age in their own homes.

Defining Economic Security for Older Americans: The Elder Economic Security Standard Index™

The Elder Economic Security Standard Index™ (Elder Index) measures the costs faced by households that include one or two older adults age 65 or older living independently. Developed by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women, and maintained through a partnership with the National Council on Aging (NCOA), the Elder Index defines economic security as the income level at which elders are able to cover basic and necessary living expenses and age in their homes, without relying on benefit programs, loans or gifts. The Elder Index is calculated for every county in the United States; statewide and national averages are also generated. Elder Index expenses include housing, food, transportation, health care, and basic household items including clothing, a telephone, hygiene and cleaning supplies. The Elder Index is a basic budget, allowing no vacations, restaurant meals, savings, large purchases, gifts or entertainment of any kind.

Table 1 presents the 2016 Elder Index for the United States. For older adults living in their own homes without a mortgage, the Elder Index is $20,064 annually for an older adult living alone, and $30,576 for an older couple living together. Estimated costs are higher for renters ($23,364 for singles and $33,876 for couples) and for those who are paying off a mortgage ($30,972 for singles and $41,484 for couples).[1]

Table 1: The Elder Economic Security Standard Index for the United States, 2016

	Elder Person			Elder Couple		
Expense	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**
Housing	$516	$791	$1,425	$516	$791	$1,425
Food	$256	$256	$256	$470	$470	$470
Transportation	$231	$231	$231	$357	$357	$357
Health Care	$390	$390	$390	$780	$780	$780
Miscellaneous	$279	$279	$279	$425	$425	$425
Elder Index Per Month	$1,672	$1,947	$2,581	$2,548	$2,823	$3,457
Elder Index Per Year	$20,064	$23,364	$30,972	$30,576	$33,876	$41,484

The 2016 Elder Index illustrates that the cost of living independently varies substantially across localities. Table 2 includes the Elder Index values for renters by state, and shows that for singles living alone, the cost of living independently ranges from a low of $20,688 in Oklahoma to $30,156 in Hawaii. The cost of living for couples is also highest in Hawaii ($41,244) and is lowest in Nevada ($31,344).

[1] Elder Index values presented in this report assume that an older adult is in good health. Values assuming alternative levels of health (poor; excellent) are also calculated as part of the Elder Economic Security Standard Index program.

Table 2: Elder Index Values for Renters, by State, 2016							
Rank	State	Singles	Couples	Rank	State	Singles	Couples
1	Hawaii	$30,156	$41,244	26	North Dakota	$21,792	$33,276
2	District of Columbia	$29,448	$40,260	27	South Carolina	$21,744	$32,664
3	New Jersey	$29,016	$40,272	28	Arizona	$21,720	$31,692
4	Connecticut	$27,972	$39,300	29	Mississippi	$21,684	$33,060
5	Maryland	$27,792	$39,036	30	Georgia	$21,552	$31,908
6	Massachusetts	$27,624	$38,976	31	Utah	$21,552	$32,124
7	New York	$27,156	$37,452	32	Texas	$21,528	$31,500
8	New Hampshire	$26,400	$38,244	33	Kansas	$21,516	$32,592
9	Vermont	$26,268	$38,532	34	Nebraska	$21,516	$32,712
10	California	$25,944	$35,568	35	Louisiana	$21,384	$31,836
11	Alaska	$24,816	$35,520	36	North Carolina	$21,372	$32,100
12	Delaware	$24,564	$35,508	37	Wyoming	$21,348	$32,160
13	Virginia	$24,540	$35,124	38	Iowa	$21,180	$32,388
14	Washington	$24,408	$35,640	39	New Mexico	$21,168	$31,560
15	Rhode Island	$23,784	$34,020	40	Alabama	$21,132	$32,016
-	United States	$23,364	$33,876	41	Indiana	$21,096	$32,016
16	Illinois	$23,292	$33,900	42	South Dakota	$21,084	$32,208
17	Pennsylvania	$23,088	$34,032	43	Kentucky	$21,036	$32,436
18	Minnesota	$22,992	$34,392	44	Idaho	$21,024	$32,160
19	Maine	$22,848	$33,624	45	Tennessee	$20,976	$31,476
20	Colorado	$22,572	$32,928	46	Ohio	$20,964	$31,704
21	Oregon	$22,512	$33,420	47	Missouri	$20,952	$31,536
22	Florida	$22,440	$31,752	48	Montana	$20,904	$31,728
23	Michigan	$22,200	$33,576	49	Arkansas	$20,724	$32,016
24	Nevada	$22,152	$31,344	50	West Virginia	$20,700	$31,920
25	Wisconsin	$21,936	$32,940	51	Oklahoma	$20,688	$31,620

Large Proportions of Elder Households Fall Short of Economic Security

Table 3a ranks states' Elder Economic Insecurity Rates (EEIRs) for singles—the percentage of elders who live alone with incomes below their state's Elder Index. States in the Northeast and South comprise the majority of the 10 states with the largest EEIRs for singles. *With an EEIR of 64%, single elders in Mississippi are more likely to face economic insecurity than are single elders in any other state, followed by single elders in Massachusetts, New York, Vermont, and New Jersey.* Although the cost of living, as captured by the Elder Index, is low in Mississippi relative to the national average (see Table 2), the Insecurity Rate for Mississippi singles is 11% above the national average rate due to incomes lower than the national average. Northeastern states at the top of the rankings are characterized first and foremost by high Elder Index values, reflecting the high cost of living in these locations, whereas Southern states at the top of the rankings are characterized predominantly by low incomes. *The EEIR for singles is lowest in Utah (45%), with fewer than half of single elders living in insecurity. This rate is eight percentage points lower than the national average.* Arizona and Alaska follow Wyoming with the second and third lowest rates, respectively.

Table 3b ranks the percentage of elders living in <u>two-person households</u> with incomes below their state's Elder Index for elder couples.[2] Once again, states in the Northeast and South dominate the rankings of the states with the largest EEIRs for couples. Elders living in two-person households in Mississippi (34%) and Vermont (32%) are more likely to face economic insecurity than are elder couples in other states, followed by elder couples in New York, Kentucky, and Arkansas. The insecurity rate for Mississippi is eight percentage points higher than the national average. The EEIR for couples is lowest in the District of Columbia, with just 15% of elder couples living with economic insecurity. This rate is 11% lower than the national average. Alaska and Utah have the second and third lowest insecurity rates for elder couples.

[2] Calculations are based on elders in two-person households, both of whom are age 65 or older. These elders may or may not be married to one another.

Rank	State	Below Index (%)	Below Poverty (%)	"In the gap" (%)	Rank	State	Below Index (%)	Below Poverty (%)	"In the gap" (%)
1	Mississippi	63.7	28.4	35.3	26	Texas	51.2	21.7	29.5
2	Massachusetts	61.1	19.3	41.8	27	Delaware	51.1	16.6	34.5
3	New York	60.4	21.3	39.1	28	Florida	50.8	19.3	31.5
4	Vermont	60.3	15.7	44.6	29	New Mexico	50.7	21.9	28.8
5	New Jersey	58.3	16.6	41.7	30	Wisconsin	50.6	16.0	34.6
6	Rhode Island	57.4	19.0	38.4	31	Illinois	50.4	16.2	34.2
7	Louisiana	57.3	25.5	31.8	32	Minnesota	50.3	17.7	32.6
8	New Hampshire	57.2	14.3	42.9	33	Oklahoma	50.2	20.1	30.1
9	Arkansas	57.1	23.6	33.5	34	Virginia	50.0	17.5	32.5
10	Kentucky	56.7	23.8	32.9	35	North Dakota	49.7	21.6	28.1
11	Maine	56.7	20.7	36.0	36	Missouri	49.6	19.0	30.6
12	Hawaii	56.5	23.2	33.3	37	Nebraska	49.6	17.1	32.5
13	Connecticut	56.1	15.3	40.8	38	Oregon	48.8	15.2	33.6
14	Pennsylvania	55.7	16.8	38.9	39	Montana	48.7	17.2	31.5
15	West Virginia	55.4	20.2	35.2	40	Iowa	48.2	15.3	32.9
16	Tennessee	54.7	21.7	33.0	41	Ohio	48.2	16.6	31.6
17	Alabama	54.5	23.1	31.4	42	Wyoming	48.2	14.1	34.1
18	South Carolina	54.1	21.4	32.7	43	Indiana	48.1	15.2	32.9
19	North Carolina	53.2	20.9	32.3	44	Michigan	47.8	15.9	31.9
-	United States	53.0	18.8	34.2	45	Washington	47.6	15.5	32.1
20	Georgia	52.9	22.0	30.9	46	Nevada	47.4	15.8	31.6
21	South Dakota	52.9	20.6	32.3	47	Kansas	47.3	15.7	31.6
22	Maryland	52.7	16.0	36.7	48	Colorado	46.0	15.7	30.3
23	California	51.8	19.8	32.0	49	Alaska	45.9	19.0	26.9
24	District of Columbia	51.4	23.2	28.2	50	Arizona	45.4	15.9	29.5
25	Idaho	51.3	18.9	32.4	51	Utah	45.1	16.2	28.9

Table 3a: Elder Economic Insecurity Rates, Poverty Rates, and Percentage in the Gap by State, 2016 (Singles)

Large Proportions of Elder-Only Households Live "in the Gap" between Poverty and Economic Security

Additional information provided in Tables 3a and 3b compare the incomes of elder-only household members to the Federal Poverty Guidelines, commonly referred to as the federal poverty level (FPL), which are used to establish eligibility for many state and federal assistance programs.[3] Also displayed are the percentages of elders who live "in the gap" with incomes falling between the FPL and the Elder Index. These individuals have incomes too high to qualify for many means-tested public benefits programs, yet too low to achieve intermediate- or long-term economic stability.

On average throughout the United States, the share of older adults living alone with incomes below the FPL is 18.8%; another 34.2% live above the poverty level yet still have income less than what is required to live with economic security. Wyoming and New Hampshire have the lowest rate of single elders living with incomes below the poverty guideline—14%—which is five percentage points lower than the national average (see Table 3a). At the other end of the spectrum, 28.4% of Mississippi's single elders live below the FPL. In every state, the share "in the gap" between the poverty line and the Elder Index is larger than the share living in poverty; in some states the share living in the gap is nearly three times higher (see Vermont, for example). Figure 1a illustrates the highest and lowest five states with elder singles falling short of economic security, illustrating the extent to which older adults with incomes "in the gap" adds to insecurity, above and beyond those living below the poverty line.

[3] This analysis compares older adults' incomes to the HHS Poverty Guidelines, which are used in determining most public assistance income eligibility, and not to the US Census Bureau's federal poverty thresholds, which are used to calculate official poverty rates. The Guidelines are derived from the thresholds, and the values are quite similar. The Guidelines were used herein in order to facilitate observations about public assistance program eligibility. The 2016 values of the Poverty Guideline are the same for all 48 contiguous states and Washington DC (at $11,880 for singles and $16,020 for couples in 2016), but higher for Alaska ($14,840, $20,020) and Hawaii ($13,670, $18,430).

Table 3b: Elder Economic Insecurity Rates, Poverty Rates, and Percentage in the Gap by State, 2016 (Couples)									
Rank	State	Below Index (%)	Below Poverty (%)	"In the gap" (%)	Rank	State	Below Index (%)	Below Poverty (%)	"In the gap" (%)
1	Mississippi	34.2	5.9	28.3	26	Georgia	24.8	4.5	20.3
2	Vermont	31.6	2.6	29.0	27	Texas	24.8	6.2	18.6
3	New York	30.6	6.1	24.5	28	Florida	24.7	5.6	19.1
4	Kentucky	30.5	5.3	25.2	29	Wisconsin	24.7	3.8	20.9
5	Arkansas	30.4	4.6	25.8	30	Minnesota	24.6	3.6	21.0
6	West Virginia	30.0	4.0	26.0	31	Missouri	24.4	4.6	19.8
7	Maine	29.7	3.6	26.1	32	Montana	24.3	3.6	20.7
8	Louisiana	29.1	5.5	23.6	33	Iowa	24.2	3.5	20.7
9	Massachusetts	29.1	4.5	24.6	34	Michigan	24.0	3.4	20.6
10	New Hampshire	28.8	2.9	25.9	35	Nebraska	24.0	3.6	20.4
11	Pennsylvania	28.5	4.0	24.5	36	Oregon	23.8	3.4	20.4
12	Hawaii	28.2	6.3	21.9	37	Illinois	23.5	3.9	19.6
13	Alabama	27.8	4.3	23.5	38	Indiana	23.3	3.1	20.2
14	Tennessee	27.8	4.3	23.5	39	Virginia	23.1	3.8	19.3
15	New Jersey	27.7	4.4	23.3	40	Wyoming	23.1	2.8	20.3
16	South Dakota	27.7	5.4	22.3	41	Washington	22.9	4.2	18.7
17	North Dakota	27.6	5.4	22.2	42	Maryland	22.6	3.5	19.1
18	Oklahoma	26.8	4.2	22.6	43	Ohio	22.2	3.5	18.7
19	California	26.7	4.9	21.8	44	Arizona	21.9	4.3	17.6
-	United States	26.1	4.5	21.6	45	Kansas	21.7	3.1	18.6
20	South Carolina	25.9	3.9	22.0	46	Delaware	21.0	3.9	17.1
21	Rhode Island	25.8	4.5	21.3	47	Colorado	20.1	3.4	16.7
22	New Mexico	25.6	6.2	19.4	48	Nevada	20.1	4.5	15.6
23	Idaho	25.3	4.1	21.2	49	Utah	19.7	3.3	16.4
24	North Carolina	25.1	4.1	21.0	50	Alaska	18.0	4.1	13.9
25	Connecticut	25.0	2.9	22.1	51	District of Columbia	15.3	3.5	11.8

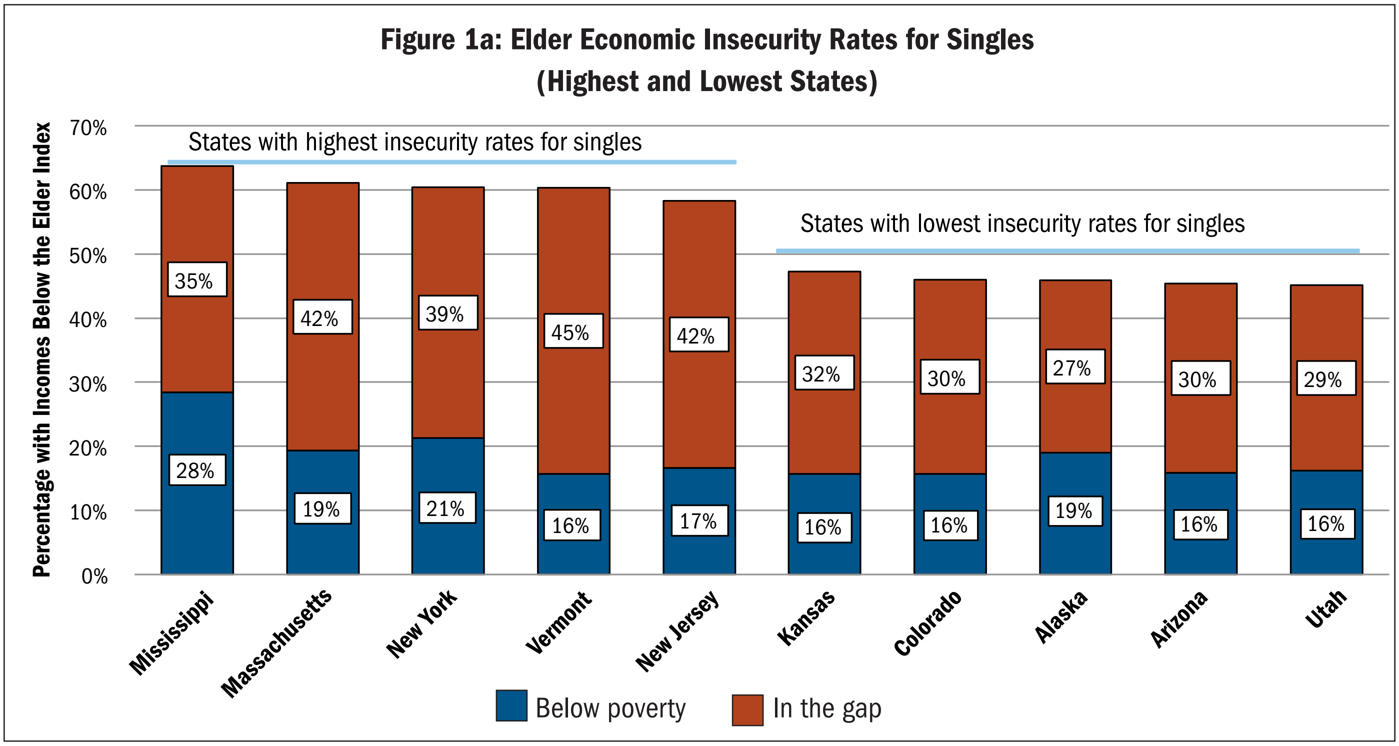
Table 3b ranks the same measures as in Table 3a but for elder couples. Both poverty rates and EEIR values are substantially lower for couples than for singles throughout the United States, due to economies of scale in costs of living, but also because two-person households typically have higher levels and more sources of income. For example, Vermont has just 2.6% of its elder couples living below poverty, followed by Wyoming, New Hampshire, and Connecticut. Hawaii, on the other hand, has the highest rate of elder couples in poverty, at 6.3%; nationwide, the share of older adults in two-person households with poverty-level incomes is 4.5%. The share of elder couples with incomes "in the gap" is considerably higher than the share living in poverty; for example, although just 2.6% of Vermont elder couples live below poverty, an additional 29% have incomes above the FPL but below what is required to live with economic security. These figures make clear that while a large majority of couples avoid poverty, many are unable to afford daily expenses of living as reflected by the Elder Index. Figure 1b illustrates the highest and lowest five states with elder couples falling short of economic security.

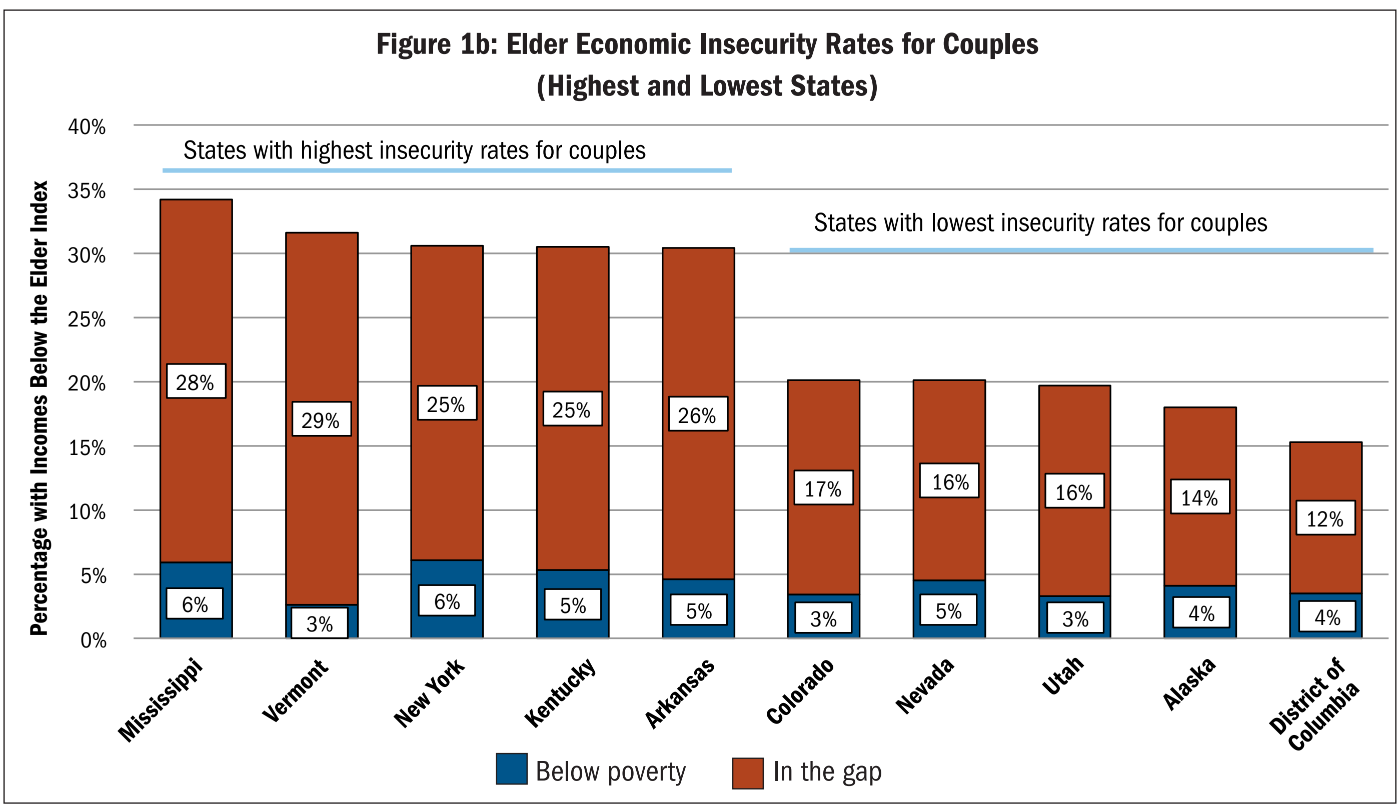
Older Adults Living Below the Elder Index Depend on Social Security

Most older adults rely on Social Security benefits as a key component of their incomes. The Social Security Administration estimates that Social Security benefits provide one-third of all income received by older adults, and that lower-income elders are especially reliant on Social Security.[4] Indeed, our calculations presented in Table 4 illustrate that on average, *half of older adults who live below the Elder Index rely on Social Security for at least 90% of their incomes*. States vary in the extent to which older adults depend on Social Security; for example, in Oklahoma, 62% of older adults living alone with incomes below the Oklahoma Elder Index rely on Social Security for at least 90% of their total incomes. In contrast, in Alaska just 26% of older adults living alone with incomes below the Alaska Elder Index, and 41% of their District of Columbia counterparts, rely on Social Security for 90% or more of their incomes.[5]

[4] Income of the Aged Chartbook, 2014. Retrieved online: https://www.ssa.gov/policy/docs/chartbooks/income_aged/2014/index.html

[5] Older adults with incomes above the Elder Index typically have multiple sources of income and are less dependent on Social Security as a primary income source. For example, in Oklahoma just 6% of older adults living alone with incomes above the Elder Index rely on Social Security for 90% or more of their total incomes.





Conclusion

Many older adults who live alone do not have the means to live with economic security. These older adults are of special concern, and policy and programs that address the concerns of single or couple elders living on their own—congregate and home-delivered meals, transportation, falls prevention, employment and training—should also be of special concern to federal, state and local governments.

While decreasing poverty is a critical policy goal, the "circle of concern" cannot be limited to impoverished older adults. Elder Economic Insecurity Rates demonstrate that a large proportion of every state's independent older adults lack incomes that would allow them to escape the threat of poverty, to remain independent, and to age in their own homes. The EEIR for the United States is a full 53% for singles and 26% for couples, and as many as 34% (singles) and 22% (couples) of America's independent older adults fall into the security gap between the Federal Poverty Guidelines and economic security incomes.

As the older adult population grows, the federal government and each state must learn to recognize the economic security gap and those who fall into it. They must also consider whether or not policies contribute to the economic security of older adults living above the poverty line, as they require services and supports beyond emergency aid that contribute to intermediate- and long-term stability goals. Helping all older adults reach economic security is the goal to which elders and those who represent and serve them should aspire. Protecting Social Security benefits is essential for older adults, including not only those who are poor but also for those "in the gap," more than half of whom rely on those benefits for a large majority of their incomes.

Methodology

Elder-only households include those composed of adults age 65 and older who live alone (elder singles) and elder adults who live with one additional person who is also age

Table 4: Older Adults Living Below the Elder Index Depend on Social Security

Percentage of older singles and couples with total incomes below the Elder Index who rely on Social Security for 90% or more of their incomes

Rank	State	% (Singles)	% (Couples)	Rank	State	% (Singles)	% (Couples)
1	Oklahoma	61.9	55.6	27	Wisconsin	54.7	52.2
2	Arkansas	61.4	57.9	28	Oregon	54.6	50.5
3	South Carolina	60.9	59.7	29	Ohio	54.5	50.5
4	Alabama	59.6	55.5	30	Utah	54.2	50.6
5	Montana	59.5	47.2	31	Colorado	54.0	52.1
6	Idaho	59.2	55.5	32	Illinois	53.9	51.0
7	North Carolina	59.2	58.9	-	United States	53.2	51.0
8	Arizona	59.1	55.7	33	New Mexico	53.2	59.5
9	Georgia	59.1	59.2	34	Wyoming	53.0	54.0
10	Nevada	58.4	55.9	35	Michigan	52.5	50.3
11	Florida	58.3	57.6	36	Pennsylvania	52.3	49.0
12	Maine	58.2	55.3	37	Washington	51.9	45.7
13	Texas	57.9	55.5	38	Minnesota	51.5	48.5
14	Nebraska	57.8	53.8	39	Virginia	51.3	47.8
15	Mississippi	57.6	54.6	40	Delaware	51.1	43.8
16	Kansas	57.5	53.6	41	New Hampshire	49.4	46.6
17	Iowa	57.1	53.9	42	New Jersey	47.6	45.4
18	Louisiana	56.7	55.3	43	Massachusetts	47.1	42.6
19	Indiana	56.5	52.0	44	Connecticut	46.9	45.2
20	South Dakota	56.4	44.8	45	California	46.7	45.4
21	Tennessee	56.4	55.8	46	Vermont	46.3	41.5
22	Rhode Island	56.2	51.6	47	New York	45.6	43.7
23	North Dakota	55.8	50.0	48	Maryland	44.5	41.7
24	Missouri	55.6	52.0	49	Hawaii	41.4	42.5
25	Kentucky	55.3	51.1	50	District of Columbia	41.0	46.3
26	West Virginia	55.0	50.6	51	Alaska	26.1	24.1

65 or older (elder couples). Older adults who live in group quarters, including institutional settings, those who reside in households including three or more people, and those living with anyone under the age of 65 are not included in this analysis. This analysis calculates Elder Economic Security Rates by state by comparing elder household incomes to annualized incomes required for basic economic security, as defined by statewide Elder Economic Security Standard Indexes. Household income is based on 2010-2014 5-year American Community Survey PUMS data, with income values converted to 2016 dollars using the June 2016 Consumer Price Index.

For more information about the Elder Economic Security Standard Index, including county-level Elder Index values, values for homeowners, and values for older adults in poor or in excellent health, see www.basiceconomicsecurity.org.

ABOUT THE GERONTOLOGY INSTITUTE AT UNIVERSITY OF MASSACHUSETTS BOSTON

Created by the Massachusetts Legislature in 1984, the Gerontology Institute conducts research and policy analysis in the field of aging, and offers lifelong learning and pension protection services to older adults. The Institute has four priority areas—(1) productive aging; (2) economic security; (3) social and demographic research on aging; and (4) long-term services and supports—with special emphasis on low-income and minority elders.

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