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2016 Elder Economic Security Standard Index™ for Boston

Yang Li

University of Massachusetts Boston, yang.li002@umb.edu

Ping Xu

University of Massachusetts Boston, ping.xu001@umb.edu

Jan Mutchler

University of Massachusetts Boston, jan.mutchler@umb.edu

Center for Social and Demographic Research on Aging, University of Massachusetts Boston

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Highlights

- A Boston renter aged 65 or older and living alone can expect to spend more than \$29,000 annually for necessary living expenses.
- A Boston couple, both of whom are age 65 or older, and living in a rented home can expect to spend nearly \$40,000 annually for necessary living expenses.
- Nearly three out of four women aged 65 or older who live alone in Boston do not have sufficient income to cover necessary expenses.
- The Elder Index for single renters is more than twice the Federal Poverty cutoff.
- The average Social Security benefit for retired workers covers just about half the estimated cost of living for an older adult in good health and living alone in Boston.
- As measured by the Elder Index, cost of living in Boston is higher than in every Massachusetts county, with the exception of Norfolk and Nantucket.

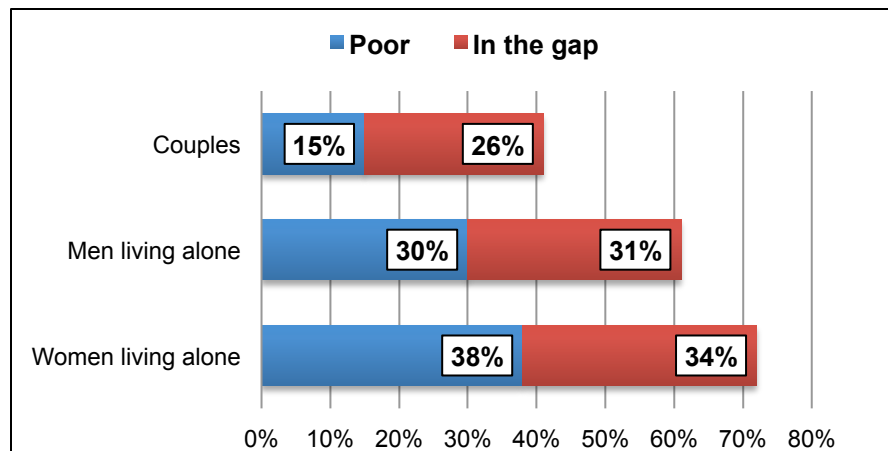
The Elder Economic Security Standard™ Index (Elder Index) is a measure of the cost of living for older adults age 65 or older living independently in today's economy. The Elder Index defines economic security as the income level at which elders are able to cover basic and necessary living expenses and age in their homes, without relying on benefit programs, loans or gifts. The Elder Index defines an "economic security gap" as having incomes between the Federal Poverty Line and the Elder Index. Older adults living "in the gap" have incomes too high to qualify for many means-tested public benefits programs, yet too low to achieve intermediate- or long-term economic stability.

Table 1: The Elder Economic Security Standard Index for Boston, MA 2016

| Monthly Expenses | Elder Living Alone | | | Two-person Elder Household | | |
|---------------------------------------|---------------------|-----------------|----------------------|----------------------------|-----------------|----------------------|
| | Owner, w/o Mortgage | Renter | Owner, with Mortgage | Owner, w/o Mortgage | Renter | Owner, with Mortgage |
| Housing | \$761 | \$1,226 | \$2,011 | \$761 | \$1,226 | \$2,011 |
| Food | \$256 | \$256 | \$256 | \$470 | \$470 | \$470 |
| Transportation | \$225 | \$225 | \$225 | \$348 | \$348 | \$348 |
| Health Care (Good Health) | \$390 | \$390 | \$390 | \$780 | \$780 | \$780 |
| Miscellaneous | \$326 | \$326 | \$326 | \$472 | \$472 | \$472 |
| Total Monthly (Index) Expenses | \$1,958 | \$2,423 | \$3,208 | \$2,831 | \$3,296 | \$4,081 |
| Total Annual (Index) Expenses | \$23,496 | \$29,076 | \$38,496 | \$33,972 | \$39,552 | \$48,972 |

Costs of living for older Bostonians age 65 and older in good health vary widely by housing scenario. Older homeowners without a mortgage spend the least annually (\$23,496 for singles; \$33,972 for couples). By contrast, older homeowners with a mortgage spend the most per year (\$38,496 for singles; \$48,972 for couples).

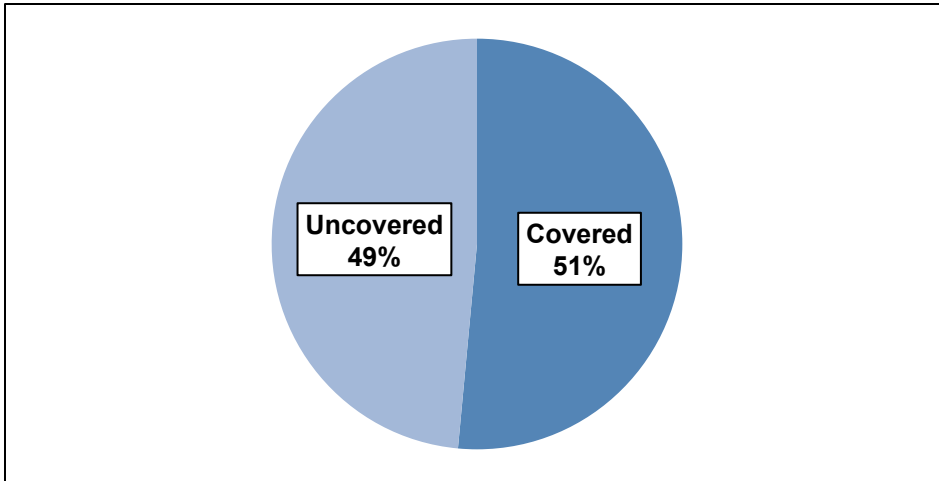
Figure 1: Percent of Older Adults Living Below the Elder Index in Boston (2016)



Note: calculation is based on older adults who live alone and who live in a 2-person older household.

The 2016 Elder Index for Boston shows that a greater proportion of women living alone are below the Elder Index relative to their male counterparts. Substantially fewer couples are below the Elder Index, due in part to economies of scale realized in two-person households.

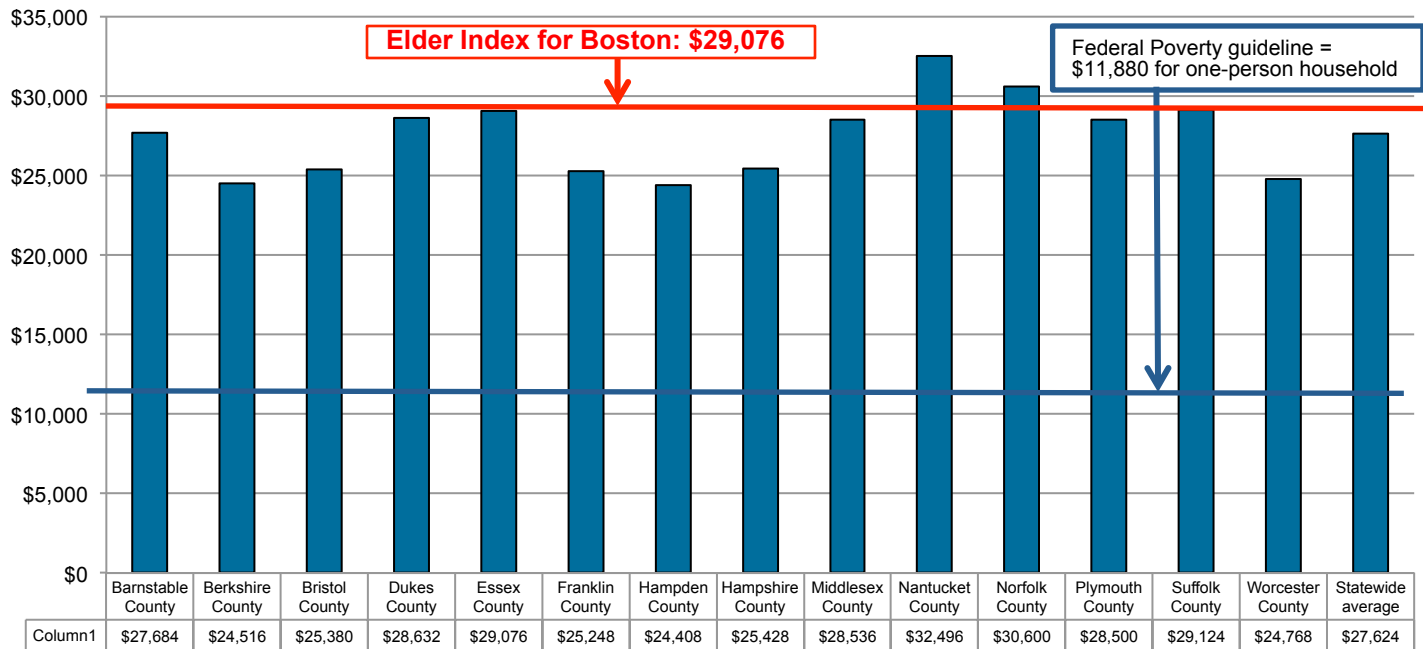
Figure 2: Share Living Expenses Covered by Social Security Benefit in Boston (%)



The average Social Security Benefit for retired workers covers just half the estimated cost of living for an older adult in good health (Figure 2).

The Elder Index for a single renter in good health in Boston is \$29,076, slightly below the index value for Nantucket County (\$32,496), the highest in the state, and Norfolk County (\$30,600), the second highest, but above the statewide average index (\$27,624), and well above the index for Hampden County (\$24,408), the lowest in Massachusetts (Figure 3). The index value for Boston is indeed just above the value for Suffolk County as a whole. The Federal Poverty Guideline for a one-person household in 2016 is \$11,880.

Figure 3: 2016 Massachusetts Elder Index for Single Renters



Prepared by Yang Li, Ping Xu, and Jan Mutchler

Center for Social and Demographic Research on Aging

Gerontology Institute
 University of Massachusetts Boston
 100 Morrissey Blvd.
 Boston, MA 02125
 www.umb.edu/demographyofaging
 CSDRA@umb.edu

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