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### Living Below the Line: Racial and Ethnic Disparities in Economic Security among Older Americans, 2022

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#### Recommended Citation

Mutchler, Jan; Su, Yan-Jhu; and Velasco Roldán, Nidya, "Living Below the Line: Racial and Ethnic Disparities in Economic Security among Older Americans, 2022" (2023). *Center for Social and Demographic Research on Aging Publications*. 68.

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# **Living Below the Line: Racial and Ethnic Disparities in Economic Security among Older Americans, 2022**

Jan E. Mutchler, Yan-Jhu Su, and Nidya Velasco Roldán

July 2023

New estimates based on the 2022 Elder Index™ show that the risk of economic insecurity in later life is especially high for people of color. Comparing household incomes to the Elder Index, we calculate the percentage of independent older adults with incomes that fall short of what is required to support economic security. National averages suggest that among older people living alone, 43% who are White, 59% of those who are Asian, 61% of those who are Black, and 67% of those who are Latino have annual incomes below the Elder Index. The risk of economic insecurity is lower among couples than among singles but is still substantially higher for people of color. Economic insecurity is especially prevalent among single women of color. Our estimates suggest that 12 million U.S. adults aged 65 or older in one- and two-person households struggle to make ends meet, facing financial challenges in their efforts to age in place and in community.

## Gauging Economic Security for Older Americans: The Elder Index™

Economic security is a highly valued goal, supporting older people’s efforts to stay in their homes, live independent lifestyles, and secure health-promoting medical care. To the extent that an older person receives income from Social Security, pensions, savings, earnings, or other sources sufficient to cover necessary living expenses, they may be considered to have achieved economic security. However, when incomes fall short of necessary expenses, economic insecurity occurs, requiring adjustment in terms of income (e.g., finding a part-time job), expenses (e.g., downsizing to a less expensive home or apartment), or both. For many older adults, the consequences of not having sufficient income to cover expenses include falling into debt, being unable to keep up with bills, or foregoing necessary medical care.

The Elder Index is a publicly available tool that can be used to gauge economic security among older people in the U.S. The Elder Index measures the cost of covering basic needs for people aged 65 or older who live independently in one- or two-person households, calculated county-by-county for the entire United States (Mutchler et al 2015). Costs are stratified based on whether a person lives alone (single) or with another older adult (couple)<sup>1</sup>; whether the residence is rented or owned (and with or without a mortgage); and on health status (excellent, good, or poor). The 2022 U.S. average Elder Index is shown in **Table 1** and indicates that people living in their owned homes without a mortgage requires \$23,880 annually to cover necessary expenses if they live alone, and \$36,300 if an older couple. Relative to costs for owners without a mortgage, estimated costs are higher for renters (\$28,920 for singles and \$41,340 for couples) and for those who are paying off a mortgage (\$36,300 for singles and \$48,720 for couples).

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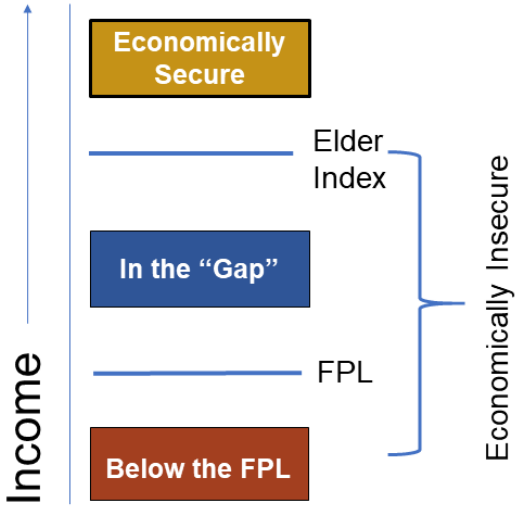
<sup>1</sup> In this report, we use the term *singles* to refer to people age 65 or older and living alone. We use the term *older couple* to refer to people in households that include just two persons, both of whom are age 65 or older. Most of these couple households are married couples, and the remaining households include unmarried partners and older adults living with another older adult (such as siblings, an older adult with a parent, or other relationship).

Table 1. The Elder Index for the United States, 2022						
Expense	Older Person Living Alone			Two-person Older Household		
	Owner without Mortgage	Renter	Owner with Mortgage	Owner without Mortgage	Renter	Owner with Mortgage
Housing	\$617	\$1,037	\$1,652	\$617	\$1,037	\$1,652
Food	\$306	\$306	\$306	\$562	\$562	\$562
Transportation	\$279	\$279	\$279	\$430	\$430	\$430
Health Care (Good Health)	\$456	\$456	\$456	\$912	\$912	\$912
Miscellaneous	\$332	\$332	\$332	\$504	\$504	\$504
Elder Index Per Month	\$1,990	\$2,410	\$3,025	\$3,025	\$3,445	\$4,060
Elder Index Per Year	\$23,880	\$28,920	\$36,300	\$36,300	\$41,340	\$48,720

Source: The [Elder Index](#) (2022).

Assessing economic security based on the Elder Index involves comparing income to the local cost of living for an older person or couple, which varies considerably across states and localities (Mutchler, Su & Velasco Roldán, 2022). Some people have incomes that fall below the federal poverty level (FPL) while many others have incomes that fall between the FPL and the Elder Index (referred to as “in the gap”—see **Figure 1**). Individuals falling in the gap have incomes that are too low to achieve economic security, but too high to qualify for many programs that are meant to offset shortfalls in income.

**Figure 1:** Assessing economic insecurity using the Elder Index



## Disparities in economic security across race and ethnic groups

Economic insecurity is a particular problem for many older people of color. Early in life, patterns of structural disadvantage yield poorer access to higher education and elevated likelihoods of holding low-wage or unstable jobs with few benefits. Moreover, many older people of color are immigrants, especially among those who are Asian or Latino. Although many older immigrants have lived in the U.S. for decades, a sizable share arrived at an older age, and some may not have worked long enough in the U.S. to be eligible for Social Security benefits, for example. In addition, people of color accumulate far lower levels of wealth than their White counterparts on average, adding to disparities in intergenerational transmission of financial resources. The accumulation of life-course experiences shaped by inequity results in people of color being at higher risk of entering later life with few financial resources, little wealth, and little or no pension income (Carr, 2019; Kijakazi, Smith & Runes, 2019; Koma et al, 2020). Comparing income to the Elder Index reveals that older people are at high risk of economic insecurity, especially people of color who live alone.

### Economic insecurity among singles

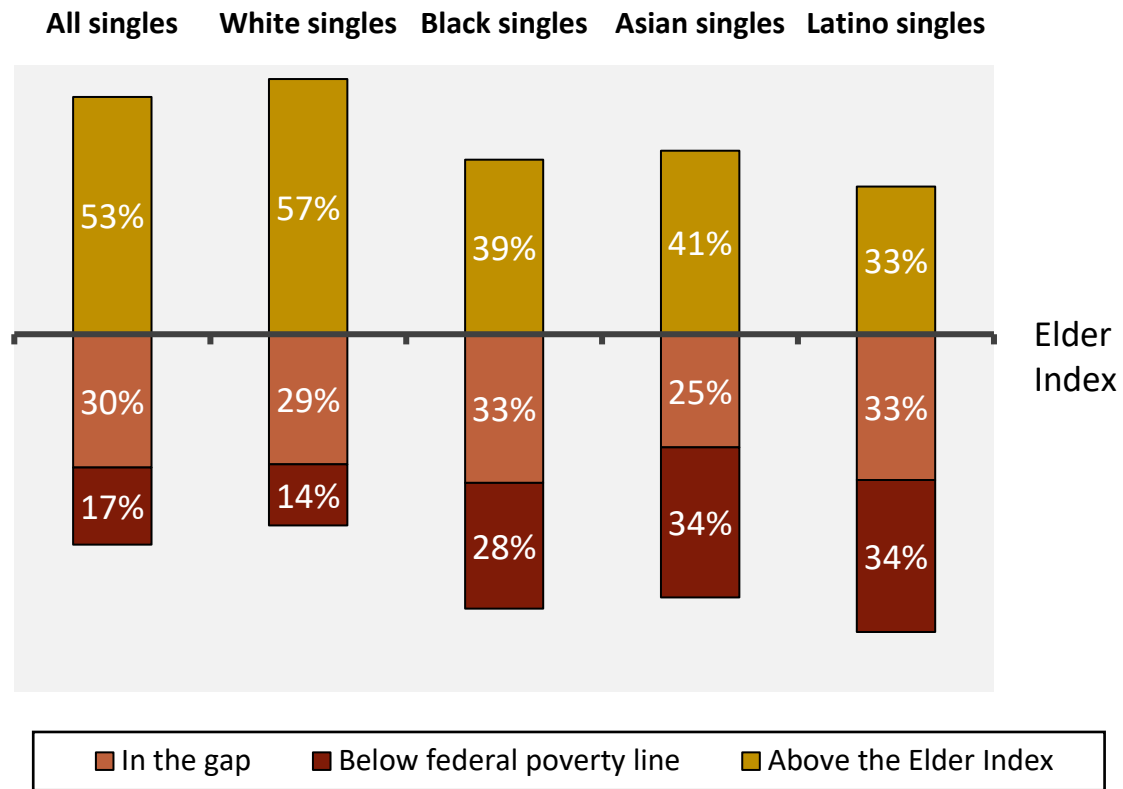
As shown in **Figure 2**, the rate of economic insecurity among all older singles living alone, at 47%, is just slightly lower among those who are White alone and not Hispanic (43%). Higher rates of economic insecurity are observed among singles who are Asian (59%), Black (61%), or Latinx (67%).

State by state rates of economic insecurity among singles are shown in **Table 2**, and illustrate that disparities across racial and ethnic subgroups are evident in every state.<sup>2</sup> Across the states, singles who are people of color have higher rates of economic insecurity, with African American and Latinx singles typically having the highest rates of insecurity, followed by Asian and White singles. Some deviations from this general pattern occur, however. For example, insecurity rates among Asian singles are lower than among White singles in North Carolina; but in Oregon and Pennsylvania Asian singles have higher rates of economic insecurity than their African American counterparts. These findings highlight the heterogeneity of the populations grouped into major racial categories, and the extent to which patterns of inequality differ across geographic locations.

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<sup>2</sup> Insecurity rates are not calculated for groups with fewer than 100 unweighted cases in the data used for this analysis.

**Figure 2. Economic Security and Insecurity Rates among Older Singles, by Race, 2022**



Source: Elder Index (2022) and American Community Survey (2017-2021, retrieved from the IPUMS).

Notes: White, Black, and Asian groups include those reporting specified race alone and not reporting Latino ethnicity. Latinos may be of any race, including multiple races. Individuals reporting “other” race or more than one race are not included in these calculations.

**Table 2.** Economic insecurity rates (percentage with income below the Elder Index) for singles age 65+, by racial group and state\*

State	White	Black	Asian	Latino
All	43%	61%	59%	67%
Alabama	41%	63%	--	53%
Alaska	35%	--	--	--
Arizona	40%	48%	49%	58%
Arkansas	46%	68%	--	--
California	45%	64%	62%	67%
Colorado	43%	58%	53%	60%
Connecticut	42%	65%	--	77%
Delaware	33%	51%	--	--
District of Columbia	21%	61%	--	--
Florida	42%	64%	54%	70%
Georgia	43%	61%	48%	54%
Hawaii	45%	--	49%	53%
Idaho	45%	--	--	--
Illinois	41%	62%	62%	65%
Indiana	39%	54%	--	43%
Iowa	41%	--	--	--
Kansas	37%	47%	--	44%
Kentucky	46%	49%	--	--
Louisiana	43%	69%	--	51%
Maine	51%	--	--	--
Maryland	39%	51%	58%	47%
Massachusetts	55%	75%	77%	87%
Michigan	38%	51%	53%	53%
Minnesota	42%	71%	--	46%
Mississippi	46%	70%	--	--
Missouri	40%	58%	--	44%
Montana	43%	--	--	--
Nebraska	42%	57%	--	--
Nevada	41%	56%	45%	55%
New Hampshire	50%	--	--	--
New Jersey	43%	63%	56%	74%
New Mexico	39%	--	--	59%
New York	51%	67%	74%	78%
North Carolina	44%	63%	39%	62%
North Dakota	44%	--	--	--
Ohio	38%	56%	46%	51%
Oklahoma	37%	51%	--	56%

**Table 2 (cont.)** Economic insecurity rates for singles

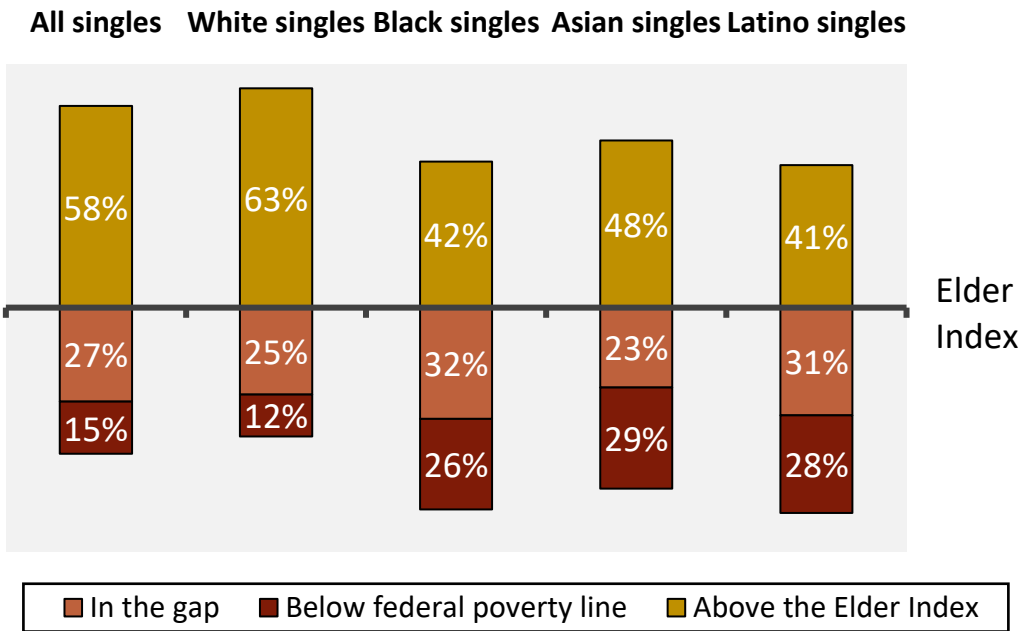
State	White	Black	Asian	Latino
All	43%	61%	59%	66%
Oregon	46%	45%	58%	46%
Pennsylvania	43%	60%	64%	70%
Rhode Island	49%	--	--	88%
South Carolina	42%	70%	--	41%
South Dakota	41%	--	--	--
Tennessee	44%	60%	--	48%
Texas	40%	60%	59%	67%
Utah	39%	--	--	58%
Vermont	52%	--	--	--
Virginia	40%	60%	44%	44%
Washington	44%	56%	57%	58%
West Virginia	45%	58%	--	--
Wisconsin	37%	60%	--	60%
Wyoming	39%	--	--	--

\*Rates of economic insecurity were calculated using the 5-year 2017-2021 American Community Survey data from IPUMS, for every state that had at least 100 unweighted cases of older people living alone within the specified race group. The cutoff of 100 cases was chosen in an effort to produce stable estimates of insecurity rates. States without an entry lack sufficient cases to calculate rates of economic insecurity for the specified group.

Intersecting inequalities by race and sex. A more complete understanding of disparities in economic security is obtained by considering the intersection of race and gender. Across the nation, older women (49%) are at higher risk of economic insecurity compared to men (42%). As well, men and women of color are at higher risk of economic insecurity than their White counterparts (see **Figures 3 and 4**). Older Latinas are at the highest risk of economic insecurity, compared to other groups. About 70% of older Latinas report having incomes below the Elder Index compared to Black (63%) and Asian women (61%). Within every race group included in Figures 3 and 4, women have higher rates of economic insecurity than their male counterparts. In percentage point differences, the gender gap is smallest among older Black singles (a 5% difference) and highest among Latinx singles (11%).

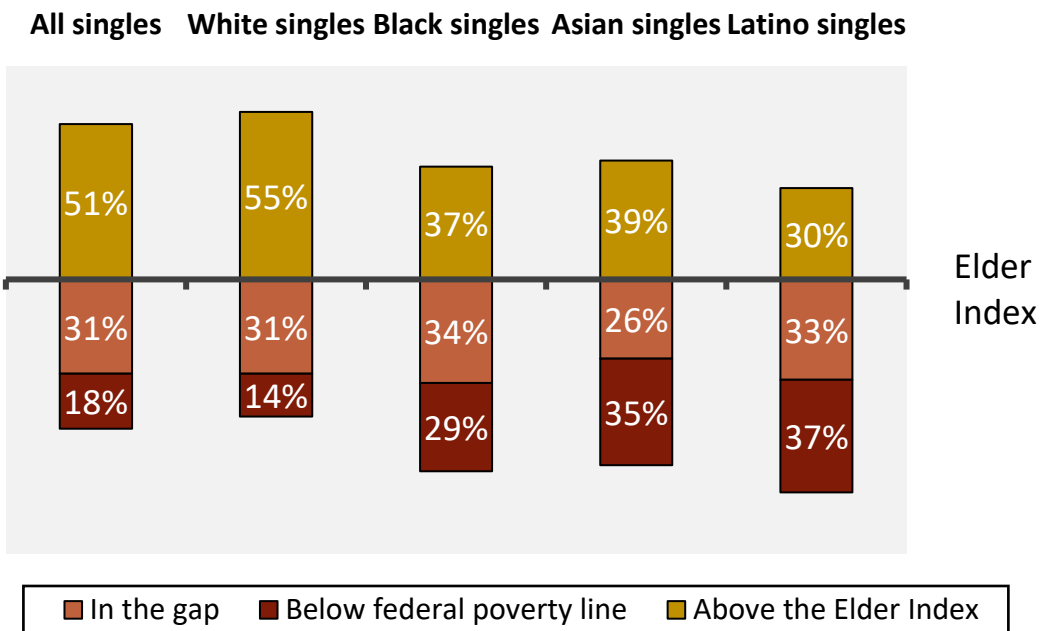


**Figure 3. Economic Security and Insecurity Rates among Older Single Men, by Race, 2022**



Source: Elder Index (2022) and American Community Survey (2017-2021, retrieved from the IPUMS).

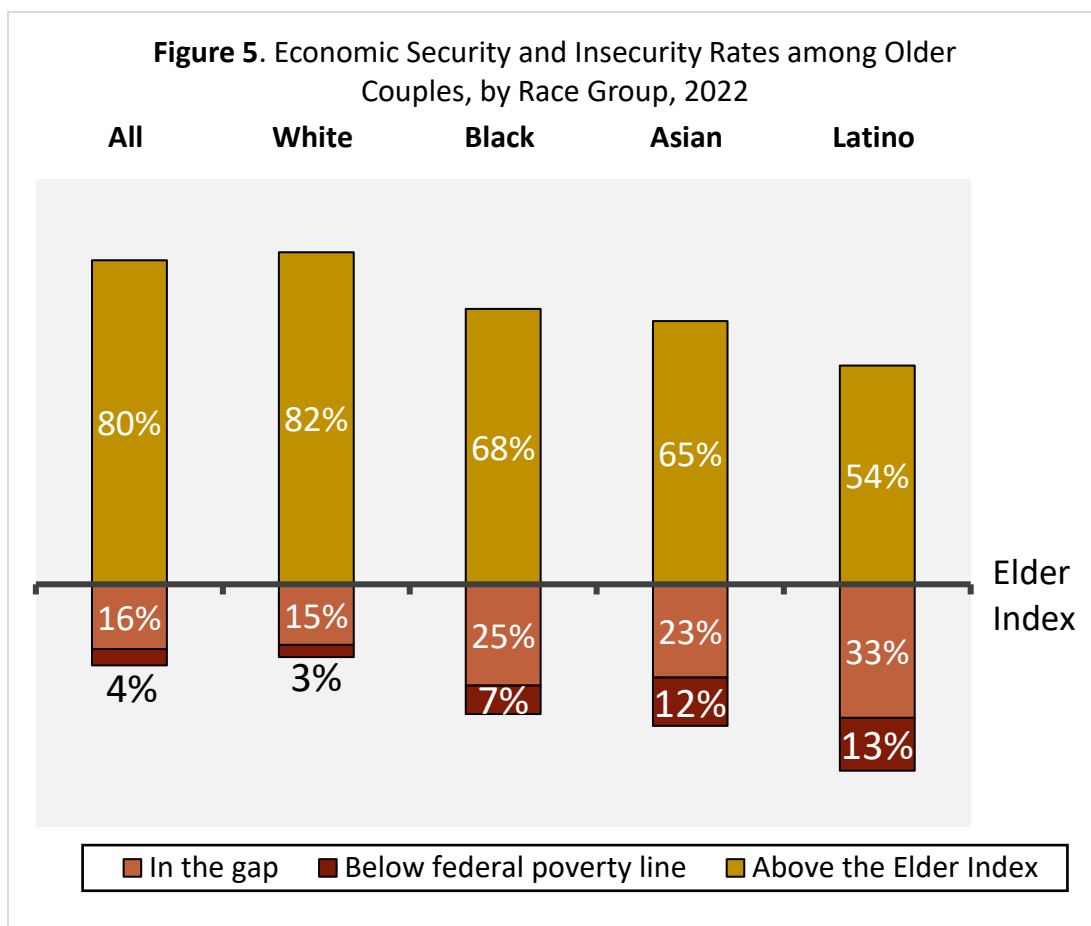
**Figure 4. Economic Security and Insecurity Rates among Older Single Women, by Race, 2022**



Source: Elder Index (2022) and American Community Survey (2017-2021, retrieved from the IPUMS).

## Economic insecurity among couples

Compared to singles living alone, rates of economic insecurity are considerably lower among couples (see **Figure 5**), among whom 20% have incomes below the Elder Index. But consistent with patterns among singles, rates among coupled people who are Latino (46%), Asian (35%), or Black (32%) are far higher than among those who are White (18%). These findings illustrate that although older adults benefit from the economies of scale made possible in two-person households, a disproportionate burden of hardship occurs among people of color.



Source: Elder Index (2022) and American Community Survey (2017-2021, retrieved from the IPUMS).

Rates of economic insecurity for couples are shown state by state in **Table 3**. Geographic location adds measurably to the prevalence of hardship experienced by all groups. The highest rate of economic insecurity among Blacks is found in Mississippi, at 47%. Among Asian Americans, the highest rate is in New York (54%), and among Latinx people the highest rate is 66%, in Massachusetts. The highest rate of economic insecurity among coupled non-Hispanic Whites is 24%, a rate observed in both Mississippi and Vermont.

**Table 3.** Economic insecurity rates (percentage with income below the Elder Index) for couples age 65+, by racial group and state\*

State	White	Black	Asian	Latino
All	18%	32%	35%	46%
Alabama	18%	37%	29%	21%
Alaska	12%	--	--	--
Arizona	17%	17%	27%	36%
Arkansas	23%	31%	--	43%
California	19%	32%	39%	48%
Colorado	16%	28%	26%	34%
Connecticut	15%	19%	32%	46%
Delaware	13%	19%	--	--
District of Columbia	6%	31%	--	--
Florida	18%	36%	29%	53%
Georgia	19%	35%	33%	37%
Hawaii	19%	--	25%	29%
Idaho	20%	--	--	44%
Illinois	16%	27%	28%	48%
Indiana	15%	25%	21%	28%
Iowa	17%	--	--	--
Kansas	16%	26%	38%	33%
Kentucky	22%	22%	--	20%
Louisiana	20%	39%	38%	27%
Maine	22%	--	--	--
Maryland	17%	24%	35%	21%
Massachusetts	23%	39%	50%	66%
Michigan	16%	22%	27%	34%
Minnesota	17%	--	21%	22%
Mississippi	24%	47%	--	--
Missouri	18%	30%	26%	22%
Montana	20%	--	--	--
Nebraska	17%	--	--	33%
Nevada	17%	19%	25%	34%
New Hampshire	21%	--	--	--
New Jersey	15%	27%	33%	52%
New Mexico	16%	--	--	41%
New York	23%	36%	54%	52%
North Carolina	19%	33%	21%	35%
North Dakota	21%	--	--	--
Ohio	15%	23%	20%	36%

<b>Table 3 (cont.) Economic insecurity rates for couples</b>				
<b>State</b>	<b>White</b>	<b>Black</b>	<b>Asian</b>	<b>Latino</b>
<b>All</b>	18%	32%	35%	46%
<b>Oklahoma</b>	19%	23%	31%	26%
<b>Oregon</b>	21%	--	40%	32%
<b>Pennsylvania</b>	18%	29%	24%	46%
<b>Rhode Island</b>	16%	--	--	--
<b>South Carolina</b>	17%	42%	30%	28%
<b>South Dakota</b>	18%	--	--	--
<b>Tennessee</b>	19%	30%	30%	21%
<b>Texas</b>	16%	32%	36%	48%
<b>Utah</b>	15%	--	19%	32%
<b>Vermont</b>	24%	--	--	--
<b>Virginia</b>	17%	28%	25%	26%
<b>Washington</b>	18%	14%	33%	29%
<b>West Virginia</b>	23%	32%	--	--
<b>Wisconsin</b>	17%	41%	18%	29%
<b>Wyoming</b>	19%	--	--	--

\*Rates of economic insecurity were calculated using the 5-year 2017-2021 American Community Survey data from IPUMS, for every state that had at least 100 unweighted cases of older couples within the specified race group. The cutoff of 100 cases was chosen in an effort to produce stable estimates of insecurity rates. States without an entry lack sufficient cases to calculate rates of economic insecurity for the specified group.

## Economic insecurity among older Native Americans

An accurate tracking of people of Native American ancestry requires careful consideration of the history of this population. In particular, counting Native Americans as only those who consider themselves solely American Indian/Alaskan Native misrepresents the population's breadth and diversity by excluding multiracial people who identify as Native American along with another race. For 2022, 625,000 U.S. residents age 65 or older were estimated to be American Indian or Alaskan Native alone or in combination with another race. Of these, under 300,000 reported Native American as their only race, highlighting the multiracial character of this population. In comparison, just 6% of the entire U.S. population age 65+ reported multiple races. To obtain a more accurate reflection of economic insecurity among people who self-identify as Native American, we considered anyone identified as American Indian or Alaskan Native alone or in combination with another race, including those who indicate Latino ethnicity.

Comparing household incomes to the Elder Index suggests that the Native American population has a higher rate of economic insecurity than the older population as a whole. Among Native Americans living alone, 24% have incomes below the federal poverty level and another 33% have incomes in the gap, totaling 57% with incomes below the Elder Index. Among Native Americans living in two-person older households, 5% have incomes below the federal poverty level and an additional 22% have incomes in the gap, totaling 27% with incomes below the Elder Index. These rates of economic insecurity are higher than what is observed for the older population as a whole, which are estimated at 47% for singles and 20% for couples.

## Summary and Discussion

Many people struggle to get by in later life. Using the Elder Index, a publicly available tool measuring the cost of covering basic needs for people aged 65 or older, we estimate that 12 million U.S. adults aged 65 or older struggle to make ends meet, facing financial challenges in their efforts to age in place and in community.

The risk of economic insecurity in later life is especially high for people of color. National averages suggest that among people living alone, 43% of older people who are White, 59% of those who are Asian, 61% of older people who are Black, and 67% of those who are Latino have incomes falling below the Elder Index. The risk of economic insecurity is lower among couples than among singles but is still substantially higher for people of color than for Whites. For example, whereas 18% of older Whites living in a couple household have incomes below the Elder Index, 46% of their Latinx counterparts are economically insecure. The intersection of

race and gender is of special concern, as economic insecurity is especially prevalent among single women of color.

Disparities in economic security in later life reflect the impact of inequality faced by people of color throughout the life course. Early in life, patterns of structural disadvantage yield poorer access to higher education and elevated likelihoods of holding low-wage or unstable jobs with fewer benefits. Moreover, in the U.S. many older people of color are immigrants, with potential implications for Social Security eligibility and benefit amounts. In addition, people of color hold far lower levels of wealth than their White counterparts on average, adding to disparities in intergenerational transmission of financial resources. The cumulative effect of life-course experiences shaped by inequity result in people of color being at higher risk of entering later life with few financial resources, little wealth, and little or no pension income, compounding other challenges confronted in old age. Ensuring that older people of color have equitable access to and awareness of programs and services designed to strengthen economic security is an important step in addressing these disparities.

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## Methodology

This report focuses on adults age 65 and older who live alone (older singles) and older adults who live with one additional person who is also age 65 or older (older couples). In the U.S., an estimated 27% of community-dwelling adults age 65+ live alone, and another 41% live with just one other person who is also age 65+. The remaining 32% of people age 65 and older reside in households including three or more people or live with someone under the age of 65, and are not included in this analysis. People of color are less likely than those who are white and not Hispanic to live alone or with just one other older person. As a result, this analysis includes 74% of non-Hispanic whites age 65+, along with 57% of Black, 42% of Asian, and 46% of Hispanic older adults.

The Elder Index is produced annually by the Gerontology Institute at the University of Massachusetts Boston. In two years out of each three-year cycle, the Elder Index is updated using the Consumer Price Index (CPI-U) issued by the U.S. Department of Labor. Every third year, Elder Index values are rebased using a consistent methodology applied to the most current data available reflecting the cost of housing, food, transportation, and health care. The 2022 Elder Index includes rebased values for housing, food, and transportation. It was not possible to fully rebase values for health care, because the Medicare cost data used for the Elder Index rebasing was not produced for 2022. Accordingly, the health care estimates used in the 2022 Elder Index are based on the 2022 cost of Medicare Part B, and the 2019 out-of-pocket costs for other medical expenses, converted to 2022 dollars using the CPI-U for health care.

This analysis calculates insecurity rates by comparing household incomes to annualized incomes required for basic economic security, as defined by Elder Index values. In this report, household income is based on 2016-2020 5-year American Community Survey PUMS data, with income values converted to 2022 dollars using the June CPI-U.

For more information about the Elder Index, including county-level Elder Index values, values for homeowners, and values for older adults in poor or in excellent health, see our [website](#) and [ElderIndex.org](https://ElderIndex.org)



## **Acknowledgements**

We are grateful for the partnership and support of the [RRF Foundation for Aging](#), [The Silver Century Foundation](#), [The Henry and Marilyn Taub Foundation](#), and the [National Council on Aging](#).

## **About the Elder Index**

The Elder Index<sup>TM</sup> is a one-of-a-kind, county-by-county measure of the income needed by older adults to maintain independence and meet their daily living costs while staying in their own homes. Developed by the Gerontology Institute at the University of Massachusetts Boston in collaboration with a national Advisory Board, the Elder Index defines economic security as the income level at which older people can cover basic and necessary living expenses and stay in their homes, without relying on means-tested income support programs, loans or gifts. The [Congressional Budget Office](#) (2017) cites the Elder Index as the only retirement adequacy measure that is oriented specifically to older people and takes into account the unique demands of housing and medical care on older people's budgets.

Elder Index and Elder Economic Security Standard Index are service marks of the University of Massachusetts.

For more information about the Elder Index, including county-level Elder Index values for renters and homeowners, and values for older adults in poor or in excellent health, see [ElderIndex.org](#), [Center for Social and Demographic Research on Aging](#), or contact us at [CSDRA@umb.edu](mailto:CSDRA@umb.edu).