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### The Massachusetts Elder Economic Security Index (2011)

Gerontology Institute, University of Massachusetts Boston

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### The Massachusetts Elder Economic Security Index (2011)

The *Elder Economic Security Standard™ Index* measures the income that Massachusetts' seniors need to maintain independence and meet their basic living expenses in the community. The Elder Index uses an income measure that reflects the actual expenses for basic needs of older adults, and includes cost estimates for housing, food, medical care, transportation, and household essentials. Elder Index values are calculated for each state, on a county-by-county basis, providing policy makers and individuals a benchmark for determining what income or governmental supports are needed in their communities.

The 2011 Elder Index values for Massachusetts seniors are shown below. The annual income required to meet basic expenses ranges from \$23,052 for Massachusetts singles living in an owned home with no mortgage, to \$45,348 for Massachusetts couples living in an owned home with a mortgage. Compared to Elder Index values for the U.S. as a whole, basic expenses for seniors in Massachusetts are 15-20% higher. Moreover, values for the Elder Index in Massachusetts are far higher than the Federal Poverty Guideline, which is a common benchmark for economic insecurity; they are also considerably higher than the average Social Security benefit. A single older renter living in Massachusetts on the average Social Security benefit alone would be able to cover only 53% of his or her estimated expenses, as calculated by the Elder Index.

#### Elder Index Values are Significantly Higher Than Common Income Benchmarks



Massachusetts Elder Economic Security Standard™ Index Per Year, 2011						
	Elder Person			Elder Couple		
	Owner w/o mortgage	Renter, one bedroom	Owner w/ mortgage	Owner w/o mortgage	Renter, one bedroom	Owner w/ mortgage
MA	\$23,052	\$27,048	\$34,068	\$34,332	\$38,328	\$45,348
US	\$19,104	\$22,848	\$28,860	\$29,448	\$33,192	\$39,204

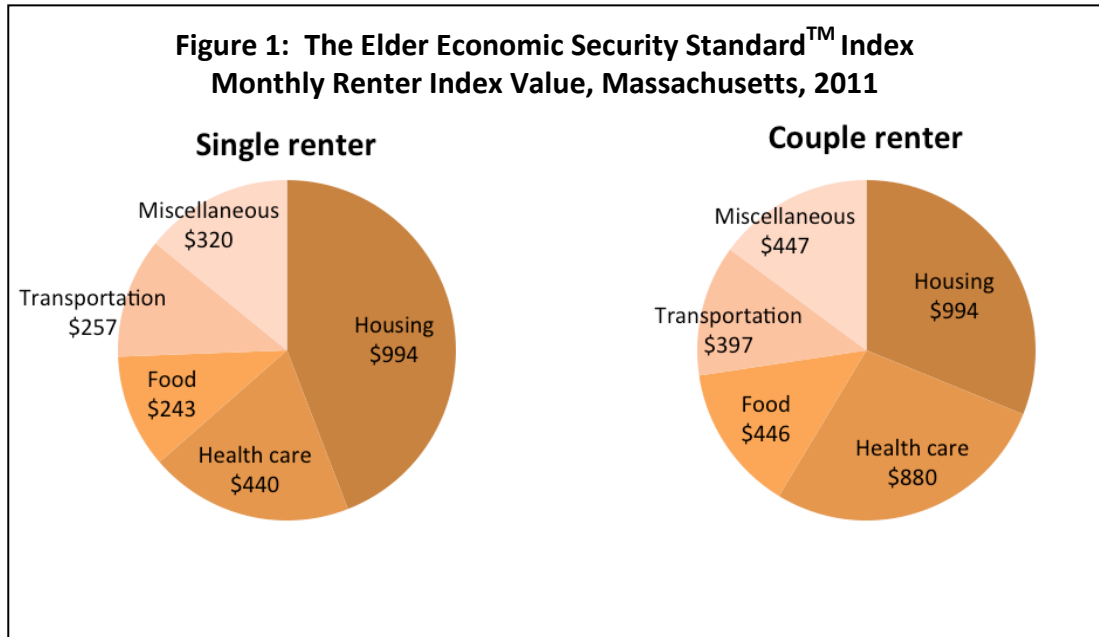
Federal Poverty Guidelines (2011): \$10,890 for an individual; \$14,710 for a couple

Average Social Security benefit for MA: \$14,257 for an individual; \$23,141 for a couple

Average Social Security benefit for US: \$14,105 for an individual; \$22,895 for a couple

### ***What makes up the Elder Index?***

Figure 1 illustrates the expenses embedded within the Elder Index values, using the examples of individuals and couples who rent a one-bedroom apartment. For singles, housing (including rent and utilities) makes up the most sizable share of estimated living expenses (44%) while health care constitutes another 20%. Couples benefit from economies of scale in many respects; for example, renting the same one-bedroom apartment consumes 31% of their total estimated budget. However, no economies of scale are available for health care. In Massachusetts, 28% of the Elder Index budget is estimated to be taken up by health care expenses for a couple.



### ***Who falls below the Elder Index?***

Many older singles and couples have incomes that fall below the Elder Index in Massachusetts.<sup>1</sup> As shown in Figure 2, those who are older, single, female, or members of a racial or ethnic minority group are exposed to an especially high risk of having incomes below the Elder Index.

-60% of singles aged 65-74, and 70% of singles aged 75 and over, have incomes below the Elder Index for renters.

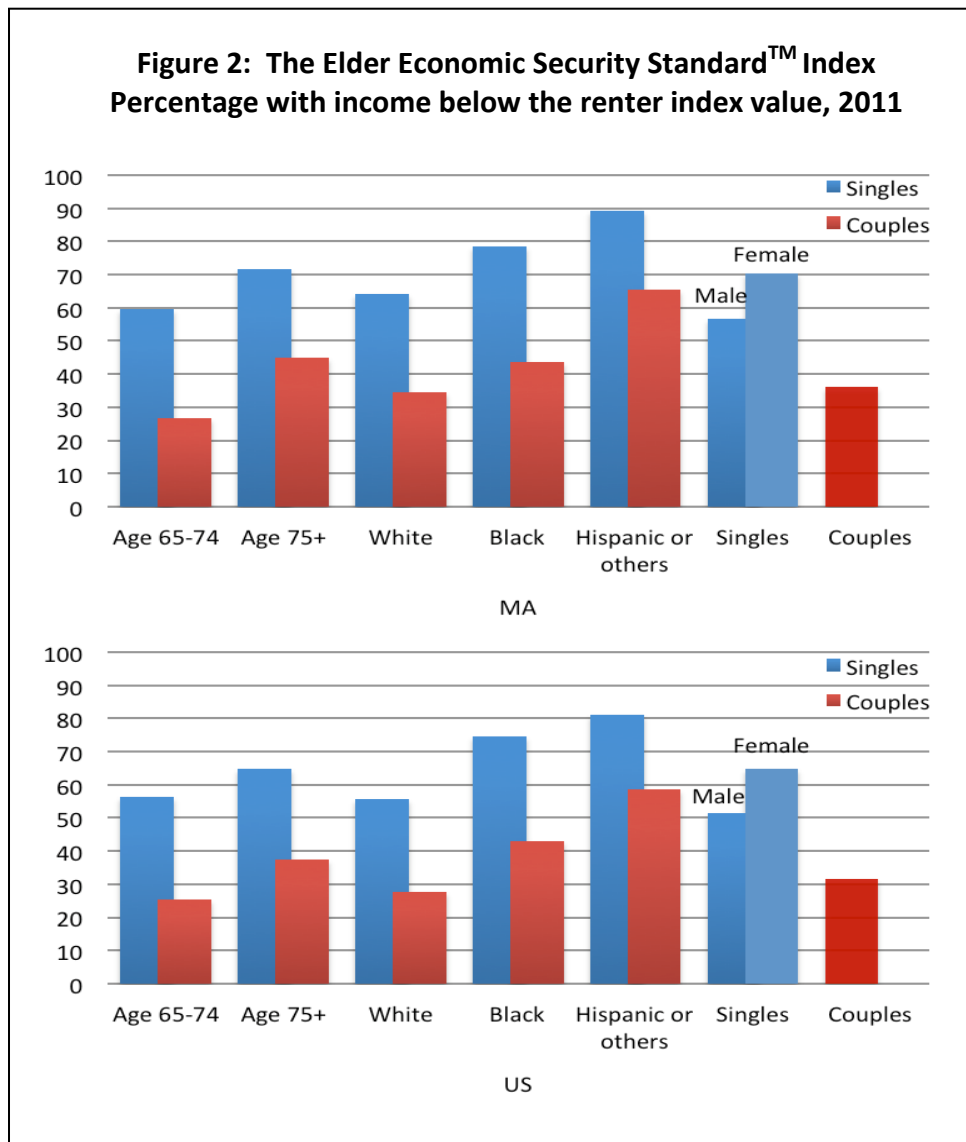
-70% of single women aged 65 and over have incomes below the Elder Index for renters.

-57% of single men have incomes below the Elder Index for renters.

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<sup>1</sup> Figures reflect the percentage of all singles or couples aged 65 and over with total incomes below the statewide Elder Index value for renters. Total incomes include Social Security payments as well as income from all other sources, including wages, private pensions, and means-tested cash transfer payments (e.g., SSI). For singles, income reflects personal income only. For couples, income reflects the combined income of both partners. Income of any other household members, if the person or couple lives with other people, is not included in the calculation. These calculations are based on microdata from the 2007-2009 American Community Survey (U.S. Census Bureau).

-Nearly 80% of single African Americans, and 90% of single Hispanics and others, have incomes below the Elder Index value for renters.

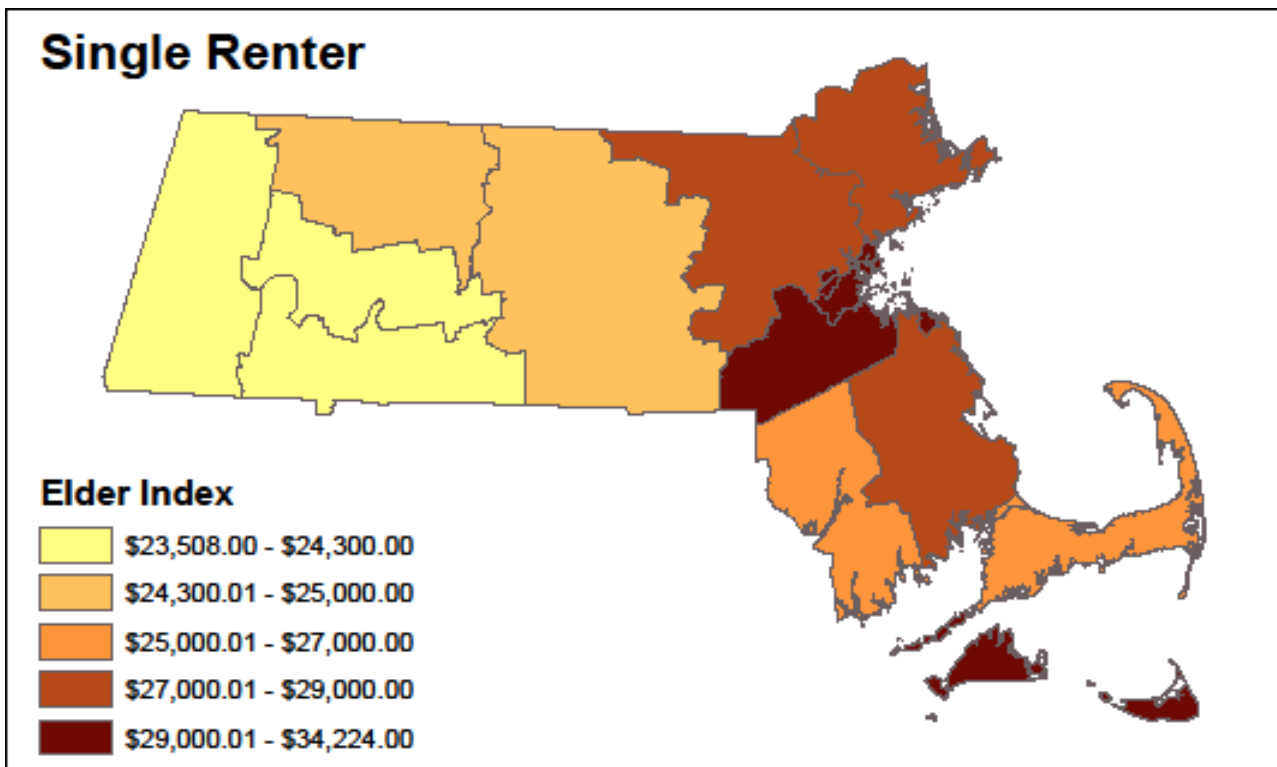


Although fewer couples fall below the Elder Index renter value (\$38,328), fully 36% of couples aged 65 and over report incomes below the Elder Index. Like singles, couples who are older and those who are members of a racial or ethnic minority group are far more likely to fall below the Elder Index value.

### ***Geographic comparisons***

The Elder Economic Security Standard™ Index is calculated at the county level, facilitating comparisons of cost of living across communities. As shown in Figure 3, the highest cost of living is estimated for Dukes and Nantucket counties on Cape Cod, and Suffolk and Norfolk counties in the Boston metropolitan area. Statewide, the highest estimated cost for renters is in Nantucket county (\$34,224 for singles). The lowest estimated cost in the state is in Hampden county (\$23,508 for singles). Other lower costs counties are also in Western Massachusetts, and include Berkshire and Hampshire counties.

Figure 3: Cost of Living in Massachusetts (County-level)



The average Social Security benefit covers less than 60% of estimated expenses for single renters age 65+ in every county in Massachusetts. In the relatively lower-cost counties (Berkshire, Franklin, Hampden, Hampshire, and Worcester), the average Social Security benefit covers 55-59% of estimated expenses. In contrast, the average Social Security benefit covers less than 50% of estimated rental expenses in the high-cost areas of Dukes, Nantucket, and Suffolk counties. Information on costs of living as estimated by the Elder Index for singles and for couples under three different housing scenarios is included in Table 2. In every county in Massachusetts, the costs of living exceed the resources available through Social Security alone.

### The Elder Economic Security Standard™ Initiative

The Elder Economic Security Standard Initiative™ seeks to build economic security for older adults through organizing, advocacy, and research. The Initiative enables policy makers, aging advocates, and others to develop policies and programs to help elders age in place with dignity while promoting their economic security. The Massachusetts Initiative is a partnership between state and national organizations. The Gerontology Institute at the University of Massachusetts Boston developed the Elder Index in partnership with Wider Opportunities for Women (WOW). The Massachusetts Association of Older Americans, Inc. (MAOA) is the lead state partner and collaborates with other organizations on the initiative in Massachusetts.

For more information, visit our website <http://www.umb.edu/gerontologyinstitute/>. For county-by-county data on the Elder Index nation-wide, visit <http://www.basiceconomicsecurity.org/EI/>

Table 2: Elder Index values for singles and for couples, by housing scenario and county of residence, Massachusetts, 2011

County	Elder Index for singles:			Average Social Security Benefit for Singles	Elder Index for couples:			Average Social Security Benefit for Couples
	Owners, no mortgage	Renters, one bedroom	Owners, with mortgage		Owners, no mortgage	Renters, one bedroom	Owners, with mortgage	
Barnstable	\$23,520	\$26,868	\$33,636	\$14,495	\$35,376	\$38,724	\$45,492	\$23,527
Berkshire	\$22,164	\$23,904	\$29,472	\$14,129	\$34,032	\$35,772	\$41,340	\$22,934
Bristol	\$21,948	\$25,584	\$30,624	\$13,067	\$33,612	\$37,248	\$42,288	\$21,210
Dukes	\$23,892	\$30,252	\$33,936	\$14,847	\$35,772	\$42,132	\$45,816	\$24,099
Essex	\$23,376	\$28,284	\$34,872	\$14,390	\$34,848	\$39,756	\$46,344	\$23,356
Franklin	\$22,104	\$24,348	\$32,124	\$13,336	\$33,972	\$36,216	\$43,992	\$21,646
Hampden	\$21,396	\$23,508	\$31,068	\$13,517	\$32,820	\$34,932	\$42,492	\$21,940
Hampshire	\$22,344	\$24,036	\$31,476	\$13,663	\$34,212	\$35,904	\$43,344	\$22,176
Middlesex	\$23,820	\$28,056	\$36,060	\$15,084	\$34,404	\$38,640	\$46,644	\$24,482
Nantucket	\$23,892	\$34,224	\$33,936	\$16,050	\$35,772	\$46,104	\$45,816	\$26,051
Norfolk	\$24,108	\$29,148	\$37,008	\$15,019	\$35,580	\$40,620	\$48,480	\$24,377
Plymouth	\$22,968	\$28,236	\$33,864	\$14,363	\$34,440	\$39,708	\$45,336	\$23,312
Suffolk	\$23,772	\$29,100	\$37,344	\$12,952	\$35,256	\$40,584	\$48,828	\$21,022
Worcester	\$21,816	\$24,456	\$30,936	\$14,131	\$32,712	\$35,352	\$41,832	\$22,936

Source: The Elder Economic Security Standard Index, 2011, and additional tabulations by the Gerontology Institute. For Elder Index values by county, see <http://www.basiceconomicsecurity.org/EI/>. Social Security benefits calculated from the Social Security Administration website [http://www.socialsecurity.gov/policy/docs/statcomps/oasdi\\_sc/2010/index.html](http://www.socialsecurity.gov/policy/docs/statcomps/oasdi_sc/2010/index.html). Estimates assume that individuals or couples are in good health.