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Living Below the Line: Economic Insecurity and Older Americans, Gender Disparities in Insecurity, 2016

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**Center for Social and Demographic
Research on Aging**

Gerontology Institute

**McCormack Graduate School of Policy
and Global Studies**

University of Massachusetts Boston

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Living Below the Line: Economic Insecurity and Older Americans

Gender Disparities in Insecurity, 2016

New estimates from the 2016 Elder Economic Security Standard™ Index highlight the high risk of economic insecurity experienced by older adults, a risk that is especially high for older women living alone. 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 groups of older adults are at risk of financial instability. *National averages suggest that 57% of older women living alone, along with 46% of older men living alone, have annual incomes below the Elder Index. As well, 27% 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.*¹ Together, these estimates suggest that nationally a minimum of 10 million adults age 65 or older struggle to make ends meet, facing financial challenges in their efforts to age in place and in community.

¹ In this document, we use the term “elder couple” to refer to households that include just two people, both of whom are age 65 or older. A large majority of these households are married couples. The remaining households include unmarried partners and older adults living with other older adults (such as siblings, an older adult with a parent, or other relationship).

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 older adults 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).

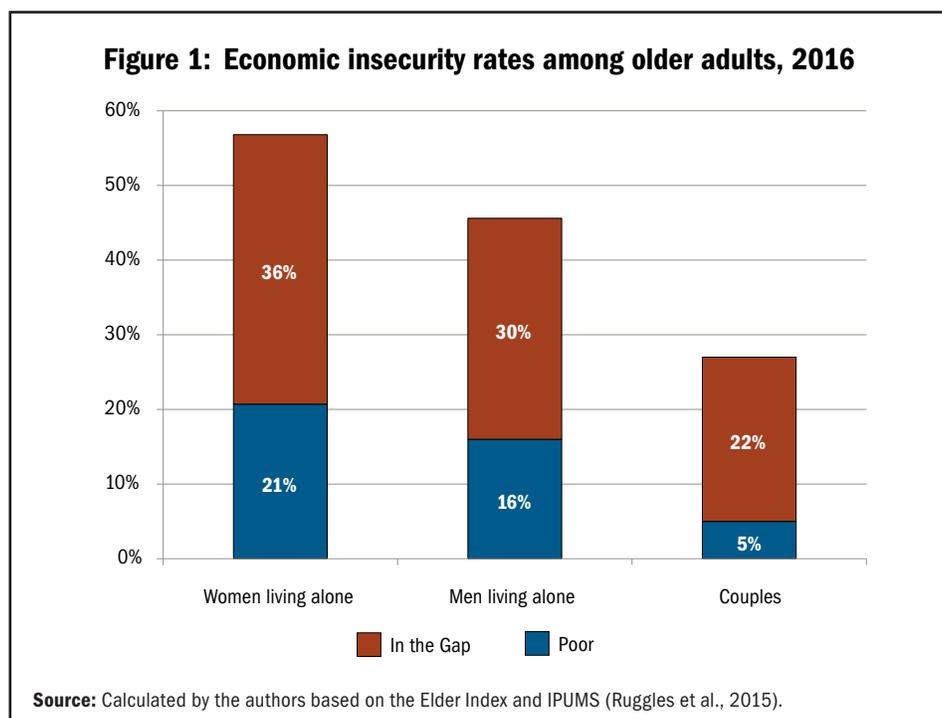
Table 1: The Elder Economic Security Standard™ Index for the United States, 2016						
Expense	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/ Mortgage
Housing	\$516	\$791	\$1,425	\$516	\$791	\$1,425
Food	\$256	\$256	\$256	\$470	\$470	\$470
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

Evaluating economic insecurity by gender

Single women are more likely than their male and coupled counterparts to be poor; they are also more likely to live above poverty yet with resources inadequate to cover their necessary expenses. **Figure 1** compares 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.² Also displayed are the percentages of elders who live “in the gap”

² 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 here in order to facilitate observations about public assistance program eligibility.

with incomes falling between the FPL and the Elder Index.³ 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, older women living alone have an especially high risk of economic insecurity. Indeed, 21% of older women living alone are poor and another 36% live in the gap, with incomes above the FPL but below the Elder Index, yielding an overall economic insecurity rate of 57% for older women living alone. The economic insecurity rate for older men living alone is somewhat lower, at 46%, and the rate for older adults living in a two-senior household is lower still, at 27%. As illustrated in **Figure 1**, for all three groups the rates of economic insecurity are considerably higher than as reflected by the FPL.



Why are older women at higher risk of economic insecurity?

Economic insecurity is a particular threat for older women for several reasons. One reason is that women typically outlive men, which increases their chances of living alone for some period of time and potentially exhausting their savings and assets. Currently, more than one-third of women age 65 or older live alone, compared to just 19% of men age 65 or more. The loss of a spouse or partner may reduce household income, without substantially reducing household expenses, resulting in a higher risk of economic insecurity among those living alone. As well, women are more likely than men to be economically insecure even during their working years, and these experiences result in a lower accumulation of independent assets, including pension resources. To some extent, gender gaps in retirement incomes reflect life-long differences in work experiences and pay levels. Occupational segregation, pay inequity and caregiving responsibilities all contribute to women's reduced earnings

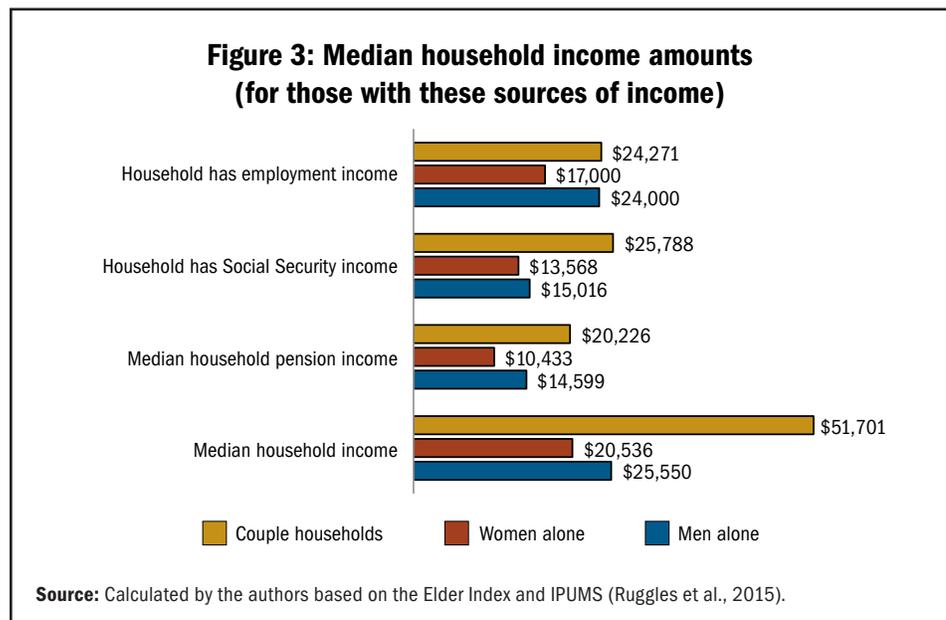
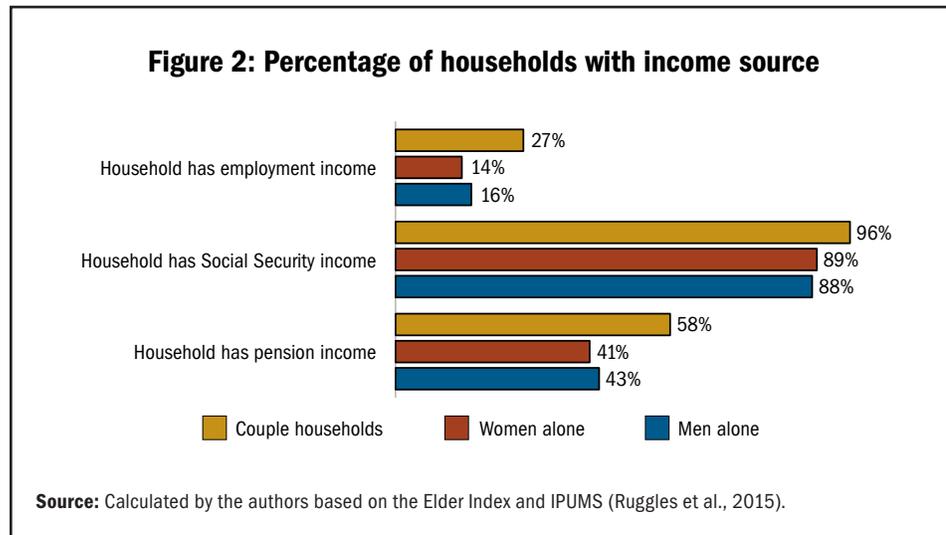
³ In this report the renter values of the Elder Index are chosen to evaluate economic insecurity.

during their working-age years and diminish their capacity for saving. These factors contribute both to a reduced likelihood of retirement or pension income, and to lower Social Security payments in retirement.

As a result of these processes, older women are more heavily reliant on Social Security for much of their incomes than are their male counterparts. Indeed, **nearly one out of three older women living alone relies on Social Security for 90% or more of her total income**, compared to about one-quarter of men living alone.

In addition, as illustrated in **Figures 2 and 3**,

- Single women are slightly less likely to have any **employment income** than are single men (14% v 16%), whereas senior couple households are more likely than singles of either gender to have employment income (27%). Among those who do report employment income, single women report less than do single men (median of \$17,000 v \$24,000), while older couples report more (median of \$24,271)⁴.
- Although single men and single women are equally likely to be **Social Security** beneficiaries (88% men, 89% women),



⁴ Median pension income, median Social Security income, and median employment income in two-senior households are essentially the same by gender.

96% of older couple households report Social Security income. Moreover, for those with Social Security income, the median Social Security income received is lower for single women than for single men (\$13,568 v \$15,016), with the median income for older couples being considerably higher (\$25,788).

- Older retired women living alone are slightly less likely than their male counterparts to have **pension income**, and both are less likely than couples to receive income from a pension. For those with pension income, the median value of the pension is considerably lower for single women than for single men (\$10,433 v \$14,599). The median pension income in couple households is substantially higher, at \$20,226.

As a result of these disparities in sources and amounts of income, the median annual income is 20% lower for older women who live alone than for their male counterparts (\$20,536 compared to \$25,550; see Figure 3). Both men and women who live alone have incomes that are lower than for older adults living in a couple household (\$51,701). These patterns put women at higher risk of being economically insecure than their male counterparts who also live alone, as well as their peers who live in couple households.

When resources fall short of what is needed to cover necessary expenses, older adults have to make difficult choices—between refilling a prescription and paying a utility bill, for example; or between paying the rent and purchasing sufficient food to get through the month. The disparities in rates of economic insecurity estimated in this report suggest that although many older adults struggle to make ends meet, the struggle is greater on average for older adults living alone and especially for single women. Policies meant to protect the key income sources upon which older adults rely—such as Social Security—and those meant to preserve the subsidies that help lower-income older adults stay in their homes—including fuel assistance, housing subsidies, and help with medical expenses—take on special significance for those at the highest risk of being economically insecure.

A previous report in this series, *Insecurity in the States 2016*, illustrates that the cost of living independently varies substantially across states. Additional reports describe the risk of elder economic security as it is shaped by age, and by race and ethnicity. For more details about the 2016 Elder Economic Security Standard™ Index, see the National Elder Economic Security Standard™ Index Methodology Overview and other reports available at https://www.umb.edu/demographyofaging/elder_economic_security

County-level Elder Index values are available at www.basiceconomicsecurity.org

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About the Authors

This report was prepared by the [Center for Social and Demographic Research on Aging](#), in consultation with colleagues at the [National Council on Aging](#). Individuals responsible for the report include Jan Mutchler, Yang Li, and Ping Xu.

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About the [Center for Social and Demographic Research on Aging](#)

The Center for Social and Demographic Research on Aging conducts demographic and applied research 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. 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.

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.

Located within the McCormack Graduate School of Policy and Global Studies at UMass Boston, the Institute furthers the university's [educational programs in Gerontology](#), including a Ph.D. program in Gerontology, a Master's program in the Management of Aging Services, and undergraduate programs in gerontology.

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