



Comparison of the WOW Elder Economic Security Standard Index (Elder Index), the Official Federal Poverty Thresholds/Level and the New Federal Supplemental Poverty Measure

	<u>Elder Index</u>	<u>Official Federal Poverty Thresholds/Level</u> *	<u>Supplemental Poverty Measure (SPM)</u>
Value for a 2-person family, US, 2010	\$27,661 (2 elders, renters)	\$14,570 (2 people)	\$15,939 (2 people, renters)
Purpose	<ul style="list-style-type: none"> Define and quantify economic security Enumerate basic costs and elders' income needs Measure economic security Measure changes in "economic security rates" (the proportion of elders who have economic security) over time 	<ul style="list-style-type: none"> Define and quantify poverty Measure poverty Measure changes in poverty rates over time 	<ul style="list-style-type: none"> Define and quantify poverty using a more sophisticated methodology than that used for the official poverty thresholds Measure poverty Measure changes in poverty rates over time
Uses	<ul style="list-style-type: none"> Raising awareness of elders' specific needs Raising awareness of retirement savings needs Influencing advocates, service providers and policy makers regarding poverty- and economic security-related policies, programs and practices Counseling elders and older workers Influencing older worker workforce development Calculating economic security rates Modeling the broad impacts of policy changes 	<ul style="list-style-type: none"> Calculating official poverty rates Calculating public assistance and training program eligibility Influencing advocates and policy makers re poverty-related policies and programs Modeling the poverty impacts of policy changes 	<ul style="list-style-type: none"> Calculating non-official poverty rates only (not to be used for public assistance eligibility) <p>Likely future uses:</p> <ul style="list-style-type: none"> Analyzing the impact of specific public assistance programs and tax policies Influencing advocates and policy makers regarding poverty-related policies and programs Modeling the poverty impacts of policy changes
Assumptions	<ul style="list-style-type: none"> Full retirement (This assumption can be relaxed) Medicare; use of Medigap or Medicare Advantage plans Car ownership (or at least the income required to own and use a car) 	<ul style="list-style-type: none"> Food expenses make up 1/3 of a family's expenses Traditional, one-worker families 	<ul style="list-style-type: none"> A level of consumption that indicates poverty (33rd percentile of housing, food, clothing, utilities) Expenses that everyone doesn't have (health care, child care, etc.) should not be in the threshold ,but should enter the poverty rate calculation
Family Types	1 or 2 elders with one of 3 housing statuses (renter, owner with a mortgage, owner without a mortgage) and 3 health statuses (excellent, good, poor)	Varies only by family size (not by age or any other demographic factor). Multipliers are used to adjust food costs for family size. * The federal poverty <i>thresholds</i> used in calculating poverty rates do include a (slightly lower) senior-specific threshold that assumes elders need less food; the similar federal poverty <i>level</i> used in determining public assistance eligibility does not take age into account. The poverty threshold and poverty level values are similar. Click here for more information.	Varies by family size and housing status (renter, owner with a mortgage, owner without a mortgage)



Comparison of the WOW Elder Economic Security Standard Index (Elder Index), the Official Federal Poverty Thresholds/Level and the New Federal Supplemental Poverty Measure (*cont'd*)

	<u>Elder Index</u>	<u>Official Federal Poverty Thresholds/Level</u>	<u>Supplemental Poverty Measure (SPM)</u>
Factors/ Expenses	<ol style="list-style-type: none"> 1. Housing (including utilities) 2. Food 3. Transportation 4. Health Care 5. Misc. (Clothing, personal care products, telephone, etc.) 	<ol style="list-style-type: none"> 1. Food. A USDA economy food plan cost is adjusted for family size, then multiplied by a factor (between 3.0 and 4.0 for most family sizes) under the assumption that food is about one-third of a family's total expenses. (This assumption is now outdated, as families typically spend less than 20% of their budgets on food.) 	<p>Poverty rates are arrived at by comparing the SPM poverty thresholds to family (family and cohabiters) total gross income.</p> <p>The SPM poverty threshold includes:</p> <ol style="list-style-type: none"> 1. Food 2. Clothing 3. Housing (by metro area) 4. Utilities <p>These expenses are added up for each of the households that respond to an expenditures survey. The poverty threshold is then set at the 33rd percentile of all households' expenses, by household size.</p> <p>Total gross income includes:</p> <ol style="list-style-type: none"> 1. Total income from all sources 2. Assistance (value of near-money federal in-kind benefits; e.g., SNAP, WIC, school lunch, housing subsidies, LIHEAP) 3. Tax credits <p>Expenses subtracted from total gross income include:</p> <ol style="list-style-type: none"> 1. Medical out of pocket costs 2. Income and payroll taxes 3. Child care and other work-related expenses, such as commuting 4. Child support paid
Geographic Scope	All expenses are state- and county-specific. Economic security rates are calculated at the nation, state and county levels.	Poverty threshold <i>is not</i> state- or county-specific. Poverty <i>rates</i> are calculated at the nation, state and county levels.	Poverty threshold <i>is</i> state- and county-specific because <i>housing costs</i> are varied by metro area. Poverty <i>rates</i> are calculated at the nation, state and county levels.
Demographic Focus	Retired elders (65+)	No specific focus	No specific focus
Descriptive or Prescriptive	Descriptive and prescriptive (both describes economic security and suggests how security can be attained)	Descriptive only	Descriptive only