



A new analysis of US Census Bureau data performed by Wider Opportunities for Women (WOW) finds that 52% of elder-only households<sup>i</sup> report incomes that do not cover basic, daily expenses. While the threat of economic insecurity affects elders of all backgrounds, it varies substantially by gender, race, age, household composition and other demographic characteristics. In order to assess the economic security of today's older adults, WOW compared 2010 incomes for elders who live alone or with a partner to the US Elder Economic Security Standard™ Index for their household compositions and housing statuses. The Doing Without series presents findings from this analysis.

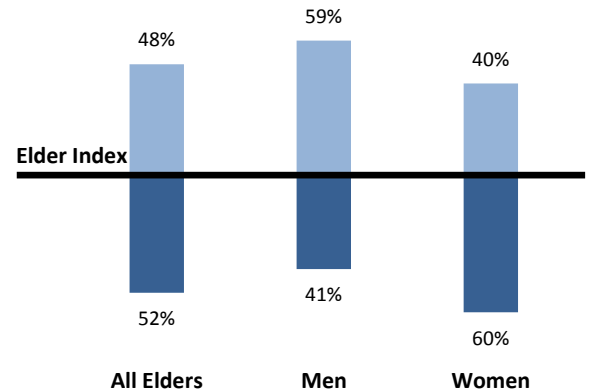
## Economic Insecurity and Elder Women

**Older women are at greater risk of economic insecurity than older men: 60% of women age 65 and older who live alone or live with a spouse have incomes insufficient to cover basic, daily expenses.** By contrast, 41% of older men studied live in households that have incomes that fall short of economic security. This brief examines the gender economic security gap and the circumstances of older women whose incomes fall short.

## Defining Economic Security for Older Americans: The Elder Economic Security Standard™ Index

The Elder Economic Security Standard™ Index (Elder Index) is a measure of the income older adults require to age in place in their communities and meet basic, daily expenses (see Table 1). The Elder Index defines economic security as income (from Social Security, pensions, retirement savings and other sources) sufficient to meet these necessary, daily expenses without borrowing or assistance from public support programs.<sup>ii</sup>

**Figure 1: Percentage of Individuals 65+ with Household Income Above and Below the Elder Index for the United States, by Sex**



Source: Author's calculations; US Census Bureau, American Community Survey 2010 PUMS.

**Table 1: The Elder Economic Security Standard Index for the United States, 2011**

### Monthly Expenses for Selected Household Types

Expenses/Monthly and Yearly Totals	Elder Person (age 65+)			Elder Couple (both age 65+)		
	Owner w/o Mortgage	Renter, one bedroom	Owner w/Mortgage	Owner w/o Mortgage	Renter, one bedroom	Owner w/Mortgage
Housing (inc. utilities, taxes & insurance)	\$457	\$769	\$1,270	\$457	\$769	\$1,270
Food	\$243	\$243	\$243	\$446	\$446	\$446
Transportation	\$246	\$246	\$246	\$380	\$380	\$380
Health Care (Good Health)	\$381	\$381	\$381	\$762	\$762	\$762
Miscellaneous	\$265	\$265	\$265	\$409	\$409	\$409
<b>Elder Index Per Month</b>	<b>\$1,592</b>	<b>\$1,904</b>	<b>\$2,405</b>	<b>\$2,454</b>	<b>\$2,766</b>	<b>\$3,267</b>
<b>Elder Index Per Year</b>	<b>\$19,104</b>	<b>\$22,848</b>	<b>\$28,860</b>	<b>\$29,448</b>	<b>\$33,192</b>	<b>\$39,204</b>

Source: The Economic Security Database, Wider Opportunities for Women. Calculation by The Gerontology Institute, University of Massachusetts Boston.

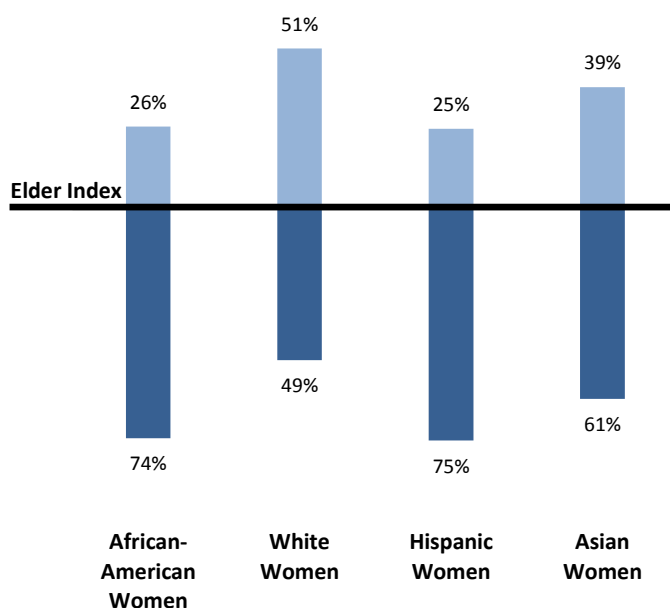
Notes: For more information on the Elder Index methodology, see *The National Elder Economic Security Standard: Methodology* (Boston: The Gerontology Institute, University of Massachusetts Boston, 2012).

Elder Index data for all states and counties in the United States can be obtained from WOW's [The Economic Security Database](http://www.basiceconomicsecurity.org) (www.basiceconomicsecurity.org).

Economic insecurity is a pervasive threat for women of all ages and the economic security gender gap persists across and throughout the lifespan. During their working-age years, women are significantly more likely to report incomes that fall short of economic security than their male counterparts.<sup>iii</sup> When women reach retirement age, they typically have smaller pensions and fewer assets than male workers, reducing their likelihood of a financially secure retirement.<sup>iv</sup> In addition, women typically outlive men, which increases their chances of living alone for some portion of their retirement years and of exhausting savings and assets. The loss of a spouse or partner may reduce household income, without a proportionate reduction in household expenses.

Women of color are at particular risk of having insufficient retirement incomes. **While nearly one-half (49%) of older white women live in households with insufficient incomes in retirement, 61% of Asian women, 74% of African-American women and 75% of Hispanic women report household incomes below the Elder Index.** Approximately three out of every four older African-American and Hispanic women live in households that cannot afford to cover basic, daily expenses—even with Social Security and Medicare participation.

Figure 2: Percentage of Women 65+ with Household Income Above and Below the Elder Index for the United States, by Race and Hispanic Origin



Source: Author's calculations; US Census Bureau, American Community Survey 2010 PUMS.

## Income

Elder men studied report typical annual incomes that are nearly 75% higher than the typical elder woman's income (\$24,300 compared to \$14,000). Women of color report median incomes that lag even further behind: elder African-American women report median annual incomes of \$12,000; both Asian and Hispanic women report median annual incomes that are less than one-half of the general male population's median incomes at \$10,100 and \$9,600, respectively.

A substantial gender income gap among older adults is not unexpected: retirement incomes reflect gender pay inequities and experiences during their working years.

Occupational segregation, pay inequity and caregiving responsibilities all contribute to women's reduced earnings during their working-age years and diminished capacity for saving. Further, these factors contribute to both a reduced likelihood of retirement or pension income and lower Social Security payments in retirement.

**Just 36% of older women studied report any amount of income from a retirement plan or pension, compared to 52% of elder men.** Of men and women who do report such income, men's typical incomes exceed women's by \$5,700 per year.

This gender disparity in retirement income (as well as income from other sources) means women are more reliant on Social Security. Among those living in elder-only households, Social Security payments constitute 59% of older men's total income, on average, compared to 77% of women's income.<sup>v</sup> However, even though older women rely on Social Security for the bulk of their income, they typically receive smaller annual payments: median women's payments lag behind men's by \$4,500 per year.

Among the oldest old, women make up an even greater share of the population: 67% of adults age 85 and older are women.<sup>viii</sup> The odds of outliving a male spouse mean women are more likely to live alone for some portion of their retirement years than are men.

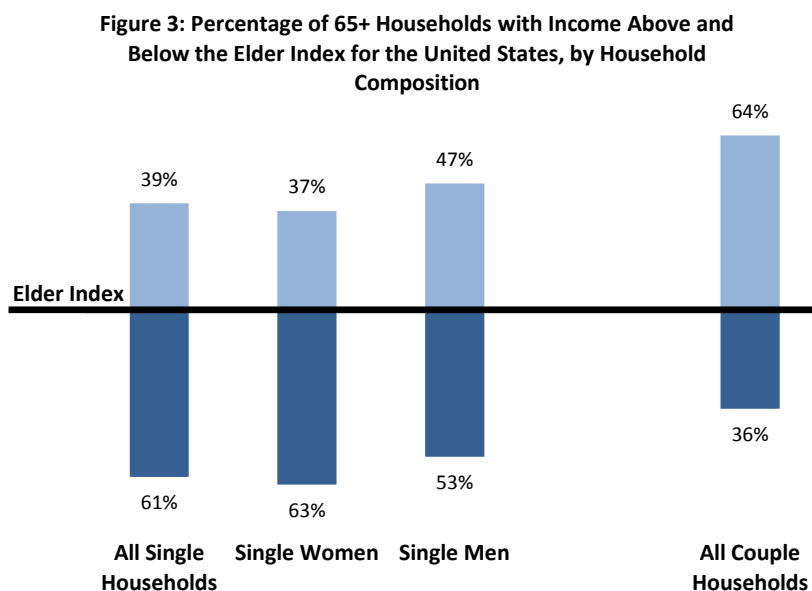
**Couples are much more likely to be economically secure than singles: 61% of single elders living alone report household incomes below the Elder Index, compared to just 36% of elder couples.**

### Household Composition

Some of the economic security gender gap may be attributed to the fact that elder women are more likely to live alone, while elder men are more likely to cohabit with a spouse. Two-thirds (67%) of older men live with a spouse or partner, while 56% of women live by themselves. Even among the oldest, age 85 and older, 60% of men live with a spouse, while 83% of women live alone.

Couples benefit from economies of scale, enabling them to spend less per person on housing, food and transportation costs. Elder couples also report median household incomes that are more than twice their single counterparts<sup>1</sup> (\$40,400 vs. \$18,000) and are more likely to own their homes free and clear. While nearly one-third of single elders are renters, only 8% of elder couples rent and 68% of elder couple households studied live in a home that is owned without a mortgage.

Although the difference in men's and women's life expectancies is shrinking,<sup>vi</sup> older women continue to outnumber older men. In 2010 there were approximately 5.6 million more women age 65+ than men.<sup>vii</sup>



Source: Author's calculations; US Census Bureau, American Community Survey 2010 PUMS.

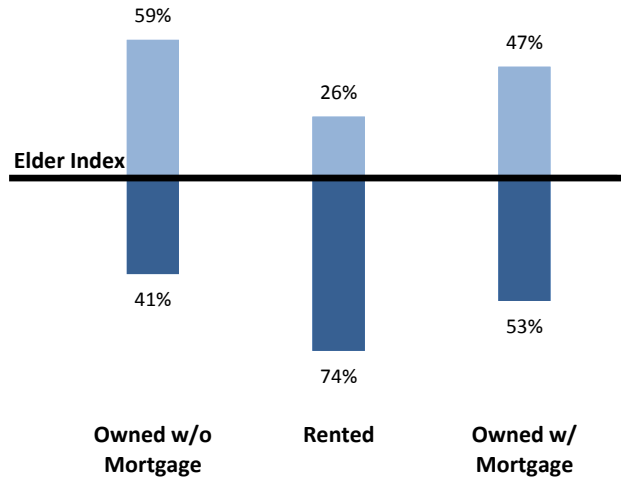
Finally, elder couples usually include men. Less than one percent of the couples studied are same-sex and just 0.3% are same-sex female couples. Since men typically report higher incomes in retirement, their presence alone boosts the likelihood that a household reports a total income above the Elder Index.

### Housing Status

**Women are more likely to be renters than men.** Elder women are more likely to live without a spouse or partner than elder men, and single, elder adults are more likely to rent than to own their homes. **Renters are most likely to have incomes below the Elder Index: 74% have incomes that fall short of economic security.** Households who own their homes outright are the most likely to be economically secure. However, even among this population, just 59% have household incomes above the Elder Index for their family types.

Elders who own their homes with a mortgage require the highest incomes to be economically secure—approximately \$10,000 more per year than those who own their homes outright. However, elders in this group also report the highest median incomes of any housing status.

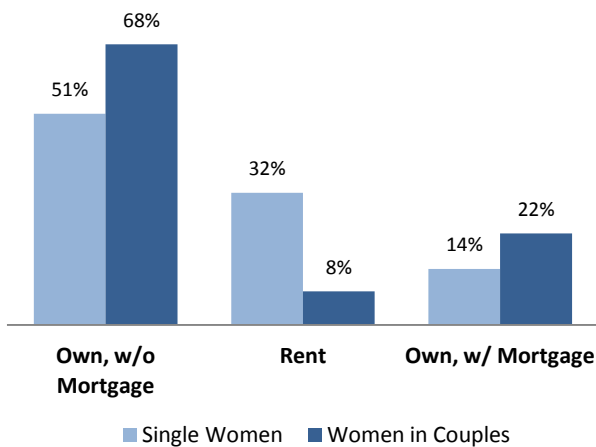
Figure 5: Percentage of 65+ Households with Incomes Above and Below the Elder Index for the United States, by Housing Status



Source: Author's calculations; US Census Bureau, American Community Survey 2010 PUMS.

Elders who rent are vulnerable to shifting costs in their communities. Housing costs can change dramatically over short periods of time. While these fluctuations may keep pace with other aspects of the local economy, including wages earned, retired adults living on fixed incomes can find themselves quickly priced out of rental markets.

Figure 4: Housing Status of Women 65+, by Household Composition



Source: Author's calculations; US Census Bureau, American Community Survey 2010 PUMS.

With over one half of elder-only households reporting incomes below the Elder Index, a substantial portion of older adults are at risk of being unable to pay for basic needs and expenses. Older adults whose incomes fall short of economic security may be forced to choose among basic needs including medication, nutritious food and adequate heating and cooling. The threat for women of color, women who live alone and women who rent their homes is especially grave. For more information on WOW's cooperative efforts to protect and strengthen programs that build economic security for today's retirees and future generations, visit the [Elder Initiative](http://wowonline.org/ourprograms/eesi/index.asp) (<http://wowonline.org/ourprograms/eesi/index.asp>).

## Methodology

This brief compares annual incomes required for basic economic security, as defined by the Elder Index, to 2010 one-year American Community Survey PUMS data. The study sample is limited to households for which Elder Index values are calculated: households composed of either a single adult age 65+ or an elder couple where both adults are age 65 or older. All adults must be fully retired (reporting zero earnings and no work in the past year). Individuals living in homes they do not own and on which they do not pay rent are compared to the US Elder Index value for renters. Because these adults do not own their homes, they must be able to afford to rent a property in order to be economically secure. When elders' incomes are compared to Elder Index values, payments from cash-equivalent public assistance programs and Supplemental Security Income (SSI) are excluded from elders' incomes.<sup>ix</sup> Basic economic security is defined as having enough income to meet basic needs without public or private assistance. While public supports, particularly food support programs and energy assistance, are critical to helping many elders address the gap between income and economic security needs, elders who depend on an often under-funded social safety net cannot be fully secure.

The **Elder Economic Security Initiative™** (Initiative) seeks to build economic security for older adults through a multi-pronged approach that includes organizing, advocacy and research. The cornerstone of the Initiative is the Elder Economic Security Standard™ Index (Elder Index), a measure of the income older adults need to make ends meet. Through the Initiative, WOW and its partners work to raise awareness and promote policy and program change to build economic security for today's retirees and future generations.

The Elder Index is developed jointly by the Gerontology Institute at the University of Massachusetts Boston and WOW. Elder Index data for all states and counties in the United States can be obtained from WOW's **The Economic Security Database** ([www.basiceconomicsecurity.org](http://www.basiceconomicsecurity.org)).

## Wider Opportunities for Women

Wider Opportunities for Women is a national organization with a 45-year track record of building economic security for women and families across the lifespan through job training and career literacy programs in the DC metro area, an innovative research and policy agenda that is the cornerstone for programs and organizing in more than 40 states, and efforts to educate policymakers at all levels of government. WOW remains a leader in crafting women's non-traditional employment, job training and education programs and policy solutions. In collaboration with organizations across the country, WOW opens doors through workforce development and career literacy programs, and fosters the economic security of older Americans. WOW seeks to link women and low-income workers with opportunities to meet their basic needs, provide for their families and plan for the future. For more information on WOW's work, please visit [www.wowonline.org](http://www.wowonline.org) or call (202) 464-1596.

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<sup>i</sup> Elder-only households include those composed of single adults age 65 and older who live alone, and elder couples who reside alone, with no additional family members or unrelated individuals. Older adults who live in group quarters, including institutional settings, and those who reside with other family members or unrelated roommates are not included in this analysis.

<sup>ii</sup> For more information on the Elder Index methodology, see *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders* (Washington, DC: Wider Opportunities for Women, 2006).

<sup>iii</sup> Wider Opportunities for Women. *Living Below the Line: Economic Insecurity and America's Families*. Washington, DC: Wider Opportunities for Women, 2011.

<sup>iv</sup> National Economic Council, Interagency Working Group on Social Security. *Women and Retirement Security*. Washington, DC: Social Security Administration, 1998.

<sup>v</sup> Note that these calculations determine Social Security as a percent of total personal, not total household income, and refer specifically to the population studied in this brief.

<sup>vi</sup> Vincent, Grayson K. and Victoria A. Velkhoff. *The Next Four Decades: The Older Population in the United States 2010 to 2050*. Washington, DC: US Census Bureau, 2010.

<sup>vii</sup> US Census Bureau. "Table S0103: Population 65 Years and Over in the United States." *American Community Survey, 1-Year Estimates*. 2010.

<sup>viii</sup> US Census Bureau. "Table QT-P1: Age Groups and Sex: 2010." *2010 Census Summary File 1*.

<sup>ix</sup> In the population studied for this brief, approximately 1% of households received income from public (cash) assistance programs; approximately 5% of households received income from SSI.