

Redefining Elder Poverty and Income Adequacy

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Wider Opportunities for Women

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Wider Opportunities for Women

www.WOWonline.org

- WOW is a national advocacy organization celebrating over 40 years of helping women and their families achieve economic independence and equality of opportunity.
- WOW's intergenerational vision and mission of economic independence for women and girls is met through the work of its national and local programs.



WHY?

- There are 75 million baby boomers;
- According to the 2005 Retirement Confidence Survey conducted by the Employee Benefit Research Institute (EBRI), "By 2030, when all baby boomers have retired, retirees will have at least \$45 billion less in retirement income that they need to cover basic living and health care expense."

The Changing Face of Retirement: Continuing to Work

An increasing number of individuals 65+ continue to have to work and some even want to continue to work.

- In 2006, 53% of adults age 60-64 and 29% of those age 65-69 worked. This is an increase of 20% and 58%, respectively, since 1985. Labor supply increased most for women (BLS 2007).
- Part-time work is common at older ages: part-time workers increase with age from 31% of workers age 60-64 to 73% of workers age 70+ (Butrica, Schaner, and Zedlewski 2006).



The Changing Face of Retirement: Grandparents Raising Grandchildren

- 4.5 million children live in households with where grandparents head the household;
- 20% of those households are poor as defined by 100% of the Federal Poverty Level; and
- Grandparents raising grandchildren typically cluster around age 50-59 – year traditionally focused on pay off mortgage, saving for retirement, etc. Those plans are put off and retirement savings are often exhausted as they work to meet the needs of the child.

Women are more likely to aging into poverty

The most recent U.S. Census data shows that women are almost twice as likely to live in poverty in their senior years as men: 6.6% of men and 11.5% of women live in poverty. Among women age 65 and over, poverty disproportionately hits women of color:

- 9.9% of non-Hispanic white older women;
- 26.7% of African-American older women;
- 20.8% of Hispanics older women; and
- 40.5% of older Hispanic women who live alone.

Economic Insecurity of Women: Contributing Factors

- Cumulative disadvantage;
- Minimum wage is inadequate to meet an individual or family's need. On average a single mother would have to work 3 full time minimum wage jobs to meet her family's needs;
- Occupational segregation and pay inequity;
- The structure of work does not acknowledge family responsibilities;
- Over a 15-year period the average woman earned only 38% of what a man earned - \$273,592 while the average man earned \$722,693.

Combined these contributing factors leave older women with fewer sources of retirement income.



Coming Up Short: The Retirement Income of Women

- In 2007, the average **annual income** for **women** 65 and older was **\$19,514**, including pension income, compared to **\$26,079** for **men**.
- **Less than 30% of women** have retirement income from other sources (defined contribution plans, defined benefit plans, private savings, and/or assets);
- Nearly half of older men have income from pensions (46%);
- Only 25% of African American women and less than 20% of Asian American and Hispanic women have pension income;

Continued...

- In 2007, the average **annual Social Security income** received by **women 65 years and older was \$10,432**, compared to **\$13,755 for men**;
- In 2006, **almost half** of all elderly unmarried females receiving Social Security benefits relied on Social Security for **90 percent** or more of their income; and



Old Tools, New Challenges

- We will be experiencing a significant increase in elders as a percentage of society. This will strain all traditional mechanisms for supporting those 65 and older.
- The standard tool used for assessing elders' economic well-being and driving federal and state policy, the federal poverty level, is deeply flawed.

New Tool: Elder Economic Security Standard™ Index

- **To illustrate the amount of income required to meet basic needs in the regular “market place” w/o public subsidies or private/informal subsidies**
 - **Public subsidies = Food Stamps, Medicaid, Extra Help of Part D, etc.**
 - **Private subsidies = free assistance from family for adult daily living needs, etc.**
 - **National Researcher: Gerontology Institute at UMASS Boston**

Federal Poverty Level (FPL) vs. the Elder Economic Security Standard Index

○ FPL

- Based on the cost of food and assumes that food is 1/3 of the family budget
- Distinguishes only by the number of children
- Does not include out of pocket health care costs
- Assumes costs are the same, no matter where you live

○ Index

- Based on costs of all basic needs
- Varies costs by life circumstance – single, couple, homeowner w/ mortgage and without, renter, health status (poor, good, excellent), home and community-based long-term care component
- Varies by geographical location (county)



The Elder Economic Security Initiative™ program is...

A multi-year project that offers a conceptual framework and concrete tools to shape public policies and programs to promote the economic well being of older adults, whether or not they have the capacity to be fully self-reliant or are in need of certain public supports to age in place with dignity.



National Advisory Board

AARP

National Council on the Aging

The Urban Institute Income Benefit and Policy Center

National Committee to Preserve Social Security and Medicare

Women's Institute for a Secure Retirement

Health Policy Institute at Georgetown Public Policy Institute

Institute for Women's Policy Research

ACCRA-the Council for Community and Economic Research

The National Caucus and Center on Black Aged, Inc.

National Council of La Raza

The Pension Rights Center

National Academy of Social Insurance

Gerontology Institute at UMass Boston

State EESI partners, and affiliate state EESI partners

The Goals

To Provide a Framework to help guide:

- o Older adults' decisions and choices,
- o Families and agencies that help care for them,
- o Aging Boomers as they plan for their futures, and
- o Public policy and programs at the national, state, and local level.



The Elder Economic Security Initiative™ program combines...

- Coalition building,
- Research,
- Education,
- Advocacy, and
- A media strategy at the community, state, and national level.



Average Social Security Income of Men and Women Compared to Elder Economic Security Standard Index, 2007

\$24,192 (Homeowner w/ Mortgage)

\$19,541 (Renter Index)

\$15,134 (Homeowner w/o Mortgage Index)

\$13,755

\$10,210 (Federal Poverty Level)

\$10,432

Social Security Income

Women

Men

National Elder Economic Security Standard Indexes and Average Annual Social Security by Race for Single Female Elders, 2007. Source: U.S. Census Bureau, Current Population Survey, 2007 Annual Social and Economic Supplement. <http://pubdb3.census.gov/macro/032007/perinc/toc.htm>.

The Impact of Supports on Monthly Costs and Elder Economic Security, Single Elder Renter in Alameda County, CA, 2007

	Elder Standard Index	Food Stamps	Food Stamps, Prescription Drug Subsidy (LIS)	Food Stamps, LIS, Medi-Cal	Food Stamps, LIS, Medi-Cal, LIHEAP	Food Stamps, LIS, Medi-Cal, Housing Assist.
Housing	\$1,055	\$1,055	\$1,055	\$1,055	\$1,034	\$306
Food	\$302	\$219	\$219	\$219	\$219	\$219
Transportation	\$202	\$202	\$202	\$202	\$202	\$202
Health Care	\$293	\$293	\$241	\$0	\$0	\$0
Miscellaneous	\$244	\$244	\$244	\$244	\$244	\$244
Total Expenses (monthly)	\$2,096	\$2,014	\$1,962	\$1,721	\$1,700	\$972
Average Social Security Income (monthly)	\$1,054	—————→				
Income Adequacy	50%	52%	54%	61%	62%	108%



National Policy Focus

1. Defend Retirement Income. Erosion of the progress that has been made on behalf of elder economic security must be reversed by supporting and strengthening Social Security, expanding (or providing) worker savings opportunities such as defined contribution and benefits plans, and resisting the temptation to again balance budgets on the backs of seniors by freezing the SSI annual cost of living adjustment (COLA) and cutting Medicaid.



National Policy Focus...continued

- 2. Support housing trust funds, affordable housing development, housing assistance and homeowner tax exemptions or elders below the Index.**
- 3. Outreach and public information on low-income supports** must be enhanced and broadened to reach more individuals in need of assistance.

National Policy Focus...continued

- 4. Adjust unreasonably low income and asset limits among public support programs.** Average Social Security incomes and average retirement incomes often exceed eligibility limits, but leave single elders well short of the income needs indicated by their local Indexes.
- 5. Promote equitable and rational policy by using the Index in evaluating existing policies and developing new policies for older adults.** The Index is a realistic, geography-based measure of need that can be used to guide policies and programs, and to determine more realistic income eligibility guidelines and funding levels for critical public supports. The Index also provides a tool to help direct service providers benchmark an elder's movement toward economic security.

Support Legislation which improves Elder Economic Security

- The creation of a universal long-term care insurance program - The Community Living Supports and Services Act (S.1758 and H.R. 3001)
- Food stamp reauthorization that exempts retirement savings from asset limits (H.R. 2419 and S. 2302)
- Exempt retirement savings from all means tested programs such as TANF (H.R. 3172)
- Increase the asset limits for the low income subsidy of Medicare Part D (H.R. 1536 and S. 1102)

Support Legislation...continued

- Reauthorize and fully fund Section 202 Housing Assistance (H.R. 2930) and provide full funding for The Low Income Home Energy Assistance Program (LIHEAP)
- Pass the Health Care and Training for Older Workers Act (S. 708) that would extend COBRA coverage for up to 36 months for workers between the age 62 and 65 who typically would lose employer-based health coverage when phasing down their work to part-time status.
- Encourage employers to establish flexible work programs. S. 708, for example, gives a 25 percent tax credit equal to wages for employers who provide full, qualified pension and health insurance plans for full- and part-time workers age 62 and over in a “flexible work program.”

Level the Playing Field for Part-time Workers and Caregivers

- Pass the Workplace Balancing Act (H.R. 2392) that requires employers to provide pro-rated health, pension and family leave benefits to part-time workers.
- Pass the Unemployment Insurance Modernization Act (H.R. 2233 and S. 1871) that gives states incentives to cover employees who are available only for part-time work and whose work histories are concentrated in the most recent quarter, and those who lost employment due to compelling family reasons.

What is happening in the states?

- California (Insight Center for Community Economic Development)
 - State Senate on Aging and LTC – Hearing; Chair agreed to look for funding to update annually and hold hearing on which income supports are effectively moving seniors toward economic security
 - Mayor of LA has endorsed Index and will be using in his affordable housing plans
 - AAA are going to use in planning efforts
 - United Way of Bay Area using in their strategic planning efforts
 - Media coverage – print, TV, radio

Continued...

- Illinois (Health and Medicine Research Policy Group)
 - Support home/community-based LTC programs – Community Cares Program (proposing to replace the FPL in the co-pay formula with the Index)
- Pennsylvania (PathWaysPA)
 - Spend down on Medicaid
 - Director of the Interagency Council on LTC – infuse Index in strategic planning efforts
 - Use the Elder Economic Security Standard Index in Area Agency on Aging strategic plans
- Wisconsin (Wisconsin Women's Network)
 - Senior Care Program – prescription drug

Get Involved!

- Apply to be a lead state organization!
- Visit the WOW Website:
www.WOWonline.org
- Visit and comment on the EESI blog:
<http://wow-eesi.blogspot.com/>
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