



Wider Opportunities for Women



May 2009

## Statement on Better Understanding the Economic Security of Seniors

Alternatives to the federal poverty line are critical to depict actual economic hardships among senior households. The federal poverty line provides an inadequate basis for understanding these hardships because it is neither geographically specific nor related to costs. Two complementary measures help us achieve this goal. In 2006, the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women (WOW) created the Elder Economic Security Standard™ Index (Elder Index), a county-by-county measure of the costs of living for elders 65 and older in the United States. This measure of economic security provides a realistic, bare bones budget which varies by life circumstances, including: household size, housing status (homeowner or renter), mode of transportation, health status, and home and community-based long-term care needs. Drawing upon state and federal datasets, the Elder Index reflects market rates and suggests a minimum level of income needed to maintain a household and live with dignity in the community.

In 2009, the Institute on Assets and Social Policy at Brandeis University (IASP) and Demos, a non-partisan research and policy organization, created the Senior Financial Stability Index (SFSI), a cutting edge tool which assesses long-term economic security of senior households based on assessments in five critical factors: housing costs, out-of pocket health care expenses, household budgets, home equity, and household assets. Combined, these factors portray the capacity of senior households to make ends meet over the long-term. Drawing upon Consumer Expenditure Survey data, the SFSI reflects actual consumption and savings patterns and measures the risk of older adults' inability to maintain their current standards of living.

Both the Elder Index and the SFSI further our understanding of senior households' financial challenges and point to policy implications critical in maintaining and improving seniors' economic security.

For more information on these two complementary measures, please visit our websites:

Elder Economic Security Initiative at Wider Opportunities for Women:

<http://www.wowonline.org/ourprograms/eesi/index.asp>

Gerontology Institute at the University of Massachusetts:

<http://www.mccormack.umb.edu/centers/gerontologyinstitute/projects/elderecon.php>

Institute on Assets and Social Policy at Brandeis University: <http://iasp.brandeis.edu/index.html>