



Single Women’s Retirement Income Falls Short of the Elder Economic Security Standard™ Index

The National Elder Economic Security Initiative™ Program

The National Elder Economic Security Initiative (Initiative) at Wider Opportunities for Women (WOW) offers concrete tools to shape public policies and programs to promote the economic well being of older adults who are fully self-reliant or are in need of certain public supports to age in place with dignity. The Initiative combines coalition building, research, education, and advocacy at the community, state, and national level. With support from the Retirement Research Foundation, WOW initially partnered with five states, California, Illinois, Massachusetts, Pennsylvania, and Wisconsin, to launch the national Initiative and has now expanded to seven more states: Minnesota, Connecticut, New Jersey, Michigan, New Mexico, New York, and West Virginia. WOW also received funds from the Atlantic Philanthropies to expand the Initiative to 20 states total and to produce a national database with elder information on all 50 states and the District of Columbia.

Undergirding the Initiative is the WOW-GI National Elder Economic Security Standard™ Index (Elder Index) developed jointly by the Gerontology Institute at the University of Massachusetts Boston and WOW. The Elder Index is a new measure of the income that older adults require to maintain their independence in the community and meet their daily costs of living. The Elder Index sums five major monthly expenses which constitute the basic elder household budget: housing, food, health care, transportation, and miscellaneous expenses. While the Federal Poverty Guideline measures what we all struggle to avoid - abject deprivation - the Elder Index measures the minimum income older adults need to remain economically secure given living costs in their own communities.

The Elder Economic Security Standard Index, US Average Monthly Expenses by Household Type, 2008						
Monthly Expenses/ Monthly and Yearly Totals	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/ Mortgage
Housing	\$376	\$705	\$1,017	\$376	\$705	\$1,017
Food	\$222	\$222	\$222	\$407	\$407	\$407
Transportation	\$297	\$297	\$297	\$363	\$363	\$363
Health Care	\$237	\$237	\$237	\$474	\$474	\$474
Miscellaneous	\$226	\$226	\$226	\$324	\$324	\$324
Elder Index Per Month	\$1,358	\$1,687	\$1,999	\$1,944	\$2,273	\$2,585
Elder Index Per Year	\$16,294	\$20,248	\$23,993	\$23,323	\$27,277	\$31,022

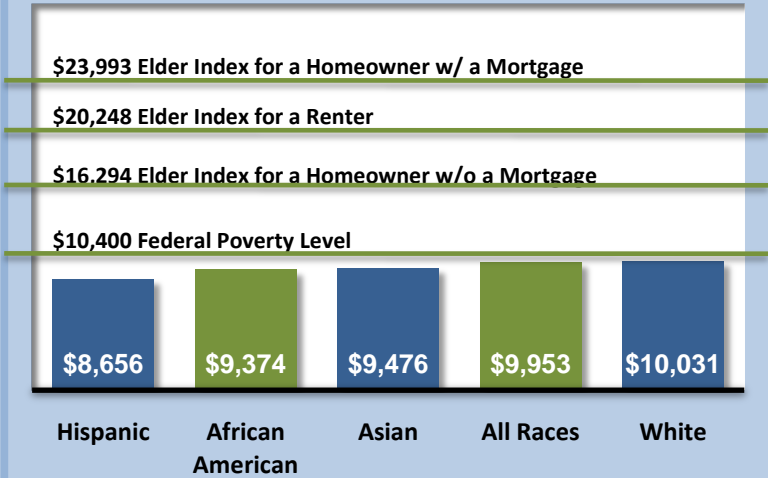
Source: Laura Henze Russell, Ellen A. Bruce, Judith Conahan and Wider Opportunities for Women, *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders* (Washington, DC: Wider Opportunities for Women, 2006).

Older Women Living on Social Security Income Fall Well Below the Elder Economic Security Standard™ Index

The Elder Index provides a clear picture of the plight faced by women living on average Social Security income. As hard-working individuals see a deterioration of pensions, many find themselves wholly reliant upon Social Security in their retirement years. Social Security is the only source of income for 1 out of 5 elders, and women are almost twice as likely to live in poverty in their senior years as men are. Due to pay equity issues, the occupational segregation of women in low-wage jobs, and their cycling in and out of the workforce due to caregiving responsibilities, women often find themselves



Average Annual Social Security by Race vs. Elder Economic Security Standard Index for Single Female Elders in the US, 2008



Sources: US Census Bureau. Current Population Survey, 2007 ASES. Laura Henze Russell, Ellen A. Bruce, Judith Conahan and Wider Opportunities for Women, *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders* (Washington, DC: Wider Opportunities for Women, 2006).
 Note: Median income for retired elders without earned income. All values inflated to 2008.

with a Social Security payment that provides inadequate income. The average annual Social Security income for all women provides a single elder homeowner without a mortgage just over 60% of the income required to achieve economic security. If she is required to rent, her average annual Social Security income will provide only 47% of the income required to achieve economic security.

Women of color struggle most to meet their basic needs in retirement. According to the Elder Index, the average Social Security income for an African American homeowner woman without a mortgage provides only 58% of the income she needs to meet her basic needs. If she is required to rent, her average annual Social Security income will provide only 46% economic security.

Without employer-based retirement savings income such as a pension and/or housing and health care subsidies, the average annual Social Security income alone, although a critical economic security foundation, leaves women struggling to choose among such necessities as heating oil, prescription drugs, and food.

Economic Security* Attained by Single Elder American Women Living on Avg. Social Security, by Race and Housing Status, 2008

Race	Homeowner w/o Mortgage	Renter (1 BR)
Hispanic	53%	43%
African American	58%	46%
Asian	58%	47%
White	62%	50%

* Income as a proportion of the national Elder Index.

Even Single Women with Diverse Retirement Incomes Do Not Attain Economic Security

When their incomes are measured against the Elder Index, women with retirement income - pension, annuities, interest, income and 401(k) and IRA accounts - are clearly better off than those without. However, even with income beyond Social Security, they struggle to reach the Elder Index for renters, and the average woman of color only approaches economic security when she is in good health and owns a home without a mortgage. If her housing status varies, so does her ability to achieve economic security. A minority of elders receive pension income, and older women are less likely than older men to have significant income from pensions to add to Social Security.

Large Gaps Exist Between Men and Women with Diverse Retirement Incomes

Elder single men's economic security status is little better than women's if they live on Social Security. While men of all ethnicities receive average annual Social Security payments exceeding the poverty line, average payments fall short of even the needs of a homeowner who has paid off a mortgage. However, due to their longer and more consistent participation in the workforce, and greater access to pensions and retirement accounts, single men with retirement income in addition to Social Security achieve much greater economic security than men without retirement income or single women with retirement income.



Closing the Gap

To close the income gap many elders must draw on state and federal supports including Medicaid, Supplemental Security Income (SSI), Food Stamps, the Low-Income Home Energy Assistance Program (LIHEAP) and the Medicare Part D (prescription drug) Low Income Subsidy (LIS) - most of which determine eligibility relative to the federal poverty level (\$10,830 for a single elder in 2009). While millions of elders live in counties with Indexes approaching 200% of the federal poverty level (FPL), most accessible support programs continue to utilize income eligibility limits of between 100% FPL and 135% FPL. Most average Social Security incomes lie well below the Elder Index, but above the federal poverty line (FPL), making millions of needy elders ineligible for some basic supports. The Elder Index should therefore be used in framing support access debates, and in determining eligibility, so that America's goal becomes economic security, not the relegation of our elders - particularly those of color - to the threshold of abject poverty.

