



Older Women and the Impact of Housing Status on Economic Security

The national Elder Economic Security 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 public supports to age in place with dignity. The national Elder Economic Security 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 initiative. In March 2007, WOW received funds from The Atlantic Philanthropies to expand the Initiative to 20 states and to produce a national database for all 50 states and the District of Columbia.

Underpinning the Initiative is the Elder Economic Security Standard™ Index, developed jointly by the Gerontology Institute at the University of Massachusetts Boston and

WOW. The Elder Economic Security Standard Index or the “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, including affordable and appropriate housing and health care. The Index accounts for household size, geographic area, housing and health status.

The Elder Economic Security Standard™ Index for Selected Household Types, US Avg., 2006			
Monthly Expenses (Monthly and Yearly Totals)	Single Elder		
	Owner w/o Mortgage	Renter (1BR)	Owner w/ Mortgage
Housing	\$349	\$655	\$978
Food	\$206	\$206	\$206
Transportation (Auto)	\$276	\$276	\$276
Health Care	\$220	\$220	\$220
Miscellaneous	\$210	\$271	\$336
Elder Index Per Month	\$1,261	\$1,628	\$2,016
Elder Index Per Year	\$15,134	\$19,541	\$24,192

Source: Wider Opportunities for Women. The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders. 2006. <http://www.geront.umb.edu/eess/pdf/MethodologyWOWGI.pdf>

Housing: The Bedrock of Economic Security for Elders

The subprime mortgage crisis and the subsequent foreclosure flurry has crushed the bedrock of economic security for many low-income elders – homeownership.

WHY HOUSING matters to seniors

- Provides shelter, comfort and security;
- Establishes wealth; and
- Serves as basic building block of livable and active communities.

HOUSING TRENDS among seniors

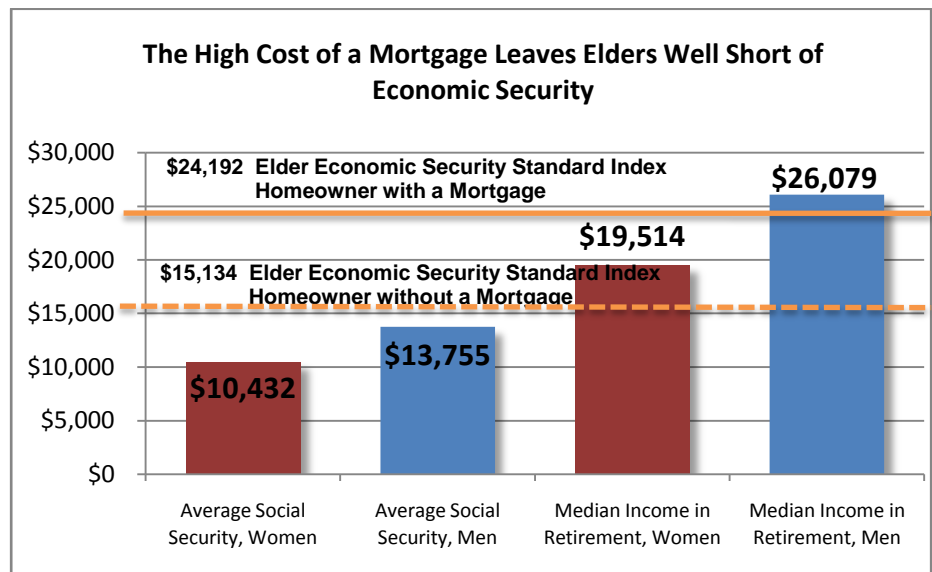
- 80% of older Americans (age 65+) own a home;
- Steady decline in outright homeownership - today only 50% of homeowners (age 50+) own their home outright compared to 60% in 1990;
- Housing costs are the single largest expenditure for households headed by a senior (age 65+) exceeding the cost of transportation and medical expenses combined; and

- Housing varies by geography:
 - Massachusetts: Costs range from 33% to 52% of total expenses
 - California: Costs on average are about 50%, but can reach up to 70% of expenses
 - Pennsylvania: Costs range from 19% to 45%
 - Illinois: Costs range from 21% to 41%
 - Wisconsin: Costs can be up to 44% of expenses

Where Gender, Economic Security and Housing Intersect

The cumulative effects of pay inequity, occupational segregation in low-wage jobs, and workplace policies that do not honor or acknowledge caregiving responsibilities, find older women with fewer resources upon retirement. This has made older women, particularly women of color, more susceptible to the predatory practices of the subprime mortgage lenders.

High housing costs hit older women disproportionately as they typically have few resources to draw upon. Lower wages over a lifetime translate to less money saved for retirement, less interest earned in a 401(k) or retirement account, and less capacity to invest in asset building activities. According to the most recent data, 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. Women are also half as likely to have pensions as men.



Sources: Wider Opportunities for Women, *Single Women's Retirement Income Falls Short of the Elder Economic Security Standard™ Index* (Washington, DC: Wider Opportunities for Women, 2008) US Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement. Figures inflated to 2007 using Social Security Administration COLAs. *Median Income* reflects all personal income of those without earnings.

Many women find themselves wholly reliant upon Social Security in their retirement years. According to the Social Security Administration, in 2006, 43.4% of all elderly unmarried females receiving Social Security benefits relied on Social Security for 90% or more of their income in 2004. According to the Elder Economic Security Standard Index, Social Security alone provides a woman with only 43% of the income needed to achieve economic security if she is carrying a mortgage. Even with median retirement income a woman still falls 20% short of economic security when carrying a mortgage. This has made older women more susceptible to predatory practices of subprime mortgage lenders.

According to recent research, older women are one of the hardest hit populations within the subprime mortgage foreclosure crisis for two reasons: 1) predatory lending practices primarily involved refinancing as opposed to buying new homes and 2) older women are targeted by predatory lenders more than any other group. The Mortgage Bankers Association states that half of all mortgage applications in 2006—about 14 million—were from those seeking to refinance. Divorce, loss of spouse, catastrophic health issues and medical debt, home repairs, a child or grandchild's education and the need to supplement a fixed income all made older women more likely candidates for refinancing. The need to supplement income in retirement is a major reason for women to tap into their equity and refinance.