



Wider Opportunities for Women

Health & Medicine  
POLICY RESEARCH GROUP

## The Illinois Elder Economic Security Initiative

The Illinois Elder Economic Security Initiative (the Initiative) is led by **the Health and Medicine Policy Research Group (HMPRG)** in partnership with **Wider Opportunities for Women (WOW)**. The Initiative 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. The Initiative combines coalition building, research, policy development, education and advocacy at the community, state and national levels.

Underpinning the Initiative is the Elder Economic Security Standard™ Index (the Index) developed by the **Gerontology Institute at the University of Massachusetts Boston** and **WOW**. The Index is a new measure of 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 is calibrated to household size, geographic area, and life circumstances. The development and use of the state specific Index promotes a measure of income that respects the autonomy goals of older adults, rather than a measure of what we all struggle to avoid – abject poverty.

### The Elder Economic Security Standard Index:

- **Provides important new information to illustrate the basic costs seniors face and how their financial security is affected when their life circumstances change.** The Index provides a precise and up-to-date measure of elders' economic well-being. It is calculated using credible national and state datasets and it is tailored to reflect the goods and services that elders must have to meet the basic needs.
- **Serves as an educational tool for current and future elders.** The Index can be used to objectively determine the actual cost of living, assess current economic status and future economic security, and facilitate more informed financial and life choices.



### ILLINOIS' SENIORS STRUGGLE TO MAKE ENDS MEET

According to the U.S. Census Bureau, 9% of Illinois elders live below the Federal Poverty Level (FPL) for an individual (\$10,400 per year) and one in five have incomes under 150% of FPL or \$15,600 per year.

Social Security is the only source of income for 1 out of 5 retired Illinois seniors. Yet basic living costs for an elder in the state range from \$16,465 and \$24,139, while the average Social Security payment is \$11,627 for women and \$15,288 for men.

Poverty rates for older women are more than 50% higher than poverty rates for older men, 11% versus 7%. Women are at greatest risk, with widowed and non-married women accounting for 66% of all older households in Illinois who live in poverty.

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- **Offers a foundation for developing a state policy agenda and a platform for engaging in statewide advocacy.** The Index can help policymakers in Illinois appropriate funds in the most effective and equitable manner, so as to ensure economic security for older residents and their families.
- **Serves as an educational tool for adult children of elders.** Adult children can use it to objectively determine parents' actual costs of living, which will assist adult children as they make decisions about applying for benefits and/or making long-term arrangements for care.
- **Provides a framework for analyzing the impact of local, state, and federal public policies and policy proposals in areas such as housing, retirement security, health, long-term care and taxes.** By describing with specificity the gap between expenses and income, the Index can be instrumental in debates about proposed shifts in Social Security, Medicare, long-term care, pension, housing, fuel assistance, transportation, tax policy and other public programs and policies that affect older people. It also shows the impact of public policies on different groups of elders.
- **Serves as counseling tool for those working with elders in need of income supports and/or additional skill sets.** Since the Index assists in objectively determining actual costs of living, they can assess their current economic status and future economic (in)security and make informed financial decisions regarding their current and future needs.
- **Serves as an educational tool for “boomers” and younger adults.** “Boomers” can use the Index to get a better understanding of what they will need to maintain their lifestyle in their retirement.

### NEED FOR NEW MEASURE OF INCOME ADEQUACY

The U.S. Census poverty data are merely the tip of the iceberg. These figures represent use of an inadequate and out-of-date baseline measure, thus failing to fully document hardship in Illinois and throughout the nation. The FPL does not account for the rising costs of living seniors experience as they age – illness, loss of a spouse, or need to care for a disabled spouse, adult dependent child, or grandchildren. In addition, in today's struggling economy, the rising costs of basic goods, including food and gasoline, make it even more difficult for seniors to make ends meet. As a result, the FPL underestimates actual expenses necessary for even a bare-bones existence.

A reliable and realistic base-measure of a minimum economic security for seniors is increasingly necessary as national and state policy debates intensify and resources become scarcer over the next few years.