

## **The Elder Economic Security Initiative: The Elder Economic Security Standard for Massachusetts**

Massachusetts Association of Older Americans is the lead state partner guiding implementation of the Elder Economic Security Standard in MA under the guidance of statewide Advisory Committee. The Elder Standard for Massachusetts is the first to be developed and released under WOW's Elder Economic Security Initiative (EESI).

Wider Opportunities for Women (WOW) and the Gerontology Institute (GI) at the University of Massachusetts Boston developed the WOW—GI National Elder Economic Security Standard (Elder Standard) to measure the income required to meet the basic needs of elder households to “age in place” in their homes, and enable elders to continue to live in the community setting of their choice. Key findings for Massachusetts:

**1. Elders who live alone in Massachusetts cannot make ends meet at the poverty level or at the average Social Security payment without subsidies for housing and health care.**

- Depending on their housing, health and geography, elders living alone in Massachusetts need between \$14,700 and \$28,100 to cover basic living costs. The federal poverty level for a one-person household in 2006 is \$9,800.
- The average Social Security payment for a retired elder in 2006 is \$12,024, less than half of what some elders in Massachusetts need to cover their basic expenses. Social Security is the only source of income for three out of ten retired elders.

**2. Elder couples in Massachusetts cannot make ends meet at the federal poverty level or at the average Social Security payment without subsidies for housing and health care.**

- Depending on their housing, health and geography, elderly couples in Massachusetts need between \$21,400 and \$39,100 to meet their basic household budgets. The federal poverty level for a two-person household in 2006 is \$13,200.
- The average Social Security payment for a retired elder couple in 2006 is \$19,776, half of what some elder couples in Massachusetts need for basic costs. Social Security is the only source of income for one out of nine retired couples.

**3. Massachusetts' high housing costs put a heavy burden on elder households, from 33 to 52 percent of total expenses, depending on their living circumstances.**

- The monthly cost for elder homeowners without a mortgage ranges from a low of \$419/month in Hampden County (33 percent of total budget) to \$605/month in Norfolk County (41 percent of total budget).
- The monthly cost for elders paying fair market rent for a 1-bedroom apartment ranges from a low of \$545/month in Berkshire County (36 percent of total budget) to a high of \$1,200/month in Nantucket County (52 percent of total budget).

**4. The Elder Standard shows health care costs are the second largest expense for Massachusetts elders, who need to purchase full supplemental health and prescription drug coverage to Medicare.**

- Elders in Massachusetts face combined health care costs (premiums plus co-pays, deductibles and fees) of \$252-\$390 per month to have protection against high medical and prescription drug costs. The highest costs are in Berkshire, Dukes and Nantucket counties, because there are no lower cost managed care plans available.
- Retired couples are unable to purchase supplemental health insurance through a “family plan;” they must each buy it as individuals. For elder couples, the costs are doubled, ranging from \$504-\$780 per month.

**5. Some elders who are currently making ends meet face uncertainty if their life circumstances change, such as losing a spouse or experiencing a change in health status.**

- A member of an elder couple paying market rate rent in Massachusetts has expenses reduced by only 25-36% when a spouse dies yet their income can decrease substantially based on the mix of Social Security and/or pension income.
- Having full supplemental health and prescription drug coverage to Medicare (including Prescription Advantage) helps protect elders from a dramatic rise in health care costs with a decline in health, but the added cost is still sizable.

**6. The need for long-term care can more than double an elder’s expenses, significantly increasing the income needed to meet basic needs.**

- The need for long-term care is a cost that can vary considerably over time, and it is not universally incurred. We therefore include it as a separate, potentially catastrophic cost for elders.
- The need for long-term care can double or even triple an elder’s expenses. Adding a low level of long-term care for one person adds about \$7,000 per year to living costs; requiring a medium level of care for one person adds \$18,000 per year; needing a high level of care for one person adds \$31,000–\$42,000, depending on whether adult day health care is used.

The EESI builds on the work of the Gerontology Institute to develop and pilot a new measure of elder economic security for Boston funded by The Boston Foundation (TBF) and for Massachusetts by the Retirement Research Foundation and TBF.

The Elder Standard provides a framework to help guide public, private, and elders’ decisions that will shape the health and well being of today’s elders, and impact the aging boomers and families who care for them, and follow in their footsteps. The Elder Economic Security Initiative will put into action strategies to promote a measure of income that respects the autonomy goals of older adults and their realistic income needs in today’s economy.



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