

Marie Nelson and Bonnie Watkins: Older women are struggling in this state

Average incomes are near poverty, which is a poor measure to begin with.

By MARIE NELSON and BONNIE WATKINS
Minneapolis-St. Paul Star Tribune

August 14, 2009

When we talk about elder poverty, we're talking about our mothers and grandmothers. The generation of women now in retirement followed society's rules. They worked hard, usually as parents as well as employees. They saved money. Now, many live on Social Security and perhaps some personal savings or other income. The average retirement income from all sources for Minnesota women is \$12,691, compared with the average for Minnesota men of \$24,041.

The figure for women is only slightly above the federal poverty guidelines, set at \$10,400 for a single person age 65 or older. Could you live on \$10,400, or \$12,691, this year?

Our "Elder-Nomics" project, the Minnesota Elder Economic Security Initiative, offers a new way to think about elder economics. Many people are aware that the federal poverty guidelines are worse than inadequate as a standard of living. And many know that older women are coping with their low incomes by cutting prescriptions in half or skipping meals. As the Age Wave rolls in, this is a large and scary problem. The first step to a remedy is identifying the true cost of living for older people in Minnesota.

A new study organized by Wider Opportunities for Women in Washington, D.C., and performed by the University of Massachusetts-Boston, has identified the true cost of living in Minnesota on a bare-bones budget. The analysis calculates county-by-county costs for elders living alone and in couples, as renters or homeowners, and at three different levels of health. This Elder Index is based on the cost of food, transportation, housing, health care and minimal household necessities. It's a powerful tool, endorsed by 35 of our Minnesota partner organizations to date.

To answer our original question, that \$12,691 is far from adequate. The average older woman in Minnesota falls short of economic adequacy -- a bare-bones budget -- by \$7,587 every year. The new research provides many useful insights, such as the awareness that housing costs comprise the greatest financial challenge for an elder in good health.

This research documents that the federal poverty guidelines are grossly outdated and that Social Security alone does not cover the cost of living. Beyond that, the Minnesota Elder Economic Security Initiative study reviews eight federal and state programs designed to help. Medicare helps, in its limited way. Many "poverty relief" programs help only a small percentage of those in need because our definition of poverty captures only those in the most desperate financial circumstances. Two programs that do help significantly: the state property tax refund, including the renter's credit, and the Alternative Care program that provides home services like Meals on Wheels. The tax refund brings many elders up to 93 percent of the new economic adequacy standard by addressing housing costs. Alternative Care keeps elders in their own homes and saves the huge costs of institutional placement.

Clearly we need to maintain those initiatives. We were glad to see that Alternative Care managed to survive the recent state budget-cutting process. However, the renter's credit was cut by 27 percent in the governor's unallotment actions, which will reduce income for over 85,000 seniors and people with

disabilities by an average amount of \$601. A difficult situation for our mothers and grandmothers is about to become even more difficult, and society will literally pay the price. Our grandmothers had a phrase to describe this behavior: penny-wise and pound-foolish. We call on legislators and others to defend and restore these effective approaches.

The Elder-Nomics project will continue to develop policy recommendations. Meanwhile, we encourage everyone to start thinking in a different way about income adequacy for elders. Instead of starting from the prevailing negative framework -- avoiding poverty -- let's start focusing on movement toward economic security, using data about real costs. Instead of asking how close Mom's income is to the poverty level, let's ask how far she is from economic security. Having a positive goal in sight offers hope that she can live with the dignity she deserves.

Throughout their lives, Minnesota's elders have contributed to the strength of our communities, our state and our nation by meeting their financial, civic and moral obligations. Now it's time for us to ensure their economic security.

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