

Pay Dirt: Retirement funds often below costs

What does it take for Minnesota's seniors to make ends meet? More money than many have.

By [KARA MCGUIRE](#), Star Tribune

Kim Oseira imagined a fun retirement spent going to movies, driving the grandkids and visiting her native Alaska. But today, the St. Paul 68-year-old rationes gasoline, hasn't seen a movie for two years and hasn't been back to Alaska since her job ended.

"I'm worried right now about how I'm going to pay my electric bill," said Oseira, who lives on \$1,100 a month from Social Security and a part-time job. "I try not to let [money] bother me, but it does."

Bonnie Watkins, executive director of the **Minnesota Women's Consortium**, hears such stories all the time. "These are the women that did what society told them, nice ladies like my mom," said Watkins. "The status of older women is really the most heartbreaking feminist story to me."

So Watkins spearheaded the effort to bring to Minnesota the **Elder Economic Security Index** (EESI). Minnesota is the sixth state to complete the index, a county-by-county benchmark that shows how much it costs for seniors to cover basic needs and stay financially self-sufficient. We're talking basics such as food, health care and transportation, not vacations or gifts to grandkids.

The full results will be released Tuesday at the State Capitol. Until then, here's a snapshot.

Minnesota couples 65 and older need \$26,486 to \$28,809 per year to meet their basic expenses. And that includes some aggressive assumptions: For example, the lower figure assumes there's no mortgage on the home and that both are in good health. The higher number is for renters in good health.

Housing and health care costs eat up the bulk of that money, but the rising cost of transportation and food are also concerns to those with fixed incomes.

How much money it takes to live comfortably varies according to several factors, including where elders live. But across the board, the index shows that the average \$21,243 Social Security benefit Minnesota couples receive is not enough. For one in five Minnesota seniors, Social Security is the only income. And the outdated poverty guidelines used to determine whether a person qualifies for various public assistance programs are ridiculously low.

The hope is that the index will be used to create policies that help seniors bridge the gap between their incomes and the cost of living. For example, in Massachusetts, the first state to

complete the process, the index has been used to develop utility assistance programs and raise the asset limits for community-based health services.

Those findings coincide with a new report from the liberal policy group Demos and the Institute on Assets and Social Policy at Brandeis University, which found that 78 percent of all senior households are financially vulnerable. Falling asset values and low yields on fixed-income investments are lowering the living standards for seniors with assets as well, according to a recent AARP report.

Proponents of the Minnesota EESI say the timing is perfect. "Most folks who don't work day-in and day-out with seniors don't have a sense of what it really costs" to meet basic living expenses, said Pam Johnson, a program director with Minnesota Community Action Partnership. That includes legislators who'll decide what public programs to cut to balance the budget in an economy where more people need the help. For example, Johnson and others are hopeful that details about the cost of rental housing for Minnesota's seniors might remove the renter's credit from Gov. Tim Pawlenty's budget chopping block.

Johnson also hopes the specifics will take the stigma out of growing old in poverty. "A lot of seniors either don't know how to find what [public programs] are out there or don't feel comfortable" asking for help, she said.

There's another use for the index that applies to all of us: planning for the cost of getting old. Workers nearing retirement need to know "what the cost of living is going to be like and exactly what they'll need to have to maintain their standard of living," said Tom Hyder of the Vital Aging Network. The sandwich generation can use the index to figure out what it will cost to help mom and dad cover expenses.

Finally, the index should serve as a wake-up call for younger generations saving for their retirements.

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