

New report highlights high cost of living for seniors

By Sen. Richard Tisei/Inside the State House

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As the new minority leader of the Massachusetts Senate, my top priority over the next two years will be making Massachusetts more affordable. We often hear of the exodus of people leaving the state, more than 250,000 in the last four years alone. However, when we discuss “affordability” in Massachusetts, an important demographic is often left out of the discussion — our state’s elderly population.

The high cost of living in Massachusetts forces many Massachusetts seniors to struggle to make ends meet. Retirees on fixed incomes tell me they simply can’t afford to live here anymore and that other parts of the country like Florida, Arizona and Nevada offer a more comfortable lifestyle. Looking ahead, the aging of baby boomers will dramatically expand the elder population, with projections that it will nearly double over the next 25 years.

I recently had a report delivered to my office entitled “The Elder Economic Security Standard for Massachusetts,” which was put together by the Gerontology Institute at UMass Boston, the Massachusetts Association of Older Americans, and Wider Opportunities for Women. The study presented some good insight as to how the skyrocketing costs seniors across the Commonwealth are facing will negatively impact their short and long-term financial security. This report focuses on the challenges of meeting expenses for low and moderate income seniors.

About 13 percent of Massachusetts residents are 65 or older and 11 percent are between the ages of 55-64. Living costs in Massachusetts are among the highest in the nation, especially in housing and health care. However, most elders’ incomes at best see a modest cost of living adjustment each year, they are spending down retirement savings, and/or face growing debt. At the same time, seniors may be prepared for the present but face a challenging future if their life circumstances change due to illness, loss of a spouse or need for help with daily tasks.

For the purpose of this report the Elder Economic Security Standard is a measure of the income required to meet the basic needs of elder households to “age in place” in their homes and enable elders to continue living in the community setting of their choice. Economic security is defined as a situation in which elders have sufficient income (Social Security, pension, retirement savings, and other income) to cover living expenses. The standard illustrates the basic costs that elders face and the interplay between living costs and income adequacy. It also illustrates how elders’ income needs change when their life circumstances change.

There are a host of issues within individual elder households that make quantifying expenses for basic needs difficult including: Household size, homeowner or renter, mode of transportation, health status and the impact of need for long-term care. However, according to the results of the study, Social Security payments that average roughly \$12,024 a year for retired elders in 2006 are insufficient to cover the estimated \$14,700 needed to survive in even the most modest Massachusetts household. Social Security is the only source of income for three out of 10 retirees, therefore, many elders cannot make ends meet at the

poverty level without housing and health care subsidies.

The Elder Standard report concluded that the extreme housing costs in the region cause a disproportionate burden on expenses of elders, ranging from 33 to 52 percent. Health care costs are the second largest expense for Massachusetts elders which can cost anywhere from 10 to 30 percent of total expenses. In many cases, elders who are able to make ends meet are barely doing so. Their financial security would be in serious jeopardy if they or a spouse experienced a change in their health status. The need for long-term care can more than double and elder's expenses.

This report also illustrates how expenses vary by geographic location within Massachusetts. Not surprisingly, Middlesex County ranks as one of the most expensive counties for elders to reside in. Elders living alone in Middlesex County need anywhere from \$17,400 to \$25,200 to cover their basic living needs depending on whether they own a home without a mortgage or if they're required to rent an apartment. This figure can jump to more than \$35,000 for elder couples in the county. Also, elders in Middlesex County on average face combined health care costs of approximately \$300 per month to cover medical and prescription drug costs.

The report clearly indicates that many elders with low and modest incomes in every county across the state are unable to cover their basic needs. As we begin the new legislative session, this study can serve as one of many tools to help guide the discussion and debate on how to best serve our state's elder population. It's important that we increase public awareness of the basic costs that elders face in Massachusetts.

The Elder Economic Security Standard for Massachusetts can be viewed online at <http://www.geront.umb.edu/eess/publications.jsp>

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