



Wider Opportunities for Women

Elder Economic Security Initiative™ Program – October 17, 2008

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Inside this EESI Weekly Update...

On The Hill – House Democrats plan hearings about economic stimulus package; House Minority Leader outlines caucus priorities; Senator Dodd’s bill for homeowners; and more.

In The Administration – SSA announces 5.8% COLA in Social Security benefits in 2009

Resources – Economic Turmoil Affecting Older Americans; GAO on Medicare Program Part A; MRRC on Retirement Wealth; AARP on 401(k) Plan Fees; MRRC on the Social Security Earnings Test; Voter Guide

In the News –The Atlanta Journal-Constitution: Charities Run on Empty; The San Francisco Chronicle: Seniors Air Fears about Economy, Election; The Dallas Morning News: Places to Retire

ON THE HILL...

House Democrats plan to hold hearings over the next few weeks before deciding on the price tag, details and timetable for a possible second economic stimulus package to fend off further economic erosion. Congress could consider a package likely to include such things as funding for infrastructure projects, state Medicaid programs, Food Stamps and unemployment insurance during a lame duck session following the election. House Democratic leaders, however, would not commit to that time line Monday following a meeting with economists and former Clinton administration officials. Panels that will hold hearings over the course of the next few weeks include Budget, Ways and Means, Education and Labor, Judiciary and Joint Economic Committee.

On Monday, House Minority Leader John Boehner (R, OH) outlined the priorities of his caucus. In a letter to Speaker Pelosi, Boehner called for a number of steps, including amending existing law so that expanded offshore oil and gas drilling “can begin in months, not years,” lowering the tax rate on profits American companies earn abroad and bring back to the United States, suspending the capital gains tax on equities purchased over the next two years, temporarily cutting the corporate tax rate by 10 percent for companies that agree to buy distressed assets and suspending a requirement that people over age 70 begin withdrawing money from their IRAs, so they aren’t forced to sell stock while prices for many are hitting lows. Boehner said he agreed with Speaker Pelosi that “Congress should take additional measures to get our economy back on track, and we should not wait until January.” But he called the Democrats’ ideas “an irresponsible, business-as-usual approach that has earned this Congress the lowest approval ratings ever recorded in the history of modern polling.”

Senate Majority Leader Harry Reid (D, NV) joined his House colleagues this week in calling for Congress to take up an economic stimulus package after the November election. Similar to the House package, the Senate plan is to focus on spending for infrastructure projects, aid for states, energy assistance for the poor and extended unemployment benefits. However, it remains unclear how hard the Democrats will push to enact such a package before a new president takes office in January 2009.

For his part, Senate Banking Committee Chairman Chris Dodd (D, CT) said that he plans to move a bill when he can that will address concerns of homeowners. The package is expected to include a 90-day moratorium on foreclosures, curbs on predatory lending, changes to the bankruptcy code to allow judges to modify primary residence mortgages, and measures to restrict abusive credit card billing practices.

The White House reacted coolly this week to the idea of a second stimulus package saying that the need has not been sufficiently demonstrated.

IN THE ADMINISTRATION ...

This week the Social Security Administration announced that monthly Social Security and Supplemental Security Income benefits for more than 55 million Americans will increase 5.8 percent as of January 2009. The 5.8 percent Cost of Living Adjustment is the largest since 1982. Social Security and Supplemental Security Income benefits increase automatically each year based on the rise in the Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers*, from the third quarter of the prior year to the corresponding period of the current year. The 2009 COLA will increase the average Social Security benefit by \$63 per month, compared with an average \$24 per month increase in 2008. Other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$106,800 from \$102,000. Of the estimated 164 million workers who will pay Social Security taxes in 2009, about 11 million will pay higher taxes as a result of the increase in the taxable maximum.

RESOURCES...

Urban Institute Report: How Is the Economic Turmoil Affecting Older Americans?: Forty-nine percent of households ages 50 and older own retirement accounts. Seventy-nine percent of these accounts include stock holdings. During the past 12 months (from September 30, 2007, to September 30, 2008), retirement accounts have lost \$1.6 trillion, 18.3 percent of their value. For more, view the report [here](#).

Government Accountability Office: Medicare Program; Part A Premium for Calendar Year 2009 for the Uninsured Aged and for Certain Disabled Individuals Who Have Exhausted Other Entitlement: The GAO takes a closer look at Medicare Program Part A which charges elderly and disabled people who have exhausted entitlement programs \$443 in 2009. Read the full report [here](#).

Michigan Retirement Research Center: Retirement Wealth Across Cohorts: The Role of Earnings Inequality and Pension Changes: The relationship between lifetime earning, pre-retirement private wealth, and Social Security wealth are examined in this report to explain earnings inequality and pension changes. Read the full report [here](#).

AARP: Determining Whether 401(k) Plan Fees are Reasonable: Are Disclosure Requirements

Adequate?: This research report emphasizes the importance of 401(k) plans and analyzes where plans fees are hurting, not helping people planning for retirement. Read the full report [here](#).

Michigan Retirement Research Center: Early Retirement, Labor Supply, and Benefit Withholding: The

Role of the Social Security Earnings Test: This report focuses on the importance of the Social Security Earnings test when considering reforming the Social Security System. Read the full report [here](#).

Voter Guide: This Web-based tool presented questions to state and national candidates based on issues that are important to AARP. Each candidate had the opportunity to respond, and AARP posted their responses. Issues include Social Security, retirement savings, healthcare affordability, and long-term care.

- [View the Presidential Election Voter Guide](#)
- [View the State Elections Voter Guide](#)

IN THE NEWS...

Charities run on empty

Lack of gas strands some volunteers who deliver meals, discourages others

The Atlanta-Journal Constitution, Phil Kloer and Rachel Poerance, October 3, 2008

Doris Turner had five more meals to deliver when she heard the dreaded ding-ding-ding: the chiming signal from her 1997 Buick Park Avenue that she was perilously low on gas. She knew she had maybe 20 miles' worth left in the tank, not enough to deliver meals to the five remaining senior citizens who were counting on her.

She started looking for a station with gas on Cascade Road near I-285, "but every station I went to had those bags on the pumps." She started calling friends on her cellphone; one said there was gas at Northside Drive and I-75.

She headed north. But she never made it.

"It was a crazy bad feeling," she recalled about sitting on the side of the road last Saturday afternoon, out of gas. A friend filled a gas can and brought it to the stranded Turner, who then returned to Senior Citizen Services of Metropolitan Atlanta, where she works, to find someone with more gas to finish the deliveries.

With the gasoline supply still short in metro Atlanta — sometimes a little, sometimes a lot — SCS has been forced to reduce the frequency of some deliveries to its 300 clients for a week or two. Other local nonprofits that run Meals on Wheels programs haven't had to do that yet, but they know their drivers — many of them volunteers hunting down and paying for their own gas — are struggling.

"We've definitely seen a dropoff in our volunteers," said Robin Kirby, chief marketing officer for Senior Connections, which delivers about 1,000 meals a day to seniors in DeKalb County. "We've had to consolidate some routes and have paid staff do them instead of volunteers."

The area gas shortage comes on top of a long run of high gas prices and the stressful stream of bad economic news coming from Wall Street.

“We’re very concerned about the general trend here,” said Jeffrey Smythe, executive director of SCS. “The more bad news we get on the economy [that feeds the] perception that things are falling apart, the less people want to donate.”

Volunteers hit hard

Because so many agencies deliver meals in so many parts of metro Atlanta, no one tracks how many thousands of elderly, blind or handicapped people depend on volunteers to bring them food. But the gas shortage has put them at risk.

“This is a huge deal for Open Hand,” said executive director Stephen Woods of metro Atlanta’s largest such service, formerly Project Open Hand, which delivers about 4,500 meals a day. So far, the charity has not had to cut back on any services.

When the gas crisis first hit, Open Hand made unofficial deals with some stations to let it fuel its trucks, Woods said. But that doesn’t necessarily help volunteers like Barbara Antley, who delivers meals in her own car every Thursday to clients in the Old Fourth Ward and Cabbagetown.

“It’s one of my favorite days of the week,” Antley said. “It just fills a real need in me to feel like I’m giving something back to the community. Delivering is a priority for me — it wouldn’t be one of the things I would cut out if I had to cut something out.”

Sometimes, though, volunteers have had no choice but to bail on their commitments.

“The people on our route rely on us to be able to bring their meals to them,” said Marietta’s James Alford, who delivers meals with his wife, Kezia, for SCS. “All of them are elderly, one guy is blind, another lady can barely walk. These people are just not able to go out and do stuff.”

So Alford was particularly upset recently when he went to “six or seven different gas stations” trying to fill up before his route. He ended up with needle even more buried on “E” than when he had started, and had to call the nonprofit and apologize that he just couldn’t make it in. Another driver was able to cover his route.

Kindness of strangers

“The people we serve in our business are typically homebound and so they get very insecure and very uncomfortable, and nervous and frightened when they ... hear news reports about the gas shortage,” Woods said of Open Hand.

“One of the most important things for them is the reassurance that our delivery person, a live, real person, that comes to their home every day is going to be there,” he said. “That gives them a great sense of comfort.”

As always, nonprofits depend on the kindness of strangers in the current shortage. A donor gave \$1,000 to SCS specifically to help volunteer drivers buy gas.

"It's going to help those who have stuck with us," said Smythe.

"You divide that up between your 10, 20 most loyal volunteers, you don't have that much to give each of them," he said. "It's better than nothing."

Doris Turner, meanwhile, went out on another run Thursday morning, delivering meals to seniors. This time she did start her route with more than half a tank of gas, and did not run out.

Seniors air fears about economy, election

The San Francisco Chronicle, Matthai Kuruvila, October 13, 2008

Wall Street is crumbling, and so are 401(k)s. The California budget was slashed, with the governor and the Legislature targeting programs for the elderly. Health care costs are soaring. And one presidential candidate scares them.

That was the focus of a litany of complaints at a convention for retired Californians, held Sunday in San Francisco. Speakers and members of audience decried the dying of the American dream they said they had all lived for - and the futures they envision for their children and grandchildren.

So the gathering at the Cathedral Hill Hotel by the California Alliance for Retired Americans served as an opportunity to vent - and to organize.

"We were all told by our parents, 'You're going to be much better off than we were,' " said George Kourpias, president of the Alliance for Retired Americans, the umbrella group for the California alliance that held its annual convention Sunday. "We were. We are better off than our parents were. But what about our kids and grandkids?"

At the forefront of concern for California retirees was a series of cuts made to solve the state budget crisis. The budget slashed funding to adult day care and Alzheimer's programs, and eliminated tax rebates for low-income renters and homeowners. It also slashed Medi-Cal funding for the poorest of seniors.

"It's the most ill-conceived budget in my memory," said Nan Bresmer, president of the California alliance. "Why are we treated so badly? Don't we deserve better?"

"Yes," shouted some 300 seniors.

The belt is tightening on those who are least able, said Diana Madoshi, 63, who lives in a senior apartment complex in Rocklin (Placer County).

"Our needs are increasing, but it's frightening because the support network is diminishing," Madoshi said.

The organization says it is nonpartisan. But all of the speakers Sunday afternoon ripped into the Republican presidential nominee, Arizona Sen. John McCain, who they fear will seek to privatize Social Security, given his past statements and votes.

Three months ago, at a town hall meeting in Denver, McCain said, "We are paying present-day retirees with the taxes paid by young workers in America today. And that's a disgrace. It's an absolute disgrace, and it's got to be fixed."

The "disgrace" comment has been a bitter pill for many seniors, who have long been paying into the system, believing that future generations would support them when they got old, said Kourpias, whose organization has 3.5 million members.

Kourpias said that the national organization was putting campaign workers in every battleground state. Referring to the fate of Social Security and Medicare, Kourpias added, "I really believe this might be our last chance."

Texas leaps to No. 2 as place to retire: State passes Arizona and California for relocating seniors

May 29, 2007, The Dallas Morning News

Watch out, Florida. Texas has emerged as the No. 2 retirement mecca, vaulting over Arizona and California.

And the Lone Star State is gaining on the Sunshine State.

The North Carolina Center for Creative Retirement, which is nationally known for tracking retirement migration trends, studied 2005 data from the U.S. Census Bureau on the number of Americans who move out of state to enjoy their golden years.

Texas, which was the No. 4 destination based on 2000 data, has leapt past No. 2 Arizona and No. 3 California. Texas attracted 6.8 percent of America's migrant retirees in the 2005 data, up from 4.8 percent in 2000.

Florida's share is much higher but shrinking. It drew 16.6 percent of retirees in 2005, down from 19.1 percent in 2000.

"Older Americans who are looking to relocate upon retirement continue to move to sunny climes, but Texas has gained an edge over other Sun Belt states," said Bill Haas, the study's author.

Texas' lower living costs give it a distinct advantage, he said, especially over states like California and Florida, where home price increases in the last few years hit bubble proportions.

"Hurricanes, rising housing prices, higher homeowners insurance premiums and overcrowding are making Florida a less desirable destination," Mr. Haas said.

Where retirees settle down is becoming a matter of keen interest among economic development officials who see gold in the silver-haired generations.

The study said the Texas economy is reaping an additional \$751 million annually from older migrants who bring their investments, pensions and Social Security payments.

Ron Manheimer, executive director of the Center for Creative Retirement, predicts a heated competition among states for older adults who plan to pick up stakes.

"Retirees can be an economic engine," he said. "The money they're spending is creating jobs in their new communities."

Consultant Gene Warren estimates the average senior household spends \$36,000 a year and pays \$3,000 in state and local taxes – about the same economic benefit as adding a job and a half in a community.

Retirees are also a rich source of talent for civic and other volunteer projects, he said.

Certified for retirees

To compete more aggressively for those residents, the Texas Agriculture Department launched a program last year that certifies communities that want to be known as desirable places for retirees.

Department official Beverly Boyd said 65 Texas communities have expressed interest in applying, and six have already gained certification – Athens, Cuero, Duncanville, Lufkin, Nacogdoches County and Winnsboro.

The department is improving its "Retire in Texas" Web site, developing brochures, designing ads for retirement magazines and planning trade show exhibits to tout Texas to prospective retirees across the country, Ms. Boyd said.

Mr. Warren said Texas hasn't done enough to promote itself as a retirement destination and criticized state legislators for shortchanging the Agriculture Department's marketing initiative.

Application fees from the towns seeking certification are financing much of the program. Communities with fewer than 20,000 people will pay \$5,000, and others will pay 25 cents per resident, Ms. Boyd said.

"If Texas ever devoted the right resources to selling itself as a retirement destination, the results would be enormous," Mr. Warren said.

The Phoenix-based consultant, who has advised a number of Texas communities on how to attract retirees, said the state's natural attributes should appeal to boomers who plan to move when their careers are over.

"Boomers are looking for areas that complement their active lifestyle, and Texas has an abundance of those places – from the Gulf Coast to the Hill Country to the Piney Woods to the expanse of West Texas," he said.

From out of state

Frisco Lakes, the active-adult community that Pulte Homes Inc.'s Del Webb unit is developing in Frisco for boomers and seniors, has had a surprisingly large number of out-of-state buyers, said Patrick Vedra, vice president of operations.

Many Del Webb developments draw mostly local residents early in their construction, but about half of the first 250 homebuyers at Frisco Lakes have come from outside Texas, he said.

Mr. Vedra said many of those out-of-state buyers are moving from California, Florida, Nevada and Illinois.

"Housing costs are less here," he said. "Our homes run from \$110 to \$132 per square foot. That's half of California's prices. People are selling their houses there, paying cash for a place here and investing the rest."

But Mr. Vedra also offered a different sort of theory for the strong out-of-state interest in Frisco Lakes – something closer to the heart than a house's price per square foot.

"Some of our homebuyers are moving here to be near their adult children and families, who came to North Texas because of the healthy job market," he said. "After all, you can't beat the hug of a grandchild."

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