



Living Below the Line: Economic Insecurity and Older Americans

No. 1: Insecurity in the States 2015

A Wider Opportunities for Women series
assessing the economic security of US elders

A WOW analysis of US Census Bureau data finds that nearly half of fully retired, elder-only households lack incomes required for economic security. WOW compares the 2013 household incomes for retired single seniors to the statewide 2013 Elder Economic Security Standard™ Index for each state and Washington, DC to calculate Elder Economic Insecurity Rates.

Elder Economic Insecurity Rates Range from 34% in Wyoming to 57% in Vermont

State Elder Economic Insecurity Rates (EEIRs)—the percentage of independent seniors (65+) living in households with annual incomes that do not allow economic security—allow state and local governments to better understand and benchmark how many and which seniors are at risk of financial instability or poverty. *State EEIRs range widely, but in all states more than one-third of elders are at risk of being unable to afford basic needs and age in their own homes.*

Defining Economic Security for Older Americans: The Elder Economic Security Standard Index

The Elder Economic Security Standard Index (Elder Index) is a measure of the costs faced by households of either one or two fully retired seniors age 65 or older. Developed by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women, the Elder Index defines economic security as the income level at which elders are able to cover basic and necessary living expenses and age in their homes, without relying on public assistance programs, loans or gifts. Table 1 presents the US Elder Index for 2013.

Table 1: The Elder Economic Security Standard Index for the United States, 2013

Expenses	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/ Mortgage
Housing	\$470	\$791	\$1,306	\$470	\$791	\$1,306
Food	\$251	\$251	\$251	\$461	\$461	\$461
Transportation	\$248	\$248	\$248	\$383	\$383	\$383
Health Care	\$402	\$402	\$402	\$804	\$804	\$804
Miscellaneous	\$274	\$274	\$274	\$424	\$424	\$424
Elder Index Per Month	\$1,645	\$1,966	\$2,481	\$2,542	\$2,863	\$3,378
Elder Index Per Year	\$19,740	\$23,592	\$29,772	\$30,504	\$34,356	\$40,536

Source: *The Economic Security Database*, Wider Opportunities for Women. Calculation by the Gerontology Institute, University of Massachusetts Boston.

Note: For more information on the Elder Index methodology, see *The National Elder Economic Security Standard: Methodology* (Boston: The Gerontology Institute, University of Massachusetts Boston, 2012).

Elder Index expenses include housing, food, minimal transportation, health care, and basic household items including clothing, a telephone, hygiene and cleaning supplies. The Elder Index is a basic budget, allowing no travel, restaurant meals, saving, large purchases, gifts or entertainment of any kind.

Large Proportions of Elder Households Fall Short of Economic Security

Table 2 ranks states' Elder Economic Insecurity Rates—the percentage of elders who live in households with incomes below their state's Elder Index. States in the Northeast comprise the majority of the 10 states with the largest EEIRs. *With an EEIR of nearly 57%, seniors in Vermont are more likely to face economic insecurity than are seniors in any other state, followed by elders in Massachusetts, Maine, New York and Mississippi.* The Insecurity Rate in Vermont is nearly 12 percentage points above the national average rate due to Elder Index costs above the national average and incomes below the national average. Most states at the top of the rankings are characterized first and foremost by high Elder Indexes.

The EEIR is lowest in Wyoming, 34%, with just over one-third of elders living in insecurity. This rate is more than 11 percentage points lower than the national average. Delaware and Arizona follow Wyoming with the second and third lowest rates, respectively.

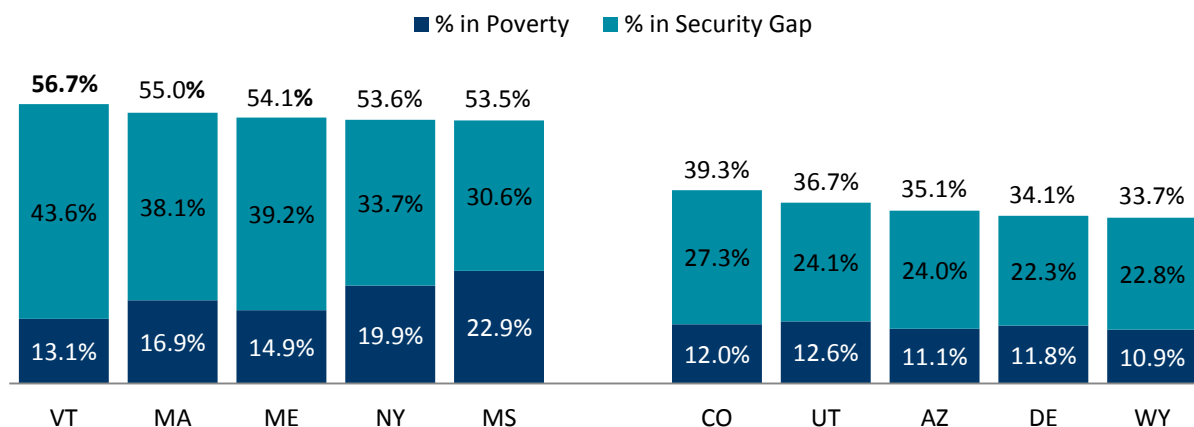
Large Proportions of Elder-Only Households Live in Poverty and Rely on Social Security

The rankings in Table 3 compare the incomes of elders to the Federal Poverty Guidelines, commonly referred to as the federal poverty level (FPL), which are used to establish eligibility for many state and federal assistance programs.ⁱ Those who live in the gap between the FPL and the Elder Index find themselves with incomes too high to qualify for many public assistance programs and too low to achieve intermediate- or long-term stability.

Nationally, elders with incomes below the FPL have a median household income of just over \$9,000 per year and rely on Social Security for 73% of their personal income, indicating that these fully retired elders are receiving another form of income to supplement their low benefits. A high school degree is the highest level of education for 34% of these seniors, and an additional 37% have less than a high school degree.

In every state but one, the rate of retired seniors living in senior-only households with incomes below the FPL is higher than the 10% official US poverty rate for all seniors. The exception is New Hampshire, where the percentage of such elders living below the FPL is just over 9%, almost 6 percentage points lower than the national average. At the other end of the spectrum, approximately 30% of Washington, DC's retired independent elders live below the FPL.

Figure 1: Highest and Lowest State Elder Economic Insecurity Rates, 2013



Source: Author's calculations based on US Census Bureau American Community Survey 2013 PUMS

Large Proportions of Elder-Only Households Live in the Security Gap

A large proportion of elders live in the “security gap,” the gap between the poverty level and the Elder Index. They are not recognized as poor, but their incomes do not allow them to escape the shadow of poverty. They live in economic insecurity but often have too much income to qualify for public assistance programs. These elders rely very heavily on Social Security. As shown in Figure 2, Social Security makes up an average of 84% of personal income for elders living in the security gap.

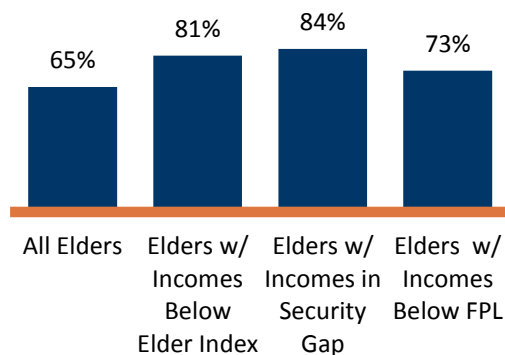
Table 4 compares percentages of elders in the security gap by state. *Nine out of the 10 states with the largest percentages of seniors in the gap are in the Northeast. Seven of the 10 states with the smallest percentages of seniors living in the security gap are in the West.*

Vermont has the highest rate of seniors living in the security gap in the nation at 44%. The percentage of elders who fall into the gap in Vermont is nearly 14 percentage points higher than the national average. Vermont is followed

by New Hampshire, Maine, Connecticut and Massachusetts.

The state with the lowest rate of seniors in the gap is Washington, DC, at just over 21%. As a result, Washington, DC’s EEIR is also (relatively) low, despite the large percentage of seniors living below the poverty line. The second lowest rate belongs to Delaware, with 22% of seniors in the security gap. Delaware is followed by Alaska, Wyoming and New Mexico.

Figure 2: Social Security as a Percentage of Total Personal Income, 2013



Source: Author's calculations based on US Census Bureau American Community Survey 2013 PUMS

Conclusion

Poverty rates among retired elders living in one- or two-person households are much higher than the official poverty rate for all seniors. Large proportions of retirees are not living alone because they have the means to live well, or because they are “better off” than elders who live with family or friends or in institutions. To the contrary, these seniors should be of special concern, and policy and programs that address the concerns of single or couple elders living on their own—congregate and home-delivered meals, transportation, fall prevention, employment and training—should also be of special concern to state and local governments.

While decreasing poverty is critical, the “circle of concern” cannot be limited to impoverished seniors. Elder Economic Insecurity Rates demonstrate that a large proportion of every state’s retired, independent seniors lack incomes that would allow them to escape the threat of poverty and to remain independent and age in their own homes. The US EEIR is a full 45.1%, and 30.1% of America’s retired, independent seniors fall into the security gap between the Federal Poverty Guidelines and economic security incomes.

As the senior population grows, the federal government and each state must learn to recognize the senior security gap and those who fall into it. They must also consider whether or not policies contribute to the security of seniors living above the poverty line, as they require services and supports beyond emergency aid that lead to intermediate- and long-term stability goals. Economic security, rather than “not-poverty,” is the goal to which elders and those who represent and serve them should aspire.

Table 2: Elder Economic Insecurity Rates, by State, 2013

Rank	State	Elder Economic Insecurity Rate	Vs. US Average (Percentage Points)
1	Vermont	56.8%*	11.7%
2	Massachusetts	55.0%	10.0%
3	Maine	54.1%*	9.0%
4	New York	53.6%	8.5%
5	Mississippi	53.5%	8.4%
6	New Jersey	52.6%	7.5%
7	New Hampshire	52.5%*	7.4%
8	Connecticut	51.9%	6.8%
9	District of Columbia	51.0%*	5.9%
10	Arkansas	50.3%	5.2%
11	Rhode Island	49.6%*	4.5%
12	Nebraska	49.1%*	4.1%
13	Louisiana	48.3%	3.3%
14	South Dakota	48.0%*	2.9%**
15	Pennsylvania	47.3%	2.3%
16	Tennessee	47.2%	2.1%
17	Wisconsin	46.8%	1.7%**
18	Oklahoma	46.3%	1.2%**
19	North Dakota	46.3%*	1.2%**
20	Hawaii	46.0%*	0.9%**
21	Illinois	45.6%	0.6%**
22	Alabama	45.6%	0.6%**
23	Montana	45.6%*	0.5%**
24	Kentucky	45.4%	0.3%**
--	United States	45.1%	--
25	North Carolina	44.3%	-0.8%**
26	California	44.1%	-0.9%**
27	Georgia	44.0%	-1.1%**
28	Missouri	43.9%	-1.2%**
29	Indiana	43.9%	-1.2%**
30	Maryland	43.9%	-1.2%**
31	West Virginia	43.5%*	-1.6%**
32	Texas	43.5%	-1.6%
33	Kansas	43.2%	-1.9%**
34	South Carolina	42.7%	-2.4%
35	Oregon	42.6%	-2.4%
36	Iowa	42.6%	-2.4%
37	New Mexico	41.7%	-3.4%
38	Minnesota	41.7%	-3.4%
39	Florida	41.4%	-3.7%
40	Alaska	41.1%*	-4.0%**
41	Ohio	41.0%	-4.1%
42	Nevada	40.5%	-4.6%
43	Michigan	40.4%	-4.6%
44	Washington	40.0%	-5.1%
45	Virginia	39.6%	-5.5%
46	Idaho	39.4%*	-5.7%
47	Colorado	39.3%	-5.8%
48	Utah	36.8%	-8.3%
49	Arizona	35.1%	-10.0%
50	Delaware	34.1%	-11.0%
51	Wyoming	33.7%*	-11.4%

NOTE: Sample includes only those elders living independently in 1- or 2-person households in which all persons in the household are 65+ and fully retired.

* Values may be affected slightly by small sample sizes of fully retired elder households.

** The difference between state and US Elder Economic Security Rates is not statistically significant.

Table 3: Percentage of Retired Elders in Elder-Only Households Living in Poverty, by State, 2013

Rank	State	% Below the FPL	Vs. US Average (Percentage Points)
1	District of Columbia	29.5%	14.5%
2	Mississippi	22.9%	7.9%
3	Louisiana	20.2%	5.2%
4	New York	19.9%	4.9%
5	New Mexico	18.8%	3.8%
6	Alaska	18.7%	3.7%**
7	Hawaii	18.2%	3.2%**
8	Texas	18.1%	3.1%
9	California	17.9%	2.9%
10	Arkansas	17.7%	2.7%
11	Kentucky	17.4%	2.4%
12	Massachusetts	16.9%	1.9%
13	Montana	16.3%	1.3%**
14	Alabama	16.1%	1.1%**
15	Oklahoma	15.9%	0.9%**
16	West Virginia	15.6%	0.6%**
17	Tennessee	15.6%	0.6%**
18	Georgia	15.4%	0.4%**
19	North Carolina	15.3%	0.3%**
20	South Dakota	15.3%	0.3%**
21	South Carolina	15.3%	0.2%**
22	North Dakota	15.1%	0.1%**
23	Nebraska	15.0%	0.0%**
--	United States	15.0%	--
24	Maine	14.9%	-0.1%**
25	Florida	14.8%	-0.2%**
26	New Jersey	14.7%	-0.4%**
27	Missouri	14.0%	-1.1%**
28	Wisconsin	13.9%	-1.1%**
29	Kansas	13.9%	-1.1%**
30	Illinois	13.6%	-1.4%
31	Rhode Island	13.6%	-1.4%**
32	Maryland	13.4%	-1.7%
33	Virginia	13.3%	-1.7%
34	Idaho	13.2%	-1.8%**
35	Pennsylvania	13.2%	-1.8%
36	Vermont	13.1%	-1.9%**
37	Nevada	12.9%	-2.1%**
38	Connecticut	12.8%	-2.2%
39	Ohio	12.7%	-2.3%
40	Utah	12.6%	-2.4%**
41	Iowa	12.0%	-3.0%
42	Colorado	12.0%	-3.0%
43	Minnesota	11.8%	-3.2%
44	Delaware	11.8%	-3.3%
45	Washington	11.5%	-3.6%
46	Arizona	11.1%	-3.9%
47	Oregon	11.1%	-3.9%
48	Indiana	11.1%	-3.9%
49	Wyoming	10.9%	-4.1%**
50	Michigan	10.8%	-4.2%
51	New Hampshire	9.2%	-5.8%

NOTE: Sample includes only those elders living independently in 1- or 2-person households in which all persons in the household are 65+ and fully retired.

* Values may be affected slightly by small sample sizes of fully retired elder households.

** The difference between state and US Elder Economic Security Rates is not statistically significant.

Table 4: Percentage of Retired Elders Living in Elder-Only Households with Incomes in the Gap Between the Poverty Line and the Elder Economic Security Standard Index, by State, 2013

Rank	State	% in the Security Gap	Vs. US Average (Percentage Points)	Rank	State	% in the Security Gap	Vs. US Average (Percentage Points)
1	Vermont	43.6%*	13.6%	26	Alabama	29.5%	-0.6%**
2	New Hampshire	43.3%*	13.2%	27	Kansas	29.3%	-0.8%**
3	Maine	39.2%*	9.1%	28	Montana	29.3%*	-0.8%**
4	Connecticut	39.1%	9.0%	29	North Carolina	29.0%	-1.1%**
5	Massachusetts	38.1%	8.1%	30	Georgia	28.6%	-1.5%**
6	New Jersey	38.0%	7.9%	31	Washington	28.5%	-1.5%**
7	Rhode Island	36.0%	5.9%	32	Ohio	28.3%	-1.8%
8	Pennsylvania	34.2%	4.1%	33	Louisiana	28.1%	-1.9%**
9	Nebraska	34.1%	4.1%	34	Kentucky	28.0%	-2.1%**
10	New York	33.7%	3.6%	35	West Virginia	27.9%	-2.2%**
11	Wisconsin	32.9%	2.8%	36	Hawaii	27.8%*	-2.3%**
12	Indiana	32.8%	2.7%	37	Nevada	27.6%	-2.5%**
13	South Dakota	32.7%	2.7%**	38	South Carolina	27.4%	-2.6%
14	Arkansas	32.6%	2.5%	39	Colorado	27.3%	-2.8%
15	Illinois	32.0%	1.9%	40	Florida	26.6%	-3.5%
16	Tennessee	31.6%	1.6%**	41	Virginia	26.3%	-3.7%
17	Oregon	31.5%	1.5%**	42	California	26.2%	-3.9%
18	North Dakota	31.1%	1.1%**	43	Idaho	26.2%	-3.9%
19	Iowa	30.6%	0.6%**	44	Texas	25.4%	-4.7%
20	Mississippi	30.6%	0.5%**	45	Utah	24.1%	-5.9%
21	Maryland	30.5%	0.5%**	46	Arizona	24.0%	-6.1%
22	Oklahoma	30.3%	0.3%**	47	New Mexico	22.9%	-7.2%
--	United States	30.1%	--	48	Wyoming	22.8%	-7.3%
23	Missouri	30.0%	-0.1%**	49	Alaska	22.4%	-7.7%**
24	Minnesota	29.8%	-0.2%**	50	Delaware	22.3%	-7.8%
25	Michigan	29.6%	-0.4%**	51	District of Columbia	21.4%	-8.6%

NOTE: Sample includes only those elders living independently in 1- or 2-person households in which all persons in the household are 65+ and fully retired.

* Values may be affected slightly by small sample sizes of fully retired elder households.

** The difference between state and US Elder Economic Security Rates is not statistically significant.

Methodology

Elder-only households include those composed of adults age 65 and older who live alone and elder couples who do not reside with additional family members or unrelated individuals. Older adults who live in group quarters, including institutional settings, and those who reside with other family members or unrelated roommates are not included in this analysis.

This analysis calculates Elder Economic Security Rates by state by comparing elder household incomes to annualized incomes required for basic economic security, as defined by statewide Elder Economic Security Standard Indexes (available in WOW's [Economic Security Database](#)). Household income is 2013 1-year American Community Survey PUMS data. All seniors studied are fully retired, reporting no earnings and no work in the past year, and live in elder-only households made up of one or two individuals.

Household incomes exclude payments from cash-equivalent public assistance programs and Supplemental Security Income (SSI), as basic economic security is defined as having enough income to meet basic needs without public or private assistance. While public assistance programs, such as food support programs and energy assistance, are critical to helping many

elders address the difference between income and economic security needs, elders who depend on federal or state social safety nets cannot be considered secure.

Wider Opportunities for Women

Wider Opportunities for Women (WOW) has promoted empowerment, equity and economic security across the lifespan since 1964. Through advocacy, research, training and technical assistance, WOW advances equal education and employment opportunities, nontraditional occupations for women, freedom from financial abuse and secure retirement.

WOW's Family Economic Security Project (FES Project) and Elder Economic Security Initiative (Elder Initiative) improve policy and programs by defining and advocating for economic security. The FES Project and Elder Initiative work in WOW's home of Washington, DC and with their partner networks to improve the lives of workers, families and seniors across the country.

ⁱ This analysis compares seniors' incomes to the Federal Poverty Guidelines, which are used in determining most public assistance income eligibility, and not to the US Census Bureau's federal poverty thresholds, which are used to calculate official poverty rates. The Guidelines are derived from the thresholds, and the values are quite similar. Poverty rates calculated using the two different values are therefore quite similar. The Guidelines were used herein in order to facilitate observations about public assistance program eligibility.