

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 of the nation's retired, independent seniors to the 2013 US Elder Economic Security Standard™ Index to calculate Elder Economic Insecurity Rates by gender, race, age, household composition and other characteristics.

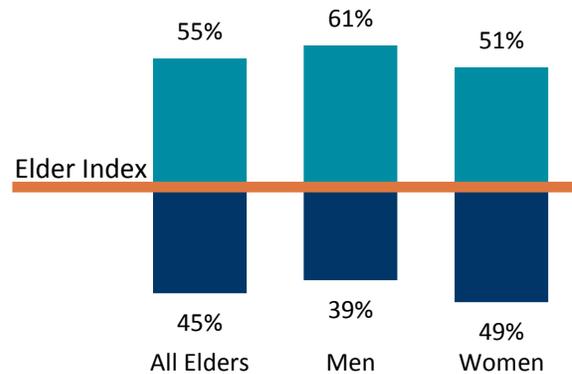
Economic Insecurity and Elder Women

Nearly half of all women aged 65 and older who live alone or with an elder spouse have incomes that fall short of economic security. Elder Economic Insecurity Rates (EEIRs)—the percentages of seniors (65+) living in elder-only households with annual incomes which do not allow economic security—are higher for women than for men in every senior subgroup studied. Forty-five percent of all those aged 65 and older who live alone or with an elder spouse lack economic security incomes.

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 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.

Figure 1: Elder Economic Security and Insecurity Rates, by Sex, 2013



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

Income

Retired elder men studied report typical annual incomes 71% higher than typical retired elder women's income (\$25,914 compared to \$15,718). Women of color report median incomes that lag even further behind: Elder African-American, Asian and Hispanic women report median annual incomes of \$12,997, \$10,882 and \$10,075, respectively—roughly one-half of the median income of elder men.

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).

A substantial gender income gap among seniors is not surprising, as retirement incomes reflect gender pay inequities and experiences during their working years. Occupational segregation, pay inequity and caregiving responsibilities all contribute to women’s reduced earnings during their working years and their lower capacity for saving. Further, these factors contribute to both a reduced likelihood of pension income and lower Social Security payments in retirement.

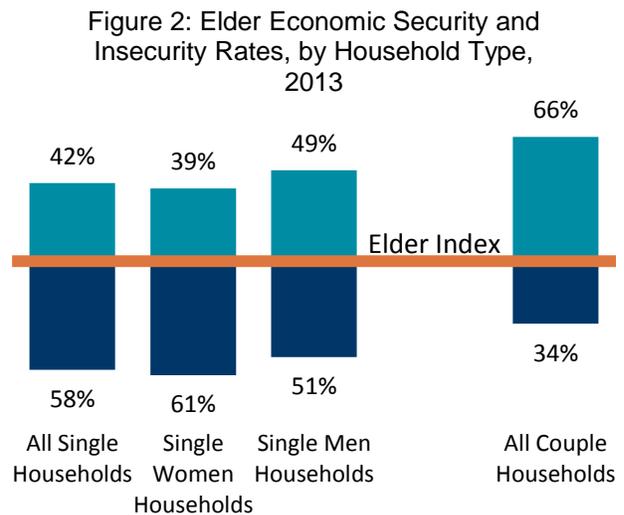
Just 37% of older women studied report income from an employer retirement plan or pension, compared to 51% of elder men. Of men and women who do report such income, men’s typical incomes exceed women’s typical incomes by more than \$6,750 per year.

The gender disparity in income means women are more reliant on Social Security. Among those living in elder-only households, Social Security payments constitute 58% of older men’s total income, on average, compared to 75% of women’s total income.ⁱ Even though older women rely on Social Security for the bulk of their incomes, they typically receive smaller payments: Median women’s payments lag behind men’s by over \$4,500 per year.

Household Composition

Some of the economic security gender gap is attributable to the fact that elder women are more likely to live alone, while elder men are more likely to live with a spouse.

Although the difference in men’s and women’s life expectancies is shrinking,ⁱⁱ older women continue to outnumber older men. In 2013, there were approximately 5.5 million more women age 65+ than men.ⁱⁱⁱ Among the oldest old, women make up an even greater share of the population: 67% of adults aged 85 and



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

older are women.^{iv} The odds of outliving a male partner mean women are more likely to live alone for some portion of their retirement years than men are.

Couples are much more likely to be economically secure than singles: 58% of single elders living alone report household incomes below the Elder Index, compared to just 34% of elder couples. Couples benefit from economies of scale, enabling them to spend less per person on housing, food and transportation costs. Elder couples also report median household incomes more than double those of their single counterparts (\$44,231 vs. \$19,345) and are more likely to own their homes free and clear. While nearly one-third of single women elders are renters, only 8% of women in elder couples rent and 65% of women in elder couple households studied live in a home that is owned without a mortgage. Finally, elder couples usually include men. Fewer than 1% of the couples included in the study data are same-sex and just 0.09% are same-sex female couples. Since men typically report

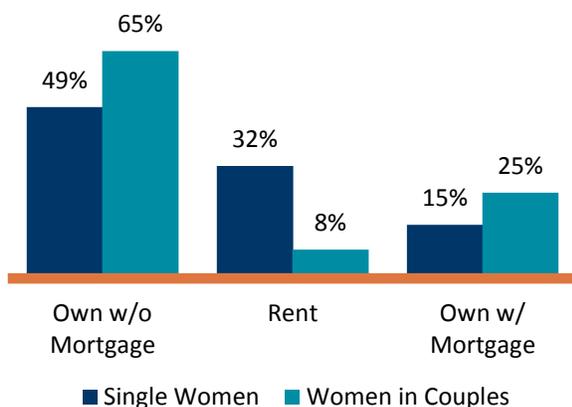
higher incomes in retirement, their presence alone reduces the likelihood of economic insecurity.

Housing Status

Elder women are more likely to live without a spouse or partner than elder men, and single elders are more likely to rent than to own their homes. *The EEIR for men and women renters is 73%.* Elders who rent are also vulnerable to shifting costs in their communities. Housing costs can change dramatically over short periods of time, and retired adults living on fixed incomes can find themselves quickly priced out of local rental markets.

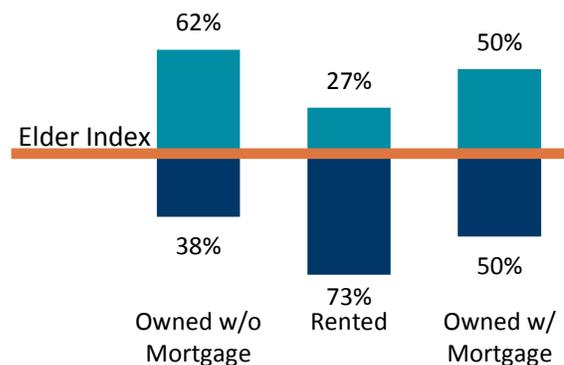
The US Elder Index suggests that elders who carry a mortgage require about \$10,000 more per year than those who own their homes outright. However, elders in this group also report a higher median income than renters or owners without mortgages. Those who own their homes outright are the most likely to be economically secure. However, even among this population, 38% lack security incomes.

Figure 3: Housing Status of Elder Women, by Household Type, 2013



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

Figure 4: Elder Economic Security and Insecurity Rates, by Housing Status, 2013



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

Conclusion

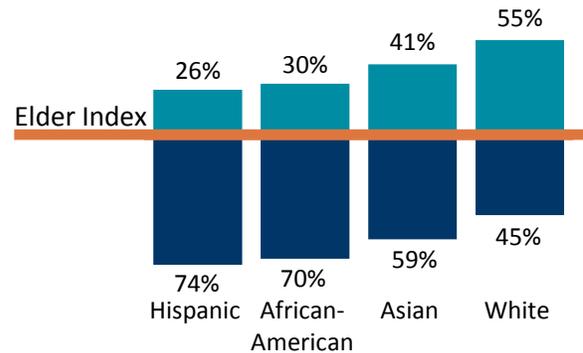
With nearly one-half of elder-only households reporting incomes below the Elder Index, millions of older adults face tough spending choices, may go without one or more basic needs, and may have trouble remaining in their homes if faced with common health and financial pressures.

During their working years, women earn lower median wages than men, and their family Economic Insecurity Rates are higher.^v This security gender gap persists across the lifespan, and the threat of poverty and/or institutionalization looms large for women, particularly those who are single and/or rent their homes.

Economic insecurity is a pervasive threat for women of all ages and an economic security gender gap persists across the lifespan because:

- During their working years, women are significantly more likely to report income that falls short of economic security than their male counterparts.^{vi}
- When women reach retirement age, they typically have smaller pensions and Social Security benefits than male workers, reducing their likelihood of a secure retirement.^{vii}
- Women typically outlive men, which increases their chances of living alone for some portion of their retirement years and of exhausting savings and assets. The loss of spouse or partner may reduce household income without a proportional reduction in household expenses.

Figure 5: Elder Economic Security and Insecurity Rates for Women, by Race, 2013



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

The challenges faced by women are greater yet for minority women. *Fifty-nine percent of Asian women, 70% of African-American women, and 74% of Hispanic women studied live in households that lack economic security incomes in retirement.*^{viii}

To decrease the number of women retiring into or aging into insecurity or poverty, federal, state and local governments must learn to recognize the security gap and those who fall into it. They must also consider whether or not their policies contribute to the security of those seniors who live below the poverty line, but also those with incomes above the poverty line, as they require services and supports that go beyond emergency aid and 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.

Methodology

This analysis calculates elder economic security rates by comparing elder household incomes to annualized incomes required for basic economic security, as defined by the Elder Economic Security Standard Index (Elder Index), to 2013 one-year American Community Survey PUMS data. The study sample is limited to households for which Elder Index values are calculated: Households composed of either a single adult age 65 or older or an elder couple where both adults are age 65 or older. All adults are fully retired (reporting zero earnings and no work in the past year). Seniors who live in group quarters, including institutional settings, and those who reside with an unrelated roommate or family member other than a partner are not included in this analysis.

The incomes of individuals living in homes they do not own and for which they do not pay rent (typically 2-3% of seniors studied, depending on senior subgroup) are compared to the US Elder Index value for renters. When elders' incomes are compared to Elder Index values, payments from cash-equivalent public assistance programs and Supplemental Security Income (SSI) are excluded from elder incomes. Less than 1% of households studied received income from a public (cash) assistance program; approximately 4% of households received income from Supplemental Security Income.

Basic economic security is defined as having enough income to meet basic needs without

public or private assistance. While public assistance programs, particularly food support programs and energy assistance, are critical to helping many elders address the gap between income and economic security needs, elders who depend on an often under-funded social safety net cannot be fully secure. Estimates of the population with incomes above and below the Elder Index are statistically significantly different from the estimates for the general population at the $p < .05$ level, except where noted.

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 economic security. The FES Project and Elder Initiative work in WOW's home of Washington, DC and with their partner networks across the country to improve the lives of workers, families and seniors.

ⁱ Social Security as a percentage of total personal income, not of total household income.

ⁱⁱ Vincent, Grayson K. and Victoria A. Velkoff. *The Next Four Decades: The Older Population in the United States 2010 to 2050*. Washington, DC: US Census Bureau, 2010.

ⁱⁱⁱ US Census Bureau. "Table S0103: Population 65 Years and Over in the United States." *American Community Survey, 1-Year Estimates*, 2013.

^{iv} US Census Bureau. "Table QT-P1: Age Groups and Sex: 2010." *2010 Census Summary File 1*.

^v Horning, Jessica and Shawn McMahon. *Living Below the Line: Economic Insecurity and America's Families*. Washington, DC: Wider Opportunities for Women, 2013.

^{vi} Ibid.

^{vii} US Government Accountability Office. *Retirement Security: Women Still Face Challenges*. Washington, DC: US Government Accountability Office, 2012.

^{viii} The calculation for white women is not significantly different than the calculation for the general study population.