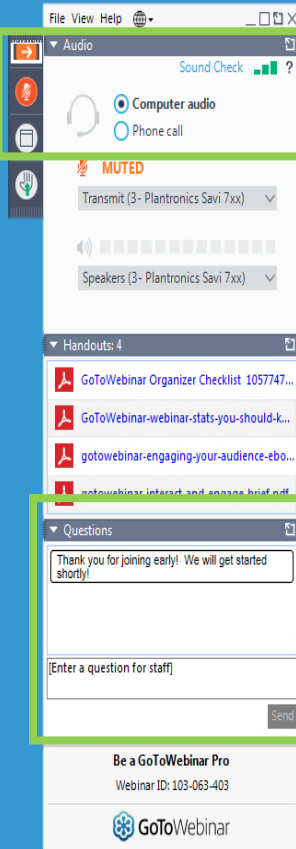


Promoting Better Communities for Older People: Building Economic Security using the Elder Index



January 16, 2020

Participating in the Webinar

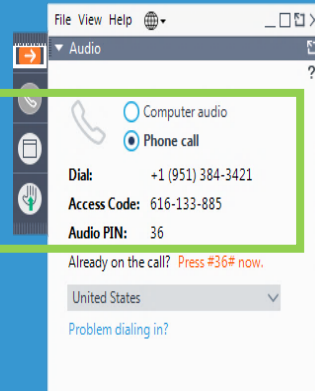


Listen in through
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or

Select Phone Call
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Access Code and
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Type your
questions
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Former Executive
Director
New Jersey
Foundation for
Aging

Promoting Better Communities for Older People

*Building economic security
using the Elder Index*



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INTRODUCTION TO RRF

- Dedicated to improving the quality of life of older people.
- \$6 million invested annually on a national basis in advocacy, research, professional education & training, direct services in 7 states, and organizational capacity building in IL.
- Since 1979, nearly \$240 million invested in aging.

www.rrf.org

PROMOTING ECONOMIC SECURITY IN LATER LIFE

RRF's vision: All older people will be able to achieve a secure and dignified retirement:

- Obtain sufficient income to meet all basic expenses
- Receive assistance to plan, manage, and protect their income and savings effectively in later life
- Be assured of a stable national retirement system that provides supports, services, and protections to achieve basic economic security

RRF's Investment in Elder Index

- \$500K invested in 2005 for initial R&D, education, advocacy, and media reach.
- \$222K for sustainability – update of Index and outreach to broaden awareness and use of this powerful tool.

Elder Index: A Powerful Tool

- Given increased awareness about importance of social determinants of health, the timing is right to unleash the power of the Elder Index.
 - There is a relationship between economic security and health outcomes and healthcare costs.
 - How can we use the Index to educate stakeholders about this relationship?
 - How can we encourage policymakers to use the Index to shape eligibility for public benefits that address the real needs of older people?

- How can we best reach and train service providers to encourage them to use the Index effectively?
- Who are the key advocates (national, regional, state) that can use the Index to improve public policy on behalf of older people?
- What role can the media play in educating and building consumer awareness of the Index?
- How can funders support the Index at the national level and in their local communities?



First, a word about
the *other* index . . .

Fake fact: Having an income above the Federal Poverty Level means you are not impoverished

A very brief history of the Federal Poverty Level (FPL)

Starring
Molly Orshansky,
Social Security Administration



Origins of FPL: “War on Poverty” (1963-64)

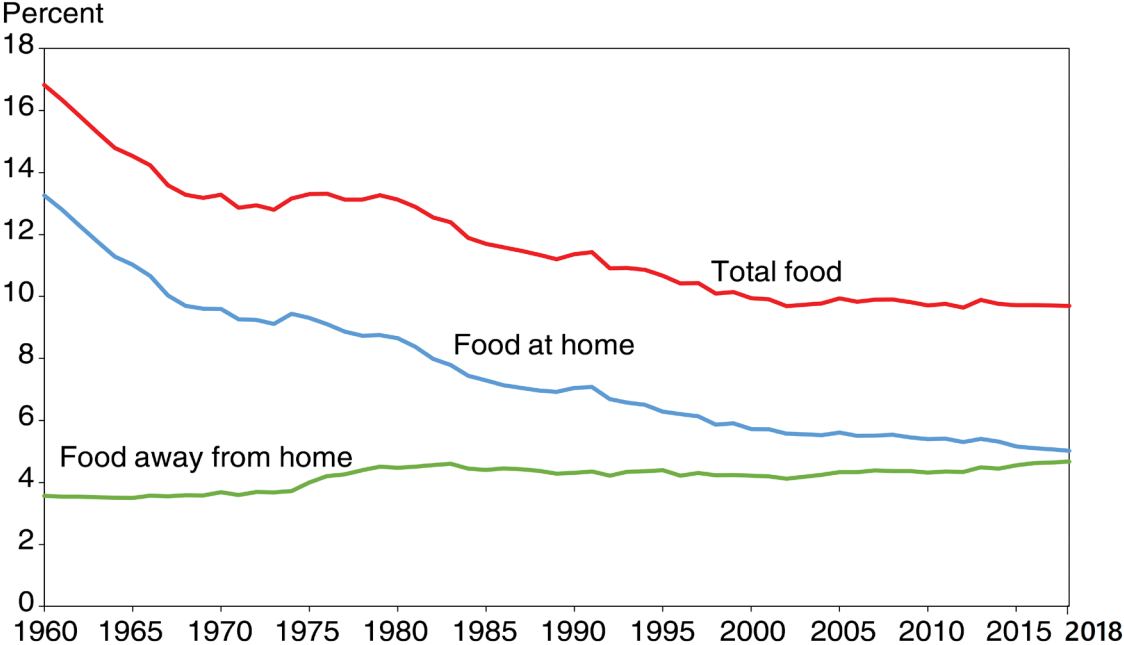
- As Pres. Johnson prepares to declare War on Poverty, Orshansky is charged with creating a poverty threshold
- She adopts finding of USDA’s *Household Food Consumption Survey* (1955) that families spend 1/3rd of after-tax income on food
- She determines cost of food by using USDA’s cheapest plan—the *Thrifty Food Plan*—“designed for temporary or emergency use when funds are low”
- Using 1963 as base year, Orshansky determines that family of 4 would spend \$1,033 per year on *Thrifty Food Plan*
- Using *Household Food Consumption Survey* formula, she multiplies \$1,033 x 3 to arrive at poverty threshold of \$3,100

Origins of FPL: *Ad hoc* threshold becomes permanent

- In 1965, Office of Economic Opportunity adopts Orshansky's poverty threshold as Federal government's working or "quasi-official" definition of poverty
- Aware of limitations, Orshansky cautions that formula yields "a conservative underestimate" of poverty—but the underlying formula of FPL is never revised
- Meanwhile, the underlying assumptions of FPL formula change dramatically . . .

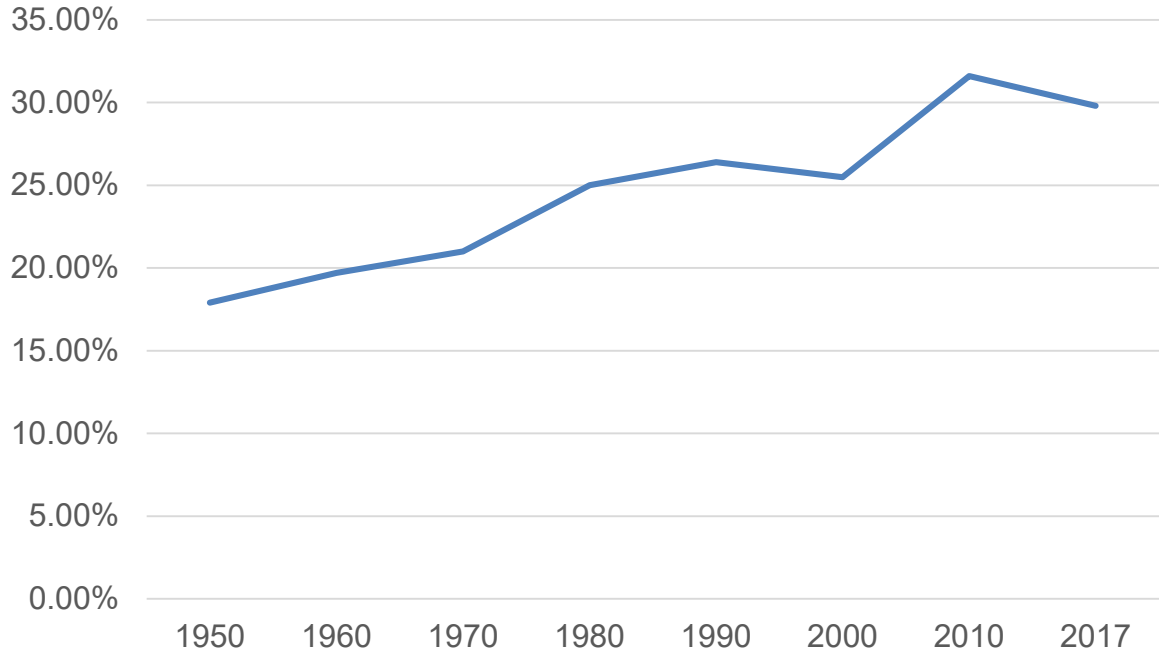
Between 1960-2018, proportion of income spent on food decreases by 42%

Share of disposable personal income spent on food in the United States, 1960-2018



Source: USDA, Economic Research Service, Food Expenditure Series.

Between 1950-2017, gross rent as percentage of income increases by 67%



Income of families and primary individuals for 1950-1960 and household income for 1980-2000 from **U.S. Census Bureau**; 2010 and 2017 data from **American Community Survey**

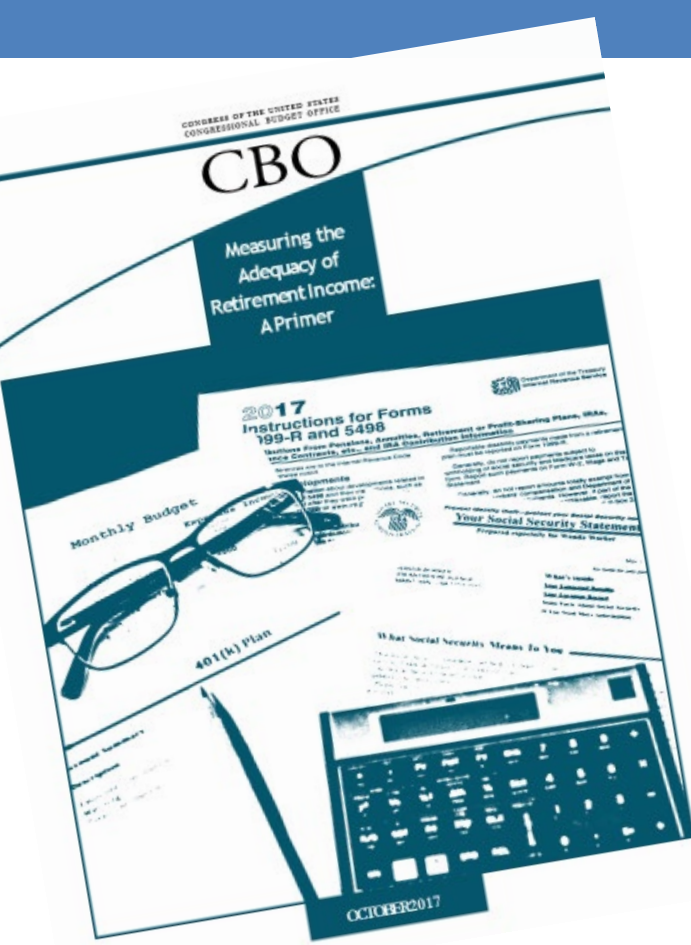


The Elder Index

measures the income older people
need to meet their daily living
expenses while staying independent in
their own homes

Notable features of the Elder Index

- Built around a market basket of everyday expenses encountered by people 65+
 - Bare-bones budget
 - Adjusts for number of people in the home (singles v couples)
 - Adjusts for housing status (renters, homeowners with a mortgage, homeowners with no mortgage)
 - Adjusts for health status (excellent, good, poor)
- Assumes living independently
- Calculated county by county for the entire United States



Unique strengths cited by the CBO

- household-level measurement
- geographic specificity
- based on existing data
- built around elder-specific expenses

“The most common measure” of income adequacy for older people.

“Allows researchers to tailor the adequacy measure to the elderly while still providing a relatively simple way to evaluate retirement security.”

The 2019 Elder Index

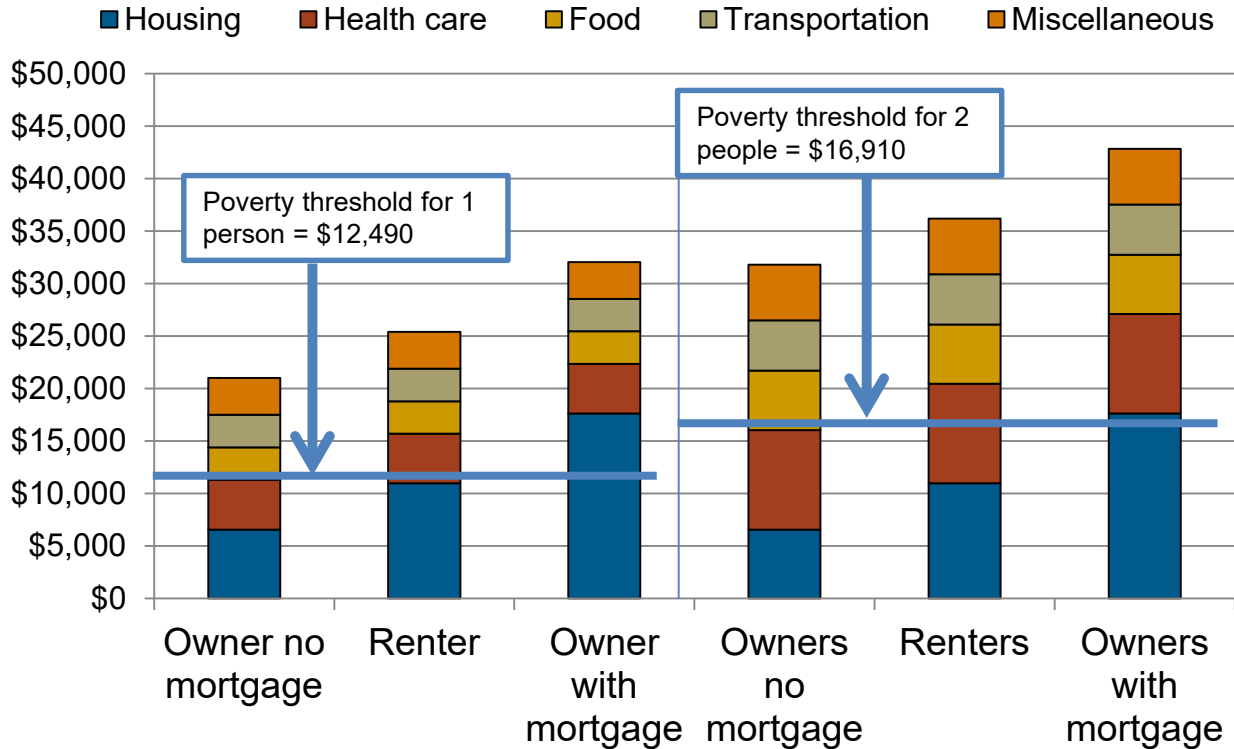
Elder Index 2019: National average

	Single Person			Older Couple		
Monthly expenses:	Owner, no Mortgage	Renter	Owner, with Mortgage	Owners, no Mortgage	Renters	Owners, with Mortgage
Housing						
Food						
Transportation						
Health Care <i>(good health)</i>						
Miscellaneous						
Elder Index <u>Per Month</u>						
<i>Elder Index <u>Per Year</u></i>						

Elder Index 2019: National Average

	Single Person			Older Couple		
Monthly expenses:	Owner, no Mortgage	Renter	Owner, with Mortgage	Owners, no Mortgage	Renters	Owners, with Mortgage
Housing	\$548	\$915	\$1,469	\$548	\$915	\$1,469
Food	\$257	\$257	\$257	\$471	\$471	\$471
Transportation	\$259	\$259	\$259	\$399	\$399	\$399
Health Care <i>(good health)</i>	\$395	\$395	\$395	\$790	\$790	\$790
Miscellaneous	\$292	\$292	\$292	\$442	\$442	\$442
Elder Index <u>Per Month</u>	\$1,751	\$2,118	\$2,672	\$2,650	\$3,017	\$3,571
<i>Elder Index <u>Per Year</u></i>	\$21,012	\$25,416	\$32,064	\$31,800	\$36,204	\$42,852

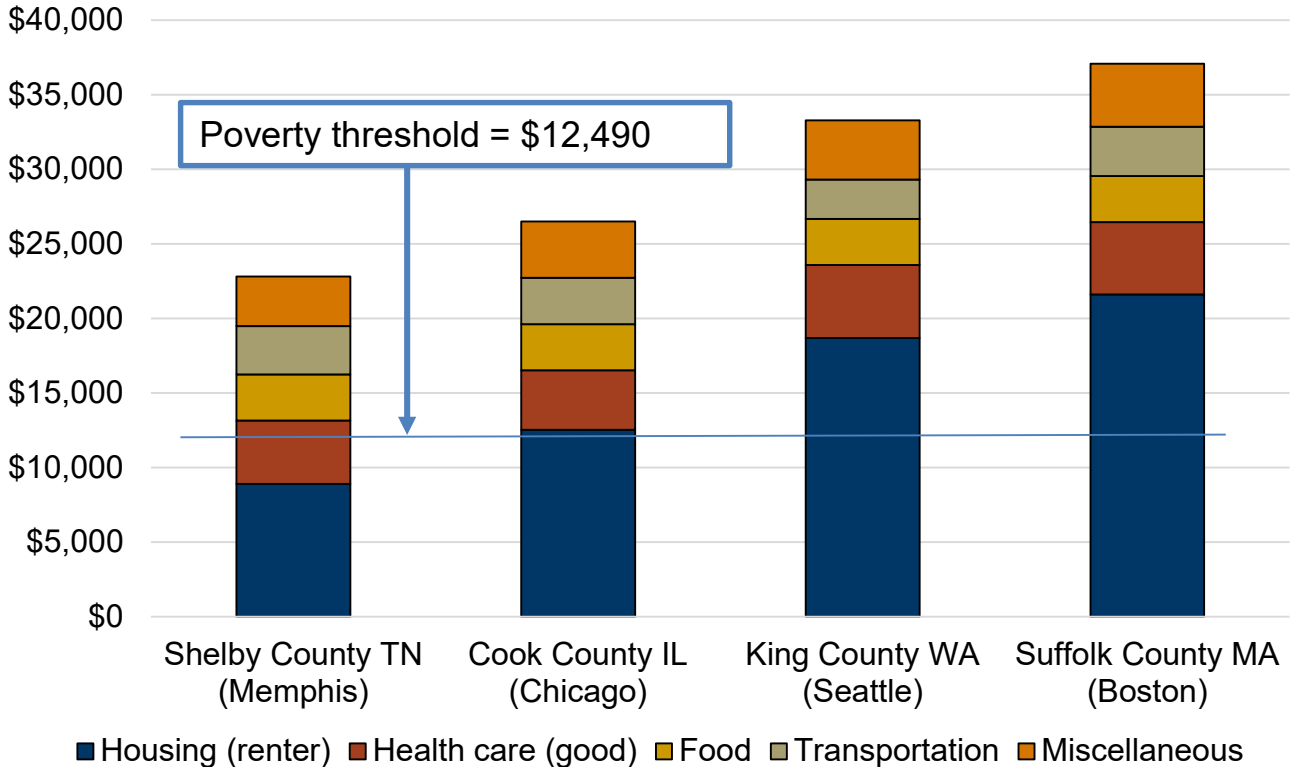
Elder Index, US average, 2019 (annual expenses)



Single in good health

Couple in good health

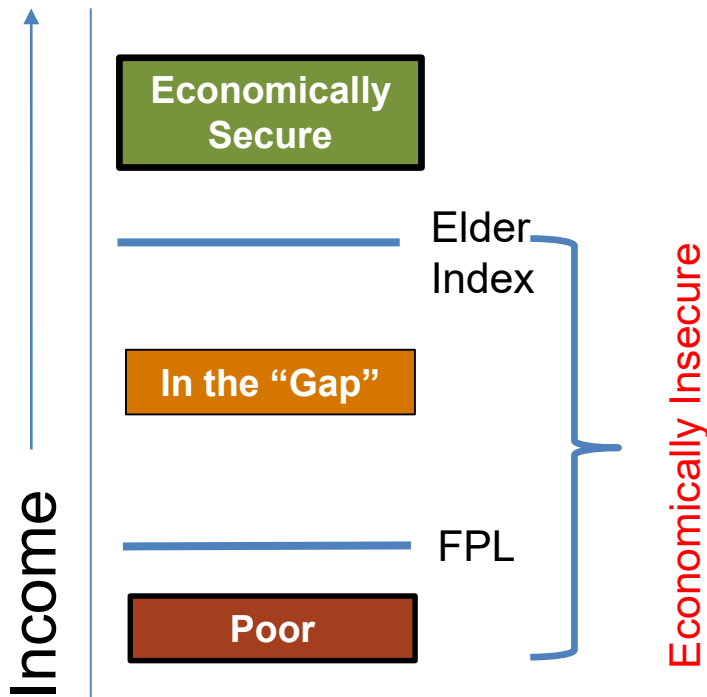
Community examples: annual expenses for a single renter in good health



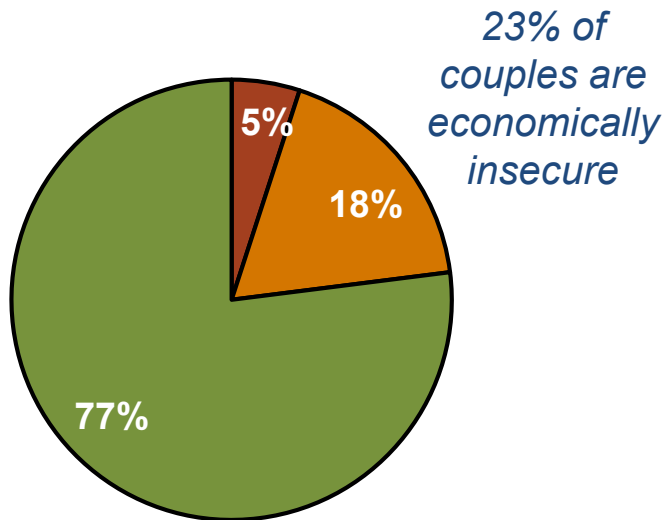
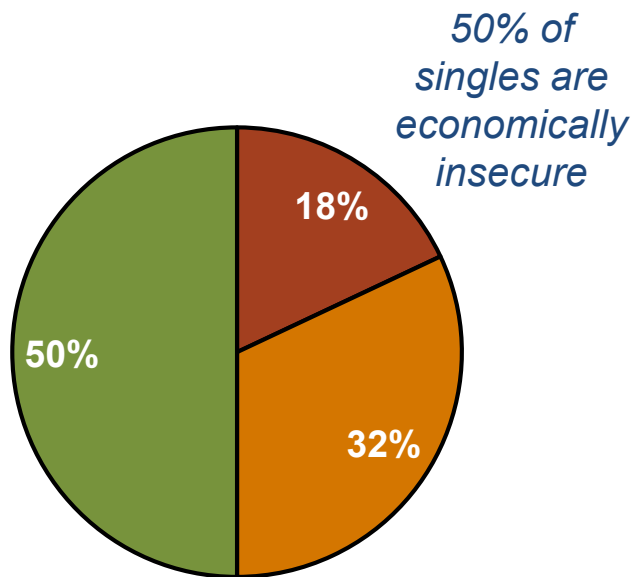
Measuring economic insecurity and disparities among older people

Measuring the gap between poverty and security

- “In the gap” = above poverty line, but below the Elder Index
- 2019 FPL for a one-person household = **\$12,490**
- Economic insecurity = having incomes that do not support independent living (that is, below the level of the Elder Index)



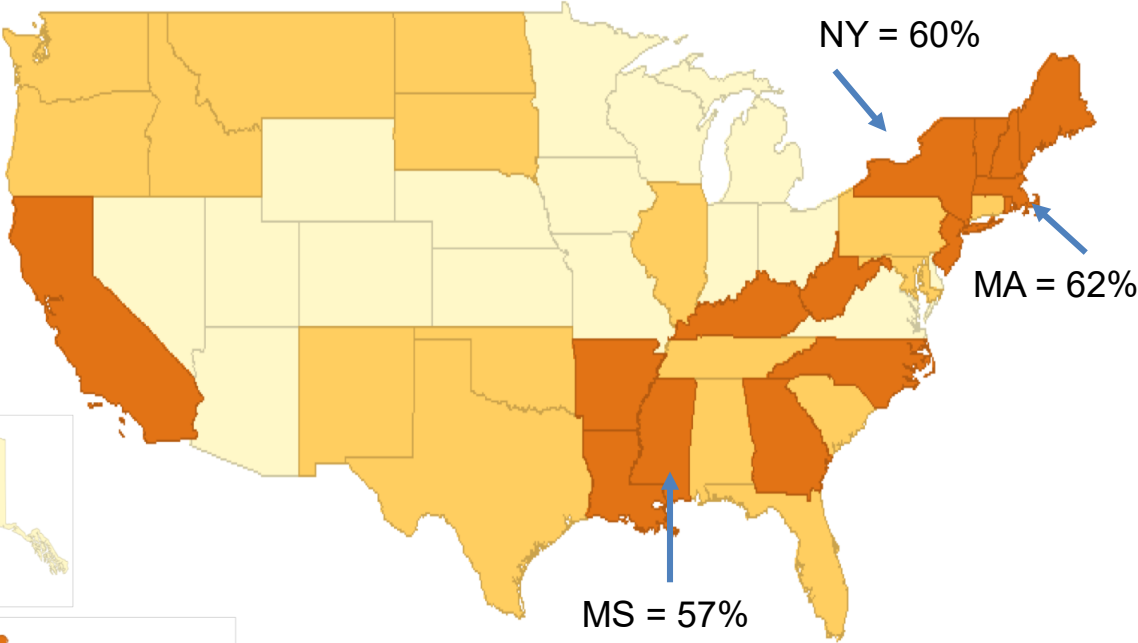
Singles living alone are at especially high risk of economic insecurity: U.S. persons age 65+ (2019)



- Poor: below FPL
- In the gap
- Economically secure

Source: Calculated from the Elder Index and the 2013-2017 American Community Survey microdata, IPUMS.

Percent of Singles Below Elder Index in 2019, by State



- Lowest Third (41.1% - 47.2%)
- Middle Third (48.1% - 50.9%)
- Highest Third (51.0% - 61.7%)

Retrieving the Elder Index Demonstration

<http://www.ElderIndex.org>

2019 Elder Index – Selected Coverage



Advocacy

Consumer Education

Research

Elder Index Data in NJ

Reports released in 2009, 2012, 2014, 2016, 2018

- In 2015 the Legislature required that the NJ State Unit on Aging to publish it and use it for their Strategic Aging Plan
- National testimony for OAA
- AAAs use it
- Funders & Policy Advocates use It
- State & Local print and Broadcast media have used it

NJ STATEWIDE ELDER INDEX 2019

	Elder Person (age 65+)			Elder Couple (one age 65+)		
Monthly and Yearly Expenses	Owner w/o Mortgage	Renter, one bedroom	Owner w/ mortgage	Owner w/o Mortgage	Renter, one bedroom	Owner w/ mortgage
Housing	\$1,071	\$1,201	\$2,174	\$1,071	\$1,201	\$2,174
Food	\$257	\$257	\$257	\$471	\$471	\$471
Transportation	\$224	\$224	\$224	\$344	\$344	\$344
Health Care (Good Health)	\$396	\$396	\$396	\$792	\$792	\$792
Miscellaneous @ 20%	\$390	\$390	\$390	\$536	\$536	\$536
Index Per Month	\$2,338	\$2,468	\$3,441	\$3,214	\$3,344	\$4,317
Index Per Year	\$28,056	\$29,616	\$41,292	\$38,568	\$40,128	\$51,804

Key Findings of the NJ Data

- ❑ Social Security is the sole income for **30%** of NJ Elders.
- ❑ The Average Social Security in NJ is \$17,286 for a woman; \$21,529 for a man.
- ❑ Average expenses for an single elder renter = \$29,616.
- ❑ Average expenses for a elder renter couple = \$40,128
- ❑ **Fifty-four percent of single elders and 22% of elder couples in NJ cannot cover their basic expenses.**

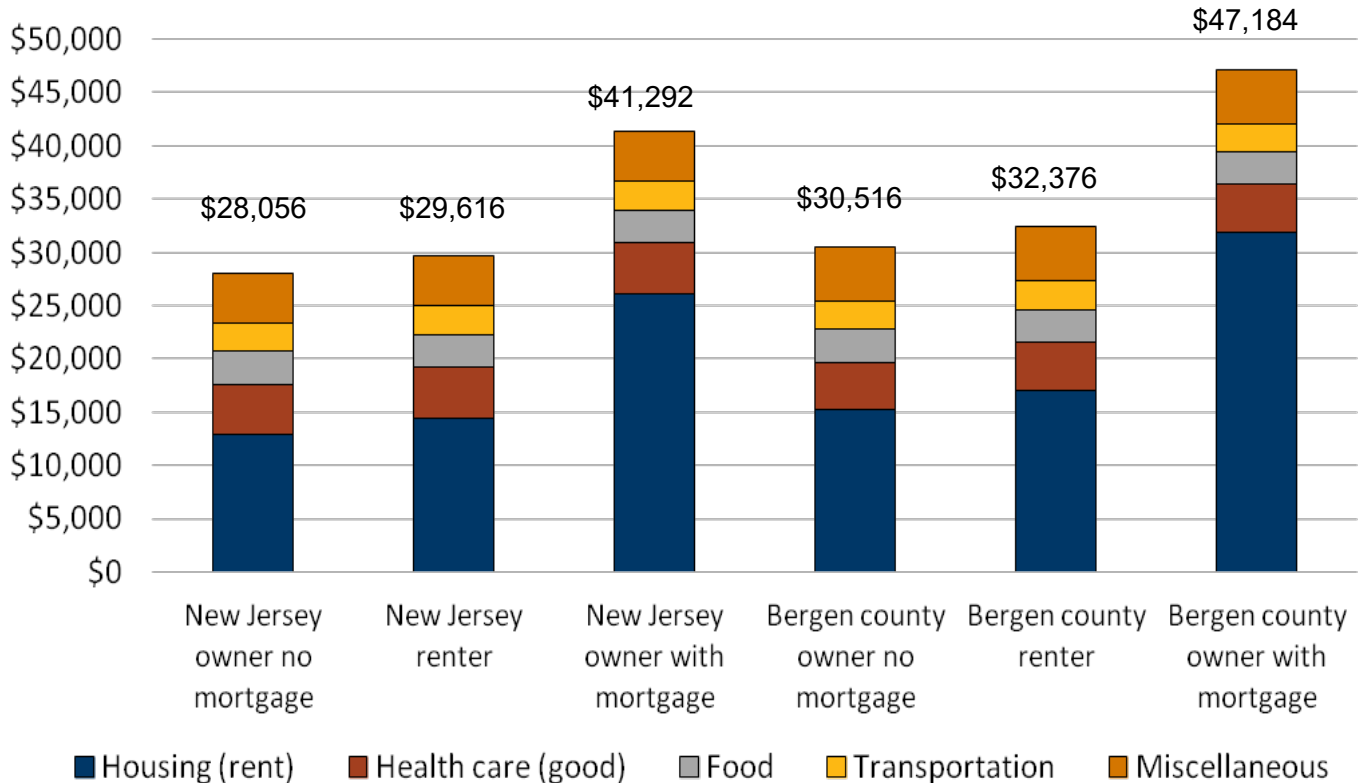
Basics Costs with Long Term Care Costs/person

2018 NJ Elder Index™ Per Year (assuming poor health)					
Elder Person			Elder Couple		
Owner w/o Mortgage	Renter, one bedroom	Owner w/ mortgage	Owner w/o Mortgage	Renter, one bedroom	Owner w/ mortgage
\$31,188	\$32,580	\$45,288	\$44,952	\$46,344	\$59,052

Regional Cost of Community Long Term Care (Annual)		
6 Hours/week	16 Hours/wk	36 Hours/wk
\$9,048/yr	\$23,891/yr	\$50,051/yr

*Percent of elders experiencing income shortages increases with age.
Elders - 85 years & above – are most vulnerable.*

2019 Elder Index for singles living alone in good health



So What?

- Data creates a more accurate new profile of seniors living on the edge of, or in poverty
- The profile data surprises policy makers, middle age adults and younger generations
- Use it to tailor the national, state and local policy discussions to focus on quality of life issues and to provide enlightened financial planning forums

Myth Buster & Reality Check

Confront the Myths

- All seniors have free health care
- Greedy seniors want to keep their large family homes
- Seniors are living well in 'their golden years'

Reality Check, those living below the index:

- **16%** of single renters' living costs per month are for health care *when in good health, the percentage is higher when in poor health*
- **30%** have mortgages at 65- **Why?** New furnace, college payments, illness, death of a spouse, etc.
- **49%** of the monthly costs for a single renter are for housing .
Can't afford to move- no affordable housing in their area

Who is on the edge of poverty in NJ ?

Of those with incomes below EI:

- 25% still have a Mortgage
- 48% are owners Without a Mortgage
- **27% are Renters=> 68,978 persons**
- **63% are Women**
- **37% are Men**
- **22 % are Minority Elders**
- **40% are between Ages 65 and 74**
- **60% are over Age 75 seniors**
- **23% are over Age 85**

Bergen County Elder Index

2019

	Elder Person (age 65+)			Elder Couple (one or both age 65+)		
Expenses/Monthly and Yearly Totals	Owner w/o Mortgage	Renter, one bedroom	Owner w/ Mortgage	Owner w/o Mortgage	Renter, one bedroom	Owner w/ Mortgage
Housing (inc. utilities, taxes & insurance)	\$1,270	\$1,425	\$2,659	\$1,270	\$1,425	\$2,659
Food	\$257	\$257	\$257	\$471	\$471	\$471
Transportation	\$223	\$223	\$223	\$342	\$342	\$342
Health Care (Good Health)	\$369	\$369	\$369	\$738	\$738	\$738
Miscellaneous	\$424	\$424	\$424	\$564	\$564	\$564
Index Per Month	\$2,543	\$2,698	\$3,932	\$3,385	\$3,540	\$4,774
Index Per Year	\$30,516	\$32,376	\$47,184	\$40,620	\$42,480	\$57,288

Basics Costs plus Long Term Care Costs/person in Bergen County

2018 NJ Elder Index™ Per Year (assuming poor health)					
Elder Person			Elder Couple		
Owner w/o Mortgage	Renter, one bedroom	Owner w/ mortgage	Owner w/o Mortgage	Renter, one bedroom	Owner w/ mortgage
\$33,972	\$34,584	\$51,756	\$47,784	\$48,396	\$65,568

Cost of Community Long Term Care (Annual)

6 Hours/week	16 Hours/wk	36 Hours/wk
\$9,348/yr	\$24,491/yr	\$51,887/yr

Percent of elders experiencing income shortages increases with age. Elders- 85 years & above – are most vulnerable.

Who is on the edge of poverty in Bergen County?

Of those with incomes below EI:

- 21% still have a Mortgage
- 49.3% are owners Without a Mortgage
- 29.7% are Renters=> 8322 persons
- 66.2% are Women
- 33.7% are Men
- 18.8% are Minority Elders
- 40% are between Ages 65 and 74
- 87% are over Age 75 seniors
- 27% are over Age 85

Stakeholder Recommendations based on the Data

- **Expand affordable housing options!**
- **Increase access to food and nutritional programs!**
- **Widen access to community based long-term care & aging in place services**
- **Explore economic supports like tax rebates & NJ SSI**

USE NJ Elder Index Data

- **As an outreach, planning and case management tool to gauge progress for vulnerable Elders to improve economic security & a better quality of life**
- **As metrics to determine the impact of public benefit programs**

Thank you!

Visit the Elder Index website:

<http://www.ElderIndex.org>

Learn about the Elder Index:

https://www.umb.edu/demographyofaging/elder_economic_security

Learn about Gerontology at UMass Boston:

<https://www.umb.edu/gerontologyinstitute>

Learn about RRF:

<http://www.rrf.org/>

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QUESTIONS



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