



Evaluating Economic Security for Massachusetts Seniors

Jan E. Mutchler, Ellen A. Bruce, Alison Gottlieb, Jiyoung Lyu, & Yao-Chi Shih
Gerontology Institute and Department, University of Massachusetts Boston

Abstract

The Elder Economic Security Standard™ Index measures the income that Massachusetts' seniors need to maintain independence and meet basic living expenses. The sizable gap between Social Security benefits and living expenses occurs throughout Massachusetts, but is more substantial for singles than for couples. Those who are older, single, female, or a member of a racial or ethnic minority group are exposed to especially high risk of falling short of Index values. The Elder Index estimates the living costs for seniors in every locality in the country and serves as a valuable tool for community members, policy makers, and those working on behalf of elders.

Goals

The goal is to evaluate differences in cost of living experienced by seniors in different localities, using Massachusetts as an example. We examine the extent to which Social Security benefits, and total incomes in retirement, fall short of necessary expenses. We also identify demographic groups at the highest risk of experiencing shortfalls in income relative to expenses.

Approaches and Methods

The Elder Economic Security Standard Index™ is calculated using publicly available data that is routinely generated by federal agencies. Housing costs, including renter costs and costs for home owners with or without a mortgage, food expenses, transportation expenses, cost of health care, and a small additional amount of miscellaneous expenses are tabulated and summed to yield annual costs of living at a modest standard in a given locality.

Table 1: Annual Cost of Living for Massachusetts Seniors, 2011

	Elder Person (age 65+)			Elder Couple (both age 65+)		
	Owner w/o mortgage	Renter, one bedroom	Owner w/o mortgage	Renter, one bedroom	Owner w/o mortgage	Renter, one bedroom
MA	\$23,052	\$27,048	\$34,068	\$34,332	\$38,328	\$45,348
US	\$19,104	\$22,848	\$28,860	\$29,448	\$33,192	\$39,204

Federal Poverty Level (2011): \$10,890 for an individual; \$14,710 for a couple
Average Social Security benefit for MA: \$14,257 for an individual; \$23,141 for a couple
Average Social Security benefit for US: \$14,105 for an individual; \$22,895 for a couple

Figure 1: Cost of Living in Massachusetts (County-level)

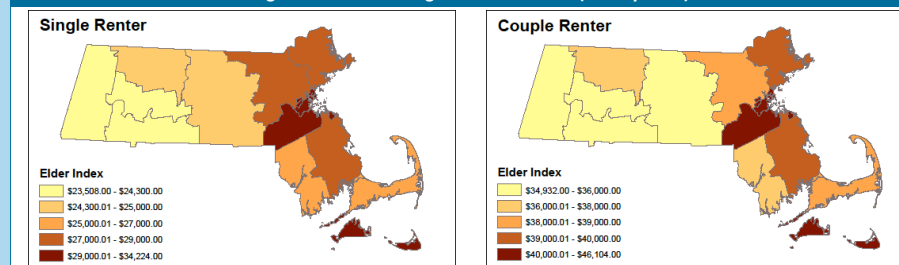


Figure 2: Comparison of renter Elder Index value to average Social Security Benefit, Massachusetts counties 2011

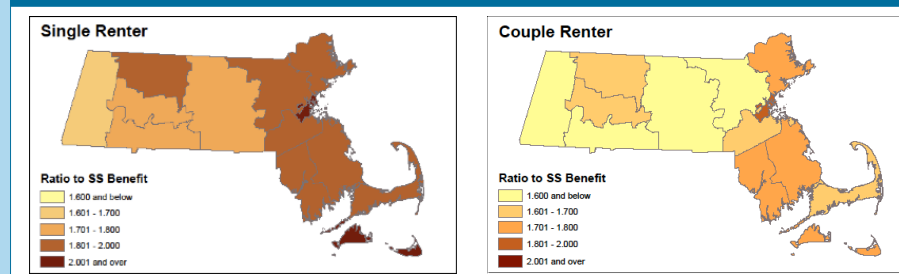
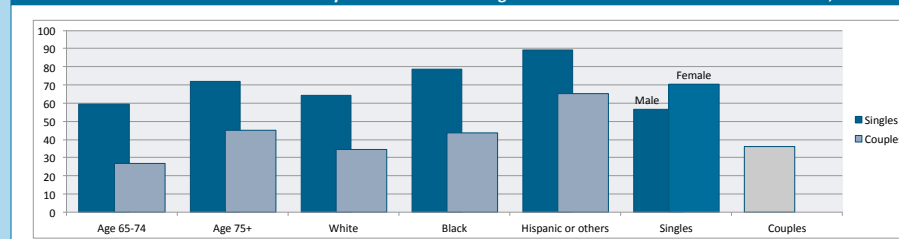


Table 2: The Elder Economic Security Standard™ Percentage with income below the renter index value, 2011



Conclusion

Estimated cost of living varies widely throughout Massachusetts. In Massachusetts and throughout the US, a sizable gap between typical Social Security benefits and living expenses is evident. The gap between living expenses and resources is more pronounced in some communities than in others. Risk of economic insecurity is especially high among older seniors, singles, and members of racial and ethnic minority groups. The economic security of seniors may be improved by reducing typical living costs, especially those associated with housing and health care, or by increasing resources, including protecting Social Security benefits, creating opportunities for seniors to supplement their incomes through work, or other remedies.

References and Resources

Please visit us at <http://www.umb.edu/gerontologyinstitute> for more information.

Acknowledgement

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