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Living Below the Line: Economic Insecurity and Older Americans, Insecurity in the States, 2022

Jan Mutchler

Yan-Jhu Su

Nidya Velasco Roldan

Gerontology Institute
John W. McCormack
Graduate School of
Policy and Gobal Studies

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Jan E. Mutchler, Yan-Jhu Su, and Nidya Velasco Roldán

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New estimates from the 2022 Elder Index™ suggest that nearly half of older adults living alone, and one out of five older couples, lack the financial resources required to pay for basic needs. We compared household incomes for adults age 65 and above living in one- and two-person households to the 2022 Elder Index for each state to calculate Economic Insecurity Rates (EIRs), the percentage of independent adults age 65 or older with annual incomes that do not support economic security. The EIRs allow a better understanding of how many and which older adults are experiencing economic insecurity. National averages suggest that 48% of older adults living alone and 21% of older couples have annual incomes below the Elder Index value. In every state, more than one-third of older singles are at risk of being unable to afford basic needs and age in their own homes.

Defining Economic Security for Older Americans: The Elder Index

The Elder Index measures the costs faced by households that include one or two adults aged 65 or older living independently. The Elder Index defines economic security as the income level at which older adults are able to cover basic and necessary expenses to live in their homes, without relying on means-tested income support programs, loans, or gifts. The Elder Index is calculated for every county in the United States; statewide and national averages are also produced. Elder Index expenses include housing, food, transportation, health care, and essentials including clothing, a telephone, hygiene products, and cleaning supplies. The Elder Index is a basic budget, allowing no vacations, restaurant meals, savings, gifts, or entertainment.

The 2022 Elder Index for the United States is shown in **Table 1**. For older adults living in their own homes without a mortgage, the Elder Index is $23,880 annually for an adult living alone and $36,300 for a couple living together. Estimated costs are higher for renters ($28,920 for singles and $41,340 for couples) and for those who are paying off a mortgage ($36,300 for singles and $48,720 for couples).[1]

Table 1. The Elder Index for the United States, 2022

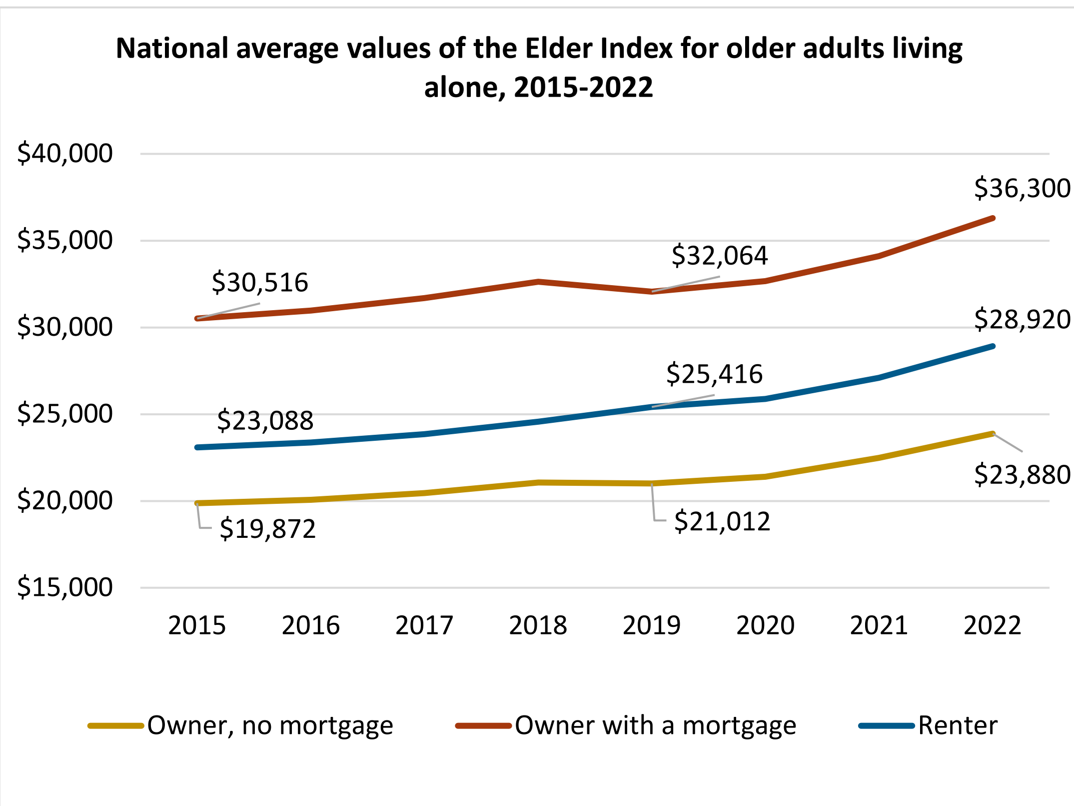
	Older Person Living Alone			Two-person Older Household		
Expense	Owner without Mortgage	Renter	Owner with Mortgage	Owner without Mortgage	Renter	Owner with Mortgage
Housing	$617	$1,037	$1,652	$617	$1,037	$1,652
Food	$306	$306	$306	$562	$562	$562
Transportation	$279	$279	$279	$430	$430	$430
Health Care (Good Health)	$456	$456	$456	$912	$912	$912
Miscellaneous	$332	$332	$332	$504	$504	$504
Elder Index Per Month	$1,990	$2,410	$3,025	$3,025	$3,445	$4,060
Elder Index Per Year	**$23,880**	**$28,920**	**$36,300**	**$36,300**	**$41,340**	**$48,720**

Source: The Elder Index (2022).

[1] Elder Index values presented in this report assume that an older adult is in good health. Values assuming alternative levels of health (poor; excellent) are also calculated as part of the Elder Index program.

Trends and patterns

The cost of living independently has increased in recent years for older adults, even when conceptualized using the bare-bones budget reflected in the Elder Index (see below). Between 2015 and 2022, the U.S. average Elder Index for single owners without a mortgage increased by 20%, and by 19% for single owners with a mortgage. Costs rose more rapidly for single renters, with the Elder Index increasing by 25% over the 7-year period. The national CPI-U for this interval increased by 24%, suggesting that essential expenses rose at a somewhat slower pace for older homeowners, but a slightly higher pace for older renters. During the most recent two years, the financial vulnerability of people living close to the edge has been especially apparent, as high inflation rates compounded the financial fallout of the pandemic. The recent pace of inflation has been especially high for food and fuel, critical elements of a bare-bones budget like the Elder Index. Rents have also been impacted heavily by inflation, a factor impacting millions of older adults. Nationwide, 21% of householders age 65+ are renters, and the likelihood of renting is far higher for older people living alone (at 34%) than for older couples (at 9%), reflecting a higher exposure to the rental market among older singles.



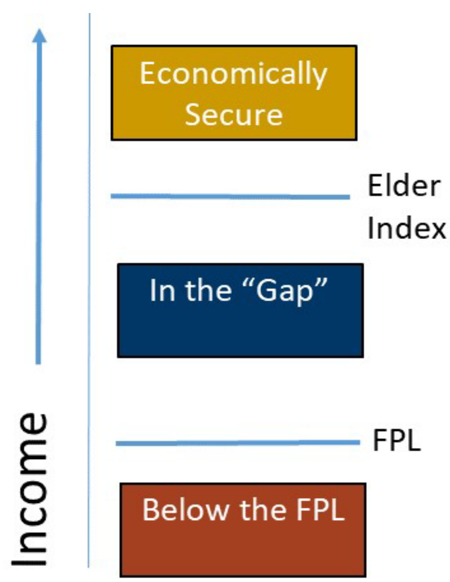
Geographic differences in the cost of living

The 2022 Elder Index illustrates that the cost of living independently varies substantially across localities. **Table 2** includes the Elder Index values for renters by state, and shows that for single renters living alone, the cost of living independently ranges from a low of $24,048 in Alabama to a high of $37,308 in Massachusetts. The cost of living for couples who rent is also highest in Massachusetts ($51,276) and lowest in Alabama ($36,108). Elder Index values for every county and metropolitan area are available online (see https://ElderIndex.org).

Large Proportions of Older Households Fall Short of Economic Security

Comparing the value of the Elder Index to the incomes available to older adults in one- or two-person households, we identify three segments of older adults. At the lowest end of the economic security continuum is the segment falling below the federal poverty guideline, referred to here as the FPL (see **Figure 1**), which in 2022 was set at just $13,590 for those who live alone and $18,310 for two-person households.[2] At the higher end is the segment of singles and couples having incomes above the Elder Index, classified here as economically secure. The middle segment includes people with incomes between the FPL and the Elder Index, identified as being "in the gap." Incomes among individuals in the gap fall short of what is required to live independently. Yet these individuals and families are often ineligible for many programs and benefits that could assist them financially. This group of people are struggling financially, yet not captured in many assessments of economic security in retirement.

Figure 1: Economic security based on the Elder Index



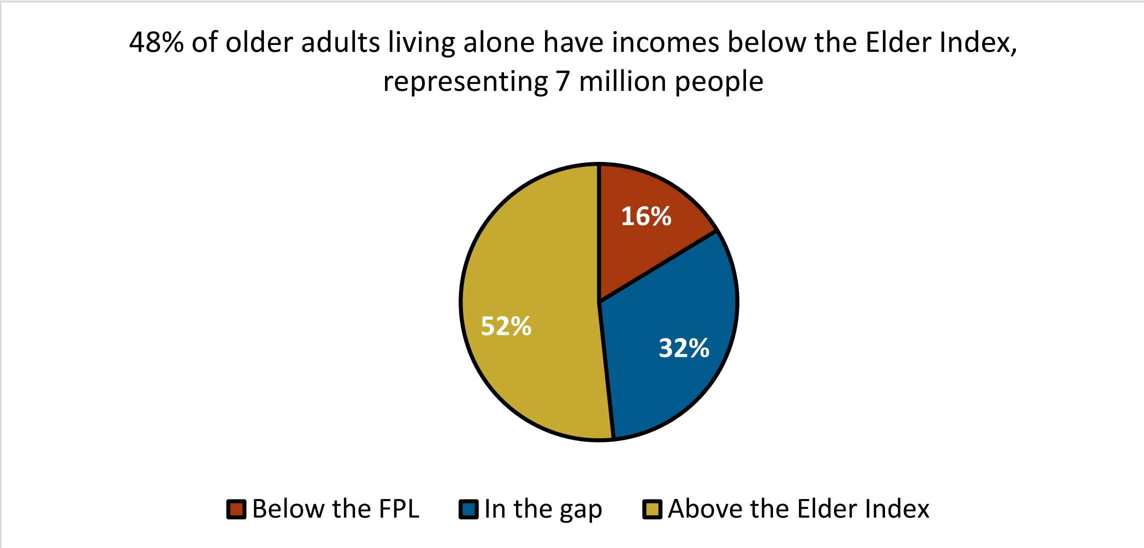
[2]This analysis compares older adults' incomes to the HHS Poverty Guidelines, which are used in determining most public assistance income eligibility, and not to the US Census Bureau's federal poverty thresholds, which are used to calculate official poverty rates. The Guidelines are derived from the thresholds, and the values are quite similar. The Guidelines were used herein in order to facilitate observations about public assistance program eligibility. The 2022 values of the poverty Guideline are the same for all 48 contiguous states and Washington DC (at $13,590 for singles and $18,310 for couples in 2022), but higher for Alaska ($16,990, $22,890) and Hawaii ($15,630, $21,060).

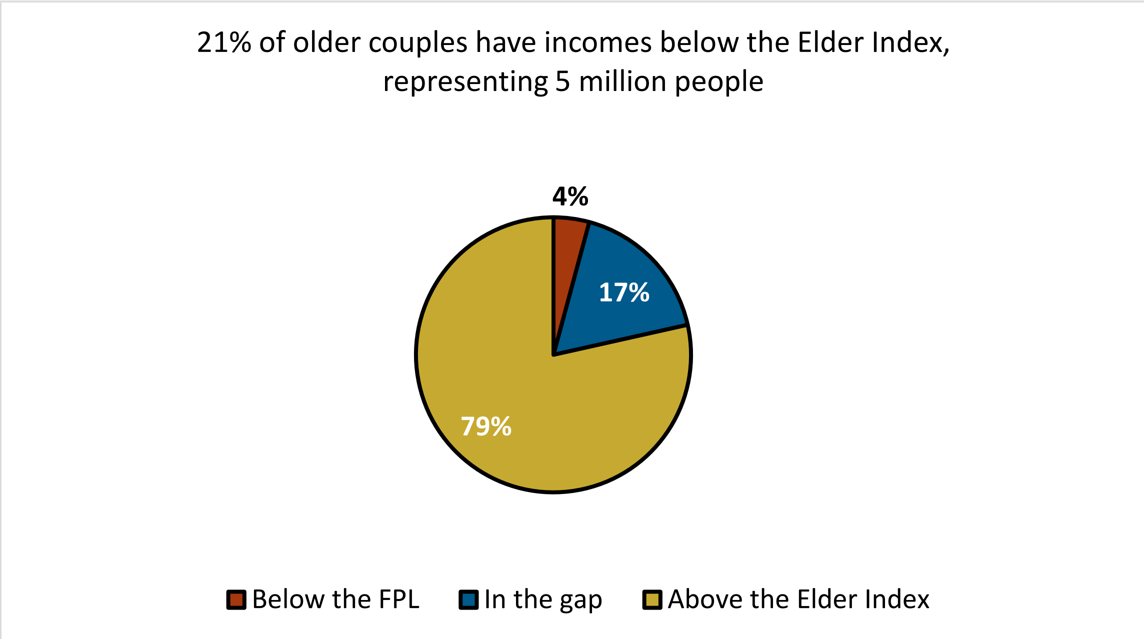
Table 2: Elder Index values for older renters in good health, by state, 2022							
Rank (for singles)	**State**	**Singles**	**Couples**	**Rank (for singles)**	**State**	**Singles**	**Couples**
1	Massachusetts	$37,308	$51,276	26	Nevada	$26,712	$37,824
2	Hawaii	$36,684	$50,412	27	Pennsylvania	$26,520	$38,904
3	District of Columbia	$36,588	$50,172	28	Idaho	$26,376	$39,684
4	New York	$35,352	$48,192	29	South Carolina	$26,220	$38,604
5	California	$34,680	$46,356	30	Wisconsin	$26,112	$39,072
6	Maryland	$33,468	$47,796	31	Michigan	$26,004	$38,820
7	New Jersey	$32,700	$44,832	32	North Carolina	$25,980	$38,508
8	Vermont	$32,016	$48,036	33	Wyoming	$25,932	$39,576
9	New Hampshire	$31,920	$46,296	34	North Dakota	$25,896	$39,576
10	Connecticut	$31,884	$44,676	35	Montana	$25,884	$39,456
11	Washington	$31,872	$44,664	36	Kansas	$25,836	$39,228
12	Colorado	$30,768	$43,080	37	Nebraska	$25,716	$39,060
13	Oregon	$30,168	$42,864	38	New Mexico	$25,716	$38,652
14	Rhode Island	$29,340	$41,448	39	Iowa	$25,368	$38,736
15	Virginia	$29,232	$42,120	40	South Dakota	$25,344	$38,796
-	United States	$28,920	$41,340	41	Tennessee	$25,188	$37,428
16	Alaska	$28,236	$41,364	42	Mississippi	$25,116	$38,472
17	Illinois	$28,152	$40,416	43	Oklahoma	$24,972	$38,028
18	Minnesota	$28,104	$41,388	44	Louisiana	$24,888	$37,044
19	Florida	$27,996	$39,156	45	Indiana	$24,708	$37,224
20	Maine	$27,984	$40,872	46	Ohio	$24,660	$37,140
21	Delaware	$27,696	$40,764	47	Missouri	$24,648	$37,128
22	Utah	$27,636	$40,248	48	Kentucky	$24,480	$37,248
23	Arizona	$27,288	$39,264	49	Arkansas	$24,216	$37,296
24	Texas	$27,204	$39,180	50	West Virginia	$24,204	$37,176
25	Georgia	$26,772	$39,000	51	Alabama	$24,048	$36,108

Many older singles and couples lack the financial resources to cover necessary expenses. When we compare incomes to the Elder Index[3], we learn that nationally, 48% of older adults living alone are economically insecure, totaling nearly 7 million people (see **Figure 2**). Moreover, 21% of older adults living in a two-person older household have annual incomes below the Elder Index, totaling an additional 5 million people.

Figure 2: Singles and couples living on incomes below the Elder Index

U.S. national average





[3] For purposes of this comparison, we use Elder Index values that assume good health and renter status.

Risks of falling short of economic security are different across states

Table 3a ranks states' Economic Insecurity Rates (EIRs) for singles — the percentage of older adults who live alone with incomes below their state's Elder Index. With an EIR of 57%, older singles in Massachusetts are more likely to face economic insecurity than older singles in any other state. States in the Northeast comprise the majority of the 10 states with the largest EIRs for singles (Massachusetts, New York, Vermont, Rhode Island, Maine, New Hampshire, and New Jersey); rounding out the top ten are Mississippi (3rd), California (7th), and Arkansas (9th). Although the cost of living, as captured by the Elder Index, is low in Mississippi and Arkansas relative to the national average (see Table 2), the Insecurity Rates in these states are above the national average due to low incomes among residents. The other states at the top of the EIR rankings are characterized first and foremost by high Elder Index values, reflecting the high cost of living in these locations. The EIR for singles is lowest in Delaware (36%), with a rate 12 percentage points lower than the national average. Oklahoma and Alaska follow Delaware with the second and third lowest rates, respectively.

Table 3b ranks the percentage of older people living in two-person households with incomes below their state's Elder Index for older couples[4]. The highest rate of economic insecurity for couples is estimated for New York, where 28% of older couples have incomes below the Elder Index. Other states with high EIRs include Mississippi (27%), Vermont (26%), Massachusetts (26%), and California (26%). The EIR for couples is lowest in Alaska, with just 13% of older couples living with economic insecurity. This rate is 8% lower than the national average. Delaware and Indiana have the second and third lowest insecurity rates for older couples.

[4] Calculations are based on people in two-person households, both of whom are age 65 or older. A large majority of these households are made up of married couples. The remaining households include unmarried partners or older adults living with another older adult such as a sibling, a parent, or a friend.

Table 3a: Economic Insecurity Rates, federal poverty rates, and percentage in the gap by state, 2022 (Singles)									
Rank	State	Below Elder Index (%)	Below federal poverty guideline (%)	"In the gap" (%)	Rank	State	Below Elder Index (%)	Below federal poverty guideline (%)	"In the gap" (%)
1	Massachusetts	57.4	16.5	40.9	26	Colorado	45.5	13.7	31.8
2	New York	57.0	19.1	37.9	27	Illinois	45.3	14.9	30.4
3	Mississippi	53.3	22.0	31.3	28	Pennsylvania	45.0	14.2	30.8
4	Vermont	52.3	14.1	38.2	29	West Virginia	45.0	16.1	28.9
5	Rhode Island	52.0	16.8	35.2	30	Montana	44.7	17.9	26.8
6	Maine	51.8	14.6	37.2	31	Virginia	44.2	13.9	30.3
7	California	51.3	18.7	32.6	32	North Dakota	44.0	15.0	29.0
8	New Hampshire	50.0	12.1	37.9	33	Minnesota	43.8	13.2	30.6
9	Arkansas	49.3	17.8	31.5	34	Louisiana	43.4	18.5	24.9
10	New Jersey	48.8	16.3	32.5	35	Maryland	43.4	14.4	29.0
11	South Carolina	48.6	18.4	30.2	36	Nevada	42.8	14.6	28.2
12	Georgia	48.5	17.7	30.8	37	Nebraska	42.3	14.3	28.0
13	North Carolina	48.3	16.9	31.4	38	Arizona	42.1	14.6	27.5
-	United States	48.3	16.3	32.0	39	Missouri	42.1	15.1	27.0
14	Hawaii	47.6	20.4	27.2	40	Wisconsin	41.9	12.6	29.3
15	District of Columbia	47.4	19.9	27.5	41	Iowa	41.3	13.0	28.3
16	Texas	47.4	18.9	28.5	42	Kansas	41.1	13.4	27.7
17	Florida	47.1	17.6	29.5	43	South Dakota	41.1	12.7	28.4
18	Oregon	47.0	13.9	33.1	44	Wyoming	41.0	15.4	25.6
19	Idaho	46.6	15.7	30.9	45	Indiana	40.8	13.0	27.8
20	New Mexico	46.6	19.8	26.8	46	Ohio	40.5	14.7	25.8
21	Alabama	46.3	19.2	27.1	47	Utah	40.4	13.5	26.9
22	Tennessee	46.1	16.7	29.4	48	Michigan	40.3	14.9	25.4
23	Kentucky	46.0	19.1	26.9	49	Alaska	38.8	20.4	18.4
24	Connecticut	45.8	13.5	32.3	50	Oklahoma	38.5	13.7	24.8
25	Washington	45.8	12.9	32.9	51	Delaware	36.4	12.4	24.0

Table 3b: Economic Insecurity Rates, federal poverty rates, and percentage in the gap by state, 2022 (Couples)

Rank	State	Below Index (%)	Below federal poverty guideline (%)	"In the gap" (%)	Rank	State	Below Index (%)	Below federal poverty guideline (%)	"In the gap" (%)
1	New York	28.0	5.8	22.2	26	New Jersey	19.6	4.1	15.5
2	Mississippi	27.1	5.1	22.0	27	Montana	19.5	2.6	16.9
3	Vermont	26.4	3.9	22.5	28	Oklahoma	19.5	3.7	15.8
4	Massachusetts	26.2	4.1	22.1	29	Wisconsin	19.4	3.4	16.0
5	California	26.0	5.1	20.9	30	South Dakota	19.2	3.5	15.7
6	New Mexico	24.3	6.4	17.9	31	Nevada	18.8	4.5	14.3
7	Arkansas	23.8	4.0	19.8	32	Washington	18.8	3.4	15.4
8	Hawaii	23.6	6.2	17.4	33	Pennsylvania	18.7	3.5	15.2
9	West Virginia	22.5	3.6	18.9	34	Arizona	18.5	4.2	14.3
10	Florida	22.4	5.7	16.7	35	Illinois	18.3	3.7	14.6
11	Maine	22.3	3.4	18.9	36	Kansas	18.3	3.7	14.6
12	Texas	22.2	6.0	16.2	37	Rhode Island	18.3	3.4	14.9
13	Idaho	21.8	3.5	18.3	38	Colorado	18.0	2.9	15.1
14	Georgia	21.5	4.1	17.4	39	Iowa	17.8	2.6	15.2
15	Oregon	21.5	3.5	18.0	40	Missouri	17.6	3.4	14.2
-	United States	21.5	4.2	17.3	41	Virginia	17.4	2.7	14.7
16	Kentucky	21.4	4.4	17.0	42	Minnesota	17.2	2.9	14.3
17	North Dakota	21.4	3.9	17.5	43	Nebraska	16.9	3.3	13.6
18	New Hampshire	21.3	2.4	18.9	44	Connecticut	16.6	2.8	13.8
19	Louisiana	21.2	4.9	16.3	45	Michigan	16.6	3.5	13.1
20	North Carolina	20.3	3.4	16.9	46	District of Columbia	16.0	2.9	13.1
21	Alabama	20.2	4.1	16.1	47	Ohio	16.0	3.3	12.7
22	Maryland	20.0	3.8	16.2	48	Utah	16.0	3.2	12.8
23	Tennessee	20.0	3.6	16.4	49	Indiana	15.5	3.0	12.5
24	Wyoming	19.9	3.4	16.5	50	Delaware	13.8	2.9	10.9
25	South Carolina	19.8	3.8	16.0	51	Alaska	12.9	4.0	8.9

Many Older Adults Live “In the Gap” Between Poverty and Economic Security

In addition to providing the percentage with incomes below the Elder Index, Tables 3a and 3b include the frequency with which older adults have incomes below the Federal Poverty Guidelines (FPL) and the percentages of people with incomes falling “in the gap” between the FPL and the Elder Index. These individuals often have incomes too high to qualify for many means-tested public programs, yet too low to achieve intermediate- or long-term economic stability. As explained above, the FPL threshold is the same for every location in the U.S. (except Alaska and Hawaii) and as a result, calculations based on the FPL tell us far more about the income people have than about how far it stretches toward covering necessarily expenses. In contrast, the Elder Index takes into account differences in cost of living across locations in the U.S. As such, it offers a more useful benchmark for assessing economic security, and can be used more effectively to document differences in economic security across people and places.

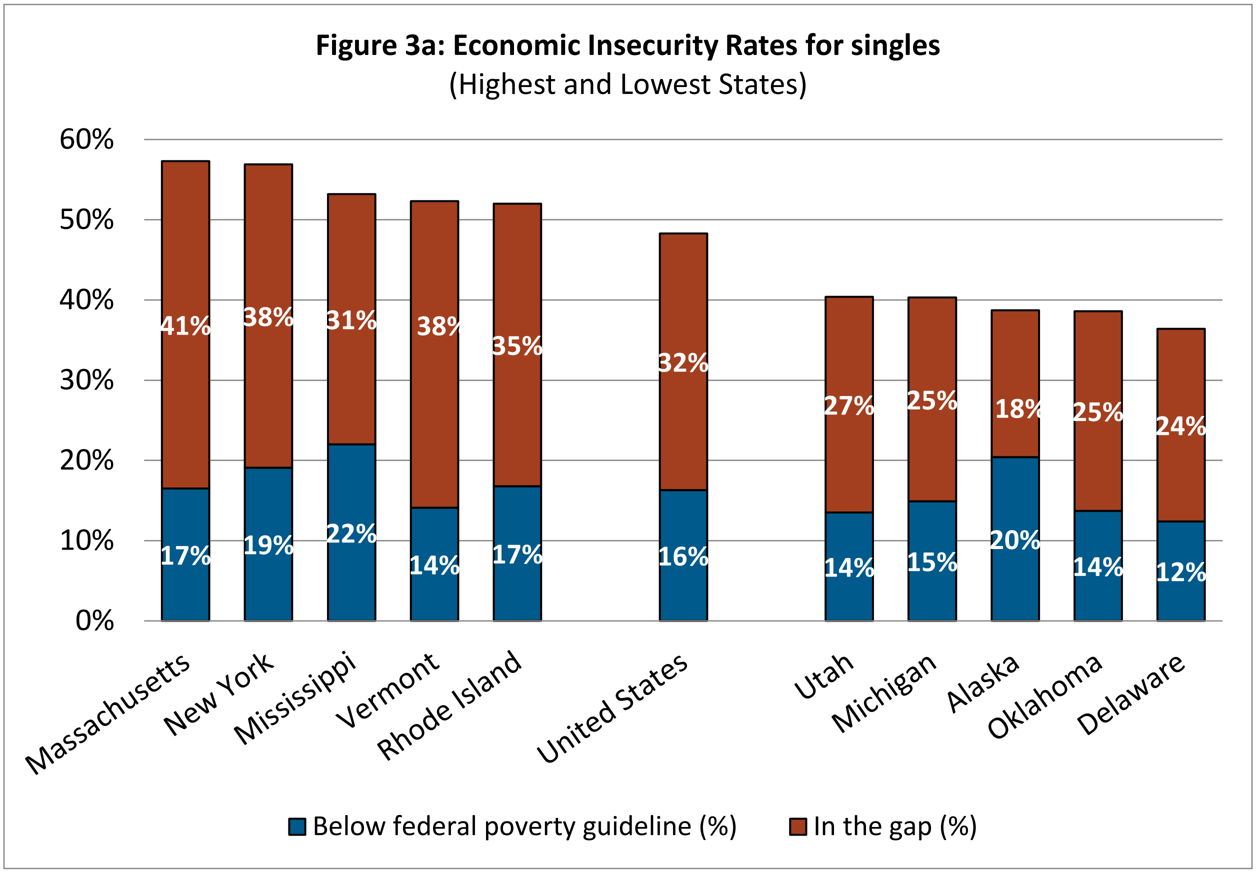
On average throughout the United States, the share of older adults living alone with incomes below the FPL is 16%; another 32% live above the federal poverty level yet still have income less than what is required to live with economic security (see Figure 2). New Hampshire and Delaware have the lowest rate of older singles living with incomes below the poverty guideline—12%—which is four percentage points lower than the national average (see Table 3a). At the other end of the spectrum, 22% of Mississippi’s older singles live below the FPL. In almost every state, the share “in the gap” between the poverty line and the Elder Index is larger than the share living in poverty[5]; in half of the states, the share living in the gap is more than twice as high.

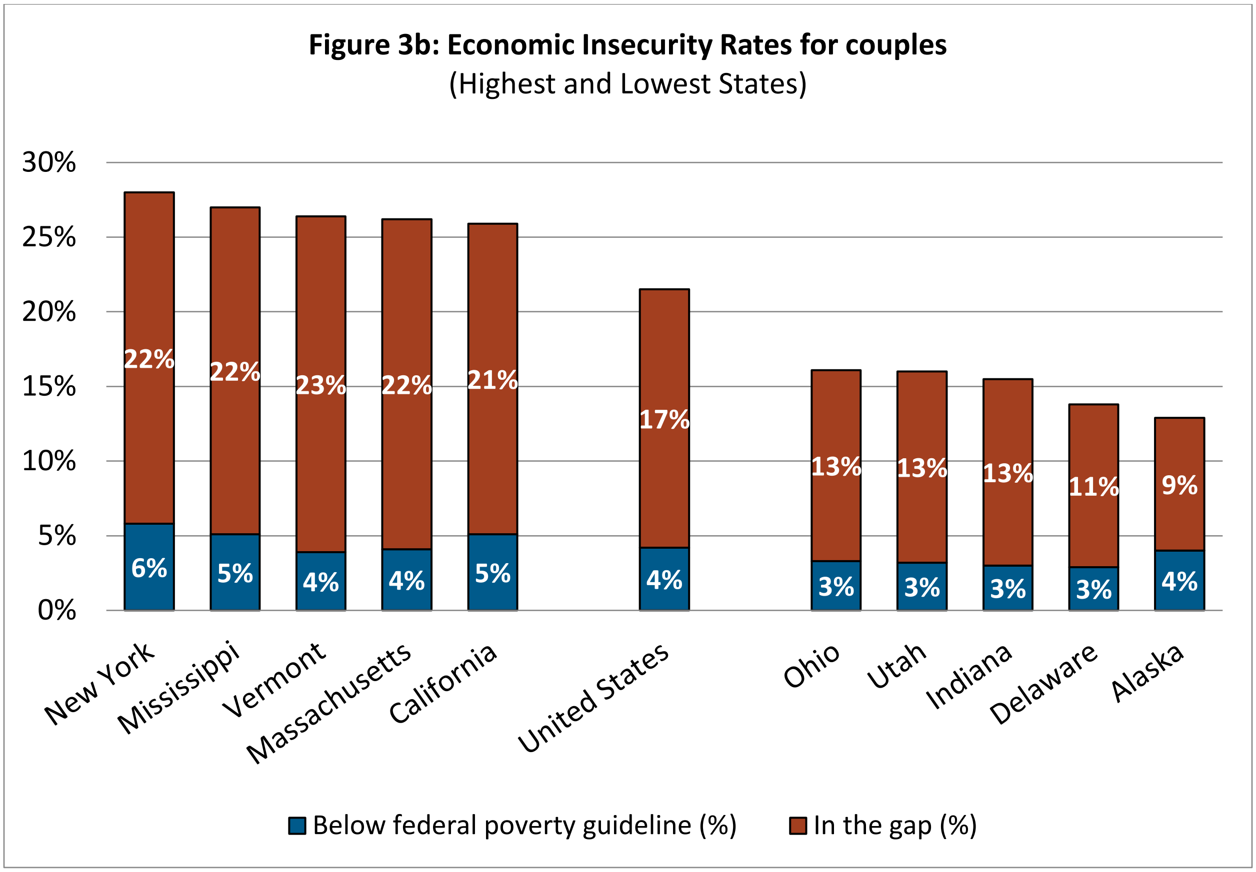
Table 3b ranks the same measures as in Table 3a but for older couples. Both federal poverty rates and EIR values are substantially lower for couples than for singles throughout the United States, due to economies of scale in costs of living, but also because two-person households typically have higher levels and more sources of income. For example, in New Hampshire just 2% of older couples live below the federal poverty guideline. New Mexico, on the other hand, has the highest share of older couples with incomes below the federal poverty guideline, at 6%; nationwide, the share of older adults in two-person households with incomes lower than the federal poverty guideline is 4%. The share of older couples with incomes “in the gap” is considerably higher than the share living below the federal poverty

[5] The sole exception to this statement is Alaska, in which 20% of older singles live below the poverty line and 18% live in the gap between poverty and economic security.

guideline; for example, although just 4% of older couples in Vermont live below the FPL, an additional 23% have incomes above the FPL but below what is required to live with economic security.

Figure 3a illustrates the five highest and five lowest states ranked in terms of the percentage of older singles falling short of economic security, illustrating the extent to which older adults with incomes "in the gap" adds to insecurity, above and beyond those living below the poverty line. **Figure 3b** illustrates the highest and lowest five states with older couples falling short of economic security.





Discussion

Many older adults lack the resources to support an economically secure lifestyle. Capturing the scope of this problem, and evaluating the efficacy of programs designed to safeguard the well-being of older adults, require adequate measures of how much income older adults actually need to remain independent in their communities. In this report we present new data from the 2022 update of the Elder Index, a cost-of-living measure calculated county-by-county for the entire United States. Our findings show that the cost of living independently far exceeds thresholds commonly used to establish eligibility thresholds for needs-based services—specifically, those based on the Federal Poverty Guidelines—and varies widely across the U.S.

Additional data presented in this report demonstrate that a large proportion of older adults lack incomes adequate to cover necessary expenses while living in their own homes. Nationwide, as many as 48% of older singles and 21% of older couples have incomes falling below the Elder Index; moreover, 32% (singles) and 17% (couples) of America's independent older adults fall into the security gap between the Federal Poverty Guidelines and the income actually required for economic security. Because many benefits meant to support economic security are only available to very low-income people who are defined as poor or near-poor using federal standards, a large share of older adults who need support are not eligible for it.

The pandemic has impacted older adults in a myriad of ways. During the worst of the pandemic, older adults experienced rates of death and serious illness far higher than those of their younger counterparts, and those surplus risks continue[6]. The financial consequences of COVID and the accompanying financial downturn are not yet fully known. COVID-era benefits, such as federal stimulus payments, enhanced unemployment benefits, extra SNAP benefits, and the Medicaid continuous enrollment provision, no doubt protected many people living on the edge, including older adults. However, as these temporary benefits wind down, we may expect to see rising rates of hardship. The longer-term implications of the pandemic and all of the ancillary changes in our economy will play out for years to come.

As the older population grows, the federal government and each state must learn to recognize the security gap and those who fall into it. They must also consider how policies can contribute to the economic security of older adults living above the federal poverty line, as they also require services and supports that contribute to intermediate- and long-term stability goals. Achieving economic security, rather than avoiding poverty, is a goal to which older people and those who represent and serve them aspire. Social Security benefits and Medicare, and community-based services and supports that extend the economic security of older adults, are essential mechanisms for safeguarding the well-being of older adults, including not only those who are poor by federal standards but also for those "in the gap."

Methodology

This report focuses on adults age 65 and older who live alone (older singles) and older adults who live with one additional person who is also age 65 or older (older couples). In the U.S., an estimated 26% of adults age 65+ live alone, and another 41% live with just one other person who is also age 65+[7]. The

[6] See the CDC data tracker at https://covid.cdc.gov/covid-data-tracker/#demographics
[7] Calculated by the authors using data from the 2021 American Community Survey.

remaining 33% of people age 65 and older reside in households including three or more people, live with someone under the age of 65, or live in group quarters, and are not included in this analysis.

The Elder Index is produced annually by the Gerontology Institute at the University of Massachusetts Boston. In two years out of each three-year cycle, the Elder Index is updated using the Consumer Price Index (CPI-U) issued by the U.S. Department of Labor. Every third year, Elder Index values are rebased using a consistent methodology applied to the most current data available reflecting the cost of housing, food, transportation, and health care. The 2022 Elder Index includes rebased values for housing, food, and transportation. It was not possible to fully rebase values for health care, because the Medicare cost data used for the Elder Index rebasing was not produced for 2022. Accordingly, the health care estimates used in the 2022 Elder Index are based on the 2022 cost of Medicare Part B, and the 2019 out-of-pocket costs for other medical expenses, converted to 2022 dollars using the CPI-U for health care.

This analysis calculates Elder Economic Security Rates by state by comparing household incomes to annualized incomes required for basic economic security, as defined by statewide Elder Index values. Household income is based on 2016-2020 5-year American Community Survey PUMS data, with income values converted to 2022 dollars using the June CPI-U.

For more information about the Elder Index, including county-level Elder Index values, values for homeowners, and values for older adults in poor or in excellent health, see our website and ElderIndex.org

Acknowledgements

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About the Elder Index

The Elder Index™ is a one-of-a-kind, county-by-county measure of the income needed by older adults to maintain independence and meet their daily living costs while staying in their own homes. Developed by the Gerontology Institute at the University of Massachusetts Boston in collaboration with a national Advisory Board, the Elder Index defines economic security as the income level at which older people can cover basic and necessary living expenses and stay in their homes, without relying on means-tested income support programs, loans or gifts. The Congressional Budget Office (2017) cites the Elder Index as the only retirement adequacy measure that is oriented specifically to older people and takes into account the unique demands of housing and medical care on older people's budgets.

For more information about the Elder Index, including county-level Elder Index values for renters and homeowners, and values for older adults in poor or in excellent health, see ElderIndex.org , Center for Social and Demographic Research on Aging , or contact us at CSDRA@umb.edu .