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## **Living Below the Line: Economic Insecurity and Older Americans**

### ***Insecurity in Massachusetts, 2022***

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

April 2023

New estimates from the 2022 Elder Index™ reveal that the cost of living in Massachusetts has increased substantially in recent years for older adults, especially for renters. The Elder Index measures the necessary costs faced by households made up of one or two older adults, calculated county by county for the entire United States. Estimated costs are higher in Massachusetts than in any other state in the nation. Within the Commonwealth, the Elder Index is lowest in Western Massachusetts, and highest in Metro Boston, Martha's Vineyard and Nantucket, with differences in the Elder Index across locations accounted for largely by the cost of housing. Comparing household incomes to the Elder Index, we calculate the percentage of independent older adults with incomes that do not support economic security. Massachusetts ranks at the top among the states in percentage of older singles with incomes below the Elder Index value, at 57%, and it ranks fourth nationally among couples, at 26%. Together, these figures suggest that nearly 300,000 Massachusetts single or coupled residents aged 65 or older live with incomes below what it takes to cover essentials.

## 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 other essentials such as clothing and cleaning supplies. The Elder Index is a basic budget, allowing no vacations, restaurant meals, savings, gifts, or entertainment.

The 2022 Elder Index for Massachusetts is shown in **Table 1**. For older adults living in their own homes without a mortgage, the Elder Index is \$29,520 annually for an adult living alone and \$43,488 for a couple living together. Estimated costs are higher for renters (\$37,308 for singles and \$51,276 for couples) and for homeowners who are paying off a mortgage (\$44,160 for singles and \$58,128 for couples).<sup>1</sup>

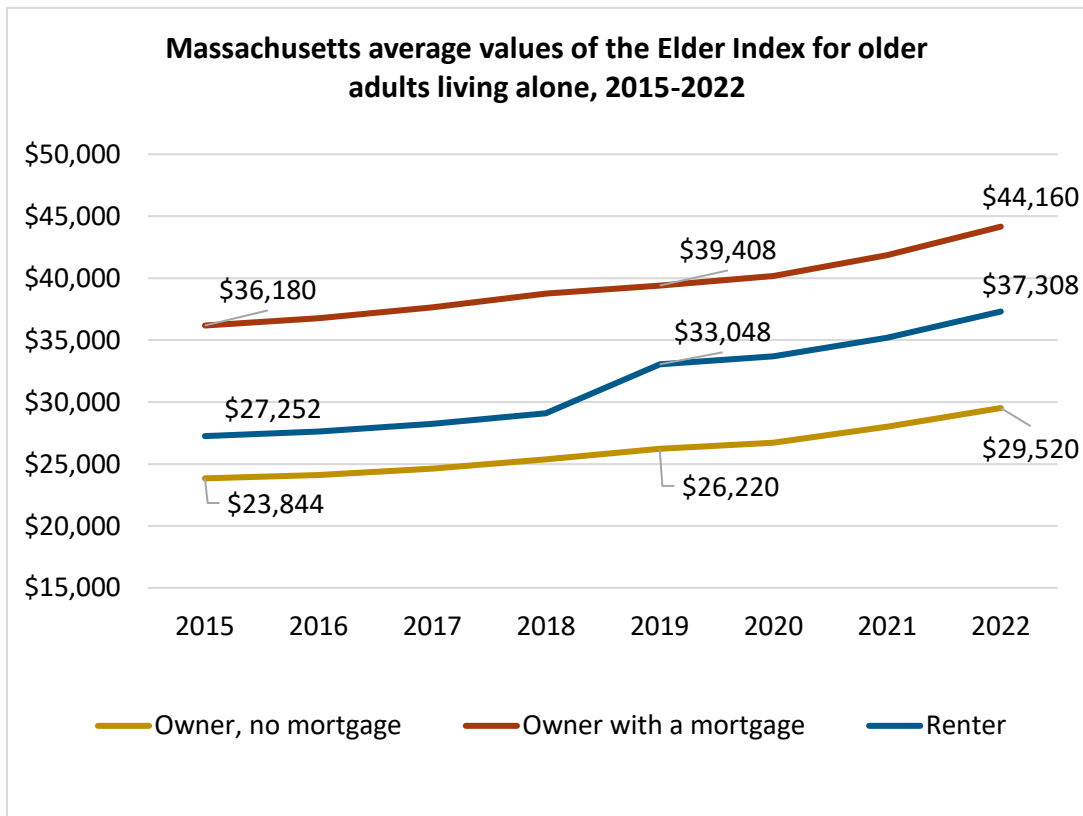
Table 1. The Elder Index for Massachusetts, 2022						
Expense	Older Person Living Alone			Two-person Older Household		
	Owner without Mortgage	Renter	Owner with Mortgage	Owner without Mortgage	Renter	Owner with Mortgage
Housing	\$886	\$1,535	\$2,106	\$886	\$1,535	\$2,106
Food	\$306	\$306	\$306	\$562	\$562	\$562
Transportation	\$312	\$312	\$312	\$480	\$480	\$480
Health Care (Good Health)	\$546	\$546	\$546	\$1,092	\$1,092	\$1,092
Miscellaneous	\$410	\$410	\$410	\$604	\$604	\$604
Elder Index <u>Per Month</u>	\$2,460	\$3,109	\$3,680	\$3,624	\$4,273	\$4,844
Elder Index <u>Per Year</u>	<b>\$29,520</b>	<b>\$37,308</b>	<b>\$44,160</b>	<b>\$43,488</b>	<b>\$51,276</b>	<b>\$58,128</b>

Source: The [Elder Index](#) (2022).

<sup>1</sup> 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.

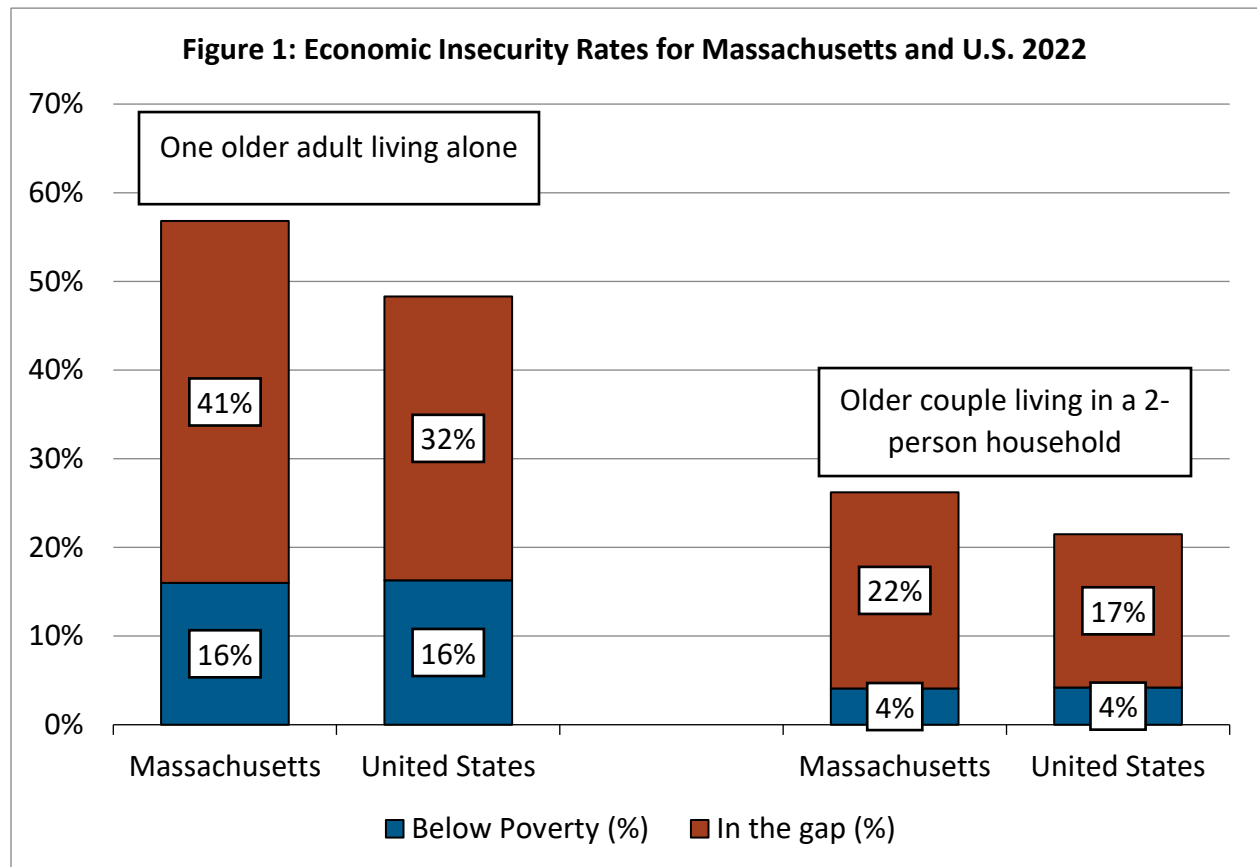
## Trends and patterns

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 Massachusetts Elder Index for single owners without a mortgage increased by 24%, and by 22% for single owners with a mortgage. Costs rose more rapidly for single renters, with the Elder Index increasing by 37% over the 7-year period. Increases were higher in Massachusetts than for the U.S. average Elder Index, which increased by 20% for owners without a mortgage, 19% for owners with a mortgage, and 25% for 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 thousands of older adults. In Massachusetts, 28% of householders age 65+ are renters, and the likelihood of renting is far higher for older people living alone (at 44%), reflecting an especially high exposure to the rental market among older singles.



## Many Older Massachusetts Households Fall Short of Economic Security

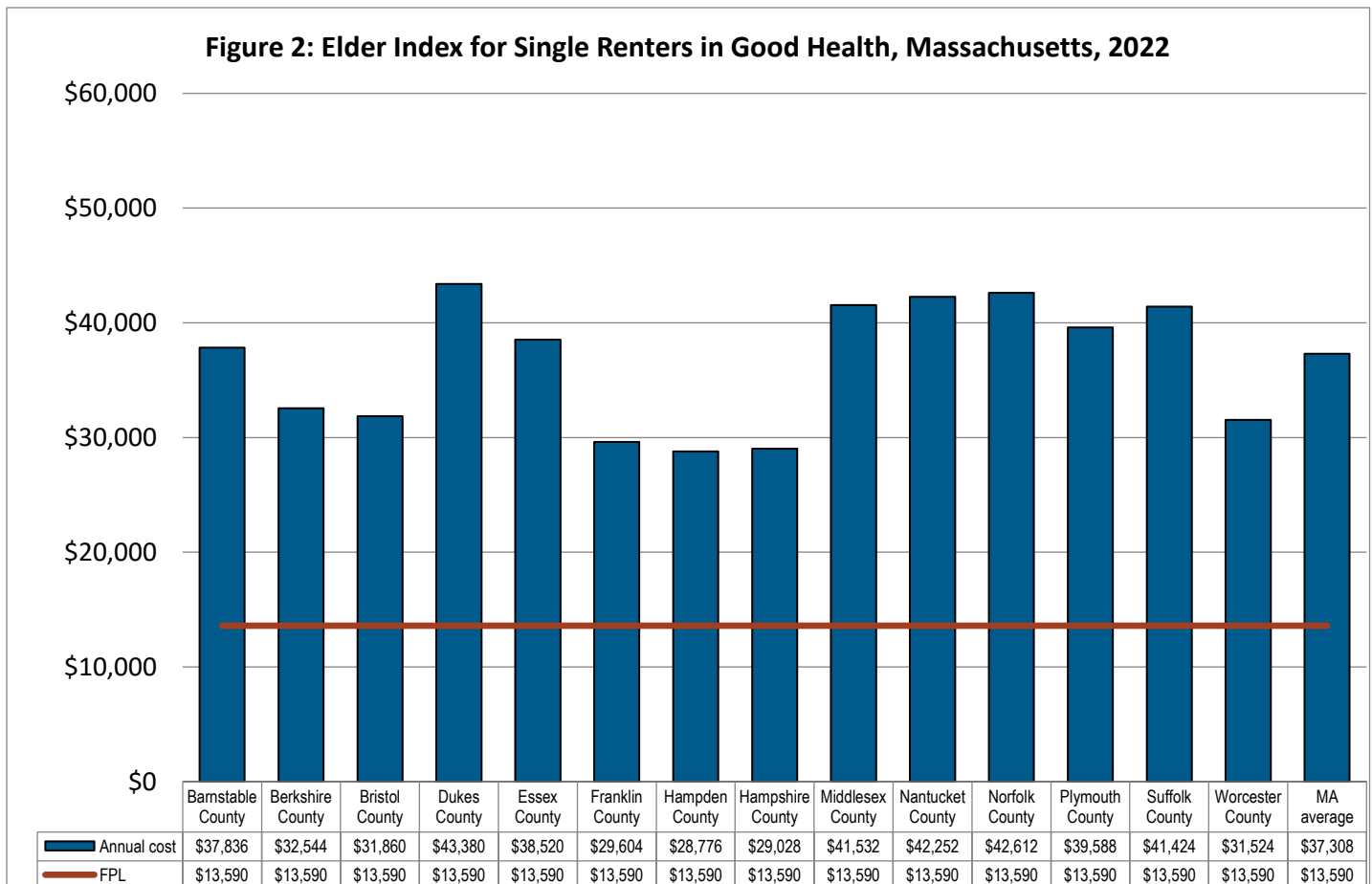
**Figure 1** illustrates the percentage of older adults in Massachusetts who live with incomes below the Elder Index. US figures are included for comparison. Among Massachusetts singles living alone, 57% have incomes falling below the Elder Index for single renters, amounting to 183,000 individuals. While 16% have incomes placing them below the poverty guideline, an additional 41% have incomes in the “gap” between the poverty line and the Elder Index. The insecurity rate for Massachusetts singles ranks highest in the nation, and is nine percentage points higher than the national average. Although the poverty rate for Massachusetts older adults living alone is the same as the US average (16%), the share living in the gap is substantially higher.



Insecurity rates for couples are considerably lower than for singles, but Massachusetts ranks higher than the US average for couples as well. Among Massachusetts older adults living with another older person in a two-person household, 26% have incomes falling below the Elder Index for renters, amounting to 113,000 older adults. While 4% have incomes placing them below the poverty guidelines, 22% have incomes in the gap between the poverty line and the Elder Index. The insecurity rate for Massachusetts couples ranks 4th highest in the nation and five percentage points higher than the national average. For both singles and couples, the high cost of living in Massachusetts largely accounts for the ranking. Taking into consideration both singles and couples, nearly 300,000 Massachusetts residents age 65 and older live with incomes below what it takes to cover essentials.

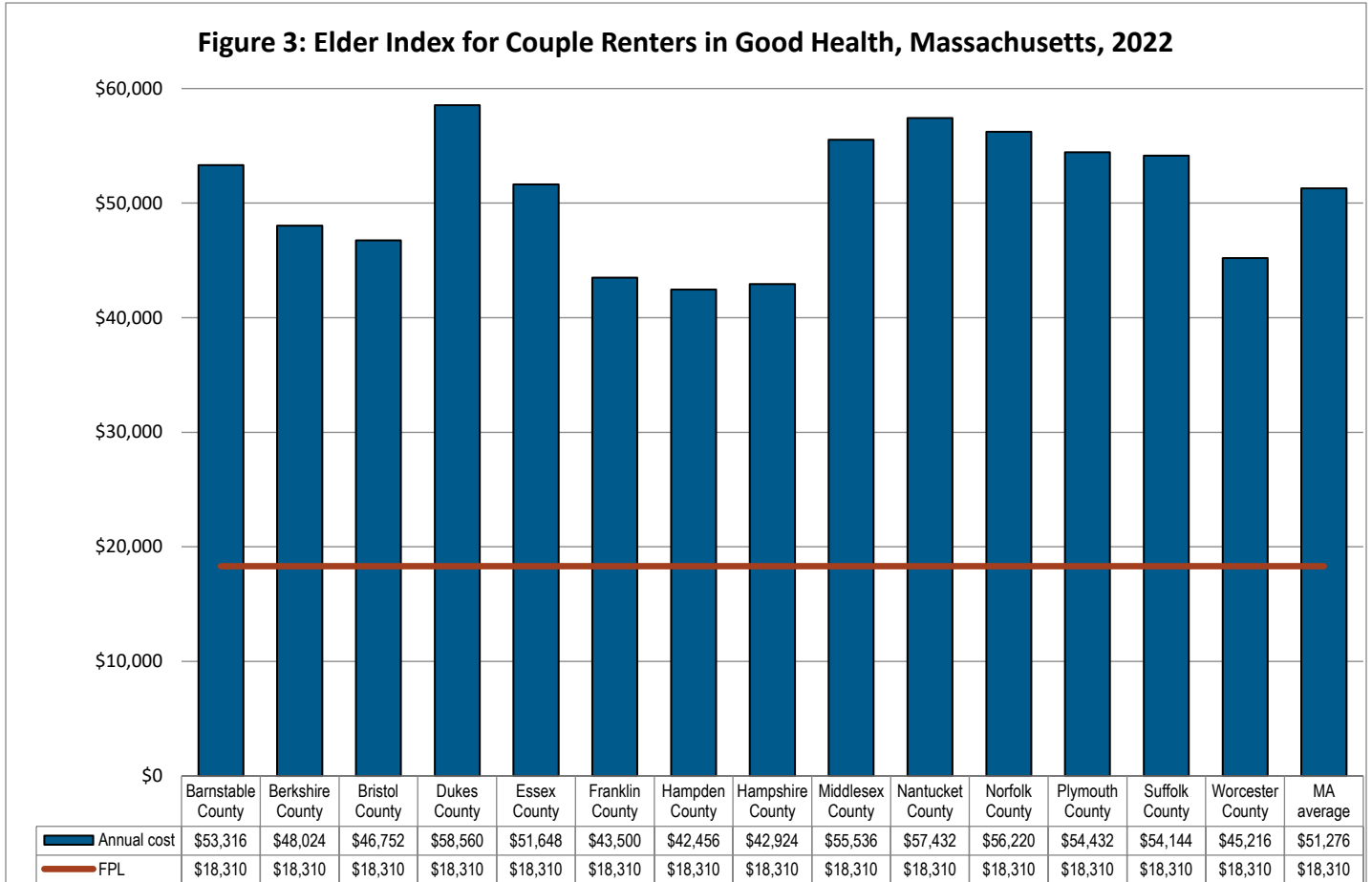
### Geographic Comparisons within Massachusetts

The 2022 Elder Index illustrates that the cost of living independently varies substantially across localities. **Figure 2** depicts Elder Index values for Massachusetts renters by county, and shows that for singles living alone, the cost of living independently ranges from a low of \$28,776 in Hampden County to \$43,380 in Dukes County. In every county in Massachusetts, Elder Index values are substantially higher than common



income benchmarks including the Federal Poverty Guidelines (\$13,590 for a one-person household in 2022).

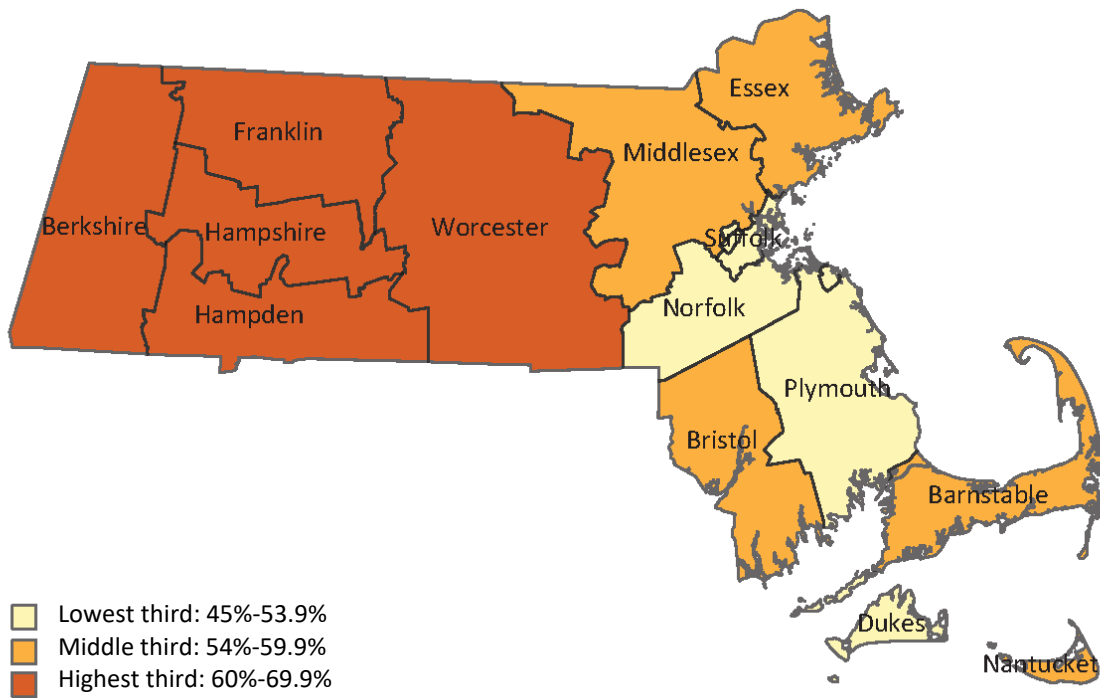
The cost of living for couples – two older adults living together in a two-person household – is also highest in Dukes County (\$58,560) and lowest in Hampden County (\$42,456). Once again, Elder Index values are far higher than the Federal Poverty Guidelines (\$18,310) for a two-person household (see **Figure 3**).



In every county in Massachusetts, the cost of living exceeds the average Social Security benefit for a retired worker. The average Social Security benefit covers less than 70% of estimated expenses for single renters age 65+ in every county in Massachusetts (see **Figure 4**). In relatively lower-cost counties (Berkshire, Franklin, Hampden, Hampshire, and Worcester), the average Social Security benefit covers 60-69% of estimated expenses. In comparison, the average Social Security benefit covers less than 54% of estimated rental expenses in the high-cost areas of Dukes, Norfolk, Plymouth, and Suffolk counties. Although Social Security benefits are not intended to fully fund retirement needs, most older adults rely

on Social Security benefits as a key component of their incomes. The Social Security Administration estimates that Social Security benefits are the most common source of income among older adults, and those with lower incomes are especially reliant on Social Security<sup>2</sup>.

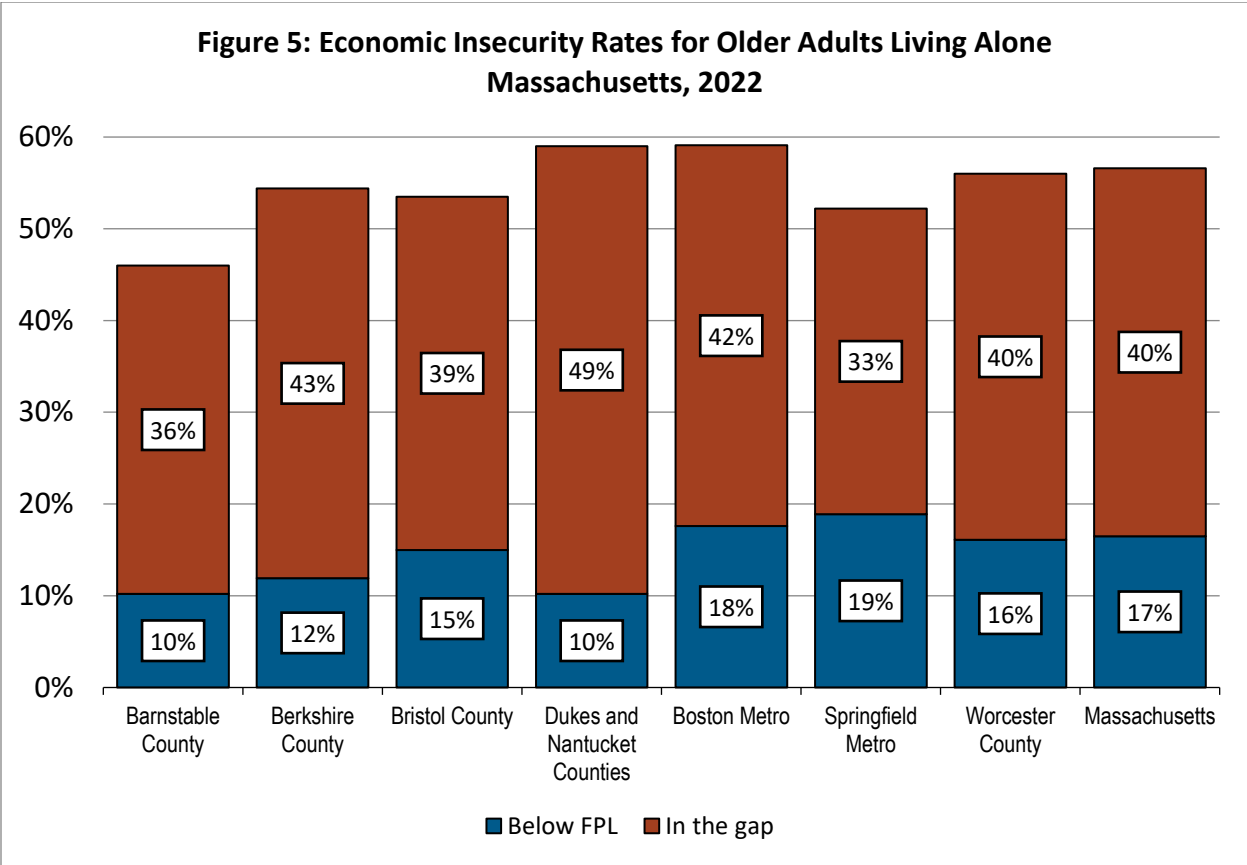
**Figure 4: Percent of Elder Index for Single Renters in Good Health Covered by Average Social Security Benefit by County, Massachusetts, 2022**



Throughout Massachusetts, more than half of older adults living alone have incomes below the Elder Index. The share living below the Elder Index are highest in metro Boston and in Dukes and Nantucket counties, and lowest in Barnstable county (**Figure 5**). In every area, the share in the gap between the poverty line and the Elder Index is much larger than the share living in poverty; in some areas the share living in the gap is more than three times higher (see Barnstable County, Berkshire County, Dukes and Nantucket Counties).

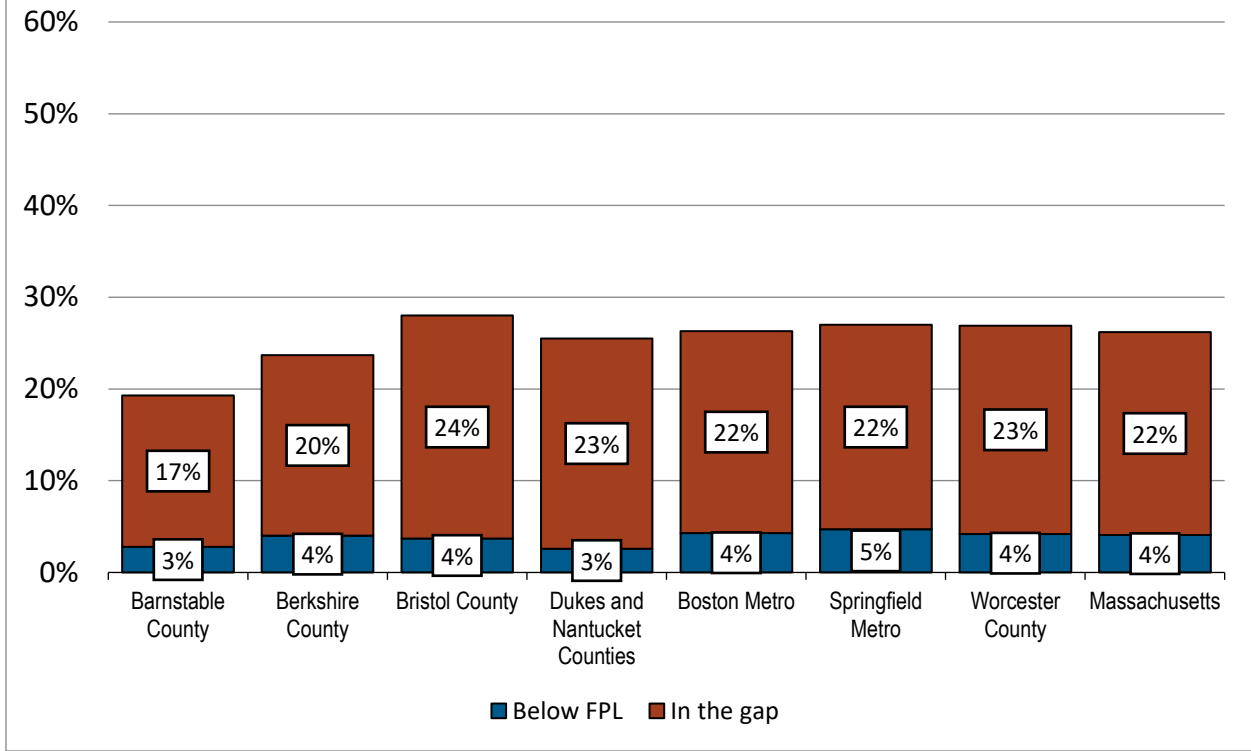
<sup>2</sup> Income of the Aged Chartbook, 2014. Retrieved online: [https://www.ssa.gov/policy/docs/chartbooks/income\\_aged/2014/index.html](https://www.ssa.gov/policy/docs/chartbooks/income_aged/2014/index.html)





**Figure 6** shows that insecurity rates are substantially lower for couples than for singles throughout Massachusetts, 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 Dukes and Nantucket Counties as well as in Barnstable County, just 3% of older couples live below the poverty line. Springfield metro area has the highest rate of older couples in poverty, at 5%. The share of older couples with incomes “in the gap” is considerably higher than the share living in poverty; for example, although 4% of older couples in the Boston metro area live below poverty, an additional 22% have incomes above the FPL but below what is required to live with economic security. These figures make clear that while a large majority of couples avoid poverty, many are unable to afford daily expenses of living as reflected by the Elder Index.

**Figure 6: Economic Insecurity Rates for Older Couples Massachusetts, 2022**



## Discussion

Many older adults in Massachusetts 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. Yet as in past updates, the Massachusetts Elder Index remains among the highest in the nation, reflecting a cost of living that impacts the economic security of older adults.

Leaders throughout Massachusetts recognizes that the cost of living poses a significant challenge to livability among older residents. The Governor’s Council to Address Aging in Massachusetts identified improving economic security as a critical issue; as well, improving economic security among older residents is one of the six goals of the Age-Friendly Massachusetts action plan. Along with these promising commitments, the Commonwealth is taking steps to strengthen the supports available for older residents who are struggling financially. For example, a recent expansion of eligibility for the Medicare Savings Program lifted income and asset limits. New proposals by Governor Healey to expand the availability of affordable housing for older adults and to enhance the senior circuit breaker tax credit may have impacts on remediating hardship moving forward.

The pandemic has impacted older Massachusetts residents 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<sup>3</sup>. 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 continue to 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 adult population grows, policy experts and government officials must learn to recognize the economic security gap and those who fall into it. They must also evaluate the extent to which policies contribute to the economic security of older adults living both below and above the poverty line, as many of these individuals require services and supports beyond emergency aid that contribute to intermediate- and long-term stability goals.

## **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 Massachusetts, an estimated 29% of community-dwelling adults age 65+ live alone, and another 40% live with just one other person

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<sup>3</sup> See the CDC data tracker at <https://covid.cdc.gov/covid-data-tracker/#demographics>

who is also age 65+<sup>4</sup>. The remaining 31% of people age 65 and older reside in households including three or more people or live with someone under the age of 65, 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 insecurity rates by comparing household incomes to annualized incomes required for basic economic security, as defined by Elder Index values. In this report, 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](http://ElderIndex.org)

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<sup>4</sup> Calculated by the authors using data from the 2021 American Community Survey.

## **Acknowledgements**

We are grateful for the support of the RRF Foundation for Aging, The Silver Century Foundation, The Henry and Marilyn Taub Foundation, and the National Council on Aging.

## **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.

Elder Index and Elder Economic Security Standard Index are service marks of the University of Massachusetts.

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](mailto:CSDRA@umb.edu).