

# Elder Economic Security Initiative: Can You Afford to Grow Old in Washington State?

Washington Association of  
Area Agencies on Aging (W4A)

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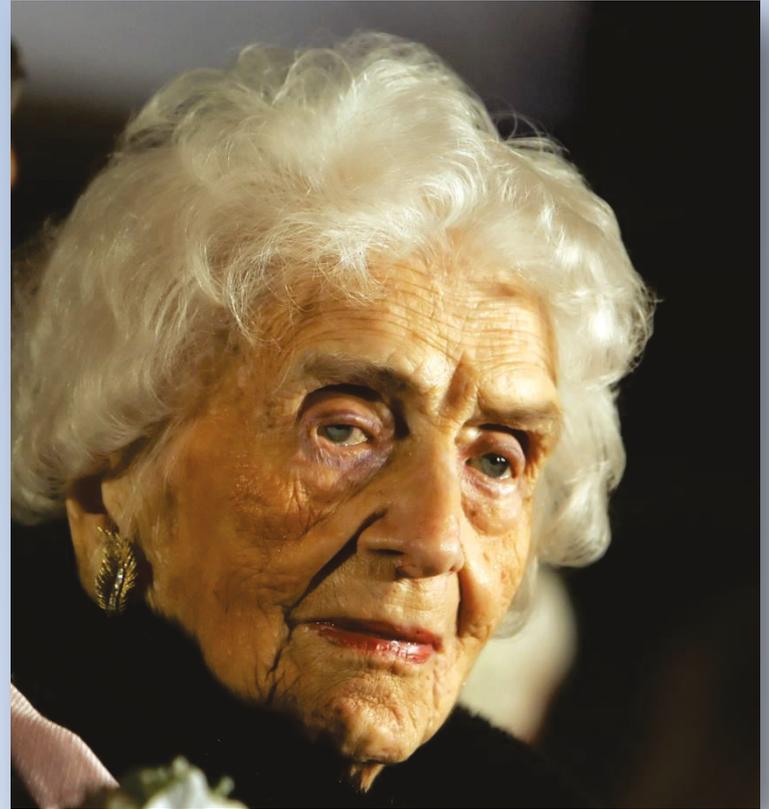


Wider Opportunities for Women



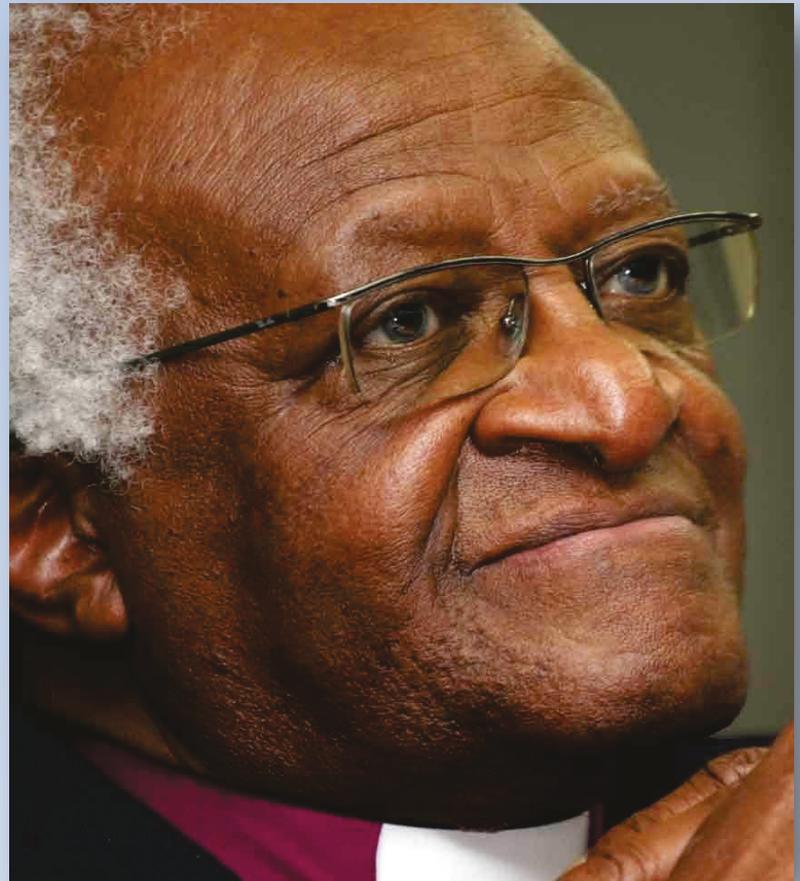
# Elder Economic Security Initiative

- Multi-year project by the University of Massachusetts Boston and Wider Opportunities for Women
- Purpose was to establish a conceptual framework and tools for assessing economic well-being for elders
- Development of the Elder Economic Security Standard Index
- Support dialogue toward eventual policy and program change



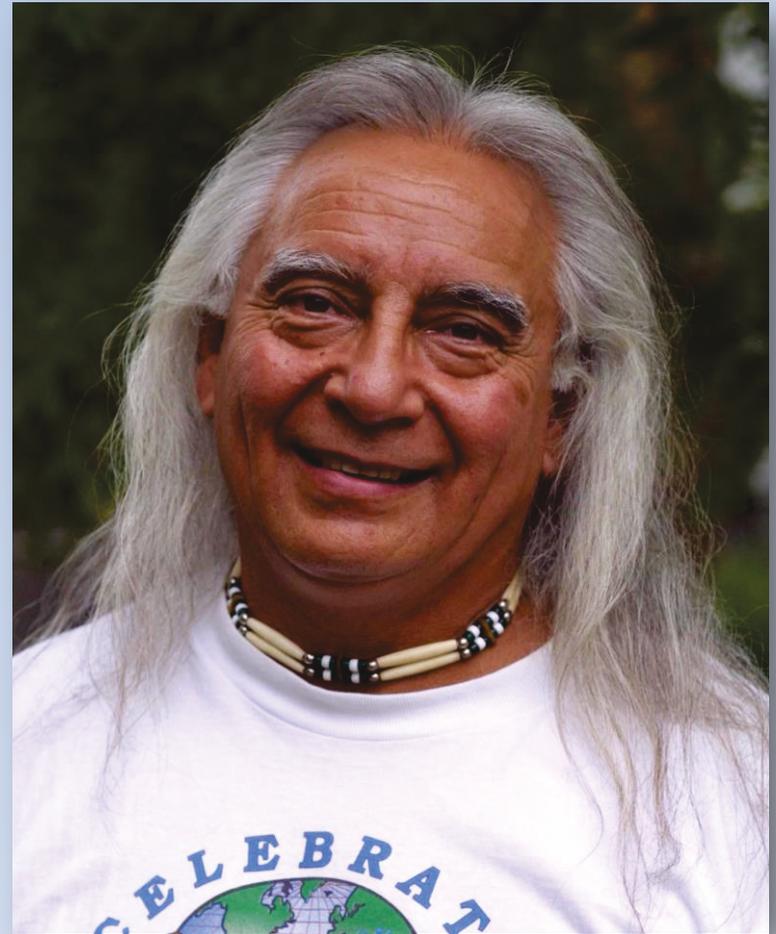
# Elder Economic Security Index

- The Elder Index considers expenses in each category by geographic area using a market basket survey
- The total monthly Elder Index is the cost to live a reasonable quality of life without having to choose between necessary expenditures



# Elder Index Measures

- Elders that live:
  - In the Community—not in nursing homes
  - Independently—not with other generations
  - Age 65+ —where Medicare begins
- Includes Medicare because it is nearly universal
- Applies to elders who are no longer working



# Elder Economic Security Standard Index



- The “Elder Index” is a new measure to illustrate the amount of income required to meet basic needs without public, private or informal assistance.
- It replaces older indices which have been the gold standards to measure poverty in the US
- What will allow us to “age in place”?

# Economic Insecurity Gold Standards

- Which is the best definition?
  - Current formula – 100% of the 2014 Federal Poverty Threshold - \$11,670
  - Better Federal benchmark – 200% of 2014 Federal Poverty Threshold - \$23,352
  - Geographically-based market basket survey: 2013 Washington State Elder Index - \$23,940
  - Relative measure (DSHS) – 60% of State Median Income – \$26,230

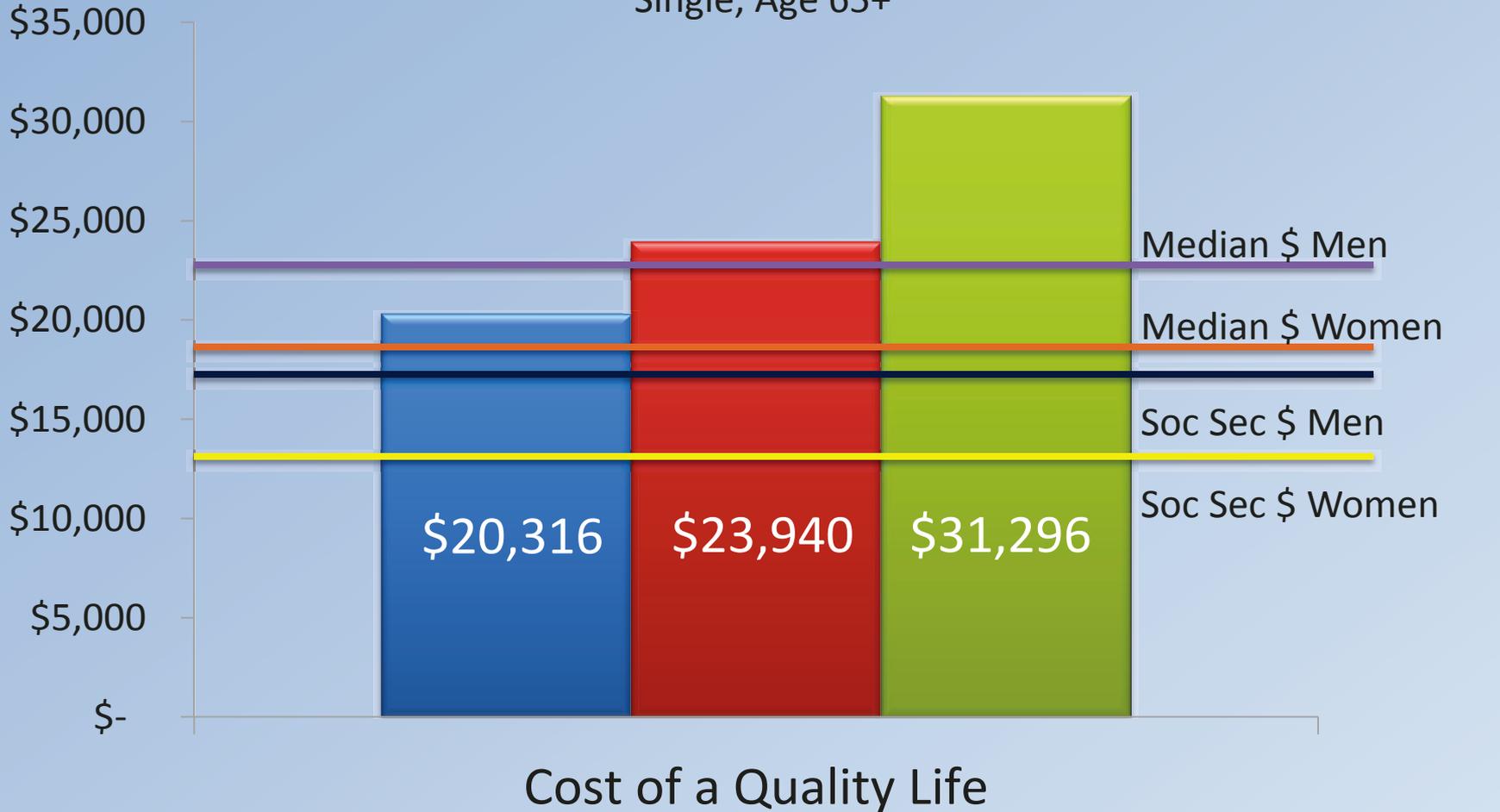
# The Elder Index: A Better Measure



- Is geographically established
- The Index considers
  - Housing cost
  - Food cost
  - Cost of Transportation
  - Cost of Health care
  - Miscellaneous costs
- Calculated using census data and market survey in each county in the state

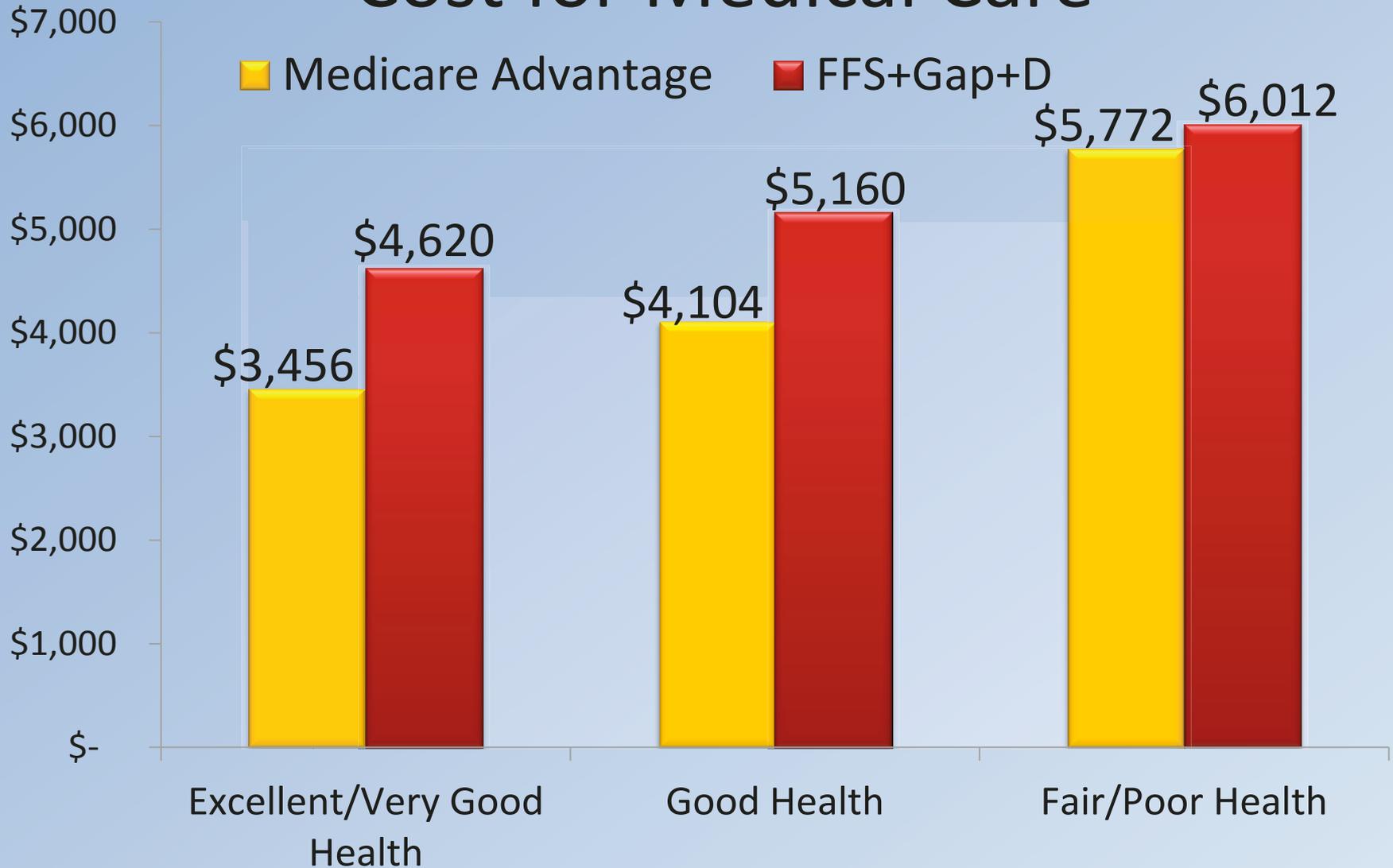
# Annualized Elder Index

Single, Age 65+

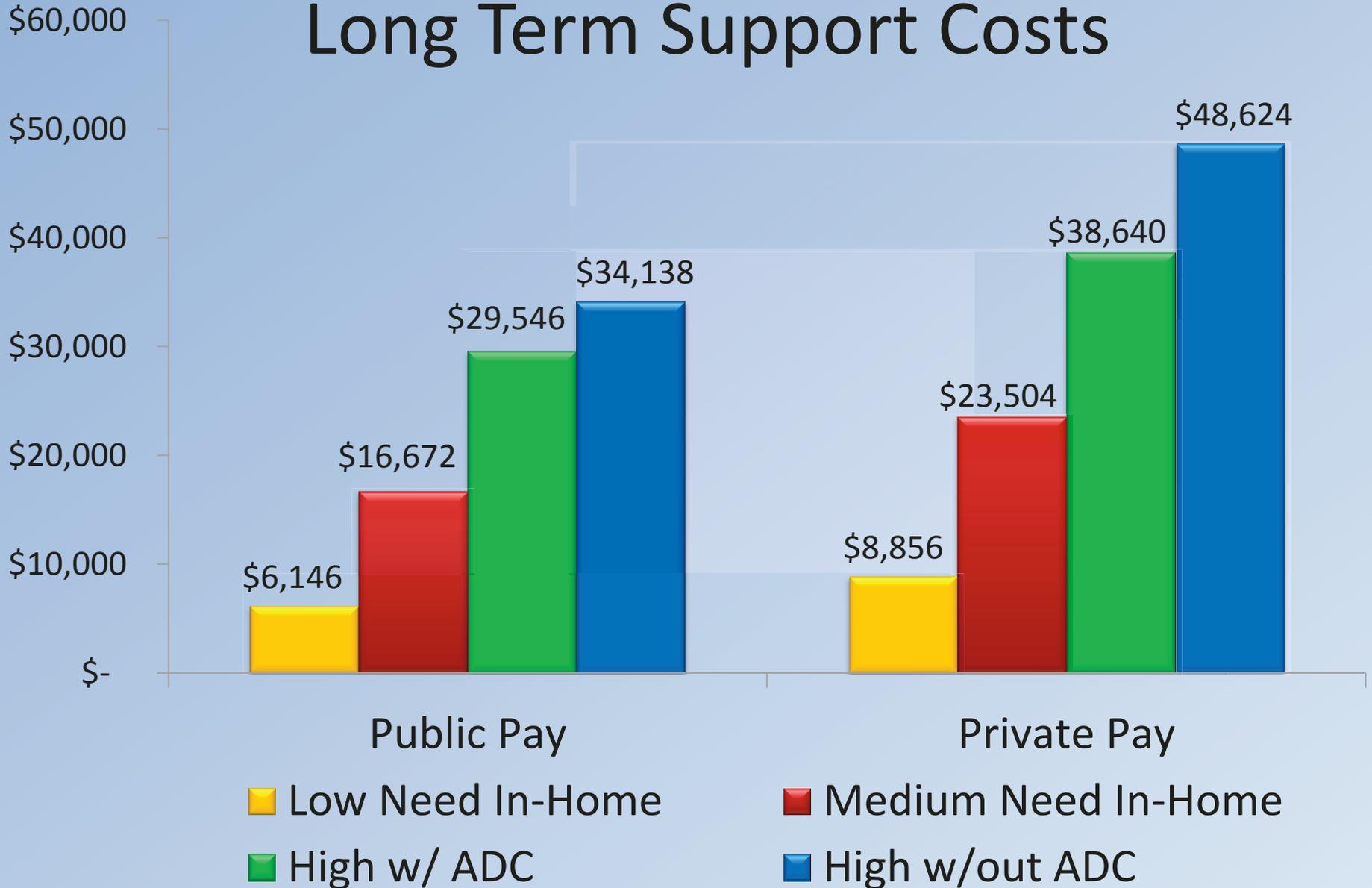


■ Elder w/out mortgage ■ Elder renter ■ Elder w/ mortgage

# Annual Out-of-Pocket Cost for Medical Care

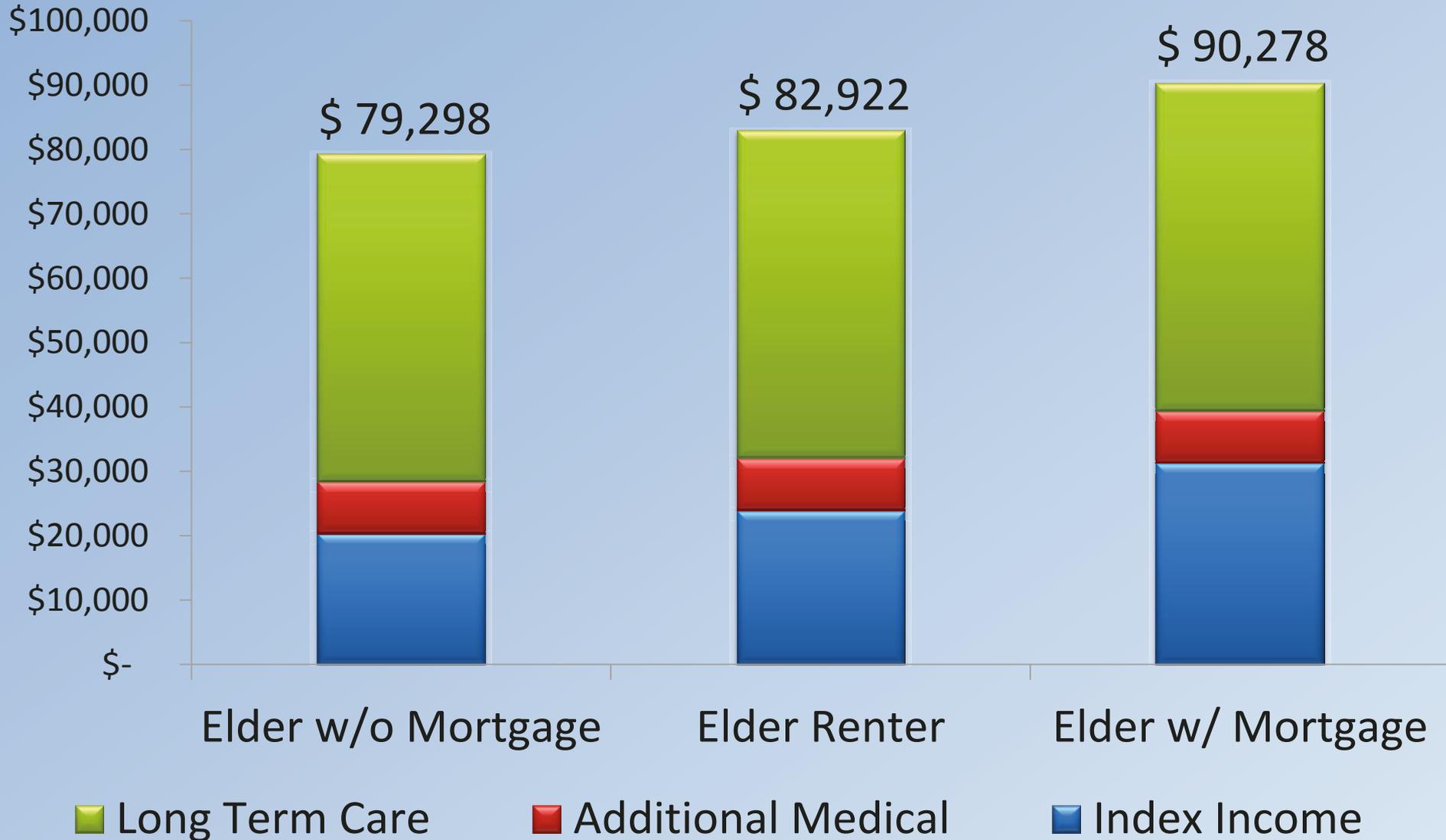


# 2010 Annual In-Home Long Term Support Costs



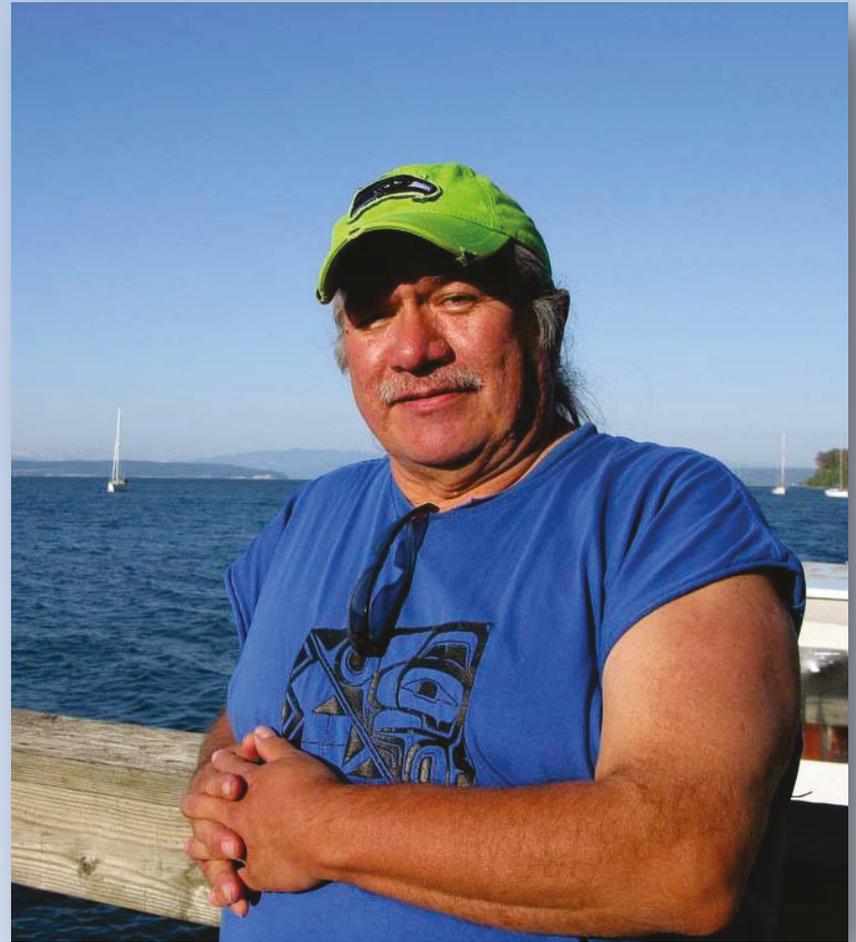
# Costs Add Up!

(Assumes one person household, Poor Health, & High LTC needs)



# What Does This Mean?

- These figures show that most older adults will need help with cost-effective medical care and long term supports.
- Would you have \$75,000 annually to pay for your care and support?



# Key Findings



- Housing costs (mortgage, utilities, taxes, insurance) put a heavy burden on elders and account for about half of their expenses.
  - Wait lists for subsidized housing are years long.
  - Maintenance for homeowners can fall by the wayside and housing becomes unsafe.
  - Falls can lead to poor health and need for care.

# Key Findings

- Elders in Washington have significant out-of-pocket costs even with Medicare Coverage.
  - Elders in poorer health spend over \$7,000 per year.
  - Retired couples do not save any money through purchase of “Family Plans”. Both partners must pay the total amount, doubling the cost per household.



# Key Findings



- Elders who are currently making ends meet will face substantial financial challenges if they lose their spouse or household partner or decline in health status.
  - Costs decrease by 31% for renters, but Income often decreases by half.
  - Poor health dramatically increases expenses.

# Key Findings

- The need for Long Term Services and Supports, even cost-effective community-based or home care, can double or triple an elder's expenses
  - Home care at high level will cost between \$40-50,000 per year.
  - Skilled nursing care in Washington costs over \$85,000 per year.
- Many rely on kids, grandkids, other family members



# Key Findings

- Elders cannot meet their basic needs if they live at the federal poverty level or at the average Social Security income.
  - 8% of elders live below the FPL
  - Almost 1 in 4 Older WA State Residents rely solely on Social Security Income.
- Some elders go back to work
- Some elders access safety net services to help them stay at home.



# So...



- Planning retirement includes much more than contributing to a 401(k)
- Understand Social Security
- Look into Housing
  - Pay your home off or make certain that you have the assets to pay it off if necessary
  - Make sure your retirement home is accessible and in good repair

# More

- Evaluate expenditures and ability to sustain them
  - Transportation
  - Insurance
  - Utilities
- Take Steps now to minimize expenditures in the future
  - Sell the gas guzzler
  - Think about life insurance
  - Get Energy efficient



# And More...



- Look into Medical Care costs
  - Medicare is not free; future is unknown
  - Understand what is covered and what is not covered (eyeglasses, dental care, hearing)
- Understand that Long Term Services & Supports (LTSS) in Washington State equals in-home care primarily
- Eat well
- Exercise
- Be nice to your Kids

# For More Information

<http://www.wowonline.org/economic-security-institute>

Or Contact:

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