



Guide to Using the Elder Index

A tool from the National Council on Aging

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Why Economic Security?

Every American has the right to age without having to worry about meeting basic needs. The struggle to make ends meet often is captured by whether a person lives above or below the Federal Poverty Level (FPL). However, in an ever-changing economy, households with incomes above the FPL are still struggling to afford the basic necessities.

To create economic security for all older Americans, it is first necessary to: 1) create a comprehensive, senior-specific definition of *basic economic security*; 2) determine which older adults lack economic security; and 3) understand why some seniors lack it. Having a common language to define economic security helps unify understanding about what happens when older adults cannot make ends meet, as well as how economic insecurity affects seniors, their families, their communities, and state and local budgets.

The Elder Economic Security Standard™ Index (Elder Index) provides a better understanding of what it takes for seniors to make ends meet based on their specific geographic location. The Elder Index was developed by the Gerontology Institute at the University of Massachusetts Boston (UMass-Boston) with Wider Opportunities for Women and is maintained in partnership with the National Council on Aging (NCOA).

Why use the Elder Index?

The Elder Index is a measure of the incomes that retired adults need to meet basic monthly expenses without assistance and to age in their own homes.

In conjunction with the Elder Index, UMass-Boston also calculates Elder Economic Insecurity Rates (EEIRs)—the percentage of seniors lacking incomes that cover the basic expenses included in the Elder Index. These benchmarks are more sophisticated, more inclusive, and more geographically specific measures of seniors' well-being than poverty lines and rates. For example:

- According to the U.S. Elder Index, an older adult in good health living alone in a rented apartment needs, on average, \$23,364 to cover their basic expenses. By comparison, the 2017 FPL is \$12,060 for a family of one.¹
- The 2016 national EEIR for single seniors living alone is 53% whereas estimated 2016 Federal Poverty rate for seniors living alone was 19%. This means that 53% of single seniors living alone had income levels below the Elder Index.

Together the Elder Index, EEIRs, and economic security gap capture information about senior economic insecurity that is often misunderstood and overlooked in the public and political conversation about retirement, public support programs, and the economy.

¹ Office of the Assistant Secretary for Planning and Evaluation. (2017). U.S. Federal poverty guidelines used to determine financial eligibility for certain federal programs. Retrieved March 28, 2017 from <https://aspe.hhs.gov/poverty-guidelines>.

How to Use This Guide

The Elder Index can be a powerful tool for state and local advocates and aging service providers. This guide provides organizations with:

1. An introduction to the Elder Index and the associated Elder Economic Insecurity Rates (EEIRs) and an explanation of how they are best presented to specific audiences
2. Suggestions for how caseworkers and advocates can use the tools to communicate seniors' needs and apply them directly in their daily work
3. Ideas on how to talk about the tools and integrate economic security messaging into an organization's work, or even its mission
4. A customizable economic security advocacy fact sheet that can be used for education and outreach.

The Elder Index and Elder Economic Insecurity Rates

The Elder Index

To measure how well older adults can or will make ends meet, it is necessary to compare resources to expenses and identify universal basic needs as they relate to local market prices. If the older adult's budget includes multiple major expenses, the comparison of income to outgoing expenses in one's budget can be used to benchmark income adequacy, understand inflation pressures over time on a fixed income, and anticipate how well seniors and their families are likely to fare in the future.

The Elder Index is a measure of the income retired adults need to meet basic monthly expenses and age in their own homes—without borrowing, relying on gifts from family, or relying on public assistance programs. While benefits, particularly food programs and energy assistance, are critical to helping many older adults address the gap between income and economic security needs, seniors who depend on public assistance programs are still not considered economically secure because they lack the income to cover their expenses and emergencies; without assistance. Elder Index expenses include housing, food, basic transportation, health care, and miscellaneous items such as clothing, household items, and personal needs. As it is a basic budget, it does not include the cost of long-term services and supports, emergency funds for auto or home repairs, or even entertainment money to see a movie with grandchildren.

Table 1: Elder Economic Security Standard Index for the United States, 2016

Expenses	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/ Mortgage
Housing	\$516	\$791	\$1,425	\$516	\$791	\$1,425
Food	\$256	\$256	\$256	\$470	\$470	\$470
Transportation	\$231	\$231	\$231	\$357	\$357	\$357
Health Care	\$390	\$390	\$390	\$780	\$780	\$780
Miscellaneous	\$279	\$279	\$279	\$425	\$425	\$425
Elder Index per Month	\$1,672	\$1,947	\$2,581	\$2,548	\$2,823	\$3,457
Elder Index per Year	\$20,064	\$23,364	\$30,972	\$30,576	\$33,876	\$41,484

Source: [National Council on Aging and The Gerontology Institute, University of Massachusetts Boston, The Economic Security Database](#)

Note: For additional information on the Elder Index, see the Gerontology Institute's [The National Economic Security Standard Index](#). U.S., state and county-level Elder Index data can be viewed and downloaded at the [Economic Security Database](#). The Elder Economic Security Standard™ Index (Elder Index) was developed by the Gerontology Institute at the University of Massachusetts Boston with Wider Opportunities for Women, and is maintained in partnership with the National Council on Aging (NCOA).

Housing: Rent, owner costs (insurance, property taxes, utilities), or mortgage payments plus owner costs

Food: Cost of food prepared at home, based on the USDA Low-Cost Food Plan for older adults

Transportation: Automobile owner and operating costs, based on National Household Travel Survey senior driving data and IRS car travel reimbursement rates

Health Care: Premiums for Medicare Parts B and C and average out-of-pocket costs, including copayments and deductibles

Miscellaneous: Household needs and other additional spending; calculated as 20% of all other Elder Index expenses, based on Department of Labor Consumer Expenditure Survey data

As illustrated in Table 1, the Elder Index includes costs for households of one single older adult (aged 65 or older) or an older couple (any two seniors living together independently, regardless of their relationship). Data is available for each state and county in the country and for selected cities. The Elder Index presents separate local housing costs for renters, homeowners without mortgages, and homeowners with mortgages. It also presents differences in typical health care costs for seniors in poor, good, or excellent health who participate in Medicare (Parts A, B, and D) and local Medigap or Medicare Advantage plans.

This stands in stark contrast to the federal poverty guidelines, which do not vary within the continental United States. The official poverty measure was developed in the mid-1960s based on the cost of the “minimum food diet” multiplied by three to determine other family expenses.² The measures are updated annually to account for inflation based on the Consumer Price Index. A second measure of poverty was created in 2010, the Supplemental Poverty Measure (SPM), which is an extension of the official poverty measure and considers government benefits and necessary expenses that are not included in the original measure.³ Figure 1 provides a comparison of the official poverty measure and supplemental poverty measure concepts.

Figure 1: Poverty Measure Concepts: Official and Supplemental

	Official Poverty Measure	Supplemental Poverty Measure
Measurement Units	Families and unrelated individuals	All related individuals who live at the same address, including any coresident unrelated children who are cared for by the family (such as foster children) and any cohabitators and their children.
Poverty Threshold	Three times the cost of minimum food diet in 1963	The 33rd percentile of expenditures on food, clothing, shelter, and utilities (FCSU) of consumer units with exactly two children multiplied by 1.2
Threshold Adjustments	Vary by family size, composition, and age of householder	Geographic adjustments for differences in housing costs and a three parameter equivalence scale for family size and composition
Updating Thresholds	Consumer Price Index: all items	Five year moving average of expenditures on FCSU
Resource Measure	Gross before-tax cash income	Sum of cash income, plus in-kind benefits that families can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, minus out-of-pocket medical expenses

Source: U.S. Census Bureau. (2012). What is the supplemental poverty measure and how does it differ from the original measure? Retrieved March 7, 2017 from <http://blogs.census.gov/2012/11/08/what-is-the-supplemental-poverty-measure-and-how-does-it-differ-from-the-official-measure/>.

² U.S. Census Bureau. (2016). The history of the official poverty measure. Retrieved March 7, 2017 from <https://www.census.gov/topics/income-poverty/poverty/about/history-of-the-poverty-measure.html>.

³ U.S. Census Bureau. (2016). How census measures poverty. Retrieved March 7, 2017 from https://www.census.gov/library/visualizations/2014/demo/poverty_measure-how.html.

The 2017 federal poverty level is \$12,060 for a family of one. By comparison, the 2016 Elder Index's smallest annual income necessary to ensure economic security is \$13,932 for a single older adult in excellent health who owns a home without a mortgage in Hernando County, FL. The largest annual income required to ensure economic security is \$66,408 for a couple in poor health paying a mortgage in Westchester County, NY. This range of income requirements highlights the need for better approaches to building and preserving economic security, especially when it comes to volatile expenses such as housing and health care costs.

U.S., state, and county Elder Index data are available from the [Economic Security Database at www.BasicEconomicSecurity.org](http://www.BasicEconomicSecurity.org).

Economic Insecurity Rates

After calculating the amount of income needed to achieve economic security in a specific location, it is also possible to calculate the percentage of seniors who lack those incomes. The Elder Economic Insecurity Rates (EEIRs) reflect the percentages of seniors lacking incomes that cover the basic expenses included in the Elder Index. These benchmarks are more sophisticated, more inclusive, and more geographically specific measures of seniors' well-being than poverty lines and rates. UMass-Boston has calculated EEIRs for the United States and for each state in the nation.⁴

The national EEIR for older couples was 26% in 2016, which is approximately half the insecurity rate (53%) for seniors living alone. The state with the highest EEIR for older adults living alone is Mississippi, at 64%. At 45%, Utah has the lowest EEIR for seniors living alone. Mississippi also has the highest EEIR for senior couples (34%), while Washington, DC has the lowest EEIR for senior couples (15%). (See Table 2.)

Table 2: Highest and Lowest Statewide Elder Economic Insecurity Rates for Single Seniors, 2016

Rank	State	Below Index (%)	Rank	State	Below Index (%)
1	Mississippi	63.7	47	Kansas	47.3
2	Massachusetts	61.1	48	Colorado	46.0
3	New York	60.4	49	Alaska	45.9
4	Vermont	60.3	50	Arizona	45.4

⁴ EEIR calculations are limited to households for which Elder Index values have been calculated—households composed of either a single adult age 65 or older or an elder couple consisting of two adults age 65 or older. All adults are fully retired (reporting zero earnings and no work in the past year). For methodology details, see the Gerontology Institute's [Living Below the Line: Economic Insecurity and Older Americans' Insecurity in the States 2016](#).

Inconsistencies with Current Poverty Rates

Poverty rates often fail to convey the urgent personal and policy issues faced by older adults of various backgrounds and incomes. Other significant problems with relying on the current federal poverty rates include:

- Poverty rates can evoke established notions of need and disadvantage that do not show the full picture of who may be struggling to make ends meet.
- The poverty rate methodology is significantly outdated and has not changed since its creation 50 years ago.
- The poverty rate provides an incomplete perspective on older adults' well-being. For instance, the 2016 poverty rate for U.S. seniors living alone is 19%, while the EEIR for older adults living alone is 53%.
- Both the official poverty measure and supplemental poverty measure provide policymakers with the appropriate level of data to make decisions, however, they are not a true benchmark of income adequacy and/or retirement income adequacy.
- The Supplemental Poverty Measure improves on the official poverty methodology by considering several household expenses and varying costs by metropolitan area, but it is still a measure of abject poverty and is not elder-specific.

By including an EEIR in broader economic discussions about older adults, it becomes easier to relate not only a story of economic insecurity for those living below the poverty line, but also to discuss a community's seniors who may be one unexpected expense away from economic insecurity.

EEIRs for all 50 states and the District of Columbia can be found in [Living Below the Line: Economic Insecurity and Older Americans' Insecurity in the States 2016](#). For more information on the Elder Index, see [The National Elder Economic Security Standard Index](#).

How to Use the Elder Index and EEIRs in Your Work

The Elder Index and EEIRs have a wide range of uses. They can help workers, retirees, service providers, advocates, policymakers, and governments: define, communicate, and examine the components of elder economic security; understand income needs and plan for the future; identify and measure local needs and challenges; and measure the impact of programs and public policies that promote elder economic security.

Use of the Elder Index and EEIRs will depend on the organizational mission and audience targeted. Below are uses within three broad categories.

Organizational Development and Service Provision

1. Use the Elder Index to better understand a client's economic situation during intake. Compare income and expenses to the Elder Index and consider resources that may be available to help an older adult cover the gap. NCOA's [EconomicCheckUp](#)[®] compares clients' income and expenses to the Elder Index and provides a wide array of recommendations to help boost their economic security.
2. Evaluate (and promote) service/program performance by measuring client economic security gains against the local Elder Index.
3. Communicate programming and service needs to donors/funders using EEIRs or the Elder Index for your community and state.
4. Help those working on multiple senior service or policy issues find common ground and language. Focus on language that describes services or advocacy in terms of how (if not how much) it increases economic security.



The National Council on Aging's [EconomicCheckUp](#)[®] (www.EconomicCheckUp.org) is the nation's most comprehensive, free online service to help older adults improve their economic security. Many older adults need help making ends meet, but they do not know where to find trusted resources.

[EconomicCheckUp](#)[®] asks a series of questions to identify benefits that can save them money, find ways to cut expenses, and develop a concrete plan to achieve greater economic security. The type of assistance available includes:

- Money management and budgeting
- Housing
- Health care
- Employment and training
- Debt and credit management

Counseling and Education

1. Help those without financial advisors understand minimum retirement spending needs and savings targets. Traditional retirement planning suggests a worker budget for annual spending equivalent to 70-80% of current income. The Elder Index provides a more tailorable target relevant to low- and moderate-income households. Use a local Elder Index as is, or tweak it to better fit a specific household.
2. Help older workers better understand when and how to retire. Benchmarking potential retirement income against the Elder Index can help workers decide when to retire and whether to change jobs or pursue part-time work. Once desired retirement income is understood, it also becomes easier to identify work and training that will provide or lead to wages for older workers to achieve economic security.
3. Explain how seniors can maximize and best utilize their incomes (e.g., Social Security and savings), assets (e.g., home equity), and time (e.g., potentially returning to work).
4. Explain or demonstrate the potential impact of public benefit programs (such as food, energy, health care, or housing assistance) on current and future economic security.
5. Research/identify locales where retirees' money will go farther in retirement.

Elder Index in Action

The Washington State Department of Social and Health Services used the Elder Index to calculate statewide EEIRs. EEIRs were used within the state's official (2020) aging population forecast. They also informed the Department's State Plan on Aging and 2012-2015 (AAA) Area Plans. For example, the Department used economic insecurity rates to help forecast utilization of Aging and Adult Services in-home, community residential, and skilled nursing facility services.

Advocacy and Education

1. Educate policymakers about the economic realities that older adults face. In national policy debates, the fact that seniors struggle to pay for health care, food, housing, and other basic needs will likely need to be reinforced.
2. Promote economic security as an aspirational public policy goal. Argue for public policy based on better data regarding older adults' economic needs.
3. Demonstrate need for public programs and policies that support low- and moderate-income seniors and reduce EEIRs, particularly as proposals to reduce spending or restructure benefits programs are debated.
4. Advocate for protecting and strengthening the health care safety net for older Americans and improving access to home and community-based services and supports. Highlight Elder Index health care costs, the proportion of elder budgets comprised of health care costs, and increasing EEIRs to demonstrate the need to preserve health care funding, avoid restructuring core benefits, and enhance benefits access, including:
 - Maintaining the essential structure and integrity of Medicaid.
 - Proposals to shift additional costs to Medicare beneficiaries.
 - Improving eligibility for Medicare low-income protections and funding for

- beneficiary outreach and enrollment activities.
- Medicaid home and community-based services reforms, support for a national long-term care insurance program that provides affordable options for Americans to prepare for the costs of long-term services and supports, and stronger initiatives to assist family caregivers across the lifespan.
5. Advocate for continued investment in Older Americans Act (OAA), Elder Justice Act (EJA), and other community-based programs for older adults and caregivers. Help the Aging Network detail the importance of OAA services (such as nutrition, transportation, health, employment, legal, and caregiver assistance) and EJA intervention. For example, use Elder Index costs, such as transportation costs, to demonstrate the importance of OAA transportation-related services, or detail the effect of financial exploitation on older adults.
 6. Advocate for enhancing nutrition assistance for food insecure seniors, by strengthening access to services and benefits and OAA senior nutrition and supportive services.
 7. Advocate for federal efforts to protect and strengthen Social Security by demonstrating current and potential disparities between typical Social Security payments and economic security income requirements. Demonstrate how basic expenses consume modest Social Security incomes or argue how changes in Social Security could cause the economic insecurity rate to increase. Support efforts to provide work credits for caregiving, raise the special minimum benefit for low-income people with long work histories, utilize the CPI-E to more accurately determine COLA for seniors, and increase benefits for beneficiaries over age 85.
 8. Advocate for improved workforce development and older worker training. Use EEIRs and EEIR trends to project future older workers' need to remain in the workforce.

Elder Index in Action

The Washington Association of Area Agencies on Aging (W4A) provided the Elder Index to members of a bi-cameral Joint Legislative Executive Committee on Aging and Disability Issues, and later provided EEIRs to fulfill the Committee's request for numbers of seniors lacking economic security incomes. The data was featured within W4A's advocacy on pension plan preservation, and within their support for a proposed state Small Business Retirement Marketplace, which employees within small companies can now use to shop for low-cost, tax-advantaged retirement savings plans.

Economic Security Messaging

The Elder Index and EEIRs can help caseworkers and advocates explain the economic needs of older adults. To help in this effort, here are a few messaging tips:

- The Elder Index only applies to retired seniors living in their own homes. Refer, at least once, to “retired seniors” or “fully retired seniors” and seniors who “live independently,” “live at home,” or “live in their own homes.”
- Beware stating *definitively* that seniors who lack Elder Index incomes cannot afford or lack basic needs. We don’t know how seniors allocate their incomes, what they may do without, or if they have public assistance or gifts that make their incomes more sufficient. Instead, focus on the difficulty of making ends meet on a limited or fixed income, especially when it comes to unforeseen expenses or health incidents.
- Talk about budget shortfalls and trade-offs seniors *may* face if their income falls short of economic security. For example, an economic security gap of \$1,200 may be equal to X months of food or health care expenses.
- Explain the importance of benefits and other resources in helping older adults meet their basic needs. However, keep in mind that many older adults may still be struggling to cover all of their expenses, even with this assistance.

An EEIR Fact Sheet Template for Your State

[Download the customizable EEIR fact sheet here](#) (see example on next page). Modify the sheet for your state by: 1) inserting your state name where appropriate; 2) inserting your state’s Elder Index values and; 3) inserting EEIRs. To find your state’s Elder Index data, visit www.basiceconomicsecurity.org. Your state’s EEIRs and senior poverty rates can be found in [Living Below the Line: Economic Insecurity and Older Americans’ Insecurity in the States 2016](#).

Click to insert logo

Living Below the Line: Elder Economic Insecurity in <State>

<#> % of older adults living alone in <State> are likely to have trouble making ends meet each month. <State>'s 2016 Elder Economic Insecurity Rate (EEIR)—the percentage of retired seniors living in their own homes whose incomes fall below the local Elder Economic Security Standard Index—suggests that <#> % of seniors living alone lack the incomes they will need to remain retired, make ends meet, and age in their own homes.

<State> seniors living as couples (defined as two seniors living together, regardless of relationship) fare better. The state's economic insecurity rate for senior couples is <#> %. This rate stands in contrast to the state's modest <#> % poverty rate for senior couples. The difference reveals senior couples who are often overlooked, but whose incomes don't allow them to escape poverty's shadow. These seniors are more likely to go without one or more basic need, and are less likely to weather unforeseen expenses.

Defining Economic Security: The Elder Index

The Elder Economic Security Standard™ Index (Elder Index) includes the costs faced by households of one or two retired seniors (aged 65 or older). The Elder Index defines security as the income seniors need to cover basic and necessary living expenses—housing, food, transportation, health care and miscellaneous household items—without public assistance, loans, or gifts. The Elder Index includes no income or savings for home or car repairs, long-term services and supports, or even entertainment money to see a movie with a grandchild. Table 1 presents the 2016 <State> statewide Elder Index.

Table 1: Elder Economic Security Standard Index for <State>, 2016

Expenses	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/Mortgage
Housing	<#>	<#>	<#>	<#>	<#>	<#>
Food	<#>	<#>	<#>	<#>	<#>	<#>
Transportation	<#>	<#>	<#>	<#>	<#>	<#>
Health Care	<#>	<#>	<#>	<#>	<#>	<#>
Miscellaneous	<#>	<#>	<#>	<#>	<#>	<#>
Elder Index Per Month	<#>	<#>	<#>	<#>	<#>	<#>
Elder Index Per Year	<#>	<#>	<#>	<#>	<#>	<#>

Source: [National Council on Aging and The Gerontology Institute, University of Massachusetts Boston, The Economic Security Database](#)
 Note: For additional information on the Elder Index, see the Gerontology Institute's [The National Economic Security Standard Index](#). U.S., state and county-level Elder Index data can be viewed and downloaded at the [Economic Security Database](#). The Elder Economic Security Standard™ Index (Elder Index) was developed by the Gerontology Institute at the University of Massachusetts Boston with Wider Opportunities for Women, and is maintained in partnership with the National Council on Aging (NCOA).

Economic Insecurity Rates Compared to the National Average

The <State> single elder EEIR is <#> % compared to the national EEIR for elders living alone of 53%. The state's elder couples EEIR is <#> %, compared to 26% at the national level. Although 19 states have EEIRs below the national EEIR, no U.S. state has a completely low EEIR; the lowest state EEIR for single elders is 45% (Utah), which puts nearly half of the state's single seniors at risk of poverty and its consequences. Many states with below-average EEIRs have relatively high senior poverty rates.

Large Proportions of Elder-Only Households Live in the Gap Between Poverty and Economic Security

The <State> statewide Elder Index for renters is \$ <#> for one senior and \$ <#> for two seniors. In contrast, the 2016 federal poverty guideline is just \$12,060 for one person and \$16,240 for two people. In <State>, <#> % of single seniors live below the poverty line, and another <#> % live in the "economic security gap," the gap between poverty and the Elder Index. In the United States, 18.8% of single seniors living alone are poor, and another 34.2% live in the economic security gap. While these older adults living in the gap avoid official poverty, their incomes do not allow them to escape the shadow of poverty. They often have too much income or assets to qualify for public assistance programs that would allow them to avoid hardship and age in their own homes.

While decreasing poverty is critical, there are also older adults who are one bad break away from poverty. As the state's senior population grows, state and local government must recognize the economic security gap and, recognize those who fall into it, and deliberately consider policy impacts on senior economic security.

State and county-level Elder Index data can be viewed, compared, and downloaded within [The Economic Security Database](#). EEIRs for all 50 states and the District of Columbia can be found in [Living Below the Line: Economic Insecurity and Older Americans' Insecurity in the States 2016](#). For more information on the Elder Index, including methodology, see [The National Elder Economic Security Standard Index](#).