News from the Fiscal Policy Institute

For immediate release

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New report
http://www.epi.org/publication/economic-security-elderly-americans-risk

Nearly half of seniors, including a majority of elderly blacks and Hispanics, are on the cusp of poverty, a new Economic Policy Institute report finds.

52% of New York seniors are economically vulnerable, the fifth highest among all states.

House Budget Committee Chairman Paul Ryan's Medicare proposals would put many more seniors at economic risk.

Having to squeeze their dollars, 48.0 percent of seniors nation-wide are at economic risk. The rates of vulnerability are much higher for elderly blacks and Hispanics, at 63.5 percent and 70.1 percent, respectively, a new Economic Policy Institute (EPI) briefing paper finds. The rate for New York State is 52.0 percent, fifth highest among all states. The Fiscal Policy Institute (FPI) is co-releasing the EPI report.

In *Financial security of elderly Americans at risk: Proposed changes to Social Security and Medicare could make the majority of seniors 'economically vulnerable,'* Elise Gould, EPI director of health policy research, and David Cooper, EPI economic analyst, explain that because official poverty statistics do not account for seniors' increased health costs, they mask the true vulnerability of the elderly population.

Using a more comprehensive assessment of seniors' living expenses, the EPI study finds that nearly half of America's seniors, especially minorities and women, are just one bad economic shock away from falling into poverty. As such, any proposed changes to Social Security and Medicare must be evaluated not just for their impact on future budget deficits, but for their impact on living standards of the elderly. "After working hard their entire lives, millions of our elderly are struggling to pay for basic needs like food, medicine and housing, even with Social Security and Medicare," said the report's co-author, **Elise Gould**. "As such, policymakers should consider the dire consequences proposals to restructure these programs would have on our parents and grandparents, shifting more costs onto them when many are already barely making ends meet."

The EPI study used the Elder Economic Security Standard Index (Elder Index), an income standard developed specifically for the elderly by Wider Opportunities for Women (WOW), to determine what level of income represents actual economic security for elderly Americans. The EPI study determined that elderly "economic vulnerability" can be defined by having an income less than 2.0 times the Census Bureau's Supplemental Poverty Measure (SPM) threshold. Under this more appropriate measure of economic security, the authors find that 48.0 percent of seniors live with dangerously low levels of income, varying considerably across different groups of elderly Americans.

Comparing the elderly by age group—65 to 79 years old versus 80 years old and older—shows that the older elderly have a far higher rate of economic vulnerability (58.1 percent) than people age 65 to 79 (44.4 percent). At 52.6 percent, elderly women are more likely to be economically insecure than men (41.9 percent). Meanwhile, though blacks and Hispanics constitute just 15.4 percent of the elderly population, they comprise over one-fifth (21.9 percent) of the vulnerable elderly, at 63.5 percent and 70.1 percent, respectively.

There are also considerable variations across states and the District of Columbia, from a low of 35.4 percent in North Dakota to a high of 59 percent in the District of Columbia. Not surprisingly, states with large minority populations—like the District of Columbia and California (55.8 percent)—tend to have the highest levels of elderly vulnerability. Hawaii, Georgia, Tennessee, and New York each have at least 52 percent of seniors living below two times the supplemental poverty line. North Dakota (35.4 percent), South Dakota (37.2 percent), Nebraska (40.5 percent), and Wisconsin (40.6 percent) have the lowest shares of vulnerable elderly.

Because lower-income elderly households depend heavily on social programs such as Social Security and Medicare, changes to these programs should be viewed through the lens of how they would affect economically vulnerable seniors. Proposals to shift additional health costs onto seniors, such as House Budget Committee Chairman Paul Ryan's plan to convert Medicare into a voucher system, would drive more seniors into poverty. The new EPI report found that under Ryan's proposed Medicare changes, the predicted increase in seniors' out-of-pocket health costs would raise the share of economically vulnerable elderly from 48.0 percent to 56.4 percent, an increase of almost 3.5 million vulnerable seniors. Similarly, proposals to change the calculation of Social Security cost-of-living adjustments (COLAs) to a chained consumer price index would result in 132,000 more economically vulnerable seniors.

James Parrott, Deputy Director of the Fiscal Policy Institute, warned, "The changes to Medicare and Social Security being considered in Washington will only push more vulnerable older New Yorkers to the edge. It is a giant step backwards to worsen living conditions for our seniors in the name of long-term fiscal stability. That only makes our future less, not more secure."

"We can dispel the myth that most seniors are 'greedy geezers' with lavish retirements. Almost half are either in poverty or close to it," said EPI's **David Cooper**, a co-author of the report. "We shouldn't be cutting the benefits that are barely adequate as is, effectively legislating more of them into poverty."

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About EPI and FPI

The Economic Policy Institute (EPI) is an independent, nonprofit think tank that researches the impact of economic trends and policies on working people in the United States. For more information, visit www.epi.org.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.

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