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The Connecticut Elder Economic Security Initiative

Redefining retirement and economic security for older adults are vital to both Connecticut's economy and to women. Economic security for women throughout the lifespan is the cornerstone of the Permanent Commission on the Status of Women's (PCSW) agenda. The disproportionate number of women among Connecticut's older adults-- living longer, living in economic distress and living with chronic conditions--compelled us to launch the Elder Economic Security Initiative™ ("the Initiative") in partnership with Wider Opportunities for Women (WOW), a national advocacy organization based in Washington D.C., and the Connecticut Commission on Aging. Connecticut is the seventh state to officially launch the Initiative.

The guiding tool of the Initiative is the Elder Economic Security Standard™ Index ("the Index"). The Index measures how much income an older adult, age 65 and older, needs to adequately meet their basic needs – without public or private assistance. It is based on an elder's location and housing and health status. Given today's cost of living and the premium for living in a high-cost state such as Connecticut, a range of stable programs is needed. Connecticut has an array of public and private supports to help older adults struggling to make ends meet.

Our research evaluates programs which make the critical difference for those whose income falls short of basic needs. Table 1 illustrates the range of costs for basic monthly expenses. It is broken out for single adults and couples by housing status and type of expense.

Table 1: The Statewide Elder Economic Security Standard Index for Connecticut, 2008 (Annual)

Monthly Expenses	Single Elder			Elder Couple		
	Owner w/o mortgage	Renter	Owner w/ mortgage	Owner w/o mortgage	Renter	Owner w/ mortgage
Housing	\$657	\$909	\$1,483	\$657	\$909	\$1,483
Food	234	234	234	430	430	430
Transportation	209	209	209	368	368	368
Health Care (Good Health)	385	385	385	770	770	770
Miscellaneous	297	297	297	445	445	445
Total Monthly (Index) Expenses	\$1,782	\$2,034	\$2,608	\$2,670	\$2,922	\$3,496

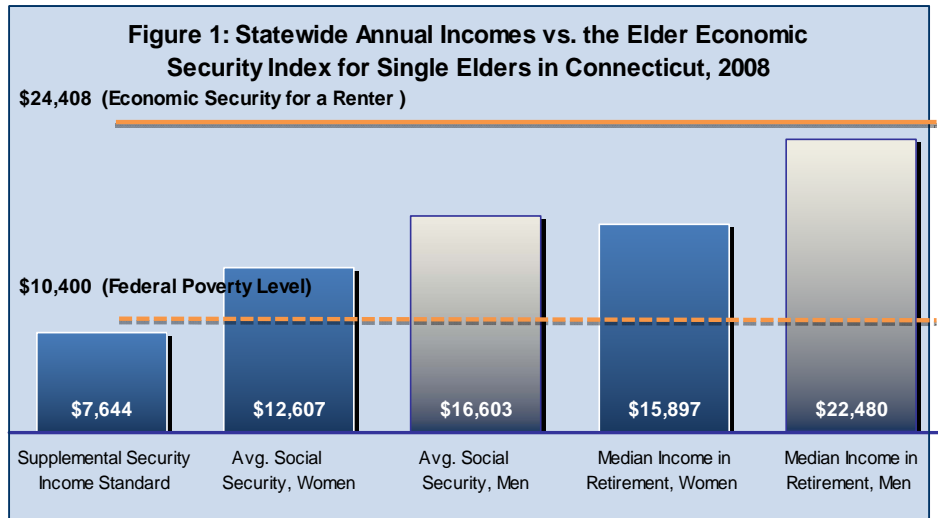
Total Annual (Index) Expenses	\$21,383	\$24,408	\$31,296	\$32,039	\$35,064	\$41,952
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Women Experience Greater Economic Stress in Retirement. Women still earn only 78 cents for each dollar earned by men for the same job. Home ownership among female-headed households lags behind that of male-headed households by ten percentage points. Fewer women than men have pension benefits and retirement savings. Women have fewer assets than men. These factors combine and build over the years to result in a far lower standard of living for women in retirement.

The average Social Security benefit for a single woman in Connecticut is \$12,600 per year. Nearly one-half of older women rely almost entirely on this for their income.

In fact, the Index provides a startling picture of what all older adults face in retirement. Poverty increases with age and is much more common among older women than men. In addition, elder poverty disproportionately affects women of color and those who live alone. Almost half (45%) of elderly women in Connecticut rely almost exclusively on Social Security for their total income. Figure 1, below, shows differences in retirement income by gender. The average Social Security benefit for a single older woman in Connecticut is \$12,600 per year or just over \$1,000 per month.

Figure 1 also illustrates that neither Social Security nor median incomes allow older women to achieve economic security. Only older men living on median income in retirement are able to meet the benchmark of economic security for older renters in Connecticut.



The demise of employer-sponsored retirement plans places greater weight on Social Security as a guaranteed source of income for older adults. Those relying primarily on Social Security need access to state and/or federal assistance.

Housing and Medical Costs have the Greatest Impact on Elder Economic Security.

Connecticut’s older adults cannot meet their basic living expenses whether they live at the Federal Poverty Level, amounting to \$10,400 for a single elder in 2008, or the average Social Security benefit. This is true of elders statewide, whether they rent or own a home.

- Housing costs (mortgage or rent, taxes, utilities and insurance) put a heavy burden on elder households, representing as much as half of their total expenses.
- Average Social Security payments to both men and women fall short of economic security *regardless of housing status* (renter, homeowner without a mortgage, homeowner with a mortgage).

- *The Index* shows the significance of health care costs for Connecticut's older adults who must address the limitations in Medicare coverage by purchasing supplemental health and prescription drug insurance.¹
- The need for home and community-based long-term care can more than double an elder's expenses, significantly increasing the income needed to meet basic needs.

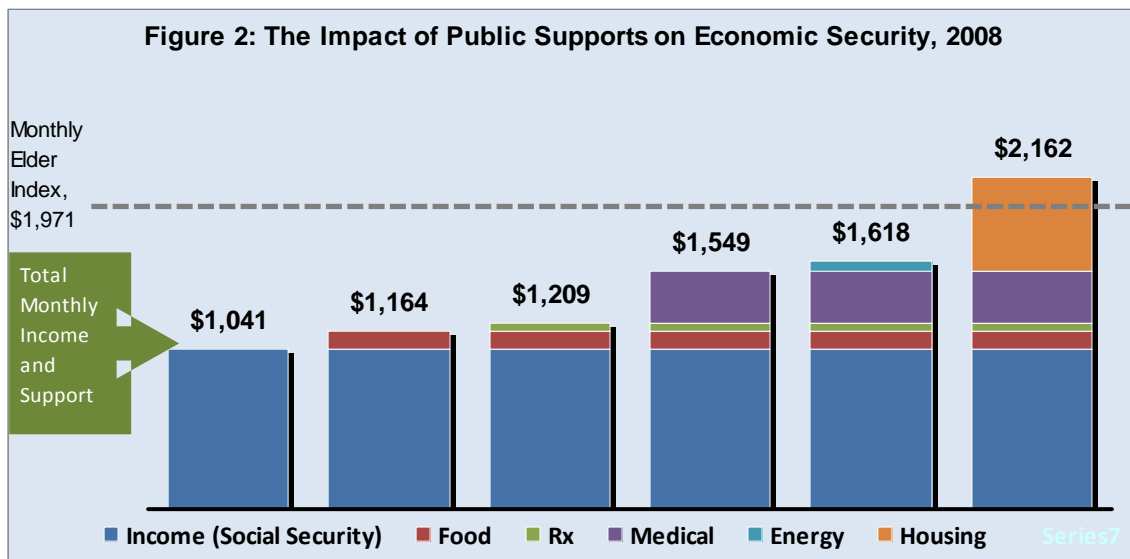
Public Supports Can Close the Gaps. For single older adults living on Social Security, expenses can outstrip income by as much as \$40,000 annually. This means there is a gap between what's needed and what's earned that ranges between \$7,000 - \$40,000. However, Connecticut's older adults who live on Social Security *and* receive *all* public supports for which they are eligible can approach or attain economic security.

Table 2, below, illustrates that housing, income and medical assistance are the public supports most effective in filling the gap between elder incomes and the cost of living. (*See Elders Living on the Edge: Toward Economic Security for Connecticut's Older Adults* for more information about income supports.)

Table 2: The Impact of Supports on Economic Security for a Single Older Renter Living on Social Security							
		Income Plus...					
Average Monthly Social Security Income	\$1,041	Food Assistance	Food + Rx Assistance	Food + Rx + Medical Assistance	Food + Rx + Medical + Energy Assistance	Food + Rx + Medical + Energy + Housing Assistance	
Monthly Elder Index	\$1,971						
Monthly Shortfall	-\$930	-\$807	-\$762	-\$422	-\$353		
% Economic Security	53%	57%	58%	71%	75%		Economic Security Attained

Note: Single, retired woman renter living on average Social Security for women (\$1,041/mn, \$12,489/yr) in Manchester, CT, one of the towns located in the urban periphery, 2008. Manchester and other towns like it include 35% of the State's population and are most representative of Connecticut.

Figure 2, below, illustrates how critical housing assistance is to closing the income gap. Connecticut's rental assistance applicants, whether elderly or not, languish on long waiting lists



for housing assistance. The Rental Assistance Program normally has a waiting list of more than 7,000 applicants. Many older adults are income-eligible for housing, income and medical assistance but do not participate due to a variety of issues. We address these and other issues affecting the economic well-being of Connecticut's residents in short- and long-term policy solutions below.

Policy Recommendations

The good news is that there are programs in place and constructive and workable options to address the gaps. The Initiative helps clarify approaches that are effective in bridging the gaps. Short-term, low-cost solutions include:

1. Evaluate and protect programs that support economic well-being, particularly in *housing and health care*.
2. Encourage employers to offer flexibility for older workers, including pro-rated benefits for part-time workers, telecommuting, and a more flexible work schedule.
3. Simplify eligibility and enhance outreach for income support programs. Reduce confusion and duplication by creating a single intake application.
4. Encourage retirement planning and educate the public about long-term care costs.
5. Maximize federal funding for the Medicare Savings program and other income supports.

Long-Term Solutions

1. Increase the number of federal and state housing vouchers in Connecticut.
2. Streamline property tax relief programs at the state and local level. Towns should conduct outreach to residents with their property tax bills.
3. Increase cash assistance for more low-income older adults by increasing Connecticut's State Supplement Program.
4. Expand eligibility for public health care programs.
5. Work with the Congressional delegation to advance policies outside the state's purview.

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Sources:

Alison Gottlieb, Jan Mutchler, and Wider Opportunities for Women, *The Elder Economic Security Initiative™ Program: The Elder Economic Security Standard Index for Connecticut* (Washington, DC: Wider Opportunities for Women, 2009).
Elders Living on the Edge: Toward Economic Security for Connecticut's Older Adults, Wider Opportunities for Women for the Permanent Commission on the Status of Women, 2009.

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¹ There are approximately 36,000 participants in ConnPACE, about 80% of whom are women. It is estimated that almost 50,000 people are eligible.