Late-life Gender Disparities in Economic Security

Evidence from the 2022 Elder Index

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

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CENTER FOR SOCIAL AND DEMOGRAPHIC RESEARCH ON AGING
GERONTOLOGY INSTITUTE
MANNING COLLEGE OF NURSING & HEALTH SCIENCES

UMass Boston

ABOUT THE AUTHORS

This report was prepared by the Center for Social and Demographic Research on Aging. Individuals responsible for the report include Jan E. Mutchler, Nidya Velasco Roldán and Yan-Jhu Su. Contact us at CSDRA@umb.edu.

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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 Wider Opportunities for Women and a national Advisory Board, the Elder Index defines economic security as the income level at which older people are able to cover basic and necessary living expenses and age in their homes, without relying on means-tested income support programs, loans or gifts.

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 ElderIndex.org and https://www.umb.edu/demographyofaging/elder_economic_security.

LATE-LIFE GENDER DISPARITIES IN ECONOMIC SECURITY:
Evidence from the 2022 Elder Index

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Estimates from the 2022 Elder Index illustrate the elevated risk of economic insecurity experienced by older women, especially those living alone. We use the Elder Index to calculate the percentage of older adults living in one- and two-person households with annual incomes that do not support economic security. National averages suggest that half of older women living alone, along with 42% of older men living alone, have annual incomes below the Elder Index. In addition, 21% of older couples have annual incomes below the Elder Index. Women in same-sex couples experience greater levels of disadvantage than men in same-sex couples and people in opposite sex couples. Moreover, women who are age 85 or older are at especially high risk of economic insecurity. These findings highlight the sizable impact of gender inequality throughout the life course on retirement security.

Life-long patterns of inequality in work experiences and wealth accumulation contribute to substantial gender disparities in retirement security. To the extent that an older person receives income from Social Security, pensions, earnings, or other sources sufficient to cover necessary living expenses, they are considered economically secure (Mutchler, Li, & Xu, 2018). When resources fall short of necessary expenses, economic insecurity occurs, requiring adjustment in terms of income (e.g., finding a part-time job), expenses (e.g., reducing housing costs), or both. Women in the United States are at heightened risk of economic insecurity in retirement, due to differences that span the life course in workforce participation, pay inequity, occupational segregation, and gendered caregiving demands. Together these factors contribute to women's lowered earnings and diminished capacity to accumulate resources for retirement during their working years.

Background

The contours of inequality shaping women's work lives and earning histories were already substantial when today's older women were building their careers and work histories, and inequality continues to impact women's work experiences today. On average, women earn lower wages than men during their working years (Bond, Saad-Lessler & Weller, 2020). Even among full-time, year-round workers, women in 1990 (when today's 60-year-olds were early in their work lives) earned about 70% of what men earned. A gap remains today, with the ratio reaching just 81% in 2017 (Fontenot, Semega & Kollar, 2018). Caregiving demands throughout the life course further contribute to the accumulation of gender gaps in work and earnings histories. Women are more likely than men to work part-time or spend time out of the labor force because of caretaking responsibilities for children (Bond et al., 2020; Blau & Kahn, 2017; Enda & Gale, 2020), and they are also more involved in caring for adults, including spouses, older parents, or others requiring assistance. Indeed, women are more likely than men to leave the workforce, work part-time, or take time off work to care for an older relative, with implications for their accumulation of retirement resources (Smith et al., 2020).

Gender disparities in work history and pay rates result in a lower accumulation of assets among women, including pension resources (Carr, 2019), and lower Social Security benefits in retirement (National Committee to Preserve Social Security & Medicare, 2021). These differences are exacerbated by the fact that women typically outlive men, which increases their chances of becoming widowed and living alone. In living longer, women need to stretch their resources over a longer time; but because they enter retirement with fewer resources, they have an elevated risk of exhausting their savings and assets (Enda & Gale, 2020). Currently, more than 31% of women age 65 or older live alone, compared to 19% of older men (U.S. Census Bureau, 2022). The loss of a spouse or partner may reduce household income, without substantially reducing household expenses, leading to a higher risk of economic insecurity among those living alone. As a result, many older women struggle financially in later life, with consequences ranging from falling into debt, being unable to keep up with bills, or foregoing necessary medical care (Montgomerie, 2013; Weaver, Rowland, Bellizzi & Aziz, 2010).

Disparities in economic security by gender

Using the Elder Index™, a county-by-county measure of the cost of living for older adults, we assess gender gaps in economic security among older people in the United States. The Elder Index measures the income older adults need to get by without relying on means-tested income support programs,[1] loans or gifts. The Elder Index focuses on households that include one or two adults aged 65 years or older living independently.[2] Expenditures for housing (including utilities), food, transportation, health care, and miscellaneous essentials (e.g., cleaning supplies) are included in the Elder Index (see Mutchler et al., 2018). Costs are stratified based on whether a person is single or coupled; whether the residence is rented or owned, and if owned, with or without a mortgage; and also based on health status (excellent, good, or poor). The 2022 U.S. average Elder Index is shown in **Table 1** and indicates that people living in their owned homes without a mortgage require $23,880 annually to cover necessary expenses if they live alone, and $36,300 if an older couple. Relative to costs for owners without a mortgage, estimated costs are higher for renters ($28,920 for singles and $41,340 for couples) and for those who are paying off a mortgage ($36,300 for singles and $48,720 for couples).

Table 1: The Elder Index, 2022 (U.S. average)

	Older Person Living Alone			Two-person Older Household		
Expense	Owner without Mortgage	Renter	Owner with Mortgage	Owner without Mortgage	Renter	Owner with Mortgage
Housing	$617	$1,037	$1,652	$617	$1,037	$1,652
Food	$306	$306	$306	$562	$562	$562
Transportation	$279	$279	$279	$430	$430	$430
Health Care (Good Health)	$456	$456	$456	$912	$912	$912
Miscellaneous	$332	$332	$332	$504	$504	$504
Elder Index Per Month	$1,990	$2,410	$3,025	$3,025	$3,445	$4,060
Elder Index Per Year	$23,880	$28,920	$36,300	$36,300	$41,340	$48,720

Source: The Elder Index (2022).

Comparing the value of the Elder Index to the incomes available to older adults in one- or two-person households, we identify three segments among the older adult population based on their position on the income distribution relative to the Elder Index and the federal poverty line[3] (FPL; see **Figure 1**). People with incomes below the FPL are considered poor by federal standards, but many others have incomes that fall between the FPL and the Elder Index (referred to as "in the gap"). Individuals falling in the gap have incomes that are too low to achieve economic security, but frequently too high to qualify for programs that are meant to offset shortfalls in income.

Comparing income levels to the Elder Index across the U.S. illustrates that women experience far higher risk of economic insecurity than men do.[4] As shown in **Figure 2**, half of single women are economically insecure, compared to 42% of single men and 21% of older couples. Because women are far more likely than men to live alone,[5] these disparities take on even greater significance. Taken together, an estimated 4.6 million women aged 65 years or older who live alone have incomes that fall short of what it takes to get by based on the Elder Index, along with 1.9 million older men, and 4.4 million people living in a two-elder household, for a total of 11 million older adults.

Figure 1: Assessing economic insecurity using the Elder Index

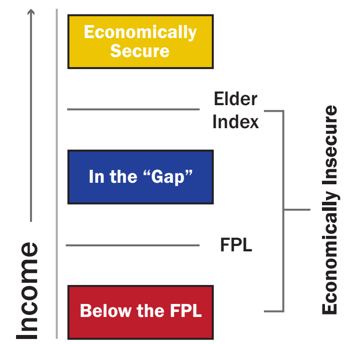
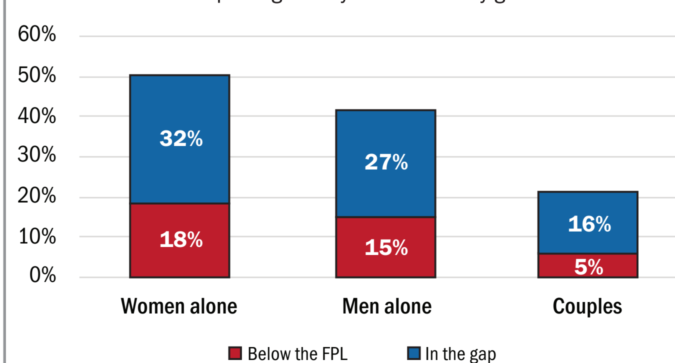


Figure 2: Rates of economic insecurity among singles and couples aged 65 years or older by gender



Source: Calculated by the authors based on the Elder Index and the American Community Survey, retrieved through IPUMS (Ruggles et al., 2023).

[1] Means-tested income support programs include benefits such as housing subsidies, SNAP benefits, fuel assistance, and other resources that can reduce out-of-pocket expenses.

[2] In this document, we use the term singles to refer to households that include one person living alone who is age 65 or older. We use the term couple to refer to households that include just two persons, both of whom are age 65 or older. Most of these couple households are married couples, and the remaining households include unmarried partners and older adults living with another older adult (such as siblings, an older adult with a parent, or other relationship). These two categories cover approximately two-thirds of people age 65 and older. The remaining third live in households that include more than two people or households that include at least one person under the age of 65, who may be a younger spouse or some other person under age 65.

[3] According to the Department of Health and Human Services, the Federal Poverty guideline is $13,590 for 1-person households and $18,310 for 2-person households in the 48 contiguous states and the District of Columbia, $16,990 in 1-person households and $22,890 in 2-person households in Alaska, $15,630 in 1-person households an $21,060 in 2-person households in Hawaii.

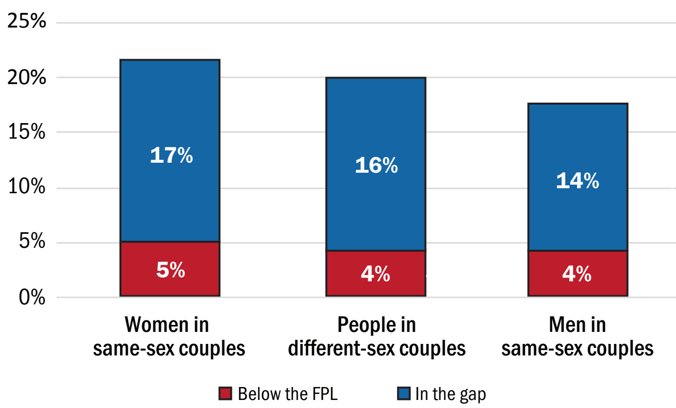
[4] For purposes of this comparison, we use the Elder Index value that assumes good health and renter statuses.

[5] In 2022, 33% of older women lived alone, compared to 20% of older men.

Economic insecurity among same-sex couples

Women in same-sex couples are at higher risk of economic insecurity compared to other types of couples. As shown in **Figure 3,** 22% of women in same-sex couples have incomes below the Elder Index compared to 18% of men in same-sex couples. One out of five different-sex couples are economically insecure.

Figure 3: Rates of economic insecurity among couples aged 65 years or older

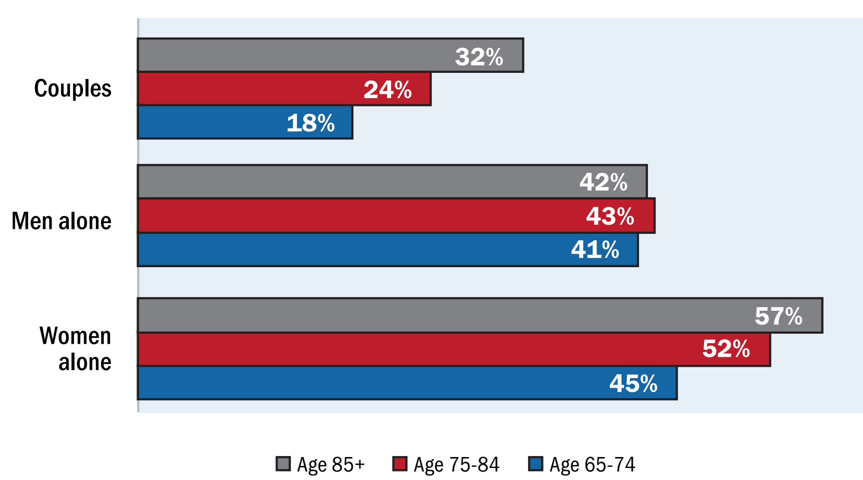


Source: Calculated by the authors based on the Elder Index and the American Community Survey, retrieved through IPUMS (Ruggles et al., 2023). Here, couples are two people, both of whom are age 65+, and reported in the ACS as spouses or as unmarried partners.

Intersection of age and gender in economic insecurity

Although gender gaps in economic security are present throughout later life, such gaps are especially sizable among the oldest adults. As shown in **Figure 4**, women living alone have higher rates of economic insecurity than their male counterparts at every age. However, at younger ages the gender gap between single men and women is small. Among singles aged 65-74 the rates of economic insecurity are just four percentage points apart, with 45% of women and 41% of men aged 65-74 having incomes that fall below the Elder Index. In contrast, among singles aged 85 or older, the gender gap is nearly four times greater, with 57% of women and 42% of men having incomes that fall below the Elder Index. While single men have roughly the same risk of economic insecurity across the age groups analyzed—ranging from 41% to 43%-the rate of economic insecurity for single women increases drastically across age cohorts, climbing from 45% among those aged 65-74 to 52% and 57% among those aged 75-84 and aged 85 and older, respectively. Couples consistently experience lower risks of economic insecurity within each age group. However, risks are progressively higher among the oldest couples. Taking into account the high likelihood that women survive into their 80s and beyond (Arias & Xu, 2020), often becoming single as they grow older, it is clear that older women run a disproportionate risk of experiencing economic insecurity.

Figure 4: Rates of economic insecurity among singles and couples aged 65 years or older by age and gender



Source: Calculated by the authors based on the Elder Index and the American Community Survey, retrieved through IPUMS (Ruggles et al., 2023).

The spatial context of gender disparities in late-life economic security

The share of single older women with income below the Elder Index differs considerably across states (see Appendix). Sixty-one percent of older single women in Massachusetts are economically insecure, the highest share among states in the U.S., followed closely by New York (59.7%) and Mississippi (57.0%). At the other end of the spectrum, states with the lowest shares of women who are economically insecure include Oklahoma (40.0%), Delaware (40.3%) and Wisconsin (40.5%). The ranking of states in terms of the share of single men with incomes below the Elder Index is similar to the ranking for women in some but not all states. However, in every state (excluding the District of Columbia) the percentage of single women who are economically insecure is higher than the percentage for single men in the same state.

Conclusion and looking ahead

Analyses based on the Elder Index show that half of older women living alone, along with 42% of single men and 21% of couples, have incomes below the Elder Index. Disparities are evident among same-sex couples as well: women in same-sex couples experience higher disadvantage compared to men in same-sex couples, and people in different-sex couples. Women aged 85 or older are at especially high risk of economic insecurity, reflecting economic disadvantages experienced at the intersection of gender and age.

Remedying late-life gender disparities in economic insecurity requires multi-pronged policies and interventions. Women's retirement security may be strengthened by addressing the sources of inequity shaping gender disparities in work histories and earnings. Promoting pay equity throughout the life course is critical to remedying these disparities. Strengthening the availability and affordability of child care is essential if parents are to maintain stable work histories that promote retirement security. Family leave policies that adequately support new parents as well as those caring for older relatives are needed, including implementing Social Security caregiving credits. In addition, increasing the value of Social Security benefits for people aged 85 and older will assist the oldest retirees and those who have the highest risk of economic insecurity, many of whom are women. Policies to address the gender gap in pay rates will help narrow gender disparities in retirement security in future generations. However, much more is needed, including tackling the cost of and access to child care and elder care, both of which disproportionately impact women's work trajectories and financial security in retirement.

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 the U.S., an estimated 27% of community-dwelling adults age 65+ live alone, and another 41% live with just one other person who is also age 65+. The remaining 32% 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 2017-2021 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: https://www.umb.edu/demographyofaging/economic-security/ and Elder Index: https://elderindex.org/.

Appendix

Table A-1: Economic insecurity rates by state for older single women, single men, and couples (ranked from highest to lowest based on the rate of economic insecurity among older women living alone)

State	% below, women	State Rank for single women	% below, men	State Rank for single men	% below, couples	State Rank for couples
Massachusetts	**60.9%**	**1**	**52.1%**	**1**	**25.7%**	**4**
New York	59.7%	2	50.0%	2	27.5%	2
Mississippi	57.0%	3	48.9%	3	27.7%	1
Rhode Island	56.1%	4	44.8%	11	17.7%	38
Vermont	54.2%	5	48.2%	5	24.8%	5
Maine	53.9%	6	44.8%	12	22.3%	13
California	53.8%	7	46.4%	7	25.7%	3
Louisiana	53.6%	8	45.7%	8	23.1%	9
New Hampshire	53.1%	9	44.5%	13	21.1%	18
Arkansas	51.8%	10	45.2%	9	23.8%	7
New Jersey	51.2%	11	43.1%	16	19.4%	25
South Carolina	50.7%	12	46.8%	6	20.4%	22
Florida	50.7%	13	42.1%	19	22.4%	12
Texas	50.7%	14	42.7%	18	22.5%	11
Georgia	50.2%	15	44.9%	10	22.1%	14
North Carolina	50.1%	16	44.2%	14	20.6%	20
Alabama	49.9%	17	40.1%	30	20.4%	21
Hawaii	49.8%	18	43.7%	15	23.2%	8
National Average	49.5%		41.7%		20.8%	
Connecticut	49.4%	19	40.1%	31	16.5%	46
Idaho	49.4%	20	40.3%	28	20.6%	19
Oregon	49.3%	21	41.3%	22	22.0%	15
West Virginia	49.1%	22	38.8%	33	23.0%	10
New Mexico	48.9%	23	43.0%	17	23.8%	6
Tennessee	48.9%	24	41.2%	23	19.6%	24
Pennsylvania	48.6%	25	38.5%	35	18.7%	31
Kentucky	48.4%	26	40.9%	25	21.6%	16
Colorado	48.2%	27	40.3%	29	17.7%	39
Washington	48.1%	28	40.9%	26	19.0%	30
North Dakota	47.8%	29	37.3%	39	21.3%	17
Illinois	47.3%	30	41.7%	20	18.3%	35
Montana	46.6%	31	40.7%	27	19.8%	23
District of Columbia	46.5%	32	48.3%	4	17.1%	43
Virginia	46.1%	33	38.9%	32	18.4%	34
Minnesota	46.0%	34	37.5%	38	17.4%	42
Maryland	45.7%	35	36.9%	40	19.4%	26
Wyoming	45.6%	36	32.3%	50	19.0%	29
Nevada	45.4%	37	41.4%	21	19.1%	28
Arizona	45.1%	38	38.2%	36	18.6%	32

State	% below, women	State Rank for single women	% below, men	State Rank for single men	% below, couples	State Rank for couples
Nebraska	45.0%	39	38.7%	34	17.5%	40
South Dakota	45.0%	40	35.4%	45	18.5%	33
Missouri	44.6%	41	37.6%	37	18.1%	36
Iowa	44.1%	42	36.2%	41	17.8%	37
Michigan	43.6%	43	34.7%	47	17.0%	44
Utah	43.5%	44	34.5%	48	16.2%	47
Ohio	43.4%	45	35.6%	42	15.9%	49
Indiana	43.4%	46	34.9%	46	16.0%	48
Alaska	41.9%	47	40.9%	24	13.3%	51
Kansas	40.8%	48	34.3%	49	16.9%	45
Wisconsin	40.5%	49	35.6%	44	17.5%	41
Delaware	40.3%	50	29.9%	51	14.0%	50
Oklahoma	40.0%	51	35.6%	43	19.3%	27

Source: Calculated by the authors based on the Elder Index and the American Community Survey, retrieved through IPUMS (Ruggles et al., 2023).

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The Center for Social and Demographic Research on Aging (CSDRA) conducts research that informs communities and organizations as they plan for aging populations. Our mission is pursued in part by developing collaborations with community partners, advocacy groups, and aging services organizations. Areas of special interest include economic security in later life; well-being and quality of life; community supports for older adults; evaluating programs designed for older adults; and demography and diversity of the aging population. For more information, visit **www.umb.edu/demographyofaging**.

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Created by the Massachusetts Legislature in 1984, the Gerontology Institute conducts research and policy analysis in the field of aging, and offers lifelong learning and pension protection services to older adults. The Institute's priorities include income security, long-term services and supports, healthy aging, age-friendly communities and social and demographic research on aging.

Located within the Manning College of Nursing & Health Sciences, the Institute furthers the university's educational programs in Gerontology, including a Ph.D. program in Gerontology, a Master's program in the Management of Aging Services, and undergraduate programs in Gerontology.

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UNIVERSITY OF MASSACHUSETTS BOSTON

100 Morrissey Boulevard
Boston, MA 02125-3393

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