Income Security for Older Adults: A Framework

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Grantmakers in Aging
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Goal: to increase the economic security of older adults by encouraging the funding of programs and research which have this aim.

Steps:
- Hold workshop at GIA conference
- Form a funders forum of grantmakers interested in area
- Create a Primer on Older Adults Economic Security
- Create a Tool Kit for grantmakers
- Sponsor two regional roundtables on retirement security
- Create six webinars on retirement security
Defining Economic Security

- When income provides enough to cover basic expenses.
- Plus, having either savings or a safety net that covers unexpected expenses.
- Must consider:
  - Income
  - Geographic specific expenses
  - Living situation
  - Non-cash supports
Targeting the most vulnerable

- Individuals with limited income
  - 2012, 60% of people 65+ had income below $24,274.

- Aged
  - Income drops with age in retirement

- Disabled
  - Cognitively
  - Physically
Major Sources of Income in Retirement

- Social Security
- Pensions and retirement savings
- Interest on savings & investments
- Earnings
- Other
Most important source of income for all people over 65 years except for the most wealthy.

Concern over needed changes to maintain long–term solvency of program.
- Raise retirement age currently at age 66 (cut benefits).
- Raise payroll tax currently at 6.2%.
- Reduce Cost of Living Adjustment.

Proposals for changes
- Raise taxes, cut benefits, both?
Change in employer plans from defined benefit pension plans to defined contribution plans (e.g. 401(k) plans).

Individuals now have more responsibility for their own retirement income.

Pensions and Savings have merged.
- IRAs hold 401(k) rollovers

Important issues.
- Is it a stream of income or lump sum?
- Is it guaranteed?
- Who bears the risk?
- Is it portable?
Nature of retirement is changing
  - Phased retirement, part-time retirement, return to work.

About 21% of seniors (mostly wealthier, younger seniors) have some earnings.

Becoming a greater source of income as people work longer.

Has little effect on the older population (over 75)
Other Income

- Supplemental Security Income (SSI)
- Veterans
- Cash Benefits – food stamps, LIHEAP
- Programs that relieve expenses
  - Medicaid
  - Medicare
  - Subsidized Housing
  - Food banks
Major expenses of Elders

- Housing
- Health Care
- Long-term Care
- Food
- Transportation
- Debt
  - Credit card debt
  - Loans, auto, etc.
## Approaches to improve Income Security of 65+

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Determining the Approach

- What is the need?
- Do people understand the problem, extent, etc.?
- Resources available?

Determining the Geographic level to work at.

- The issue – some issues are national, some are unique to the community.
- The expertise needed.
- The impact desired.
- Resources available.
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