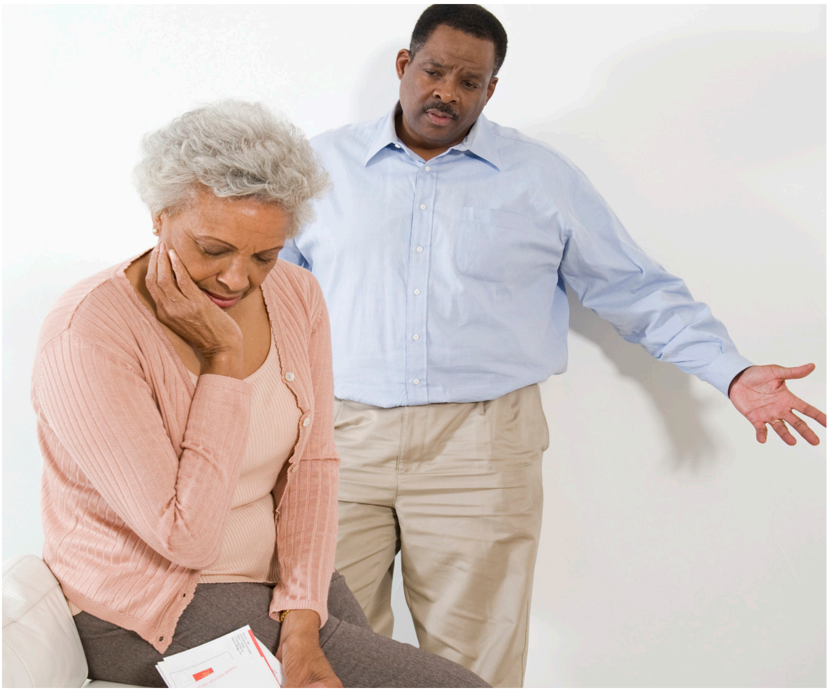
Living Below the Line: Measuring Economic Insecurity Among New Jersey's Retired Seniors



State of New Jersey DHS Department of Human Services

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State of New Jersey
Department of Human Services
Division of Aging Services

NJ Division of Aging Services

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Public Law 2016, Chapter 53, mandated the NJ Department of Human Services (DHS) to annually update the New Jersey Elder Economic Security Standard Index (Elder Index). The Elder Index was originally produced for New Jersey by the Gerontology Institute at the University of Massachusetts Boston, with the support of the New Jersey Foundation for Aging, in 2009, followed by updated versions for 2012 and 2014. Under the law, DHS produced reports for 2015 and 2016.

As noted in the law, the New Jersey Elder Economic Security Standard Index (Elder Index) is a tool that measures the income older adults require to make ends meet and to remain in their own homes.

The Elder Index and related data helps elders and policymakers quantify elder economic security; examine the components of economically secure elders' basic expenses; measure how well public policies can help fill these gaps; evaluate current income support programs' ability to move individuals toward economic security; calculate New Jersey's elder economic insecurity rate; and identify who is most likely to lack security. The legislation calls for the DHS to use the Elder Index to improve the coordination and delivery of public benefits and services to older adults residing in New Jersey and as a planning tool to allocate resources more efficiently.

State and federal agencies offer a variety of tax rebates and housing, food and energy assistance programs to help older adults to remain in their home settings. The Elder Index is a tool for future planning.

The following report was prepared by the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey on behalf of the DHS.

New Jersey seniors face an array of economic security challenges, including employment barriers, long-term care needs and large living cost increases. Over the previous decade, senior budgets nationally have been squeezed by modest wage increases,[1] low returns on savings and low-risk investments, and increases in prices of basic needs, including food (28%), medical care (34%), prescription drugs (40%) and rent (35%).[2]

To help current and future seniors, their families, and state and local government to better understand such challenges, the New Jersey Department of Human Services, Division of Aging Services presents a report on Elder Economic Insecurity Rates—the proportion of retired seniors whose 2015 incomes fell short of the New Jersey Elder Economic Security Standard™ Index senior-specific basic needs budget. After presenting Elder Economic Insecurity Rates, the report uses the Elder Index to measure "economic security gaps"—the difference between retired seniors' actual incomes and the Elder Index—and demonstrates state and federal public support programs' potential to fill those economic security gaps.

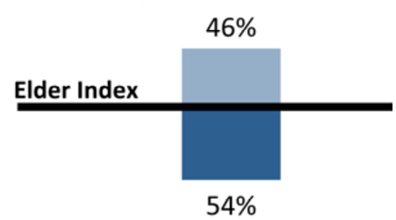
Executive Summary

The New Jersey Elder Economic Security Standard Index (Elder Index) is a measure of the income retired seniors need to pay for basic monthly expenses and age in place in their communities. The Elder Index defines economic security as income sufficient to pay for basic needs—housing, food, transportation, health care and miscellaneous items—without borrowing, relying on financial gifts, or relying on public support programs. Seniors with incomes below their local Elder Indexes are more likely to make difficult spending choices, to go without one or more basic need, and to have trouble remaining in their homes as they age and/or their health declines.

New Jersey's statewide Elder Economic Insecurity Rate (EEIR) is 54%; more than five in ten New Jersey retired elder-only households lack annual incomes that will insulate them against poverty as they age.[3] While such insecurity affects elders of all backgrounds, New Jersey EEIRs vary greatly by household type, housing type, race, gender and location:

- New Jersey elders who live alone are much more likely than elder couples to live in insecurity. The statewide EEIR is 64% for single elder households, compared to 35% for elder couple households.
- Eighty percent of elder renter households lack economic security incomes. Nearly 54% of elder homeowners with mortgages and 40% of elder homeowners without mortgages live in insecurity.
- Single elder households and elder women experience particularly high insecurity rates. Sixty-six percent of single

Figure 1: Economic Security and Insecurity Rates of New Jersey Retired Elder Households, 2015



Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS

elder women households and 60% of single elder men households lack security incomes. Fifty-three percent of New Jersey's senior women (individuals) and 43% of senior men (individuals) lack security incomes.[4]

- EEIRs vary greatly by New Jersey county. The overall insecurity rate is highest in Hudson County (76%) and lowest in Hunterdon County (45%). Several counties with the state's highest EEIRs are clustered in the northeast of the state, while those counties with relatively low EEIRs are spread throughout the state.
- Large numbers of seniors face annual economic security gaps—gaps between income and the Elder Index—of $15,000 or more. Like EEIRs, economic security gaps vary greatly by race and gender.

The statewide EEIR for all New Jersey seniors living in retired senior-only households fell by 2.3 percentage points between 2010 and 2015. EEIRs for nearly all groups studied decreased over the period; but EEIRs increased for Hispanic householders (2.9 percentage points), renters (1.3 percentage points) and single men households (0.7 percentage point). Changes in insecurity rates can indicate positive change, raise red flags, and help forecast future insecurity of both current seniors and future retirees. They can also be early, senior-specific indicators of imbalances between retirement incomes and local costs of living.

Potential EEIR increases are in part offset by state and federal public support programs designed to stabilize poverty rates. Income eligibility limits for support programs dating back to the 1960s, such as medical and food assistance, are still percentages of the federal poverty guidelines (e.g., 100% FPL). The poverty guidelines also date back to the 1960s, and are blunt indicators of deprivation associated in the public mind with chronic, intractable social problems. In contrast, newer support programs, such as New Jersey's Pharmaceutical Assistance to the Aged and Disabled (PAAD), do not have income limits based on the poverty guidelines, and help participants with moderate incomes avoid poverty when they encounter health and financial crises. Expressing all support program income eligibility limits as percentages of the Elder Index reveals an assistance continuum which addresses urgent needs, helps prevent poverty, and reduces economic security gaps.

Once economic insecurity rates, economic security gaps and available supports are understood, the Elder Index can be used to model federal and state support programs' impact on economic security gaps and EEIRs. Impacts can be modeled for individual or multiple support programs, and can be modeled for individual households, for New Jersey retired seniors as a whole, or for senior subgroups. This study demonstrates that a program such as Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps), when accessible, can reduce a senior household's economic insecurity gap by more than 11 percentage points, and that New Jersey's property tax relief programs can reduce a senior household's economic insecurity gap by more than 6.8 percentage points.

An economic security-based approach to well-being—defining security needs, measuring economic security gaps, measuring programs' security impacts, and regularly using the inclusive, aspirational language of senior security—can lead to more seniors living well and living longer in their communities.

Defining Security: The Elder Economic Security Standard Index

Poverty rates alert society to destitution, and changes in poverty rates suggest change in the economy and how well policy is helping those most in need of assistance. But the federal poverty guidelines (also known as the federal poverty level, the poverty line, or the FPL) are an antiquated, one-size-fits-all nationwide measure that tells us little about those living in poverty or the many New Jersey seniors whose incomes exceed the poverty guidelines but do not allow them to escape the shadow of poverty. Data and research based on the poverty guidelines (or the more contemporary Supplemental Poverty Measure) fail to capture the experiences and broader social impact of hundreds of thousands of seniors who currently have, or may have, trouble remaining in their homes as health declines and/or financial resources dwindle.[5]

The Elder Economic Security Standard Index (Elder Index) is a measure of the income *retired* adults need to meet basic monthly expenses and age in place in their communities. The Elder Index defines economic security as income sufficient to meet these basic monthly expenses without borrowing, relying on gifts from family, or relying on public assistance programs.[6] Elder Index expenses include housing, food, basic transportation, health care and miscellaneous items such as clothing and household and personal needs.

Table 1: Statewide Elder Economic Security Standard Index for New Jersey, 2015

	Elder Person			Elder Couple		
Expenses	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**
Housing	$988	$1,096	$2,073	$988	$1,096	$2,073
Food	$260	$260	$260	$476	$476	$476
Transportation	$197	$197	$197	$305	$305	$305
Health Care	$448	$448	$448	$896	$896	$896
Miscellaneous	$379	$379	$379	$533	$533	$533
Elder Index Per Month	**$2,272**	**$2,380**	**$3,357**	**$3,198**	**$3,306**	**$4,283**
Elder Index Per Year	**$27,264**	**$28,560**	**$40,284**	**$38,376**	**$39,672**	**$51,396**

Source: Gerontology Institute, University of Massachusetts Boston, *The 2016 New Jersey Elder Economic Security Standard™ Index*
Note: For additional information on the Elder Index methodology, see the Gerontology Institute's *The National Economic Security Standard Index*.

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

The Elder Index helps workers and retirees plan for the future. It also can help quantify the impact of public policy and programs which promote seniors' security. The Elder Index helps pre-retirees, elders, advocates, policymakers, foundations and direct service providers:

- define, quantify and examine the components of elder economic security;
- measure the gaps between typical incomes and economic security;
- understand insecurity levels, how insecurity levels have changed over time, and where insecurity levels are highest;
- measure public policies' security impacts;
- evaluate current public support programs' potentials to fill gaps and move households toward security.

A major Elder Index innovation is its specific focus on retirees and local living costs. Variations in households and local costs of living create a broad range of retirement income requirements. The 2016 New Jersey Elder Index's greatest annual value for seniors in good health is $57,552, for homeowner couples with mortgages in Bergen County.[7] The Elder Index's smallest annual value is $23,160, for single homeowners without mortgages in Ocean County (Appendix A).

Besides Bergen County, the state's most expensive counties for senior homeowners carrying mortgages include Passaic, Morris, Essex, Somerset, and Union Counties. The state's less densely populated counties, such as Cumberland, Salem, Ocean and Gloucester Counties, are generally less expensive for mortgage holders.

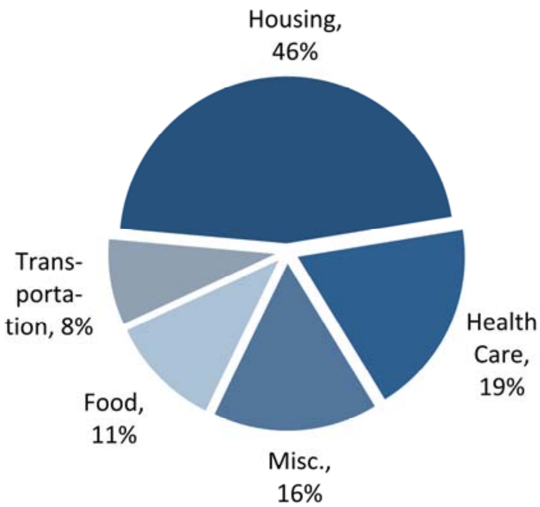
Some of the least expensive counties for homeowners are similarly inexpensive for renters. Cape May County is least expensive for single renters, with an annual Elder Index of $25,044, followed by Cumberland, Salem, Gloucester and Burlington Counties. The most expensive places for renters include Bergen, Passaic, Somerset, Hunterdon and Middlesex Counties. Some counties, such as Bergen, are very expensive regardless of a seniors' housing or health status. However, local supply and demand dynamics mean that a county can be, for example, relatively inexpensive for mortgage holders and relatively expensive for renters.

For more information on the New Jersey Elder Index, the latest data, and additional analysis of geographic differences in New Jersey, see *The 2016 New Jersey Elder Economic Security Standard™ Index*.

The Greatest Determinants of Economic Security—Housing and Health Care Expenses

Housing and health care costs comprise two-thirds of the statewide Elder Index budget for retired single renters (Figure 2). Housing and health care costs are the greatest determinants of elder economic security, regardless of where New Jersey seniors live.

Figure 2: New Jersey Statewide Elder Index Expenses for a Single Renter, 2015



New Jersey retired seniors with mortgages will typically spend more than twice as much on housing as retired seniors without mortgages. The difference between typical homeownership costs for those with mortgages and those without is greatest in Cape May County (150%) and Warren County (146%). Seniors who carry mortgages into retirement face the greatest budgetary challenges in those counties with high average residential property values, such as Bergen, Hunterdon, Monmouth, Morris and Somerset Counties.[8] In these counties, mortgages and attending owner costs comprise over 50% of the Elder Index budget for couples, and over 60% for single seniors.

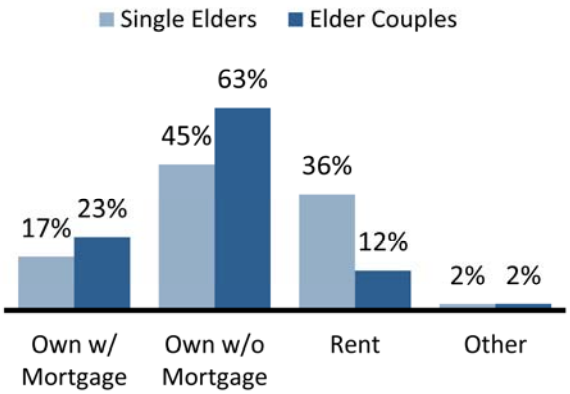
In more expensive counties for retirees *without* mortgages—Essex, Bergen, Passaic, Morris, and Union Counties—total owner costs are more than $1,000 per month, and comprise over 30% of an Elder Index budget for couples and approximately 46% of an Elder Index budget for single seniors.

Typical monthly rents for the 1-bedroom apartments included in the Elder Index vary widely, from $800 per month (Cape May County) to $1,214 per month (Bergen County). In more expensive counties for renters—Bergen, Passaic, Hunterdon, Middlesex and Somerset Counties—rent is approximately 35% of the Elder Index budget for couples, and nearly 50% of the Elder Index budget for single seniors.

EEIRs of Homeowners and Renters

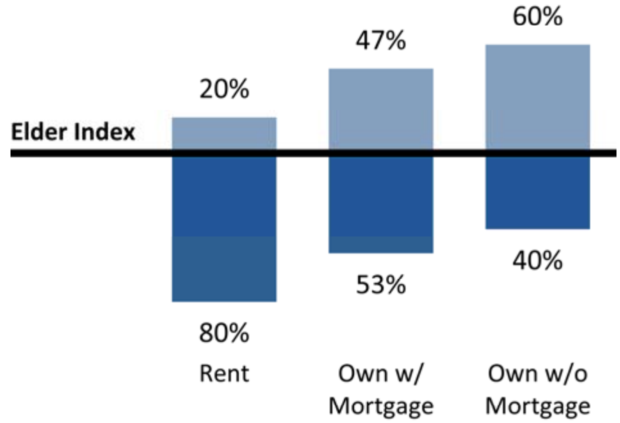
The New Jersey EEIR for retired renters is 80% (Figure 4). Those who own their homes outright are much less likely to lack economic security than renters, and the EEIR for seniors without mortgages is 40%. Elder homeowners *with* mortgages require the highest incomes to be economically secure—a statewide average of about $13,000 more per year than those who own their homes outright. However, elders in this group also report the highest median income of any housing status, and the EEIR of homeowners with mortgages, 53%, though high, is much lower than the rate for renters. Senior renters are particularly vulnerable to shifting costs in

Figure 3: Housing Status of New Jersey Retired Elder Households, 2015



Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS
Note: Housing status among single or couple elder households only. "Other" includes seniors who live independently in homes they do not own and for which they do not pay any rent.

Figure 4: Economic Security and Insecurity Rates of New Jersey Retired Elder Households, by Housing Status, 2015



Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS

their communities. Housing costs can change dramatically in short or intermediate terms. Also, local wages may increase as rents and other costs of living increase, but retired adults living on fixed incomes can find themselves quickly priced out of local rental markets.

Health status is a similarly strong determinant of insecurity levels. Approximately 45% of participants in the national RAND American Life Panel who reported "fair" or "poor" health reported recent major financial stress[9] of the sort an economic security income eases. The 2016 EEIR for all retired elders who report having difficulty with self-care is 65%. The EEIR for all retired elders who report having trouble living independently is also 65%.

EEIRs of Single Elders and Couples

Single elders are much more likely to lack economic security than couples: 64% of single elders living alone report household incomes below the Elder Index, compared to 35% of elder couples (Figure 5). Couples benefit somewhat from economies of scale, often enabling them to spend less per person on housing, food and transportation costs. Fully retired New Jersey elder couples also report median household incomes more than double those of their single counterparts—$53,367 versus $22,038—and are more likely to own their homes free and clear. While 36% of New Jersey's retired single elders are renters, only about 12% of elder couples rent, and 63% of elder couples studied live in a home owned without a mortgage.

Sixty-six percent of senior men in New Jersey live with a spouse or partner, versus only 41% of women. This is in part due to the gender disparity in life expectancies. The disparity is decreasing,[10] but older women continue to outnumber older men. In 2015, there were approximately 196,000 more women than men age 65 and over in

New Jersey.[11] Women make up an even greater share of the population among the oldest seniors, and women are more likely than men to live alone for some portion of their retirement years. Women's longer lifespans, greater likelihood of living alone, and lower incomes in retirement combine to create a remarkable statewide insecurity rate for single senior women, 66%.

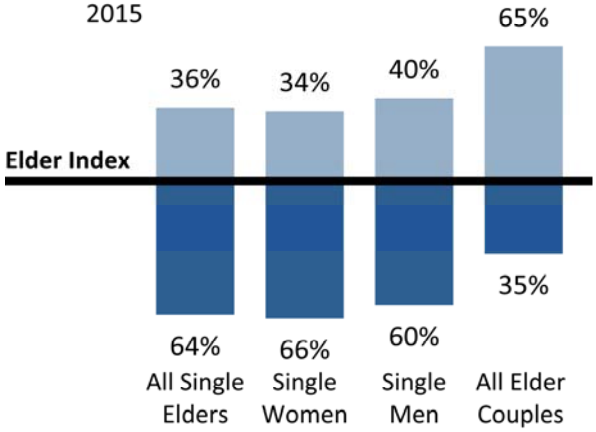
EEIRs of Seniors of Color

While Elder Economic Insecurity Rates (EEIRs) are high among seniors of all races and ethnicities, rates for households headed by retired seniors of color are particularly high. Among retired elder households, 84% of Hispanic households, 70% of Black households, 64% of Asian households, and 49% of White households lack incomes that allow basic economic security (Figure 6).[12]

Nationwide, retired seniors of color report annual incomes lower than White elders' incomes by several thousand dollars.[13] In New Jersey, median annual incomes among retired women vary greatly by race and ethnicity. Median income for White women elders ($20,025) is approximately $4,400 higher than median income for Black women elders ($15,620), $10,000 higher than median income for Hispanic women elders ($10,013), and $9,200 higher than median income for Asian women elders ($10,814).[14] Median income increased between 2014 and 2015 for retired White women, Black women and Hispanic women.

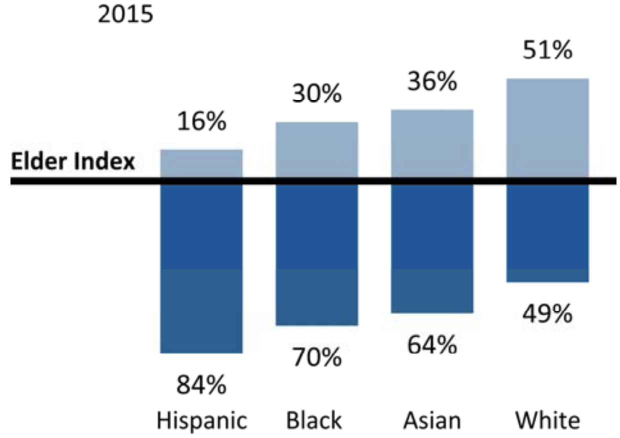
Racial disparities in retirement income reflect in part the fact that, prior to retirement, men and women of color earn lower median wages than White workers.[15] They also are more likely to work in jobs that do not offer retirement plans,[16] and seniors of color tend to accumulate less retirement savings.[17]

Figure 5: Economic Security and Insecurity Rates of New Jersey Retired Elder Households, by Composition, 2015



Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS

Figure 6: Economic Security and Insecurity Rates of New Jersey Retired Elder Households, by Race/Ethnicity, 2015



Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS

In addition, non-White seniors rely more heavily than White seniors on Social Security as a source of income, but have on average annual Social Security payments several thousand dollars lower than White seniors' payments. Seniors of color may also face higher expenses, as they are more likely to be renters. In New Jersey, 58% of retired Hispanic seniors, 49% of retired Black seniors, and 18% of retired White seniors rented in 2015.

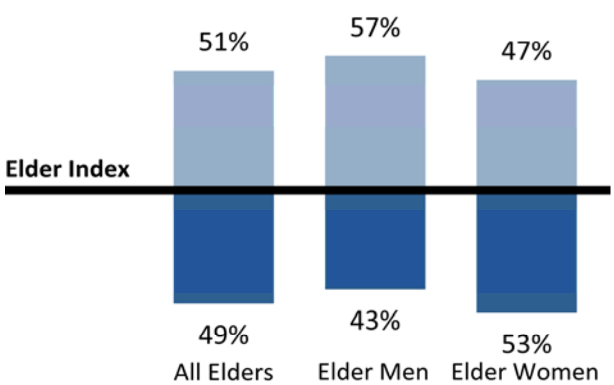
EEIRs of Men and Women

Women are especially vulnerable to economic insecurity. Fifty-three percent of New Jersey senior women (individuals, as opposed to woman-headed households) lack economic security incomes, versus 43% of senior men (Figure 7). During their working-age years, women are significantly more likely to earn less than their male counterparts, which often leads to less savings and smaller pensions and Social Security benefits.[18] Senior women are more likely to live without a spouse or partner than elder men are, and New Jersey women are more likely than men to be renters (26% versus 20%).

In 2015, New Jersey's retired men in senior-only households reported median annual income 67% higher than retired elder women's median income ($30,038 versus $18,023). Occupational segregation, pay inequity and caregiving responsibilities all contribute to women's reduced earnings during their working-age years and to diminished capacity for saving. Further, these factors contribute to both a reduced likelihood of retirement or pension income and lower Social Security payments.

Just 40% of New Jersey women among seniors studied reported income from a retirement plan or pension. Just over half of senior men, 51%, reported retirement plan or pension income. Among men and women who report such income, median income of men exceeds median income of women by approximately $8,700 per year.

Figure 7: Economic Security and Insecurity Rates of (Individual) New Jersey Retired Elders, by Sex, 2015



Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS

Among those living in retired elder-only households, Social Security payments constitute 58% of men's average total income and 68% of women's average total income.[19] Median women's payments lag men's by just over $5,300 per year.

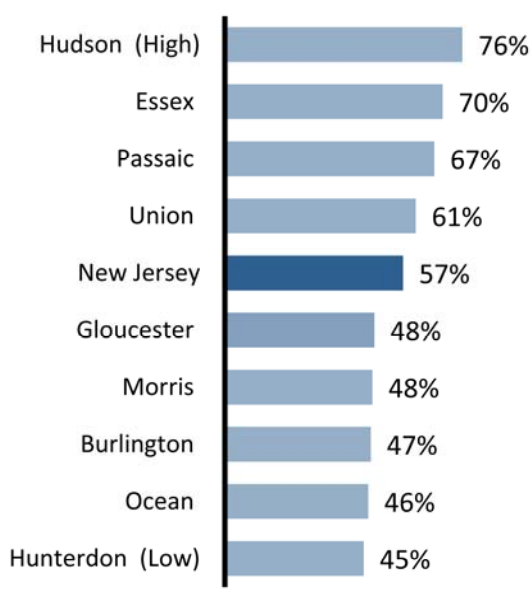
EEIRs by County

Hudson County has the state's highest overall EEIR, 76%, while Hunterdon County has the lowest overall EEIR, 45%. Both of these EEIRs decreased slightly between 2014 and 2015. Other counties with high overall EEIRs include Essex (70%), Passaic (67%), Union (61%) and Camden (61%). Counties with the lowest insecurity rates include Ocean (46%), Burlington (47%), Morris (48%) and Gloucester (48%). Figure 8 shows household EEIRs for selected New Jersey counties.

Counties with high economic security income requirements are not necessarily the counties with the highest insecurity rates, as senior incomes in such counties may also be relatively high. For example, Morris County is among the more expensive counties in the state, but the county's EEIR is fourth lowest. Conversely, Cumberland County is one of the least expensive counties, but the county's EEIR is sixth highest.

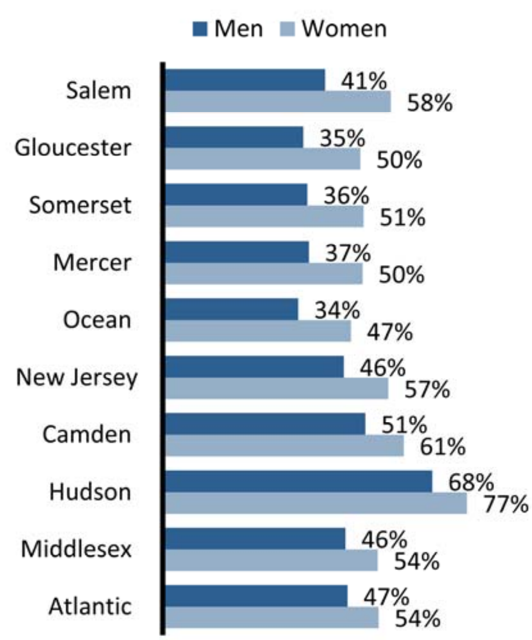
Insecurity rates for single elders range from 55% in Ocean County to 81% in Hudson County. EEIRs are highest in the state's northeastern counties, such as Essex (78%) and Passaic (76.5%) Counties, and in Cumberland County (72%) (Appendix D). In contrast, the rate of insecurity for elder couples ranges from a low of 28% in Mercer County to a high of 60% in Hudson County. In addition to Hudson County, elder couples are most insecure in Passaic (48%), Bergen (45%) and Warren (45%) Counties (Appendix E).

Figure 8: Economic Insecurity Rates of New Jersey Retired Elder Households for Selected Counties, 2015



Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

Figure 9: Economic Insecurity Rates of New Jersey Retired Elder Individuals for Selected Counties, by Sex, 2015



Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

The EEIR for women is higher than the EEIR for men in every New Jersey county. Salem (17 percentage points), Gloucester (15 percentage points), Somerset (15 percentage points), Mercer (13 percentage points), Ocean (13 percentage points) and Hunterdon (13 percentage points) Counties have the widest disparities between insecurity rates of individual women and men (Figure 9). Atlantic and Middlesex Counties have the smallest disparity, eight percentage points. The gap between women and men's EEIRs decreased in most counties between 2014 and 2015.

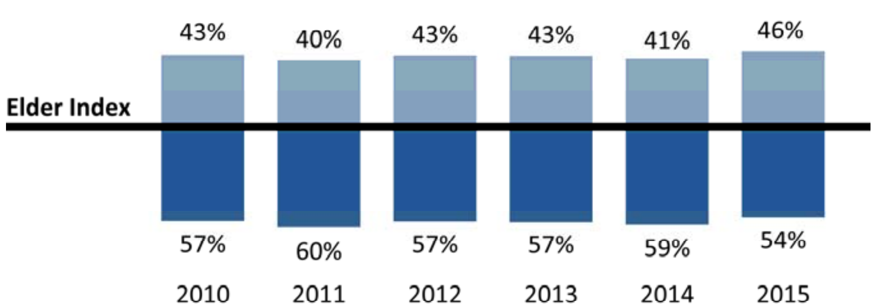
Change in EEIRs Over Time

The 2016 New Jersey Elder Index is a snapshot of seniors' current needs and conditions. However, the Elder Index can also provide insight into change in senior well-being over time by pointing to current trends and helping forecast future change—among both current seniors and future retirees. They can be an early, senior-specific indicator of imbalances between retirement incomes and local costs of living, and they can suggest directions for pro-senior policy change.

The statewide insecurity rate for all New Jersey seniors living in retired senior-only households fell by 2.3 percentage points between 2010 and 2015. Within this period, the EEIR ranged between a high of 60% in 2011 and a low of 54% in 2015 (Figure 10). Year-on-year change ranged from a three point increase between 2010 and 2011 to a five percentage point decrease between 2014 and 2015, which was attributable to increasing incomes and decreases or modest increases in Elder Index expenses.

Insecurity rates fell between 2010 and 2015 for nearly all groups studied (Table 2). The largest decreases in insecurity rates were found primarily among those seniors who had the lowest insecurity rates in both 2010 and 2015—senior couples (-5.0 percentage points), homeowners without mortgages (-4.3 percentage points) and homeowners with mortgages (-4.1 percentage points). One major exception is the remarkable 2010-2015 decrease in the EEIR for Black householders (-8.8 percentage points).[20] EEIRs increased for Hispanic householders (2.9 percentage points), renters (1.3 percentage points) and single men households (0.7 percentage point).

Figure 10: Economic Security and Insecurity Rates of New Jersey Retired Elder Households, 2010-2015



Source: Author's calculations using US Census Bureau 2010 through 2015 American Community Survey 1-year PUMS

Table 2: Percentage Point Change in Economic Insecurity Rates of New Jersey Retired Elder Households, 2010-2015*

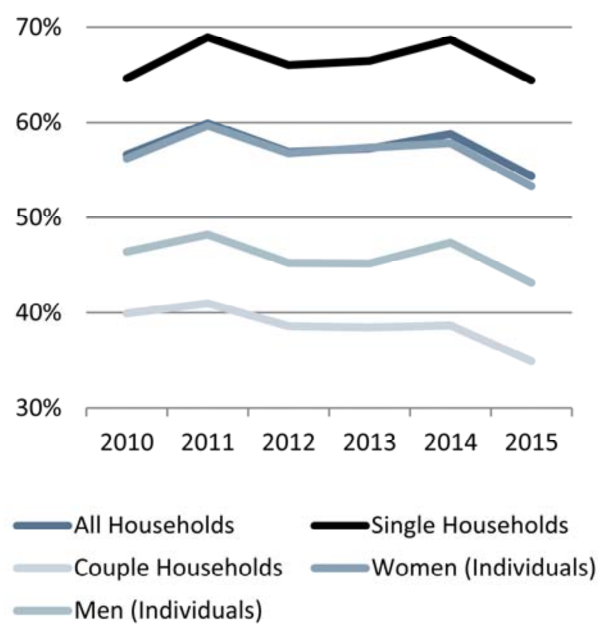
Household Type	Insecurity Rate	Household Type	Insecurity Rate
All Households	-2.3	Owner w/o Mortgage	-4.3
Single Women Households	-0.4	Renter	1.3
Single Men Households	-0.7	Owner w/ Mortgage**	-4.1
Couple Households	-5.0	Black Head of Household	-8.8
Women	-2.9	White Head of Household	-3.0
Men	-3.3	Hispanic Head of Household	2.9

Source: Author's calculations using US Census Bureau 2010 & 2015 American Community Survey 1-year PUMS
* Negative percentage point changes indicate falling insecurity rates and improving security.
** Difference between 2010 and 2015 EEIRs are not statistically significant at the p<.05 level.

EEIRs decreased for both seniors with self-care difficulty (-2.3 percentage points) and seniors experiencing difficulty living independently (-0.3 percentage points). EEIRs also fell for both individual women (-2.9 percentage points) and individual men (-3.3 percentage points). The smallest decreases in EEIRs were seen among single senior households (-0.2 percentage points) and single women households (-0.4 percentage points).

While EEIRs of most New Jersey senior groups decreased between 2010 and 2015, EEIRs did not decrease consistently over the period. Insecurity rates differ greatly among groups, but year-on-year changes have been similar among many senior groups (Figure 11). These groups all saw increases in EEIRs between 2010 and 2011 and decreases in EEIRS between 2011 and 2012. All groups saw either level or increasing EEIRs between 2012 and 2014, and marked decreases in EEIRs between 2014 and 2015. EEIRs have varied the most, year-on-year, among single senior households and male-headed households. In contrast, EEIRs among senior couples changed by just one or two percentage points between 2010 and 2014, until they fell by four percentage points between 2014 and 2015.

Figure 11: Economic Insecurity Rates of New Jersey Retired Elders, 2010-2015



Source: Author's calculations using US Census Bureau 2010 through 2015 American Community Survey 1-year PUMS

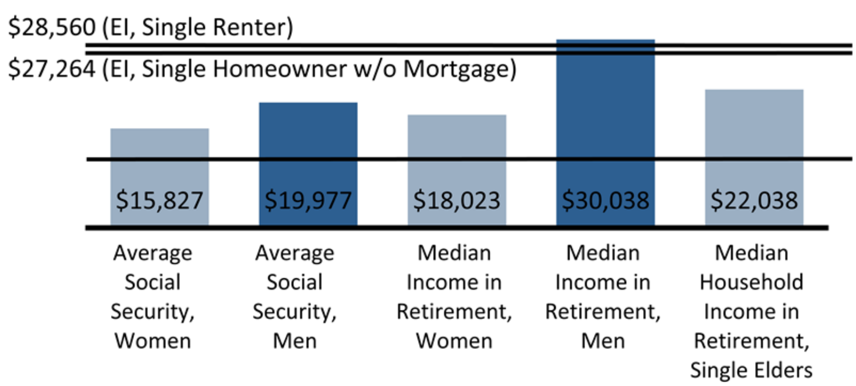
The Economic Security Gap

The proportion of New Jersey seniors who rely on Social Security as their sole source of income has risen steadily over time, and is now 30%.[21] Average Social Security payments do not meet statewide average Elder Index expenses for single men or women in any of the state's counties, regardless of whether the elder is a renter or a homeowner. Even for elder homeowners who have paid off mortgages, Social Security payments fall short of economic security.

In 2015, a New Jersey single elder who rented and relied entirely on the statewide average Social Security payment for men fell almost $8,500 per year short of economic security. A New Jersey single elder who rented and relied entirely on average Social Security for women fell more than $12,700 short of an economic security income (Figure 12).

Circumstances are somewhat better for single men with retirement savings. The 2015 median annual income for New Jersey's retired single senior men was $30,038—greater than the statewide Indexes for single renters and single homeowners without mortgages. In contrast, in 2015, retired single senior women's median annual income was $18,023, more than $9,200 short of the statewide Elder Index for homeowners without mortgages and over $10,500 short of the statewide Elder Index for renters. New Jersey women's median retirement income falls short of the Elder Index for single renters by approximately $12,500 in the state's most expensive county (Bergen) and falls short of the Elder Index for single renters by approximately $7,000 in the least expensive county (Cape May).

Figure 12: Economic Security Gaps Between the Statewide Elder Index and Typical New Jersey Senior Incomes, 2015



Sources: US Department of Health and Human Services. 2015 Poverty Guidelines.
Social Security Administration. OASDI Beneficiaries by State and County, 2015: NJ.
US Census Bureau. 2015 American Community Survey 1-year PUMS.

Measuring Potential Economic Security Impacts of Major Federal and State Support Programs

There are, essentially, two means of closing economic security gaps: increasing income and decreasing expenses. For retired seniors, means of increasing resources are limited, but include re-entering the labor market, selling real assets such as homes, cars or personal possessions, pursuing more aggressive investments, and obtaining a reverse mortgage. Alternatively, seniors can effectually borrow against their future consumption by accelerating spend-down of financial assets. Means of decreasing expenses include sharing housing or moving into cheaper housing (sometimes outside the state), giving up personal automobiles, eliminating non-basic needs from spending or spending less on essentials such as health care, insurances or food.

Several federal and state programs help New Jersey seniors maintain or increase income, decrease spending on basic needs, or obtain basic needs they might otherwise do without. The below is a list of major support programs available to the state's seniors. The programs fall into three broad categories: income, health and housing/property taxes. Program descriptions include income and household resource (i.e., liquid asset) limits. Programs may have gross income limits, net income limits, or both. The list does not include Social Security and Medicare, which are widely known and utilized "entitlement" programs in which workers "pre-pay" for benefits through payroll taxes during their working years.[22]

The list of supports is followed by: a summary table and discussion of programs' income eligibility limits as percentages of the federal poverty guidelines and New Jersey statewide Elder Index thresholds; and a demonstration of how support programs' impacts on economic insecurity rates can be measured using Elder Index values.

Income

Supplemental Security Income (SSI)

Supplemental Security Income, administered by the federal Social Security Administration, provides monthly cash payments to elders with no or very low incomes. SSI eligibility income and resource limits are the lowest of any work or income support available to New Jersey elders. For 2017, elders receive the difference between their incomes and $9,195, and qualifying elder couples receive the difference between their incomes and $13,540. This includes the NJ State Supplement Payment (SSP), which provides additional small monthly cash payments to elders who receive SSI. Single and married elders must maintain no more than $2,000 and $3,000 in resources, respectively, not including a home, one car and household items.

Health

New Jersey Care/Medicaid

New Jersey Care offers complete Medicaid coverage to very low-income elders. It also pays for Medicare Part A and B premiums. The annual income and resource limits for a single elder are $12,060 and $4,000, respectively. For elder couples, the annual income limit is $16,240 and the resource limit is $6,000.

Managed Long Term Services and Supports (MLTSS)

Medicaid Managed Long Term Services and Supports (MLTSS) provides long-term services and supports through NJ FamilyCare managed care. MLTSS provides home- and community-based services which help seniors remain in their homes and communities, including personal care, home-delivered meals, mental health services and care management. MLTSS also coordinates assisted living, nursing home care and community residential services. Participating seniors must require assistance with basic activities such as bathing or other self-care, and single seniors must have annual incomes of no more than $26,460.

Program of All-inclusive Care for the Elderly (PACE)

PACE is a program that provides frail individuals age 55 and older comprehensive medical and social services coordinated and provided by an interdisciplinary team of professionals in a community-based center and in participants' homes. A participant's care plan usually integrates some home care services from the team with several visits each week to the PACE center, which serves as the hub for medical care, rehabilitation, social activities and dining. PACE accepts both Medicare and Medicaid. Medicaid clinical and financial eligibility are the same as for MLTSS. Individuals must reside in a PACE service area to participate.

Qualified Income Trust (QIT)

Qualified Income Trusts (QITs, a.k.a. Miller Trusts) allow seniors to participate in Medicaid Managed Long Term Services and Supports (MLTSS) when incomes exceed income eligibility limits. Participants enter into a written trust agreement to deposit income above 300% of the Federal Benefit Rate (a.k.a. SSI Standard Benefit Amount) into a special bank account. The income deposited into the QIT is not counted when determining Medicaid financial eligibility. QITs have special conditions that must be met and are subject to approval and monitoring. Individual participants must maintain no more than $2,000 in resources.

Jersey Assistance for Community Caregiving (JACC)

Jersey Assistance for Community Caregiving (JACC) provides a broad array of in-home services and supports that enable an individual at risk of placement in a nursing home to remain in his/her community home. By providing a uniquely designed package of supports for the individual, JACC is intended to supplement and strengthen the capacity of caregivers, as well as to delay/prevent placement in a nursing home. JACC services individuals who are not eligible for NJ FamilyCare and MLTSS. Participants in JACC may share in the cost of their care on a sliding scale based on income. Participants must also meet a nursing facility level of care.

Medicare Savings Programs (QMB, SLMB, SLMB-QI-1)

The Medicare Savings Programs (MSPs) include Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and SLMB Qualified Individual-1 (SLMB-QI-1). The QMB program helps low-income elders enrolled in Medicare Part A pay for all or part of Medicare Part B premiums, deductibles and co-payments. Premiums for Part C supplementary insurance are not covered. To qualify, an elder's gross annual income must be no more than $12,300 for a 1-person household and $16,488 for a 2-person household. Single and married elders must also maintain no more than $7,390 and $11,090 in resources, respectively.

The SLMB program pays for all or part of Medicare Part B premiums for qualified recipients. Recipients must be enrolled in Medicare Parts A and C. There are two tiers of the SLMB program. To qualify for SLMB, a senior's gross annual income must be no more than $14,472 for a 1-person household and $19,488 for a 2-person household. SLMB-QI-1 recipients must have annual incomes of no more than $16,281 for a 1-person household and $21,924 for a 2-person household. For both the SLMB and SLMB-QI-1 programs, single and married seniors must maintain no more than $7,390 and $11,090 in resources, respectively.

Medicare Part D Low Income Subsidy (LIS)

The Low Income Subsidy helps low-income elders with prescription drug costs. The federal government subsidizes participants' private Medicare Part D drug (insurance) plan premiums, and helps pay drug deductibles and co-payments. Those with Medicaid, or those participating in Medical Savings Programs, automatically qualify for LIS. For full eligibility, gross monthly income must be no more than 135% of the federal poverty level, or "FPL" ($16,281 for a 1-person household; $21,924 for a 2-person household). Thereafter the program provides help on a sliding scale to those with incomes up to 150% FPL ($18,090 for a 1-person household; $24,360 for a 2-person household). Single and married elders must also maintain no more than $8,890 and $14,090 in resources, respectively, to receive full LIS benefits. In order to receive partial LIS benefits, single and married seniors must maintain no more than $13,820 and $27,600 in resources, respectively.

Pharmaceutical Assistance to the Aged and Disabled (PAAD)

Pharmaceutical Assistance to the Aged and Disabled is a state-funded prescription drug program administered by the Department of Human Services that provides coverage for low-income elders whose incomes and/or resources exceed LIS limitations. Elders must enroll in a Medicare Part D prescription drug plan in order to receive benefits. In 2017, recipients pay $5 for generic prescriptions and $7 for brand-name prescriptions, and the program pays for Part D premiums, deductibles and prescription costs exceeding the co-payment. There are no resource limits for the program, but single and married elders cannot have annual incomes exceeding $26,655 and $32,680, respectively.

Senior Gold

Senior Gold helps seniors with incomes exceeding PAAD limits to pay for prescription drugs. Like PAAD, the program is state-funded and administered by the Department of Human Services. Elders must enroll in a

Medicare Part D prescription drug plan to receive benefits under Senior Gold. Senior Gold recipients pay for their own Medicare Part D premiums, but pay only $15 and 50% of the remaining cost for each prescription. Once out-of-pocket costs reach $2,000 per year for an individual or $3,000 per year for a couple, the recipient is responsible only for flat $15 co-payments. There are no resource limits for the program, but annual incomes must be less than $36,655 for single elders and $42,680 for elder couples in 2017.

Senior Farmers' Market Nutrition Program (SFMNP)

The Senior Farmers' Market Nutrition Program is funded by the USDA, which awards states grants used to provide low-income seniors with $20 in coupons that can be exchanged for eligible foods at farmers' markets, roadside stands and community supported agricultural programs. In order to participate, low-income seniors 60 or older must have household incomes no more than 185% FPL ($21,978 for a 1-person household; $29,637 for a 2-person household). Seniors can use SFMNP benefits to purchase fresh, nutritious, unprepared, locally grown fruits, vegetables and herbs.

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program, formerly the food stamps program, provides low-income households with electronic benefit cards which participants use to purchase food. The US Department of Agriculture funds the program through the Food and Nutrition Service, and New Jersey administers the program, including establishing eligibility and distributing benefits. (Net) monthly income must be no more than 100% FPL ($11,880 for a 1-person household; $16,020 for a 2-person household) after a small deduction for earned income and deductions for portions of exceptional medical and housing expenses. Single and married elders must maintain no more than $3,250 in liquid household resources.

Housing/Property Taxes

Universal Service Fund (USF)

The Universal Service Fund, a state fund administered by the Department of Community Affairs, helps New Jersey's low-income residents pay for their natural gas and electricity bills. Recipients receive a credit on their utility bills that varies with the percentage of income spent on natural gas and electricity. The maximum benefit per household is $1,800 annually. Recipients must have incomes less than 175% FPL ($20,796 for a 1-person household; $28,044 for a 2-person household) and spend more than 3% of income on electric or natural gas service. If elders heat their homes with electricity, they must spend more than 6% of income on electricity.

Lifeline

Lifeline provides energy assistance to elderly and disabled households. The program issues a $225 credit to eligible households to pay for natural gas and electricity bills. There are no resource limitations, but seniors must meet PAAD income eligibility requirements or participate in PAAD, SSI or selected medical assistance programs.

LIHEAP/Home Energy Assistance (HEA)

The Home Energy Assistance program provides payment to energy providers on behalf of homeowners and tenants. HEA is federally funded and administered by the Department of Community Affairs and county welfare agencies and Boards of Social Services. In 2017, recipient income limits were $23,760 for a 1-person household and $32,040 for a 2-person household. There are no resource limits. HEA benefits vary according to income, household size, fuel and vendor type and locality.

Housing Assistance

Seniors can receive housing subsidies from three programs funded by the US Department of Housing and Urban Development (HUD): The Housing Choice Voucher Program (HCVP, formerly Section 8), public housing, and the Section 202 Supportive Housing for the Elderly Program. Housing Choice Voucher Program (formerly Section 8) participants select any market-rate rental housing with a property owner accepting HCVP vouchers, and voucher amounts are based on a local "fair market rent" established by HUD. The Section 202 program provides capital and operating funds to developers and operators of subsidized senior housing with supportive services.

Those with 80% median family income (MFI) for a county (e.g., $48,450 for a single adult in Ocean County) are eligible for assistance. However, those with "very low" incomes, below 30% MFI (e.g., $19,750 for a single adult in Ocean County), are granted priority for limited assistance, and housing assistance recipients rarely have incomes above 50% MFI.

State Rental Assistance Program (SRAP)

The State Rental Assistance Program is a state-funded program for low-income individuals administered by the New Jersey Department of Community Affairs. The program provides rental assistance grants analogous to HCVP vouchers to those who do not receive federal program assistance. HCVP eligibility rules apply, and SRAP accepts only applicants with "very low" incomes of approximately 30% MFI. The program maintains set-asides for elders.

Homestead Benefit

The Homestead Benefit (formerly the Homestead Rebate) provides property tax relief to homeowners. The amount of the Homestead benefit is based on property tax paid and income. For 2014 Homestead Benefits credited or paid to applicants in 2017, single seniors and senior couples with incomes (not including Social Security payments and certain pension payments) up to $100,000 received 10% of actual property tax paid in the base year, 2006. Those with incomes up to $150,000 were eligible for a rebate of 5%.

Property Tax Reimbursement (Senior Freeze)

Property Tax Reimbursement "freezes" elders' property taxes by allowing those who are eligible to annually pay the same property tax bills that they paid in a base year in which they met program requirements. Recipients must have lived in New Jersey for 10 years prior to filing, and have owned and lived in their current homes for 3 years. For the 2016 reimbursement, incomes must have exceeded $87,007 in 2015 and $70,000 in 2016.

Property Tax Deduction/Credit

The Property Tax Deduction allows homeowner and renter elders to deduct 100% of their property tax (up to $10,000) from their gross income on their NJ income tax returns. Renters are permitted deductions of 18% of annual rent. Those elders whose potential tax deductions would not reduce their tax bills by more than $50 are eligible for a $50 tax credit. For 2016 reimbursement, 2016 incomes must have been more than $10,000 for a single elder and $20,000 for an elder couple. Single elders with gross incomes (not including Social Security benefits and a portion of pension and IRA income) of less than $10,000 and elder couples with gross incomes of less than $20,000 received a $50 credit.

Annual Property Tax Deduction for Senior Citizens

The Annual Property Tax Deduction for Senior Citizens allows elders a property tax deduction of up to $250. Recipients must have lived in New Jersey for one prior year, and have owned and lived in their current homes by October of the pre-tax year. To qualify, elders must have gross incomes of no more than $10,000 (not including monies from Social Security, federal and state pensions, and disability and retirement programs).

Table 3: 2016-2017 New Jersey Public Support Program Income Limits as a Percentage of the Federal Poverty Guidelines and New Jersey Statewide Elder Index

Support Program*	% FPL, 1 Adult (2017)	% FPL, 2 Adults (2017)	% Elder Index, Single Homeowner w/o Mortgage (2015)	% Elder Index, Single Renter (2015)	% Elder Index, Homeowner Couple w/ Mortgage (2015)
Federal Poverty Guidelines/Level (FPL)	$12,060	$16,240			
Supplemental Security Income**	76%	83%	34%	32%	26%
Property Tax Deduction***	83%	62%	37%	35%	19%
SNAP	100%	100%	44%	42%	31%
New Jersey Care (Medicaid)	100%	100%	44%	42%	32%
QMB Medicare Saving Program	100%	100%	45%	43%	32%
SLMB Medicare Saving Program	120%	120%	53%	51%	38%
Medicare Part D Low-Inc. Subsidy, full	135%	135%	60%	57%	43%
SLMB-QI-1 Medicare Saving Program	135%	135%	60%	57%	43%
Medicare Part D Low-Inc. Subsidy, partial	150%	150%	66%	63%	47%
SRAP****	159%	135%	N/A	67%	N/A
Universal Service Fund	172%	173%	76%	73%	55%
LIHEAP/Home Energy Assistance	197%	197%	87%	83%	62%
PAAD*****	221%	201%	98%	93%	64%
Lifeline	221%	201%	98%	93%	64%
Senior Gold*****	304%	263%	134%	128%	83%
Housing Assistance****	80% MFI	80% MFI	N/A	80% MFI	N/A

* Income limits may be gross income or net/countable income, and are elder-specific where possible.

** Includes SSI State Supplement

*** Annual Property Tax Deduction for Senior Citizens. Social Security payments are excluded from income in eligibility calculations.

**** MFI = Median family income. 75% of federal subsidies and all SRAP subsidies are reserved for tenants with incomes of 30% MFI (2017 statewide MFI =$19,150 for a single adult) or lower. Families with resources exceeding $5,000 may have a portion of asset-based income added to household income during eligibility determinations.

***** Income eligibility limits, set by state law, are not normally expressed as a percentage of the FPL.

Expressing Support Program Income Eligibility Limits in Terms of the Elder Index

Supports can be divided into two groups: programs which help the officially poor survive or better manage their poverty—basic income, food and medical assistance; and more inclusive programs which promote or protect security and help participants remain safely in their homes. The first group of programs tends to have income eligibility limits centered around 100% of the federal poverty guidelines; the second group of supports tends to have higher income eligibility limits, and some of those limits are not expressed relative to the poverty guidelines.

Figure 13 presents support program income eligibility limits as a percentage of both the federal poverty guideline for a single adult and the lowest economic security threshold, the Elder Index for a single senior homeowner without a mortgage. Income eligibility limits shown range from 76% to 221% of the poverty guideline and from 34% to 98% of the Elder Index.[23] The "safety net" has been created, patchwork, over decades, and yet when benchmarked against the Elder Index, eligibility limits suggest an assistance continuum which addresses the needs of both seniors who are officially poor and seniors who are not poor but still live within the shadow of poverty.[24] An assistance continuum leading up to approximately 100% of the Elder Index also suggests the Elder Index as a proper target region of income security and independence.

As shown in Figure 14, resource limits (limits on participants' savings and other liquid assets) largely rise in concert with income eligibility limits. Programs such as housing assistance, energy assistance and property tax credits, which have higher income eligibility limits, do not have resource limits (and are therefore not shown in Figure 14).

Figure 13: 2016-2017 Public Support Progam Income Elibility Limits as a Percentage of the Federal Poverty Guidelines and the Statewide Elder Index for a Single Senior Homeowner without a Mortgage

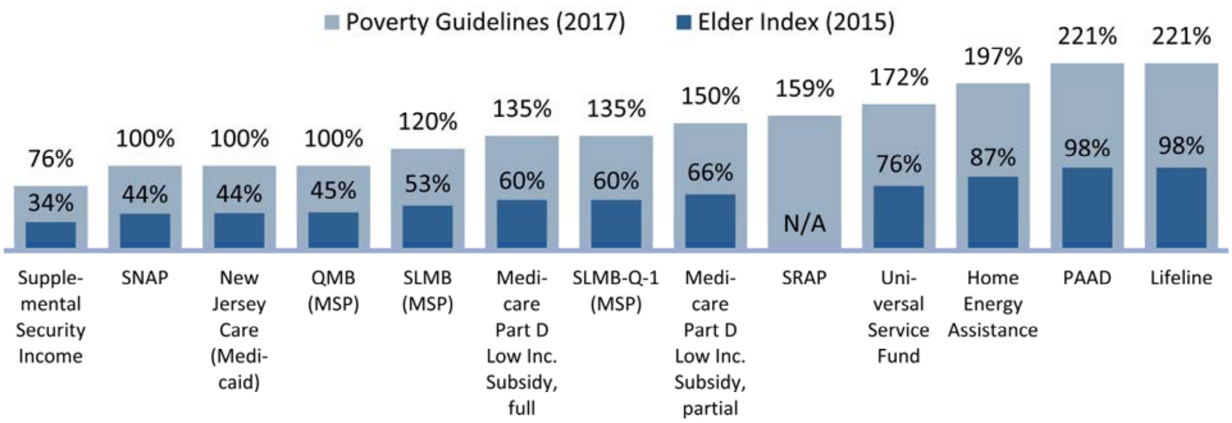
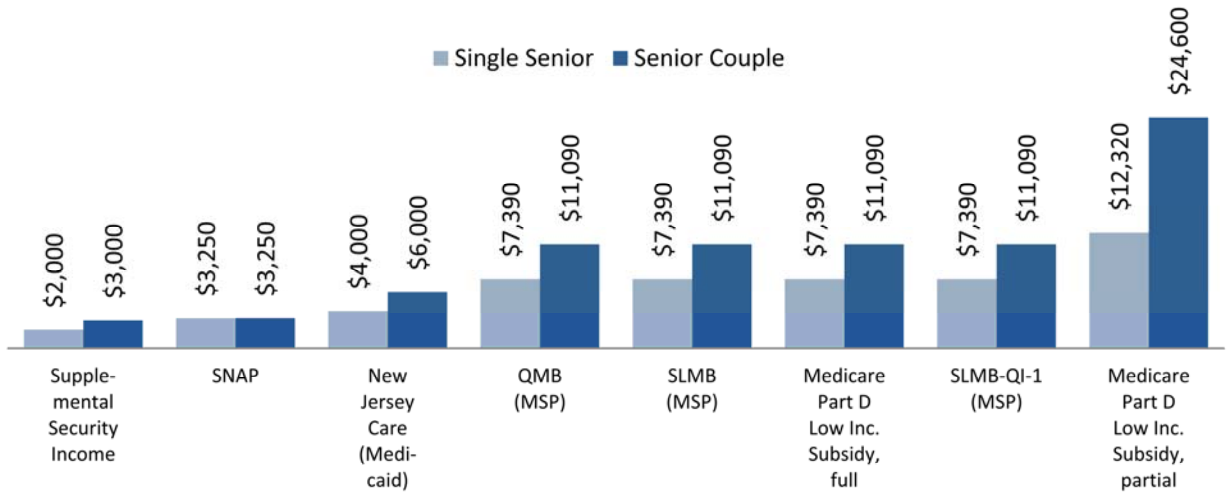


Figure 14: 2016-2017 Public Support Progam Resource/Asset Limits for Seniors



Demonstrating the Impact of Support Programs on Elder Economic Security Rates

Once economic security gaps and available support programs have been identified, it becomes possible to demonstrate how support programs fill the gaps between income and security by increasing income or decreasing expenses.[25]

In the following modeling exercise, 2015 American Community Survey (ACS) income, household composition, housing, and other data are used to calculate support program income eligibility and potential benefit amounts for New Jersey's households of one and two retired seniors.[26] ACS data is then used to calculate the economic security level (household income as a percentage of the local Elder Index) for each household before and after benefit amounts are added to income.

The modeling exercise is limited to households for which Elder Index values were calculated—households composed of either a single adult age 65 or older or an elder couple where both adults are age 65 or older. All adults are fully retired (reporting zero earnings and no work in the past year). Cash equivalent public supports (i.e., SSI and cash-equivalent state public assistance) are excluded from elder incomes, as the ability to live independently and be self-supporting is integral to the definition of economic security.[27] Three types of support are modeled:

- state property tax relief (Homestead Benefit, Property Tax Reimbursement, Property Tax Deduction/Credit, and Annual Property Tax Deduction for Senior Citizens)
- Supplemental Nutrition Assistance Program (SNAP)
- Social Security Cost of Living Allowance (COLA), an annual inflation adjustment to Social Security payments

Together these programs address both sides of the economic security ledger by providing income or reducing expenses. The programs were also chosen because the 2015 ACS contains household data—Social Security income, property taxes paid, a food stamps receipt indicator and other information—which allows their modeling. They also represent both state- and federally-funded and administered programs. Changes in funding, eligibility rules and/or benefit amounts are currently proposed at the federal and/or state levels for all three programs.

The property tax relief calculation uses household income, housing and property tax information to calculate relief program eligibility and relief amounts under 2016 tax year rules. The SNAP calculation uses reported household composition, housing payment, utility payment and income information to calculate SNAP eligibility and benefit amounts under 2017 program rules. The Social Security calculation uses the 2009 5.8% COLA to calculate increases in Social Security payment amounts reported by households within the American Community Survey. The 2009 COLA is the largest in recent history, and this large COLA is used to better demonstrate the COLA's potential impact and importance to seniors.[28] Additional details on calculations can be found in the methodology section below.

Table 4 presents estimated (weighted) average benefits for single seniors and senior couples eligible for benefits. SNAP provides the largest single program benefit, $1,448 per year, but provides benefits to the smallest number of seniors. The Social Security COLA provides an average benefit of $1,208 per year, and property tax relief in its several forms provides an average of $635.

Support Program Impacts

Modeling suggests the three supports' aggregate impact on statewide EEIRs is modest. The Social Security COLA decreases the statewide EEIR by 1.8 percentage points. Property tax relief provides a 0.8 percentage point decrease in the statewide EEIR, and reduces the EEIRs of senior homeowners without mortgages and senior homeowners with mortgages by 1.1 and 1.4 percentage points, respectively. Property tax relief reduces the statewide renter EEIR by just 0.7 percentage points.

Table 4: Average Annual Benefit of New Jersey Retired Senior Households, by Program/Support

Social Security COLA	Property Tax Relief	SNAP	Social Security COLA + Property Tax Relief + SNAP
$1,208	$635	$1,448	$1,899

Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS
Note: Weighted average annual program/support benefit among participants or those income eligible for programs

These modest changes in the overall statewide EEIR are not surprising, as a change in the EEIR only occurs when a household's income starts off close enough to the Elder Index for the entire gap between the household's income and the Elder Index to be filled by a support. This explains why modeled SNAP benefits, which are received by seniors with incomes well below even the lowest Elder Index, had no measurable impact on 2015 EEIRs. Greater effects are seen when a household receives multiple income increases or supports; when the Social Security COLA, property tax relief, and SNAP are modeled together, the overall New Jersey statewide EEIR falls by 2.7 percentage points. Larger decreases in insecurity rates would likely be identified if additional programs and supports were modeled for specific senior subpopulations with similar incomes and household demographics (e.g., retired seniors whose very low incomes make them likely recipients of SNAP, Medicaid, energy assistance and/or housing assistance).[29]

Additional insight into a support program's impact can be gleaned by examining how much it might increase a single household's economic security level (a household's income as a percentage of its Elder Index). Table 5 presents each program's median impact on the economic security levels of that program's participants/recipients. SNAP improves economic security levels the most among its recipients, by a median 5.0 percentage points. (For example, a senior household has a monthly income equal to 75% of its Elder Index, and its monthly SNAP benefit moves the household's income to 80% of its Elder Index.[30]) A large COLA provides a median improvement in Social Security recipient economic security levels of 3.4 percentage points. Property tax relief provides a median improvement in economic security levels of 2.0 percentage points. When all three programs are modeled together, the median change in economic security level of households that participate in *one or more* of the three programs is 5.7 percentage points.

Maximum changes in economic security levels speak even more directly to the importance of a program to a specific participant/recipient. As shown in Table 5, SNAP boosts household security by as much as 11.2 percentage points, a large Social Security COLA increases security by as much as 13.0 percentage points, and property tax relief can increase security levels by as much as 6.8 percentage points.[31] Receipt of all three increases economic security levels by as much as 16.9 percentage points.

Table 5: Percentage Point Increase in Economic Security Levels of New Jersey Retired Senior Households, by Program/Support, 2015

	Social Security COLA	Property Tax Relief	SNAP	Social Security COLA + Property Tax Relief + SNAP
Median	3.4	2.0	5.0	5.7
Maximum	13.0	6.8	11.2	16.9

Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS
Note: Weighted average annual program support benefit among participants or those income eligible for programs

Conclusion

The federal poverty guideline is an antiquated, one-size-fits-all measure, and its history and prominence have helped foster policy which in many cases is limited to managing abject poverty. Seniors, families and policymakers require additional information about households with incomes $100, $1,000 or $10,000 above the poverty line, about the circumstances and basic needs of the 92% of New Jersey seniors who are not officially poor.

Having EEIRs in hand makes it possible to explore the nature and remedies of insecurity in New Jersey. Potential foci of future Elder Index-related research might include the following. While many of these topics have already been addressed, at least in part, they have not been addressed within an economic security context.

- causes of economic insecurity at the state, county or sub-county levels
- how well, and for whom, available public support programs are designed to fill gaps between incomes and basic needs
- why insecurity rates vary greatly by county and whether or not retirement incomes, expenses and/or supports can and need to be addressed through state and county policy changes
- whether or not EEIRs are associated with inter-county migration or outward migration from the state
- current security levels and retirement preparation among the state's older workers
- forecasting future economic insecurity gaps and economic insecurity rates

Application of such information in policy and programs will improve state government's ability to understand return on public investment and determine appropriate government roles in helping households build security. Such information can also be used in public information, within professional development, at public events and within private counseling sessions to educate current and future retirees and those who help seniors. The goal should be to increase the number of current and future seniors who are able to locate themselves on the economic security continuum, to establish saving and spending goals, to fully understand programs such as Social Security and Medicare, and to understand what public supports can and cannot do to promote independence and aging in one's own home. Use of the Elder Index and Elder Economic Insecurity Rates can and should support public policy which explicitly moves households along a security spectrum and increases self-determination, independence, and the ability to age in place. The end result will be more secure seniors and families who are better able to participate in local economies and contribute to stable communities.

Methodology

This brief calculates Elder Economic Insecurity Rates (EEIRs) by comparing annual incomes required for basic economic security, as defined by the 2016 Elder Index, to 2015 1-year American Community Survey (ACS) PUMS data for New Jersey households. County-specific Elder Economic Insecurity Rates are calculated by comparing 2016 Elder Index data to 2011-2015 5-year American Community Survey PUMS data.

The study is 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). Household income consists of the ACS income categories: Social Security, retirement, interest and "other" income. This excludes wages and self-employment income categories, which are inconsistent with full retirement. Supplemental Security Income and public assistance are also excluded from income. Nationally, approximately 1% of households studied received income from a public (cash) assistance program (not including Social Security, Social Security Disability Insurance or Supplemental Security Income). Approximately 4% of households studied received income from Supplemental Security Income. The incomes of individuals living in homes they do not own and for which they do not pay rent are compared to the statewide New Jersey Elder Index value for renters.

Elder Economic Insecurity Rate values are tested for significance against the relevant American Community Survey PUMS dataset for New Jersey using a chi-squared test; statewide EEIR values are statistically significant at $P<.05$, with the exception of EEIRs for single men, homeowners with mortgages, Asian-headed households and elder men with difficulty living independently.

The study of support program impacts uses ACS household composition, housing data, and other information to estimate support program income eligibility and benefit amounts for all retired senior-only households in New Jersey. EEIRs are then recalculated assuming households apply for and receive these benefits. Three programs are modeled for this demonstration:

- state property tax relief (Homestead Benefit, Property Tax Reimbursement, Property Tax Deduction/Credit, and Annual Property Tax Deduction for Senior Citizens)
- Supplemental Nutrition Assistance Program (SNAP)
- Social Security annual Cost of Living Allowance (COLA)

Together these programs address both sides of the economic security ledger by providing income and reducing expenses (and in the case of food assistance, possibly providing a basic need, nutrition, seniors might otherwise do without). The programs were also chosen because the 2015 American Community Survey contains household information—Social Security income, property taxes paid, a food stamps receipt flag and other information—which allows their modeling.

Property tax relief eligibility and values are calculated based on 2015 ACS household income, housing type and property tax data, and on 2015 and 2016 household income and property tax values. Relief program eligibility and relief amounts are calculated under 2016 tax year rules. 2016 property taxes paid are inflated 2015 household property tax values by PUMA and county. 2016 incomes are assumed equal to 2015 household incomes. All households are assumed to meet all property tax relief residency requirements, and to have had the same household and housing statuses in 2015 and 2016.

SNAP benefit values are based on 2015 ACS income and housing data. Households are considered eligible for SNAP if they indicated receipt within the 2015 ACS. Indication of receipt eliminates the study's need to consider household resources/assets information. Benefit amounts were calculated using 2016-2017 program rules and include income deductions for excess shelter and the New Jersey Heating and Cooling Standard Utility Allowance. Calculations do not include deductions from gross household income for "exceptional" medical expenses; calculations therefore likely underestimate benefit amounts for some senior households.

The Social Security calculation uses household Social Security payment amounts reported within the 2015 ACS and the 2009 COLA of 5.8% to calculate increase in payments. Social Security Administration COLAs reflect general price increases within the US economy, and are equal to the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) between the third quarter of a prior year and the third quarter of a current year. The 2009 COLA was exceptional, as COLAS have exceeded 2.0% only three times, and have been 0% three times, during the past decade.

Appendix A: Annual Elder Economic Security Standard Indexes for New Jersey, by County, 2015

	Elder Person			Elder Couple		
Jurisdiction	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**
New Jersey	*$27,264*	*$28,560*	*$40,284*	*$38,376*	*$39,672*	*$51,396*
Atlantic County	$25,512	$27,192	$36,432	$37,104	$38,784	$48,024
Bergen County	$29,904	$30,480	$46,320	$41,136	$41,712	$57,552
Burlington County	$25,260	$26,712	$34,968	$36,492	$37,944	$46,200
Camden County	$25,788	$26,796	$36,240	$37,020	$38,028	$47,472
Cape May County	$24,276	$25,044	$37,536	$35,808	$36,576	$49,068
Cumberland County	$23,268	$26,160	$30,876	$34,800	$37,692	$42,408
Essex County	$29,664	$27,648	$44,736	$39,672	$37,656	$54,744
Gloucester County	$24,768	$26,628	$33,792	$36,000	$37,860	$45,024
Hudson County	$27,504	$28,044	$43,476	$37,512	$38,052	$53,484
Hunterdon County	$28,020	$30,108	$42,168	$39,252	$41,340	$53,400
Mercer County	$27,060	$28,524	$39,444	$38,652	$40,116	$51,036
Middlesex County	$26,904	$29,928	$39,888	$38,136	$41,160	$51,120
Monmouth County	$27,660	$29,136	$40,320	$38,892	$40,368	$51,552
Morris County	$28,824	$28,524	$43,752	$40,056	$39,756	$54,984
Ocean County	$23,160	$28,392	$32,832	$34,392	$39,624	$44,064
Passaic County	$29,544	$30,420	$44,292	$40,776	$41,652	$55,524
Salem County	$23,916	$26,484	$32,436	$35,148	$37,716	$43,668
Somerset County	$29,136	$30,300	$43,488	$40,368	$41,532	$54,720
Sussex County	$26,712	$28,176	$39,312	$37,944	$39,408	$50,544
Union County	$29,424	$28,632	$42,756	$40,656	$39,864	$53,988
Warren County	$26,616	$27,144	$42,360	$38,148	$38,676	$53,892
Minimum Value	$23,160	$25,044	$30,876	$34,392	$36,576	$42,408
Maximum Value	$29,904	$30,480	$46,320	$41,136	$41,712	$57,552
Median Value	$26,904	$28,176	$39,888	$38,136	$39,408	$51,120

Adapted from data provided by the Gerontology Institute, University of Massachusetts Boston.

Appendix B: Economic Insecurity Rates of New Jersey Retired Elders, 2015

Households	Insecurity Rate
All Elder Households	54%
All Single Elder Households	64%
Single Elder Women Households	66%
Single Elder Men Households	60%
All Elder Couple Households	35%
Hispanic Households	84%
Black Households	70%
Asian Households	64%
White Households	49%
Households without a Mortgage	40%
Rented Households	80%
Households with a Mortgage	53%
Individuals	
Elder Women	53%
Elder Men	43%
All Elders Who Have Self-Care Difficulty	64%
Elder Women Who Have Self-Care Difficulty	68%
Elder Men Who Have Self-Care Difficulty	58%
All Elders Who Have Difficulty Living Independently	65%
Elder Women Who Have Difficulty Living Independently	69%
Elder Men Who Have Difficulty Living Independently	58%

Source: Author's calculations using US Census Bureau 2015 American Community Survey 1-year PUMS

Appendix C: Economic Insecurity Rates of New Jersey Retired Elder Households, by County, 2015

County	Insecurity Rate
New Jersey	*54%*
Atlantic County	56%
Bergen County	59%
Burlington County	47%
Camden County	61%
Cape May County	51%
Cumberland County	60%
Essex County	70%
Gloucester County	48%
Hudson County	76%
Hunterdon County	45%
Mercer County	51%
Middlesex County	56%
Monmouth County	52%
Morris County	48%
Ocean County	46%
Passaic County	67%
Salem County	56%
Somerset County	50%
Sussex County	52%
Union County	61%
Warren County	58%

Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

Appendix D: Economic Insecurity Rates of New Jersey Single Retired Elder Households, by County, 2015

County	Insecurity Rate
New Jersey	*64%*
Atlantic County	66%
Bergen County	67%
Burlington County	56%
Camden County	69%
Cape May County	63%
Cumberland County	72%
Essex County	78%
Gloucester County	57%
Hudson County	81%
Hunterdon County	55%
Mercer County	61%
Middlesex County	65%
Monmouth County	62%
Morris County	58%
Ocean County	55%
Passaic County	76%
Salem County	65%
Somerset County	60%
Sussex County	65%
Union County	70%
Warren County	66%

Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

Appendix E: Economic Insecurity Rates of New Jersey Retired Elder Couple Households, by County, 2015

County	Insecurity Rate
New Jersey	*35%*
Atlantic County	38%
Bergen County	45%
Burlington County	31%
Camden County	41%
Cape May County	34%
Cumberland County	40%
Essex County	43%
Gloucester County	32%
Hudson County	60%
Hunterdon County	29%
Mercer County	28%
Middlesex County	39%
Monmouth County	31%
Morris County	30%
Ocean County	32%
Passaic County	48%
Salem County	35%
Somerset County	33%
Sussex County	30%
Union County	40%
Warren County	45%

Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

Appendix F: Economic Insecurity Rates of New Jersey Retired Elder Women (Individuals), by County, 2015

County	Insecurity Rate
New Jersey	*53%*
Atlantic County	54%
Bergen County	59%
Burlington County	47%
Camden County	61%
Cape May County	50%
Cumberland County	59%
Essex County	69%
Gloucester County	50%
Hudson County	77%
Hunterdon County	46%
Mercer County	50%
Middlesex County	54%
Monmouth County	51%
Morris County	47%
Ocean County	47%
Passaic County	67%
Salem County	58%
Somerset County	51%
Sussex County	51%
Union County	61%
Warren County	60%

Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

Appendix G: Economic Insecurity Rates of New Jersey Retired Elder Men (Individuals), by County, 2015

County	Insecurity Rate
New Jersey	*43%*
Atlantic County	47%
Bergen County	49%
Burlington County	37%
Camden County	51%
Cape May County	40%
Cumberland County	50%
Essex County	59%
Gloucester County	35%
Hudson County	68%
Hunterdon County	33%
Mercer County	37%
Middlesex County	46%
Monmouth County	39%
Morris County	36%
Ocean County	34%
Passaic County	56%
Salem County	41%
Somerset County	36%
Sussex County	39%
Union County	50%
Warren County	47%

Source: Author's calculations using US Census Bureau 2011-2015 American Community Survey 5-year PUMS

[1] McMahon, Shawn. *An Uneven Recovery: Older Workers in New Jersey's Workforce During the Post-Recession Period (2009-2014)*. Washington, DC: Wider Opportunities for Women, 2015.

[2] Bureau of Labor Statistics, US Department of Labor. Consumer Price Index: All Urban Consumers (Current Series). http://data.bls.gov/PDQ/outside.jsp?survey=cu (June 16, 2017). Price data is data for the New York-Northern New Jersey-Long Island metro area, with the exception of prescription medicine data, which is for the United States.

[3] Elder-only households are those composed of single adults age 65 and older who live alone, and two elders or elder couples age 65 and older who do not reside with additional family members or unrelated individuals. Older adults who live in group quarters and/or reside with multiple family members or unrelated roommates are not included in this analysis, as it is not possible to determine an economic security budget or who within a household pays for expenses. All calculations, tables and figures in this report are for retired elder-only households.

[4] While most economic insecurity rates within this report are calculated by comparing household income to the Elder Index, EEIRs for women and men (individuals) are calculated using personal income.

[5] The US Census Bureau's Supplemental Poverty Measure (SPM) is a basic needs budget which, like the Elder Index, compares an inclusive definition of income to an itemized budget standard. However, the SPM is not specific to seniors, and is a measure of abject poverty which does not speak directly to the large proportion of seniors who are not officially poor but are likely to be at risk of poverty or destabilizing insecurity.

[6] For more information on the Elder Index methodology, see *The National Elder Economic Security Standard Index* (Boston: University of Massachusetts Boston. 2012) and *The 2016 New Jersey Elder Economic Security Standard™ Index* (Boston: University of Massachusetts Boston. 2017). While public supports, particularly food support programs and energy assistance, are critical to helping many elders address the gap between income and economic security needs, elders who depend on public assistance programs are not considered secure.

[7] All Elder Index values used in analyses and this report are for seniors who self-report being in "good" health. Elder Index values are also calculated for seniors who report poor or excellent health.

[8] State of New Jersey Department of Taxation. 2014 Average Residential Assessment. http://www.state.nj.us/treasury/taxation/lpt/aveg_res_assessment.shtml (May 3, 2016).

[9] Board of Governors of the Federal Reserve System. *Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper*. Washington, DC: Board of Governors of the Federal Reserve System, 2013.

[10] Vincent, Grayson K. and Victoria A. Velkhoff. *The Next Four Decades: The Older Population in the United States: 2010 to 2050*. Washington, DC: US Census Bureau, Government Printing Office, 2010.

[11] US Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table S0103; using American FactFinder. http://factfinder2.census.gov (June 4, 2017).

[12] The group "Hispanic" includes those self-identifying as Hispanic, Latino or Spanish on the US Census Bureau's American Community Survey.

[13] Wider Opportunities for Women. *Living Below the Line: Economic Insecurity and Older Americans. No. 3: Race/Ethnicity*. Washington, DC: Wider Opportunities for Women, 2015.

[14] Between 2014 and 2015, women's median income in retirement increased for all race/ethnicity groups studied, other than for Asian women. However, due to small sample size, retirement income figures for Asian women may be inaccurate.

[15] DeNavas-Walt, Carmen and Bernadette D. Proctor. *Income and Poverty in the United States: 2013*. Washington, DC: US Department of Commerce, 2014.

[16] Copeland, Craig. *Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2013*. Washington, DC: Employee Benefit Research Institute, 2014.

[17] Advisory Council on Employee Welfare and Pension Benefit Plans. *Disparities for Women and Minorities in Retirement Savings.* Washington, DC: US Department of Labor, 2010.

[18] US Government Accountability Office. *Retirement Security: Women Still Face Challenges*. Washington, DC: Government Accountability Office, 2012.

[19] These calculations determine Social Security as a percentage of total personal income, not total household income, and refer specifically to the population studied in the brief.

[20] The limited sample size of Black senior households included in the 2015 American Community Survey means that determining the exact percentage point decline in Black senior EEIRs is difficult; however, it is possible to state that incomes in retirement increased and EEIRs decreased among Black seniors.

[21] AARP. *Social Security: 2014 New Jersey Quick Facts.* Washington, DC: AARP, 2014. http://www.aarp.org/content/dam/aarp/research/surveys_statistics/general/2014/ssqf/Social-Security-2014-New-Jersey-Quick-Facts-AARP-res-gen.pdf (April 23, 2016).

[22] Whether Social Security and Medicare should be considered entitlements, benefits or something other has been a matter of debate. Social Security is not currently means tested and has no income or asset eligibility limits.

[23] Most federal and state support program income eligibility limits are adjusted annually relative to poverty guidelines adjusted for inflation. Federally funded support programs, such as housing and energy assistance, which do not tie income eligibility limits to the guidelines, tie limits to area incomes, and limits are adjusted annually. As a result, income eligibility limits often remain constant as a percentage of area incomes over time. Eligibility limits for state-funded support programs, such as tax relief programs, are more likely to not be adjusted upward over time, often to reduce budgetary impacts.

[24] While it notes that senior support programs potentially extend assistance to seniors with incomes approximating the Elder Index, this report draws no conclusions on whether or not supports are sufficiently funded and accessible by seniors, or whether or not current program income and resource eligibility limits are optimal.

[25] The Elder Index itself is a static threshold and cannot be "lowered" through benefit receipt; however, decreasing household expenses is considered within this modeling exercise the equivalent of reducing economic insecurity gaps through increased income. Calculations which increase income and calculations which decrease expenses yield similar, but not identical, changes in EEIRs and economic security levels.

[26] Support eligibility and benefit level calculations utilize program rules in place as of June 2017.

[27] Nationally, approximately 1% of retired senior-only households received income from a public (cash) assistance program (not including Social Security, Social Security Disability Insurance or Supplemental Security Income) in 2015. Approximately 4% of households received income from Supplemental Security Income.

[28] The 2009 5.8% COLA was chosen to better demonstrate a COLA's potential impact and importance to New Jersey seniors. However, inflation-based Social Security COLAs between 1975 and 2016 have ranged from 0% to 14.3%. One alternative COLA would be the 10-year average Cost of Living Allowance (COLA) between 2007 and 2016, which is 2.0%. A 2.0% COLA results in a weighted average annual Social Security payment increase of $403.

[29] Additional, larger support impacts on EEIRs might also be seen if modeling included seniors' *avoidance* of expenses, such as additional medical care or institutional care prevented by Medicaid or long-term care programs.

[30] As noted above, the Elder Index itself is a static threshold and cannot be "lowered" through benefit receipt; however, decreasing household expenses is considered within this modeling exercise the equivalent of reducing economic insecurity gaps through increased income. Calculations which increase income and calculations which decrease expenses yield similar, but not identical, changes in EEIRs and economic security levels.

[31] While Social Security COLAs greater than zero help all Social Security recipients, those who receive larger Social Security payments receive larger increases in payments. I.e., a 10% COLA increases a $1,000 monthly payment by $100, but increases a $2,000 monthly payment by $200, so COLAs disproportionately help households with higher payments.