

**ECONOMIC INSECURITY**

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Health and economic disparities of both the current and coming generations of minority elders suggest that the Latino population will approach old age with disproportionately large numbers that are economically vulnerable and in poor health, making it difficult or impossible for them to work additional years before retirement. We would expect that they will therefore be reliant on Social Security as a primary source of income. Currently, about half a million older adults living alone in California lack sufficient income to pay for housing, food, health care, transportation and other expenses. The Elder Economic Security Standard Index (Elder Index), which uses current data to calculate the amount that older adults need to make ends meet in each county in California (see [http://www.healthpolicy.ucla.edu/elder\\_index08feb.html](http://www.healthpolicy.ucla.edu/elder_index08feb.html)), provides a more accurate representation than the Federal Poverty guidelines of the vulnerability faced by many Californians age 65+. Utilizing this index, it is estimated that more than half of elders in LA County do not have enough income to meet their basic needs. Disaggregating the data by race finds that nearly 75% of Latino single adults age 65+ living alone are economically insecure (Fig. 1). Nearly a third of the population rely on Social Security as their primary source of income, which pays an average benefit of \$12,540. Public programs are supposed to help close the gap between a senior's income and their expenses, but many older adults fall through the "cracks". With the lowest levels of economic security in old age and approaching old age, older Latinos are especially susceptible to changes in economic and welfare policy that hurts low income adults.

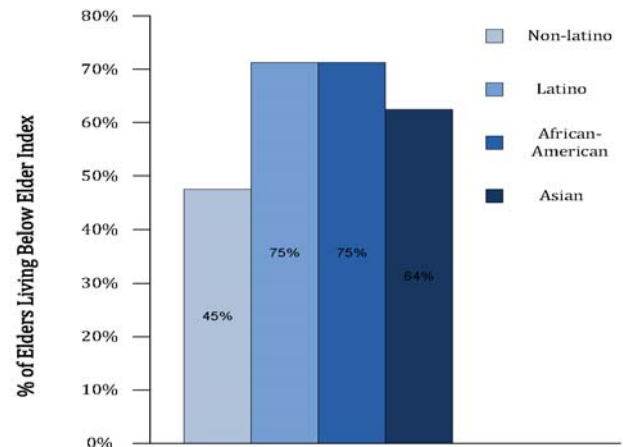
**Income & Health Vulnerabilities among Latinos**

In 2007, the Commonwealth Fund reported that 62% of the population age 50-64 has at least one chronic condition, e.g. diabetes, hypertension, arthritis, heart disease and cancer. It is estimated that by 2030, 6 of every 10 baby boomers will be living with more than one chronic condition; and obesity rates among baby boomers will increase with 1/3 of the population being considered obese by 2030.<sup>1</sup> This is particularly troubling because of the link between obesity and several chronic conditions, most notably diabetes. It is estimated that one in four baby boomers will have diabetes in old age and one out of every two will have arthritis.<sup>2</sup>

1 American Hospital Association. *When I'm 64: How Boomers with Change Health Care.*, Chicago, IL, 2007.

2 National Center for Health Statistics. United States Life Tables, 2003. U.S. Centers for Disease Control and Prevention, 2007. [http://www.cdc.gov/nchs/datawh/statab/unpubd/mortabs/lew3\\_10.htm](http://www.cdc.gov/nchs/datawh/statab/unpubd/mortabs/lew3_10.htm).

**Figure 1. Percent of Single Adults Age 65+ Living Alone who are Economically Insecure by Race and Ethnicity in Los Angeles**



Source: U.S. Census Bureau's 2006 ACS data, compiled by the UCLA Center for Health Policy Research, 2008.

Although data suggests that minority populations are living longer, they are living in relatively poor health. Latinos, especially Mexican Americans, have experienced advantages in life expectancy, but have disproportionately higher rates of difficulties in functioning, and more years of disability when compared to non-Hispanic whites.<sup>3</sup> In spite of mortality advantages, Latinos are often frail and disabled in part due to the relatively high prevalence of type II diabetes and obesity.<sup>4</sup>

A consistent finding in the literature is the high prevalence of diabetes found among the Latino population. Latinos (all ages) are 2 to 5 times more likely to have diabetes than the general population. The higher prevalence of diabetes is of particular concern because this chronic disease often results in complications that impact functioning and lead to disability including lower extremity amputations, vascular disease, blindness, and stroke.<sup>5</sup> Moreover, national data showed that Latinos with diabetes are less likely than non-Hispanic whites with the same condition to receive routine Hemoglobin A1c measurements; retinal eye exams; foot examinations; and influenza vaccination.<sup>6</sup>

The health data on Latinos from California mirrors that which is found at the national level. Among Latinos age 50-64, 28% report that a disease condition limits their basic activity. Latinos in this age group report

3 Markides K, Eschback K. Aging, migration, and mortality: current status of research on the Hispanic Paradox. *J Gerontol B Psychol Sci Soc Sci* 2005;60 (Suppl 2):S68-S75.

4 Angel JL, Angel RJ. Minority group status and healthful aging: social structure still matters. *Am J Public Health* 2006;96:1152-1159.

5 Hazuda HP, Espino D. Aging, Chronic Disease, and Physical Disability in Hispanic Elderly. In *Minorities, Aging and Health*, edited by K.S. Markides and M.R. Miranda. Thousand Oaks, CA: Sage, 1997, pp. 127-148.

6 *National Healthcare Disparities Report, 2006*. AHRQ, Rockville, MD. <http://www.ahrq.gov/qual/nhdr06/nhdr06.htm>.

relatively high prevalence rates for high blood pressure (39%), diabetes (20%), and arthritis (30%) (see Table 1). These disease conditions are associated with both lower and upper body disability, and can be debilitating to the extent that they limit an individual's ability to work and engage in productive pre-retirement activities that promote economic security in old age.



### Economic Vulnerabilities

The socioeconomic status of the baby boom population in general shows a favorable profile. However, significant disparities in poverty, income, sources of income, and wealth remain. Access to employer sponsored pensions and retiree benefits are decreasing across the working age population. It has been estimated that the percent of working age households that are at risk of being unprepared for retirement at age 65+ has risen from 31% in 1983 to 43% in 2004.<sup>7</sup>

**Table 1: Disparities in Health Among the California Baby Boom Population (ages 50 to 64)**

Health Indicators	Latino (n=1069)	African American (n=557)	Asian/Pacific Islander (n=1018)	Non-Hispanic White (n=9112)
Fair/Poor Self Rated Health	42%	31%	30%	15%
Disease Limits Basic Activity	28%	31%	14%	23%
ADL Difficulty	7%	10%	3%	5%
Arthritis	29%	39%	18%	34%
Asthma	11%	19%	7%	15%
Cancer	6%	7%	5%	15%
Diabetes	20%	18%	10%	8%
High Blood Pressure	39%	58%	34%	35%
Stroke	2%	6%	2%	3%

Source: California Health Interview Survey (CHIS), 2005.

<sup>7</sup> Munnell AH & the NRRI Research Team. *Retirement at Risk: A New National Retirement Risk Index*. Center for Retirement Research, Boston College, Boston, MA, June 2006. Available online at: [www.crr.bc.edu/special\\_projects/national\\_retirement\\_risk\\_index.html](http://www.crr.bc.edu/special_projects/national_retirement_risk_index.html).

### Retirement & Financial Risk

Also of concern are younger Americans who are more likely to be at financial risk in retirement than today's cohort of older adults, with roughly 50% of those born in the mid 1960s through the early 1970s being financially unprepared.<sup>8</sup> According to the Economic Policy Institute,<sup>9</sup> in 2000, 56.6% of non-Hispanic white males had pension coverage compared with 43.6% of African American men and 27.5% of Latino men. The numbers are even lower for women with 51.8% of white women having pension coverage compared to 42.6% of African American women and 30% of Latino women. The low rates of pensions and savings for low-income workers leave Social Security as the most critical source of retirement income for minority retirees who are between the ages of 62 and 64. When the head of household is in this early retirement age, just over half of both black and white households receive Social Security income, along with just under half of Latino and one third of Asian American households.

#### Key differences by race and ethnicity (Nationally):

- Minorities are less likely to have other sources of income and have lower total incomes.
- Among those receiving early retirement Social Security income, whites are about twice as likely to also have interest or dividend income as African Americans and Latinos (U.S. Census Bureau, 2006).
- Whites are more likely to enter retirement early with enough resources to supplement Social Security.
- Older Minorities are more likely to have to rely entirely on Social Security for their entire income.

#### Key differences by race and ethnicity (California):

- The poverty rate for California Latino baby boomers is nearly double the rate of other minority populations and four times the rate found among non-Hispanic whites age 50-64 (see Table 3).

It is estimated that the poverty rates of older Californians (i.e., elderly and near elderly) would be even higher if one were to utilize the Elder Economic Security Standard rather than the federal poverty guidelines. It has been found that the federal poverty guidelines cover less than half of the costs experienced by older adults living in California and therefore is out dated, and underestimates those who are economically vulnerable among the state's pre-retired/retired population.<sup>10</sup>

<sup>8</sup> Hacker JS. The great risk shift: issues for aging and public policy. *Public Policy and Aging Report*. 2007;17(2):1-7.

<sup>9</sup> Economic Policy Institute. *Retirement Security Issue Guide*. 2002. Available at: [www.epinet.org/Issueguides/retire/html](http://www.epinet.org/Issueguides/retire/html).

<sup>10</sup> Wallace SP, Molina LC. Federal Poverty Guideline Underestimates Costs of Living for Older Persons in California. Los Angeles, CA: UCLA Center for Health Policy Research. Available at: <http://healthpolicy.ucla.edu/pubs/publication.asp?pubID=247>.

**Table 2: Poverty and Low-Income (< 200% FPL) Rates by Race/Ethnicity, California 2007**

	White	Non-Latino		Latino
		African American	Asian American	
Age 65 & over, poverty rate	7%	11%	11%	12%
Age 62 to 64 poverty rate	4%	18%	5%	15%
Age 50 to 61 poverty rate	5%	18%	11%	12%
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Age 65 & over, (< 200% FPL)	31%	46%	34%	34%
Age 62 to 64 (< 200% FPL)	10%	42%	28%	45%
Age 50 to 61, (< 200% FPL)	14%	33%	20%	38%

Source: U.S. Census Bureau, 2008. FPL = Federal Poverty Line

In summary, utilizing the updated Elder Economic Security Standard Index would provide a more accurate picture of vulnerability. In addition to having disproportionately higher poverty rates, California Latinos age 50-64 are less educated. Latinos are 3 to 5 times more likely than other minority populations, and 10 times more likely than non-Hispanic whites, to have less than a high school education. These dimensions of social and economic status are troubling in that they are highly correlated with poor health, disease prevalence, and adult onset disability. They have widespread ramifications for both the state and locally in Los Angeles County.

### Local Action Plan

#### *The Los Angeles Partnership for Evidence-Based Solutions in Elder Health*

The U.S. Department of Health and Human Services (DHHS) Improving Hispanic Elders' Health Project was organized by five Federal agencies to assist local communities in developing coordinated strategies for improving the health and well-being of older Latinos. The purpose of the project is to bring together teams of local leaders from communities with large numbers of older Latinos to:

- Review the latest research on Latino health
- Identify promising practices in disease prevention, social work and health care
- Assist communities with translation of evidence into practice
- Establish local action plans to address health disparities in the community

In response to this national initiative, a local coalition (*The Los Angeles Partnership*) was established to guide local efforts in Los Angeles and to link the resources and expertise of several agencies, universities and community-based organizations in support of ongoing and sustainable efforts in reducing health disparities locally.

## Policy Recommendations & Suggested Actions

### *Preserve Social Security and Medicare*

>> Social Security and Medicare reform should consider strategies for solvency while maintaining the program as a universal entitlement for those age 65 and older.

### *Preserve Eligibility under Social Security*

>> Policymakers should maintain 62 as the age of eligibility for early retirement under Social Security.

### *Modernize Federal Poverty Guidelines*

>> Urge Congress and the President to modernize the Federal Poverty Guidelines to reflect the actual costs of living in each state and county within the U.S.

### *Require State and Local Aging Agencies to Use the Elder Index*

>> State and local programs serving older adults should utilize the Elder Index which more accurately depicts the cost of housing, services, and health care for older adults across each state and county.

### *Provide Affordable and Supportive Housing for Older Adults*

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Increase supply of housing by increasing tax credits to build affordable housing for older adults and by expanding Section 202 senior housing.

### *Expand Re-training and Employment Opportunities*

>> Expand job training and re-training opportunities for older adults through the Workforce Investment Act.

## Selected Additional Resources

- **Medicare** <http://www.medicare.gov/>
- **Food Stamp Program** <http://www.fns.usda.gov/fsp/>
- **The Los Angeles County Department of Public Social Services (DPSS)** serves an ethnically and culturally diverse community through programs designed to both alleviate hardship and promote health, personal responsibility, and economic independence. For more information please visit <http://www.ladpss.org/>
- **U.S. Social Security** is a social insurance program funded through dedicated payroll taxes called Federal Insurance Contributions Act (FICA). For more information and to apply for social security benefits please visit, <http://www.ssa.gov/>

### SUGGESTED CITATION

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