

The New Reality: Important Facts about America's Seniors

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For many Americans 65 and older, the future has changed. The recession has left millions with higher expenses, lower incomes, depleted savings, and reduced home equity or homes lost to foreclosure. Longer term trends have also had a negative impact. Here are ten key facts:

1. **One in six lives in poverty.** An updated measure of poverty taking health care costs into account and endorsed by the National Academy of Sciences shows 16.8 percent poverty among seniors (2009), almost equal to poverty among children (17.5 percent).¹
2. **\$18,500 annual income.** Half of those 65 and older had annual individual income less than this amount. Ten million people over 65 had income less than \$10,800, while fewer than two million had income above \$85,150 (2009).²
3. **Older women have less.** Poverty rates for older women are higher than those for men in all racial and ethnic groups. African American women have a 24 percent poverty rate compared to 13.7 percent for African American men. Among whites, 9.5 percent of women live in poverty, compared to 5 percent of men.³
4. **\$3,103 out of pocket on health care.** Half of all Medicare beneficiaries spent more than this amount of their own money on health care in 2006. The oldest and poorest beneficiaries spent about a quarter of their income on health care.⁴
5. **Unemployed 12 months or more.** As of May 2011, jobseekers 65 or over spent an average of a year looking for work; there were more than seven million people 65 or older in the labor force; and the unemployment rate for this age group was almost twice what it was in 2007.⁵
6. **Growing debt.** In 2007, two-thirds of families with a head of household age 65–74 had debt. Of those, more than half owed at least \$40,000 (a 400 percent increase since 1989).⁶
7. **Wide savings gap.** Three out of five families headed by a person 65 or older had no money in retirement savings accounts (2007). Half of those with savings had less than \$60,800.⁷
8. **High cost of long-term care.** More than six million people 65 plus need daily assistance (4.6 million in the community, 1.3 million in nursing homes.)⁸ Typical private-pay assisted living costs (2011) are more than \$39,000 a year. Nursing home costs are almost twice as much.⁹ Medicare pays for very limited nursing home care and does not pay for assisted living.
9. **Medicare: no free ride.** Nearly seven out of ten Medicare beneficiaries spent at least 10 percent of their income on health care expenses (2006);¹⁰ Medicare households spent three times more on health care, on average, than non-Medicare households (2009).¹¹
10. **Social Security: a lifeline for many.** Social Security kept 36 percent of older Americans out of poverty (2008). It is the principal source of family income for nearly half of older Americans and the primary source of income for older minorities. More than a quarter of older African Americans and Hispanics depend on Social Security for almost all of their family income.¹²

Endnotes

¹ U.S. Census Bureau, Experimental Poverty Estimates Based on National Academy of Sciences Recommendations by Selected Demographic Characteristics and by Region (CE) 2009, table 2 (available at <http://www.census.gov/hhes/povmeas/data/nas//tables/2009/index.html>).

² AARP Public Policy Institute estimates based on the U.S. Census Bureau Current Population Survey, March 2011. Income is measured at the person level.

³ Selena Caldera, *Social Security: A Key Retirement Income Source for Minorities* (Washington, DC: AARP Public Policy Institute, September 2010) (available at <http://assets.aarp.org/rgcenter/ppi/econ-sec/fs201-economic.pdf>).

⁴ Lynn Nonnemaker and Shelly-Ann Sinclair, *Medicare Beneficiaries' Out-of-Pocket Spending for Health Care* (Washington, DC: AARP Public Policy Institute, January 2011) (available at <http://assets.aarp.org/rgcenter/ppi/health-care/i48-oop.pdf>).

⁵ Sara Rix, *The Employment Situation, May 2011: Average Duration of Unemployment for Older Jobseekers Continues to Rise* (Washington, DC: AARP Public Policy Institute, June 2011) (available at <http://assets.aarp.org/rgcenter/ppi/econ-sec/fs226-employment.pdf>).

⁶ Federal Reserve Board, *2007 SCF Chart Book* (available at <http://www.federalreserve.gov/pubs/oss/oss2/2007/2007%20SCF%20Chartbook.pdf>).

⁷ Sandy Mackenzie and Ke Bin Wu, *Employer-Provided Pensions: Less to Count On* (Washington, DC: AARP Public Policy Institute, October 2009) (available at <http://assets.aarp.org/rgcenter/ppi/econ-sec/2009-17-pensions.pdf>); AARP Public Policy Institute estimates of the Federal Reserve Board 2007 Survey of Consumer Finances.

⁸ Judith Feder, Harriet L. Komisar, and Robert B. Friedland, *Long-Term Care Financing: Policy Options for the Future* (Washington, DC: Georgetown University, June 2007) (available at <http://ltc.georgetown.edu/forum/ltcfinalpaper061107.pdf>).

⁹ Genworth, "Executive Summary Genworth 2011 Cost of Care Survey" (available at http://www.genworth.com/content/etc/medialib/genworth_v2/pdf/ltc_cost_of_care.Par.85518.File.dat/Executive%20Summary_gnw.pdf).

¹⁰ Tricia Neuman, Juliette Cubanski, Jennifer Huang, and Anthony Damico, *How Much 'Skin In The Game' Is Enough?* (Washington, DC: Kaiser Family Foundation, June 2011) (available at <http://www.kff.org/medicare/upload/8170.pdf>).

¹¹ Medicare households spent an average of 14.9 percent of their budgets on health care, compared to 4.8 percent among non-Medicare Households. Juliette Cubanski, Anthony Damico, Lindsey Dawson, Jennifer Huang, and Tricia Neuman, *Health Care on A Budget* (Washington, DC: Kaiser Family Foundation, June 2011) (available at <http://www.kff.org/medicare/upload/8171.pdf>).

¹² Selena Caldera, *Social Security: Who's Counting on It?* (Washington, DC: AARP Public Policy Institute, April 2010) (available at <http://assets.aarp.org/rgcenter/ppi/econ-sec/fs178-socsec.pdf>).

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