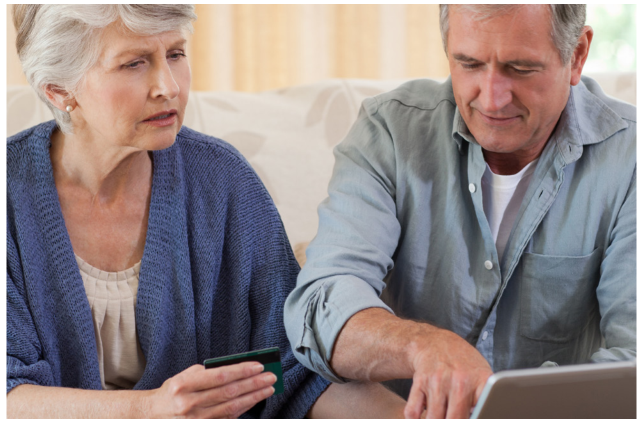


Living Below the Line:

Measuring Economic Insecurity Among New Jersey's Retired Seniors

January 2017

State of New Jersey
DHS
Department of Human Services

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

The New Jersey Department of Human Services (NJ DHS) complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. NJ DHS does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex. The NJ DHS:

- Provides free aids and services to people with disabilities to communicate effectively with us, such as: Qualified sign language interpreters
- Written information in other formats (large print, audio, accessible electronic formats, other formats)
- Provides free language services to people whose primary language is not English, such as: Qualified interpreters
- Information written in other languages

If you need these services, contact Bonny E. Fraser, Esq., or if you believe that the NJ DHS has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance at: 222 South Warren Street, PO. Box 700, Trenton, New Jersey 08625-0700; phone: 609-777-2026; fax: 609-633-9610; ***Bonny.Fraser@dhs.state.nj.us***.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at ***https://ocrportal.hhs.gov/ocr/portal/lobby.jsf***, or by mail or phone at: U.S. Department of Health and Human Services 200 Independence Avenue, SW Room 509F, HHH Building Washington, D.C. 20201 1-800-368-1019, 800-537-7697 (TDD) Complaint forms are available at ***http://www.hhs.gov/ocr/office/file/index.html***.

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

As noted in the law, the New Jersey Elder Economic Security Standard Index (Elder Index) is a tool that measures the income older adults need 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 cost-of-living increases. Over the previous decade, senior household budgets nationally have been squeezed by modest wage increases,[1] historically low returns on savings and low-risk investments, and large increases in prices of basic needs, including food (28%), medical care (34%), prescription drugs (35%) and rent (38%).[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 2014 incomes fell short of the 2014 New Jersey Elder Economic Security Standard™ Index (Elder Index), a senior-specific basic needs budget. The report then uses the Elder Index to measure "economic security gaps"—the difference between retired seniors' actual incomes and the Elder Index—and to demonstrate state and federal public support programs' potential to fill those economic security gaps.

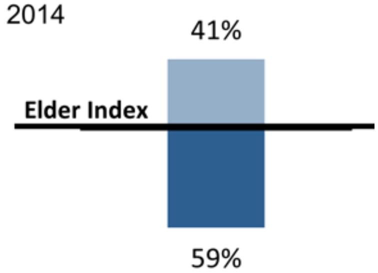
Executive Summary

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 59%; nearly six in 10 New Jersey retired elder-only households' lack sufficient annual incomes to 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 economic insecurity. The statewide EEIR is 69% for single elder households, compared to 39% for elder couple households.
- Eighty-three percent of elder renter households' lack economic security incomes. Fifty-five percent of elder homeowners with mortgages and 46% of elder homeowners without mortgages live in insecurity.

Figure 1: Economic Security and Insecurity Rates of New Jersey Elder Households, 2014



Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

- Elder women experience particularly high insecurity rates. Fifty-eight percent of New Jersey's senior women and 47% of senior men lack security incomes.[4] Seventy-one percent of single elder women and 63% of single elder men living alone lack security incomes. In 2014, median personal income from all sources was $8,269 higher for retired men than for retired women ($19,563 versus $11,294 per year).
- EEIRs are high everywhere, but vary greatly by New Jersey county. The overall insecurity rate is highest in Hudson County (77%) and lowest in Hunterdon County (47%). Several counties with the state's highest EEIRs are clustered in the northeast of the state, while counties with relatively low EEIRs are spread throughout the state.
- Large numbers of seniors, particularly those who rely heavily on Social Security income, 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.

While EEIRs differ greatly by senior subgroup, EEIRs for most senior subgroups have increased similarly in recent years. Between 2010 and 2014, economic insecurity rates rose approximately two percentage points for nearly all retired senior subgroups studied. Such changes can raise red flags and help forecast future household 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 that need policy change.

Potential dramatic increases in economic insecurity rates are in some part offset by several state and federal public support programs, such as SNAP (food stamps), designed to stabilize poverty rates. Income eligibility limits for such programs are established and expressed relative to the federal poverty guidelines, which are blunt, antiquated indicators of deprivation associated in the public mind with chronic, intractable social problems. In contrast, some newer support programs, such as New Jersey's Pharmaceutical Assistance to the Aged and Disabled (PAAD), do not compare applicant incomes to the poverty guidelines and are designed to both help the impoverished survive and to assist participants with incomes above the poverty line to maintain a degree of economic security when they encounter health and financial crises. When income eligibility limits for programs such as SNAP and newer programs such as PAAD are benchmarked against and expressed in terms of the Elder Index, the limits suggest a rational assistance continuum that addresses urgent needs, helps prevent poverty, and helps close 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' aggregate impact on both household economic security gaps and New Jersey's Elder Economic Insecurity Rate. 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 SNAP, 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 5 percentage points.

Together, economic security-based approaches to improving seniors' well-being—defining security needs, measuring economic security gaps, measuring support programs' security impacts, and regularly using and promoting 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 are an antiquated, one-size-fits-all nationwide measure that tells us little about those living in poverty or the thousands of New Jersey seniors with incomes that 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 fully capture the experiences of thousands who currently have, or may have, trouble remaining in their homes as health declines and/or financial resources dwindle.[5] They are not sufficient for understanding the broad public impact of elders who are not "officially poor" and may become unable to care for or to support themselves.

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.

The Elder Index helps workers and retirees plan for the future. It also can help quantify the impact of public policy and programs that 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' potential 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 2014 New Jersey Elder Index's greatest annual value is $56,916, for homeowner couples with mortgages in Bergen County. The Elder Index's smallest annual value is $22,884, 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 Hunterdon, Somerset, Essex and Hudson. The state's less densely populated counties, such as Cumberland, Gloucester, Ocean and Salem counties, are generally less expensive for mortgage holders.

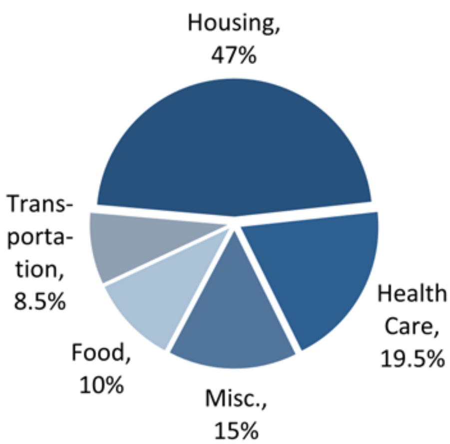
Some of the least expensive counties for homeowners are similarly inexpensive for renters. Cape May County is least expensive for single renters, with an annual Elder Index of $25,080, followed by Cumberland, Salem, Gloucester and Burlington. The most expensive places for renters include Bergen, Passaic, Hunterdon, Somerset and Middlesex. Some counties, such as Bergen, are very expensive regardless of a seniors' housing or health status. However, local housing and health care supply and demand dynamics mean that a county can be, for example, relatively inexpensive for mortgage holders yet 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 2015 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 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, 2014



Seniors with mortgages in New Jersey will typically spend more than twice as much on housing as seniors without mortgages. The difference between typical homeownership costs for those with mortgages and those without is greatest in Hunterdon County (146%). Seniors who carry mortgages into retirement face the greatest budgetary challenges in counties with high average residential property values, such as Bergen, Hunterdon, Monmouth, Morris and Somerset.[7] In these counties, mortgages and attending costs comprise over 50% of the Elder Index budget for couples, and over 60% for single seniors.

Table 1: Statewide Elder Economic Security Standard Index for New Jersey, 2014

	Elder Person			Elder Couple		
Expenses	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**
Housing	$918	$1,150	$1,972	$918	$1,150	$1,972
Food	$252	$252	$252	$463	$463	$463
Transportation	$205	$205	$205	$318	$318	$318
Health Care	$476	$476	$476	$952	$952	$952
Miscellaneous	$370	$370	$370	$530	$530	$530
Elder Index Per Month	**$2,221**	**$2,453**	**$3,275**	**$3,181**	**$3,413**	**$4,235**
Elder Index Per Year	**$26,652**	**$29,436**	**$39,300**	**$38,172**	**$40,956**	**$50,820**

Source: Gerontology Institute, University of Massachusetts Boston, *The 2015 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

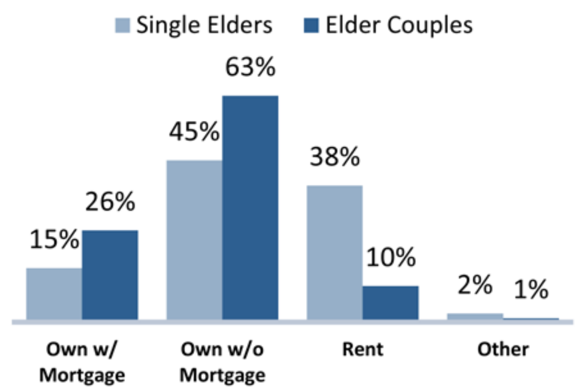
In more expensive counties for seniors *without* mortgages—Essex, Bergen, Passaic, Morris, and Union — total owner costs are more than $1,000 per month, and comprise over 30% of an Elder Index budget for couples and over 40% of an Elder Index budget for single seniors.

Typical monthly rents for the 1-bedroom apartments included in the Elder Index vary widely, from $795 per month (Cape May County) to $1,378 per month (Bergen County). In more expensive counties for renters—Bergen, Passaic, Hunterdon, Middlesex and Somerset—rent comprises over 35% of an Elder Index budget for couples, and over 50% of an Elder Index budget for single seniors.

EEIRs of Homeowners and Renters

The New Jersey EEIR for renters is 83% (Figure 4). Those who own their homes outright are much less likely to lack economic security than renters, as the EEIR for seniors without mortgages is 46%. Elder homeowners *with* mortgages need the highest incomes to be economically secure—a statewide average of $12,644 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, 55%, though high, is much lower than the rate for renters.

Figure 3: Housing Status of New Jersey Retired Elder-Only Households, 2014



Source: Author's calculations using US Census Bureau 2014 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.

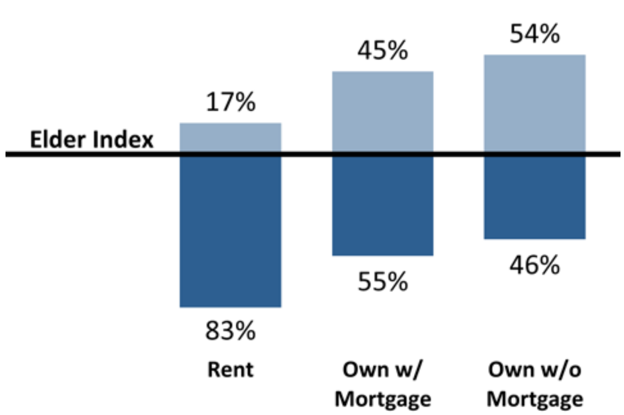
Senior renters are particularly vulnerable to shifting costs in their communities. Housing costs can change dramatically in the short-term. Wage increases may correlate to increases in rents and other costs of living, but retired adults living on fixed incomes can find themselves quickly priced out of 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[8] of the sort an economic security income eases. The EEIR for all elders who report having difficulty with self-care is 68%, and the EEIR for all elders who report having trouble living independently is 66% (Figure 5).

EEIRs of Single Elders and Couples

Single elders are much more likely to lack economic security than couples: 69% of single elders living alone report household incomes below the Elder Index, compared to 39% of elder couples (Figure 6). 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—$51,631 versus $20,421—and are more likely to own their homes free and clear. While 38% of New Jersey's retired single elders are renters, only about 10% of elder couples rent, and 63% of elder couples studied live in a home owned without a mortgage.

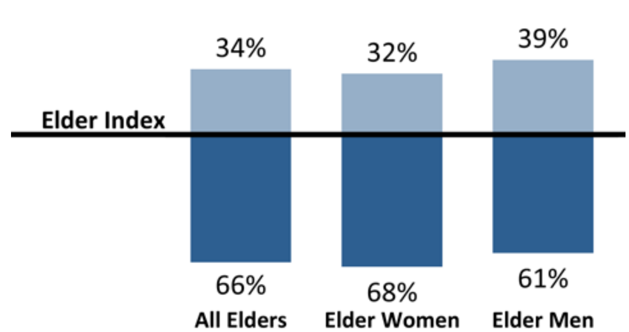
Sixty-five percent of senior men in New Jersey live with a spouse or partner, versus only 40% of women. The gender disparity in life expectancies is decreasing,[9] but older women continue to outnumber older men. In 2014, there were approximately 196,000 more women than men age 65 and over in New Jersey.[10] Women make up an even greater share of the population among the oldest seniors, and women are more

Figure 4: Economic Security and Insecurity Rates of New Jersey Elder Households, by Housing Status, 2014



Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

Figure 5: Economic Security and Insecurity Rates of New Jersey Elders Who Have Difficulty Living Independently, by Sex, 2014



Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

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 statewide insecurity rate for single senior women, 71%.

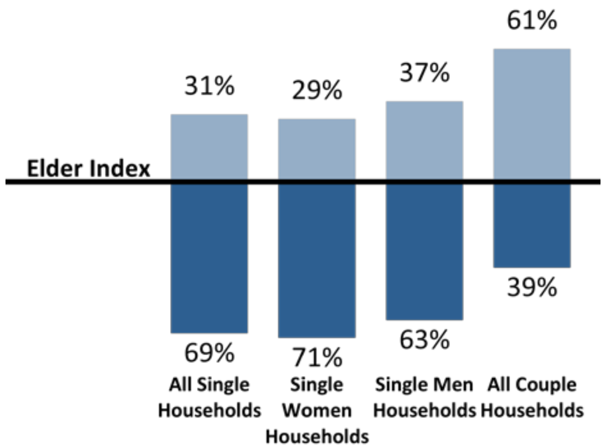
EEIRs of Seniors of Color

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, 86% of Hispanic households, 80% of Black households, 65% of Asian households, and 54% of White households lack incomes that allow basic economic security (Figure 7).[11]

Nationwide, retired seniors of color report annual incomes lower than White elders' incomes by several thousand dollars.[12] In New Jersey, median annual incomes among retired women vary greatly by race and ethnicity. Median income for White women elders ($18,817) is approximately $4,300 higher than median income for Black women elders ($14,521), $8,930 higher than median income for Hispanic women elders ($9,883), and $6,200 higher than median income for Asian women elders ($12,605).
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.[13] They also are more likely to work in jobs that do not offer retirement plans.[14] As a result, at retirement, seniors of color tend to have accumulated less retirement savings.[15]

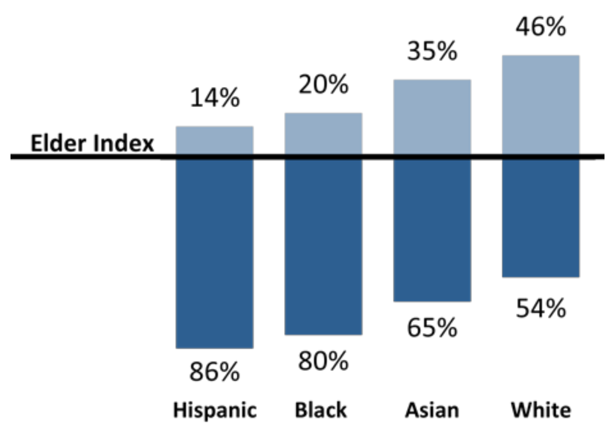
In addition, non-White seniors rely more heavily than White seniors on Social Security as a source of income, but have on average annual Social Security payments several thousand dollars lower than White seniors' payments. Seniors of color may also face higher expenses, as they are more likely to be renters. In

Figure 6: Economic Security and Insecurity Rates of New Jersey Elder Households, by Composition, 2014



Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

Figure 7: Economic Security and Insecurity Rates of New Jersey Elder Households, by Race/Ethnicity, 2014



Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

New Jersey, 59% of retired Hispanic seniors, 57% of retired Black seniors, and 18% of retired White seniors rented in 2014.

EEIRs of Men and Women

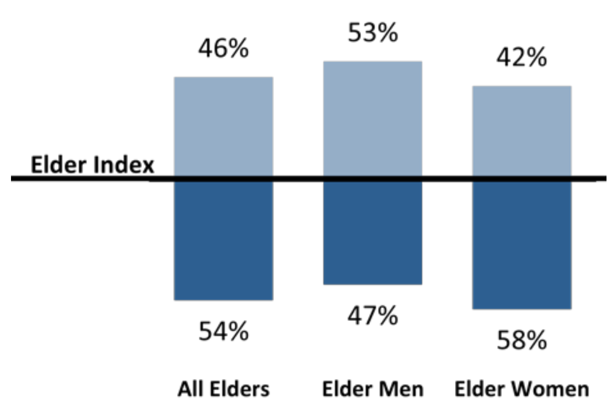
Women are especially vulnerable to economic insecurity. Fifty-eight percent of New Jersey senior women lack economic security incomes, versus 47% of senior men (Figure 8). During their working-age years, women are significantly more likely to earn less than their male counterparts, which often leads to less savings and smaller pensions and Social Security benefits.[16] 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 21%).

In 2014, New Jersey's retired men in senior-only households reported median annual income 64% higher than retired elder women's median income ($28,841 versus $17,547). 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 in retirement.

Just 39.5% of New Jersey women among seniors studied report income from a retirement plan or pension, compared to 49.5% of elder men. Among men and women who do report such income, median income of men exceeds median income of women by $8,269 per year.

In New Jersey, among those living in retired elder-only households, Social Security payments constitute 58.5% of men's average total income, compared to 68% of women's average total income.[17] Median women's payments lag men's by just over $5,000 per year.

Figure 8: Economic Security and Insecurity Rates of New Jersey Elders, by Sex, 2014



Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

EEIRs by County

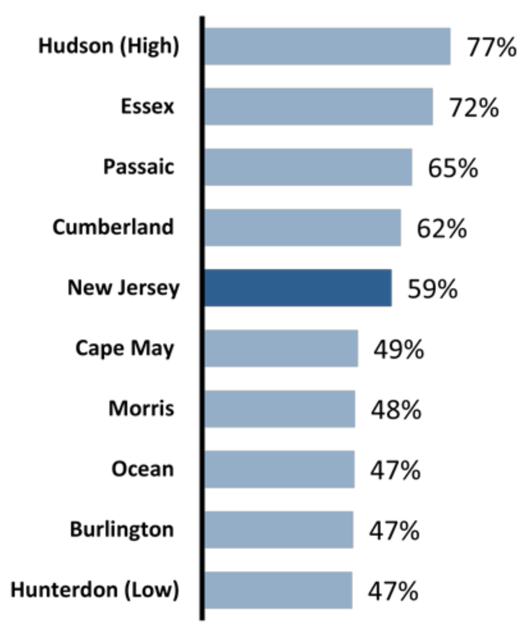
Hudson County has the state's highest overall EEIR, 77%, while Hunterdon County has the lowest overall EEIR, 47%. Other counties with high overall EEIRs include Essex (72%), Passaic (65%), Cumberland (62%) and Camden (61%) Counties. Counties with the lowest insecurity rates include Burlington (47%), Ocean (47%), Morris (48%) and Cape May (48.5%) Counties. Figure 9 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 EEIRs are among the lowest. Conversely, Cumberland County is one of the least expensive counties, but the county's EEIRs are among the state's highest.

Insecurity rates for single elders range from 55% in Burlington County to 82% in Hudson County. EEIRs are highest in the state's northeastern counties, such as Essex (79.5%) and Passaic (74%), and in Cumberland County (70%) (Appendix D). In contrast, the rate of insecurity for elder couples ranges from a low of 27% in Morris County to a high of 61% in Hudson County. In addition to Hudson County, elder couples are the most insecure in Bergen (47%), Essex (46.5%), and Passaic (46%) Counties (Appendix E).

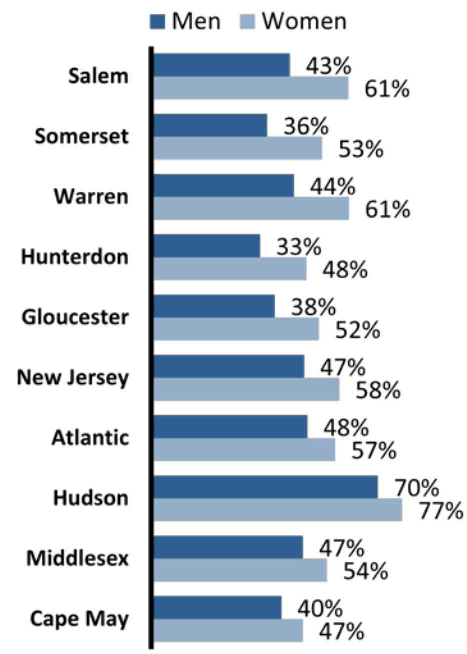
The EEIR for women is higher than the EEIR for men in every New Jersey county. Salem (18 percentage points), Somerset (17 percentage points), Warren (17 percentage points) and Hunterdon (15 percentage points) Counties have the widest disparities between insecurity rates of individual women and men (Figure 10). Cape May and Middlesex Counties have the smallest disparities, at 6.6 and 7.7 percentage points, respectively.

Figure 9: Economic Insecurity Rates of New Jersey Elder Households for Selected Counties, 2014



Source: Author's calculations using US Census Bureau 2010-2014 American Community Survey 5-year PUMS

Figure 10: Economic Insecurity Rates of New Jersey Elders for Selected Counties, by Sex, 2014



Source: Author's calculations using US Census Bureau 2010-2014 American Community Survey 5-year PUMS

Change in EEIRs Over Time

The 2014 New Jersey Elder Index is a snapshot of seniors' current conditions. However, the Elder Index can also provide insight into the change in senior well-being over time. Changes in insecurity rates can point to current trends and help 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 EEIR for all New Jersey seniors living in retired senior-only households increased by 2.1 percentage points between 2010 and 2014. This increase was largely due to increases in EEIRs, of approximately four percentage points, among those seniors with the highest EEIRs—single men, single women and renters. In contrast, insecurity rates decreased, modestly, among those senior groups with the highest median incomes—senior couples and homeowners with mortgages (Table 2).

Table 2: Change in Economic Insecurity Rates of Selected New Jersey Retired Elder-Only Households, 2010-2014

Household Type	Insecurity Rate	Household Type	Insecurity Rate
All Households	2.1%	Owner w/o Mortgage	0.9%
Single Women Households	4.2%	Renter	4.1%
Single Men Households	4.4%	Owner w/ Mortgage	-2.7%
Couple Households	-1.3%	Black Head of Household	0.8%
Women	1.6%	White Head of Household	1.6%
Men	1.0%	Hispanic Head of Household	4.5%

Source: Author's calculations using US Census Bureau 2010 & 2014 American Community Survey 1-year PUMS
Note: Differences between 2014 and 2010 EEIRs are not statistically significant at the p<.05 level.

The Economic Security Gap

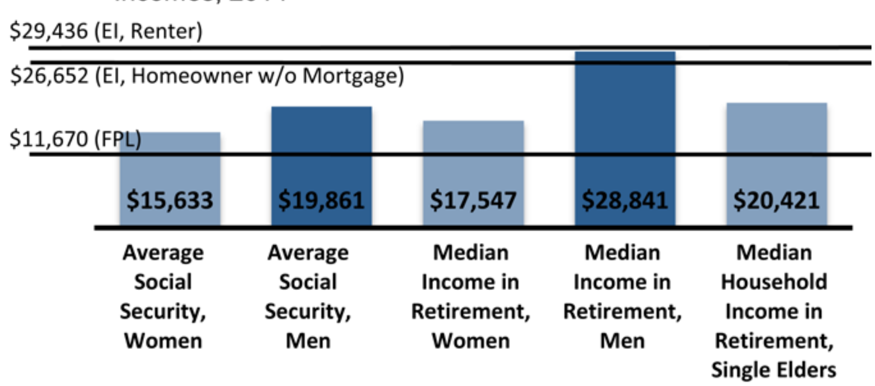
The proportion of New Jersey seniors who rely on Social Security as their sole source of income has risen steadily over time, and is now 30%.[18] Average Social Security payments do not meet statewide average Elder Index expenses for single men or women in any of the state's counties, regardless of whether 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 2014, a New Jersey single elder who rented and relied entirely on the statewide average Social Security payment for men fell almost $7,000 per year short of economic security. A New Jersey single elder who rented and relied entirely on average Social Security for a single woman elder fell more than $14,000 short of an economic security income (Figure 11).

Circumstances are better for single men with retirement savings. According to Census Bureau American Community Survey (ACS) data, the 2014 median annual income for New Jersey's retired single senior men was $28,841, greater than the statewide Index for homeowners without mortgages and nearly equal to the statewide Elder Index for renters. This amount falls short of the Elder Index for renters by approximately $3,700 in New Jersey's most expensive county, and exceeds the Elder Index for single renters by approximately $3,700 in the least expensive county.

The security gap is wider for single elder women. In 2014, retired single senior women's median annual income was $17,547, more than $9,000 short of the statewide Elder Index for homeowners without mortgages and almost $11,900 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 $15,000 in the state's most expensive county and falls short of the Elder Index for single renters by approximately $7,500 in the least expensive county.

Figure 11: Economic Security Gaps Between the Statewide Elder Index and Typical New Jersey Senior Incomes, 2014



Sources: US Department of Health and Human Services. 2014 Poverty Guidelines
Social Security Administration. OASDI Beneficiaries by State and County, 2014: NJ
US Census Bureau. 2014 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, opportunities for 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. Ways 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 care and housing/property taxes. Program descriptions include income and household resource (i.e., liquid asset) limits. Note that programs may have gross income limits, net income limits, or both. Note also that 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.[19]

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. In 2016, qualifying elders receive the difference between their incomes and $9,171, and qualifying elder couples receive the difference between their incomes and $13,504. 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 monthly income and resource limits for a single elder are $990 and $4,000, respectively. For elder couples, the monthly income limit is $1,335 and the resource limit is $6,000.

Managed Long Term Services and Supports (MLTSS)

Managed Long Term Services and Supports (MLTSS) provides long-term services and supports through NJ FamilyCare. MLTSS provides home- and community-based services which help individuals 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 individuals must require assistance with three activities of daily living, such as bathing or other self-care, and single individuals must have monthly incomes of no more than $2,199. Resources cannot exceed $2,000.

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), known as a Miller Trusts, allow seniors to participate in Medicaid Long Term Services and Supports (LTSS) when their incomes exceed Medicaid LTSS income eligibility limits. Participants enter into a written trust agreement to set up a special bank account and deposit income above 300% of the Federal Benefit Rate (FBR) (also known as the SSI Standard Benefit Amount) into the account. The income deposited into the QIT is not counted when determining Medicaid financial eligibility but must be spent on the individual's medical care once they are determined eligible for LTSS. QITs have special conditions that must be met and are subject to approval of, and monitoring by, the appropriate Medicaid eligibility determining agency. Individual participants must maintain no more than $2,000 in resources.

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 Specified Low-Income Medicare Beneficiary-QI-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 $11,880 for a 1-person household and $16,020 for a 2-person household. Single and married elders must also maintain no more than $7,280 and $10,930 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 $14,256 for a 1-person household and $19,224 for a 2-person household. SLMB-QI-1 recipients must have annual incomes of no more than $16,038 for a one-person household and $21,627 for a two-person household. For both the SLMB and SLMB-QI-1 programs, single and married seniors must maintain no more than $7,280 and $10,930 in resources.

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 guidelines (commonly referred to as the poverty level, or FPL) ($16,038 for a one-person household; $21,627 for a two-person household). Thereafter the program provides help on a sliding scale to those with incomes up to 150% FPL ($17,820 for a one-person household; $24,030 for a two-person household). Single and married elders must also maintain no more than $8,780 and $13,930 in resources, respectively, to receive full LIS benefits. In order to receive partial LIS benefits, single elders cannot have more than $13,640 in resources and couples must have no more than $27,250 in resources.

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 full LIS (see paragraph above) limitations. Elders must enroll in a Medicare Part D prescription drug plan in order to receive benefits. In 2016, recipients pay $5 for generic prescriptions and $7 for brand-name prescriptions, but 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 $26,575 or $32,582, respectively.

Senior Gold

Senior Gold helps seniors with incomes or resources 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. However, 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 single elders must have annual incomes of less than $36,575 and elder couples must have annual incomes of less than $42,582 in 2016. Like PAAD, Senior Gold is a state-created and state-funded program and the enacting legislation for both programs only required an income limit.

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 one-person household; $29,637 for a two-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 stamp program, provides low-income households with electronic benefit cards that 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 can be no more than 100% FPL ($11,880 for a one-person household; $16,020 for a two-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 household resources.

Housing/Property Taxes

Universal Service Fund (USF)

The Universal Service Fund, a state fund administered by the Department of Community Affairs, helps 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% of FPL ($20,604 for a 1-person household; $27,888 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 offers energy assistance to elderly and disabled households and issues a $225 credit to eligible households to pay for natural gas and electricity bills. While there are no resource limitations, seniors must meet PAAD income eligibility requirements and 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 2016, recipient income limits were $23,544 for a one-person household and $31,860 for a two-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 direct or indirect 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 may select any market-rate rental housing with a property owner willing to accept the HCVP voucher, 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% area median income (AMI) are eligible for assistance. However, those with “very low” incomes, below 30% AMI, are granted priority for limited assistance, and housing assistance recipients rarely have incomes above 50% AMI.

State Rental Assistance Program (SRAP)

The State Rental Assistance Program is a state-funded program for individuals with low-income 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 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 the 2013 tax year, single seniors and senior couples with incomes 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 eligible residents to pay the same property tax bills (for 2014) 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 at least three years. For 2013, incomes must have been no more than $84,289, and 2014 incomes must have been no more than $70,000 in order to qualify.[20]

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 New Jersey 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. 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, receive 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 (pre-tax) 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

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

Support Program*	% FPL, 1 Adult (2016)	% FPL, 2 Adults (2016)	% Elder Index, Single Homeowner w/o Mortgage (2014)	% Elder Index, Homeowner Couple w/ Mortgage (2014)
Federal Poverty Guidelines/Level (FPL)	$11,880	$16,020		
Supplemental Security Income**	77%	84%	34%	27%
Property Tax Deduction***	84%	62%	38%	20%
SNAP	100%	100%	44%	31%
New Jersey Care (Medicaid)	100%	100%	45%	32%
QMB Medicare Saving Program	100%	100%	45%	32%
SLMB Medicare Saving Program	120%	120%	53%	38%
Medicare Part D Low-Inc. Subsidy, full	135%	135%	60%	43%
SLMB-QI-1 Medicare Saving Program	135%	135%	60%	43%
Medicare Part D Low-Inc. Subsidy, partial	150%	150%	67%	47%
Universal Service Fund	175%	175%	77%	55%
LIHEAP/Home Energy Assistance	198%	199%	88%	63%
PAAD****	224%	203%	100%	64%
Lifeline	224%	203%	100%	64%
Senior Gold****	308%	266%	137%	84%
Housing Assistance*****	80% AMI	80% AMI	80% AMI	80% AMI
SRAP*****	80% AMI	80% AMI	80% AMI	80% AMI

* 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

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

**** AMI=Area median income. 75% of subsidies are reserved for tenants with incomes of 30% AMI (2015 statewide AMI=$21,350 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.

(not including monies from Social Security, federal and state pensions, and disability and retirement programs).

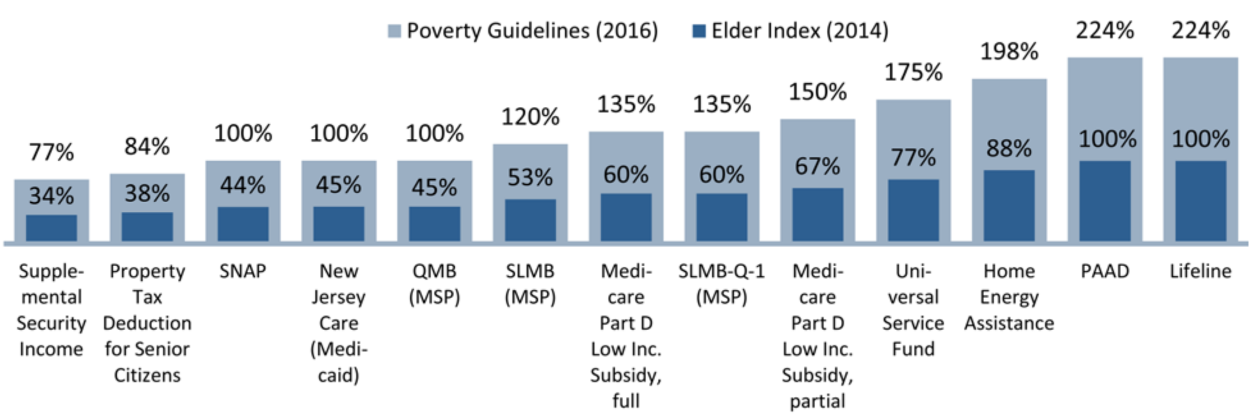
Expressing Support Program Income Eligibility Limits in Terms of the Elder Index

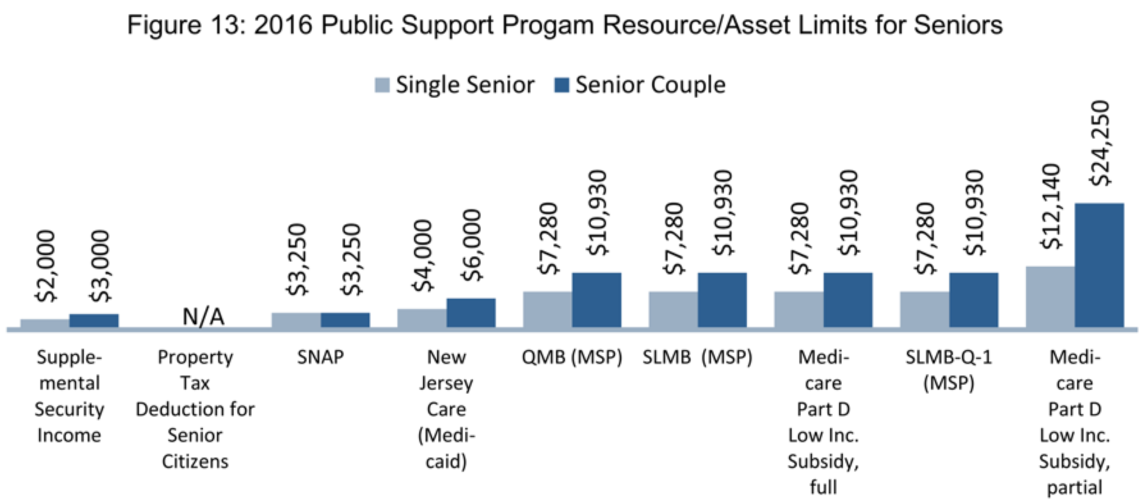
Supports can be divided into two groups: programs which help the officially poor survive or better manage their poverty—basic income, food and medical assistance; and more inclusive programs that promote or protect security and help participants remain safely in their homes. The former group of programs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

Figure 12 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 77% to 224% of the poverty guideline and from 33% to 100% of the Elder Index.[21] (Not included in Figure 12 are the Senior Gold pharmaceutical assistance program, which has an income eligibility limit of approximately 308% FPL and 137% of the Elder Index, and housing assistance programs, which typically help house people with incomes below 30% of area median income, but in rarer cases help residents with as much as 80% median area income.) The supportive services network has been created, patchwork, over decades, and yet when benchmarked against the Elder Index, eligibility limits suggest an assistance continuum that addresses the needs of seniors who are officially poor and/or still living within the shadow of poverty.[22] An assistance continuum leading up to 100% of the Elder Index also suggests the Elder Index as a target region of income security and independence.

As noted above, average Social Security incomes often fall short of even 50% of local security standards. However, the average payment for a single senior in 2014 may have been a disqualifier, regardless of

Figure 12: 2016 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





resource limits, from basic income, food and medical assistance other than the partial Medicare Part D Low-Income Subsidy.

As shown in Figure 13, 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 13).

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.[23]

In the following modeling exercise, 2014 American Community Survey (ACS) income, household composition, housing, and other data are used to calculate support program income eligibility and potential benefit amounts for each retired senior-only household in New Jersey (n=167,161).[24] 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) are excluded from elder incomes, as the ability to live independently and be selfsupporting is integral to the definition of economic security.[25] Three programs 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)
- The Social Security Cost of Living Allowance (COLA), an annual inflation adjustment to payments

Together these programs address both sides of the economic security ledger by either providing income or 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 2014 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 both eligibility rules and benefit amounts are currently being considered at the federal and/or state levels for all three programs, as outlined in Tables 4, 5 and 6.

The property tax relief calculation uses household income, housing and property tax information to calculate relief program eligibility and relief amounts under 2014 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 2016 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.[26] Additional details on calculations can be found in the methodology section below.

Table 4 presents estimated average benefits for single seniors and senior couples who are eligible for benefits. SNAP provides the largest single program benefit, $1,538 per year, but provides benefits to the smallest number of seniors. The Social Security COLA provides an average benefit of $1,425 per year, and property tax relief in its several forms provides an average of $666, with an average of 45% of total household relief coming from the Homestead Benefit.

Table 4: Average Annual Support Program Benefit of New Jersey Retired Senior-Only Households, by Program, 2014

Social Security COLA	Property Tax Relief	SNAP	Social Security COLA + Property Tax Relief + SNAP
$1,425	$666	$1,538	$2,134

Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS
Note: Weighted average annual program support benefit among program participants

Aggregate Support Program Impacts

The three supports' aggregate impact on statewide EEIRs is modest. Both property tax relief and SNAP provide a 1.1 percentage point decrease in the statewide EEIR. The Social Security COLA decreases the statewide EEIR by 1.9 percentage points.

Additional insight into a support programs' impact can be gleaned by examining how much they increase a specific household's economic security level (rather than the EEIR for all households). Table 5 presents each support program's median impact on the economic security levels of that support program's recipients. A large COLA provides the greatest median improvement in participant economic security levels, 3.3 percentage points. (For example, a senior household has a monthly income equal to 75% of its Elder Index, and its Social Security payment increase moves the household's income to 78.3% of its Elder Index.) SNAP improves economic security levels among recipients by a median 2.7 percentage points, and property tax relief improves security levels among recipients by a median 1.7 percentage points. The median change in economic security level when all three programs are modeled is 4.8 percentage points.

Maximum changes in economic security levels speak more directly to the importance of a program to specific recipients. 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 15.2 percentage points, and property tax relief can increase security levels by as much as 5.6 percentage points.[27] Multiple program benefits can have a large impact, increasing 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-Only Households, by Program, 2014

	Social Security COLA	Property Tax Relief	SNAP	Social Security COLA + Property Tax Relief + SNAP
Median	3.3	1.7	2.7	4.8
Maximum	15.2	5.6	11.2	16.9

Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS
Note: Weighted median percentage point increase among program participants

Table 6: Number of New Jersey Retired Senior-Only Households with Economic Security Levels Increased by Support Programs, by Program and Increase, 2014

	Social Security COLA	Property Tax Relief	SNAP	Social Security COLA + Property Tax Relief + SNAP
Any Increase	157,243	146,883	4,723	166,385
Increase of 3 Percentage Points or More	94,486	10,448	2,312	137,696
Increase of 5 Percentage Points or More	21,789	456	1,871	74,174

Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

Breadth of Support Program Impacts

The three programs' breadth of impact can be assessed by estimating the number of households for which economic security levels a program might improve. Table 6 presents numbers of households reported within the ACS as receiving Social Security, receiving SNAP or meeting income-eligibility requirements for property tax relief. Table 6 also addresses depth of impact by presenting the number of households studied whose economic security levels increase by a minimum of three or five percentage points.

A Social Security COLA increases the economic security levels of nearly all New Jersey retired senior-only households. Approximately 94,500 households see an economic security level increase of three percentage points or more. Property tax relief has a similar breadth of impact, with 88% of senior households studied receiving a benefit, and more than 10,000 households seeing an economic security level increase of more than three percentage points. Far fewer senior households indicate receipt of SNAP benefits within the 2014 ACS,[28] but among those receiving SNAP, an estimated 40% receive SNAP benefit amounts that raise their economic security levels by five percentage points or more.

When all three supports are considered, economic security levels of more than 137,000 participant senior households increase by three percentage points or more, and the economic security levels of 74,174 households increase by five percentage points or more.

Conclusion

The federal poverty guideline is an antiquated, one-size-fits-all measure, and its history and prominence have helped foster policy, that, in many cases, is limited to managing abject poverty. Seniors, families and policymakers need additional information about households with incomes $100, $1,000 or $10,000 above the poverty line, about the circumstances and basic needs of the 94% of New Jersey seniors who are not 'technically' 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 already have been addressed, at least in part, they have not been addressed within the context of an economic security measure.

- Causes of economic insecurity at the state, county or sub-county levels
- Whether or not differences in economic insecurity rates are narrowing or widening among counties and localities, between men and women, among seniors of various races/ethnicities and among other senior subgroups
- 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 can be 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 also can be used in public information, within professional development, at public events and within private counseling sessions to educate current and future retirees and their advocates. The collective goal should be 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 that moves households along an economic support spectrum and increases self-determination, independence, and the ability to age in one's own home. The end result will be more financially secure seniors and families that 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 needed for basic economic security, as defined by the 2014 Elder Index, to 2014 one-year American Community Survey (ACS) PUMS data for New Jersey households. County-specific Elder Economic Insecurity Rates are calculated by comparing 2014 Elder Index data to 2010-2014 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 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 also are excluded from income. Nationally, approximately 1% of studied households received income from a public (cash) assistance program (not including Social Security, Social Security Disability Insurance or Supplemental Security Income). Approximately 4% of studied households 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 (n=167,161). 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)

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 also were chosen because the 2014 American Community Survey contains household information—Social Security income, property taxes paid, whether someone in the household receives food stamps and other information—which facilitates their modeling.

Property tax relief eligibility and values are calculated based on 2014 ACS household income, housing type and property tax data, and on derived 2013 household income and property tax values. Relief program eligibility and relief amounts are calculated under 2014 tax year rules. 2013 property taxes paid are 2014 household property tax values deflated using 2013-2014 change in average residential property tax bills by PUMA and county. 2013 incomes are reported 2014 household incomes deflated using the 2014 Social Security Cost of Living Adjustment. All households are assumed to meet all property tax relief residency requirements, and to have had the same household and housing statuses in 2013 and 2014.

SNAP benefit values are based on 2014 ACS income and housing data. Households are considered eligible for SNAP if they indicated receipt within the 2014 ACS. Indication of receipt eliminates the study's need to consider household resource information. Benefit amounts were calculated using 2016 program rules and included income deductions for excess shelter and the 2016 New Jersey Heating and Cooling Standard Utility Allowance. Calculations do not include deductions from household income for "exceptional" medical expenses; calculations significantly underestimate the number of households receiving a SNAP benefit, and likely underestimate benefit amounts for some senior households.

The Social Security calculation uses household Social Security payment amounts reported within the 2014 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) from the third quarter of a prior year to the third quarter of a current year.

Appendix A: Annual Elder Economic Security Standard Indexes for New Jersey, by County, 2014

	Elder Person			Elder Couple		
Jurisdiction	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**	**Owner w/o Mortgage**	**Renter**	**Owner w/ Mortgage**
New Jersey	*$26,652*	*$29,436*	*$39,300*	*$38,172*	*$40,956*	*$50,820*
Atlantic County	$25,152	$27,540	$35,664	$36,984	$39,372	$47,496
Bergen County	$29,148	$32,532	$45,444	$40,620	$44,004	$56,916
Burlington County	$24,312	$26,580	$34,980	$35,784	$38,052	$46,452
Camden County	$25,428	$26,760	$34,596	$36,912	$38,244	$46,080
Cape May County	$23,544	$25,080	$33,948	$35,340	$36,876	$45,744
Cumberland County	$23,100	$25,608	$31,416	$34,896	$37,404	$43,212
Essex County	$29,508	$29,700	$43,260	$40,980	$41,172	$54,732
Gloucester County	$24,192	$26,556	$33,036	$35,664	$38,028	$44,508
Hudson County	$27,912	$28,836	$42,552	$39,384	$40,308	$54,024
Hunterdon County	$27,192	$31,260	$43,968	$38,664	$42,732	$55,440
Mercer County	$27,156	$29,088	$37,788	$38,976	$40,908	$49,608
Middlesex County	$25,920	$31,044	$39,036	$37,392	$42,516	$50,508
Monmouth County	$27,228	$29,544	$39,480	$38,712	$41,028	$50,964
Morris County	$28,200	$29,484	$41,688	$39,672	$40,956	$53,160
Ocean County	$22,884	$28,824	$33,756	$34,356	$40,296	$45,228
Passaic County	$28,416	$32,412	$41,868	$39,888	$43,884	$53,340
Salem County	$24,108	$26,544	$33,876	$35,580	$38,016	$45,348
Somerset County	$27,804	$31,356	$43,596	$39,288	$42,840	$55,080
Sussex County	$25,188	$28,980	$36,876	$36,660	$40,452	$48,348
Union County	$28,128	$29,472	$41,376	$39,600	$40,944	$52,848
Warren County	$25,368	$27,072	$35,784	$37,164	$38,868	$47,580
Minimum Value	$22,884	$25,080	$31,416	$34,356	$36,876	$43,212
Maximum Value	$29,508	$32,532	$45,444	$40,980	$44,004	$56,916
Median Value	$25,920	$28,980	$37,788	$37,392	$40,452	$49,608

Adapted from data provided by the Gerontology Institute, University of Massachusetts Boston. Values inflated using the US Department of Labor Consumer Price Index.

Appendix B: Economic Insecurity Rates of New Jersey Elders, 2014

Households	Insecurity Rate
All Elder Households	59%
All Single Elder Households	69%
Single Elder Women Households	71%
Single Elder Men Households	63%
All Elder Couple Households	39%
Hispanic Households	86%
Black Households	80%
Asian Households	65%
White Households	54%
Households without a Mortgage	46%
Rented Households	83%
Households with a Mortgage	55%
Individuals	
Elder Women	58%
Elder Men	47%
All Elders Who Have Self-Care Difficulty	68%
Elder Women Who Have Self-Care Difficulty	69%
Elder Men Who Have Self-Care Difficulty	65%
All Elders Who Have Difficulty Living Independently	66%
Elder Women Who Have Difficulty Living Independently	68%
Elder Men Who Have Difficulty Living Independently	61%

Source: Author's calculations using US Census Bureau 2014 American Community Survey 1-year PUMS

Appendix C: Economic Insecurity Rates of New Jersey Elder Households, by County, 2014

County	Insecurity Rate
New Jersey	*59%*
Atlantic County	58%
Bergen County	61%
Burlington County	47%
Camden County	61%
Cape May County	49%
Cumberland County	62%
Essex County	72%
Gloucester County	50%
Hudson County	77%
Hunterdon County	47%
Mercer County	54%
Middlesex County	55%
Monmouth County	53%
Morris County	48%
Ocean County	47%
Passaic County	65%
Salem County	58%
Somerset County	51%
Sussex County	50%
Union County	61%
Warren County	58%

Source: Author's calculations using US Census Bureau 2010-2014 American Community Survey 5-year PUMS

Appendix D: Economic Insecurity Rates of New Jersey Single Elder Households, by County, 2014

County	Insecurity Rate
New Jersey	*69%*
Atlantic County	67%
Bergen County	68%
Burlington County	55%
Camden County	69%
Cape May County	58%
Cumberland County	70%
Essex County	79%
Gloucester County	58%
Hudson County	82%
Hunterdon County	58%
Mercer County	63%
Middlesex County	65%
Monmouth County	62%
Morris County	59%
Ocean County	57%
Passaic County	74%
Salem County	66%
Somerset County	60%
Sussex County	61%
Union County	69%
Warren County	67%

Source: Author's calculations using US Census Bureau 2010-2014 American Community Survey 5-year PUMS

Appendix E: Economic Insecurity Rates of New Jersey Elder Couple Households, by County, 2014

County	Insecurity Rate
New Jersey	*39%*
Atlantic County	39%
Bergen County	47%
Burlington County	33%
Camden County	43%
Cape May County	35%
Cumberland County	45%
Essex County	46%
Gloucester County	34%
Hudson County	61%
Hunterdon County	31%
Mercer County	35%
Middlesex County	38%
Monmouth County	34%
Morris County	27%
Ocean County	33%
Passaic County	46%
Salem County	40%
Somerset County	34%
Sussex County	31%
Union County	40%
Warren County	44%

Source: Author's calculations using US Census Bureau 2010-2014 American Community Survey 5-year PUMS

Appendix F: Economic Insecurity Rates of New Jersey Elder Women, by County, 2014

County	Insecurity Rate
New Jersey	*71%*
Atlantic County	57%
Bergen County	61%
Burlington County	48%
Camden County	61%
Cape May County	47%
Cumberland County	61%
Essex County	70%
Gloucester County	52%
Hudson County	77%
Hunterdon County	48%
Mercer County	53%
Middlesex County	54%
Monmouth County	52%
Morris County	47%
Ocean County	48%
Passaic County	65%
Salem County	61%
Somerset County	53%
Sussex County	49%
Union County	60%
Warren County	61%

Source: Author's calculations using US Census Bureau 2010-2014 American Community Survey 5-year PUMS

Appendix G: Economic Insecurity Rates of New Jersey Elder Men, by County, 2014

County	Insecurity Rate
New Jersey	*63%*
Atlantic County	48%
Bergen County	50%
Burlington County	37%
Camden County	52%
Cape May County	40%
Cumberland County	52%
Essex County	62%
Gloucester County	38%
Hudson County	70%
Hunterdon County	33%
Mercer County	43%
Middlesex County	47%
Monmouth County	41%
Morris County	35%
Ocean County	36%
Passaic County	55%
Salem County	43%
Somerset County	36%
Sussex County	38%
Union County	50%
Warren County	44%

Source: Author's calculations using US Census Bureau 2010-2014 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 (April 26, 2016).

[3] Elder-only households are those composed of single adults age 65 and older who live alone, and elder couples age 65 and older who reside alone, with no additional family members or unrelated individuals. Older adults who live in group quarters and/or reside with family 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 unless otherwise noted.

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

[5] The US Census Bureau's Supplemental Poverty Measure (SPM) is a great improvement on the traditional federal poverty measure. The 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 designed specifically around the basic needs of seniors. It also is, like the traditional measure, a measure of abject poverty which does not speak directly to the large proportion of seniors who are not officially poor and/or 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 2015 New Jersey Elder Economic Security Standard™ Index* (Boston: University of Massachusetts Boston. 2016). 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] 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).

[8] 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.

[9] 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.

[10] US Census Bureau. American Community Survey, 2014 American Community Survey 1-Year Estimates, Table S0103; using American FactFinder. http://factfinder2.census.gov (May 4, 2016).

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

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

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

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

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

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

[17] 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.

[18] 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).

[19] 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.

[20] Due to state budget limitations, eligible applicants whose incomes were over $70,000 but less than the original income limit of $85,553 did not receive a tax reimbursement, but did establish eligibility for future years.

[21] Most federal and state support program income eligibility limits are adjusted annually relative to poverty guidelines adjusted for inflation. Federally funded support programs which do not tie income eligibility limits to the guidelines tie limits to area incomes, and limits are adjusted as incomes change. As a result, income eligibility limits often remain constant as a percentage of the poverty guidelines or 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.

[22] 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.

[23] 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.

[24] Support eligibility and benefit level calculations utilize program rules in place as of January 2016.

[25] 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 2014. Approximately 4% of households received income from Supplemental Security Income.

[26] The 2009 5.8% COLA was chosen to better demonstrate a COLA's potential impact and importance to New Jersey seniors. However, annual Social Security COLAs between 1975 and 2016 have ranged greatly, from 0% to 14.3%, and choice of COLA can have a large effect on average payment calculations. One alternative choice of COLA is the 10-year average Cost of Living Allowance (COLA) between 2007 and 2016, which, due to several years of deflation or insignificant inflation within the general economy, is 2.0%. A 2.0% COLA results in an average Social Security payment increase of $522. This change in payment decreases the statewide EEIR by just seven-tenths of a percentage point.

[27] While Social Security COLAs greater than zero help all Social Security recipients, those who receive larger 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, and benefits from COLAs accrue disproportionately to households with higher incomes.

[28] The American Community Survey contains "flags," indicators of a household's receipt of specific public supports, SNAP among them. This flag is a proxy for households' having met household resource limits during their SNAP application process. This eliminates the current study's need for household asset information. Benefit amounts were calculated only for households that indicated SNAP receipt.