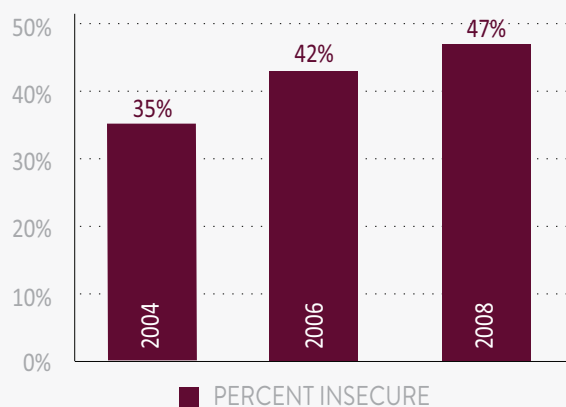


# RISING ECONOMIC INSECURITY AMONG SENIOR SINGLE WOMEN

*Tatjana Meschede  
Martha Cronin  
Laura Sullivan  
Thomas Shapiro*

Almost half of single women over the age of 65 face the real crisis of outliving their financial resources. Most have very limited resources and are forced to make daily trade-offs between paying bills, forgoing home maintenance or medical needs. New research shows that economic insecurity among single senior women is on the rise. Between 2004 and 2008—even before the full impact of the Great Recession had been felt—economic insecurity among this population subgroup increased by one-third, from 35 percent to 47 percent (see Figure 1).

**FIGURE 1. ECONOMIC INSECURITY AMONG SINGLE SENIORS WOMEN 2004-2008**



While economic insecurity is steadily increasing among all seniors—rising by 2 million households between 2004 and 2008\*—single women are especially vulnerable. Illuminated by the Senior Financial Security Index (SFSI), the facts are clear. While senior single women can expect to live longer than men, many have insufficient retirement assets to cover the rising costs of essential needs, especially housing. This means that the available retirement wealth they do have must be stretched farther and thinner until, for many, there is simply nothing left.

\* See, From Bad to Worse: Senior Economic Insecurity on the Rise, July 2011 for recent analysis of the rising trend of economic insecurity among all American senior populations. Available at: [iasp.brandeis.edu](http://iasp.brandeis.edu) or [www.demos.org](http://www.demos.org)

## KEY FINDINGS

The Senior Financial Stability Index (SFSI) projects essential needs over the life course and assesses available resources to meet those needs. Analysis using the SFSI reveals dramatic increases in economic insecurity in recent years:

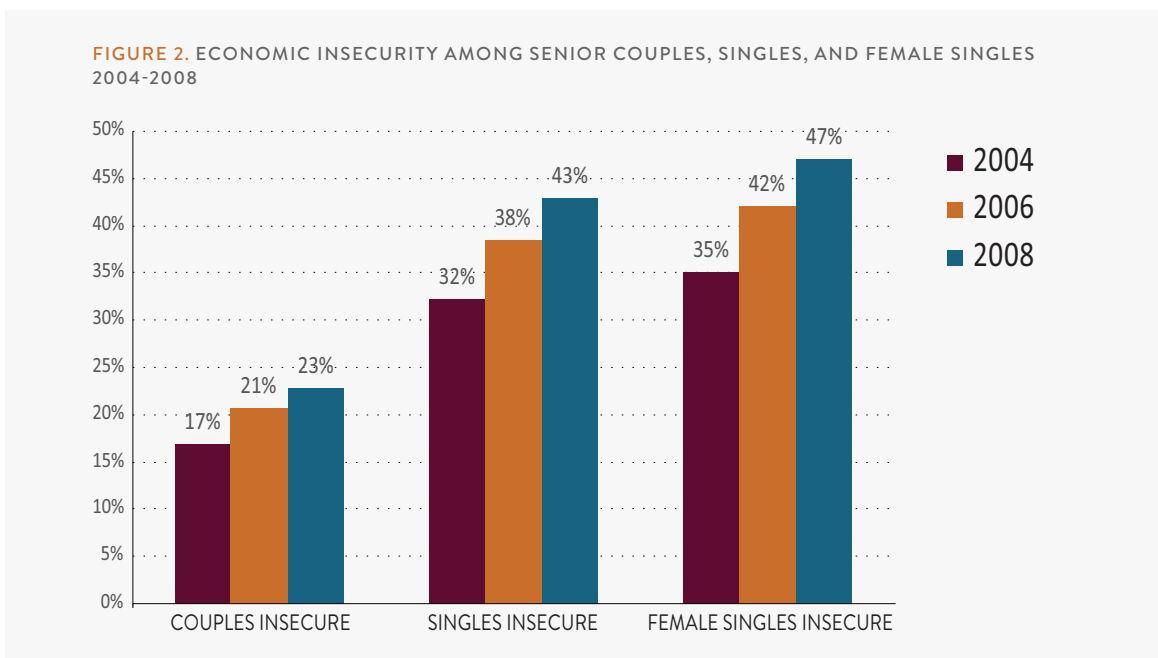
- Economic insecurity among senior single women rose by one-third from 2004-2008.
- Seventy percent of senior single women did not have sufficient retirement assets in 2008, rising 13 percentage points in only four years.
- Sixty percent of senior single women faced burdensome housing costs in 2008, up eight percentage points in just four years.

THE SFSI WAS DEVELOPED AT THE INSTITUTE ON ASSETS AND SOCIAL POLICY IN 2008. THE FIRST PUBLISHED FINDINGS USING THE INDEX WERE PRESENTED IN THE 2009 REPORT, "LIVING LONGER ON LESS: THE NEW ECONOMIC (IN)SECURITY OF SENIORS," BY TATJANA MESCHEDÉ, THOMAS M. SHAPIRO, AND JENNIFER WHEARY.

Social Security, the later establishment of Medicare, along with general domestic prosperity which allowed many employers to offer secure, life-long pensions, greatly improved the economic prospects of seniors over the past 40 years. However, the economic status of senior single women has never been as secure as these general trends suggest. Recent analyses of Consumer Expenditure Survey<sup>1</sup> data, using the SFSI, suggest the economic gains made by seniors over the past generation are rapidly eroding, and senior women are among the most vulnerable.

Being part of a couple is its own source of security and has a positive effect on both emotional and economic well-being. Among the advantages, couples offer each other care-giving support during times of illness and, able to benefit from economies of scale, they have somewhat reduced housing and other essential costs relative to single people. The SFSI reveals that senior couples are among the most secure (see Figure 2).

Women, however, are much more likely than men to face their elder years alone without a partner, mostly due to their longer life expectancy. In 2008, only 57 percent of women age 65-74 were married, compared with 79 percent of men in the same age range.<sup>2</sup>



Because women typically live longer than men—at age 65, a woman can expect to live another 20 years, while the typical man will live another 17 years<sup>3</sup>—and tend to marry men who are older than themselves, women are far more likely than men to be widowed. Forty-two percent of women age 65 and over are widowed, compared with only 14 percent of men of the same age.<sup>4</sup>

Women often experience a steep decline in income after the death of a spouse. Pension benefits are typically reduced and Social Security income is cut from a couple's 150 percent to 100 percent of the highest worker's benefit.

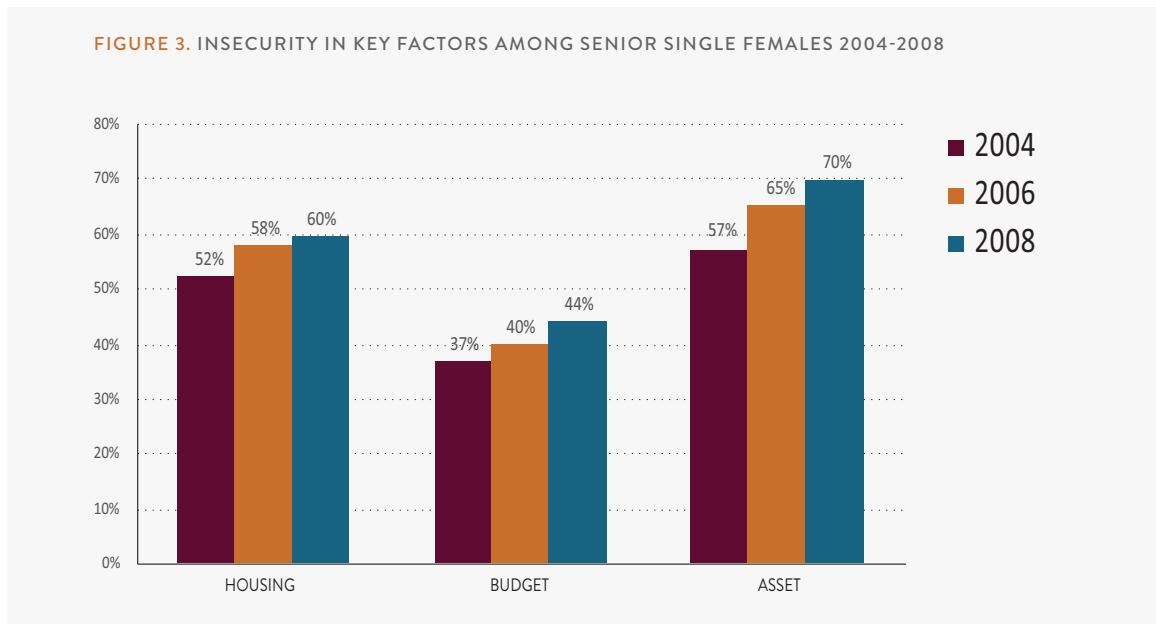
Simply put, single people in general are more vulnerable to economic insecurity than couples and women are much more likely than men to be single as they advance into their elder years. Further, single senior women face a double disadvantage; at virtually every stage of the life-course they have had to confront barriers, which still exist for working women today, to their ability to financially prepare for the likelihood that they will one day be elderly and single.

## WHAT FACTORS CAUSE SENIOR SINGLE WOMEN TO BE MORE VULNERABLE TO ECONOMIC INSECURITY?

Measuring five key factors that impact senior economic security—retirement assets, household budget, healthcare expenses, home equity, and housing costs—the SFSI offers a comprehensive framework to assess the strengths and vulnerabilities of economic security among older Americans over their life-course and illuminates policy areas that can strengthen (or undermine) their well-being. By this measure, a household is deemed to be

secure if it meets the security threshold for the asset factor plus two of the four additional factors. Conversely, a household is insecure when it is insecure in the asset factor, as well as two other factors.<sup>5</sup>

An examination of the economic status of senior single women along each of the five factors of the index provides a clearer picture of the unique challenges facing this subgroup of the population. Single senior women are vulnerable along all five factors of the index. However, three factors stand out in terms of the overall numbers experiencing insecurity and in the increase over time: retirement assets, housing costs, and household budgets (see Figure 3).



**Far too many single senior women have too few retirement assets and the portion of women experiencing asset insecurity is rising dramatically.**

- Seventy percent of senior single women were asset insecure in 2008, meaning they did not have enough retirement asset wealth to sustain them for the remainder of their lives. This number rose by 13 percentage points in just four years.

While asset security is fundamental to a secure retirement, women throughout the life course accrue substantially less wealth than do their male counterparts. In fact, women own only 36 percent as much wealth as men.<sup>6</sup> This gender wealth gap is the cumulative result of gender-based historical inequalities that persist, despite dramatically improved opportunities for working women today. Today's 65-year-old woman was 17 years old in 1963, the year Betty Friedan's *The Feminine Mystique* was published. These women were on the front end of a wave of changing work and family roles that dramatically changed the lives of women and families. Still, while it was becoming more common for women to work outside of the home, those who did earned substantially less on average than men and were expected to bear the primary care-giving responsibilities for their children and aging parents, often leaving the workforce (as well as their earning potential) for extended periods. While prospects have improved, women in the workforce today continue to encounter these same barriers to their wealth-building efforts.

**Working women earn less on average than men.** While the earnings gap between men and women has narrowed substantially over time, it remains remarkably persistent. Even today, women make only 77 cents for every dollar of male income.<sup>7</sup> Today's senior women who were employed during the 1970s were making only 60 percent of the typical man's salary.<sup>8</sup> The cumulative impact of the wage gap is substantial, resulting in not only lost wages, but lower Social Security and pension benefits and a reduced ability to save for retirement.

**Women are more likely to work part-time than men.** Over time, the part-time status of women in the workforce has changed very little. In 1970, 26 percent of working women worked part-time, compared with about 9 percent of male workers. By 2008, the numbers had barely changed, with 25 percent of women working mostly part time and 11 percent of men.<sup>9</sup> In addition to having lower wages, part-time workers are often not eligible to receive a pension or other retirement benefits.

**Women are more likely than men to have extended interruptions in their careers to handle family care-giving duties.** Of workers retiring in 2006, the typical woman had worked 34 years over her lifetime, while the typical man had worked 43 years.<sup>10</sup> Additionally, having children lowers a woman's lifetime earnings. Relative to similar women who never give birth, having a child costs the average high skilled woman \$230,000 in lost lifetime wages and \$49,000 for low skilled women.<sup>11</sup> Having children does not adversely affect the lifetime earnings of men.<sup>12</sup> Less time in the labor force translates into lower lifetime earnings, lower savings and lower benefits than men.

Because of longer expected life-spans than men, single women need to build up *more* retirement assets than do men to ensure a life-long economically secure retirement. In truth, however, women continue to confront limits to their ability to amass adequate retirement wealth and face retirement with significantly fewer resources than their male counterparts.

## WHY THE RAPID RISE IN ECONOMIC INSECURITY?

Despite often inadequate retirement assets, senior single women experience the same rising costs of essential expenses as others. Faced with increasing housing costs, single senior women are seeing their limited assets depleted at an ever accelerating pace and household budgets stretched to the breaking point.

- **Sixty percent of senior single women spent 30 percent or more of their annual income on housing costs in 2008.**

While a large portion of seniors have equity in their homes, housing costs represent the single largest expenditure for those over the age of 65.<sup>13</sup> Many live in older homes that require substantial maintenance and for those who do not own their own homes, a substantial portion of their limited resources must go toward rent. Further, single elderly women, along with racial and ethnic minorities, are among those most likely to have been victimized by predatory lenders. Stories abound of elderly individuals (often women) who live on modest, fixed incomes having all of their home equity wealth stripped away by unscrupulous lenders promising ready cash to cover home repairs and medical expenses. Because of such abuses and the related freefall of home values in recent years, single senior women have lower wealth relative to their housing costs than they did just a few years before.

- **Forty-four percent of single senior women households had a zero or negative budget balance after paying for essential needs in 2008.**

Declining retirement assets combined with increasing costs of bare bones essentials, such as housing, healthcare, food, transportation and utilities, results in budgets that are stretched to the breaking point. The simple reality for an ever increasing number of senior single women is that more is being spent each month than is coming in, leaving such households with no additional resources to cover expenses that are not essential.

## IMPROVING THE ECONOMIC PROSPECTS OF SENIOR SINGLE WOMEN

Faced with limited assets, rising costs and longer life-spans, many senior single women are simply running out of economic resources. Women, in particular, have been limited in their capacities to build adequate retirement assets. Therefore, to promote long-term economic security, policy changes must: 1) encourage the development of retirement wealth for working age women across the life course, and 2) shore up existing social programs and resources. To fulfill this two-part strategy to broaden security among today's seniors and future retirees, policymakers should:

- Strengthen pension provisions to ensure the stability of employer and employee investments.
- Increase asset building opportunities throughout the life-course.
- Encourage flexible employment options for older workers to ease the transition to retirement.
- Strengthen Social Security for vulnerable groups, such as low-income earners and those with sporadic attachment to the labor market due to caregiving and other responsibilities. Social Security is an essential source of income for many elderly unmarried women, with 46 percent relying on Social Security for 90 percent or more of their income.<sup>14</sup>

- Support a strong Community Living Assistance Services and Supports program (CLASS Act) to enable working adults the opportunity to plan for future long-term care needs, such as in-home services, adult day health or institutional care.
- Support reauthorization and full funding of the Older Americans Act. Up for reauthorization this year, the Older Americans Act funds a wide array social programs, such as senior meals, transportation, home-based health care and employment programs that help vulnerable seniors meet basic needs.
- Expand programs that reduce housing expenses for vulnerable seniors, such as utility assistance and rental housing vouchers.

## THE SENIOR FINANCIAL STABILITY INDEX (SFSI)

Unlike traditional measures of poverty (e.g. the federal poverty guideline), the SFSI recognizes that economic well-being is multifaceted and cannot be adequately measured by a single aspect of a household's resources. Thus, the SFSI incorporates five key factors that impact economic security: retirement assets, household budget, healthcare expenses, home equity, and housing costs. By this measure, a household is deemed to be secure if it meets the security threshold for the asset factor plus two of the four additional factors. Conversely, a household is insecure when it is insecure in the asset factor, as well as two other factors. More detailed information is available at <http://iasp.brandeis.edu/pdfs/bat4llolsfsi.pdf>

## ENDNOTES

---

1. U.S. Department of Labor, Bureau of Labor Statistics. *Consumer Expenditure Survey, 2004-2008*.
2. Federal Interagency Forum on Aging-Related Statistics. *Older Americans 2010: Key Indicators of Well-Being*, Washington, DC: U.S. Government Printing Office, July 2010.
3. U.S. Social Security Administration. <http://www.ssa.gov/OACT/STATS/table4c6.html>
4. Federal Interagency Forum on Aging-Related Statistics. *Older Americans 2010: Key Indicators of Well-Being*.
5. For detailed information on the five factors that make up the Senior Financial Stability Index and the thresholds for security and insecurity refer to, *Living Longer on Less: The New Economic (In)security of Seniors*. Available at: <http://iasp.brandeis.edu/pdfs/bat4llolsfsi.pdf>
6. Mariko Lin Chang. *Shortchanged: Why Women Have Less Wealth and What Can Be Done About It*. New York: Oxford University Press, 2010.
7. The American Association of University Women. 2011. *The Simple Truth about the Gender Pay Gap*. <http://www.aauw.org/learn/research/upload/SimpleTruthAboutPayGap1.pdf>
8. Ibid.
9. Current Population Survey, U.S. Department of Labor, U.S. Bureau of Labor Statistics. <http://www.bls.gov/cps/wlftable20.htm>
10. Social Security Administration, Office of the Chief Actuary
11. Wilde, E. T., L. Batchelder, et al. 2010. "The Mommy Track Divides: The Impact of Childbearing on Wages of Women of Differing Skill Levels." [NBER Working Paper Series](#).
12. Ibid.
13. Bureau of Labor Statistics, Consumer Expenditure Survey.
14. Press Office, Social Security Administration, Fact Sheet: Social Security Is Important to Women (Oct. 2008), <http://www.socialsecurity.gov/pressoffice/factsheets/women-alt.pdf>

## ABOUT DĚMOS

Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world. Dēmos was founded in 2000.

In 2010, Dēmos entered into a publishing partnership with The American Prospect, one of the nation's premier magazines focusing on policy analysis, investigative journalism and forward-looking solutions for the nation's greatest challenges.

## ABOUT IASP

The Institute on Assets and Social Policy (IASP), a research institute at the Heller School for Social Policy and Management at Brandeis University, is dedicated to the economic well-being and social mobility of individuals and families, particularly those traditionally left out of the economic mainstream. Working in close partnership with state and federal policy makers, constituencies, grassroots advocates, private philanthropies, and the media, IASP bridges the worlds of academic research, government policy-making, and the interests of organizations and constituencies. IASP works to strengthen the leadership of policy makers, practitioners, and others by linking the intellectual and program components of asset-building policies.

THIS RESEARCH IS SUPPORTED BY A GRANT FROM ATLANTIC PHILANTHROPIES AND IS THE SIXTH IN THE "LIVING LONGER ON LESS" SERIES OF REPORTS PROVIDING DETAILED ANALYSES ON RISING ECONOMIC INSECURITY AMONG AMERICAN SENIORS.

### BRIEFING PAPERS IN THE IASP "LIVING LONGER ON LESS" SERIES:

- » MODELING IMPACT OF POLICY CHANGES ON ECONOMIC SECURITY OF SENIOR HOUSEHOLDS (FORTHCOMING)
- » THE CRISIS OF ECONOMIC INSECURITY FOR AFRICAN-AMERICAN AND LATINO SENIORS, SEPTEMBER 2011
- » FROM BAD TO WORSE: SENIOR ECONOMIC INSECURITY ON THE RISE, JULY 2011
- » SEVERE FINANCIAL INSECURITY AMONG AFRICAN-AMERICAN AND LATINO SENIORS, MAY 2010
- » LIVING LONGER ON LESS IN MASSACHUSETTS: THE NEW ECONOMIC (IN)SECURITY OF SENIORS, MARCH 2009
- » LIVING LONGER ON LESS: THE NEW ECONOMIC (IN)SECURITY OF SENIORS, JANUARY 2009

ALL REPORTS IN THE "LIVING LONGER ON LESS" SERIES ARE AVAILABLE AT [IASP.BRANDEIS.EDU](http://IASP.BRANDEIS.EDU) OR [WWW.DĚMOS.ORG](http://WWW.DĚMOS.ORG).



**DĚMOS**  
220 Fifth Avenue, 2nd Floor  
New York, New York 10001  
Phone: (212) 633-1405  
Fax: (212) 633-2015  
[info@demos.org](mailto:info@demos.org)

**MEDIA INQUIRIES**  
Tim Rusch  
Communications Director  
[trusch@demos.org](mailto:trusch@demos.org)  
(212) 389-1407

**CONNECT WITH US**  
[WWW.DĚMOS.ORG](http://WWW.DĚMOS.ORG)

 @DEMOS\_ORG  
 [FACEBOOK.COM/DEMOSIDEASACTION](https://FACEBOOK.COM/DEMOSIDEASACTION)



**INSTITUTE ON ASSETS  
& SOCIAL POLICY**  
Brandeis University  
415 South Street, MS-035  
Waltham, MA 02454-9110  
phone (781) 736-8685

**CONTACT**  
Tatjana Meschede  
Research Director  
[meschede@brandeis.edu](mailto:meschede@brandeis.edu)  
(781) 736-8685

**CONNECT WITH US**  
[IASP.BRANDEIS.EDU](http://IASP.BRANDEIS.EDU)

 @IASP\_HELLER