

Poverty among Older Americans, 2009

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About one in three Americans 65 years old or older lived in low-income families in 2009, including 8.9 percent in poverty (figure 1). Poverty is a measure of a family's income compared to the federal poverty level. The 2009 poverty level was \$10,289 for a single individual living alone at or over the age of 65, and \$12,968 for a couple with at least one older member. This official poverty measure considers only pretax cash income and does not fully capture the out-of-pocket medical expenses that many older adults pay.

How Does Poverty Vary by the Demographic Characteristics of Older Americans?

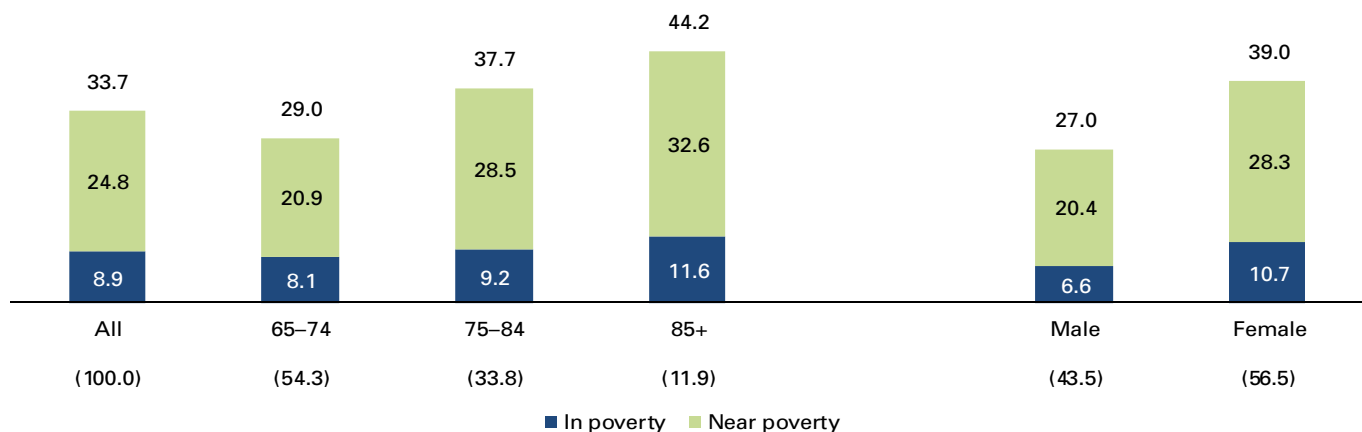
Of the more than 38 million Americans who were at least 65 years old in 2009, 13 million lived in low-income families, defined as having income less than twice the federal poverty level. Poverty and near-poverty rates increased with age and varied by demographic characteristics (figure 1).

- Poverty increased from 8.1 percent among adults 65 to 74 years old to 11.6 percent among adults 85 and older.
- Near poverty (defined as living in a family with income at or above the federal poverty level but below two times it) increased from about two in ten among adults age 65 to 74 to more than three in ten adults age 85 or older.

Women were more likely than men to be living in poverty or near poverty.

- 10.7 percent of women—2.3 million—were poor and 28.3 percent—6.2 million—were near poor.
- 6.6 percent of men—1.1 million—were poor and 20.4 percent—3.4 million—were near poor.

Figure 1. Poverty Rates among Older Adults by Age and Gender, 2009 (%)



Source: Authors' tabulations of the 2010 Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS).

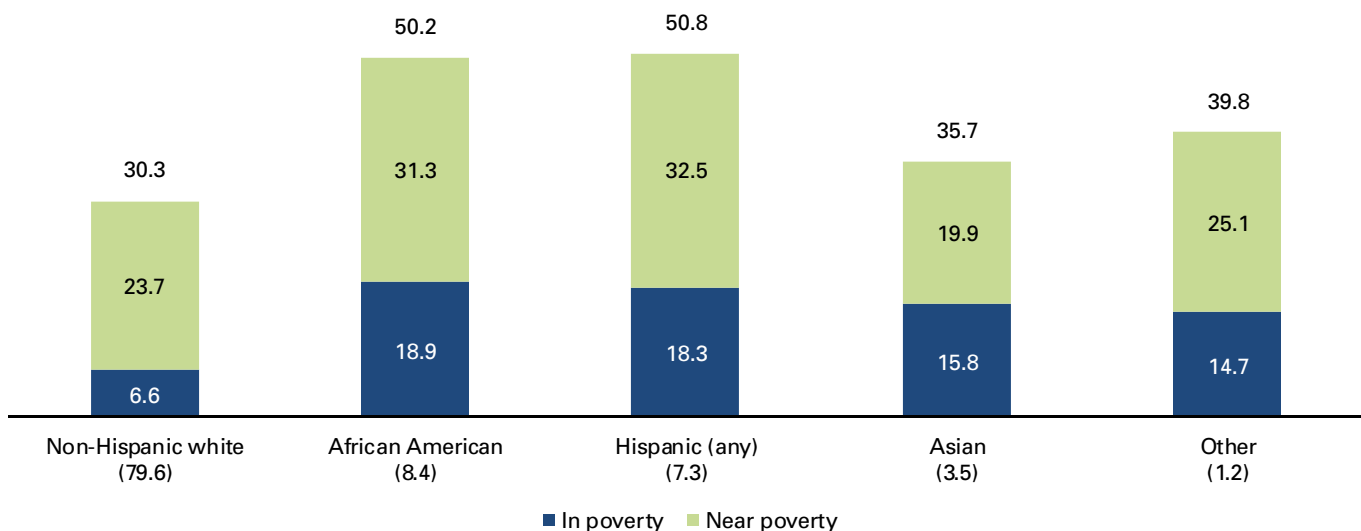
Notes: The numbers in parentheses represent the percentage of the adult population 65 and older in each category. "In poverty" is defined as having family income less than 100 percent of the federal poverty level (FPL). "Near poverty" is income between 100 and 199 percent of the FPL.

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Older African Americans, Hispanics, and Asians were more likely to be poor than non-Hispanic whites (figure 2).

- Three in ten non-Hispanic white older adults and about half of older African American and Hispanic adults lived in low-income families.
- The 2009 poverty rate was 18.9 percent for older African Americans, 18.3 percent for Hispanics, and 15.8 percent for Asians, compared with 6.6 percent for non-Hispanic whites.

Figure 2. Poverty Rates among Older Adults by Race and Hispanic Origin, 2009 (%)



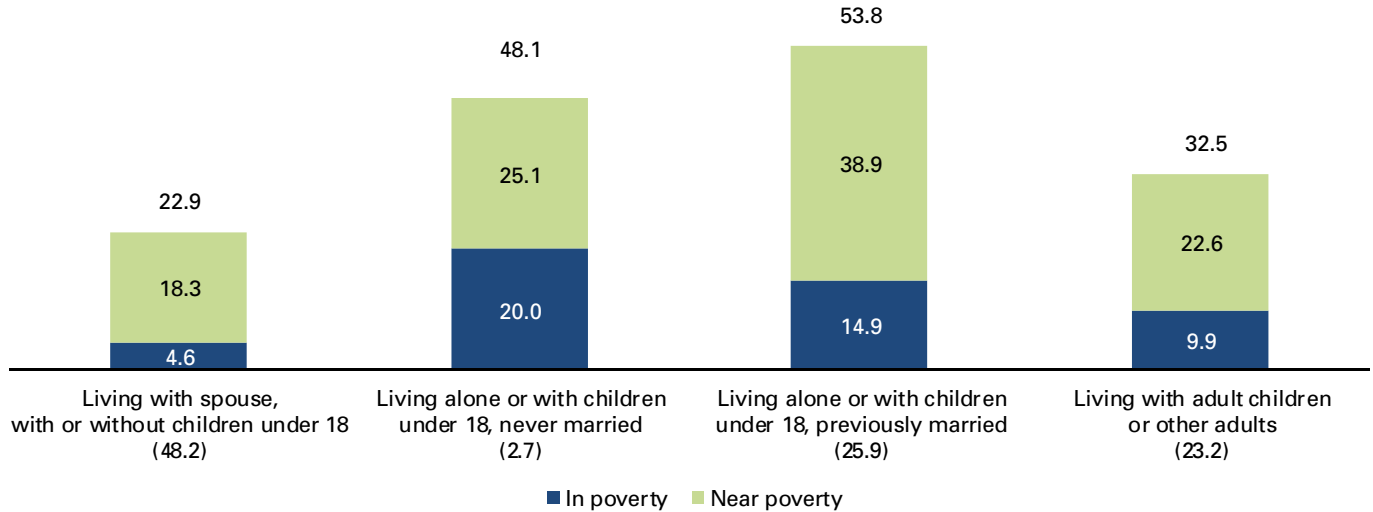
Source: Authors' tabulations of the 2010 CPS ASEC.

Notes: The numbers in parentheses represent the percentage of the adult population 65 and older in each category. Each race category includes persons providing a single race category. "Other" includes any race not categorized alone or in combination with white, African American, or Asian.

Poverty was higher among older adults living alone than for married couples or older adults living with other adults (figure 3).

- Compared with older couples living alone (with or without young children), poverty rates were more than four times as high for never-married older adults living alone (20.0 versus 4.6 percent). Poverty rates were more than three times as high for widowed or divorced older adults living alone (14.9 percent) than for older couples, and more than twice as high for those living with other adults (9.9 percent).
- More than half (53.8 percent) of previously married older adults living alone had low incomes, compared with less than a quarter (22.9 percent) of older couples.
- Among widowed and divorced older adults living alone, poverty and near-poverty rates differed by gender: 58 percent of previously married women had incomes below two times the poverty level, compared with 41 percent of their male counterparts (not shown).

Figure 3. Poverty Rates among Older Adults by Living Arrangement, 2009 (%)



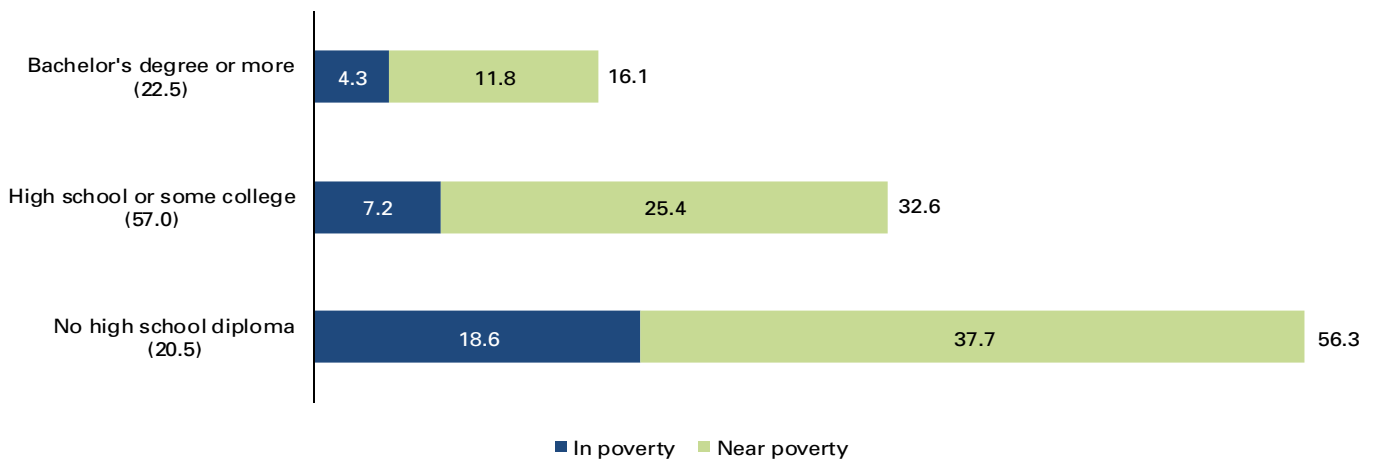
Source: Authors' tabulations of the 2010 CPS ASEC.

Note: The numbers in parentheses represent the percentage of the adult population 65 and older in each category.

Poverty declined as educational attainment increased (figure 4).

- Nearly one in five older Americans without a high school diploma lived in poverty and more than half lived in low-income families—more than three times the rate for college graduates.
- One in three older adults with a high school diploma but not a four-year college degree lived in low-income families.

Figure 4. Poverty Rates among Older Adults by Education, 2009 (%)



Source: Authors' tabulations of the 2010 CPS ASEC.

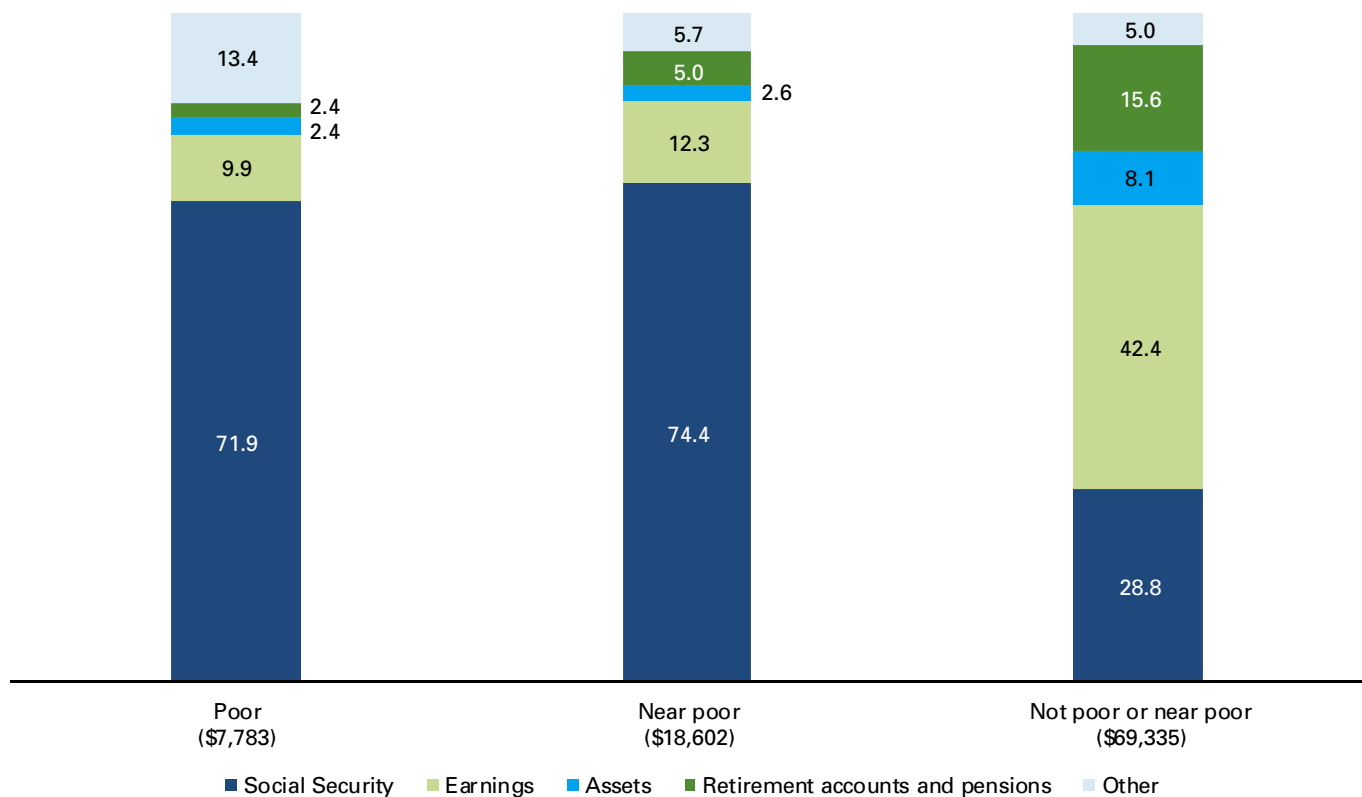
Note: The numbers in parentheses represent the percentage of the adult population 65 and older in each category.

How Do Income Sources Vary by Poverty Status?

Poor and near-poor older adults relied on Social Security more than their higher-income counterparts (figure 5).

- Social Security accounted for at least 70 percent of the cash income of poor and near-poor older adults.
- Earnings were more important for higher-income older adults, accounting for 42.4 percent of their income.

Figure 5. Shares of Family Cash Income for Older Adults by Poverty Status, 2009 (%)



Source: Authors' tabulations of the 2010 CPS ASEC.

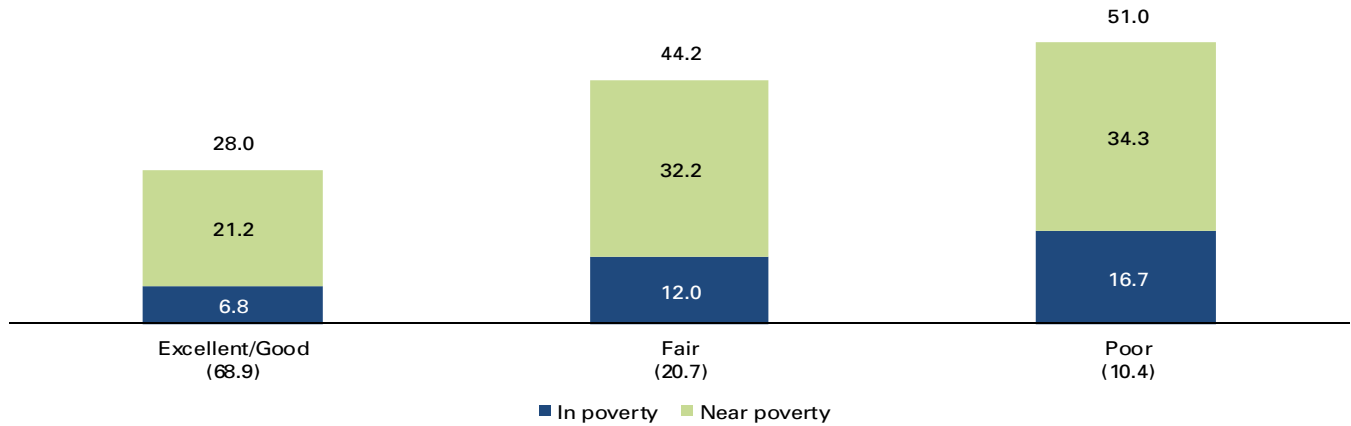
Note: Mean cash income of each category of older adults is shown in parentheses.

Does Poverty Status Differ by Health?

Older adults in poor health were more likely to be poor than those in better health (figure 6).

- 6.8 percent of older adults in good, very good, or excellent health were poor in 2009, compared with 12.0 percent of those in fair health and 16.7 percent of those in poor health.
- About half of older adults in poor health lived in a low-income family, compared with about three in ten of those in good, very good, or excellent health.

Figure 6. Poverty Rates among Older Adults by Health Status, 2009 (%)



Source: Authors' tabulations of the 2010 CPS ASEC.

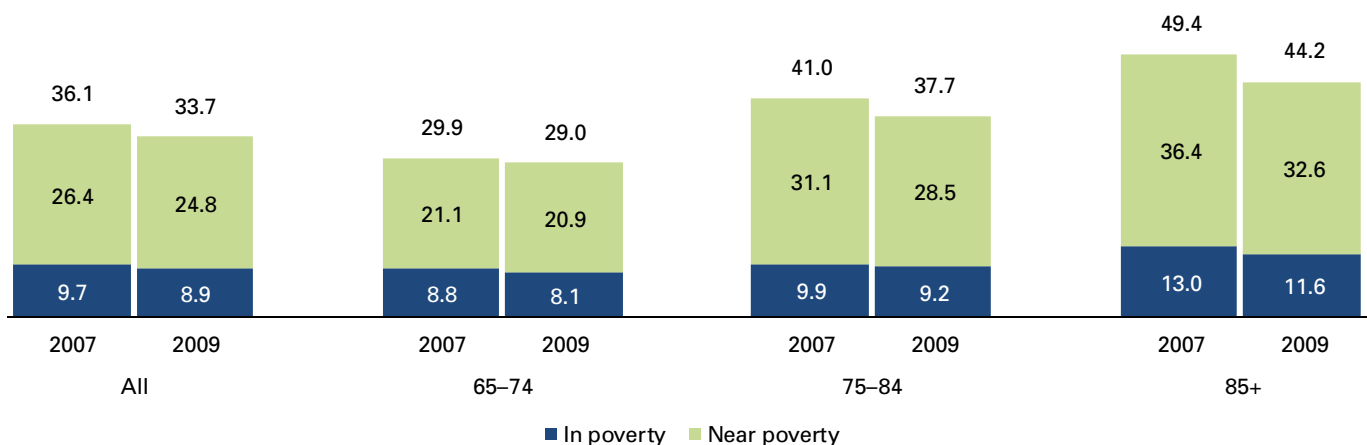
Notes: The numbers in parentheses represent the percentage of the adult population 65 and older in each category. Health status is self-reported.

How Have Older Americans Fared during the Great Recession?

The Great Recession, which began in December 2007, reduced incomes and increased poverty for younger Americans. Between 2007 and 2009, the poverty rate for those younger than 65 increased from 18.0 to 20.7 percent. For adults age 65 or older, however, poverty rates fell from 9.7 to 8.9 percent, and the share living in low-income families fell from 36.1 to 33.7 percent (figure 7). Old-age poverty declined primarily because Social Security's cost-of-living adjustment formula increased benefits by 5.8 percent in January 2009 (following a temporary surge in prices in mid-2008), while the price level fell slightly in 2009.¹ This benefit increase significantly boosted incomes for low-income older adults, who rely primarily on Social Security.

- Poverty and near-poverty rates for adults age 75 or older declined more than for adults younger than 75 because Social Security makes up a larger share of their incomes.
- The incidence of near poverty fell slightly between 2007 and 2009—0.2 percentage points—among adults age 65 to 74. Their poverty rate fell more sharply, from 8.8 to 8.1 percent.

Figure 7. Recent Trends in Poverty Rates of Older Adults by Age, 2009 (%)



Source: Authors' tabulations of the 2010 CPS ASEC.

Does the Official Poverty Rate Reflect Current Living Standards?

The official poverty rate has been criticized for relying solely on cash income and using outdated thresholds. To address these concerns, a 2009 interagency federal working group developed a supplemental poverty measure (SPM), based primarily on recommendations from the 1995 National Academy of Sciences Panel on Poverty and Family Assistance.² The revised income measure adds noncash income from the Supplemental Nutritional Assistance Program (SNAP, formerly called food stamps), housing assistance, and home energy assistance, and subtracts income and payroll taxes, child care and other work-related expenses, child support payments to other households, and out-of-pocket medical expenses.

The updated thresholds represent a dollar amount for a basic set of goods that includes food, clothing, shelter, and utilities plus a little more to cover other needs. Based on recent data, these thresholds reflect the needs of different family types and geographic differences in housing costs. The national average threshold using this new method was \$24,869 for a two-adult, two-child household in 2008, compared with \$21,834 for the official poverty measure. In contrast to the official measure, the SPM thresholds do not differ for adults age 65 or older.

The Census Bureau's preliminary 2009 estimates indicate a 16.1 percent poverty rate among adults age 65 or older using the modern measure, compared with 9.7 percent using the official measure.³ The poverty rate for younger adults is also higher using the modern measure, whereas the rate for children is lower. The increase in poverty among older adults relative to the official measure primarily reflects the deduction of out-of-pocket medical expenses from income and the equalization of the thresholds for those above and below age 65.

Notes

This brief was funded through a generous grant from the Rockefeller Foundation.

1. See Munnell, Wu, and Hurwitz (2010). These authors also note that the one-time stimulus payments of \$250 per person awarded in 2009 increased cash income.
2. See Citro and Michael (1995) for the complete recommendations.
3. See Short (2010). The preliminary modern poverty measure for 2009 uses the 2008 thresholds; the data, however, are reflective of calendar year 2009.

References

- Citro, Constance F., and Robert T. Michael, eds. 1995. *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press.
- Munnell, Alicia H., April Wu, and Josh Hurwitz. 2010. "Why Did Poverty Drop for the Elderly?" Chestnut Hill, MA: Center for Retirement Research at Boston College.
- Short, Kathleen S. 2010. "Who Is Poor? A New Look with the Supplemental Poverty Measure." SEHSD Working Paper 2010-15. Washington, DC: U.S. Census Bureau.

About the Authors

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About the Data

The Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS) collects data on the economic well-being of Americans. It is conducted every March by the Census Bureau on a nationally representative sample of the noninstitutionalized civilian population. The estimates in this paper come from a subsample of 21,856 Americans 65 years old and older. Because poverty is measured by comparing family income to the federal poverty level, all members of a family living in the same household receive the same poverty status. The estimates show the number and percentage of older adults living in families that are in poverty or near poverty.