

American seniors living longer on less, study

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Older Americans have experienced huge, negative financial shifts that now make it more difficult to enter retirement with sustainable economic security, a new study finds. Seventy-eight percent of all senior households are financially vulnerable when it comes to their ability to meet essential expenses and cover projected costs over their lifetimes.

This is according to the Senior Economic Security Index (SESI), a new research project developed by The Institute on Assets and Social Policy at Brandeis University and Demos, a national public policy and research organization. Single households, African-American households, and Latino households are the most likely groups of seniors to be financially vulnerable.

These sobering stats serve as a wakeup call for younger and middle-aged Americans. Though they are financially vulnerable, today's seniors represent a best-case scenario of having reached retirement under stronger Social Security, better employer-based benefits, and greater opportunities to avoid debt and build assets than future generations will experience.

Particular areas of vulnerability include:

- Housing
45% of senior households spend nearly a third of their income on housing. 31% either rent or have no home equity to draw on in tough times
- Healthcare

40% of senior households spend more than 15% of their income on healthcare.

- Budgets

1 in 3 senior households has no money whatsoever left over after meeting essential expenses.

- Assets

More than half of all senior households (54 percent) do not have sufficient financial resources to meet median projected expenses based on their current financial net worth, projected Social Security, and pension incomes.

"Even in their current precarious state, it is important to note that today's seniors are better prepared for retirement than subsequent generations will be," said Tatjana Meschede, lead author of *Living Longer on Less: The New Economic (In)Security of Seniors*, a just-published report on the SESI. "They have benefited from pensions, jobs with significant retirement benefits, and a stronger social safety net than subsequent generations will enjoy."

Left unchanged, the current decline in employer-based retirement savings, the weakening of Social Security and Medicare, and rising debt experienced by younger Americans will add up to even greater vulnerability as they retire, the report shows.

"Younger generations, who face historically low savings rates, declining assets and an unsure future for their retirement accounts and Social Security itself, must urge our policy leaders to take action to strengthen the security of today's seniors and to ensure their own," noted Jennifer Wheary, a co-author of *Living Longer on Less*.

The authors of *Living Longer on Less* call on our policy makers in Congress and in the Obama administration to take action to strengthen the security of today's seniors and to ensure that younger generations will

experience long-term economic stability through their senior years. Such actions include:

- Strengthening Social Security.
- Increasing Asset Building Opportunities.
- Supporting Flexibility to Allow Americans to Work Longer and More Productively
- Addressing The Medicare Crisis
- Instituting Long-Term Care Insurance

Source: Brandeis University

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