FINANCIAL STABILITY

Financial stability is crucial for older adults to maintain a decent quality of life, age in place and access key resources. Whether or not an older adult is financially stable is influenced by life experiences and other key characteristics. This section of the report assesses financial stability, including poverty levels, household income, basic expenses and the experiences of older adults in Central Indiana.

- All three older adult age groups experienced significant increases in income between 2014 and 2019.
- Overall, one in 12 older adults experiences poverty, with the oldest-old age group experiencing higher poverty than the other age groups.
- Older adults experience both racial and gender disproportionalities with respect to poverty, as Black and Latinx older adults are more likely to experience poverty than White older adults, and older women are more likely to experience poverty than older men.
- Nearly one fifth of adults of traditional retirement age continue to work outside the home.
- Older adults face barriers attaining and maintaining a job, such as the ability to effectively use technology.
- Healthcare and housing are the costliest expenses of older adults in Central Indiana.
- One in three older adults reported recently experiencing at least some difficulty affording daily expenses or finding affordable health insurance.
Income typically falls as households age.

Median household income for each age group (Central Indiana)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55-64</td>
<td>$70,279</td>
</tr>
<tr>
<td>Age 65-84</td>
<td>$49,048</td>
</tr>
<tr>
<td>Age 85+</td>
<td>$34,010</td>
</tr>
</tbody>
</table>

Source: PUMS, ACS 2010-2014 and 2015-2019 five-year estimates

Incomes have risen for all age groups since 2014

The official poverty measure underestimates the poverty rate among older adults

Poverty among older adults

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55-64</td>
<td>10%</td>
</tr>
<tr>
<td>Age 65+</td>
<td>5%</td>
</tr>
</tbody>
</table>


MEDIAN HOUSEHOLD INCOME AND POVERTY

Household income includes sources such as wages from employment, retirement income, Social Security income Supplemental Security Income, and other public assistance payments. Among older adults in Central Indiana, median household income varies by age group as age increases, income generally decreases. In 2019, the median household income of younger-old adults was $70,000. Upon retirement age, that income declines to $49,000 for the middle-old. A further decrease occurs when the older adult population reaches age 85 and older, when median household income declines to $34,000.

Overall, between 2014 and 2019, the median household income of older adults in Central Indiana increased, from $47,000 to nearly $55,000. All three age groups experienced significant gains in median household income between 2014 and 2019, marking economic recovery following the Great Recession in 2008. Not all populations are equally impacted by these gains, however; while White older adult households achieved increases in income over this five-year time period, neither Black nor Latinx older adult households experienced statistically significant gains.

In this report, we refer to three subsets of older adults.
Younger-old: age 55-64
Middle-old: age 65-84
Oldest-old: age 85+

Poverty and financial insecurity are a challenge for older adults on a fixed income. According to the U.S. Census official poverty measure, Central Indiana has lower poverty among older adults than both Indiana and the United States.
nation. However, the official poverty measure significantly underestimates poverty among older adults. Additionally, it does not consider public assistance programs that are not accessible to all Americans, e.g., younger-old adults have fewer resources available to them until they are eligible for benefits like Medicare and in most cases, social security. While there is not a significant difference between the official poverty measure rates of younger-old adults and adults who are of retirement age (65 and older), the supplemental poverty measure reveals a significant, slightly higher poverty rate among retirement-age adults in Indiana.

Focus groups of older adults reported experiencing poverty throughout their lives and continuing to lack financial stability, despite years of employment. Key informant service providers discussed difficulty and low success rates employing those who continue to experience poverty. This suggests that if poverty rates are high among younger-old adults while many are still employed, they may not be able to improve their incomes when or if they retire.

In Central Indiana, according to the traditional Census poverty measure, gender disproportionalities also exist among older adults experiencing poverty. Older women experience higher poverty rates than older men, at 8.9% versus 7.1%, respectively.

There also are stark racial disproportionalities among older adults experiencing poverty. According to the traditional Census poverty measure, between 2015 and 2019, the poverty rate among all older adults was 8.1%. However, Black older adults (17.3%) and Latinx older adults (14.1%) experienced significantly greater poverty rates than White older adults (6.6%). Additionally, Black and Latinx older adults are significantly more likely to be housing-cost burdened than White older adults. Households are housing-cost burdened when they spend more than 30% of their income on housing-related costs. For more on housing and housing costs, please see the Housing section of this report.

To learn more about some of the factors that influence higher poverty rates among Black older adults, please read “Highlighting Equity” below.
DISPARITIES IN INCOMES AND WEALTH

ORGANIZATIONAL FACTORS

Black workers are paid less than their White counterparts

The 2017-2019 Current Population Survey (CPS) found that Black workers in Indiana earned 79 cents for every dollar earned by White workers in the state. Additionally, a national sample of 1.8 million employees between 2017 and 2019 found that Black workers continue to have lower earnings than White workers even when possessing the same level of education and experience. Because of this disparity in pay and discretionary income, it is difficult for Black adults to save and accumulate wealth over their lifetimes.

Social Security benefit amounts are lower for Black Americans due to lower lifetime earnings

Because Social Security benefits are based on income, and Black workers earn less than their White counterparts, Black older adults tend to receive less income through Social Security when they reach retirement age. Social Security is the only source of income for roughly one third of American Black older adults, compared to 18% of White older adults.

COMMUNITY FACTORS: BLACK ADULTS ARE LESS LIKELY TO OWN THEIR HOMES

In the United States, homeownership is an important avenue for building wealth. However, in response to the Federal Home Loan Bank Board in the 1930s, mortgage lenders and banks started to deny access to credit to purchase a house in majority-Black and low-income immigrant neighborhoods, as these areas were deemed to be “Hazardous” for investment processes. As a result of these practices and other financial inequalities, Black adults are 40% less likely to own their own homes, and thus have less equity and wealth to pass on to their heirs. In 2019, the median net worth of a U.S. White family with a head of household 55 and older was $315,000, nearly six times greater than that of the median Black family in the same age group ($53,800).

POLICY FACTORS: FEDERAL POLICIES LIMITED BLACK WORKERS’ OPPORTUNITIES

The National Labor Relations Act of 1935 allowed the federal government to endorse union groups that excluded Black workers from membership. This policy affected the ability of Black workers to obtain blue-collar jobs, further exacerbating the income and wealth gap.
INCOME SOURCES

EMPLOYMENT

Employment opportunities are crucial to the financial stability of many older adults—19% of adults in Central Indiana participate in the labor force beyond the traditional retirement age of 65.25 Adults age 55 and older make up 21.6% of the total workforce in the area, an increase of 2.2 percentage points since 2012.26

Although Marion County has the largest number of working older adults in Central Indiana (95,000), it has the lowest proportion of its older adult population in its own workforce (21%). Conversely, Shelby County is home to the fewest working adults (5,600), but at 25%, has the greatest proportion of older adults in the working population.

While some older adults continue to work after retirement because they need the income, according to focus group participants, some continue to work because they enjoy their jobs or do not know what they would do after retirement. Others maintain employment because of the benefits, including health insurance coverage. Private health insurance enables access to health care providers who do not accept Medicare.

At nearly three-quarters, Marion County has the greatest proportion of older adults who work in the same county where they live, while less than one quarter of older adults who live in Morgan County also work there.27

SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME

Many older adults of retirement age depend on social security benefits to survive when they are no longer working or are earning limited amounts. In 2019, 52% of older adults in Central Indiana received social security benefits, four percentage points fewer than the state.28

Among the younger-old in Central Indiana, 16% are receiving social security benefits; this number increases to 86% for the middle-old, and 93% for the oldest-old.

Adults age 65 and older or have a disability and especially limited incomes may be eligible to receive an additional federal benefit – Supplemental Security Income (SSI) cash benefits to assist them with affording their basic needs.29

Like the state of Indiana, in 2019, 3.6% of older adults

One fifth of workers are older adults.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employed older adults</th>
<th>(Share of older adults)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>153,826</td>
<td>(19.4%)</td>
</tr>
<tr>
<td>2018</td>
<td>194,605</td>
<td>(21.6%)</td>
</tr>
</tbody>
</table>

Source: Origin Destination Employment Statistics, U.S. Census

Social Security uptake is slightly lower in Central Indiana than in Indiana overall.

Adults in **Central Indiana** and **Indiana** receiving social security benefits

<table>
<thead>
<tr>
<th>Age</th>
<th>Central Indiana</th>
<th>Indiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55-64</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Age 65-84</td>
<td>86%</td>
<td>88%</td>
</tr>
<tr>
<td>Age 85+</td>
<td>93%</td>
<td>92%</td>
</tr>
</tbody>
</table>

Adults in **Central Indiana** and **Indiana** receiving supplemental security benefits

<table>
<thead>
<tr>
<th>Age</th>
<th>Central Indiana</th>
<th>Indiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55-64</td>
<td>4.7%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Age 65-84</td>
<td>3.3%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Age 85+</td>
<td>3.8%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Age 55+</td>
<td>4.0%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Source: PUMS, ACS 2015-2019 five-year estimates
in Central Indiana received SSI benefits, in comparison to 4.0% statewide. The proportion of younger-old who receive SSI (4.1%) is slightly higher than the middle-old and the oldest-old (3.1% and 3.3%, respectively). Once older adults begin receiving social security benefits, a portion of the value of these benefits are subtracted from the standard monthly SSI payment of $794 per individual and $1,191 per couple, which has the effect of eliminating the SSI benefits for some retirement-age adults.

ALICE survival budgets range from $2,000 to $3,800 per month for older adult households.

**ALICE Survival Budget for Older Adult Households**

<table>
<thead>
<tr>
<th>County</th>
<th>One adult 65+</th>
<th>Two adults 65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boone</td>
<td>$2,311</td>
<td>$3,530</td>
</tr>
<tr>
<td>Hamilton</td>
<td>$2,526</td>
<td>$3,814</td>
</tr>
<tr>
<td>Hancock</td>
<td>$2,185</td>
<td>$3,363</td>
</tr>
<tr>
<td>Hendricks</td>
<td>$2,374</td>
<td>$3,589</td>
</tr>
<tr>
<td>Johnson</td>
<td>$2,202</td>
<td>$3,369</td>
</tr>
<tr>
<td>Marion</td>
<td>$2,224</td>
<td>$3,463</td>
</tr>
<tr>
<td>Morgan</td>
<td>$2,113</td>
<td>$3,282</td>
</tr>
<tr>
<td>Shelby</td>
<td>$2,074</td>
<td>$3,234</td>
</tr>
<tr>
<td>Indiana</td>
<td>$2,002</td>
<td>$3,122</td>
</tr>
</tbody>
</table>

Source: United for ALICE 2020

The percent of older adults living below the ALICE threshold in Central Indiana is four times higher than the poverty rate.

<table>
<thead>
<tr>
<th>ALICE Rate</th>
<th>Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Indiana</td>
<td>Boone</td>
</tr>
<tr>
<td>37%</td>
<td>36%</td>
</tr>
<tr>
<td>Poverty Rate</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: United for ALICE 2020
NAVIGATING POVERTY AND FINANCIAL INSTABILITY

Insufficient income or poverty are not the only concerns facing older adults in Central Indiana; managing that income considering household and other important expenses is also a consideration. The United for ALICE project produces county-level estimates of households that are Asset-Limited, Income-Constrained, and Employed, known as ALICE households. ALICE households have incomes that are higher than the federal poverty level, but too low to afford more than the most basic needs. In Central Indiana, there are an estimated 13,000 adults (9%) age 65 and older who experience poverty, and more than 55,000 (37%) whose incomes fall below the ALICE threshold.32

The “survival” or most basic budget of an older adult ALICE household depends on whether it is a household consisting of an older adult living alone, or two older adults (both without children). In both cases, the budget is based upon county-specific expenses for housing, food, transportation, health care, technology, taxes and miscellaneous items. In Central Indiana, Hamilton County has the highest ALICE monthly survival budget for older adults, at $2,526 for single-adult and $3,814 for two-adult households. Meanwhile, Shelby County has the lowest ALICE survival budget for older adults, at $2,074 and $3,234. These budgets are both higher than the Indiana budget, which is $2,002 for a single older adult, and $3,122 for two older adults. Every Central Indiana county has a higher monthly ALICE survival budget than the state of Indiana overall.

The largest expenses for older adult households are housing and health care. Monthly ALICE housing costs are greatest in Hamilton County at $881 and $1,024 for one- and two-adult households, respectively, while they are the lowest in Shelby County, at $599 and $696. Monthly health care costs are greatest in Marion County, at $528 and $1,055 for one- and two-adult households, respectively, while they are lowest in Johnson County, at $459 and $917. More detail on county-specific expenses may be found in the data appendix, located here.
IMPACT OF HOUSING COSTS ON FINANCIAL STABILITY

Because of a relatively high cost proportional to the typical household budget, housing and related costs can place a great deal of financial stress on older adult households. When 30% or more of its income is spent on housing costs, a household is considered housing-cost burdened. When 50% or more of its income is spent on housing costs, a household is considered severely housing-cost burdened. In 2019, 23% of the younger-old were housing cost-burdened, as were 30% of the middle-old and 36% of the oldest-old. This represents a modest decline among all housing cost-burdened older adult households since 2014, dropping from 29% to 27%. During the same time period, 10% of the younger-old were severely housing-cost burdened, as were 13% of the middle-old and 23% of the oldest-old. The overall proportion of older adult households who are severely housing-cost burdened changed little from 2014 to 2019. For more on housing costs and challenges affecting older adults, please refer to the Housing section of this report.

NEEDS FACED BY OLDER ADULTS

In Central Indiana, one third (32%) of respondents to the Community Assessment Survey for Older Adults age 60 and older (CASOA™) reported that finding affordable health insurance was at least a minor problem for them over the past year, an improvement of six percentage points since 2013. Older adults participating in focus groups across the Central Indiana region also voiced concern about their ability to afford healthcare. To qualify for Medicare, an individual must be 65 years old, unless they are a dialysis patient or have a qualifying disability. The younger-old may try to access Medicaid but may not qualify based on income. Adults from this age group express frustration that qualification for Medicaid is based on gross income rather than net income, resulting in disqualification for some patients who would otherwise qualify.

Though all older adults who participated in focus groups alluded to finances, those with lower incomes most consistently identified healthcare coverage as an issue. In addition to healthcare, specific financial management concerns involved balancing expenses such as housing, transportation and food. Some older adults, particularly

One third of older adults have some difficulty having enough money to pay for basic needs.

Percent of older adults who report they have at least a minor problem having enough money to meet daily expenses.

Source: CASOA 2017

36%
those with lower incomes, rely on monthly trips to nearby food pantries to bridge the gap between their monthly incomes and expenses. Most housing and transportation expenses are due to the cost of maintenance beyond monthly payments. These trends were especially true for older adults living in lower-income neighborhoods in Indianapolis. Survey data of Central Indiana adults age 60 and older reveals that more than one third (36%) report that having enough money to meet daily expenses was at least a minor problem during the previous year, like older adults statewide.39, 40 For further discussion of housing, transportation, and food issues for older adults in Central Indiana, see those respective sections of this report.

**INSUFFICIENT SUPPLEMENTAL SECURITY INCOME**

Key informants identified that changes in Medicaid and Supplemental Security Income (SSI) policies have increased decreased the financial instability for older adults relying heavily on fixed income and government assistance programs. According to the Social Security Administration, SSI monthly payments of $794 only increased by 1.3% from 2020 to 2021, which is consistent with the December 2019 to 2020 inflation rate of 1.4%.41, 42 The difference between the year-to-year change in inflation and SSI benefits is greater during years when the U.S. economy performs well, which was not the case in 2020. During years of economic growth, older adults depending on fixed incomes and government assistance programs are at risk of a notable housing-cost burden and other restrictions on finances.

**EMPLOYMENT**

Access to technology is often crucial in today’s job market as technology may be required to secure a job, perform job responsibilities, or both. For older adults, particularly those under the age of 85 who have yet to retire or are re-entering the workforce after retirement, gaps in technology skills create a substantial barrier to finding employment, especially for those who previously worked blue-collar jobs. One key informant service provider described the sense of fear that overcomes many older adults when confronted with technology, and their resistance to learning computer skills. This provider estimated that 90% of the program’s primarily working-class participants possess few to no computer skills. They may also lack the skills necessary to perform well in jobs.
This creates a situation in which older adults increasingly struggle to access employment opportunities which assist with affording basic needs. A survey of Central Indiana adults age 60 and older revealed that in 2017, 30% had at least some difficulty finding work while retired, a similar proportion to that of older adults across the state.43, 44

### 2-1-1 CALLS FOR ASSISTANCE

2-1-1 is a helpline service providing information and referral to health, human, and social service organizations. In 2019, there were 1,126 calls to 2-1-1 from Central Indiana adults age 55 and older requesting assistance with income support.45 The ten most frequently requested types of assistance included two that specifically target the needs of older adults—senior community service employment and Medicare. These requests for senior services represented a relatively small percentage of calls, 5% and 2.9%, respectively. In contrast, over half of all requests from older adults were for assistance with application for the Federal Supplemental Nutrition Assistance Program (SNAP), indicating that food insecurity is of great concern to older adults experiencing financial instability.

<table>
<thead>
<tr>
<th>Need</th>
<th>Count of calls</th>
<th>Percent of income support calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Stamps/SNAP Applications</td>
<td>577</td>
<td>51.2%</td>
</tr>
<tr>
<td>Undesignated Temporary Financial Assistance</td>
<td>115</td>
<td>10.2%</td>
</tr>
<tr>
<td>Medicaid Applications</td>
<td>89</td>
<td>7.9%</td>
</tr>
<tr>
<td>Job Search/Placement</td>
<td>81</td>
<td>7.2%</td>
</tr>
<tr>
<td>State/Local Health Insurance Programs</td>
<td>61</td>
<td>5.4%</td>
</tr>
<tr>
<td>Senior Community Service Employment Programs</td>
<td>56</td>
<td>5.0%</td>
</tr>
<tr>
<td>Social Security Disability Insurance</td>
<td>41</td>
<td>3.6%</td>
</tr>
<tr>
<td>Medicare</td>
<td>33</td>
<td>2.9%</td>
</tr>
<tr>
<td>Comprehensive Job Assistance Centers</td>
<td>25</td>
<td>2.2%</td>
</tr>
<tr>
<td>State Medicaid Waiver Programs</td>
<td>19</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Source: Indiana 2-1-1 via SAVI, 2019
Income support needs are most common in urban areas, but pockets of need exist in Hendricks, Shelby, and Morgan counties.

2-1-1 income support calls from older adults in 2019, per 1,000 older adults
The map below represents the number of income support calls per 1,000 older adults across Central Indiana. The ZIP codes with the greatest rate of support calls are in Marion County, in neighborhoods with larger populations of people of color and higher poverty rates. These include Indianapolis neighborhoods such as the Near Northwest, Martindale-Brightwood, the Near Eastside, and the Far Eastside.
ENDNOTES

1 According to the American Community Survey (2019), “total income” includes “wage or salary income; net self-employment income; interest, dividends or net rental or royalty income or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income.”

2 An older adult household is defined as a household in which at least one older adult age 55 or older lives.

3 Unless otherwise specified, all PUMS data discussed in this report section are five-year estimates, ending in the year mentioned in the text, unless otherwise specified (e.g., “2019” refers to 2015-2019 estimates.

4 PUMS data is released at the geographic level of PUMA (Public-Use Microdata Area). PUMAs must contain a minimum of 100,000 people and thus vary in geographic size. As a result, when using PUMS data, the Central Indiana region contains Putnam and Brown counties in addition to the eight Central Indiana Community Foundation (CISF) Central Indiana counties of Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, and Shelby.


7 U.S. Census Bureau, “2015-2019 American Community Survey Five-Year Public Use Microdata Samples [SAS Data File].”


10 Nine focus groups with older adults were conducted during 2019 and 2020 to collect input on issues facing the older adult population in Central Indiana. The focus groups composed of older adults were assembled with the identification and recruitment assistance of community service providers. These focus groups were conducted by researchers, in person prior to the COVID-19 pandemic, and by Zoom after the pandemic began. The questions asked of the focus group participants were discussed and agreed upon by research faculty and staff.

11 Thirty-five key informant interviews with caregivers and service providers were conducted during 2019 and 2020 to collect input on issues facing the older adult population in Central Indiana. Public and not-for-profit sector leaders and service providers who are knowledgeable about service systems and issues pertaining to older adults in Central Indiana were identified and interviewed as key informants during report preparation.


13 U.S. Census Bureau.

33 U.S. Department of Housing and Urban Development, “Housing Cost Burden Among Housing Choice Voucher Participants | HUD USER.”
34 U.S. Census Bureau, “2015-2019 American Community Survey Five-Year Public Use Microdata Samples [SAS Data File].”
38 Gross income is a person or household’s total income, while net income is gross income less taxes and deductions.
45 “Indiana 2-1-1 Needs Data,” n.d. Indiana 2-1-1 data analysis is provided by SAVI Community Information System. 2-1-1 is a free and confidential service that helps Hoosiers across Indiana find the local resources they need. When a client calls 2-1-1 for help, this is referred to as an interaction. During each interaction, a client may communicate one or more needs, related to a single problem or multiple problems. When a call is received by 2-1-1, it is placed in one or more categories, depending on the nature of the need(s) expressed by the caller. For example, if a caller requests a referral for a food pantry, a referral for transportation to help get to that pantry, a referral for donated clothing, and a referral for a soup kitchen, the call is identified as a single, unique call related to food needs, transportation needs and material assistance needs. Even though there are two different food-related needs expressed, the call is only counted as a single call for food-related help. In the 2019 dataset, 75% of caller data specified client age, while the remainder did not. In this report, only data with the age of the client (between 55 and 105 years old) was used.
Download the data used in this chapter.

Download spreadsheets containing our source data by clicking here or scanning the QR code below.