



RRF | Foundation
for Aging

WORKING TOGETHER TO ACHIEVE ECONOMIC SECURITY IN LATER LIFE

ISSUE BRIEF #1: JANUARY 2021

About RRF Foundation for Aging

The mission of RRF Foundation for Aging (RRF) is to improve the quality of life for older people. RRF is one of the few private foundations in the United States devoted exclusively to aging issues. Our vision is that ALL older people will continue to be valued and respected as participants in and contributors to our communities. In addition to Economic Security in Later Life, RRF's grantmaking focuses on three other priorities areas—caregiving, housing, and social and intergenerational connectedness.

Building Economic Security for All

We are pleased to introduce RRF's issue brief on Economic Security in Later Life. This is the first in a series that, together, will describe our approach to funding and working to improve the quality of life of older people. It is also an invitation to others to partner with us, to develop new and innovative ways that will enable more older adults to achieve a greater measure of financial well-being.

RRF envisions a future in which all of us, as we age, have the means to achieve a secure and dignified later life. This means we will have sufficient income to meet basic expenses; receive assistance, if needed, to plan and manage our income and savings effectively; and benefit from a stable, equitable public and private system of supports, services, and protections that can help us achieve and maintain economic well-being.

All too often, discussions of economic security lay blame on individuals and their inability to “save for retirement.” Most of us, however, work hard throughout our lives (and many of us must continue to work well past a traditional retirement age). We pay taxes, contribute to Social Security and other programs, and help our communities

in many ways. Despite this, financial struggles in later life are distressingly common, resulting from larger economic forces beyond our control, systemic inequities, and an insufficient safety net.

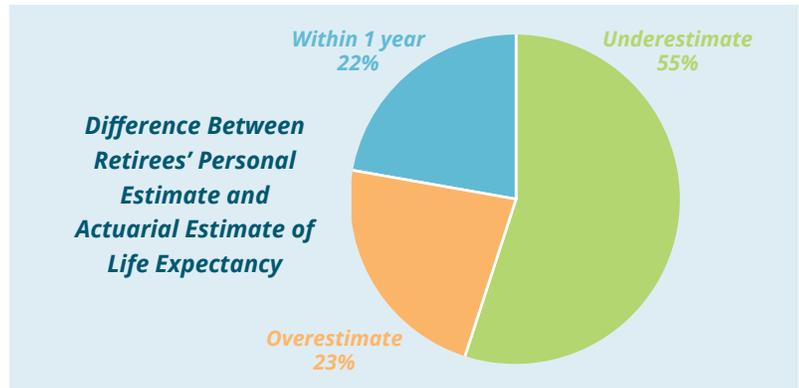
This issue brief will explain RRF's interest in promoting economic security in later life, as well as our commitment to generating innovative solutions to the challenges we face. We look forward to joining with others in this important work.

Achieving Economic Security: Understanding the Broad Challenge

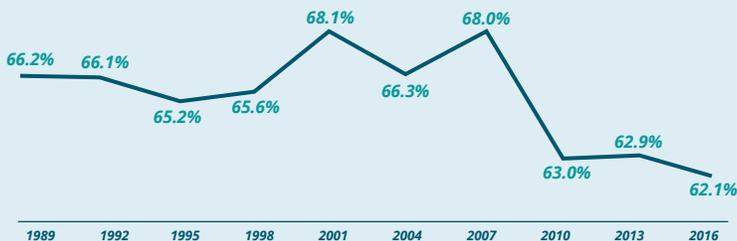
There are a number of demographic realities and systemic problems that make achieving economic security difficult for all Americans as we get older.

As documented by the National Bureau of Economic Research, increased life expectancy means that we need to stretch our resources longer to ensure our financial security in late life.¹

A study from the National Council on Aging found that nearly half of pre-retirees underestimate their life expectancy by five or more years,² and therefore may miscalculate the savings they need in later life.



Retirement Plan Participation Rate (Among Pre-Retirement U.S. Households)

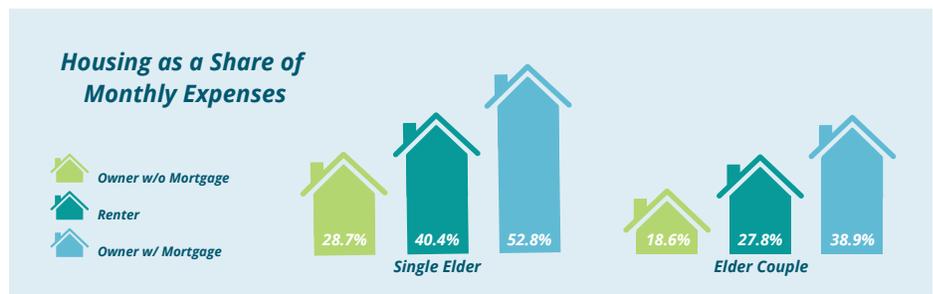


The private sector has not supported worker savings sufficiently, and pensions, envisioned as a critical pillar of late life security, are increasingly rare.

According to the Federal Reserve Bank of St. Louis, just 62.1% of pre-retirement US households participated in a retirement plan (pensions, IRAs, or Keogh plans) in 2016.³

Housing costs and debt pose significant challenges to many as we get older.

Housing expenses are a major burden to older adults, with one-third of people over 50 paying more than 30% of their income for housing.⁴



The value of Social Security benefits in real dollars is down 34% since 2000.

Social insurance programs, such as Social Security and Medicare, have not kept up with inflation.⁵ And cuts to public benefits mean our safety net is insufficient to meet the needs of a growing number of older people who need help.⁶

For example, Social Security benefits have lost 34% of their buying power since 2000, according to a 2018 study by The Senior Citizens League.

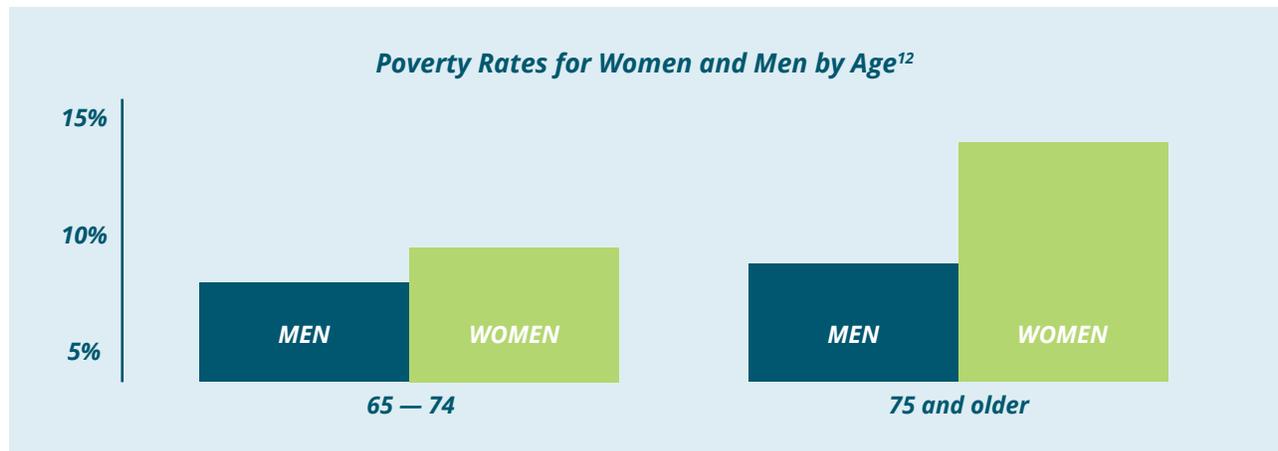
A lifetime of confronting systemic inequities around gender, race, and sexual orientation has contributed to many older adults' financial struggles.

Notably, older women of all ages are more likely than men to live in poverty.⁷

While African American older adults make up 9% of the 65+ population, they represent 21% of older people living below the Federal poverty level.⁸ More than half of Hispanic older people experience daily economic insecurity; 90% will not have adequate resources to last their lifetimes.⁹ And 28% percent of Asian American Pacific Islander older adults live in poverty.¹⁰

According to a survey from Services & Advocacy for LGBT Elders (SAGE), 42% of older LGBT people reported being very or extremely concerned that they will outlive their retirement savings, compared to 25% of older non-LGBT people.¹¹

All of these trends add up to significant and widespread barriers to economic security. Research from the University of Massachusetts in 2020 found that half of older people who live alone in the U.S. and a quarter of all older couples cannot afford a “bare-bones” budget in their communities, totaling 11 million older adults who are struggling to make ends meet.



Supporting Collective Solutions

Economic security in later life is a complex, multi-faceted lifespan issue. While other organizations are working on ways to build economic security earlier in life, RRF is focused particularly on collective solutions that can help large numbers of older people as they live through their 60s, 70s, 80s, and beyond.

Working with partners in Illinois and across the country, RRF's grantmaking on this topic centers on three main areas:

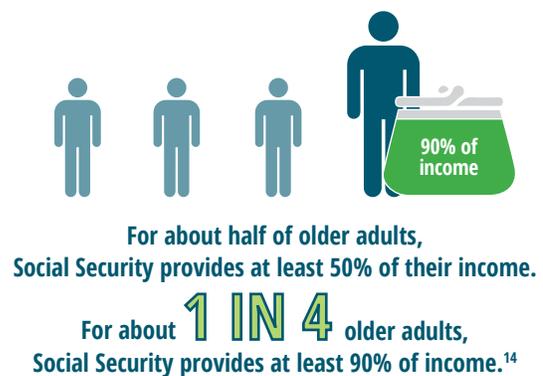


RRF aims to attract a wide range of ideas, approaches and partners, and to support a dynamic learning community of the best thinkers, leaders and organizations in the field—all devoted to greater economic security for older people. We look forward to building on and broadening these collaborations as together, we seek the best possible solutions.

Providing Access to Sufficient Income

Regular monthly income is the foundation for creating economic security in later life. It comes from a combination of Social Security, pensions, employment and personal savings. Strengthening the safety net to assist with health care costs, housing expenses, food and other basic necessities can make a critical difference. Helping the growing number of older people navigate a confusing constellation of federal and state programs is essential to accessing needed public benefits. RRF's grantmaking in this area covers a wide range of strategies needed to influence the private, public and nonprofit sectors and ensure that people can make ends meet as they get older.

Economic Security by the Numbers



For additional data and reports, please see the [Knowledge Center](#) on the RRF website.

Key Projects Funded by RRF Foundation for Aging

Here are just a few initiatives supported by RRF that are bolstering older adults' access to sufficient income and benefits that help them live more secure lives.

- **Illinois Pension Assistance Project in partnership with University of Massachusetts Boston** provides pension counseling and individual advocacy to older adults in Illinois. During the last few years, the program has generated more than \$5.5 million in recovered pensions—an essential part of long-term economic security in later life—for more than 1,600 people.
- **AgeOptions** uses its Advisery program to train service providers on health care coverage issues affecting older adults in Illinois. Nearly 1,900 providers participate; more than 60% provide direct counseling for older people.
- **National ABLE Network** engages in a national advocacy strategy to preserve and enhance the Senior Community Service Employment Program, a safety net program that helps approximately 65,000 older adults develop job skills, earn needed income, and build a pathway to unsubsidized employment and financial self-sufficiency.
- **Legal Council for Health Justice** promotes access to Medicaid for low-income older people in Illinois and advocates for improvements in the eligibility and redetermination processes, Medicaid spend-down policies, and the Medicare Savings Program.

Building Financial Knowledge and Skills

Economic security in later life involves a complex set of decisions that can include managing savings; understanding Social Security, Medicare and other benefits programs; dealing with housing assets or costs; addressing debt and providing for a spouse and or broader family's needs. And we must remain vigilant about financial exploitation and scams that can subvert one's best plans and preparation. Building our financial literacy as we get older, therefore, is pivotal to accessing and wisely using the resources we need to live with dignity and independence.

Key Projects Funded by RRF Foundation for Aging

These RRF partners are developing several innovative tools to enable more older people to learn how to make sound financial decisions that can provide the foundation for economic security.

- **Education & Research Fund of Employee Benefit Research Institute** is developing an online decision-making tool, Ballpark E\$timate, to assist older people to understand their financial status and make appropriate changes to their later life planning.
- **National Council on Aging** is creating a state-of-the-art, digital platform to help guide older adults to make decisions that will maximize their economic security, including a financial assessment, identifying and applying for eligible benefits, making appropriate health care coverage choices, and more.
- **WISER (Women's Institute for a Secure Retirement)** is launching the Financial Caregivers Project, a comprehensive set of resources (to be included in the online National Resource Center on Women and Retirement Planning), that provides a one-stop clearinghouse for information on the financial aspects of caregiving.



SPOTLIGHT ON: AGEOPTIONS COUNSELING

AgeOptions, the Area Agency on Aging in suburban Cook County, IL, received a call from Veronica, a 73 year-old recent widow who was having trouble paying her bills and had no Part D Medicare coverage. Her annual Social Security income was \$15,300. She had worked all her life and didn't want "government charity."

An AgeOptions Benefits Counselor did a screening with Veronica and found she was eligible for Extra Help, a federal program that helps pay for Medicare Part D prescription drug costs, as well as SNAP (food stamp benefits). The Counselor assured Veronica that this was not a handout, but rather benefits paid for by her

and all of our tax dollars. The Counselor obtained copies of the required documents and applied on-line on her behalf for Extra Help and SNAP.

Veronica was approved for both programs. Extra Help now pays for her glaucoma prescription, and \$192 each month in SNAP benefits helps put food in her refrigerator that had been nearly empty.

Veronica noted how helpful this support had been to stabilize her situation, and that she was now able to work part-time. At the recommendation of the Counselor, Veronica is now receiving job-training from SCSEP, the federally funded Senior Community Service Employment Program, which promotes job readiness and community service for low-income people over the age of 55.

Advocating for a Stable, Equitable Retirement System

Economic security in later life today depends on a piecemeal set of policies and programs that too often fails to protect us even though we have worked hard, raised families, and contributed to our communities. What happens in Washington, DC and in state capitols among policymakers can redress long-standing inequities and make a difference to the quality of life for all of us as we get older.

Economic Security by the Numbers

2035

Social Security benefits are now expected to be payable in full until 2035, when the Social Security trust fund reserves are projected to be able to pay out $\frac{3}{4}$ of scheduled benefits using tax revenue alone.¹⁵ Making even reasonable, modest changes to the system now would preserve benefits and protect older people for generations to come.

84% of Americans say leaders in Washington do not understand how hard it is for American workers to prepare for retirement.

81% say leaders in Washington need to give retirement a higher priority.¹⁶

74% of Americans would participate in state-based retirement plans.¹⁷

For additional data and reports, please see the [Knowledge Center](#) on the RRF website.

Key projects supported by RRF Foundation for Aging

RRF is supporting several partnerships and groups that are advocating for regulations and legislation that will strengthen our retirement security system and social safety net.

- **Medicare Rights Center and Center for Medicare Advocacy**, two pioneering organizations in the field, are focused on protecting and improving Medicare coverage and promoting access to affordable health care insurance, to bring down the cost of health care, one of the drivers of economic insecurity.
- **The Social Security Works Education Fund** is educating, empowering, and activating more than 500 older people from diverse backgrounds to amplify their voices and build their advocacy skills to lift up the importance of Social Security.
- **University of Massachusetts Boston** has developed the Elder Economic Security Index, a groundbreaking tool, initially developed with RRF funds, that measures the cost of living for older people depending on their geographic area. RRF support is helping to sustain this tool.
- A series of grants to three advocacy organizations—**Woodstock Institute, Small Business Majority, and Shriver Center on Poverty Law**—supported the research, development, and promotion of a statewide, employer-based retirement savings program for low- to moderate-income workers who had no access to a retirement savings program. Illinois became the first state to enact legislation to create this kind of effort, entitled the “Illinois Secure Choice Savings Program.”



SPOTLIGHT ON: PENSION RIGHTS CENTER

A stalwart advocate since 1976, the [Pension Rights Center \(PRC\)](#) has developed a strategic approach, with the support of several RRF grants, to reform the pension system and improve the financial security of older people. In partnership with the Foundation, this has included several strategies:

- PRC developed and now provides training and technical support to a network of seven regional centers around the country that help older persons recover lost pensions. Since 1993, these centers have helped more than 65,000 older adults and generated more than \$268 million in recovered pensions.
- PRC has sought to protect divorced older women by strengthening and building access to Qualified Domestic Relations Orders (QDROs), a process that protects a divorced person's rights to a portion of a former spouse's pension. PRC developed a guide, is educating attorneys and the courts on QDROs, and is building a network of pro bono attorneys who can draft these important documents.
- PRC advocacy efforts are protecting retirees from pension cuts due to insolvency of multi-employer pension plans and promoting policy solutions to stem this crisis.

Working alongside other policy groups and older adults themselves, PRC exemplifies how thoughtful collaboration can lay the groundwork for system reforms to protect vulnerable people.

Looking Ahead: Together

Good solutions require diverse, integrated strategies that include direct service, training, education, and advocacy. There are many ways we can work together to help older people achieve economic security in later life.

At RRF Foundation for Aging, we look forward to collaborating with organizations and individuals who are developing promising approaches. We will continue to build on the work of experts and organizations around the country already in the field. There is much to do and much to learn from an ever-broadening network of partners. We hope you will join us in developing the next generation of collective solutions to this increasingly important issue.



Contact Us

We would like to hear from you. Please contact us at info@rrf.org. And follow us on Twitter [@RRFAging](https://twitter.com/RRFAging).

SOURCES

¹<https://www.nber.org/papers/w19930.pdf>

²<https://www.ncoa.org/economic-security/money-management/the-80-addressing-the-nations-retirement-crisis/#intraPageNav1>

³<https://www.pensionrights.org/publications/statistic/how-many-american-workers-participate-workplace-retirement-plans>

⁴https://www.giaging.org/documents/151217_Income_Security_Toolkit_%28002%29.pdf

⁵<https://www.pbs.org/newshour/economy/making-sense/why-social-securitys-annual-increase-doesnt-actually-keep-up-with-cost-of-living>

⁶<https://www.epi.org/blog/the-trump-budget-harms-seniors/>

⁷<https://www.americanprogress.org/issues/women/reports/2020/08/03/488536/basic-facts-women-poverty/>

⁸<https://www.diverseelders.org/who-we-are/diverse-elders/black-elders/>

⁹<https://www.diverseelders.org/wp-content/uploads/2020/04/SOAR-2019-.pdf>

¹⁰https://www.napca.org/wp-content/uploads/2017/10/NAPCA-The-Emerging-Needs-of-AAPI-Older-Adults_Final-Report_Feb2017.pdf

¹¹<https://www.sageusa.org/wp-content/uploads/2018/05/sageusa-understanding-issues-facing-lgbt-older-adults.pdf>

¹²<https://www.americanprogress.org/issues/women/reports/2020/08/03/488536/basic-facts-women-poverty/>

¹³<https://www.ncoa.org/resources/fact-sheet-economic-security-for-seniors/>

¹⁴<https://www.cbpp.org/research/social-security/policy-basics-top-ten-facts-about-social-security>

¹⁵<https://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p111.html>

¹⁶https://www.nirsonline.org/wp-content/uploads/2019/02/Opinion_Research_final.pdf

¹⁷https://www.nirsonline.org/wp-content/uploads/2019/02/Opinion_Research_final.pdf



RRF Foundation
for Aging