

New Jersey Elder Economic Security Standard™ Index

Frequently Asked Questions

Q1: What is the New Jersey Elder Economic Security Standard™ Index (the Elder Index)?

A: The New Jersey Elder Economic Security Standard Index is a new tool that quantifies the actual costs of basic expenses for older adults in our state. The Elder Index is a one of a kind, geographically-based measure of *income adequacy*. It is calibrated to reflect the needs of specific living situations, including varying housing and health statuses. The Elder Index was developed by Wider Opportunities for Women (WOW) and the Gerontology Institute at the University of Massachusetts Boston (GI-UMASS). It serves as the cornerstone for a broader coalition, advocacy, education and outreach project, the Elder Economic Security Initiative™ program.

Q2: What does the Elder Index measure?

A: The Elder Index measures how much income a senior in New Jersey requires to adequately meet his or her basic needs — *without public or private assistance*. The Elder Index essentially quantifies basic living expenses for elders 65 years and older living in their communities, not institutions. The Elder Index provides a *realistic, geographically-based operating budget* for seniors residing in their homes. As such, the Elder Index does not account for catastrophic costs, such as home repairs or medical events. The Elder Index measures the income needed for an elder or elder couple to make basic ends meet from month to month.

Q3: What are the conceptual principles behind the methodology of the Elder Index?

A: First and foremost, the Elder Index focuses on **economic security**. Economic security implies that seniors can meet their basic needs without income-eligible public supports, such as Food Stamps, Medicaid, subsidized housing or property tax help. Second, the Elder Index recognizes that **geographic variability** in cost of living is important in defining security. Third, the Elder Index recognizes that costs differ based on an individual's particular housing and health status. As such, the following "tracks" are reflected in the Elder Index: Singles versus couples, Homeowners with a mortgage, and homeowners without a mortgage versus renters. Three levels of health: poor/fair, good, excellent. Plus, an add-on measure of varying levels of home and community-based long term care. Elders' living costs in each of the cost components are added to determine household budgets for each of the respective "tracks" of elder households. This gives a measure of the Elder Index, the after-tax income required to cover elders' living expenses based on where they live and the characteristics of their household.

Q4: What are the assumptions behind the methodology of the Elder Index?

A: Several core assumptions form the basis for the Elder Index, including the following:

The Elder Index assumes community living: it measures basic living expenses for seniors in the community (not in institutions, such as skilled nursing facilities or assisted living facilities).

The Elder Index assumes residential independence: it measures the costs for elder households to live independently (vs. living in intergenerational households, such as living with adult children).

The Elder Index assumes age 65 and older.

The Elder Index assumes Medicare coverage: Medicare is included in the Elder Index because elders qualify for and receive it based on age, not on income eligibility, making it nearly a universal program.

The Elder Index assumes elders do not work: it focuses on costs for retired elders, who no longer face costs of working, such as payroll taxes and commuting to work.

Q7: What are the costs components of the Elder Index?

A: Housing, food, healthcare, transportation, miscellaneous and home and community-based long term care.

**The Elder Economic Security Standard Index, US Average, 2006
Monthly Expenses for Selected Household Types**

Monthly Expenses/ Monthly and Yearly Totals	Elder Person		Elder Couple	
	Owner w/o mortgage	Renter, one bedroom	Owner w/o Mortgage	Renter, one bedroom
Housing	\$ 349	\$ 655	\$ 349	\$ 655
Food	\$ 206	\$ 206	\$ 378	\$ 378
Transportation (Private Auto)	\$ 276	\$ 276	\$ 337	\$ 337
Health Care	\$ 220	\$ 220	\$ 440	\$ 440
Miscellaneous @ 20%	\$ 210	\$ 271	\$ 301	\$ 362
Elder Index Per Month	\$ 1,261	\$ 1,628	\$ 1,805	\$ 2,172
Elder Index Per Year	\$ 15,134	\$ 19,541	\$ 21,658	\$ 26,064

A similar index measure with projected community-based long term care costs will be produced for every county in New Jersey.

To join the discussion call 609-421-0206 or email mchalker@njfoundationforaging.org