

M E M O

TO: Economic Prosperity Task Force

FROM: Susanna D. Bozinovski, Ph.D.
President & CEO, Bozinovski & Associates, Inc.

DATE: June 24, 2008

RE: Top Five Challenges Faced by Senior Population
Related to Economic Stability

Thank you for requesting my input on the work of the Task Force. As an FYI, I was a Management Analyst with the Colorado Division of Aging & Adult Services for 11 years, and the Director of the 8-county regional Area Agency on Aging at DRCOG for 10 years. I now have my own Human Services consulting firm, focused primarily on senior citizen programs and issues. My current work is assisting Garfield County & Colorado Mountain College with restructuring their Senior Programs, and helping Jefferson County Human Services with developing a Strategic Plan for Aging Well.

- (1) Planning for Income Needs in Later Life – Many older adults, especially women, have never actually sat down and figured out how much actual money they will have, how long it might have to last, and what they will need money for as they get older. It is a relatively new concept and historically has been primarily for the upper middle class and higher – to even consider this type of planning information. For many people, there are not enough funds in mid-life and beyond to even attempt to create a savings account let alone the type of high interest-bearing account that would be needed to get one through a longer life span. We can start discussing this at earlier ages in school, in college, in every company, etc. Even if this were to become widespread practice, there will be certain industries and people that are at the bottom of the wage scale who simply will never have any funds left over each month. I believe financial planning must become something everyone can get and afford at earlier ages.

- (2) Availability of Affordable Housing – Since a significant proportion of one's income, especially in later life, goes for housing, the availability and affordability of more housing for older adults will be crucial. The trend has been the opposite – less subsidized and other low-income housing has become available over the years. The “senior” population is comprised of vastly different subsets of people. Those 60 to perhaps age 74 or so are typically still active and can manage more living space, financially and physically. The very old, say age 85+ typically need housing that is smaller, and easier to manage economically and physically. Our

systems have not kept pace with the needs in this arena, resulting in many older people who can't afford to pay for everything including meds, housing, food, transportation, and perhaps in-home assistance. I believe government at all levels could better advocate for and promote additional REAL affordable housing... and this does not mean a condo starting at \$200,000. Older people on fixed low-incomes worry constantly about being asked to pay significantly more or being asked to leave their current residence (especially if it is subsidized housing). There is always a fear of being forced to make an unaffordable and unavailable change in one's housing. This fear is often so great that many older people often keep quiet and never complain about their deplorable living conditions.

- (3) House Rich, Cash Poor - There are many older adults, again especially women, who own their homes outright or nearly so, but live only on a Social Security payment of \$600 per month. Some of these same people house and support other family members, including adult children and grandchildren, often with little or no financial assistance for doing that. Tapping into a home's equity (home equity loans or reverse mortgages) can be a reasonable and significant means for providing economic stability. But many older adults are fearful of even considering such a radical loss of control over their own resources. There are justifiably issues of trusting a stranger to handle one's financial affairs. Adult children can either deter or encourage such financial strategies. My experience has been that many lower income homeowners do not get support for any alternative type of personal economic strategizing. More positive publicity of these strategies, as well as better oversight of those "professionals" handling these financial affairs, would possibly encourage more people to tap into their home's equity. An unrelated, but possible other idea, might be for changes in zoning that would allow more unrelated older people to live together. The concept of Shared Housing has been discussed for decades and is relatively rare still - due primarily to zoning limitations. Again, oversight of those dealing with the finances of vulnerable older people will be a critical component of this type of program.
- (4) Meaningful, Paid, Stable Work – Older adults in our country are still forced to stop working at a certain age regardless of how mentally and physically fit they might be. There is no regard for how financially needy a person might be. Granted, while many older adults no longer want to or need to work for pay, increasing numbers report they MUST bring in SOME income to survive or maintain a minimal desired lifestyle. Widespread policy changes are needed to increase flexibility around working and aging. Allowing people to work longer will help with the problem of too many people getting retirement payouts and too few

people paying into the retirement system. A lot of public education is needed in this area. Many people, including businesses, and younger co-workers, hold onto negative and largely incorrect stereotypes of aging workers. Some types of workplace flexibility are creeping in – for example, some industries routinely now bring retirees back on contract to assist with training or for specific projects. With many lower-income workers, the work may be too stressful or taxing on the body to be able to continue. However, every possibility could be considered in the future to help our older workers maintain not only income, but also some sense of dignity for contributing to society. Volunteer positions that offer some benefits would help – such as reimbursement for gas or parking. But in reality, what poor older people need is meaningful pay for the work they want to do and are capable of doing!

- (5) Stability of Cost of Living – There are many “unknowns” that tag along with a low-income, needy person as they age. While this is true for all people, those with fewer resources exhibit and express increased anxiety over the possibility that something critical might change along the way that they cannot pay for. Regardless of how well someone might have planned for their later life finances, who could have predicted that gas would be four times what it was just a few years ago? Food costs keep skyrocketing, and the cost of prescription meds, even with Medicare Part D, fluctuates at the whims of the pharmaceutical companies. One year an older person did not fall into a “doughnut hole” and did not have to pay additional cash for meds. The next year, they now have to deal with this new reality. Programs, services, funding, availability, etc. keep shifting creating just a steady level of uncertainty and instability for older people with fixed resources. The obvious question I ask myself here is “is there any way to provide more financial security and stability for low-income older people given that everything seems to rise in cost over the years except for most public payments which do not adequately keep pace?”

Having said all of the above, I believe any program that offers benefits or services just because someone has reached a certain age does not make sense any longer. Programs and services should be made available based primarily on economic need, in my view. Even programs like Medicare, which are crucial, could be more targeted. As it currently stands, very wealthy older people CAN and DO get a similar level of benefits, say, regarding prescription medications as lower income seniors.

I could probably go on and on – but these were the first five big items to come to mind that affect an older adult’s ability to reach or maintain economic stability. I hope my input has been helpful to you. Please let me know if you have any questions about any of my comments above. I look forward to meeting with you on July 10th.