



TEXAS
Health and Human
Services

Aging Texas Well

Policy Brief

Economic Security for Older Adults

Economic security is defined as a person's ability to consistently pay for their essential needs, including shelter, food, clothing and hygiene.¹ When a person does not have their basic needs met, their overall health and well-being can be negatively impacted.² Some older adults face unique challenges in maintaining economic security, such as living on a fixed income, higher health care costs, discrimination and financial exploitation. Fortunately, there are resources available to help older adults maintain economic security and support their overall quality of life.



THE LINK BETWEEN ECONOMIC SECURITY AND HEALTH

About 10.5% of Texans age 65 years and older (or 377,310 people) have an income below the federal poverty level.³ The federal poverty level is based on three times the cost of minimum food expenses per person, adjusted for inflation.^{4,5} Some people above the federal poverty level may be financially insecure or at risk due to circumstances such as living in an area with high housing costs or having to pay for substantial medical expenses. This is especially true for older adults because they are more likely to have higher out-of-pocket medical expenses.⁶

Research has revealed that older adults who are economically insecure are more likely to have two or more chronic conditions compared to their economically secure peer. In this instance, an older adult is defined as someone who is age 60 and older and the threshold for economic security is at 250% of the federal poverty level. Economically insecure older adults may have to make tough decisions on how they are going to spend their limited resources. This may put them in situations that put their health at risk, such as skipping meals, having less nutritious food to eat, skipping medication doses and being without necessary in-home heating and cooling.⁷

CONTRIBUTING FACTORS TO ECONOMIC INSECURITY

Several factors can lead to economic insecurity for older adults, including age discrimination in the workplace, discrimination throughout the lifetime and financial exploitation.

Discrimination

While age discrimination, or ageism, in the workplace is against the law, older adults in the workforce often still experience forms of discrimination, including difficulty getting hired, forced retirement and the incorrect assumption that they

are incapable of learning new things. This not only can take an emotional toll, but it can lead to being paid less and not having a consistent income, which creates economic challenges. Older women are more likely to be perceived as less valuable in the workplace, creating even more challenges.⁸

In addition to age discrimination, discrimination based on other factors can impact economic security. Older adults who have faced discrimination throughout their life are particularly vulnerable to economic insecurity. Research has shown that pay disparities based on race, gender, disability and sexual orientation may be further exacerbated by age discrimination.^{9,10} Inadequate pay makes it difficult to afford basic needs or to save enough money for retirement.

Financial Exploitation

Older adults lose a total of \$3 billion to fraud each year. People of all ages can be a victim of financial exploitation; however, older adults may be at greater risk. Increased functional impairment and dependency on others, which some older adults experience, are associated with financial exploitation. Older adults with an accumulation of assets can also be targeted for financial exploitation.¹¹



Older adults are targeted by strangers and businesses they do not know and by people they do know, such as friends and family members. Common types of scams that older adults experience include government imposters, romance imposters, technology support and sweepstakes hoaxes. Scammers use many methods to target older adults, including over the phone, through email and online tactics.¹²

Impact of the COVID-19 Pandemic

The COVID-19 pandemic has had vast economic impacts on many people; however, recent research shows older adults have been disproportionately impacted, creating even greater disparities in generational wealth. Many older adults have experienced higher rates of unemployment, bigger losses in business profits, and an increase in evictions and loss of housing, compared to younger counterparts. Additionally, the gap in wealth between white older adults and older adults of color has widened further over the course of the COVID-19 pandemic.¹³

STRATEGIES TO PROMOTE ECONOMIC SECURITY

There are many ways organizations and communities can promote economic security of older adults by preventing workplace and other discrimination and protecting against financial exploitation.

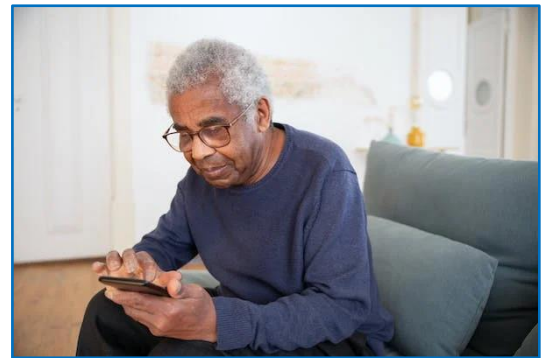
One way is recognizing the value older workers bring to professional roles, including wide-ranging skillsets, important historical knowledge and professional experience. When considering protecting against workplace age discrimination, employers should examine any biases they hold about older workers and evaluate how this has impacted their policies and who they hire. Additionally, activities that

help retain and recruit older workers include providing adequate training, flexible hours, flexible time off and phased retirement.¹⁴

Eliminating pay disparities for all employees is another strategy to promote the economic security of employees as they reach older age and retirement. Employers can achieve this by conducting pay equity audits, which involves comparing pay for employees doing equivalent work to identify differences. A pay equity audit can help identify inadvertent pay disparities that are not always obvious. Differentials, such as experience and credentials, are accounted for and then remediation to increase the pay of employees who should be paid more can take place.

Operations that led to pay disparities should also be examined and corrected to prevent this from happening in the future.¹⁵ Taking these actions can prevent pay disparities throughout an employee's career, helping them achieve economic security as they age.

As it relates to protecting against financial exploitation, organizations with older adult clientele (e.g., banks, assisted living facilities, community centers) should know signs of financial exploitation and how to help older adults avoid it.¹⁶ The Consumer Financial Protection Bureau and Federal Deposit Insurance Corporation created the [Money Smart for Older Adults Resource Guide](#) to provide awareness about common types of financial exploitation against older adults and ultimately help prevent it.¹⁷



One approach to supporting the economic security of older Texans while they recover from the COVID-19 pandemic is to invest in supporting homeownership and rental assistance. Homeowners benefit from home equity and are more likely to achieve economic stability for themselves and future generations.¹⁸ Supporting programs that help with down payments and repairing credit scores for those who do not currently qualify but can be mortgage-ready is one way to support home ownership. The [Texas Department of Housing and Community Affairs](#) oversees several programs that assist with housing costs, including financial assistance for older renters and tax relief for older homeowners. It is important that people who need financial assistance are aware of and have access to it.¹⁹

CONCLUSION

Older adults are resilient, but economic instability can hinder their ability to live a healthy and fulfilling life. Adequate finances allow a person to pay for necessities like food, shelter and health care. Some older adults face unique challenges to economic security, such as having a fixed income, having higher medical costs, having experienced discrimination and being targeted for financial exploitation. Luckily, there are ways that the economic security of older Texans can be improved. Workplace support and pay parity, preventing discrimination throughout the lifetime, preventing financial exploitation, and supporting homeownership and access to rental assistance can all support the economic security of older Texans.

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