NATIONAL WOMEN'S LAW CENTER
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New Census report supports NWLC's findings that proposed Social Security cuts would especially hurt elderly women

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A new report from the Census Bureau, *90+ in the United States: 2006-2008*, provides a detailed picture of the nation's rapidly growing 90-and-older population. It shows that women are three-quarters of the very elderly (individuals 90 and older), a group that has almost tripled in the last 30 years to nearly two million, and that will grow to more than eight million by 2050. The Census data also show that very elderly women are more economically insecure and more likely to have a disability than very elderly men.[1]

These new facts have important implications for the current debate about changing the Social Security cost-of-living adjustment (COLA) from its current index to a new measure of inflation known as the "chained CPI." The proposed switch to a new measure of inflation may appear to be a mere technical adjustment, but a recent report by the National Women's Law Center (NWLC), *Cutting the Social Security COLA by Changing the Way Inflation is Calculated Would Especially Hurt Women*,[2] shows how the change will result in significant cuts to Social Security benefits that deepen over the years and dramatically increase economic insecurity among the elderly—especially women.

The NWLC report shows that the proposed change delivers a triple whammy to women. First, since women live longer than men, they face deeper cuts in their Social Security benefits under the proposed new measure of inflation, because the cuts from this reduced COLA get deeper each year. Second, elderly women have less income than men, so these cuts would represent a larger share of their total income in retirement. And, third, since older women are already more economically vulnerable than older men, these cuts would leave many of them unable to meet basic needs.

NWLC's report also explains why the chained CPI is not a more accurate measure of inflation. Indeed, the current COLA already underestimates the effects of inflation on the elderly and fails to account for a crucial fact—that older people spend a much larger share of their budget on health care, where costs are rising much more quickly than with other expenses.

The new Census data highlight the precarious situation of many very elderly women and add weight to the conclusion of NWLC's report – that switching the Social Security COLA to the chained CPI would especially harm very elderly women – a growing group of women who are least able to bear the burden.

The Census data show that the number and proportion of very elderly individuals will increase rapidly in the next 40 years and that women are the vast majority of this group.

- The nearly two million very elderly people in the U.S. currently account for about 5 percent of the nation's elderly population.[3]
- By 2050, when individuals who are currently a few years away retirement will be in their 90s, the more than eight million very elderly people will comprise nearly 10 percent of the elderly population.[4]
- Very elderly women currently outnumber very elderly men three to one.[5]
- The gender disparity grows with age – among people 95 and older, women outnumber men four to one. [6]

NWLC's analysis shows that the very elderly would be hit hardest by the COLA switch.

For a woman turning 70, if the COLA cut had been in effect when she first became eligible for benefits, the value of her benefit would be about two percent less than under current law. At 90, her benefit's value would be about eight percent less than under current law.[7] By 95, her benefit's value would be about nine percent less than under current law.[8]

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The Census data show that very elderly women are more economically insecure than very elderly men.

- Very elderly women had a median income of $13,580 – only two-thirds of the median income of very elderly men ($20,133).[9]
- Very elderly women had a poverty rate of 16.5 percent – nearly one-and-three-quarters times that of very elderly men (9.6 percent).[10]
- Only about 6 percent of very elderly women were married, compared to nearly 43 percent of very elderly men. [11]

NWLC's analysis shows that the cut from the COLA switch would make it difficult for very elderly women to meet their basic needs.

For the typical single elderly woman with a monthly Social Security benefit of $1,100, if the COLA cut had been in effect when she first became eligible for benefits, by 90 she would have to give up more than eleven days of food each month to make up for the reduction in benefits from the COLA cut. By 95, the COLA cut would be the equivalent of more than thirteen days of food each month.[12]

The Census data show that very elderly women are more likely to have a disability than very elderly men.

- Nearly 85 percent of very elderly women 90 to 94 have a disability, compared to nearly 78 percent of very elderly men 90 to 94.[13]
- Nearly 93 percent of very elderly women 95 and older have a disability, compared to nearly 86 percent of very elderly men 95 and older.[14]

NWLC's analysis shows that the COLA cut would mean women have even less money to pay the higher medical costs associated with disability.

Since people with disabilities generally have higher health care costs than people without disabilities,[15] and very elderly women have to pay those costs out of an already smaller budget, the COLA cut would be a particular burden for very elderly women.[16]

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1 Wan He & Mark N. Meunchrath, U.S. Census Bureau, *90+ in the United States: 2006-2008* (November 17, 2011) [hereinafter Census, *90+*], available at http://www.census.gov/prod/2011pubs/acs-17.pdf. Data from this report are from the American Community Survey 2006-2008.

2 Joan Entmacher & Katherine Gallagher Robbins, Nat'l Women's Law Center, *Cutting the Social Security COLA by Changing the Way Inflation Is Calculated Would Especially Hurt Women* (June 2011) [hereinafter Entmacher & Gallagher Robbins, *COLA*], available at http://www.nwlc.org/resource/cutting-social-security-cola-changing-way-inflation-calculated-would-especially-hurt-women.

3 Census, *90+, supra* note 1, at 3.

4 *Id.*

5 *Id.* at 11.

6 *Id.* at 12.

7 Entmacher & Gallagher Robbins, *COLA, supra* note 2, at 2. Assumes that the chained CPI would have reduced the COLA by an average of 0.3 percentage points annually compared to the current index, the CPI-W, during the time this individual received benefits.

8 *Id.*

9 Census, *90+, supra* note 1, at 9.

10 *Id.* at 10.

11 *Id.* at 13.

12 Entmacher & Gallagher Robbins, *COLA, supra* note 2, at 4. Assumes that the chained CPI would have reduced the COLA by an average of 0.3 percentage points annually compared to the CPI-W during the time this individual received benefits and that the proposed change in the cost-of-living adjustment takes effect before she claims initial benefit at 65. The median monthly Social Security benefit of a single elderly woman was about $1,100 in 2009.

13 Census, *90+, supra* note 1, at 17. Data on disability are from 2008 only.

14 *Id.*

15 U.S. Dep't. of Health and Human Services, ASPE Research Notes, "The Elderly with Disabilities: At Risk for High Health Care Costs" (February 1994), available at http://aspe.hhs.gov/daltcp/reports/1994/rn08.pdf at 1.

16 Entmacher & Gallagher Robbins, *COLA, supra* note 2, at 7.