Meeting the Needs of Economically Disadvantaged Seniors:  
A Holistic Approach to Economic Casework

By James Firman, Sandra Nathan, and Ramsey Alwin

As almost everyone struggles to manage their finances during this economic downturn, disadvantaged older adults face particularly daunting and complex challenges.

Many older Americans have seen their hard-earned personal and employer-supported retirement savings diminish with no guarantees that they will rebound. During the period of October 2007 and March 2009, the Dow Jones Industrial Average lost more than 50 percent of its value and the value of equity assets in workplace retirement funds fell by approximately $4 trillion.i

Homeownership status, once the cornerstone of economic security for older adults, has become a source of stress and debt with some mortgages exceeding home value. By the end of 2007, Americans 50 and older represented 28 percent of all delinquencies and foreclosures.ii Struggling to make ends meet, many low- and moderate-income older adults are either rethinking retirement plans and extending work or trying to get back into the workforce. A recent survey confirmed that 44 percent of workers age 50 or older have had to delay their planned retirement date.iii

In July, the unemployment rates for workers, aged 65 and older, hit 7 percent, the highest it has been for this age group since the Great Depression ended. While still below the national unemployment rate of 9.7 percent in August the unemployment rate for older adults has more than doubled since the start of the recession in December 2007, from 3.0 percent to 6.9 percent for persons aged 55 to 64 and from 3.3 to 6.8 percent for those aged 65 and over.iv Despite seniority, even older workers are experiencing mass layoffs during this downturn. According to the most recent figures from the Bureau of Labor Statistics, the rate of older workers out of work due to mass employer layoffs are up from 12 percent in 1999 to almost 18 percent in 2009.v

Those seeking employment are discovering it increasingly difficult to do so. Not only has the nature of work changed, but the work opportunities are far fewer. The over 1.8 million adults 55 and older currently job seeking find it takes seven months on average to secure a position. The rising unemployment rates for all workers put older Americans in competition with younger workers to find a means of supporting themselves.

Without employment income, individuals often balance the books on credit, forego necessary medical care, and let the bills mount. According to the Federal Reserve, 20 percent of families age 50 and older living in poverty in 2007 had debt payments in excess of 40 percent of their total income.vi Household credit card debt among older Americans, aged 65 and over, increased by 26 percent, from $8,138 in 2005 to $10,235 in 2008.vii In addition, between 1991 and 2007, the bankruptcy rate among people aged 55 to 64 grew from about 6 percent of all persons filing to over 15 percent of those filing for bankruptcy in 2007. viii The additional pressures of unemployment insurance expiring this fall will likely push more older homeowners into bankruptcy or foreclosure before the economic downturn concludes.

As low-income seniors juggle their financial obligations they become increasingly vulnerable. NCOA’s community service partner organizations from all over the country are experiencing large increases in the demand for their core services such as job training and assistance, help with applying for benefits, and subsidized meals. These aging service organizations also find themselves in the uncomfortable situation of trying to help their clients with a slew of
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financial problems that they feel ill-equipped to handle, such as threats of foreclosure or eviction, high credit card debts, exotic financial scams, and a pervasive and growing sense of economic insecurity.

Programs that Can Help
In most communities, there are a variety of currently available services that, in various combinations, could potentially help address the economic security needs of older adults (see Chart 1).

For example, millions of older adults are eligible for but not receiving public benefits. Since 2001, NCOA’s BenefitsCheckUp® has been offering free online help for seniors to find and apply for benefits. To date, BenefitsCheckUp® has helped over 2.3 million people find over $7.3 billion worth of the annual benefits. The average person that we assisted, age 65 and older with an income of 125 percent of the federal poverty level (FPL), was eligible for and not receiving public benefits valued at $6,985 annually.†

Health insurance counseling is another service that can save older adults money. In 2006 older consumers had average out-of-pocket health care expenditures of $4,631, an increase of 62 percent since 1996. Older Americans spent 12.7 percent of their total expenditures on health, more than twice the proportion spent by all consumers (5.7 percent). Health costs incurred on average by older consumers in 2006 consisted of $2,770 (60 percent) for insurance, $859 (18 percent) for drugs, $844 (18.5 percent) for medical services, and $159 (3 percent) for medical supplies.‡ Many consumers could save up to $1,000 or more annually by shopping more wisely for Medigap and Medicare Part D coverage.

Daily Money Management (DMM) is another service that can those help older adults who have difficulty managing their household finances. The consequences of unpaid bills and undeposited checks range from extra fees for bounced checks to cut-off utilities to bank foreclosure or eviction and in some cases guardianship or institutionalization. A recent study of a model DMM/case management program in New York City showed that helping vulnerable older adults with tasks such as bill paying, banking assistance, credit management, medical insurance billing, and budgeting can save $60,000 per individual over a lifetime, compared with nursing home
placement. The average cost of DMM services provided to extremely frail older adults, mostly 80 years or older, was about $3,000 annually.\textsuperscript{xi}

Credit counseling and consolidation services can help seniors to convert their high-interest credit card debt into lower interest loans, saving on average 15 percent in service fees and interest.\textsuperscript{xii}

With foreclosure rates for older Americans growing, the demand for foreclosure counseling has become unprecedented. Recent legislation aims to meet the need by establishing the Home Affordable Refinance Program. The program commits $75 billion to keep up to 3 to 4 million Americans in their homes by preventing avoidable foreclosures. Online self-assessment tools and calculators were created to empower borrowers with the resources they need to determine whether they might be eligible for a modification or a refinance under the program. In addition, HUD certified community-based providers have geared up to assist individuals in determining if loan modification or refinance might reduce monthly payments for individuals allowing them to stay in their home.

In theory, job training and placement services are also available to help older people with job training and employment. However, in actuality, only one percent of individuals served by the Workforce Investment Act, which supports one-stop-shop employment offices, are 55 years of age or older.\textsuperscript{xiii} The Senior Community Service Employment Program (SCSEP), targeted to reach low-income individuals 55 and older, falls short of need as well serving only 1 in 114 of those eligible due to limited funding.

For some adults, reverse mortgages are another potential source of additional cash. In 2007, almost 80 percent of older households owned a home and almost 65 percent had no mortgage. Although about 13.2 million adults age 65 and older could be candidates for reverse mortgages, only about one percent of older homeowners have taken out a reverse mortgage to date. Many lower income older adults, in particular, could benefit from this type of loan. In 2007, about 2.3 million senior households with incomes between 100 percent to 150 percent of FPL were homeowners.\textsuperscript{xiv} Median home value was about $117,000 for older adults with incomes between $15,000 and $20,000. A 75 year-old homeowner who owned his or her $117,000 home free and clear could receive about $450 per month from a reverse mortgage for as long as he or she lived in the home. Alternatively, the same person could opt for a lump-sum payment or a line-of-credit of $62,000 to use as needed to fill cash shortfalls. An 85 year-old homeowner with a home worth $117,000 and no mortgage could receive an annuity of $727 per month or a lump-sum payment of $80,000.\textsuperscript{xv}

For most older people in financial distress, it is likely that some combination of solutions will produce the best results. See Table 1 for an illustration of how existing community solutions could potentially transform an individual’s economic situation.
Table 1: Illustrative Example of the Potential of Holistic Economic Casework

Mrs. Dorothy P is an 82 year-old widow who lives in Wichita, Kansas. She has an annual income of $11,004 from Social Security. She owns a home (with no mortgage) that is worth $117,000. Annually, she pays $1,900 for a Medigap policy, $425 for a Part D prescription plan and $1,500 for prescriptions costs not covered by these plans (she has diabetes, arthritis and high blood pressure). She has $10,000 in credit card debt (on which she is paying interest of $1,800 annually). She needs $8,000 to replace a broken furnace and fix drafty windows. During the winter months, medical expenses and utility bills comprise more than 50 percent of her monthly income. During the past four years, her savings have dwindled from $25,000 to $4,000. She can’t turn to her children for help because one son recently lost his job and the other is struggling to pay for the college education of her grandchildren. She is interested in part-time work or a stipended volunteer opportunity.

After an assessment by an Economic Security Service Center, Mrs. P. is advised of the following:

She is eligible for the Medicare Savings Program (QMB), which means she will get an increase of $96.40 per month in her Social Security check. Because she has QMB, she no longer needs a Medigap policy (thus saving her $1,900 annually) and she is also automatically eligible for Medicare Part D’s Limited Income Subsidy (LIS), which will save her $425 per year in Part D premiums and eliminate $600 each year in “donut hole” prescription drug costs.

Mrs. P is also eligible for federal and state utility assistance through the LIHEAP program (saving her $400 in annual utility expenses); the county property tax rebate of $700 per year, and the Weatherization Assistance Program saving her $5,500 in repairs and decreasing her monthly utility expenses by an average of $75 per month or $900 per year.

Debt management and consolidation services help her to see the value of paying off half of her credit card debt now and also negotiating a reduced interest rate on the balance, thus saving her $1,200 in annual interest payments.

Through local community programs, she finds a part-time volunteer position helping individuals with special needs where she volunteers 15 hours per week and receives a stipend of $2.65 per hour, or $2,067 per year.

The Economic Security Center also advises Mrs. P that she is eligible for a HUD-approved reverse mortgage, through which she could get either a line-of-credit for up to $73,000 or a tax free annuity payment of about $461 per month ($5,532 annually) for as long as she continues to live in the house. It would cost Mrs. P about $8,800 to take out a reverse mortgage. To ensure that she can get full value from this loan, it will be important that she has access to cost effective services and other supports that can help her to stay at home for several years.

If Mrs. P utilizes the information provided by the Economic Security Service Center, she can have a total savings of:
- One-time savings of $5,500 for home repairs
- Annual savings of $6,082 from new benefits programs and reductions in out-of-pocket health expenses
- Credit card interest savings of $1,200
- Additional cash stipend of $2,067

Total Savings/Benefits for First Year = $14,782
Annual Savings/Benefits for Subsequent Years: $9,282
Additional Potential Annual Cash if she takes a Reverse Mortgage: $5,532

The Need for Holistic Economic Casework

While, in theory, all of these services (and others) are available to older adults with economic needs, it is often very difficult to take advantage of them all because consumers typically would have to go to many different offices, fill out a lot of different application forms and subject themselves to many different intake and assessment processes. Most nonprofit and for profit organizations help older adults with one or two aspects of their situation, even though they recognize that the solutions they offer will not be enough to help the individual achieve financial stability and economic security. For the most part, these organizations are not equipped to provide older adults in economic distress a comprehensive review of their economic situation, help them understand the full range of options available to them, and help them actually get the services they need.

In a few communities, the idea of economic casework has been tested for low-income families through Centers for Working Families, community action agencies, and other family economic self-sufficiency organizations, which have put in place systems to provide comprehensive economic case management. However, many of these programs are not responsive to older adults, not attuned to their special needs or options, and not linked to aging services.
NCOA’s many years of work in improving access to public benefits for low-income older adults leads us to conclude that person-centered approaches involving individual casework and leveraging technology are most likely to be cost-effective.\textsuperscript{xi} These experiences plus conversations with dozens of community-based organizations currently working with economically distressed older adults have led us to identify what we consider to be core elements of a successful community-based approach to economic casework (see Table 2).

**Table 2: Core Components of NCOA Economic Security Centers**

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<th>Component</th>
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<tr>
<td>Person-centered approach to economic case management</td>
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<td>Comprehensive assessment upon intake</td>
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<td>Coordination of a broad range of potential benefits, supports and assistance as well as personal advocacy</td>
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<td>Community-wide engagement of diverse service providers attuned to challenges facing older adults and knowledgeable of the full range of options available</td>
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<td>Optimal use of technology as well as SCSEP participants and leadership volunteers</td>
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<td>Geographically-based realistic measure of economic security used to benchmark progress</td>
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<td>Public-private partnerships to finance and expand integrated services</td>
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**Putting Our Ideas into Practice**

While we believe this approach will be beneficial, we don’t really know (yet) how many older adults can be helped and to what degree we can alleviate their economic concerns. We also have yet to learn about all of the barriers and solutions for effectively integrating these disparate services at the community level.

With generous support from The Harry and Jeanette Weinberg Foundation, NCOA is organizing and leading a national, multi-community initiative to collaboratively develop and demonstrate innovative, person-centered, community-based responses that more holistically and effectively address the needs of economically disadvantaged older adults.

NCOA will identify eight community lead organizations which in collaboration with community partners will use person-centered approaches to increase the effectiveness of addressing the needs of economically disadvantaged older Americans. Drawing upon a core set of principles, the lead organization will serve as the “Economic Security Service Center” providing assistance and support through comprehensive assessment and economic case management as well as referral to community partners and follow up. Centers will assist individuals with issues ranging from public benefits enrollment to foreclosure counseling and job training.

Working with community partners the Center will benchmark the individual’s progress toward the goal of economic stability and security using Wider Opportunities for Women’s Elder Economic Security Standard Index, which provides a national methodology for calculating the local cost of economic security depending on life circumstance.\textsuperscript{xvii}

We expect that this initiative will increase our understanding of the demand for economic assistance by older adults; help us learn more about what it takes to develop and successfully operate various service models; enable us to assess the benefits, costs and return-on-investment from this approach; and develop a more precise understanding of the situations that can and cannot be resolved through greater coordination of current services. The findings of the project will inform recommendations for program and policy changes as well as a replication and scaling strategy. We also anticipate that these findings will have implications for the 2011 reauthorization of the Older Americans Act.

**Conclusion**

In the current economic situation, it is imperative that we look for strategies to optimize the use of all available resources. We believe that the holistic economic casework approach described herein has great potential to significantly improve the economic situations of many low- and moderate income older adults. Our first steps will be to test the economic casework model in different communities and, if it works, then we will work to take this approach to scale nationwide.

For more information, please contact Ramsey Alwin, Director of the Economic Security Initiative at NCOA, by email at ramsey.alwin@ncoa.org or by phone, 202-479-6649.


http://assets.aarp.org/rgcenter/ppi/foreclosure_transcript.pdf.

http://www.demos.org/publication_list.cfm?mediatype=093801F1%2D3FF4%2D6C82%2D59E285C22C326.


American Housing Survey for the United States: 2007; Table 7-20. Income of Families and Primary Individuals by Selected Characteristics--Occupied Units With Elderly Householder and Table 7-12. Income Characteristics--Occupied Units With Elderly Householder.
