Living Below the Line: Economic Insecurity and Older Americans

Racial and Ethnic Disparities in Insecurity, 2016

New estimates from the 2016 Elder Economic Security Standard™ Index highlight the high risk of economic insecurity experienced by older adults, a risk that is especially high for racial and ethnic minorities. The Gerontology Institute compares the 2016 household incomes for adults age 65 and above living in one- and two-person households to the 2016 Elder Economic Security Standard™ Index for each state and Washington, DC to calculate Elder Economic Insecurity Rates (EEIRs), the percentage of independent older adults age 65 or older living in households with annual incomes that do not support economic security. The EEIRs allow state and local governments to better understand and benchmark how many and which groups of older adults are at risk of financial instability. National averages suggest that among older adults living alone, half of non-Hispanic Whites, along with 61% of Asians, two-thirds of African Americans, and nearly three-quarters of Hispanics have annual incomes below the Elder Index. The risk of economic insecurity is lower among couples than among singles, but is still substantially higher for racial and ethnic minorities than for non-Hispanic Whites.¹ Together, these estimates suggest that nationally, a minimum of 10 million adults age 65 or older struggle to make ends meet, facing financial challenges in their efforts to age in place and in community.

¹ In this document, we use the term “older couple” to refer to households that include just two people, both of whom are age 65 or older. A large majority of these households are married couples. The remaining households include unmarried partners and older adults living with another older adult (such as siblings, an older adult with a parent, or other relationship).
Defining Economic Security for Older Americans:
The Elder Economic Security Standard™ Index

The Elder Economic Security Standard™ Index (Elder Index) measures the costs faced by households that include one or two older adults age 65 or older living independently. Developed by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women, and maintained through a partnership with the National Council on Aging (NCOA), the Elder Index defines economic security as the income level at which older adults are able to cover basic and necessary living expenses and age in their homes, without relying on benefit programs, loans or gifts.

The Elder Index is calculated for every county in the United States; statewide and national averages are also generated. Elder Index expenses include housing, food, transportation, health care, and basic household items including clothing, a telephone, hygiene and cleaning supplies. The Elder Index is a basic budget, allowing no vacations, restaurant meals, savings, large purchases, gifts or entertainment of any kind. Table 1 presents the 2016 Elder Index for the United States. For older adults living in their own homes without a mortgage, the Elder Index is $20,064 annually for an older adult living alone, and $30,576 for an older couple living together. Estimated costs are higher for renters ($23,364 for singles and $33,876 for couples) and for those who are paying off a mortgage ($30,972 for singles and $41,484 for couples).

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Evaluating economic insecurity by race and ethnicity

Figure 1 compares the incomes of older adults living alone or in a couple household to the Federal Poverty Guidelines, commonly referred to as the federal poverty level (FPL), which are used to establish eligibility for many state and federal assistance programs.2 On average throughout the United States, non-Hispanic Whites living alone have poverty rates of 16%, compared to poverty rates of 33% for African American singles, 38% for Asian singles, and 42% for Hispanic singles living alone. Also

2 This analysis compares older adults’ incomes to the HHS Poverty Guidelines, which are used in determining most public assistance income eligibility, and not to the US Census Bureau’s federal poverty thresholds, which are used to calculate official poverty rates. The Guidelines are derived from the thresholds, and the values are quite similar. The Guidelines were used here in order to facilitate observations about public assistance program eligibility.
displayed are the percentages of older adults who live “in the gap,” with incomes falling between the FPL and the Elder Index.\(^3\) These individuals have incomes too high to qualify for many means-tested public benefits programs, yet too low to achieve intermediate- or long-term economic stability. Among non-Hispanic White singles, one-third live in the gap which, when added to the 16% who are poor, results in a total of 50% being economically insecure. In comparison, 34% of African American singles have incomes in the gap; combining these with the share who are poor suggests that two-thirds of African American singles are economically insecure. Economic insecurity rates among Asian older adults who live alone are also higher than among non-Hispanic Whites, with 38% of Asian singles being poor and another 23% living in the gap. The highest rates of economic insecurity are estimated for Hispanics living alone. With 42% of Hispanic singles being poor and another 32% living in the gap, a total of nearly three out of four Hispanics living alone do not have incomes sufficient to cover necessary living expenses. As further illustrated in Figure 1, the rates of economic insecurity are considerably lower among older couples than among singles. However, as is the case among older adults who live alone, rates of economic insecurity are higher among racial and ethnic minority couples than for their non-Hispanic White counterparts.

![Figure 1: Economic insecurity rates among older adults, 2016](image)

**Why are racial and ethnic minority older adults at higher risk of economic insecurity?**

Economic insecurity is a particular threat for older adults who are members of racial and ethnic minority groups, especially those who live alone. One factor shaping this risk is gender. Compared to non-Hispanic Whites, older minorities are more likely to be women: 61% of African American older adults and 57% of Asians and Hispanics are women, compared to 55% of non-Hispanic Whites.

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\(^3\) In this report the renter values of the Elder Index are chosen to evaluate economic insecurity.
Women are more likely than men to be economically insecure even during their working years, and these experiences result in a lower accumulation of independent assets, including pension resources. However, the most important explanations for racial and ethnic economic disparities in later life relate to patterns of disadvantage in earlier life, resulting in a lower accumulation of resources and assets throughout the life course. A lifetime of work in lower-wage or unstable jobs and jobs with fewer benefits, including pensions, can result in lower levels of economic security in later life. To the extent that members of racial and ethnic minority groups have disproportionately experienced these circumstances, their late-life economic security is impacted.

Figures 2a and 2b summarize racial and ethnic disparities by sources of income, for older adults living alone (Figure 2a) and in couple households (Figure 2b). These comparisons show that racial and ethnic minorities have fewer sources of income on average. To summarize,

- Racial and ethnic groups are similar in terms of the share reporting employment income. The share of singles living alone reporting employment income ranges from 13% among Hispanics to 15% among Asians. Among couples, the share reporting employment income ranges from 25% among Hispanics to 28% among Asians and African Americans.
• Racial and ethnic groups differ in the share reporting Social Security income, especially among singles. Nine out of ten older non-Hispanic Whites living alone receive Social Security, but only 78% of single Asians, 84% of single Hispanics, and 85% of single African Americans receive Social Security income. Among couples, the share reporting Social Security income is more similar across ethnic groups, ranging from 90% among Asians to 96% among non-Hispanic Whites.

• More substantial ethnic disparities are evident in the extent to which older adults receive income from a pension. Among singles, non-Hispanic Whites are most likely to report pension income (43%) followed by African Americans (38%). Only 31% of Asian singles receive pension income, as do just 26% of Hispanic singles. Among couples, African American and White households are about equally likely to have pension income (62% and 59%, respectively, report pension income) but only 44% of Asian couples and 42% of Hispanic couples have pension income.

Figures 3a and 3b show that the median amounts of income from different sources also vary across race and ethnic groups. These figures show that in many cases, racial and ethnic minorities receive less income from the sources to which they have access. To summarize,

• Among both singles and couples with employment income, amounts received are similar across groups, with the exception of older Asians. Although percentages having any employment income are similar across groups (see Figures 2a and 2b), older Asians who do have employment income earn considerably more than working older adults in the other ethnic groups. This is

![Figure 3a: Median income amounts among singles](image)

![Figure 3b: Median household income amounts among couples](image)
consistent with findings showing higher earnings among middle-aged Asians, reported elsewhere (Social Security Administration, 2010).

- In contrast, for those with Social Security income, the median Social Security benefit is greater for non-Hispanic Whites compared to the other groups. This may be a reflection of longer average coverage periods among non-Hispanic Whites, or higher earnings during the prime working years resulting in a larger average Social Security benefit for Whites. This disparity is especially significant because, as shown in Figures 2a and 2b, a large majority of singles and couples across all the groups considered report having Social Security income.

- Among those with pensions, the median pension income is similar for Whites and African Americans, higher among Asians, but substantially lower among Hispanics. These differences likely reflect duration of employment in jobs providing a pension, wage rate in the jobs from which pensions are received, and other factors shaping the size of pension available.

Taking all of these factors into account, racial and ethnic minority older adults have lower household incomes on average. Among older adults who live alone, median income from all sources combined is highest among non-Hispanic Whites, at just over $23,000 annually, and lowest among Hispanics, at roughly $13,500. Disparities in household income are also evident among older couples. Non-Hispanic Whites living in a couple household have median income from all sources of just over $53,000 annually, compared to roughly $33,500 among Hispanic couples. As a result of these differences, older adults who are members of racial and ethnic minority groups are at higher risk of being economically insecure than their majority counterparts.

When resources fall short of what is needed to cover necessary expenses, older adults have to make difficult choices—between refilling a prescription and paying a utility bill, for example; or between paying the rent and purchasing sufficient food to get through the month. The disparities in rates of economic insecurity estimated in this report suggest that although many older adults struggle to make ends meet, the struggle is greater on average for members of racial and ethnic minority groups. Policies meant to protect the key income sources upon which older adults rely—such as Social Security—and those meant to preserve the subsidies that help lower-income older adults stay in their homes—including fuel assistance, housing subsidies, and help with medical expenses—take on special significance for those at the highest risk of being economically insecure.

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**References:**


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Our distinctive strengths and features:

- Pioneering, interdisciplinary education and values-driven research
- An emphasis on social justice, effective and innovative governance, and policies that are economically, environmentally, and socially sustainable
- Small classes taught by passionate, award-winning faculty committed to student success
- An affordable, high-quality alternative to private universities.
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Gender Disparities in Insecurity, 2016

New estimates from the 2016 Elder Economic Security Standard™ Index highlight the high risk of economic insecurity experienced by older adults, a risk that is especially high for older women living alone. The Gerontology Institute compares the 2016 household incomes for adults age 65 and above living in one- and two-person households to the 2016 Elder Economic Security Standard™ Index for each state and Washington, DC to calculate Elder Economic Insecurity Rates (EEIRs), the percentage of independent older adults age 65 or older living in households with annual incomes that do not support economic security. The EEIRs allow state and local governments to better understand and benchmark how many and which groups of older adults are at risk of financial instability. National averages suggest that 57% of older women living alone, along with 46% of older men living alone, have annual incomes below the Elder Index. As well, 27% of older adults living in elder couple households (with an older spouse, partner, or some other older adult) have annual incomes below the Elder Index. Together, these estimates suggest that nationally a minimum of 10 million adults age 65 or older struggle to make ends meet, facing financial challenges in their efforts to age in place and in community.

1 In this document, we use the term “elder couple” to refer to households that include just two people, both of whom are age 65 or older. A large majority of these households are married couples. The remaining households include unmarried partners and older adults living with other older adults (such as siblings, an older adult with a parent, or other relationship).
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The Elder Economic Security Standard™ Index (Elder Index) measures the costs faced by households that include one or two older adults age 65 or older living independently. Developed by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women, and maintained through a partnership with the National Council on Aging (NCOA), the Elder Index defines economic security as the income level at which older adults are able to cover basic and necessary living expenses and age in their homes, without relying on benefit programs, loans or gifts.

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| Table 1: The Elder Economic Security Standard™ Index for the United States, 2016 |
|-------------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|                                    | Elder Person    | Elder Couple       |                  |                  |                  |
|                                    | Owner w/o      | Owner w/          | Owner w/o       | Owner w/         | Owner w/        |
|                                    | Mortgage       | Mortgage          | Mortgage        | Mortgage         | Mortgage        |
| Housing                            | $516           | $791              | $1,425          | $516             | $791            | $1,425          |
| Food                               | $256           | $256              | $256            | $470             | $470            | $470            |
| Transportation                     | $231           | $231              | $231            | $357             | $357            | $357            |
| Health Care                        | $390           | $390              | $390            | $780             | $780            | $780            |
| Miscellaneous                      | $279           | $279              | $279            | $425             | $425            | $425            |
| Elder Index Per Month              | $1,672         | $1,947            | $2,581          | $2,548           | $2,823          | $3,457          |
| Elder Index Per Year               | $20,064        | $23,364           | $30,972         | $30,576          | $33,876         | $41,484         |

Evaluating economic insecurity by gender

Single women are more likely than their male and coupled counterparts to be poor; they are also more likely to live above poverty yet with resources inadequate to cover their necessary expenses. Figure 1 compares the incomes of elder-only household members to the Federal Poverty Guidelines, commonly referred to as the federal poverty level (FPL), which are used to establish eligibility for many state and federal assistance programs. Also displayed are the percentages of elders who live “in the gap”

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2 This analysis compares older adults’ incomes to the HHS Poverty Guidelines, which are used in determining most public assistance income eligibility, and not to the US Census Bureau’s federal poverty thresholds, which are used to calculate official poverty rates. The Guidelines are derived from the thresholds, and the values are quite similar. The Guidelines were used here in order to facilitate observations about public assistance program eligibility.
with incomes falling between the FPL and the Elder Index. These individuals have incomes too high to qualify for many means-tested public benefits programs, yet too low to achieve intermediate- or long-term economic stability. On average throughout the United States, older women living alone have an especially high risk of economic insecurity. Indeed, 21% of older women living alone are poor and another 36% live in the gap, with incomes above the FPL but below the Elder Index, yielding an overall economic insecurity rate of 57% for older women living alone. The economic insecurity rate for older men living alone is somewhat lower, at 46%, and the rate for older adults living in a two-senior household is lower still, at 27%. As illustrated in Figure 1, for all three groups the rates of economic insecurity are considerably higher than as reflected by the FPL.

**Figure 1: Economic insecurity rates among older adults, 2016**

![Economic insecurity rates among older adults, 2016](image)

**Source:** Calculated by the authors based on the Elder Index and IPUMS (Ruggles et al., 2015).

**Why are older women at higher risk of economic insecurity?**

Economic insecurity is a particular threat for older women for several reasons. One reason is that women typically outlive men, which increases their chances of living alone for some period of time and potentially exhausting their savings and assets. Currently, more than one-third of women age 65 or older live alone, compared to just 19% of men age 65 or more. The loss of a spouse or partner may reduce household income, without substantially reducing household expenses, resulting in a higher risk of economic insecurity among those living alone. As well, women are more likely than men to be economically insecure even during their working years, and these experiences result in a lower accumulation of independent assets, including pension resources. To some extent, gender gaps in retirement incomes reflect life-long differences in work experiences and pay levels. Occupational segregation, pay inequity and caregiving responsibilities all contribute to women’s reduced earnings

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3 In this report the renter values of the Elder Index are chosen to evaluate economic insecurity.
during their working-age years and diminish their capacity for saving. These factors contribute both to a reduced likelihood of retirement or pension income, and to lower Social Security payments in retirement.

As a result of these processes, older women are more heavily reliant on Social Security for much of their incomes than are their male counterparts. Indeed, nearly one out of three older women living alone relies on Social Security for 90% or more of her total income, compared to about one-quarter of men living alone.

In addition, as illustrated in Figures 2 and 3,

- Single women are slightly less likely to have any employment income than are single men (14% v 16%), whereas senior couple households are more likely than singles of either gender to have employment income (27%). Among those who do report employment income, single women report less than do single men (median of $17,000 v $24,000), while older couples report more (median of $24,271).4

- Although single men and single women are equally likely to be Social Security beneficiaries (88% men, 89% women),

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4 Median pension income, median Social Security income, and median employment income in two-senior households are essentially the same by gender.
96% of older couple households report Social Security income. Moreover, for those with Social Security income, the median Social Security income received is lower for single women than for single men ($13,568 v $15,016), with the median income for older couples being considerably higher ($25,788).

- Older retired women living alone are slightly less likely than their male counterparts to have pension income, and both are less likely than couples to receive income from a pension. For those with pension income, the median value of the pension is considerably lower for single women than for single men ($10,433 v $14,599). The median pension income in couple households is substantially higher, at $20,226.

As a result of these disparities in sources and amounts of income, the median annual income is 20% lower for older women who live alone than for their male counterparts ($20,536 compared to $25,550; see Figure 3). Both men and women who live alone have incomes that are lower than for older adults living in a couple household ($51,701). These patterns put women at higher risk of being economically insecure than their male counterparts who also live alone, as well as their peers who live in couple households.

When resources fall short of what is needed to cover necessary expenses, older adults have to make difficult choices—between refilling a prescription and paying a utility bill, for example; or between paying the rent and purchasing sufficient food to get through the month. The disparities in rates of economic insecurity estimated in this report suggest that although many older adults struggle to make ends meet, the struggle is greater on average for older adults living alone and especially for single women. Policies meant to protect the key income sources upon which older adults rely—such as Social Security—and those meant to preserve the subsidies that help lower-income older adults stay in their homes—including fuel assistance, housing subsidies, and help with medical expenses—take on special significance for those at the highest risk of being economically insecure.

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| Expense                         |         |       |         |       |       |       |
|                                 | Owner w/o Mortgage | Renter | Owner w/ Mortgage | Renter | Owner w/ Mortgage | Renter |
| Housing                         | $516   | $791  | $1,425 | $516  | $791  | $1,425 |
| Food                            | $256   | $256  | $256   | $470  | $470  | $470   |
| Transportation                  | $231   | $231  | $231   | $357  | $357  | $357   |
| Health Care                     | $390   | $390  | $390   | $780  | $780  | $780   |
| Miscellaneous                   | $279   | $279  | $279   | $425  | $425  | $425   |
| Elder Index Per Month           | $1,672 | $1,947| $2,581 | $2,548| $2,823| $3,457 |
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Evaluating economic insecurity by age group

Figure 1 compares the incomes of older adults living alone or in a couple household to the Federal Poverty Guidelines, commonly referred to as the federal poverty level (FPL), which are used to establish eligibility for many state and federal assistance programs. On average throughout the United States, adults age 65 and over have poverty rates of approximately 19% with little difference across age groups.

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Also displayed are the percentages of older adults who live “in the gap,” with incomes falling between the FPL and the Elder Index. These individuals have incomes too high to qualify for many means-tested public benefits programs, yet too low to achieve intermediate- or long-term economic stability. Among singles age 65-74, 27% live in the gap which, when added to the 19% who are poor, results in a total of 46% being economically insecure. In comparison, 37% of singles age 75-84 have incomes in the gap; combining these with the share who are poor suggests that 57% of singles age 75-84 are economically insecure. The highest rates of economic insecurity are estimated for adults age 85+ living alone, with 19% being poor and another 40% living in the gap for a total of six out of ten singles age 85 or older not having incomes sufficient to cover necessary living expenses. As further illustrated in Figure 1, the rates of economic insecurity are considerably lower among older couples than among singles. However, as is the case among older adults who live alone, rates of economic insecurity are higher among older couples than for their younger counterparts.

**Why are the oldest adults at higher risk of economic insecurity?**

Economic insecurity is a particular threat for the oldest adults. The oldest adults are more likely to live alone: 45% of adults age 85 and older live alone, compared to just 22% of those age 65-74. The loss of a spouse or partner may reduce household income without substantially reducing household expenses, resulting in a higher risk of economic insecurity among those living alone. As well, compared to their younger counterparts, adults age 85 and older are more likely to be women: 65% of adults age 85 and older are women, compared to 53% of those age 65-74. Women are more likely than men to be economically insecure even during their working years, and these experiences result in a lower accumulation of independent assets, including pension resources.

Age disparities in economic insecurity are also accounted for by differences in sources of income and in amounts obtained by source. Figures 2a and 2b summarize the age disparities in sources of income,
for older adults living alone (Figure 2a) and in couple households (Figure 2b). These comparisons reveal age differences in access to source of income. To summarize,

- Younger singles are considerably more likely to have income from employment. One-quarter of singles age 65-74 report employment income, compared to just 2% of those age 85 or older. Couples are more likely than singles to report employment income, but the oldest couples also are less likely to have income from employment—36% of couples age 65-74 have employment income, compared to just 8% of those age 85+.

- Age groups differ in the share reporting Social Security income, especially among singles. Ninety-three percent of adults age 85+ and living alone receive Social Security, but only 85% of singles age 65-74 receive Social Security income. Some of the singles in the 65-74 age range may not yet have begun taking Social Security benefits, accounting for this difference. Among couples, the share reporting Social Security income is more similar across age groups, ranging from 95% among couples age 65-74 to 97% among couples age 85+.

- Similarly, the youngest seniors are less likely to report receiving
pension income. Among singles, 39% of those age 65-74 report pension income, with 44% of those age 75-84 and 43% of those age 85+ having income from a pension. Among couples, the shares receiving pension income range from 56% among couples age 85+ to 59% among couples age 75-84.

Figures 3a and 3b show that the median amounts of income by source vary considerably across age groups. These figures show that older seniors typically receive less income from the sources to which they do have access. To summarize,

- Among both singles and couples with employment income, amounts received are considerably lower across the oldest seniors. As a result, the youngest seniors are not only more likely to have employment income (see Figures 2a and 2b), but they also earn more when they have it, compared to older earners. This may reflect more part-time or part-year employment among those age 75 and older, compared to workers age 65-74.

- For those with Social Security income, the median Social Security benefit is fairly similar across age groups for singles, but among couples Social Security income is higher.
for younger recipients compared to their older counterparts. This may be a reflection of higher earnings during the prime working years resulting in a larger average Social Security benefit for younger couples.

- Among those with pensions, the median pension income is highest among the youngest seniors. For example, the median pension income for a single recipient age 65-74 is $12,775, compared to $10,007 for a single age 85+. These differences may reflect duration of employment in jobs providing a pension, wage rate in the jobs from which pensions are received, and other factors shaping the size of pension available.

Taking all of these factors into account, the oldest adults have lower household incomes on average. Among older adults who live alone, median income from all sources combined is highest among those age 65-74, at just over $24,000 annually, and lowest among those age 85+, at just under $20,000. Disparities in household income are also evident among older couples. Adults age 65-74 and living in a couple household have median income from all sources of over $57,000 annually, compared to just over $41,000 among couples age 85+. As a result of these differences, the oldest adults are at higher risk of being economically insecure than their younger counterparts.

When resources fall short of what is needed to cover necessary expenses, older adults have to make difficult choices—between refilling a prescription and paying a utility bill, for example; or between paying the rent and purchasing sufficient food to get through the month. The disparities in rates of economic insecurity estimated in this report suggest that although many older adults struggle to make ends meet, the struggle is greater on average for the oldest seniors. Policies meant to protect the key income sources upon which older adults rely—such as Social Security—and those meant to preserve the subsidies that help lower-income older adults stay in their homes—including fuel assistance, housing subsidies, and help with medical expenses—take on special significance for those at the highest risk of being economically insecure.

A previous report in this series, *Insecurity in the States 2016*, illustrates that the cost of living independently varies substantially across states. Additional reports describe the risk of elder economic security as it is shaped by ethnic group and gender. For more details about the 2016 Elder Economic Security Standard™ Index, see the National Elder Economic Security Standard™ Index Methodology Overview and other reports available at [https://www.umb.edu/demographyofaging/elder_economic_security](https://www.umb.edu/demographyofaging/elder_economic_security)

County-level Elder Index values are available at [www.basiceconomicsecurity.org](http://www.basiceconomicsecurity.org)

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About the Center for Social and Demographic Research on Aging

The Center for Social and Demographic Research on Aging conducts demographic and applied research within UMass Boston’s Gerontology Institute. The Center aims to serve the research and evaluation needs of municipalities, states, and organizations that serve older adults in the community. Areas of special interest include economic security in later life; well-being and quality of life; community supports for older adults; evaluating programs designed for older adults; and demography and diversity of the aging population.

About the Gerontology Institute at University of Massachusetts Boston

Created by the Massachusetts Legislature in 1984, the Gerontology Institute conducts research and policy analysis in the field of aging, and offers lifelong learning and pension protection services to older adults. The Institute has four priority areas—(1) productive aging; (2) economic security; (3) social and demographic research on aging; and (4) long-term services and supports—with special emphasis on low-income and minority elders.

Located within the McCormack Graduate School of Policy and Global Studies at UMass Boston, the Institute furthers the university’s educational programs in Gerontology, including a Ph.D. program in Gerontology, a Master’s program in the Management of Aging Services, and undergraduate programs in gerontology.

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