

TESTIMONY

BEFORE THE

**HOUSE AND WAYS AND MEANS
SOCIAL SECURITY SUBCOMMITTEE**

**Protecting and Improving Social Security:
Comprehensive Legislative Proposals to Enhance Social Security**

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SUBMITTED BY

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Thank you Chairman Larson, Ranking Member Reed and members of the Social Security Subcommittee for this opportunity to come before you today to talk about the importance of Social Security to the people that we see every day and to share some of their stories.

I have been the Director of the Newington Senior and Disabled Center, a department of the Town of Newington, Connecticut for almost 21 years. Newington is a suburban community just south of Hartford, with a population of just over 30,000. Like the rest of the great State of Connecticut and the nation, Newington is an aging community with 25% of our population aged 62 and older¹.

The Newington Senior and Disabled Center was the first in Connecticut to achieve national accreditation through the National Council on Aging (NCOA)/National Institute of Senior Centers (NISC). We have a membership of more than 1,600 and see 200-300 people a day. Our mission is to improve the well-being of older adults and adults with disabilities in our community and we define well-being across several dimensions including physical health and wellness, emotional wellness, social engagement, purpose, and economic well-being. We do that through programs, services and activities that provide the information, opportunities and assistance our members need to age well. We provide core services including transportation and meals through the Elderly Nutrition Program and we have a robust information and referral center that is staffed by a social worker and a benefits intake worker. We also work hand in hand with our Town's Human Services Department to provide our residents, especially those who are struggling, with the help they need to live as full members of our community.

Out of the thousands of people in Newington who receive Social Security, it would be difficult to find anyone who would say its *not* important. It is the foundation of retirement income for all Americans, providing a stable, guaranteed, monthly income that keeps them out of poverty. And, for many people, it is successful. Between their social security, pensions, and savings, most of our residents can live modestly, but comfortably for most of their lives. We see many of them at our Center volunteering, exercising, learning, socializing and enjoying life. But we do not see them in in our social service offices.

¹ US Census Bureau, American Factfinder

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S0101&prodType=table

The people who come to see us in our offices are those who are struggling. They are the people who are having trouble making ends meet. Some are living on Supplemental Security Income (SSI). Like Mary. Mary worked low paying jobs throughout her life. At 62 she stopped working to take care of her elderly aunt, living with her until she passed away. She receives about \$400 in Social Security and gets another \$300 in supplement. When her aunt died, Mary moved into senior housing where her rent is one third of her income. She is on Medicaid and receives the maximum Supplemental Nutrition Assistance Program (SNAP) benefit of \$195 a month. She has no savings and no other support. She is barely getting by.

Most of the people we see are eligible for and may be already receiving Social Security Retirement or Disability (SSDI). While every story is unique, there is a pattern to many of the situations we see; that of a single older adult, usually a widow, who is getting Social Security but who is facing an economic crisis. For example, Maria, a widow aged 89 receives \$1,655 in social security each month as well \$100 from her late husband's pension. He was a tool and die maker. And Olivia, a widow aged 77. Her social security is \$1,644 and her late husband's pension is \$204. Both women live in their own homes with no mortgage. Josephine, a widow of 92, receives \$1,111 in social security and her late husband's pension of \$179.87. She used to live in her own home but, as her savings were depleted, she sold it and uses \$300 per month from the proceeds. That money is now running out. She is currently living in an apartment that has market value rent and she is on the list for senior housing. All these women pay their property tax or rent, their bills and cover their basic needs. But their social security is not quite enough on its own. They have all come to us for help. We assist with applications to the Medicare Savings Program and they get assistance paying Medicare premiums, deductibles, co-payments and coinsurance. They receive abatements on their property tax through Connecticut's Circuit Breaker program² or small rebates on their rent through the Renter's Rebate program³. They get help with our tremendous winter heating costs through the Low Income Home Energy Assistance Program (LIHEAP, known as Energy Assistance in Connecticut).⁴ Some will apply for SNAP or use the local food pantry.

² CT Office of Policy and Management <https://portal.ct.gov/OPM/IGPP-MAIN/Grants/Tax-Relief-Grants/Homeowners--ElderlyDisabled-Circuit-Breaker-Tax-Relief-Program>

³ CT Office of Policy and Management <https://portal.ct.gov/OPM/IGPP-MAIN/Grants/Tax-Relief-Grants/Renters--Rebate-For-ElderlyDisabled-Renters-Tax-Relief-Program>

⁴ State of Connecticut <https://portal.ct.gov/en/DSS/Economic-Security/Winter-Heating-Assistance/Energy-Assistance---Winter-Heating>

Social security does lift people out of poverty. But being above the poverty line and being able to pay for your basic needs are two different things. The Gerontology Institute at the University of Massachusetts Boston defines economic security for older adults as “the income level at which elders are able to cover basic and necessary living expenses and age in their homes without relying on benefit programs, loans or gifts.”⁵ In partnership with the National Council on Aging, they maintain the Elder Economic Security Standard index. The index identifies the minimum income needed by elder singles and couples who either rent or own their home. And they provide this information at a county level. The index for Connecticut, included with this testimony, indicates that a single elder who owns their home without a mortgage needs \$2,180 per month and for a couple, it is \$3,124. Renters and home owners with mortgages need more. Like the women described earlier, most of our clients’ income is below the index and they are living on the edge of economic insecurity.

Most of our clients worked throughout their lives and contributed to Social Security. And they planned for their retirements. But plans don’t always work out. Retirement planning requires us to make a few critical assumptions including how long we think that we are going to live. In fact, the Social Security Administration has a calculator on its website that estimates your longevity based on your current age.

Today, according to the Centers for Disease Control, the current life expectancy for women is 85.5.⁶ Many of our clients are living much longer than that and they are living independently. Like Rose. Rose was born in 1918. In 1919, life expectancy for a woman was 56.⁷ She started working at age 17 in 1935 - the year that social security was signed into law. Rose and her husband Bob bought a home, raised two children and were active in the community. Rose continued to work as a secretary for the next 60 years, with three years off to have her children. Her last few years of work were at the Department of Veterans Affairs and she earned a pension there. The Burns planned for their retirement. At age 65, when she was at full retirement age, Rose could have expected to live to 83.⁸ She went on to work 12 more years, retiring at 77. Rose and Bob had some savings, a small pension and their social security. They

⁵ University of Massachusetts Boston, “Living Below the Line: Economic Insecurity and Older Americans Insecurity in the States 2016” 9/2016

<https://scholarworks.umb.edu/cgi/viewcontent.cgi?article=1012&context=demographyofaging>

⁶ <https://www.cdc.gov/nchs/data/hus/2011/022.pdf>

⁷ <http://www.demog.berkeley.edu/~andrew/1918/figure2.html> (NOTE: life expectancy in 1918 was much lower because of an influenza outbreak. The life expectancy of those that survived the outbreak was in line with the following year.)

⁸ <https://www.cdc.gov/nchs/data/hus/2011/022.pdf>

were comfortable. Sadly, Bob passed away about 15 years ago. Rose now receives \$1,208 in social security (based on her husband's record). In addition to that, she has her small pension, under \$400. Rose still lives, quite independently, in the same house that she shared with Bob. She comes to the Senior and Disabled Center for lunch at the congregational meal each day. She takes our Dial-A-Ride bus, having given up her car a few years ago. She doesn't hear or see as well as she used to, but she is quite alert and generally happy. Rose celebrated her 100th birthday last October. I asked Rose what social security meant to her and she simply said, "it's what I live on." She said that she can cover her needs but must be very careful, that she can't go buy things like clothes. She has no mortgage and she gets some property tax relief, so she can manage. She has some savings to cover emergencies but won't spend it because it is her safety net if something happens in her house. Rose also receives assistance through the Medicare Savings Program. We are all looking forward to celebrating Rose's 101st birthday in the fall but no one could have predicted that she would live almost 20 years beyond the actuarial tables, and it is only her absolute frugality, good health and extra assistance that keeps her going.

Another assumption, for married couples, is that their family structure will remain the same. That is not the reality for an increasing number of people. The divorce rate for women over 65 has gone from 3% in 1980 to 13% in 2015.⁹ While this impacts both spouses, it is usually felt more by the woman since men have typically earned more throughout their life. Janet is a 70-year-old woman. With both of their Social Security payments, she and her husband would have been comfortable. But they divorced. On her own record, she was receiving \$1,621 in social security. That was increased to \$1,892 on her ex-husband's record. Janet still owns her home, for now. Her monthly expenses outpace her income, and, without adequate savings, she opened a home equity line of credit and now has accrued debt. She has accessed all available resources including energy assistance, Circuit Breaker, SNAP, Medicare Savings Program and the local foodbank. She fell behind on her property tax payments and was unable to catch up. Because of that, her home is now on the tax sale list. She must sell her home and is not sure where she will go. This was not her plan.

Another major assumption is that you will enjoy relatively good health and be able to work and build your retirement savings, contributions to social security and, pension to at least 62 years old. That was Mr. and Mrs. H's plan. They were a typical family of four who bought a house

⁹ Population Bulletin, Population Reference Bureau, December 2015. <https://www.prb.org/wp-content/uploads/2016/01/aging-us-population-bulletin-1.pdf>

and raised their two children. Mrs. H was a stay at home mother, working part time jobs here and there. Mr. H worked for 30 years in the hazardous waste removal industry and, while not rich, they were comfortable. Mr. H rose through the ranks from a Field Tech to a Machine Operator and eventually he was a Field Supervisor. He worked in various oil and chemical spills and in sites like Ground Zero post 9/11, New Orleans in the Katrina clean up and, closer to home, in the aftermath of the massacre at Sandy Hook elementary school. He was exposed to multiple sources of hazardous materials and to the emotional trauma of the disasters. If that wasn't enough, in 2011, he was struck by lightning. Although not diagnosed, he began to experience memory issues, an inability to concentrate, word retrieval issues, insomnia, anxiety, depression and a loss of weight and muscle mass. His performance suffered, and he was let go from his safety sensitive job. He collected unemployment for a while, got another job in the industry for a year but that company closed, and he again collected unemployment. The family used up most of their savings and eventually, Mrs. H sought assistance from the Town. Our social workers contacted the Social Security Administration on their behalf and, because Mr. H had turned 62, he was able to apply for early retirement and for Social Security Disability at the same time. That was in December. Mr. H's application for retirement was approved and he began receiving \$1,978 in February. With unprecedented quickness, his application for Social Security Disability was approved shortly after and he began receiving \$2,609 in March. Without Social Security, this family would not have been able to afford their mortgage or other bills that sustain them in the community.

While Social Security is vital, the benefits have not kept pace with our clients' expenses. Property taxes, health costs, fuel costs and everyday expenses continue to rise. This was a concern expressed by CP. She is a 73-year-old woman who started working as a waitress for tips at 16. At 20 she entered the business world where she worked for a few large companies over the next 30+ years. Only her last place of employment offered a pension but then the company was sold and she received a payout of a few thousand dollars. At that time her health was declining. She applied for Social Security Disability and, after a few years and with the assistance of a lawyer, she was approved. She had been married earlier in her life and, when she was 67, she began receiving Social Security on her ex-husband's record. While she currently receives around \$2,300 and lives in senior housing, she struggles to make ends meet. Along with her rent and groceries, she is paying for her Medigap insurance and dental insurance and has out of pocket expenses related to her disability. According to her, the costs of her insurance, medical costs and other expenses increases more than her social security each

year. She believes that, because she is in senior housing, she doesn't have it as bad as others, but she is worried about her future.

Of course, Social Security is not only important to current retirees. Every colleague and every friend that I have talked to has expressed that Social Security is a critical part of their retirement plan. It is my plan as well. Although I have a defined contribution plan through my employment, it is subject to the volatility of the market. And, while I do have savings, I like so many others, am counting on Social Security as a guaranteed source of income. I have read that the current fund is solvent up to 2034. That is also the year that I will be at full retirement age. In 1939, the Social Security Board, in recommending changes to the Social Security Act, said, "It is impossible under any social insurance system to provide ideal security for every individual. The practical objective is to pay benefits that provide a minimum degree of social security—as a basis upon which the worker, through his own efforts, will have a better chance to provide adequately for his individual security."¹⁰ It is my hope that this promise made some 80 years ago will be kept for the people before me and the people after me and that Congress will take the steps necessary to ensure that is so.

¹⁰ From the Report of the Social Security Board recommending the changes which were embodied in the 1939 Amendments. <https://www.ssa.gov/history/briefhistory3.html>

Living Below the Line: Elder Economic Insecurity in Connecticut

15.3 % of older adults living alone in Connecticut are likely to have trouble making ends meet each month. Connecticut’s 2016 Elder Economic Insecurity Rate (EEIR)—the percentage of retired seniors living in their own homes whose incomes fall below the local Elder Economic Security Standard Index—suggests that **56 %** of seniors living alone lack the incomes they will need to remain retired, make ends meet, and age in their own homes.

Connecticut seniors living as couples (defined as two seniors living together, regardless of relationship) fare better. The state’s economic insecurity rate for senior couples is **25 %**. This rate stands in contrast to the state’s modest **2.9 %** poverty rate for senior couples. The difference reveals senior couples who are often overlooked, but whose incomes don’t allow them to escape poverty’s shadow. These seniors are more likely to go without one or more basic need, and are less likely to weather unforeseen expenses.

Defining Economic Security: The Elder Index

The Elder Economic Security Standard™ Index (Elder Index) includes the costs faced by households of one or two retired seniors (aged 65 or older). The Elder Index defines security as the income seniors need to cover basic and necessary living expenses—housing, food, transportation, health care and miscellaneous household items—without public assistance, loans, or gifts. The Elder Index includes no income or savings for home or car repairs, long-term services and supports, or even entertainment money to see a movie with a grandchild. Table 1 presents the 2016 Connecticut statewide Elder Index.

Table 1: Elder Economic Security Standard Index for Connecticut, 2016

Expenses	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/Mortgage
Housing	\$870	\$1,021	\$1,881	\$870	\$1,021	\$1,881
Food	\$256	\$256	\$256	\$470	\$470	\$470
Transportation	\$263	\$263	\$263	\$407	\$407	\$407
Health Care	\$428	\$428	\$428	\$856	\$856	\$856
Miscellaneous	\$363	\$363	\$363	\$521	\$521	\$521
Elder Index Per Month	\$2,180	\$2,331	\$3,191	\$3,124	\$3,275	\$4,135
Elder Index Per Year	\$26,160	\$27,972	\$38,292	\$37,488	\$39,300	\$49,620

Source: [National Council on Aging and The Gerontology Institute, University of Massachusetts Boston, The Economic Security Database](#)
 Note: For additional information on the Elder Index, see the Gerontology Institute’s [The National Economic Security Standard Index](#). U.S., state and county-level Elder Index data can be viewed and downloaded at the [Economic Security Database](#). The Elder Economic Security Standard™ Index (Elder Index) was developed by the Gerontology Institute at the University of Massachusetts Boston with Wider Opportunities for Women, and is maintained in partnership with the National Council on Aging (NCOA).

Economic Insecurity Rates Compared to the National Average

The Connecticut single elder EEIR is **56.1** % compared to the national EEIR for elders living alone of 53%. The state's elder couples EEIR is **25** %, compared to 26% at the national level. Although 19 states have EEIRs below the national EEIR, no U.S. state has a completely *low* EEIR; the lowest state EEIR for single elders is 45% (Utah), which puts nearly half of the state's single seniors at risk of poverty and its consequences. Many states with below-average EEIRs have relatively high senior poverty rates.

Large Proportions of Elder-Only Households Live in the Gap Between Poverty and Economic Security

The Connecticut statewide Elder Index for renters is **\$27,972** for one senior and **\$ 39,300** for two seniors. In contrast, the 2016 federal poverty guideline is just \$12,060 for one person and \$16,240 for two people. In Connecticut, **15.3** % of single seniors live below the poverty line, and another **40.8** % live in the "economic security gap," the gap between poverty and the Elder Index. In the United States, 18.8% of single seniors living alone are poor, and another 34.2% live in the economic security gap. While these older adults living in the gap avoid official poverty, their incomes do not allow them to escape the shadow of poverty. They often have too much income or assets to qualify for public assistance programs that would allow them to avoid hardship and age in their own homes.

While decreasing poverty is critical, there are also older adults who are one bad break away from poverty. As the state's senior population grows, state and local government must recognize the economic security gap and, recognize those who fall into it, and deliberately consider policy impacts on senior economic security.

State and county-level Elder Index data can be viewed, compared, and downloaded within [The Economic Security Database](#). EEIRs for all 50 states and the District of Columbia can be found in [Living Below the Line: Economic Insecurity and Older Americans' Insecurity in the States 2016](#). For more information on the Elder Index, including methodology, see [The National Elder Economic Security Standard Index](#).