

WEALTH GAPS IN THE GOLDEN YEARS

Economic Insecurity for Older Adults
in a High-Cost State

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BOSTON
INDICATORS

Part 1: Quantitative Analysis

Laura D. Quinby

Associate Director of Research, Employee Benefits and Labor Markets
Center for Retirement Research at Boston College

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How do older households fare in a high-wealth, high-cost state like Massachusetts?

Part 1 of this mixed-methods project has three goals:

1. Document the wealth and income of older households in Massachusetts;
2. Estimate the share of older households in Massachusetts unable to meet basic expenses;
3. Explore racial disparities in retirement preparedness.

Throughout, Massachusetts is compared to the rest of the U.S.

The analysis relies on the *Survey of Income and Program Participation* (SIPP) to measure household resources.

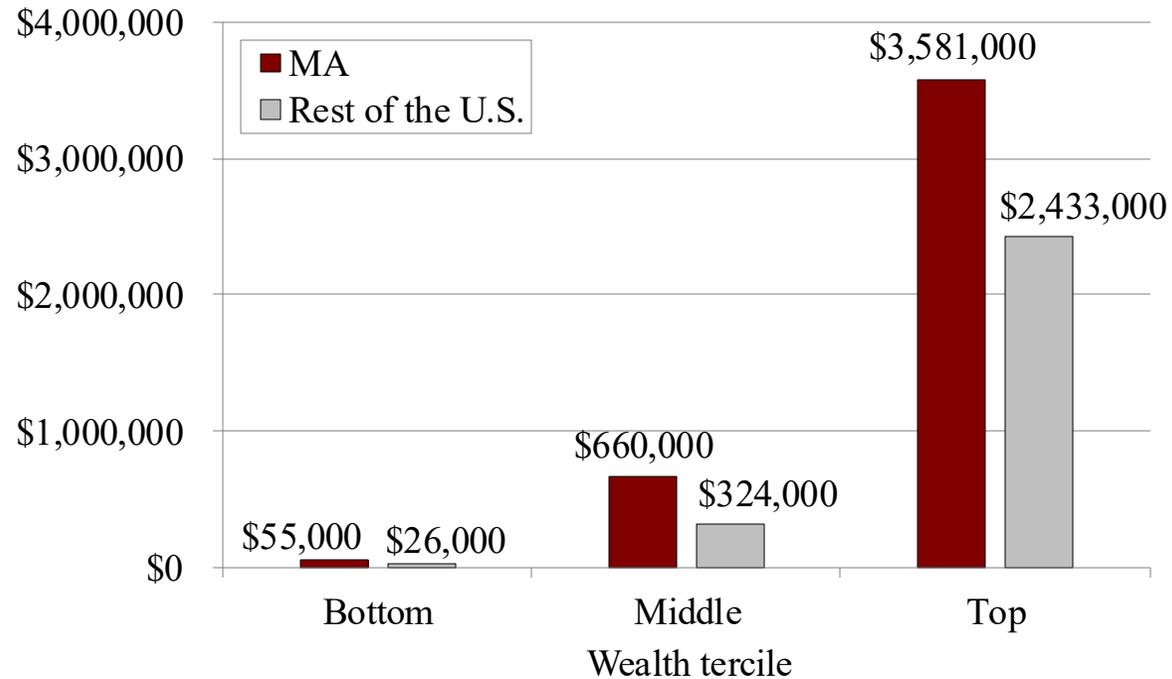
- The SIPP has detailed data on household income and wealth.
- It also contains state identifiers and a large enough sample to examine Massachusetts specifically.
- But it also has limitations, namely:
 - No within-state geographic identifiers (e.g. county);
 - A small sample that limits analysis of different racial and ethnic groups.

The analysis period includes the most recent SIPP data but omits the pandemic period.

- We focus on the 2019, 2022, and 2023 waves of the SIPP to avoid pandemic-related data disruptions.
- Since each wave asks about the previous calendar year, financial outcomes are measured in 2018, 2021, and 2022.
- The final sample has 345 older households (65+) in MA and 20,522 older households nationally.

As expected, older households in MA are wealthier, on average.

Average Wealth of Households 65+, by Wealth Tercile, 2018, 2021, and 2022, in 2022 Dollars

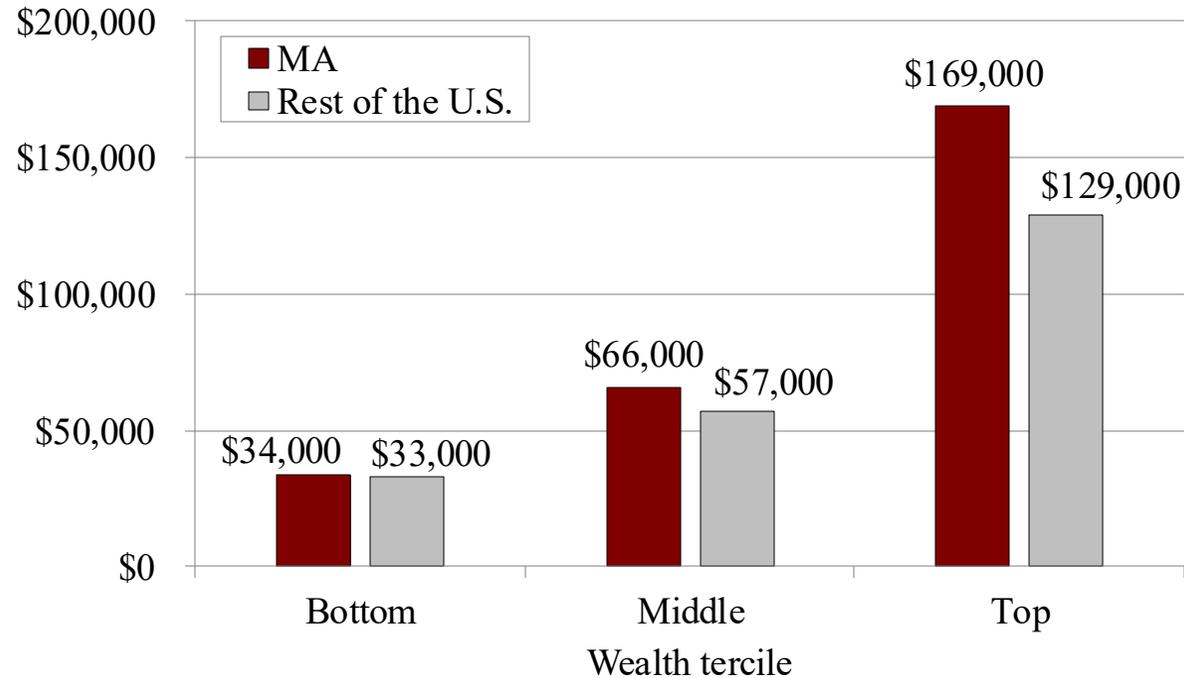


Notes: Wealth equals the total value of housing, financial assets, businesses, and durable properties, minus mortgage and other debt. The values represent an average of 2018, 2021, and 2022, in real 2022 dollars.

Source: Author's estimates from the *Survey of Income and Program Participation* (2019-2023).

They also have more income, although gaps are not as large.

Average Income of Households 65+, by Wealth Tercile, 2018, 2021, and 2022, in 2022 Dollars



Notes: Income includes earnings, investment income, Social Security benefits, pensions and withdrawals from defined-contribution accounts, and other income, including business, rental, alimony, and government transfers. The values represent an average of the 2018, 2021, and 2022 in real 2022 dollars.

Source: Author's estimates from the *Survey of Income and Program Participation* (2019-2023).

Social Security and labor earnings are important sources of income for low-wealth older households.

Average Sources of Income for Households Ages 65+ in the Bottom Wealth Tercile, 2018, 2021, and 2022, in 2022 Dollars

	MA	Rest of the U.S.
Social Security	\$15,549	\$16,974
Labor earnings	9,030	6,599
Retirement (pension and 401(k) withdrawals)	4,673	5,359
Other	4,389	3,491
Capital income	108	100
Number of observations	115	6,724

Notes: Annual income includes earnings, investment income from financial assets and properties, Social Security benefits, income from pensions and withdrawals from defined-contribution accounts, and other income, including business, rental, alimony, and government transfers. Extraordinary lump-sum payments are excluded from income.

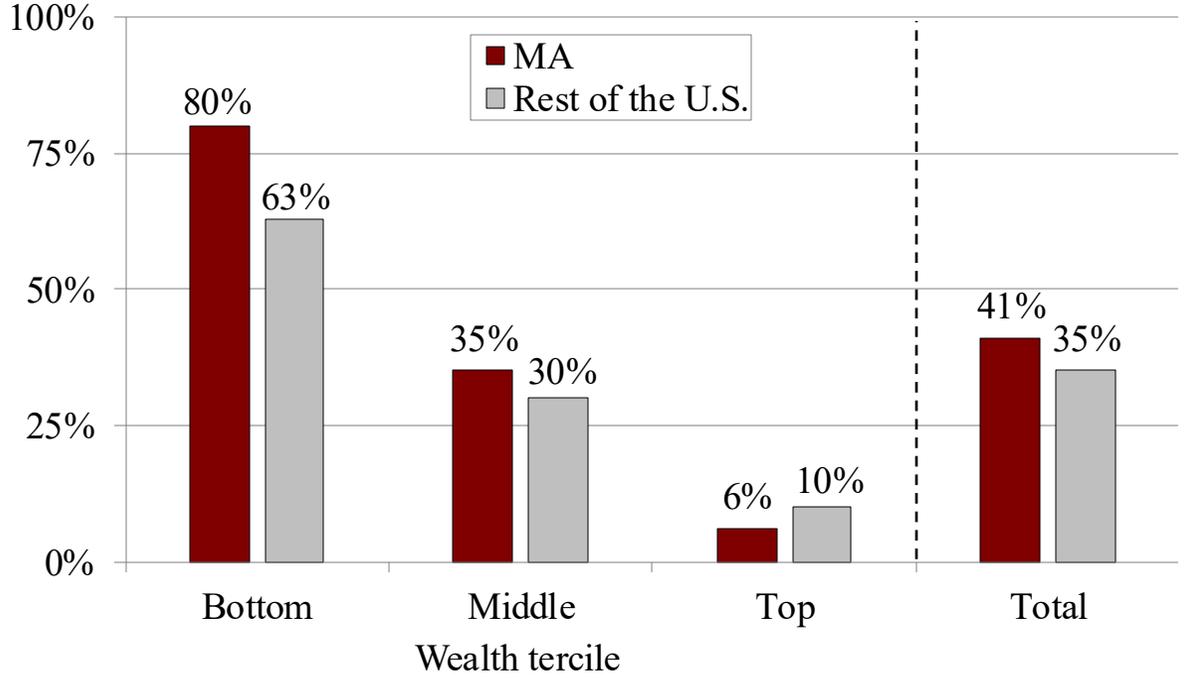
Source: Author's estimates from the *Survey of Income and Program Participation* (2023).

The next step is to measure the share of older households unable to meet basic expenses.

- Basic expenses are measured with the Elder Index, produced by the Gerontology Institute at UMass Boston.
- It measures the amount of disposable income needed to meet basic needs and age in place.
- Specifically, it includes costs for housing, groceries, transportation, and health expenses (not LTSS).
- The index varies by geography, as well as household demographics.

Forty-one percent of older households in Massachusetts fall below the Elder Index.

Share of Households Ages 65+ with Income Below the Elder Index, by Wealth Tercile, 2018, 2021, and 2022



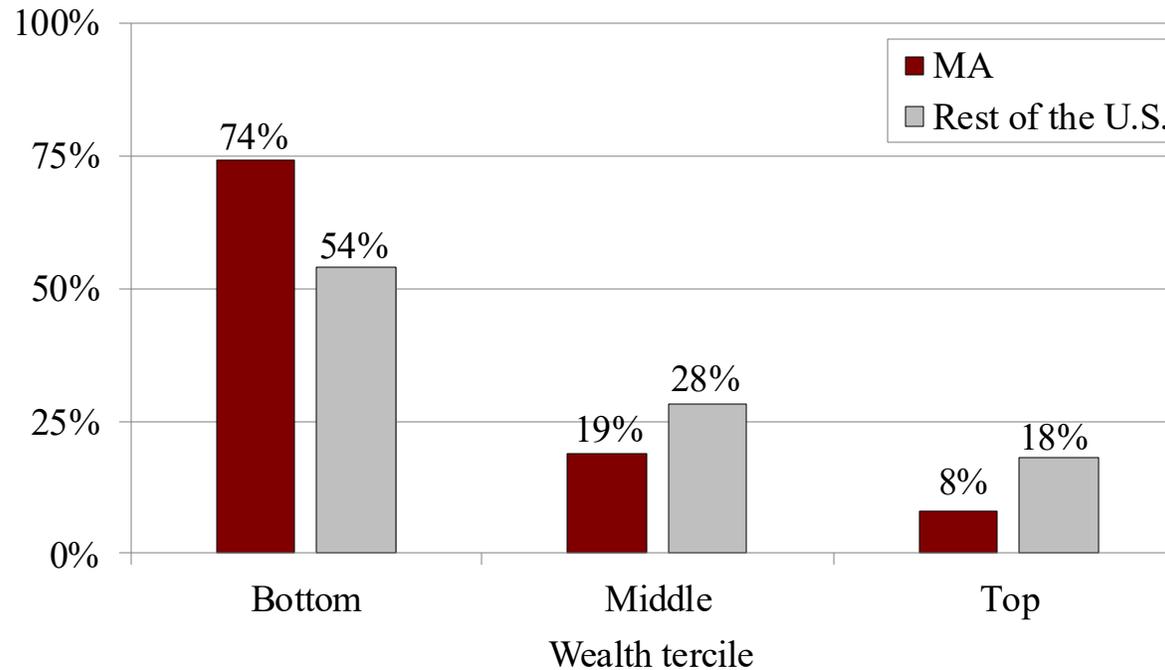
Notes: A household falls short if it has an annual post-tax income below the *Elder Index*. The values represent an average of the 2018, 2021, and 2022. Sources: Authors' estimates from the *Survey of Income and Program Participation* (2019-2023), the *Elder Index* (2018-2022), and TAXSIM (2025).

The last step is to assess how different racial and ethnic groups are affected.

- Due to small samples sizes in the SIPP, this phase of the analysis primarily compares white and non-white households.
- Black and Hispanic households are also analyzed together as a group, but this result may be imprecise.

Older non-white households in Massachusetts tend to have lower wealth.

Share of Non-White Households Ages 65+ in Each Wealth Tercile, 2018, 2021, and 2022



Notes: Wealth is calculated as the total value of housing, financial assets, businesses, and durable properties, minus mortgage and other debt. The values in this figure represent an average of the 2018, 2021, and 2022 calendar years.

Source: Author's estimates from the *Survey of Income and Program Participation* (2019-2023).

Consequently, they are disproportionately likely to fall short of the Elder Index.

Share of Households Ages 65+ with Income Below the Elder Index, by Race and Ethnicity, 2018, 2021, and 2022

Race/ethnicity	Share falling short	
	MA	Rest of the U.S.
White	33%	29%
Non-White	76	52
Black/Hispanic	92	54
Other	29*	46
Total	41%	35%

*This result is not reliable due to an excessively small sample size.

Notes: A household falls short if it has an annual post-tax income below the *Elder Index*. The values in this table represent an average of the 2018, 2021, and 2022 calendar years.

Sources: Author's estimates from the *Survey of Income and Program Participation* (2019-2023), the *Elder Index* (2018-2022), and TAXSIM (2025).

In summary, wealth in Massachusetts is unevenly distributed, and many older households struggle with the high cost of living here.

- How do these households cope?
- Part 2 of the project, which is qualitative in nature, explores that question in detail.

PART II:

QUALITATIVE ANALYSIS

INTERVIEW FINDINGS

- Retirement savings and pensions are limited or depleted.
- Social Security is the primary source of income for many.
- Other public support programs are also essential.
- Subsidized housing is a lifeline for many older adults.

Housing types of interview participants.

Total subsidized housing	20
Section 8	9
Public housing	4
Other subsidized housing	5
Subsidized housing - senior	2

INTERVIEW FINDINGS

- Retirement savings and pensions are limited or depleted.
- Social Security is the primary source of income for many.
- Other public support programs are also essential.
- Subsidized housing is a lifeline for many older adults.
- Many older adults must adjust to a lower standard of living.
- Family financial support is a true last resort.
- Support networks are crucial for learning about resources.