

The Elder Poverty Relief Act

The Elder Poverty Relief Act will help alleviate poverty among the elderly and the long-term Social Security and Supplemental Security Income (SSI) beneficiaries by creating a new Poverty Relief Benefit. The Poverty Relief Benefit will provide an additional \$85 a month and will increase each year by roughly 4 percent. The Poverty Relief Benefit targets the most vulnerable to slipping into poverty:

- Social Security beneficiaries age 82 or older and SSI recipients at the full retirement age (currently age 66, increasing to age 67)
- Social Security and SSI recipients who have received benefits for 20 years
- Social Security beneficiaries at the full retirement age with low monthly benefits (roughly \$944 a month, adjusted annually)

If enacted, in 2019, almost 14 million people would receive the Poverty Relief Benefit. SSA estimates that the enactment of the Poverty Relief Benefit would reduce poverty among seniors who received the benefit by almost 25 percent in 2030 which would lift 420,000 seniors out of poverty. Notably, the enactment of the Poverty Relief Benefit would not accelerate the depletion year of the Social Security trust funds.

Prevalence of Financial Hardship the Elderly

Social Security beneficiaries experience a diminished standard of living as they age and often slip into poverty. This occurs because the Social Security benefit is indexed for wage growth only at the initial time of entitlement to benefits. Monthly benefits increase with cost of living adjustments (COLA) that are based on price inflation. This puts Social Security beneficiaries at a disadvantage to current workers, whose standard of living improves as wage growth occurs. The longer a beneficiary is entitled to Social Security, the more pronounced the disparity between wage growth-indexed benefits and price-adjusted COLAs becomes. As the value of the benefits is eroded and other retirement savings diminish, more and more seniors slip into poverty.

Even after accounting for Social Security benefits, close to 1 out of every 10 seniors lives in poverty¹ and, leading up to retirement, about 20% of all seniors have no money saved for retirement.² Furthermore, it is well-established that poverty rates increase with age. For example, at age 80, the number of elderly living in poverty increases from close to 10% to between 12% and 19%, depending on the poverty measure used.³ The problem is only going to worsen absent legislative action as approximately 10,000 Americans attain age 65 each day.⁴

¹ *Census.gov*, "Facts for Features: Older Americans Month: May 2017" n.p, 10 April 2017, Web, 20 July 2017

² *Justice in Aging.org*, "Senior Poverty", n.p, n.d, Web, 20 July 2017

³ Cubanski, Juliette; Casillas, Giselle; Damico, Anthony. *Kff.org*, "Poverty Among Seniors: An Updated Analysis of National and State Level Poverty Rates Under the Official and Supplemental Poverty Measure." n.p, June 2015, Web, 20 July 2017.

⁴ *Justice in Aging.org*, "Senior Poverty", n.p, n.d, Web, 20 July 2017