

Beyond 2010:

Is there a Safety Net at the
Bottom of the Cliff?

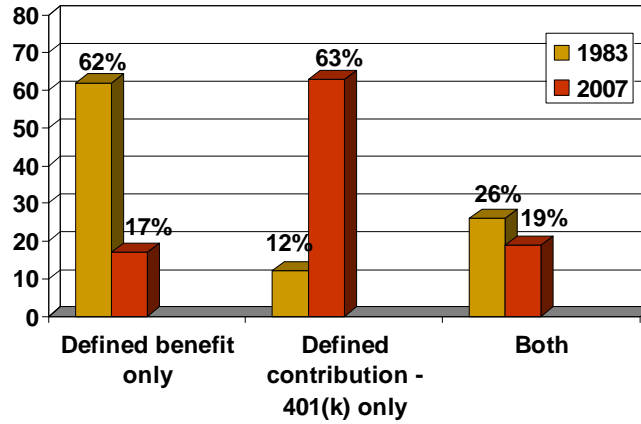


Overview of Session

- Introduction and background
- Increasing individual responsibility for risks in later life – “the great risk shift”
- How are individuals responding to increased risks and economic insecurity
- Understanding the “new normal”

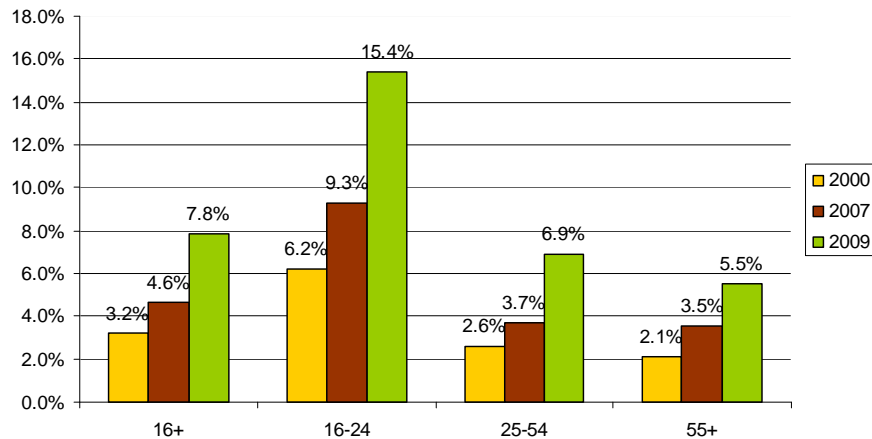


Percent of Workers with Pension Coverage by Type of Plan, 1983 - 2007

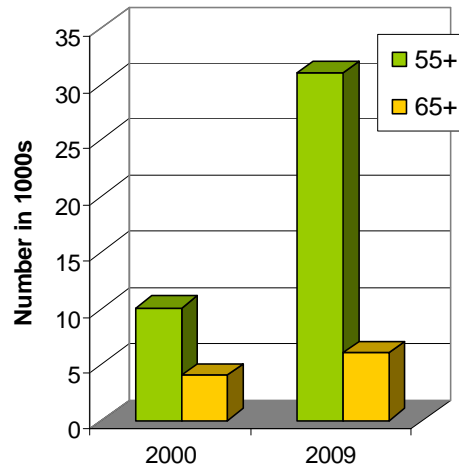


Source: Center for Retirement Research, October 2009

Minnesota Unemployment Rates by Age 2000, 2005, 2009



Minnesota Unemployment Numbers for 55+, 2000 to 2009



In Minnesota between 2000 and 2009 the number of unemployed . . .

- 55+ increased by 310%
- 65+ increased by 150%

Health Care Costs

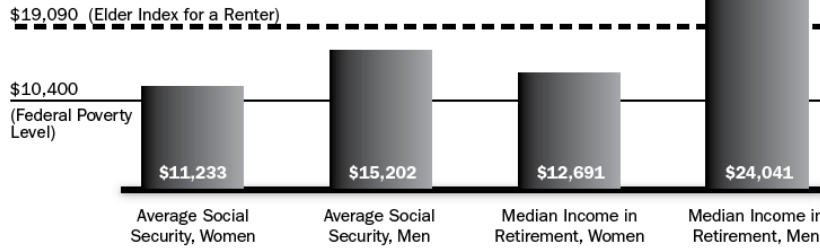


- Most people who have health insurance coverage in the United States get it through their job
 - In 2008, about 61 percent of the nonelderly population had employment-based health benefits, 19 percent were covered by public programs, 6 percent had individual coverage, and 17 percent were uninsured
- For a minimum-wage worker
 - the cost of family coverage (averaging about \$13,700 a year in a small firm) exceeds their total annual income (about \$11,500 a year)
- Small employers, if they offer health benefits at all, pay proportionately more than large employers for the same health coverage

What's the Point?



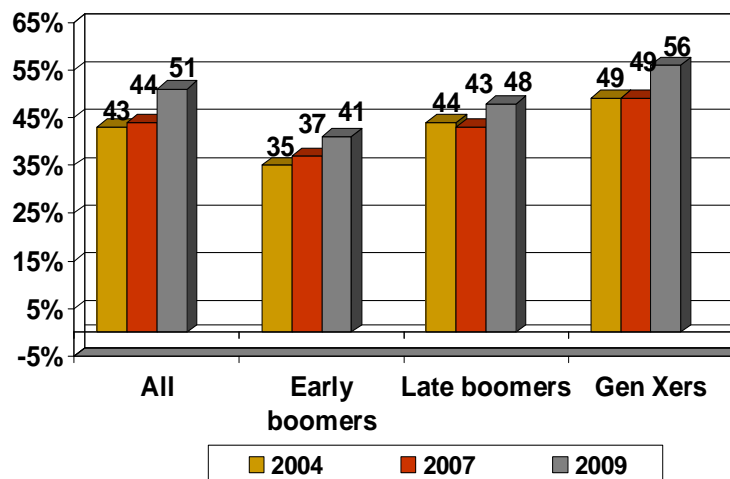
Figure 2: The Elder Economic Security Standard Index for Single Renters in Good Health and Benchmark Annual Incomes for Single Elders in Minnesota, 2008
Many Minnesota Elders Can't Make Ends Meet



US Census Bureau, 2007 American Community Survey PUMS data. Median income values inflated using BLS CPI inflator for the Minneapolis-St. Paul area. Social Security Administration, *OASDI Beneficiaries by State and County*, 2006. Average Social Security values inflated using SSA COLAs.
 Note: Income in retirement includes all personal income, excluding public supports, of those without earnings.

http://www.dhs.state.mn.us/main/dhs16_144804

Percent of Households "At Risk" at Age 65 by Cohort, 2004, 2007, 2009



Source: Center for Retirement Research, October 2009

“The Great Risk Shift”



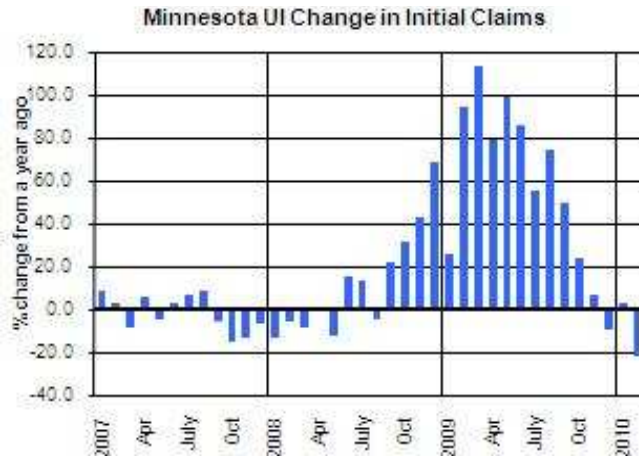
- System has changed
 - Used to rely on employers and government to provide adequate income
 - Now individuals are responsible
 - Used to be the “three-legged stool” of Social Security, pensions and personal savings.....
 - Is now a “two-legged stool” of Social Security and a wobbly one of 401Ks, savings and employment

How are people responding?



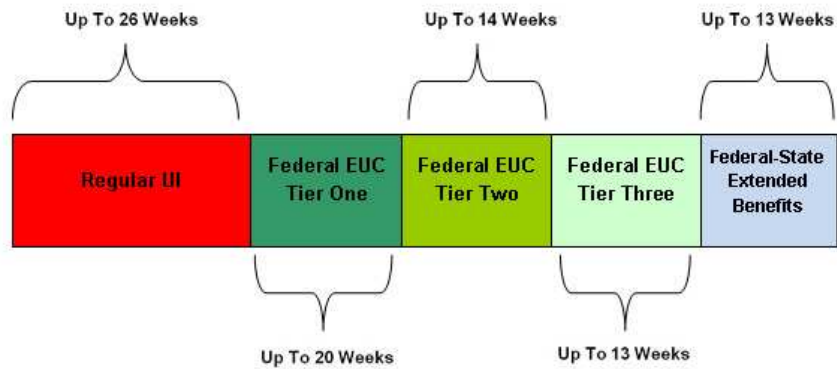
- **Seeking public support**
 - Filing for unemployment benefits
 - Using COBRA to extend health insurance
 - Enrolling in Minnesota health care programs
 - Tapping Social Security benefits early
 - Applying for food support

More people are filing for Unemployment benefits



Source: Minnesota Department of Employment & Economic Development

People are spending more time on Unemployment



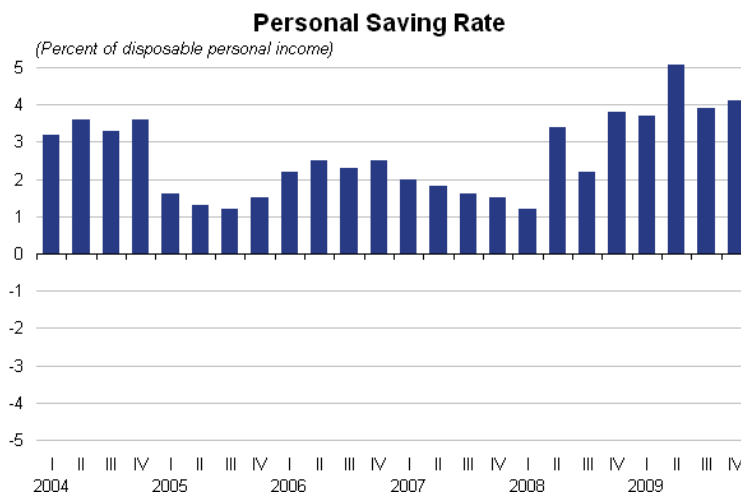
Source: Minnesota Department of Employment & Economic Development

How are people responding?



- **Supporting themselves**
 - Delaying retirement
 - Finding employment
 - Retraining or returning to school
 - Volunteering or interning
 - Saving more/spending less money
 - Being more resourceful and frugal
 - Delaying a move
 - Drawing on personal retirement savings

People are saving more



Source: US Bureau of Economic Analysis, January 2010

How are people responding?



- **Relying more on family**
 - Sharing a residence
 - Reducing and sharing transportation costs
 - Getting financial assistance
 - Seeking more help with child and eldercare

How are people responding?



- **Looking to broader community for help**
 - Using food shelves
 - Accessing temporary housing
 - Looking to faith communities
 - Looking to neighbors

How are people responding?



- **Managing with less or *without***
 - Being underemployed
 - Filing for bankruptcy
 - Experiencing a home foreclosure
 - Having inadequate or no health insurance
 - Making do with less or lower quality food
 - Living with limited transportation

What responses have you witnessed?



- Among clients
- Among colleagues
- Among family and friends
- Among neighbors, at your faith community or in your greater community

What does the future hold?



This is the *New Normal*...

- Is there a safety net at the bottom of the cliff?
 - Yes, but the net will be different than in the past
 - There will be more self-support, family and community support
 - The public safety net will not be as big or strong as we may like
- Our sense of security may need to change, too
- We may need to revise what is essential to us

Transform 2010 Policy Recommendations



- Redefining Work & Retirement
 - Creating pathways for meaningful, engaging work—paid and unpaid
 - Enhancing financial literacy for all ages
 - Providing continuous access to training
- Supporting Caregivers of All Ages
 - Providing wrap-around support to families, our “primary long-term care system”

Transform 2010 Policy Recommendations



- Fostering Communities for a Lifetime
 - Improving social, physical and service infrastructure so that people can age well in place
- Improving Health & Long-term Care
 - Leveraging national health and long-term care reform
- Maximizing the Use of Technology
 - Creating meaningful connections across distances and efficiencies in service delivery

Contact information



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