

Understanding Historically Marginalized & Minoritized Populations in the Forgotten Middle

NORC | The SCAN Foundation

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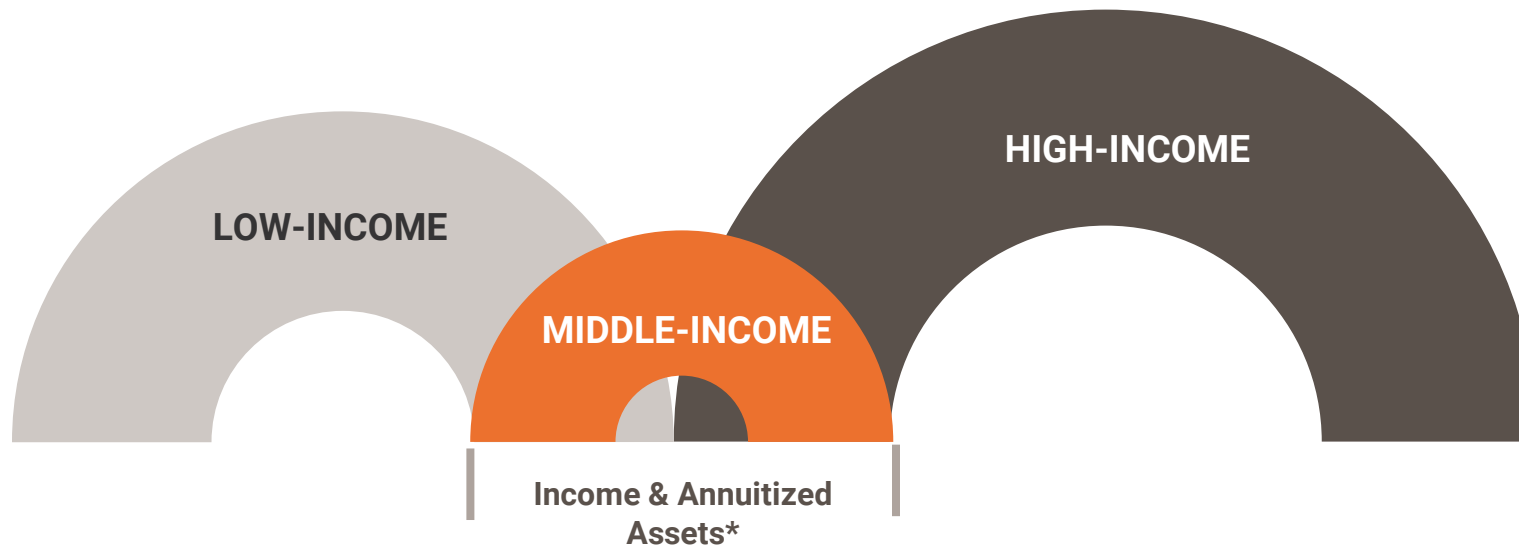
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Project Background

Who is the Forgotten Middle?

The **Forgotten Middle** consists of middle-income older adults aged 75+ who do not qualify for Medicaid but may not have sufficient resources to pay for the care and housing options that they need or want.



Lower Bound	Age Group	Upper Bound
\$27,039 (212% FPL)	75-84	\$80,353 (630% FPL)
\$26,443 (207% FPL)	85+	\$102,798 (806% FPL)



The Forgotten Middle has annuitized income and assets from **\$26,000 to \$103,000** in 2020 dollars.

The FPL bounds differ based on age group (75-84 vs. 85+).

*Housing equity is not considered for the purpose of assigning older adults to income categories.

Why focus on the Forgotten Middle?

The Forgotten Middle is in a precarious situation – one in which they may not be able to choose how and where they age

Care Needs

As people age, they may need additional support for health and personal care needs.

Some may struggle to live independently in their homes and will seek alternative care and housing arrangements.

Financial Resources

The range of care and housing options available in the U.S. is driven by individuals' financial resources.

Medicaid covers long-term care services for very low-income individuals, while high-income individuals have a wider range of private pay options.

All older adults deserve to age with dignity, choice, and independence

Lacking long term care through Medicaid and the ability to pay out of pocket, many middle-income older adults will age with limited care options that may not align with their needs and preferences.

This study builds upon previous NORC research that brought national attention to the unmet needs of future middle-income older adults



Original Forgotten
Middle Study

Explore the original 2019 study.



Forgotten Middle
2022 Refresh

Explore the 2022 refresh.



Forgotten Middle
CA-Specific

Explore the California study.

Our 2022 national analysis projects that, without selling their homes, **11.5M middle-income older adults** will have insufficient financial resources to pay for certain care and housing options.

Why research historically marginalized and minoritized groups within the Forgotten Middle?



There is a gap in the literature around the disparities faced by historically marginalized and minoritized middle-income older adults

It is well documented that there are financial disparities across marginalized racial groups and rural communities^{1,2}. However, a detailed analysis of differences in finances, housing, and family structure among middle-income older adults by race was missing in the literature.



Data on marginalized racial groups and rural older adults is needed to inform culturally competent and equitable policymaking

Our new research finds that absent policy action, financial disparities across historically marginalized and minoritized groups will persist between now and 2035, impacting the ability of all Americans to age well in home and community.

This analysis uses the term “historically marginalized and minoritized” groups to describe the overall study population in alignment with equitable language guidance, such as government agencies, medical associations, and academic institutions. The term historically marginalized and minoritized acknowledges that power structures actively marginalize certain groups, even if those groups may be the majority in some scenarios.

1. [Wealth Inequality and the Racial Wealth Gap](#), The Federal Reserve, October 2021.
2. [Geographic Inequality on the Rise in the U.S.](#), United States Department of Commerce, June 2023.

Literature suggests that historically marginalized and minoritized groups face distinct financial and care access challenges that may impact their ability to age well



Fewer Black and Hispanic adults have retirement accounts compared to their white counterparts¹



Among those with retirement accounts, the median balance for white households was double that of all other races²



The gap between white and Black home ownership rates was wider in 2019 than it was in 1960³



Rural communities experience lower availability of home and community-based services and other health care resources⁴



Leveraging 2020 Health and Retirement Study (HRS) data, this research takes a deep dive into historically marginalized and minoritized communities within the Forgotten Middle to better understand their financial resources, home ownership, familial supports, health status, and other characteristics that may affect their capacity to age in accordance with their wishes, **filling a crucial gap in existing research.**

1. [Who Has Retirement Accounts? New Data Reveal Inequality in Retirement Account Ownership](#). U.S. Census Bureau. August 2022.
2. [Retirement Account Disparities Have Increased by Income and Persisted by Race Over Time](#). US Government Accountability Office. July 2023.
3. [Black Homeownership: Using Data to Navigate the Road to Equity](#). Urban Institute. January 2023.
4. [Aging in Rural Communities](#). Curr Epidemiol Rep. November 2022.

This study has two primary aims:

1 Examine differences in finances, housing, and family structure among older adults by race

- Analyze the current and projected financial resources, home ownership, and familial structures among racial groups
- Produce new, data-driven findings on financial security and wealth disparities among historically marginalized racial groups, particularly Black and Hispanic older adults*

2 Develop illustrative case studies to explore aging challenges, particularly among rural older adults

- Examine the aging experience of rural older adults through case studies informed by a literature review
- Draw from real respondents in the HRS and include illustrative details to exemplify the range of potential future experiences that older adults may face depending on where they live



* This study update was funded by The SCAN Foundation.

The SCAN Foundation is an independent public charity devoted to transforming care so that every older adult has the choices and opportunity to age well with purpose. For more information, visit www.TheSCANFoundation.org.

Our analysis finds that Black and Hispanic older adults have fewer financial resources and greater barriers to aging in place

1 | Black and Hispanic older adults are clustered in the lowest financial quartile of the middle market.

By 2035, older adults of color – defined using the HRS as Black, Hispanic, and “Other”¹ – will comprise nearly one-quarter of the middle-income older adult (75+) population. Within the Forgotten Middle, Black and Hispanic older adults disproportionately fall into the lowest financial quartile.

2 | Black and Hispanic older adults in the Forgotten Middle have fewer liquid assets and less equity.

White older adults tend to hold more assets in traditional retirement financial tools such as the stock market or an IRA. Hispanic and Black older adults tend to hold most of their assets in savings accounts or in a vehicle. Holding fewer liquid assets may make affording housing and care options more difficult.

3 | Among Black and Hispanic older adults, home ownership is decreasing.

Home ownership for Black older adults is anticipated to fall substantially by 2035, driven by the 75-84 age group, which limits aging in place opportunities and decreases collateral that could be used to move into private pay housing options.

1. The “Other” racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

For rural adults who desire to age in place, existing literature reveals unique difficulties in accessing essential services

4 | Compared to their urban counterparts, rural adults tend to have lower incomes.¹

Our literature review found longstanding financial earning disparities between rural and non-rural individuals, which impacts the ability to afford care and housing options in the future.

5 | Transportation remains a substantial challenge for rural older adults who aim to age in place.

Since 90% of rural trips occurs in private vehicles, rural older adults face the additional consideration of how to remain mobile if driving becomes impractical or infeasible.²

6 | Rural communities tend to have poorer health outcomes and more limited access to certain care services.^{3,4}

The literature also substantiates the widening gap in health outcomes between rural and non-rural individuals while also indicating that they often face lower access to and availability of certain health and care services.

1. [Rural Health Disparities](#). Rural Health Information Hub, November 2022.

2. [Mobility & Aging in Rural America: The Role for Innovation](#). Grantmakers in Aging, May 2018.

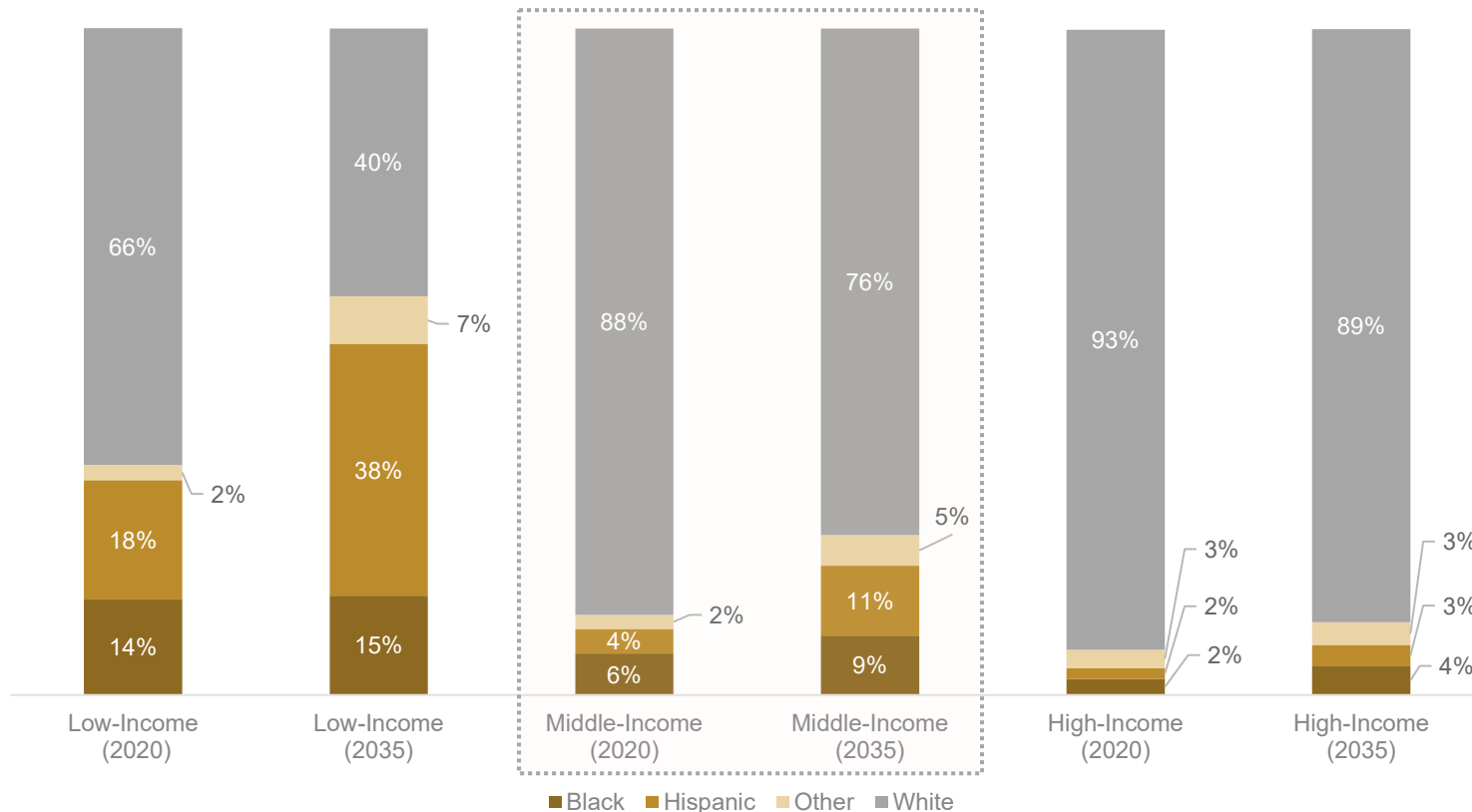
3. [Call to Action: Rural Health: A Presidential Advisory From the American Heart Association and American Stroke Association](#), American Heart Association, February 2020

4. [Who Will Care for Rural Older Adults? Measuring the Direct Care Workforce in Rural Areas](#). Journal of Applied Gerontology, February 2023.

Key Findings Among Marginalized & Minoritized Racial Groups

In 2020, older adults of color represented 12 percent of the middle-income group; by 2035 older adults of color will comprise nearly 25 percent

Income Brackets Among Older Adults 75+ by Race, 2020 and 2035



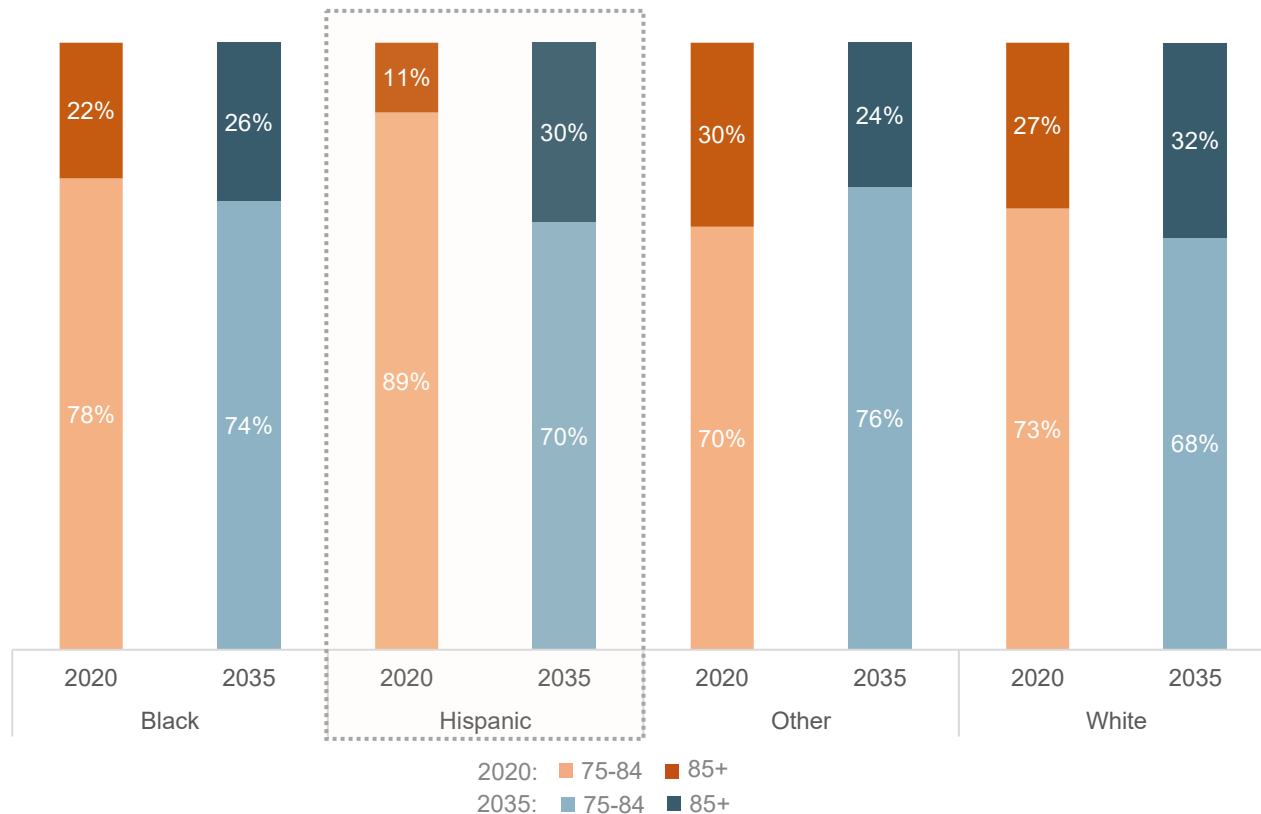
By 2035, Hispanic older adults (75+) will comprise 11% of the middle-income group—nearly a 3x increase since 2020.

The low-income group sees considerably larger growth in the proportion of older adults of color where Hispanic older adults are expected to comprise 38% of the low-income group, almost equal to the proportion of whites (40%).

The “Other” racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

Within the middle market, nearly all racial groups experience growth in the 85+ age group; growth is most pronounced for Hispanic older adults

Distribution of Middle-Income Older Adults 75+ by Race and Age, 2020 and 2035



The largest increase in the 85+ group is expected to occur within the Hispanic middle-income population, increasing nearly 20 percentage points by 2035.

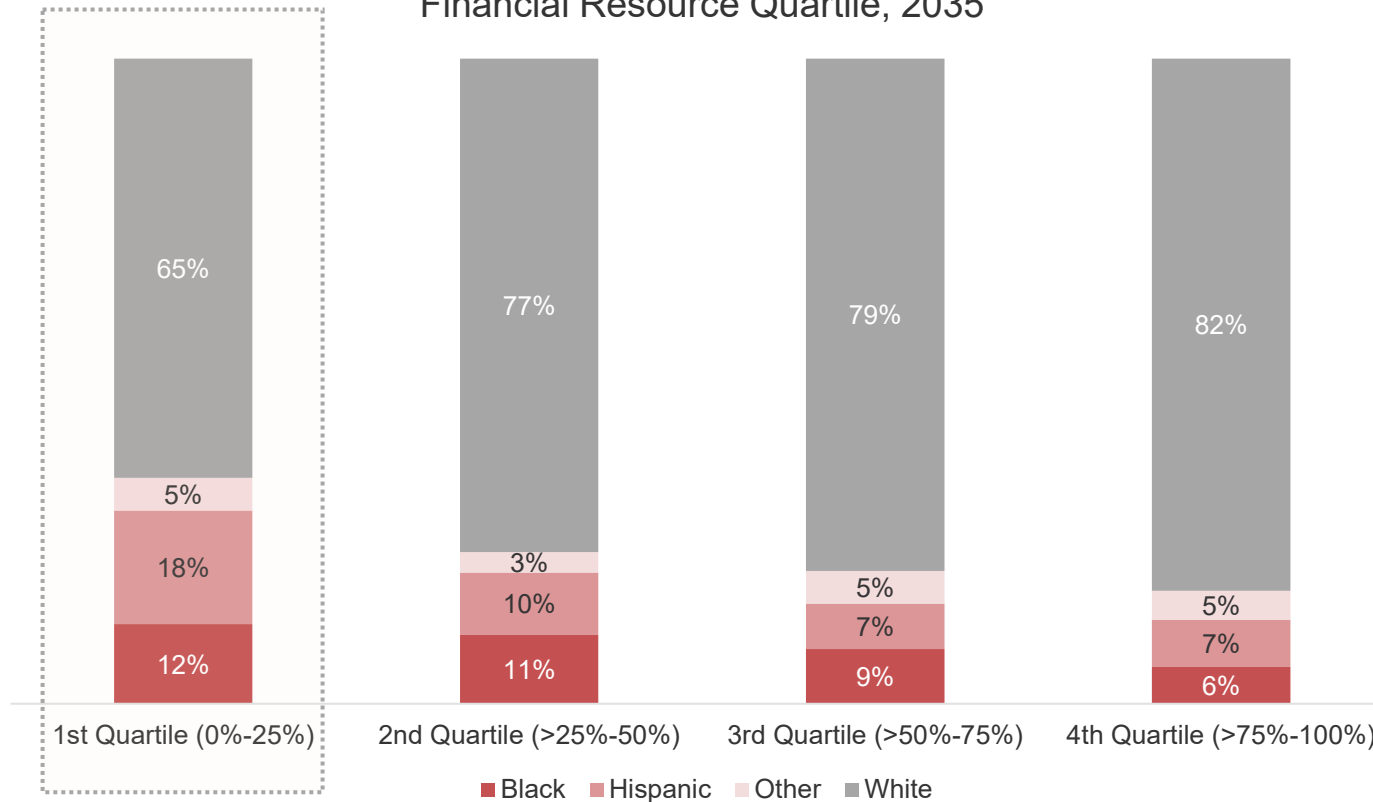
This finding is consistent with existing studies on Hispanic life expectancy being longer than that of other races, often called the “Hispanic paradox” in the literature.^{1,2}

1. [Key Data on Health and Health Care by Race and Ethnicity](#). KFF. March 2023.
2. [Paradox Lost? The Waning Health Advantage among the U.S. Hispanic Population](#). Environ Health Perspect. January 2023.

The “Other” racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

Within the middle market, over one-third of the bottom quartile of total financial resources¹ consists of older adults of color

Projected Racial Distribution of Middle-Income Older Adults 75+ by Financial Resource Quartile, 2035



White older adults comprise 82% of the top quartile of income and asset distribution – disproportionately higher than the middle-income population distribution.

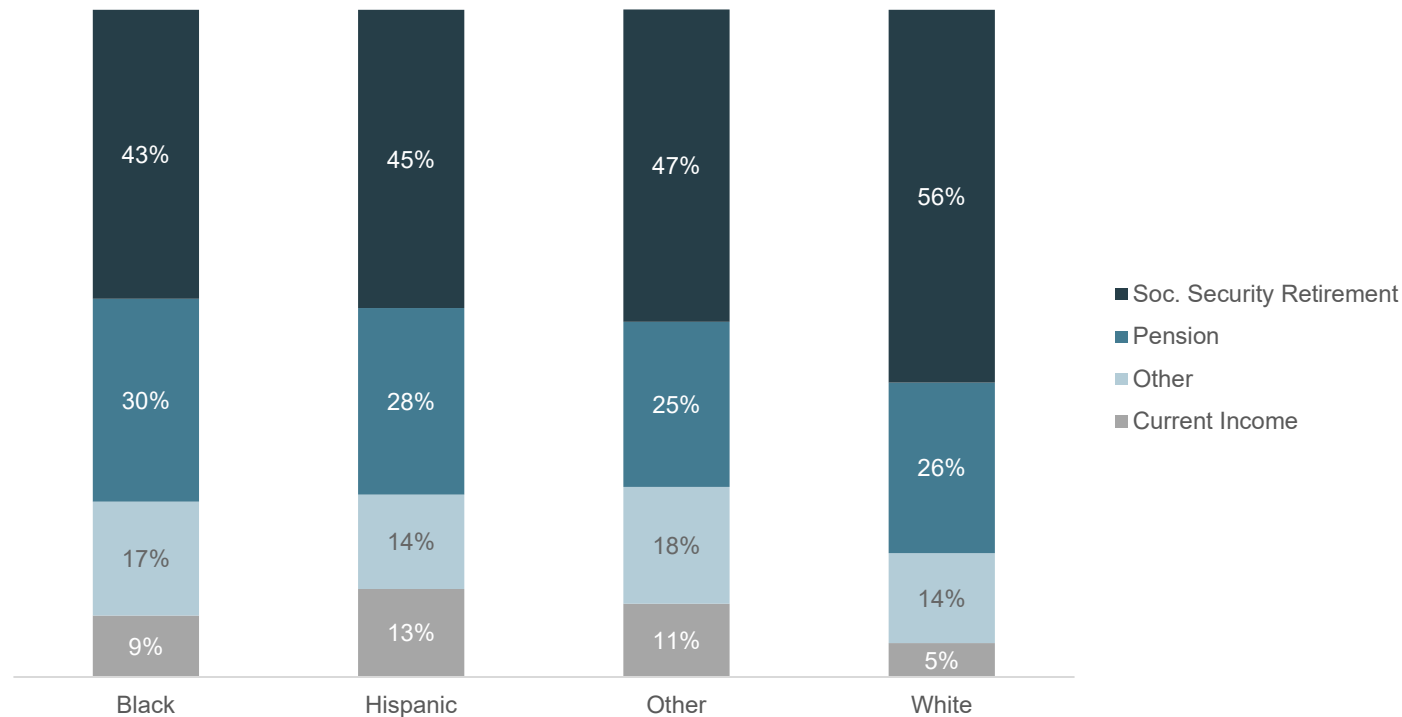
Thirty five percent of the bottom quartile are older adults of color, disproportionately higher than the expected middle-income population as a whole.

1. Income and annuitized assets, not including primary residence

The "Other" racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

White older adults receive a greater proportion of retirement income from Social Security benefits

Sources of Income Among Middle-Income Older Adults 75+ by Race, 2020



Research has found that workers of color earn less than white workers, which limits future savings through Social Security benefits¹. Pension utilization is relatively constant across racial groups.

Black and Hispanic older adults have a lower proportion of income from Social Security than their white counterparts, suggesting they may be working into traditional retirement years.

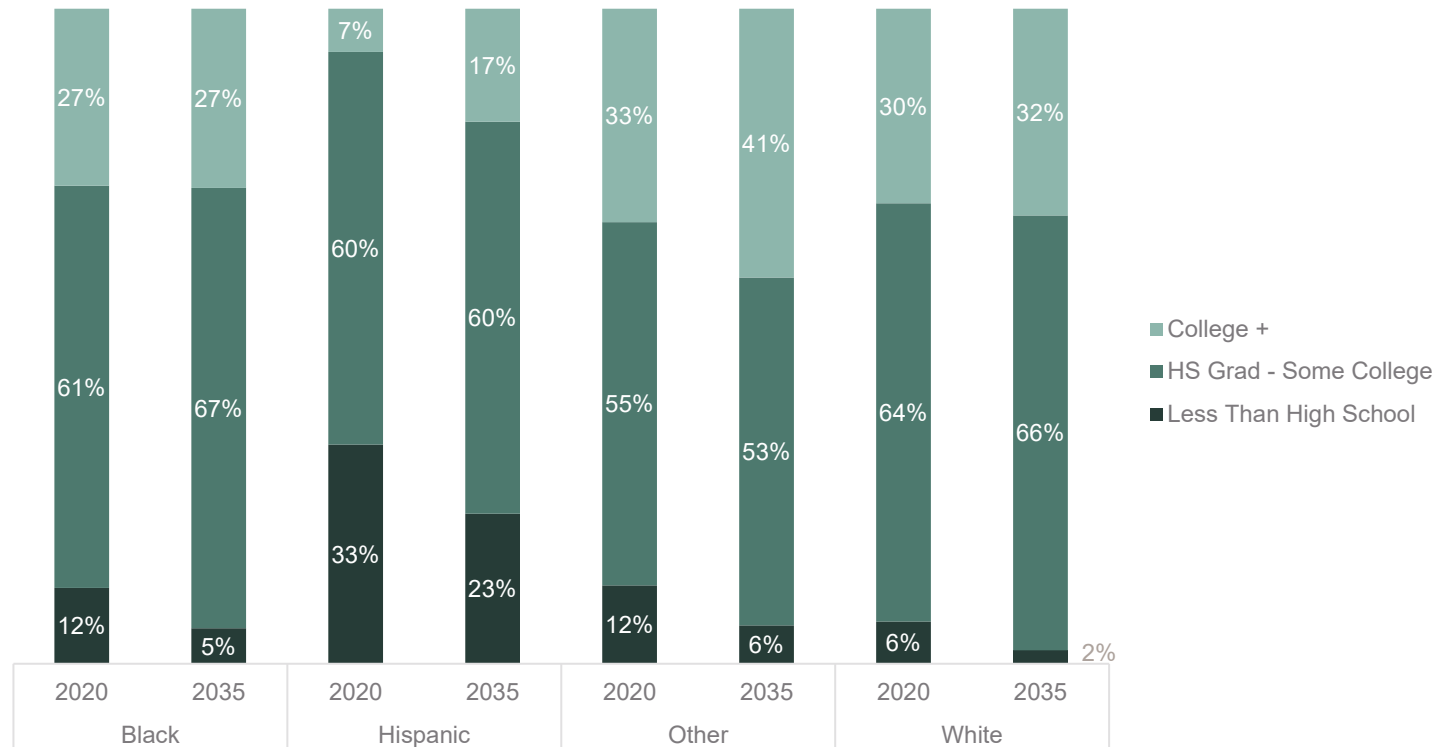
1. [Policy Options to Reduce the Black-White Gap in Retirement Security](#). Journal of Elder Policy. Spring 2021.

The “Other” racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

The “Other” income group includes workers compensation, veteran’s benefits, and miscellaneous sources

Despite increases in rates of secondary education among Black and Hispanic older adults from 2020 to 2035, disparities in educational attainment persist

Education Level Among Middle-Income Older Adults 75+ by Race, 2020 and 2035

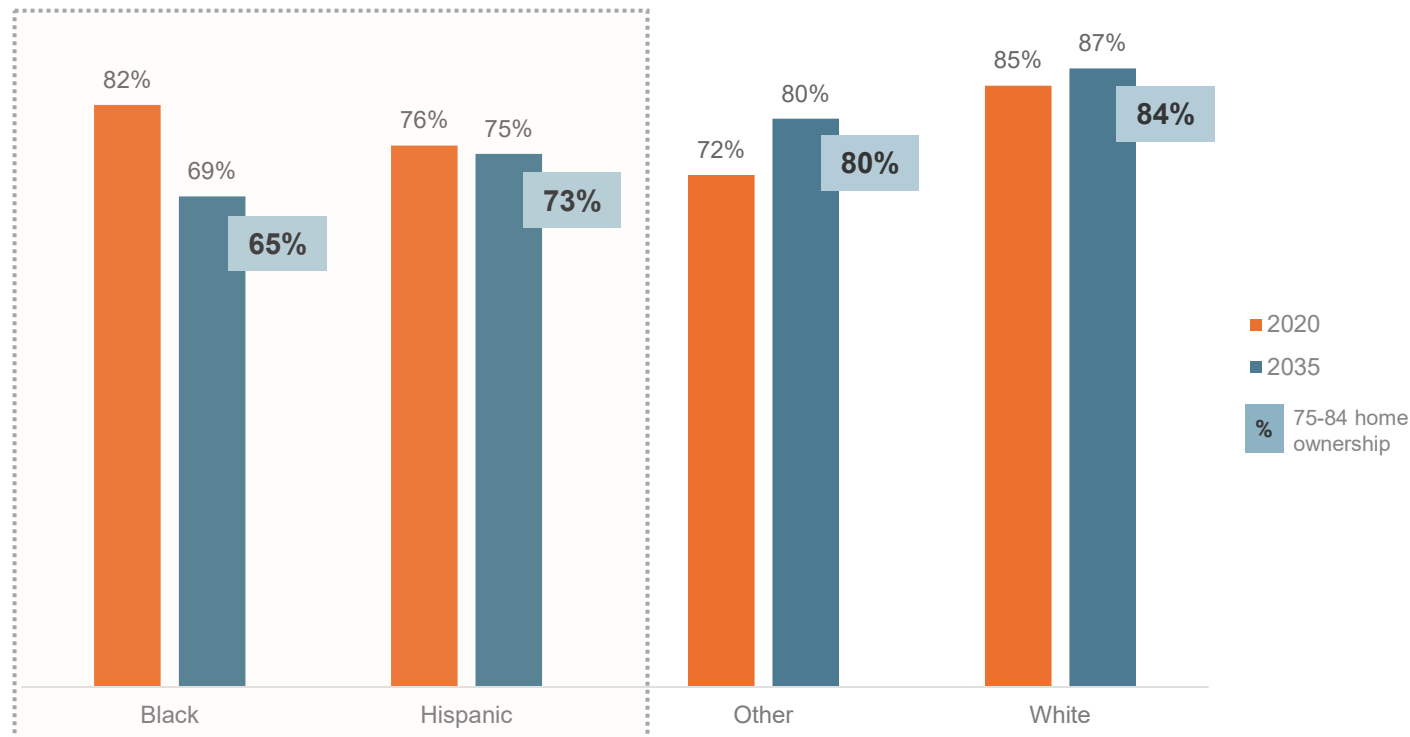


In 2020, two-thirds (67%) of middle-income Hispanic older adults have at least a high school education. Hispanic older adults are expected to see the biggest increase in the college educated population by 2035, but rates are projected to lag substantially behind all other groups.

The "Other" racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

Within the middle market, home ownership among Black older adults is projected to fall significantly by 2035; worse for “younger” Black older adults

Home Ownership Rates Among Middle-Income Older Adults 75+
by Race, 2020 and 2035



The decrease in home ownership among Black older adults, overall, is driven by the larger precipitous decline in rates among younger Black older adults, age 75-84 (65%)—this could make it more difficult for those older adults to leverage their home to pay for future housing and health care needs.

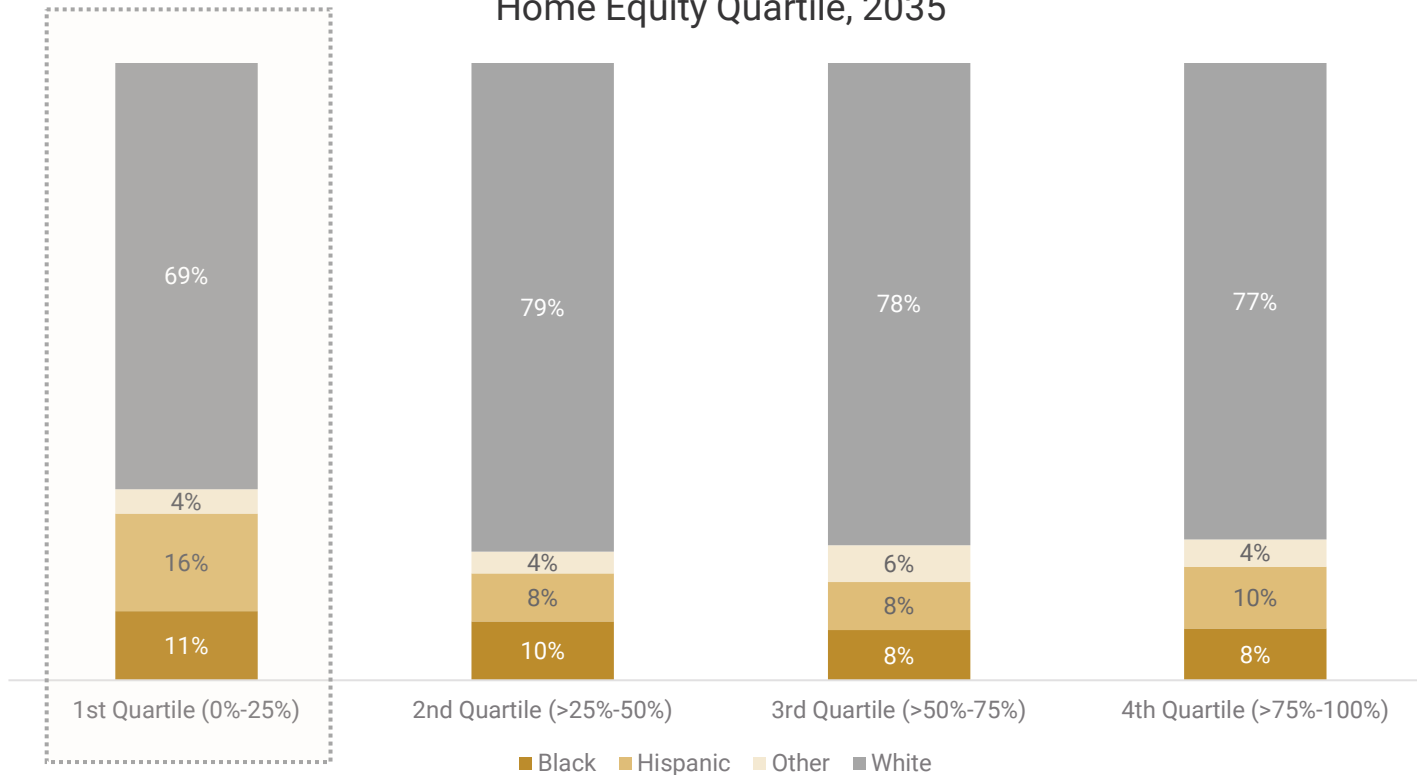
Previous research from October 2022 corroborates this, finding that "Black home ownership fell in 2019 to 40.6%, down from the 2004 peak of 49.7%."¹

1. Stateline, 2022: [Black Families Fall Further Behind on Homeownership](#)

The “Other” racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

In a distribution of home equity values for the middle market, older adults of color are disproportionately clustered into the lowest quartile

Projected Racial Distribution of the Middle-Income Older Adults 75+ by Home Equity Quartile, 2035

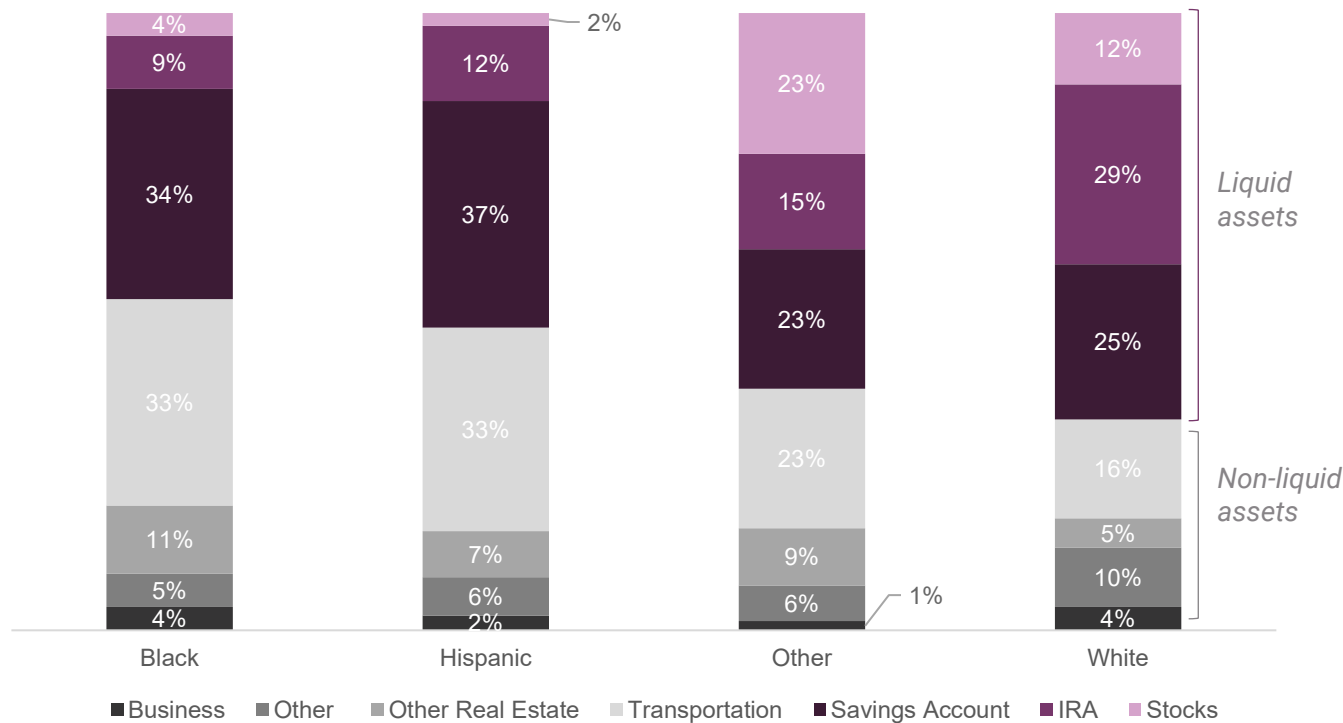


Consistent with the total financial resource distribution, the proportion of older adults of color is largest in the bottom quartile of home equity, comprising over 30% by 2035.

The "Other" racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

Black and Hispanic older adults have fewer liquid assets, making it more difficult to access housing and care options that align with their preferences

Asset Portfolios* Among Middle-Income Older Adults 75+ by Race, 2020



Black and Hispanic older adults tend to hold fewer liquid assets than white or “Other” older adults, compounding the effects of lower home ownership rates and lower home equity.

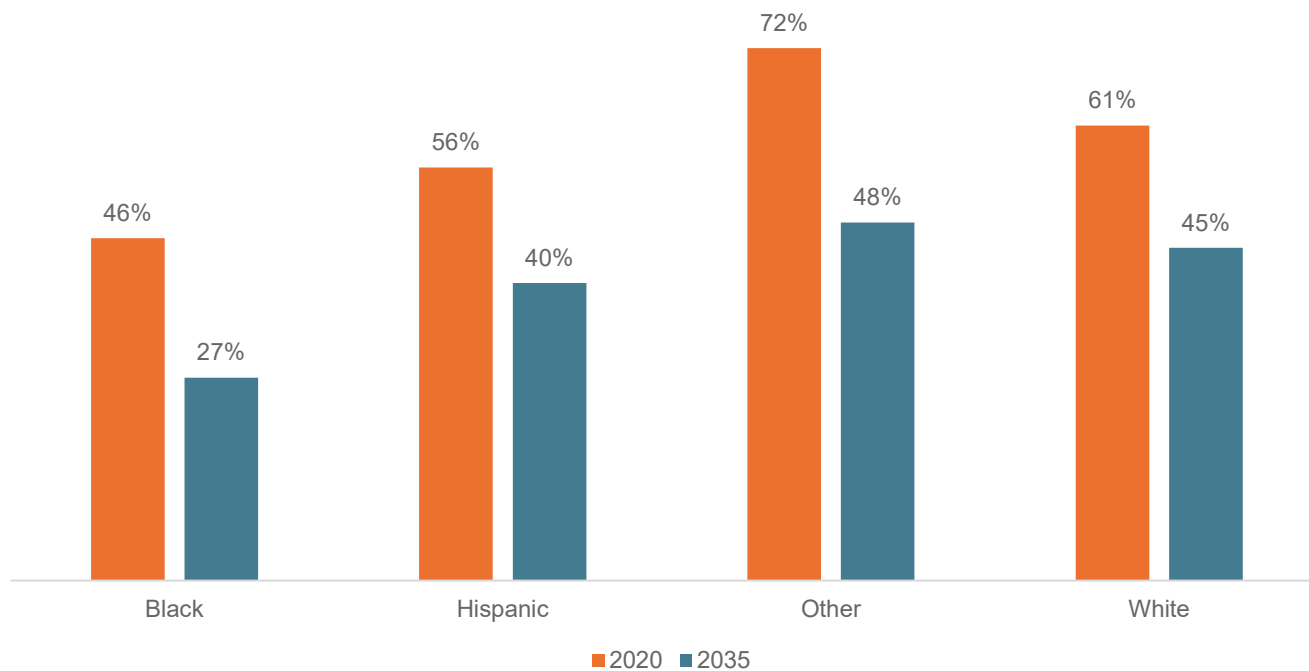
Moreover, Black and Hispanic older adults tend to hold fewer appreciating assets such as stocks, IRA accounts, and real estate. Instead, a larger proportion of their assets are held in low yield or depreciating assets like savings accounts and transportation.

The “Other” racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

* “Other Real Estate” includes real estate assets excluding the primary home.

Marriage rates are projected to decline among middle income older adults, falling below 50% across all racial groups

Proportion of Married Middle-Income Older Adults 75+ by Race, 2020 and 2035



While marriage rates fall below 50% across all racial groups, by 2035, just over a quarter of Black older adults will be married, followed by Hispanic older adults at 40%.

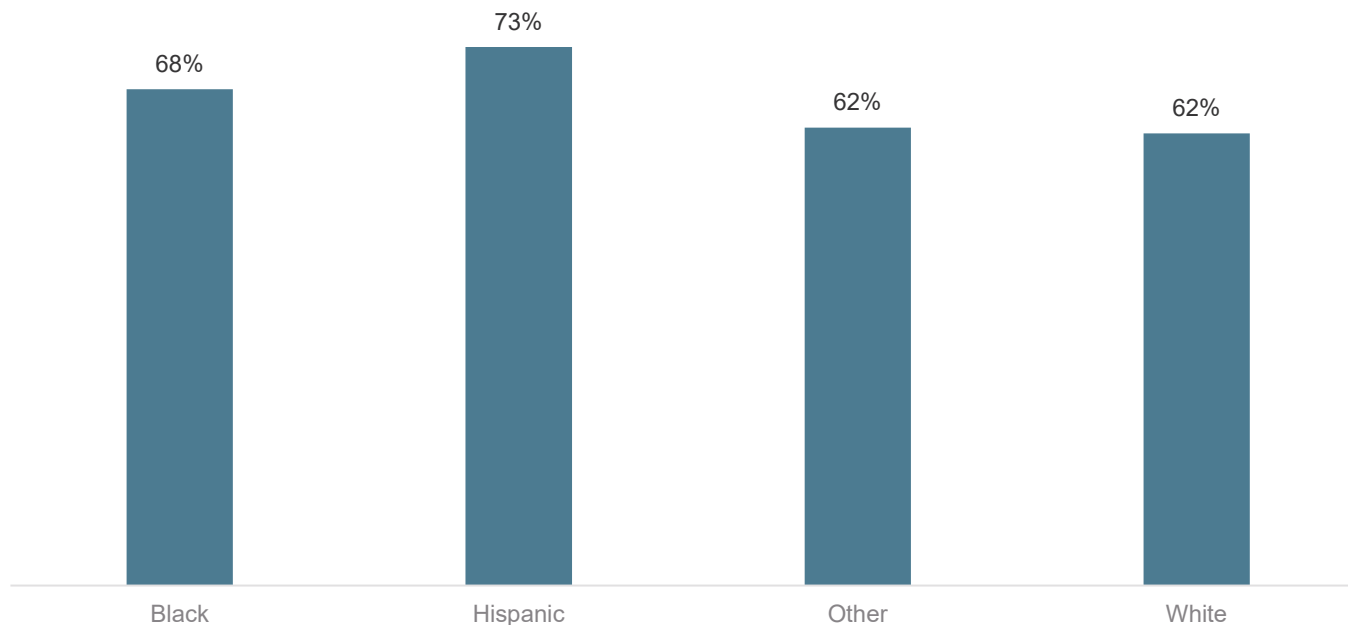
Older adults living alone are more susceptible to adverse health events and social isolation¹. Spouses are often a primary source of caregiving especially as they age together.

1. Das Gupta D, Kelekar U, Rice D. Associations between living alone, depression, and falls among community-dwelling older adults in the US. *Prev Med Rep.* 2020 Dec 2;20:101273. doi: 10.1016/j.pmedr.2020.101273. PMID: 33354494; PMCID: PMC7744925.

The "Other" racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

Hispanic older adults are more likely to live in multigenerational households or geographically near their children than white older adults¹

Percent of Middle-Income Older Adults 75+ Living in Multigenerational Households or Near Their Children, 2020



Nearly three quarters of Hispanic older adults lived near their children in 2020 – an 11 percentage point increase over white older adults. This is consistent with the literature, which finds Hispanic families are less likely to use formal long term care services and more likely to reside in multigenerational homes.^{2,3}

Research shows that living with or near one's own children provides some financial and social support as people transition into retirement.^{4,5}

2. The Journals of Gerontology: Series B, 2018: [How and Why Does Nursing Home Use Differ by Race and Ethnicity?](#)

3. Pew Research Center, 2022: [Financial Issues Top the List of Reasons U.S. Adults Live in Multigenerational Homes](#)

4. The Gerontologist, 2017: [Life Events and Black-White Differences in Adult Children's Financial Assistance to Mothers](#)

5. Pew Research Center, 2013: [Financial Support Across Generations](#)

1. "Geographically near" is defined as within 10 miles

The "Other" racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

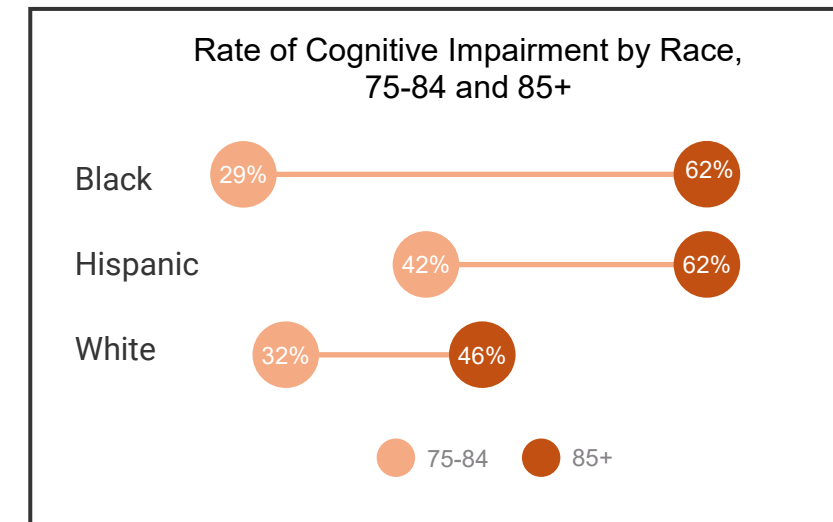
Projected rates of health complications are higher among Black and Hispanic older adults, likely increasing the need for additional care

Projected Health Status Among Middle-Income Older Adults 75+ by Race, 2035

Health Status Indicator (Prevalence)	White	Black	Hispanic	Other
Activities of Daily Living (3+) ¹	5%	8%	6%	2%
Chronic Conditions (4+)	67%	72%	55%	69%
Cognitive impairment	36%	35%	45%	42%
High needs ²	13%	23%	9%	9%
Mobility limitations	60%	66%	62%	41%

% Higher prevalence compared to white older adults.

Moreover, health complications are expected to increase over time for older adults aged 75-84 and 85+. **This is particularly true for the rate of cognitive impairment for Black and Hispanic 85+ older adults.**



¹ Limitations of Activities of Daily Living

² High-needs is defined as those with three or more chronic conditions and one or more limitations in ADLs.

The "Other" racial group, as defined in the HRS, includes all other races/ethnicities, which includes American Indian, Alaskan Native, Asian, Native Hawaiian, and Pacific Islander Asian as well as individuals who identify as multi-racial.

Key Findings For Rural Communities

Rural older adults face distinct challenges in their ability to age well

While the entire US population is aging, rural areas are aging faster than urban areas.¹ NORC's data analysis leverages HRS public use files that do not allow for urban versus rural analysis; however, existing literature identifies unique aging challenges facing rural older adults.



There is a longstanding, widening gap in health outcomes for rural older adults

This includes greater prevalence of many chronic conditions including hypertension, diabetes, and stroke than their urban counterparts,² which may require more involved care and support.



Rural adults are more likely to have lower incomes and be uninsured³

These trends continue forward as people age, impacting financial resources and ability to afford care and services.

NORC research typically considers “rural” to refer to areas outside of metropolitan areas using [Urban Influence Codes](#), but specific definitions vary across literature findings.

1. [Older Population in Rural America](#), U.S. Census Bureau, October 2019.

2. [Call to Action: Rural Health: A Presidential Advisory From the American Heart Association and American Stroke Association](#), American Heart Association, February 2020.

3. [Rural Health Disparities](#), Rural Health Information Hub, November 2022.

Rural older adults face distinct challenges in their ability to age well



Most older adults aim to age in place, but transportation can be a barrier for rural communities

Rural communities often have a more limited offering of services compared to urban areas, including access to transportation. Studies have found that lack of transportation is one of the largest barriers to older adults aging in their homes in rural areas.¹



Rural communities have fewer health care professionals

Many rural areas have a shortage of both primary care doctors and specialists making it more challenging for older adults in rural areas to receive the health care they need. Further, while there is a nationwide shortage of professional caregivers, rural areas have fewer home health aides per the older adult population than urban areas.²

1. [Barriers to Aging in Place in Rural Communities](#), University of Minnesota Rural Health Research Center, November 2021.

2. [Who Will Care for Rural Older Adults? Measuring the Direct Care Workforce in Rural Areas](#). Journal of Applied Gerontology, February 2023.

Seniors' housing & care affordability is based on financial resources and the cost and availability of services where they live

To illustrate this, NORC created four descriptive case studies of middle-income older adults living in rural and urban areas across the country in 2035

- Drawn from actual respondents in the 2020 HRS and enhanced with illustrative details
- All dollar values are shown in 2020 dollars
- Annual median seniors' housing and care costs are based on Genworth's 2021 Cost of Care Survey*
- Housing and care costs are supplemented using the Elder Index** to account for miscellaneous costs that vary with geographic region
- Accounts for \$2,239 in annual Medicare premium costs*** (Part B & D)

* Housing and care definitions included in the appendix.

** Elder Index was developed at University of Massachusetts Boston

*** Average monthly Medicare Part B premium for 2020 from CMS Fact Sheet: "2020 Medicare Parts A & B Premiums and Deductibles." Average monthly Medicare Part D premium (PDP) for 2020 from the Kaiser Family Foundation.

The following case studies illustrate some of the challenges to aging in place for middle-income older adults, especially those in rural areas

Key Takeaways

- Many middle-income older adults, in both urban and rural areas, will struggle to afford the care options they may require as they age.
- It can be particularly challenging for rural older adults to access and afford the care they need:
 - Limited public transportation options can make accessing care more difficult in rural areas.
 - Workforce shortages may reduce the type of care available in rural areas

Rural Case Studies



Robert
Daphne, Alabama



Barbara
Huntington, West Virginia

Urban Case Studies



Shirley
Milwaukee, Wisconsin



Joseph
New York City, New York

Case Study #1: Robert



- **Sex:** Male
- **Race/Ethnicity:** Black
- **Education:** HS/Some College
- **Marital Status:** Married
- **Geography:** Rural
- **Children Nearby:** No
- **Owns Home:** Yes

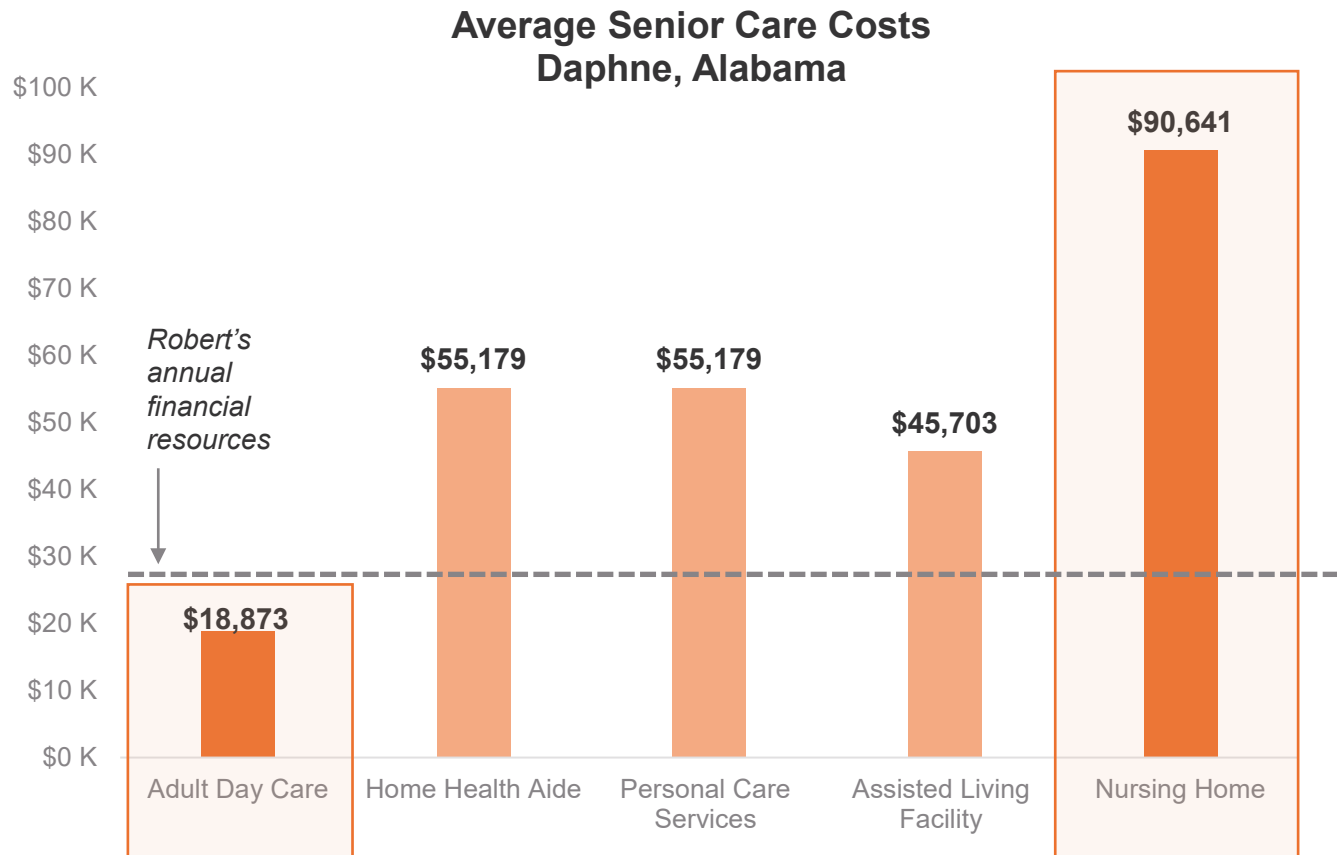
Changes in Age, Health Status, & Health Costs

	2020	2035
Age	73 years old	88 years old
Health, Cognitive, & Mobility	Cognitive impairment; no other major health issues	Cognitive function continues to decline

Living in: Daphne, AL

In 2020, Robert lives with his spouse but does not have children living nearby to provide care as his cognitive function declines. Currently, Robert's spouse is able to provide some care to ensure he can live at home for as long as possible. However, as she ages and develops mobility issues, her ability to provide care for Robert becomes less certain.

With annual financial resources totaling **\$27,741** (with home equity), Robert can afford adult day care, but transportation remains a barrier.



Adult Day Care

If Robert's cognitive decline remains slow, he can remain in his home with some care provided through adult day services.

Although Robert can afford adult day care (using 68% of his annual financial resources), he lives in a rural town 45 minutes away and no longer drives. **Transportation has been identified as a major obstacle to aging in place and accessing care in rural areas, with increased challenges for rural older adults.**^{1,2}

Nursing Home

If Robert is diagnosed with Alzheimer's and requires full time memory care, he would be **nearly \$63,000 short to pay for care OOP, for just one year.**

1. [Transportation to Support Rural Healthcare](#). Rural Health Information Hub. (supported by the Federal Office of Rural Health Policy)
 2. [Barriers to Aging in Place in Rural Communities](#), University of Minnesota Rural Health Research Center, November 2021.

Case Study #2: Barbara



- **Sex:** Female
- **Race/Ethnicity:** White
- **Education:** HS / Some College
- **Marital Status:** Unmarried
- **Geography:** Rural
- **Children Nearby:** Living w/in 10 mi
- **Owns Home:** Yes

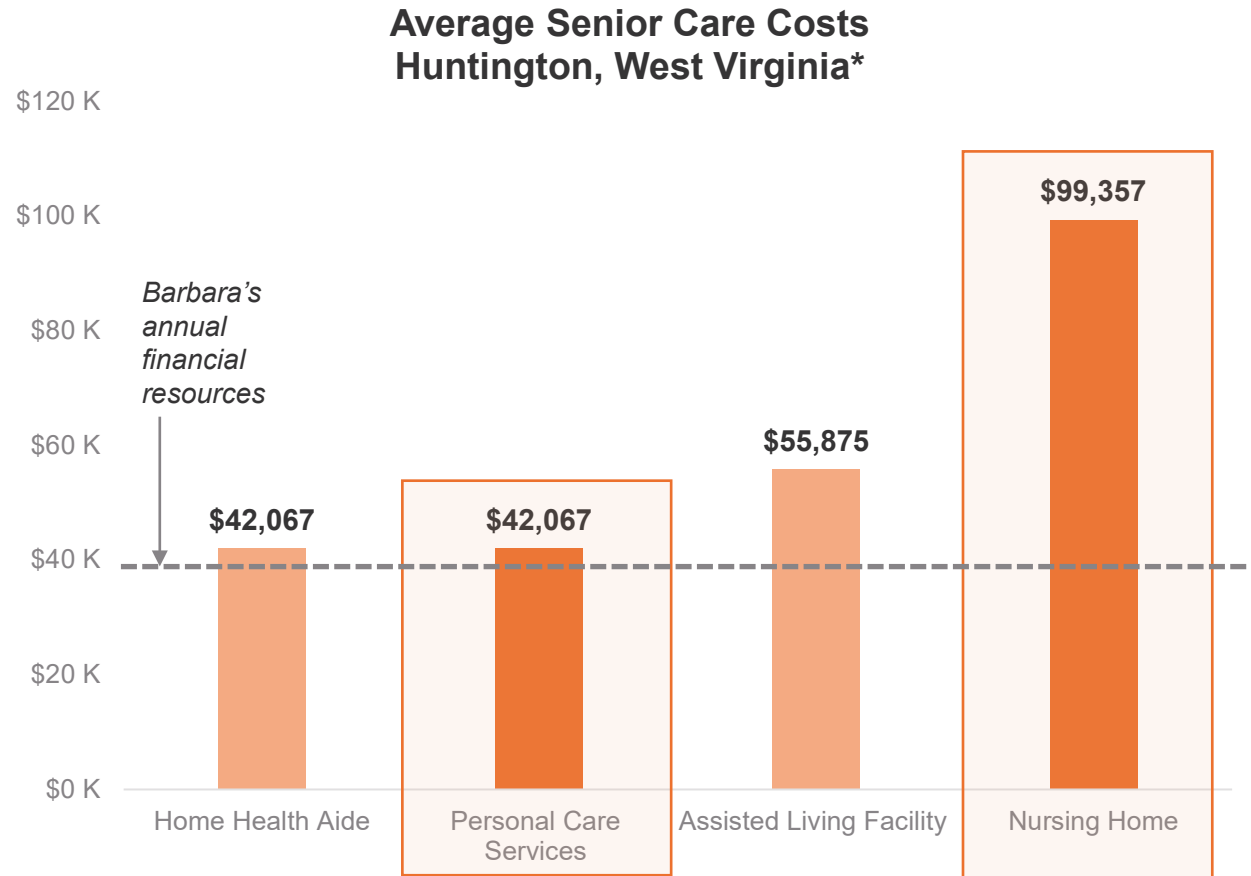
Changes in Age, Health Status, & Health Costs

	2020	2035
Age	63 years old	78 years old
Health, Cognitive, & Mobility	Mild cognitive impairment, mobility limitations and 2-3 chronic conditions	Cognitive decline continues; develops need for support with IADLs

Living in: Huntington, WV

Barbara has children living nearby in 2020, so she can live at home with familial support. However, if she experiences a fall or a more rapid progression of her dementia in the next 15 years, she may need additional caregiver support or a transition to a different living environment

All housing and care options will be financially out of reach for Barbara with her annual resources totaling **\$39,104** (with home equity).



Personal Care Services

If Barbara's cognitive decline progresses slowly and she only needs help with IADLs, she can remain at home with the support of personal care services.

Unfortunately, the availability of personal care services is slim. **Research suggests that direct care workforce shortages are more acute in rural areas.**¹ Even if she could secure a personal care aide, **she would be short by \$3,000 to pay for care OOP.**

Nursing Home

If Barbara's cognitive decline is rapid, she will no longer be able to remain at home and will need to move to a memory care facility or nursing home. She will be **short by over \$60,000 even after using all her financial resources.**

*Cost data for adult day care was unavailable in the Genworth 2021 Cost of Care Survey

1. [Rural America Faces Major Shortage of Personal Care Aides](#). Healthforce Center at UCSF. January 2023.

Case Study #3: Shirley



- **Sex:** Female
- **Race/Ethnicity:** Other
- **Education:** High School
- **Marital Status:** Unmarried
- **Geography:** Urban
- **Children Nearby:** Living w/in 10 miles
- **Owns Home:** No

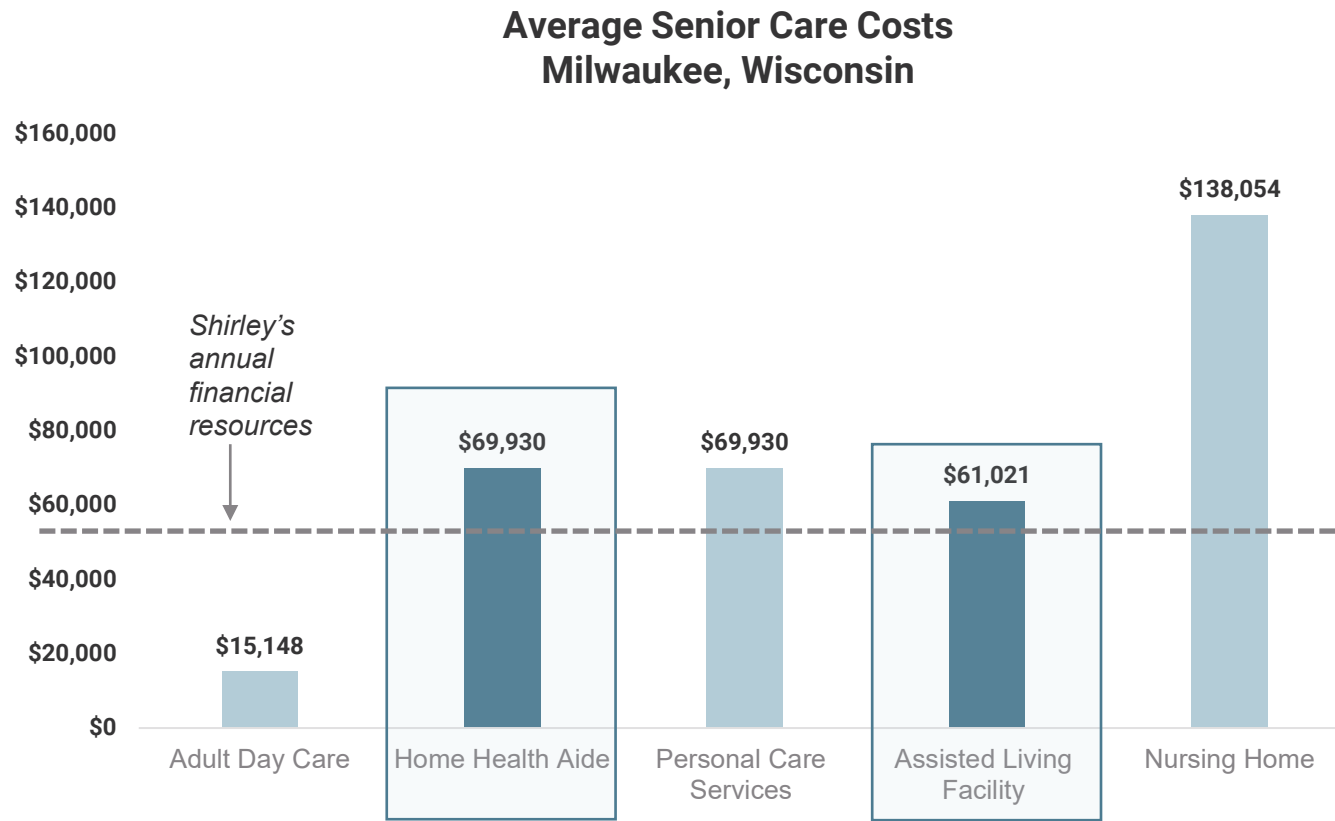
Changes in Age, Health Status, & Health Costs

	2020	2035
Age	77 years old	92 years old
Health, Cognitive, & Mobility	Mild cognitive impairment and has 6+ chronic conditions	Medical condition worsens; high stroke risk

Living in: Milwaukee, WI

In 2020, Shirley is widowed and has children living nearby. However, her children work full time and are unable to provide care for her during the day. Shirley's options for care in 2035 will depend on the degree to which her health declines, as well as her financial resources.

With **\$56,677** in annual financial resources, Shirley will be able to afford Adult Day Care Services, but any more intense level of care will be out of reach.



Home Health Aide

As Shirley's physical health worsens, she needs the assistance of a home health aide to help manage her chronic conditions and mild cognitive impairment. However, she is still **short over \$13,000 annually** to pay for this level of care.

Assisted Living

If Shirley suffers from a stroke, she will no longer be able to live independently and will need to move to an assisted living facility. However, she will be **short by over \$4,000 annually** after using all her financial resources.

Case Study #4: Joseph



- **Sex:** Male
- **Race/Ethnicity:** Hispanic
- **Education:** High school / GED
- **Marital Status:** Married
- **Geography:** Urban
- **Children Nearby:** Living w/in 10 mi
- **Owns Home:** No

Changes in Age, Health Status, & Health Costs

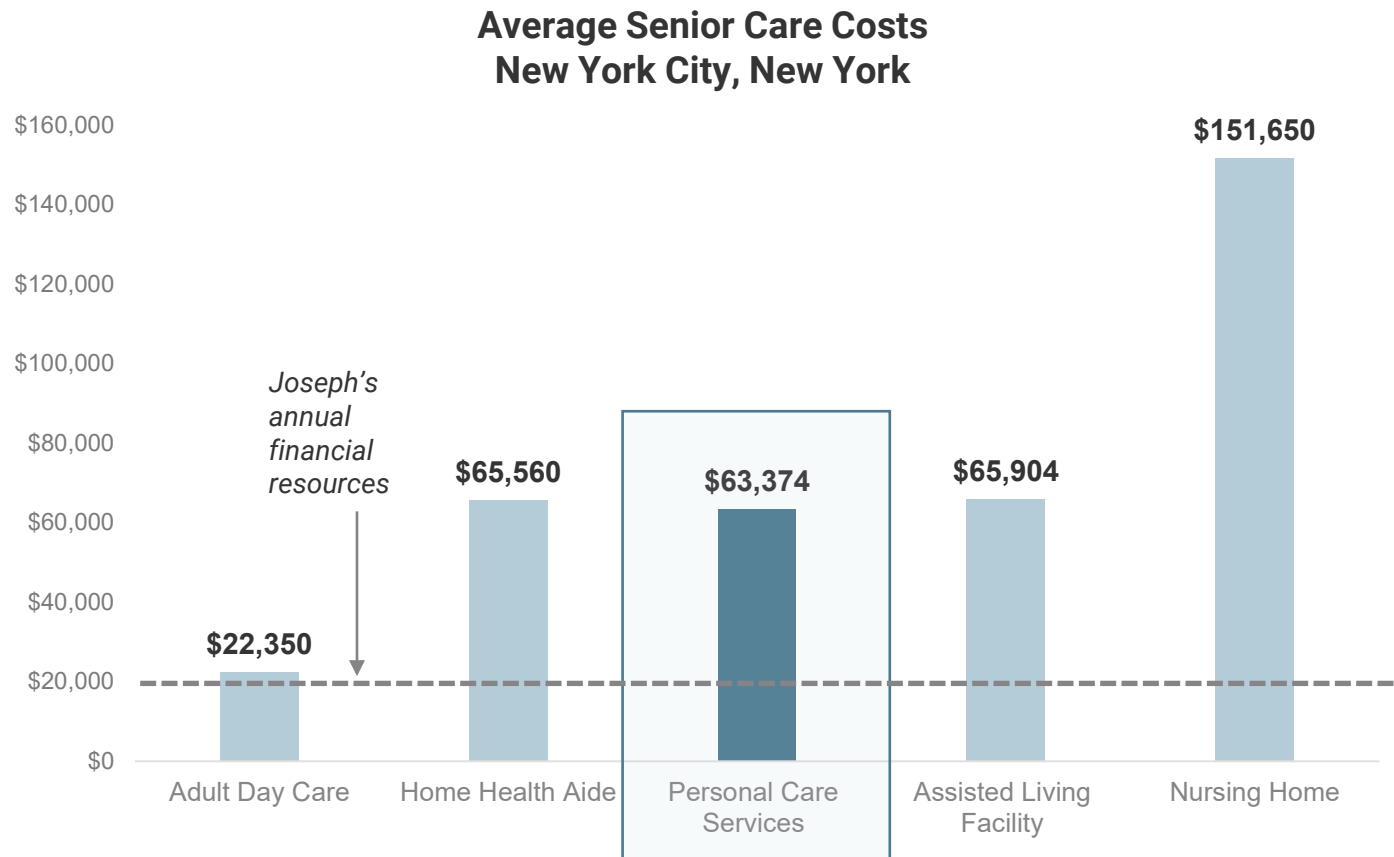
	2020	2035
Age	69 years old	84 years old
Health, Cognitive, & Mobility	Has minor mobility limitations, 1-2 IADLs and chronic conditions	Mobility worsens; at risk for falls

Living in: New York City, NY

Joseph's situation illustrates how precarious an older adult's financial and housing status can be, even with familial support.

A single medical event can leave him unable to afford housing or desperately needed medical care.

With his annual financial resources totaling **\$17,686**, all the care and housing options are beyond Joseph's reach.



No Services Needed

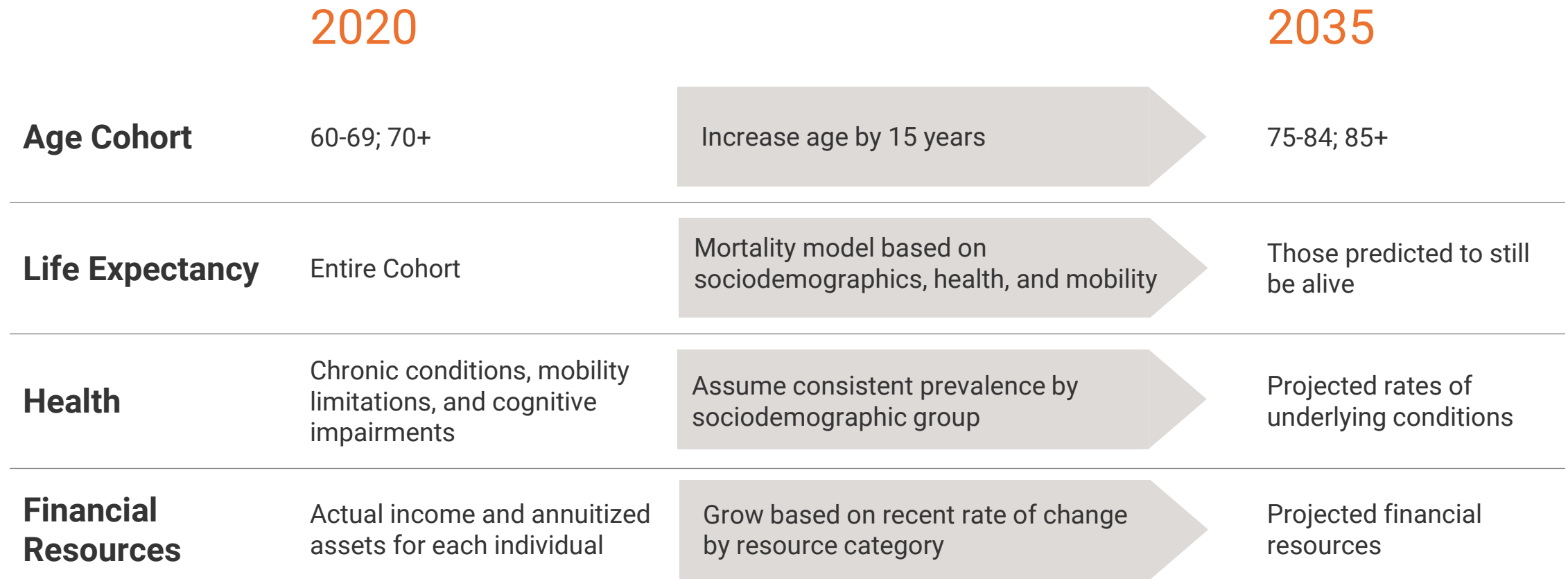
If Joseph experiences no major medical events, his children and spouse can provide support with chronic conditions and IADL needs, allowing him to live at home.

Personal Care

If Joseph experiences a major fall that significantly limits his physical function, he may need personal care services despite the presence of unpaid familial support. However, these supports are of reach – Joseph would be **short by over \$45,000 after using all his financial resources.**

Appendix

The Forgotten Middle model uses the 2020 HRS to forecast characteristics of older adults in 2035, analyzing the data by race



Data analysis focuses on differences among racial groups, highlighting the need for culturally sensitive policies that serve all older adults

Methods Summary – Population Estimates

This analysis relies on the Health and Retirement Study (HRS), using 2020 as a base year. We examined individuals who were 60 and older in 2020, since they will be 75 or older in 2035. For each of these individuals in the sample, we modeled the probability of living to 2035 for inclusion in the future older adult's cohort.

We then examined the time-invariant demographic attributes of this group, such as gender, race, and education. We then estimated people's health, cognitive, and mobility status assuming the same rates of these conditions that exist in the 2020 population, for each demographic subgroup. Data were specifically stratified by race (Black, Hispanic, Other, white) to identify trends and project future trends among older adults in historically marginalized and minoritized communities.

We also modeled these individuals' future financial resources, starting from their actual income and assets in 2020. We grew these assets based on the historical rate of change for each type of financial resource, and we annuitized assets across individual's life expectancy.

Methods Summary – Financial Resources

We analyzed financial resources at an individual-level instead of a household basis, as is common. By characterizing resources at an individual level, we are better able to account for differences in life expectancy and health needs of spouses. This also enables us to compare resources against annual housing and care costs.

Data were specifically stratified by race (Black, Hispanic, Other, white) to identify trends and project future trends among older adults in historically marginalized and minoritized communities.

Our measure of financial resources includes income streams (like Social Security) and annuitized assets (like retirement savings or mutual funds). For some older adults, adult children may make financial contributions to support their senior housing and care, though this analysis does not assume any financial support from adult children. We include information about housing equity, but we hold this separately since some individuals may be reluctant to sell their home or may have a spouse who continues to live in the home.

Methods Summary – Study Limitations

Our analysis has several limiting factors, including but not limited to the following:

- Our model projects financial resources, health status, and other measures for older adults in 2035. The trend factors used in our projection were based on historical HRS data from 1998-2020, including the Great Recession of 2008, which may lead to potential under-projection of growth in financial resources. We also recognize that the impacts of COVID-19 both on financial security and life expectancy were not fully captured in the 2020 data, which may impact our 2035 projections.
- We leveraged the Health and Retirement Study (HRS) public use file for our analysis, which includes four racial groups (Black, Hispanic, Other, white) and provides limited granularity of race-ethnicity data to inform our analysis.
- As noted above, the HRS public use file provides limited geographic data; as such, proxy measures of rurality were leveraged to inform our case studies.

For the illustrative case studies, NORC used the housing and care definitions from the 2021 Genworth Cost of Care Survey

- **Personal Care Services***: Services providing help with household tasks that cannot be managed alone. Services includes "hands-off" care such as cooking, cleaning and running errands.
- **Home Health Aide Services**: Home health aides offer services to people who need more extensive care. It is "hands-on" personal care, but not medical care. The rate listed here is the rate charged by a non-Medicare certified, licensed agency.
- **Adult Day Health Care (ADC)**: Provides social and support services in a community-based, protective setting. Various models are designed to offer socialization, supervision and structured activities. Some programs may provide personal care, transportation, medical management and meals.
- **Assisted Living Facility (ALF)**: Residential arrangements providing personal care and health services. The level of care may not be as extensive as that of a nursing home. Assisted living is often an alternative to a nursing home, or an intermediate level of long-term care. Assisted Living Facilities are referred to as Residential Care Facilities in California.
- **Nursing Home Care**: These facilities often provide a higher level of supervision and care than Assisted Living Facilities. They offer residents personal care assistance, room and board, supervision, medication, therapies and rehabilitation, and on-site nursing care 24 hours a day.

* Referred to as "Homemaker Services" in the [2021 Genworth Cost of Care Survey](#).

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