Economic Well-being of Disabled Elderly Living in the Community

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This study focuses on understanding the economic well-being of a growing subgroup of elderly, noninstitutionalized elderly facing risks of health problems and financial dependency. The combination of predisposing characteristics and resources that best explain differences in economic well-being of elderly was examined using a sample from the 1984 National Long Term Care Survey of elderly with functional limitations living in the community (N=5500). There were significant differences in economic well-being by age, marital status, gender, race, types of income sources and education, although age, race and gender did not have significant effects when other variables were controlled. Resource variables added the most explanation for differences in economic well-being, especially sources of income beyond Social Security. The results show the importance of having retirement income sources beyond Social Security for preventing poverty in retirement.
KEY WORDS: *elderly, poverty, well-being*

Understanding economic well-being of the elderly involves going beyond averages of all individuals over 65 years to understanding how diversity among the elderly and aging differently can affect economic status. The economic well-being of individuals over 65 years of age has improved over the years, and now the risk of poverty is no greater

among those over 65 years of age than it is among the population as a whole (Burkhauser & Duncan, 1988). Despite the general improvement in economic well-being among the elderly, questions remain regarding the economic vulnerability of a diverse aging population.

This study focuses on understanding the economic well-being of a growing subgroup of elderly--noninstitutionalized elderly facing risks of health problems and functional limitations. Health and disability problems, including the need for long term care, are uncontrollable life events associated with increased poverty and economic insecurity (Burkhauser & Duncan, 1988; Holden & Smeeding, 1990; Smeeding, 1990). Existing research suggests fear and worry among many elderly regarding potential financial and physical dependency (Bacon, Gitman, Ahmad, & Ainina, 1989; McConnell, 1990). Professional assistance is often needed to help sort through the financial, legal, and emotional implications of increasing life expectancies and long term care risks. Some financial planners may be giving insufficient attention to protecting clients from the financial consequences of long term care. In addition, a majority of financial planners perceive that most clientele are underinsured as well as unaware of protection options (Bacon et al., 1989).

Two major questions are addressed in this study regarding elderly with functional limitations living in the community (noninstitutionalized): (a) What are the individual characteristics and levels of economic well-being? and (b) What combination of individual factors help to best explain differences in levels of economic well-being? Relationships between the dependent variable of economic well-being (income-to-needs ratio) and selected predisposing individual characteristics (gender, marital status, race, age) and resources (income sources, education) are examined.

Understanding the diverse characteristics and economic well-being among this elderly subgroup seems essential for effective financial management prevention and intervention programs. Results in this study can assist financial planners, counselors, and educators to better understand the complexities of financial decision making and availability of resources for this elderly subgroup.

Related Literature

Influences on Economic Well-being of Elderly
A review of literature suggests multiple techniques have been utilized to measure and understand economic well-being. Disposable personal income is argued by many to be the most important indicator of economic well-being for individuals at any one time (Palmer, Smeeding, & Jencks, 1988; Smeeding, 1990). Money income adjusted for "needs", such as the number and age of family members, tax liabilities and the value of non-money economic resources is an improved measure of economic well-being given expected differences in consumption (Smeeding, 1990). Ideally, liquid and non-liquid assets, tax liabilities, debts, and varied in-kind transfers should be included when assessing economic well-being of the elderly. Such factors are often excluded, however, due to inadequate data, underreporting problems, and measurement constraints (Moon, 1977; Smeeding, 1990).

Existing research suggests that an individual's economic well-being is influenced by a variety of factors, some of which are beyond the individual's control. It is well documented that differences in economic well-being are related to uncontrollable personal characteristics, often referred to as the predisposing influences each individual brings to a situation (Grau, 1988; Moon, 1988; Palmer et al., 1988; Smeeding, 1990). Gender and race are consistently found related to economic well-being throughout the lifecycle (Burkhauser, Butler, & Holden, 1991; Holden & Smeeding, 1990; Palmer et al., 1988). Poverty and near poverty rates for females, Blacks, and Hispanics are significantly higher than for males, and Whites (Palmer et al., 1988).

Comparisons of economic well-being by age indicate that elderly persons 75 years or older experience lower incomes and higher rates of poverty than younger individuals. Age alone does not explain differences in economic well-being; rather age-related factors such as retirement, widowhood (marital status), illness, and impairments account for much of the diversity (Burkhauser & Duncan, 1988; Holden, Burkhauser, & Myers, 1986; Zick & Smith, 1988). Such uncontrollable life events have the potential of increasing demands on resources and further reducing income. Recent longitudinal research has found that widowhood, an uncontrollable change in marital status, places individuals at greater risk of poverty than does retirement, an event in which individuals have more control (Holden et al., 1986).

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One uncontrollable life event individuals over 65 face is the risk of changes in health status and illness-engendered poverty. Just as in younger populations, the type and level of health limitations impacting economic well-being among individuals over 65 vary widely (Manton, Patrick, & Johnson, 1987; Rowland & Lyons, 1991). Among those over the age of 65, functional limitations are highly correlated with age. Just 2.6% of persons 65-69 years of age have functional limitations, whereas 31.6% of persons age 85 and older require assistance with personal care (Doty, Liu, K., & Wiener, 1985).

Higher levels of disability and poor health status mean a higher risk of large health care expenses (Liu, K., Manton, & Liu, B. 1985; Rowland & Lyons, 1991). Lack of adequate financial protection against health problems, especially long term care, continues to affect the economic vulnerability of the elderly. The primary financial impact of long term care is currently borne by the income and assets of the elderly and their family members (Feder, 1991; U.S. Senate, 1988). Although individuals over 65 are typically insured under Medicare, and supplementary Medicare private insurance, many individuals and their families still face substantial out-of-pocket outlays for acute health care cost sharing and uncovered care for the chronically ill with functional limitations (Rowland & Lyons, 1991; Smeeding, 1990). Medicaid, a means-tested government assistance program, offers some long term care coverage for low income elderly, however nonskilled in-home personal care is not always covered in every state (Rowland & Lyons, 1991).

Differences in economic well-being of the elderly are also traced to factors over which individuals have more control. Economic well-being is primarily related to retirement income sources for the elderly, as a majority of individuals over 65 are no longer earning wages or salaries in the marketplace (Crystal & Shea, 1990; Palmer et al., 1988). Retirement income sources are related to individual's decisions made during a lifetime, such as whether to invest in education and/or establish savings, as well as broader societal influences such as macroeconomic trends, discrimination in the workplace, and the availability of pensions.

Social Security remains the primary source of retirement income for most elderly and offers some inflation protection (Schulz, 1992). Elderly with additional sources of income, especially pensions and asset income, have a smaller probability of falling below the poverty

line when compared to their counterparts relying only on Social Security (Palmer, et al., 1988; Schulz, 1992). Couples who receive both Social Security and private pension benefits have been found to have lower poverty rates as long as both spouses are alive (Smeeding, 1990). Elderly who are White males are most likely to have had a work history allowing access to pension benefits and vesting opportunities for pensions. The majority of workers without pensions are nonunion, work for firms with a relatively small number of employees, and are concentrated in trade and service occupations (Schulz, 1992).

Existing literature suggests that any one controllable or uncontrollable factor could perhaps be withstood without economic consequences; a combination of factors, or "multiple jeopardy," however, can be devastating to a person's economic well-being (Burkhauser & Duncan, 1988; Holden & Smeeding, 1990). For example, a person who is Black, single, and female with severe functional limitations would be much more likely to have lower economic well-being than a person who is White, married, and male with few functional limitations placing demands on available economic resources.

Methods

Sample
Data used in this analysis are from the 1984 National Long Term Care Survey (NLTCS) conducted by the Bureau of the Census and sponsored by the Department of Health and Human Services. The 1984 NLTCS is the second-wave in a longitudinal survey of the personal characteristics and use of health-related services by noninstitutionalized disabled elderly in the United States. The 1982 NLTCS sample was obtained by screening a random sample of approximately 36,000 Medicare enrollers to determine the presence of one or more limitations in activities of daily living (ADLs) or instrumental activities of daily living (IADLs) in the past three months. Intensive interviews were then conducted with a subsample of community-dwelling elderly ($\underline{N}$=6393). The 1984 NLTCS community-dwelling sample ($\underline{N}$=5934) consists of respondents from 1982 who were re-interviewed; individuals who had been screened-out in 1982 but met the criteria for disability in 1984; and individuals who turned 65 by 1984. A sub-sample of 5,500 individuals who reported household income provided the sample for this study. Further methodological details concerning the 1982 and 1984 NLTC survey and sampling

procedures have been described elsewhere (Macken, 1985; Manton, 1988).

Measures of Variables

Dependent Variable
An adjusted money income measure of economic well-being was employed in this study. Total family money income was used as an appropriate indicator of economic status of the elderly individual (unit of analysis) given the assumption that household members pool and transfer resources among themselves (Burkhauser & Duncan, 1988). As recommended by Smeeding (1990) and Zick and Smith (1988), total household income was divided by the 1984 poverty threshold for size of household including number of children to create a ratio of income in relationship to needs as a measure of economic well-being. For example, the poverty threshold for an elderly individual in 1984 was $4,979. An elderly individual with an annual total household income of $6,500 would have an income-to-needs ratio of 1.31. The amount of missing data regarding the availability and amount of total assets prohibited a more comprehensive measure of economic well-being in this study.

Independent variables
Given existing literature, this study was based on the assumption that economic well-being of noninstitutionalized elderly is influenced by a combination of predisposing characteristics as well as available resources which could be used to meet demands and goals. Predisposing characteristics measured included marital status, age, gender and race. The coding described specifically applies to the regression analysis. Marital status was coded as either being (1) or not being (0): a) married, b) widowed, or c) divorced, separated or never married. Age was measured in actual number of years. Gender was coded as male (0) and female (1). Coding for race was White (1) and Black, Hispanic, Asian or Native American (0).

Resource variables included sources of household income and level of education. Sources of income as a variable reflects a person's previous work history and potential retirement planning. Each household was coded as either having (1) or not having (0) each of the following sources of income: (a) government (Social Security, Railroad Retirement, Veterans, Unemployment, Supplemental Security Income); (b) earned (wages and salaries); (c) retirement (private pensions); (d)

investment (property and interest); and (e) other income sources (regular contributions). Education was measured in the actual years in school reported.

Analysis

Chi-square analysis was first utilized to understand the separate relationships between the independent variables and economic well-being and overall diversity in economic well-being within the sample. For this analysis, the income-to-needs measure of economic well-being was categorized into four groups: (a) poor (<1.0), (b) near poor (1-1.25), (c) modest (1.26-2.0); and (d) nonpoor ($2.01).

Multiple regression was then used to examine the extent to which the selected predisposing and resource variables explained the variation in economic well-being using continuous income-to-needs ratios. Variables with categorical measures were coded as dummy variables and one category, the comparison group, was not entered into regression analysis. To assess multicollinearity, each independent variable was regressed on all of the other independent variables. No correlation levels obtained exceeded standard and conservative cutoff levels (i.e. r$.64) therefore no collinearity problems were indicated (Gordon, 1967).

Findings

Characteristics and Levels of Economic Well-being
Selected characteristics of the sample are shown in Table 1. In this nationally representative sample, 36.6% were poor (ratio < 1.0), 14.1% near poor (1.00-1.25), 26.8% had modest ratios (1.26-2.0), and 26.5% ($2.01) were nonpoor. Given this distribution in income-to-needs ratios, almost three-quarters (73.5%) could have been considered at risk with ratios below 2.01, or 46.7% with income-to-needs ratios below 1.25. This sample clearly has a higher incidence of poverty than the general elderly population. U.S. Census data for 1984 indicates 7.3% of families with heads 65 and over were in poverty compared to 32.6% in poverty in this sample (U.S. Bureau of Census, 1985).

Yearly household income figures for this sample also show that this subsample of elderly has lower household income levels than the general elderly population (M=$11,635; Median=$8312). According to

U. S. Bureau of Census (1985), householders age 65 in 1984 and over had mean income levels of $18,279 and median income levels of $12,799.

Almost half of the respondents were widowed (46.9%), followed closely by being married (43.4%). The sample had a mean age of 77 years, almost two-thirds (64.5%) were female, and a majority White (87%).

Resource levels in this sample offered additional insight into the diverse elderly population. Forty-two percent had only one income source, primarily relying on Social Security. Almost one-third indicated investment income (32.5%) and an additional 30% indicated private pension/retirement income sources. Overall, 35% of the sample indicated two income sources. Over half of the sample (52.3%) had no high school education, 43.8% had nine to twelve years of education, and 12.9% indicated some college.

Additional insight into the resources and long term care demands of disabled elderly living in the community can be gained by understanding diversity in disability levels and health care risk protection strategies. A brief description of the sample on these two characteristics is included, however neither were

Table 1.
Characteristics of Elderly with Different Levels of Economic Well-being

	Total Sample (%)	Poor <1.00 (%)	Near 1-1.25 (%)	Modest 1.26-2.0 (%)	NonPoor $2.01 (%)	χ2 Value	Degrees of Freedom
ECONOMIC WELL-BEING[a]	100.0	32.6	14.1	26.8	26.5		
PREDISPOSING							
Marital Status						491.81**	6
Married	43.4	19.5	10.4	33.6	36.6		
Widowed	46.9	42.0	17.3	21.7	19.0		
Divorced, separated, never married	9.7	45.4	14.7	21.8	18.1		
Age						67.58**	6
65-74	41.7	27.9	13.1	27.5	31.5		
75-84	39.8	35.3	14.7	26.8	23.2		
85+	18.5	37.2	15.1	26.3	22.5		
Gender						119.30**	3
Male	35.5	24.5	12.4	30.6	32.5		
Female	64.5	37.0	15.0	24.7	23.3		
Race						267.54**	6
White	87.1	28.8	14.4	27.9	29.0		
Black	11.8	59.3	13.6	17.6	9.5		
Hispanic, Asian, Native American	1.2	41.9	17.7	30.6	9.7		
RESOURCES							
Income Sources							
Government							
Yes	96.1	32.2	14.3	27.0	26.5		
No	3.9	42.6	8.8	22.7	25.9		
Earned						12.89*	3
Yes	11.9	7.6	7.0	24.4	60.9		
No	88.1	35.9	15.0	27.2	21.9		
Investment						501.93**	3
Yes	32.5	12.3	10.5	27.5	49.7		
No	67.5	42.3	15.8	26.5	15.4		
Retirement						1130.24**	3
Yes	30.1	7.5	6.3	36.1	50.1		
No	69.9	43.4	17.4	22.8	16.4		
Other						95.79**	3
Yes	6.3	16.3	8.6	28.4	46.7		
No	93.7	33.7	14.5	26.7	25.1		
Education						433.84**	9
0-4 yrs.	13.8	50.5	15.7	20.5	13.3		
5-8 yrs.	38.5	38.0	15.4	27.0	19.6		
9-12 yrs.	34.8	24.9	13.6	29.8	31.7		
Any College	12.9	16.1	10.3	25.9	47.7		

[a] Income-to-needs ratio
*p<.01
**p<.001

expected to influence income-to-needs in this cross-sectional study and were not included in the final regression.

Two measures of the extent of functional limitations or physical disability, and, therefore, an indication of the need for long term care, are the Activities of Daily Living (ADL) scale (Katz, Ford, Moskowitz, Jackson, & Jaffe, 1963) and Instrumental Activities of Daily Living (IADL) scale (Duke University Center for the Study of Aging and Human Development, 1978). ADLs refer to the performance of basic personal care tasks such as the ability to dress oneself, eat, and toilet. IADLs assess a person's ability to perform tasks needed to maintain a household independently, such as preparing meals, managing money, doing housework and laundry, and using the telephone.

Elderly in this sample were most likely to indicate problems with one to three (39.4%) or four to six (38.4%) IADLs (household management). The most common limitations were needing help with heavy housework, laundry, and shopping, suggesting a high degree of functional ability for many elderly living in the community. Sixty-eight percent indicated no ADL (personal care) limitations. As expected, older individuals, especially those over 85, were more likely to have more severe functional limitations.

Individuals were categorized according to three sources of risk protection in addition to Medicare: self-insuring (no private or public insurance); private insurance policies or CHAMPUS military benefits, and government protection through Medicaid or some other form of public assistance. Due to the nature of the sample, all respondents were Medicare beneficiaries. In this sample, 22% were self-insuring by relying on current income and possible assets, 57% of the elderly had private insurance to protect against some types of health care risks, and 20% had some type of public assistance, primarily coverage under state-administered Medicaid programs. Health care risk protection for this sample contrasts with Lewin/ICF and Brookings Institute (1989) findings of 72% of all elderly having private supplemental insurance. In comparison to Neuschler's (1991) findings where 32% of noninstitutionalized elderly living in poverty were reported as covered by Medicaid, results in this study of disabled noninstitutionalized elderly found 40.2% of elderly with income-to-needs ratios below 1.0 on Medicaid.

Differences in Economic Well-being

Significant relationships between all independent predisposing and resource variables and economic well-being were found in initial chi-square analysis (p<.05) (see Table 1). Elderly who were widowed or single, older, female, and non-White, were more likely to be poor or near poor than their married, younger, male, and White counterparts. For example, the incidence of poverty among widowed persons (42%) was more than twice that of married elderly (19.5%) χ^2(6, $\underline{N}$=5462)=491.816. Black and Hispanic elderly (59.3% and 41.9% respectively) were much more likely to be poor than White elderly (28.8%) χ^2(6, $\underline{N}$=5299)=267.54).

Resource variables were also significantly related to economic well-being. Elderly with either investment, retirement or earned sources of income beyond Social Security were more likely to have modest or nonpoor economic well-being levels than poor or near poor levels. For example, elderly with retirement income sources were more likely to be nonpoor (50.1%) than poor (7.5%) χ^2(3, $\underline{N}$=5500)=1130.24. Increasing levels of education were also significantly related to increasing levels of economic well-being. Of elders with 0-4 years of education, 50% were likely to be poor, versus 16% of elders with any college being poor χ^2(9, $\underline{N}$=5500)=433.843. Almost one-half (47.7%) with any college were nonpoor.

Multiple Influences on Economic Well-Being
Multiple regression analysis was used to examine the extent to which the combination of selected predisposing and resource variables explained the variation in economic well-being. Table 2 contains all variables in the final step of the regression and indicates the significance levels. The standardized coefficient indicates the relative importance of each variable in explaining the variance in economic well-being.

Overall, 29% of the variance in economic well-being was explained using the selected predisposing and resource characteristics of individuals. Resource variables added the most explanation to differences in economic well-being. Within the resource variables, income sources (earned, investment, and retirement) added more explanation to the variance relative to education measures although all were significant. Individuals with investment, earned, retirement or other income sources, and higher education had higher income-to-needs ratios.

At the mean values of other independent variables, the predicted economic well-being of married couples was 1.9, compared to 1.6 for widows, divorced and other types of households. If households without investment income had mean levels of other variables, predicted economic well-being would be 1.5, compared to 2.3 for those with investment income. Predicted economic well-being is 1.6 for those with 6 years of education, 1.9 for those with 12 years, and 2.2 for those with 16 years of education, all other things equal. Households with earned income had predicted economic well-being of 3.1, compared to a level of 1.6 for otherwise similar households with no earned income.

Table 2.
Multiple Regression for Independent Variables Explaining Economic Well-being

Independent Variables Regression	Unstandardized Regression Coefficient[a]	Standarized Regression Coefficient
Predisposing		
Marital Status[b]		
Widow	-.349	-.111*
Divorced, separated,never married	-.375	-.071*
Age	.001	.005
Female	-.047	-.014
White	.084	.019
Resources		
Income Sources		
Government	-.035	-.004
Earned	1.546	.317*
Investment	.778	.233*
Retirement	.590	.173*
Other	.680	.106*
Education	.064	.156*
Intercept	.623	

[a]Unstandardized regression coefficients can be used to compare the magnitude of change one unit of the variable has on economic well-being.
[b]Dummy variable with married the reference variable
Note. Adjusted R^2=.298; N=5500; F(11,5150)=200.47, p<.001
*p<.001

The overall results suggested predisposing variables added less explanation to the total variation in economic well-being than resource variables. Marital status was the only predisposing variable significantly related to economic well-being. Widowed, divorced, separated and never married elderly were more likely to have lower economic well-being when compared to married elderly.

Discussion

Few studies have examined diversity in, and factors explaining economic well-being among noninstitutionalized elderly with functional health limitations. Results in this study which address such questions reinforce how a combination of predisposing characteristics and resources influence economic well-being in later life stages. Because the sample was a select subgroup of the aged population, those with functional limitations, results from this study are not generalizable to the entire elderly population. On the other hand, analysis of this sample presents an informative picture of a subset of the elderly population that is most vulnerable to long term care costs and a prime audience for financial management advice, planning and education. This cross-sectional analysis represents only a snapshot understanding of economic well-being and does not attempt to capture the dynamic transitions in economic well-being.

While economic well-being among the elderly has improved overall, the results in this study comparing income-to-needs ratios suggest a range of "have and have-nots" among noninstitutionalized elderly with functional limitations. Almost one-third (32.6%) are poor with an income equal to or less than the
poverty level for their household composition. Elderly in this sample were just over four times more likely than the general elderly population to be in poverty (U.S. Bureau of Census, 1985). The largest group (40.9%) in this sample were in between poverty and non-poverty. On the other end of the continuum, 26.5% of the elderly in this sample had income-to-needs ratios more than twice the poverty level for their household composition.

Smeeding (1990) suggested that "tweeners" with income-to-needs ratios between 1.0 and 2.0 are the most vulnerable economically. This group is often caught in both income and health care eligibility gaps, making too much to qualify for means-tested government assistance programs but not having enough to adequately self-insure through savings or private insurance. Given the current long term care "system" and incentives, tweeners and financial professionals are often confronted with difficult ethical dilemmas and decisions regarding financial independence (Rivlin & Wiener, 1988).

The range of income-to-needs ratios in this sample gives some insight as to the range of financial counseling or planning services that might

be sought as well as which elderly may be able to afford varied types of financial management services. While this study focused on an income-to-needs measure of economic well-being, knowledge of assets is also needed to adequately target and tailor programs and services for an older population. Additional research using varied economic well-being measures is needed on which to build education and intervention programming for older persons.

Individual factors explaining economic well-being for the noninstitutionalized elderly with functional limitations appear to be consistent with factors for other subgroups of elderly. In the bivariate analysis of economic well-being significant differences are found for all expected predisposing characteristics (age, marital status, gender, and race); and resource variables (income sources, education).

In the multivariate analysis, significant effects on economic well-being were found for all resource variables and marital status as a predisposing variable. Age, gender, and race were not significant variables when other predisposing and resource variables were controlled. The significant effect of education in the regression may be due to both the positive relationship between education and resources, even after controlling for other resource variables, and the greater ability of more educated consumers to plan for the future. Resource variables add the most explanation for differences in economic well-being, especially sources of income beyond Social Security. This suggests that multiple demands and challenges posed by uncontrollable predisposing variables can best be overcome by more controllable resource variables. The results reinforce the idea that elderly who are not married, less educated, and have only one income source are most at risk of lower levels of economic well-being.   Such results support Holden and Smeeding's (1990) suggestion that Social Security alone as an income source and Medicare only as protection against health care are major sources of economic insecurity for the elderly.

While 29% of the variance in economic well-being is explained when all variables are combined, a significant percent is unexplained. Additional social-structural or macro variables as well as additional individual characteristics would need to be included to more fully explain economic well-being.

Implications for Financial Management Prevention and Intervention

Quinn (1987) has warned against discussing "the elderly" as one homogeneous group and the need to "beware of the mean." This message is reinforced given the diversity found in predisposing characteristics and resources as well as economic well-being among a subgroup of elderly who might easily be thought of as very similar. Such diversity is essential to understand if financial management intervention and education programs are tailored and targeted to address the goals and needs of individuals in this subgroup. No one program, service or approach will fit all elderly with functional limitations.

Knowledge of predisposing and resource characteristics and their effects on economic well-being offers insight into how financial management skills could be targeted to the young-old (65-75 years), old-old (85+ years), married units concerned about spousal impoverishment, individuals with varied levels of functional limitations, and varied sources of health care risk protection. Understanding differences in economic well-being by gender and race can also assist in tailoring appropriate programming.

The diverse education levels in this sample reinforce the challenges confronting professionals in both prevention and intervention work. Appropriate resources and techniques are needed which can assist individuals of all education levels make informed financial decisions. Attention to reading levels and presentation of financial management concepts is needed to assist the one-half of this sample (52.3%) with an eighth grade or less education.

Results in this study suggest that improving economic well-being of the elderly will largely depend on the role of resources, variables over which individuals and society have more control. Having sources of income beyond Social Security, especially investment and retirement sources of income, offers protection against lower economic well-being. Financial decision making skills, education and job training, availability and quality of private pension plans, macroeconomic policies, mobility of the workforce, wage rates, and racial and sexual discrimination all tend to accumulate and influence sources of income for elderly individuals. Such factors also influence whether income is greater than consumption, allowing the possibility for saving for retirement and additional contingencies to occur.

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Financial counselors are challenged to help some old-old and lower income elderly in the current elderly cohort maximize one constant and inflation adjusted income source, primarily Social Security. For some elders options or chances to make changes in available resources may depend upon eligibility for government programs and assistance from social support networks. Financial counselors who focus on elderly populations must be knowledgeable about the variety of public and private resources available to help elders remain financially and physically independent. Future cohorts of elderly are expected to experience more diverse sources of income due to greater numbers of women in the workforce, and improvements in the private pension system for all workers; thus more retired women are likely to have pensions. Subgroups of the elderly, especially minorities, are still expected to be disproportionately less likely to have retirement or investment sources of income (Schulz, 1992).

Financial educators and advisers have the opportunity to assist future cohorts to make appropriate financial plans and decisions regarding retirement sources of income. Specific information on investment and retirement options is needed in a form that can be understood by consumers. Employers should be encouraged to provide workshops for employees to assist in decision making long before retirement occurs. Such preventative educational programming has the potential to provide individuals with objective information to assist in developing adequate resources to cope with the demands of later lifestages and longer life expectancies.

In addition to building sources of income as a resource, gaps in health care risk protection should be addressed to help reduce economic vulnerability. While most individuals are familiar with the need to protect against acute health care risks, few plan for the demands of chronic illnesses or functional health limitations. Without sources of protection beyond Medicare, elderly are at risk of high expenditures or impoverishment until eligible for Medicaid. Prevention educators and financial management interventionists must first of all understand themselves as well as inform aging individuals of both acute and long term health care risks and transitions as a result of increasing life expectancies. Very simply, individuals who live longer and experience chronic health problems will have more problems with functional limitations and have a need for some type of health and supportive social services to meet the challenges of day-to-day living (Soldo & Manton, 1985). Individuals need to be aware that long term care

services are varied and can be provided in a variety of settings.

Additional steps in health care risk protection planning needing attention include: (a) understanding the potential financial impact of long term care, regardless of setting, on varied family units; and (b) potential protection strategies such as government programs, family resources, and private insurance. Family members need objective assistance to help sort out costs and benefits of varied options based on their own values and goals.

The complexity of situations and financial decision making in health care risk protection challenges professionals to keep up-to-date and help clientele identify appropriate options. For example, more than 80 federal programs currently address some aspect of long term care. In addition, each of the 50 states and the private marketplace have been active in developing additional policies and programs (Department of Treasury, 1990).

This study provides further evidence that economic well-being in later lifestages is influenced by a combination of predisposing characteristics and resources that accumulate over a lifetime. Financial advisors, planners, and educators are encouraged to recognize the importance of these factors as they work with individuals to maintain financial independence. Creative and effective prevention and intervention financial management programming is essential to assist an aging population face increasing life expectancies and quality of life issues.

Appendix

Pearson Correlations for Independent Variables and Economic Well-Being

Variables	1	2	3	4	5	6	7	8	9	10	11	12
1. Married												
2. Widowed	-.82***											
3. Divorced, separated, never married	-.29***	-.30***										
4. Age	-.31***	.35***	-.07***									
5. Female	-.41***	.41***	-.02	.11***								
6. White	.07***	-.04***	-.05***	.02	-.00							
7. Gov.Inc.	.02	-.00	-.03*	-.04**	-.03*	-.02						
8. Earn.Inc.	-.01	.03*	-.03*	-.02	-.02*	-.03*	-.01					
9. Inv.Inc.	.10***	-.07***	-.05***	.01	-.06***	.16***	.05***	.06***				
10. Ret.Inc.	.19***	-.17***	-.03**	-.08***	-.09***	.12***	.02*	-.06***	.19***			

11. Other Inc.	.02	-.01	-.02	.02	.00	.03*	.02	.01	.07***	.03*		
12. Education	.08***	-.09***	.03***	-.13***	.04**	.24***	-.04***	-.02*	.20***	.21***	.02	
13. Economic Well-being	.18***	-.15***	-.06***	-.07***	-.09***	.12***	.01	.32***	.34***	.26***	.14***	.24***

*p<.05 **p<.01 ***p<.01

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