

THE 80%

Low-Income Older Adults Die 9 Years Earlier than Those with Greatest Wealth

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Low-Income Older Adults Die 9 Years Earlier than Those with Greatest Wealth

Limited personal wealth in the United States manifests not just as financial difficulties, but also in how long people live. In a study first launched in 2020, the research team found that 80% of Americans age 60 and over (or approximately 34 million households) would not be able to withstand a financial shock such as a divorce, a serious health setback, or having to pay for long-term services and supports. There are 43 million households headed by an older adult in the country.

This year's update finds a sizable difference in mortality rate and mortality age by wealth. As Figure 1 shows, from 2018 to 2022 older adults in the three lowest quintiles of net worth had a mortality rate of 17.6-21%, nearly double the mortality rate compared to those in the upper two deciles.

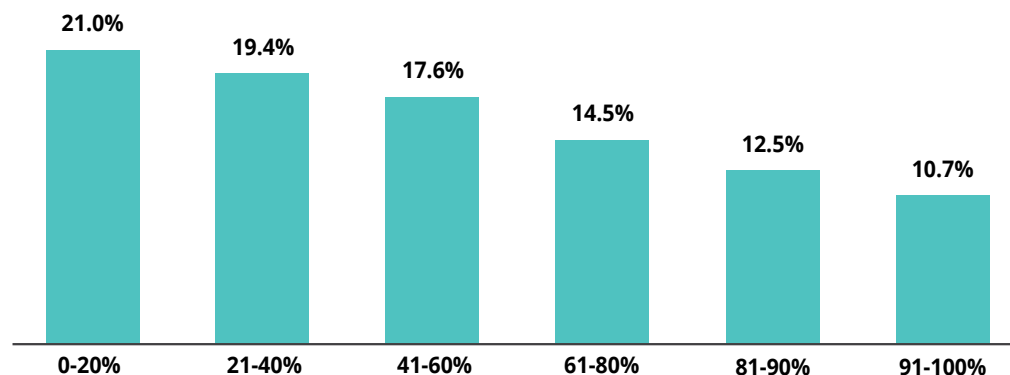
Those in the bottom quintile died an average of 9 years earlier than those in the highest decile, as shown in Table 1. These findings suggest that the more financial resources older adults have, the longer they live. These data provide a strong indicator of the impact wealth has on health and show how the lower quintiles were unable to weather the shock of the COVID-19 pandemic as well as those in the upper deciles.

NCOA and research partners at the LeadingAge LTSS Center @UMass Boston analyzed longitudinal data from the Health and Retirement Study (HRS), a well-respected and nationally representative panel study of middle-age and older adults, to assess the financial security of Americans age 60 and over.

To examine trends over time, the research team tracked key variables between 2014 and 2016, with updated reports issued in 2023 (with 2018 data) and in 2024 (with 2020 data).

This report includes 2022 data, the most recent available, and looks at mortality rate and mortality age statistics, highlighting the relationship between financial status and mortality as a proxy for health status in the United States.

Figure 1. Mortality Rate by Wealth Quintile and Decile (2018-2022)



Source: National Council on Aging and LeadingAge LTSS Center @UMass Boston

Financial Shocks

In the United States, large, sudden losses of net worth are common. The risk of experiencing such a financial shock intensifies in older age, as health often declines, people become widowed, lose the ability to work or live independently, and do not have sufficient financial resources.

Over a 20-year period, **more than 25% of adults age 50 and over will experience a shock resulting in a 75% or more drop in net wealth.** Among adults age 70 and older, **more than two-thirds will experience at least one negative shock** with financial consequences over a nine-year period. In 2022, **around half of older adults reported lacking the savings needed to respond to an emergency or financial shock.**

One of the most significant and persistent costs burdening older adults is long-term services and supports (LTSS), which range from non-medical assistance with activities of daily living to medical care in a skilled nursing facility. **Over half of adults 65 and older will need LTSS** for less than two years, and about 14% will require care for more than five years. Financing even one year of care can be extremely difficult for most Americans: in 2018, **the average yearly cost of a private room in a nursing home was \$105,485, and that of a home health care aide was \$37,440.** LTSS costs have continued to rise over time, with nursing home and adult day services increasing 3.2% per year from 2013-2018, and home care services increasing 1% per year over the same period.

The costs continued to rise in **2020** and **2022**. Skilled nursing facilities showed an increase **ranging from 2.5 to 2.8%** for various room types. Because Medicare does not pay for LTSS costs, this financial risk is often faced directly by older adults and their families or by safety net programs such as Medicaid. Older adults' access to long-term services and supports can be disrupted by financial shocks or changes in health insurance, leaving care needs unmet.

The COVID-19 pandemic added additional pressures to employment, income, and savings for older adults. Financial shocks included changes to work and retirement plans as well as unanticipated health-related expenses. During the pandemic, **11% of people aged 65 and older lost their jobs.** Older adults faced more severe health impacts, with **a higher risk of contracting COVID-19, a higher risk of complications and death, an increased risk of hospitalization and high rates of reported loneliness, a major risk factor for poor health outcomes.**

Among older adults, intergenerational living arrangements, being an essential front-line worker, and overcrowded housing were associated with higher risk of negative COVID-19 outcomes. With an increase in fatalities due to COVID-19 or related complications, widowhood was also a likely source of financial shock for many.

This updated report captures how the financial status of older adults has evolved between 2018 and 2022, offering a clearer understanding of most older adults' inability to weather financial shocks and maintain economic security. This report also captures the 2022 follow-up period from the initial onset of the COVID-19 pandemic in 2020, a major source of widespread financial and health challenges for many Americans. Finally, this report examines mortality rate and mortality age by financial status, outlining the relationship between finances and health (as measured by mortality) for older adults in the United States.

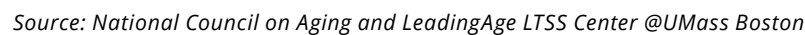
Wealth and Financial Status

Most older Americans lack sufficient resources to weather a financial shock such as a significant long-term care need, health issue, or loss of income due to widowhood. As was the case in the prior reports in this series, 80% of those 60 and older have little to no assets and would not be able to weather a financial shock without falling into poverty. The bottom 20% – approximately 9 million households – continued to have no assets in 2022. Although the latest figures showed some increases in financial assets from 2020 to 2022 across the next three quintile groups (21-40%, 41-60%, and 61-80%), the growth in financial assets was minimal (\$100 for 21-40%, \$800 for 41-60%, and \$3,000 for 61-80).

Table 1 shows households with adults aged 60 and older divided into quintiles and deciles based on their net value of total wealth. For each quintile and decile, there are three columns showing data for the years 2018 through 2022. The numbers in the rows represent the median value of the financial measures for each quintile or decile. The figure also includes the mortality rate and mortality age for each quintile or decile.

	0–20%			21–40%			41–60%			61–80%			81–90%			91–100%		
	2018	2020	2022	2018	2020	2022	2018	2020	2022	2018	2020	2022	2018	2020	2022	2018	2020	2022
Total Household Income (median)	\$16,989	\$17,880	\$19,560	\$27,240	\$29,023	\$30,112	\$40,000	\$43,324	\$46,200	\$52,229	\$54,828	\$60,286	\$71,135	\$72,876	\$80,400	\$109,092	\$115,108	\$120,000
Net Value of Primary Residence (median)	\$0	\$0	\$0	\$45,000	\$32,000	\$31,822	\$115,000	\$117,000	\$116,800	\$220,000	\$270,000	\$224,000	\$300,000	\$330,000	\$300,000	\$400,000	\$475,000	\$477,500
Household Value of Financial Assets (non-housing, median)	\$0	\$0	\$0	\$2,000	\$1,500	\$1,600	\$16,300	\$15,000	\$15,800	\$130,000	\$124,000	\$127,000	\$480,000	\$500,000	\$624,500	\$1,331,254	\$1,445,000	\$1,813,264
Household Net Value of Total Wealth (median)	\$0	\$0	\$0	\$39,500	\$35,000	\$33,600	\$150,000	\$149,000	\$148,900	\$369,405	\$396,600	\$387,545	\$779,287	\$835,000	\$1,076,113	\$1,800,000	\$1,920,746	\$2,546,521
Age (median)	68	67	67	71	70	69	73	72	71	73	73	72	73	74	73	73	74	74
Mortality Rate (2018-2022)	21.0%			19.4%			17.6%			14.5%			12.5%			10.7%		
Mortality Age (average)	76			79			81			82			83			85		

Figure 2. Value of Financial Assets by Wealth Quintile and Decile (2018-2022)



Across 2018-2020, the first three quintiles could not afford to pay for any LTSS and those in the fourth quintile (61-80%) were unable to afford more than two years of nursing home care in a semi-private room or four years in an assisted living community, even if their median income and household value of financial assets were added together. The 2022 data did not show any improvements in financial capability. These individuals would still **be unable to afford more than two years of nursing home care** in a semi-private room or four years in an assisted living community even if their median income and household value of financial assets are added together, with additional pressures from financial shocks due to the pandemic.

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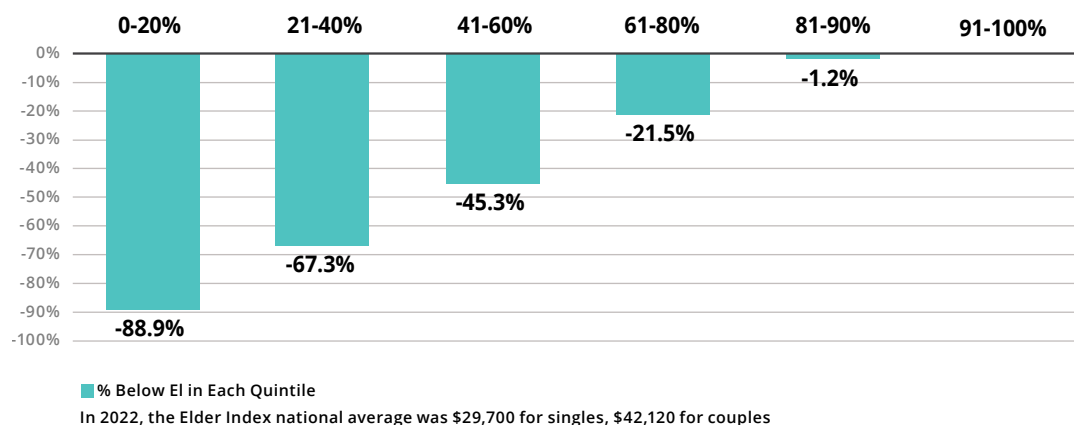
Elder Index Findings

The Elder Index is a measure of the income older adults need to live independently in the community without some assistance. The Index factors in the residential area, marital status, health status (poor, good, excellent), and housing status (renter, homeowner with mortgage, homeowner without mortgage). In 2022, the Elder Index national average, which is the amount of money necessary to cover older adults' cost of living, was \$29,700 for singles, \$42,120 for couples.

Beyond financial shocks and LTSS needs, additional HRS analyses revealed that a substantial percentage of older adults still do not have adequate income to cover their basic living costs.

Specifically, the 2022 HRS data showed that 88.9% (8 million households) in the lowest wealth quintile lived under the Elder Index¹, which means they did not have enough money to cover their basic cost of living. Overall, an estimated 45% (19.2 million) households headed by those 60 and older had an average income below the Elder Index.

Figure 3. Share of Older Adults Below the Elder Index by Wealth Quintile and Decile (2018-2022)



Source: National Council on Aging and LeadingAge LTSS Center @UMass Boston

It is important to note that, while these individuals are concentrated in the lower two quintiles, they appear across the entire 80% and not at all in the upper 20%. Because medical expenses are a major part of the Elder Index—and are likely to rise with proposed Medicaid changes—the number of older adults falling below the Index is expected to grow, especially among those most reliant on Medicaid.

Also noteworthy is that the median net value of primary residences decreased in 2022, reversing a trend of growth for those in the 41-60% and 61-80% quintiles, as well as the 81-90% decile, while increasing for the top 10%. For those in the 21-40% quintile, the net value of their primary residence continued to deteriorate in 2022, a trend that started in 2020.

¹The Elder Economic Security Standard™ Index (Elder Index), was developed by the Gerontology Institute at the University of Massachusetts Boston.

Whether household wealth is comprised primarily of liquid assets or home equity also matters. With the exception of the bottom 20%, most older adults in the 21-40%, 41-60%, and 61-80% quintiles hold the majority of their financial assets in the property value of their homes. If annuitized, home equity could theoretically act as a potential buffer in the event of a financial shock. However, [a prior HRS analysis](#) demonstrated that **only 18% of those 62 and older would benefit from using their home equity to pay for LTSS care**, should the need arise. The remaining 82% either did not have enough home equity to make a difference in the payment of LTSS costs and would still need to rely on Medicaid coverage over time, or a much smaller group could afford LTSS care, depending on how long they needed it.

Still, this observation of current older adults having property assets that may help weather financial shocks is an important consideration in the conversation regarding the economic stability of future generations. With [fewer young adults owning property compared to the Baby Boomer generation at their age](#), it is unclear how property ownership will transition in the coming decades and how this will impact the ability to absorb financial shocks for future older adults. In addition, with [proposed changes to Medicaid](#), households may look to home equity to fill coverage gaps for long-term care, with potential implications for long-term financial security.

Conclusions

Our updated 2022 report shows that economic inequality has a health cost: the mortality rate is nearly double, and the age of mortality is 9 years lower on average for the bottom 20% as compared to the top 10%.

The analysis shows that the trends established in the three prior installments of this series continue. It also finds that there is a growing wealth divide between the bottom 80% and the top 20%. The reality is that the vast majority (80%) of older adults are struggling financially now or are at risk of falling into poverty if faced with a financial shock. Most of them will face financial insecurity as they age.

While the financial situation for many older Americans has remained precarious, results from our 2018-2022 analysis show an emerging trend of widening wealth inequality. From 2018-2020, income grew slightly while the household net value of total assets declined for 80% of older adults. The 2022 data show that income continued to grow slightly while the household net value of total wealth stayed at zero for the 0-20%, improved minimally for the 21-40%, 41-60% and 61-80%, but continued to grow at a steady pace for the top two deciles. For those in the lowest 40%, home ownership is virtually nonexistent or decreasing in value. Despite modest increases in income, **80% of older adults in the U.S. continue to be unable to absorb a financial shock such as LTSS.**

While COVID-19 health and employment shocks may have contributed to the initial decline seen between 2018 and 2020, the vast majority of older adults still remain at financial risk in 2022 and have not recovered from the impacts of the pandemic. Looking ahead, recently enacted policy changes that roll back Medicaid expansion, eliminate marketplace cost-sharing subsidies, and impose work requirements will push millions off coverage. These changes will place additional financial strain on low- and middle-income households, leading to higher rates of uninsurance, medical debt, and food insecurity among older adults. We anticipate that their financial situation will continue to decline, wealth will continue to rise for the top 20%, mortality

rates will likely get higher among those in the lower quintiles, and more older adults will fall below the Elder Index, due to the cumulative effects of these policy changes which create higher out-of-pocket expenses and thus leave fewer dollars available for covering basic living necessities. The future of aging in America will likely be defined by an ever-widening inequality in both financial status and mortality, deepening the divide between the majority of older Americans (the 80%) and the top 20%.

Methodology

We segmented the HRS sample of adults aged 60 and older into quintiles based on the net value of their total wealth. This means we divided the population into five equal parts of 20 percent. The last quintile was further broken out into two groups, each representing 10 percent of the population. Each quintile represents approximately 9 million older U.S. households, and the two deciles comprising the last quintile each represent 4.5 million U.S. households. The HRS study sample was nationally representative and robust, with 10,013 households included in this analysis.

We examined several financial measures of well-being across the quintiles and deciles. We also compared data from 2018 to 2022 for this report, which allowed us to examine trends in the financial health of older households. The measures are defined as follows:

- The net value of total wealth is the total sum of housing and financial assets less debts.
- The net value of primary residence is the value of homeowner's primary residence less mortgages and home loans. This measure reflects home equity that an older person may tap into should they need income and desire to stay in their current home.
- The total value of financial assets is the total sum of retirement plans, stocks mutual funds, investment trusts, checking, savings, money market accounts, government savings bonds, T-bills, bonds, bond funds, and other savings. It does not take into account debts or the net value of a homeowner's primary residence.

We also examined the mortality rate and mortality age, a new feature of the 2022 80% series. The measures are defined as follows:

- The mortality rate is the percentage of individuals in each quintile/decile who died during the 2018 to 2022 time period.
- The mortality age is the average age at which individuals in each quintile/decile died during the 2018 to 2022 time period.



About NCOA

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About the LeadingAge LTSS Center @ UMass Boston

The LeadingAge LTSS Center @UMass Boston conducts research to help our nation address the challenges and seize the opportunities associated with a growing older population. Established in 2017, the LTSS Center is the first organization of its kind to combine the resources of a major research university with the expertise and experience of applied researchers working with providers of long-term services and supports (LTSS). Learn more at www.ltsscenter.org.