CENTER for RETIREMENT RESEARCH at BOSTON COLLEGE

FINANCIAL WELL-BEING OF RESIDENTS IN SENIORS HOUSING AND CARE COMMUNITIES: EVIDENCE FROM THE *RESIDENTS FINANCIAL SURVEY*

Norma B. Coe and April Yanyuan Wu

CRR WP 2012-7
Date Released: April 2012
Date Submitted: November 2011

Center for Retirement Research at Boston College
Hovey House
140 Commonwealth Avenue
Chestnut Hill, MA 02467
Tel: 617-552-1762 Fax: 617-552-0191
http://crr.bc.edu

Norma B. Coe is associate director for research at the Center for Retirement Research at Boston College (CRR). April Yanyuan Wu is a research economist at the CRR. The research reported here was performed pursuant to a grant from the National Investment Center for the Seniors Housing & Care Industry (NIC), the Assisted Living Federation of America (ALFA), and the American Seniors Housing Association (ASHA). The opinions and conclusion expressed are solely those of the authors and do not represent the opinions or policy of NIC, ALFA, ASHA, or Boston College. The authors are grateful for comments supplied on an earlier draft by Charles Harry. They would also like to thank the team at ProMatura Group, LLC, especially Edie Smith and Margaret Wylde, and Mashfiqur Khan, Madeline Medenica and Zhenya Karamcheva for research assistance. All errors are their own.

Corresponding author: Norma B. Coe, Center for Retirement Research at Boston College, Hovey House, 258 Hammond St., Chestnut Hill, MA 02467; Tel: (617) 552-1762; Fax: (617) 552-0191; e-mail: Norma.Coe@bc.edu

About the Center for Retirement Research

The *Center for Retirement Research at Boston College*, part of a consortium that includes parallel centers at the University of Michigan and the National Bureau of Economic Research, was established in 1998 through a grant from the Social Security Administration. The Center's mission is to produce first-class research and forge a strong link between the academic community and decision-makers in the public and private sectors around an issue of critical importance to the nation's future. To achieve this mission, the Center sponsors a wide variety of research projects, transmits new findings to a broad audience, trains new scholars, and broadens access to valuable data sources.

Center for Retirement Research at Boston College
Hovey House
140 Commonwealth Avenue
Chestnut Hill, MA 02467
phone: 617-552-1762 fax: 617-552-0191
e-mail: crr@bc.edu
crr.bc.edu

Affiliated Institutions:
The Brookings Institution
Massachusetts Institute of Technology
Syracuse University
Urban Institute

TABLE OF CONTENTS

ASSOCIATED PAPERS

1. Coe, Norma B. and April Yanyuan Wu. 2012. "Residents in Seniors Housing and Care Communities: Overview of the *Residents Financial Survey*." Working Paper 2012-6. Chestnut Hill, MA: Center for Retirement Research at Boston College.

2. Coe, Norma B. and April Yanyuan Wu. 2012. "Costs and Concerns Among Residents in Seniors Housing and Care Communities: Evidence from the *Residents Financial Survey*." Working Paper 2012-8. Chestnut Hill, MA: Center for Retirement Research at Boston College.

3. Coe, Norma B. and April Yanyuan Wu. 2012. "Geographic Mobility Among Residents in Seniors Housing and Care Communities: Evidence from the *Residents Financial Survey*." Working Paper 2012-9. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Introduction

With the leading edge of the baby boom generation reaching retirement age, decisionmakers need a comprehensive understanding of their social, economic, and health characteristics – both in terms of resources and needs – in order to adopt effective public policies and private services to meet the needs of an aging population. One area of particular importance is their need for housing and long-term care services. A variety of options is available to meet these needs, including independent living (IL) and assisted living (AL) residences.[1]

In the late 1990s, the National Investment Center for the Seniors Housing & Care Industry (NIC) sponsored survey research on the economic status of residents of AL communities. This research found that residents had significantly lower incomes than reported in other industry-sponsored surveys, suggesting that other payment sources – such as asset liquidation and financial assistance from family members – could be important in covering the costs of care. More recently, Coe and Boyle (2012) used three existing, nationally representative surveys to compare the economic circumstances of the elderly in various living arrangements: in private residences, in ALs, in ILs, and in continuing care retirement communities (CCRCs). Their study concludes that while we can learn from the nationally representative surveys, they have significant limitations in addressing questions concerning the financial security of residents for three main reasons: (1) it is difficult to consistently identify individuals in senior care communities across the surveys; (2) the sample sizes are very limited for those you can identify, making longitudinal analysis difficult; and (3) the wealth data are insufficient to paint a reliable picture of the economic status of the residents of these communities.

To fully understand the current and future economic situation of this population, we designed and conducted a new survey, the *Residents Financial Survey* (RFS), with assistance from ProMatura Group, LLC.[2] This survey gathered information on the income and assets at the time of the survey (2011), as well as retrospective information concerning living arrangements, care provision, and financial gifts given by the elderly.

This paper explores the financial well-being of individuals in IL and AL communities, by first examining their monthly income amount and sources. Using reported Social Security benefits, we also compute a measure of lifetime earnings instead of relying only on point-in-time

[1] Nursing homes and continuing care retirement communities – which include independent living care segments – are also important providers of housing and care, but outside the scope of this research.
[2] See Coe and Wu (2012) for more details of the survey.

measures taken once the individual is already elderly. We then examine net worth, both the levels and the types of assets that residents hold. We compare income and assets among individuals, which emphasizes the need to include both measures in one survey in order to assess seniors' financial security. Finally, we examine how gift-giving and assets are related to one's tenure in their community, to look for patterns of asset spend-down or asset depletion.

1. The *Residents Financial Survey*

The *Residents Financial Survey*, fielded in 2011, was designed to measure the assets and incomes of individuals in freestanding ILs (ILs), freestanding ALs (ALs), and communities that offer both IL and AL arrangements. The final sample consists of 2,617 respondents. There are 477 individuals, or about 18 percent of the sample, living in ILs; 880 (34 percent) in ALs; and 1,260 (more than 48 percent) in communities that offer both IL and AL arrangements (with 32.6 percent in the IL portion and 15.5 percent in the AL portion).

Table 1 presents the RFS sample's health and demographic characteristics, separated by living arrangement.[3] The average age of our sample is just over 86, with no significant differences across four types of living arrangements. The age distribution is slightly skewed to the right, with the median respondent being 87 years old. The age differences between the men and women are significant, however, with the women being older. Compared to earlier work, our sample is significantly older.[4] The average age at which our respondents moved into their current community is 83.3 years old, with a median age of 84.4.

About one-quarter of the respondents living in freestanding ALs were men, with slightly higher representation in the other community types (31 for the AL portion of IL/ALs, 29 percent for ILs, and 35 percent for the IL portion of IL/ALs). While this might seem low, the RFS has higher male representation for ALs than previous work.[5] The proportion of men in ILs is comparable to the samples studied in Coe and Boyle (2012).

These residents are predominantly Caucasian, with more than 92 percent self-identifying as such. Almost 3 percent of the freestanding IL respondents are African-American, compared

[3] In the tables presented in the paper, we include non-response and questionable answers in the percentages so the reader has the full information. Appendix Table 1 presents the descriptive statistics percentages re-calibrated as a percent of those who answered correctly, instead of the percent of people in the survey, so comparison across the types of communities is easier for the reader.

[4] Coe and Boyle (2012), the *Independent Living Report*, ALFA (1998), and NIC (1998) all had average ages of 80-85.

[5] See the NIC (1998), ALFA (1998), and Coe and Boyle (2012).

to less than 1 percent from the other community types. Even adjusting for the regional composition of our sample, Hispanics and African-Americans are underrepresented in these communities, compared to the U.S. 65-plus population of about 19 percent.[6]

Marital status varies among the different types of communities. Less than 10 percent of residents in freestanding ALs are currently married, and 72 percent are widowed. Respondents in the other community types are much more likely to still be married (16 percent for the AL portion of IL/ALs, 13 percent for ILs, and 20 percent for the IL portion of IL/ALs). The marital pattern for ILs and the IL portion of IL/ALs is comparable to that reported by Coe and Boyle (2012). It is lower than that reported in the *Independent Living Report* (about 35 percent), but that is not surprising considering their focus was on new entrants and included CCRCs in the sample. For the freestanding ALs and the AL portion of IL/ALs, our sample is much less likely to be married than the 20-percent marriage rate found in Coe and Boyle (2012).

Consistent with the existing literature, we find that the educational achievement of residents in these four types of communities is higher than the U.S. as a whole. Specifically, more than 40 percent of residents in the IL portion of the IL/ALs had a college degree, which is higher than residents in freestanding ILs (28 percent), freestanding ALs (23 percent), and the AL portion of the IL/ALs (29 percent). At the same time, only 20 percent of the U.S., 65-plus population has a college degree. The RFS sample exhibits slightly lower educational attainment than found in the *Independent Living Report.*[7]

Overall, the average number of residents' living children among our sample is almost 2.5, with little variation between the types of living arrangements. These numbers are comparable to Coe and Boyle (2012), but slightly lower than the overall 65-plus population of almost 3.[8] One-quarter to one-third of the respondents report themselves to be in very good or excellent health compared to their peers. About one-third of respondents in freestanding ILs rated their health as very good, 37 percent as good, 21 percent as fair, and 2 percent as poor. In contrast, the self-reported health is relatively worse for the residents in ALs and the AL portion of IL/AL, with

[6] Authors' calculations using the *Current Population Survey* (CPS), 2010. The fraction of non-white in the CPS is about 17 percent for over-85 population, suggesting that the low minority representation is not just an age-effect.
[7] When we compare recent movers to longer-term residents within the RFS, we find similar levels of education among recent movers (33 percent with a college degree versus 30 percent of the longer-term residents), which suggests that the difference with the *Independent Living Report* is driven by the inclusion of CCRCs being in the sample, which apparently attract an even more educated clientele.
[8] Author's calculations of the *Survey of Consumer Finances* (2007). The average number of living children of the over-85 population is 2.5.

about 9 percent and 7 percent reporting poor health, respectively. We also find that more than 50 percent of respondents rate their current health as "Much better now," "Somewhat better now," or "About the same" as compared to two years ago. Further, there does not appear to be a relationship between health changes and the length of time living in the current community. This suggests that individuals are not experiencing continuous health declines.

2. Income

In order to assess the financial security of respondents, it is important to examine their income streams, both the total dollar amount and the sources. Table 2 presents the breakdown of total monthly income by community type.[9] The distribution is quite skewed to the right, with one-quarter to one-third of the respondents having total income of at least $3,500 a month. Freestanding IL and AL communities have lower income than combined properties, at both the median and the average. This distribution is broadly consistent with the U.S., age 65-plus population, but these residents are much richer than their age group in the community, where only the top 15 percent of the age 85 and above population have income over $3,500 per month.[10]

The income sources are quite interesting. Table 2 also presents the percent of respondents in each type of living arrangement who report receiving income from each source (multiple sources possible). As expected, Social Security payments, pensions, and annuities are widespread. About two-thirds of the sample report receiving pension benefits, which is consistent with the population at large (Munnell at al. 2009). Upon further examination of the responses, many individuals indicate that they sold their houses and purchased additional annuities with the proceeds, increasing the percentage with annuity income. Annuities are less prevalent among widow(er)s than those currently married or never married, which suggests that annuities were not purchased as part of the will. However, trusts may be part of the estate dissolution, since trust income is more prevalent among widow(er)s.

Only one-third of respondents in freestanding ALs receive interest income from investments, compared to a majority of respondents in the IL portion of IL/AL communities.

[9] Total monthly income was asked directly in the questionnaire. For those who did not answer this question, we estimated the total monthly income by adding together their Social Security benefits and their pension benefits as their total income, as long as they did not report getting regular income from other sources.
[10] Authors' calculations from the 2006 *Health and Retirement Study*.

Reverse mortgages are not a popular income source, topping out with less than 5 percent among freestanding AL residents. Means-tested government programs are also relatively rare, with the one exception being Medicaid coverage, with 8 percent of AL residents reporting Medicaid or other state need-based health insurance coverage.

Based on respondent's self-reported Social Security benefits, marital status, and age at which they began collecting Social Security benefits, we are able to estimate their Average Indexed Monthly Earnings (AIME), which provides a good overall summary measure of lifetime earnings.[11] The average monthly lifetime earning is $3,778 with a median of $ 3,191. Residents of freestanding ALs and the AL portion of IL/ALs have, on average, lower lifetime earnings than residents of ILs; this holds after controlling for demographic and socio-economic characteristics. These are high lifetime earnings measures. To put this measure in perspective, respondents collecting Social Security benefits in the *Health and Retirement Study* (HRS) have an average AIME of almost $2,900 and a median of $2,650.[12] However, it is worth noting that there are low-lifetime earning individuals living in these communities. The bottom 10 percent of the distribution of lifetime earnings have an average AIME of less than $1,000.

To further test if there are differences in lifetime earnings among the different communities, we conducted regression analysis, which allows us to hold individual characteristics constant and see if community type is still important. Table 3 presents the results.[13] Not surprisingly, wealth and marital status are positively correlated with lifetime earnings. Having children, age, and being in excellent or very good health are also positively

[11] We take self-reported Social Security benefits to estimate lifetime earnings. For married individuals, we divide the benefit by 1.5, to account for the spousal benefit. Then we discount the monthly benefit for COLA adjustments received since claiming benefits. Then, using the actual and full retirement ages, we take into account any actuarial adjustment made for early or delayed retirement, based on the self-reported year in which the individual began receiving Social Security. This gives us the primary insurance amount (PIA) at the age of retirement. The last step involves reversing the PIA formula, which is the sum of 90% of the AIME up to the first Bend Point, 32% of any amount between the first and second Bend Points and 15% above the second Bend Point. This gives us the average indexed monthly earnings (AIME), which is the average of the top 35 years of earnings, adjusted for average wage growth over one's career. We then put the number in real 2008 dollars.

[12] While it is possible to merge the HRS survey data to Social Security earnings records, we did not do that for this calculation. Instead, we used the same methodology as used in the RSF data and back-out the AIME from the reported Social Security benefit amount, marital status, and age at which one started claiming Social Security.

[13] We run an ordinary least squares regression of the natural log of lifetime earnings on demographic and wealth information. The control variables include: age, age squared, gender, education, marital status, self-rated health, race, presence of children, net worth brackets, and indicator variables for missing responses for each variable, in addition to dummy variables for the type of community in which the individual currently resides.

correlated with lifetime earnings.[14] However, even after we control for wealth and demographic information, we find that community type remains significant. IL residents have higher lifetime earning than AL residents. Residents in the AL portion of the combined IL/AL community have 12 percent lower lifetime earnings, and residents in freestanding AL communities have 19 percent lower lifetime earnings than residents in freestanding ILs.

We then investigated how much "other" sources of income matter among individuals (938 respondents, or about 36 percent of the sample) who answered four different income questions: total monthly income, Social Security benefits, pension income, and other regular income from sources such as assets, businesses, or government assistance. We compared the sum of Social Security and pension benefits to total income. About 61 percent reported that Social Security benefits and pension income are their major sources of income, while other sources of income matter substantially for the remaining 39 percent.

Overall, the income statistics suggest that most survey respondents are mid- to high-income, especially for these ages, and, on average, their income covers most or all of their monthly fees.

3. Assets

Table 4 presents the total net worth and asset holdings by each community. Unlike the income picture, the self-reported total net worth is quite low, and more skewed to the left than the general aged population. One-fifth to one-third of the residents reported their total net worth as less than $50,000. Calculations from the HRS of individuals age 65-plus show that one-fifth of the population reports their total net worth as less than $50,000. The median response for three of the four living arrangements in the RFS is a net worth between $100,000 and $300,000, consistent with calculations from the HRS.[15] Table 4 also reports the percent of the respondents in each living arrangement that own different types of assets. Long-term care (LTC) insurance holding is comparable to that found in the U.S. age 65-plus population.[16] Ten to 15 percent hold

[14] We estimated a similar model using the *Health and Retirement Study* and find that relationship between lifetime income and the demographic characteristics (age, age squared, gender, college educated, married, self-reported health, race, and presence of children) is remarkably similar to what we find using the survey data.
[15] For IL-residents living in combined IL/AL communities, the median net worth is between $300,000 and $500,000.
[16] The authors' calculations from the HRS find that 14.1 percent of the 65-plus population held private long-term care insurance in 2008.

a trust and, surprisingly, one-fifth to one-quarter still own a house, property, or land.[17] Many also indicated that they owned antiques, jewelry, gold, and other personal items that could be sold if needed.

One reason the net worth picture seems so different from the income statistics is the active conversion from assets to income among this population, such as buying annuities. Table 5 presents the cross-tabulation between income and assets for freestanding IL residents. Two things emerge from this table. First, low-income individuals are also low-asset individuals. The stereotype is that these types of communities do not serve low-income seniors, but this is not true in the data. These low-income and low-asset individuals could be long-term disabled or individuals who have spent down their savings. The average monthly lifetime earning measure (AIME) for the group in the lowest net worth and income categories is under $1,400, suggesting at least some were lifetime low-earners. Second, low-net-worth individuals are not necessarily low-income. Median income among the lowest three net worth categories is between $2,000 and $2,500 per month.

To further explore net worth, Figure 1 presents the distribution by age.[18] Typically, one finds a relatively stable or negative relationship between net worth and age within this population, meaning that older individuals have the same or lower total net worth. This does not seem to be the case for these residents. Younger residents report lower net worth. The median net worth is $100,000 to $300,000 for all age groups, except those under age 77, where the median is between $50,000 and $100,000.

Given this counterintuitive correlation between age and net worth, we explore the relationship further using regression analysis.[19] The results are presented in Table 6. Not surprisingly, monthly income is positively correlated with net worth, as is being college-educated and being in excellent or very good health. African-Americans in the sample have lower net worth, all things held constant. Women, surprisingly, report higher net worth, even after

[17] This category includes time-shares.
[18] Due to sample size concerns, Figure 1 presents all respondents together regardless of community type.
[19] We estimated an ordered probit model. The outcome variables are net worth in 8 categories: under $50,000, $50,000 to $100,000, $100,000 to 299,999, $300,000 to 499,999, $500,000 to 749,999, $750,000 to $999,999, $1,000,000 to 1,999,999, $2,000,000 or more. The explanatory variables include age, gender, race, education, marital status, indicators for health status, measure of length being in the current community, whether lived in another age-qualified community before, total current income, lifetime income, total net worth, whether have given a monetary gift in a single year of more than $10,000 in the last five years, indicators for having moved to a state with more generous Medicaid regulations and for current living arrangements.

controlling for marital status. Controlling for all of these demographics does not eliminate the positive correlation between age and net worth, however. We suspect this is due to differential mortality – richer individuals tend to live longer, and these correlations are simply picking up a survival bias. To check this theory, we ran similar regressions using the HRS dataset for individuals over age 65. We again find this positive correlation, suggesting that this pattern, while counterintuitive, is not due to problems with the data or unusual behavior within the sample and warrants further investigation within the overall older population.

4. Evidence of Spending Down or Giving Away Assets?

We wanted to see if net worth is related to the time one has lived in their current community, something that could not be done in much of the previous work that either did not measure the time in the community (Coe and Boyle 2012) or focused on new entrants (*Independent Living Report*). Interestingly, we find that years spent in the current community is not correlated with net worth, once controlling for other factors. Further exploration of the data suggests that net worth remains uncorrelated with time living in the community even after the sample is limited to the respondents that have only lived in their current age-eligible community. However, we do find that individuals who have moved between two or more communities have significantly less wealth. Figure 2 shows how the distribution of net worth has shifted: more people who had lived in another community have less than $300,000 in net worth. Figure 3 illustrates the relationship between income and net worth, holding all else constant. It is clear that as one progresses up the income distribution, the asset distribution tends to follow. But it also illustrates that there is a lot of heterogeneity in the income-net worth distributions, with 13 percent of the lowest income group having a predicted net worth of at least $1 million, and 7 percent of the highest income group having a predicted net worth of less than $100,000.

Giving a substantial gift is positively correlated with net worth. The raw tabulations show that about 14 percent of the sample reported that they have given a monetary gift of more than $10,000 to a person or entity in a single year, excluding college tuition and weddings (Table 4). Residents in the IL portion of IL/AL communities are more likely to give financial gifts (17 percent). There is huge variation in terms of the value of financial gifts given in the past five years: among 340 respondents who reported the value of the gifts, the mean is $73,000 while the median is $40,000. When examining the relationship between net worth and gift giving, we find

that individuals who have given gifts are still substantially richer than those who have not, holding other things constant (Figure 4).

To further explore gift-giving behavior, we conduct regression analysis on the probability of giving a gift.[20] The regression results, presented in Table 7, show that older residents and those who have a college degree are more likely to give a gift, while women, African-Americans, and residents who are currently married are less likely to give gifts. Health – and likely longevity expectations – could be an important factor in gift-giving behavior. Those who rated their health as excellent, very good, or good are less likely to give a gift while those who experienced a decline in health in the past two years are more likely to give gifts. However, the relationship between the likelihood of giving a gift and health loses significance when net worth is controlled for. Residents who have the total net worth of $300,000 and above are much more likely to give a gift compared to those have less than $300,000. In addition, residents of the IL portion of IL/ALs are relatively more likely to give gifts than residents of other types of communities. In some specifications, we also controlled for whether respondents moved from a state with financial eligibility rules set at the minimum levels allowed under federal law for Medicaid. Interestingly, gift giving is not correlated with the generosity of the state's Medicaid rules – either the state one is moving from or the state one is currently living in. Thus, it does not seem that gift giving is a way for residents to get rid of their money sooner in order to qualify for Medicaid.

5. Conclusions and Future Directions

Overall, the survey responses suggest that residents in IL and AL communities are mid- to high-income households who receive most of their income in annuitized forms: Social Security, pensions, and private annuities. Investment income is also relatively common. The assets profile of the survey respondents is very interesting and a few facts are worth noting. First, low-income individuals are also low-asset individuals, but the converse is not true – low-asset individuals do not necessarily have low incomes. Part of that is due to active conversion between assets and income, including high annuitization rates. Second, despite the active spend-down of assets reported, the cross-sectional evidence shows that assets are *positively* correlated

[20] We estimated a probit model. The marginal effects are presented in Table 7. The explanatory variables include age, gender, race, education, marital status, indicators for health status, having children, the length of time living in the current community, total net worth, and indicators for current living arrangement.

with age, and not correlated with the time since the individual moved into the community. This could be due to positive mortality selection, and suggests that follow-up work is needed to reconcile the cross-sectional patterns with the self-reported accounts of how seniors pay for their community and care. Finally, while net worth is not correlated with time in the current community, individuals who have moved between different types of communities do have less wealth. Further work could examine whether the lower wealth levels caused the move – i.e., one could no longer afford the fees at one community and moved out – or whether these individuals have simply lived in care communities longer overall and are simply spending down their assets over a longer period.

References

Assisted Living Federation of America (ALFA). 1998. *The Assisted Living Industry: An Overview – 1998.* Fairfax, VA: Price Waterhouse and ALFA.

Bank of America. 2008. "Bank of America Survey Finds Despite Tightening Their Wallets, Americans Are Further from Achieving Their Retirement Goals Amidst Weakening Economy." Boston, MA.

Coe, Norma B. and Melissa Boyle. 2012. "The Asset and Income Profile of Residents in Seniors Care Communities." *Research on Aging*, forthcoming.

Coe, Norma B. and April Yanyuan Wu. 2012. "Residents in Seniors Housing and Care Communities: Overview of the *Residents Financial Survey*." Working Paper 2012-6. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Munnell, Alicia, H., Francesca Golub-Sass, and Dan Muldoon. 2009. "An Update on 401(k) Plans: Insights from the 2007 SCF." *Issue in Brief* 9-5. Chestnut Hill, MA: Center for Retirement Research at Boston College.

National Investment Center for the Seniors Housing & Care Industry. 1998. "National Survey of Assisted Living Residents: Who is the Customer?" Annapolis, MD.

"The Independent Living Report." 2009. Washington, DC: American Seniors Housing Association.

Figure 1. Asset Distribution, by Age

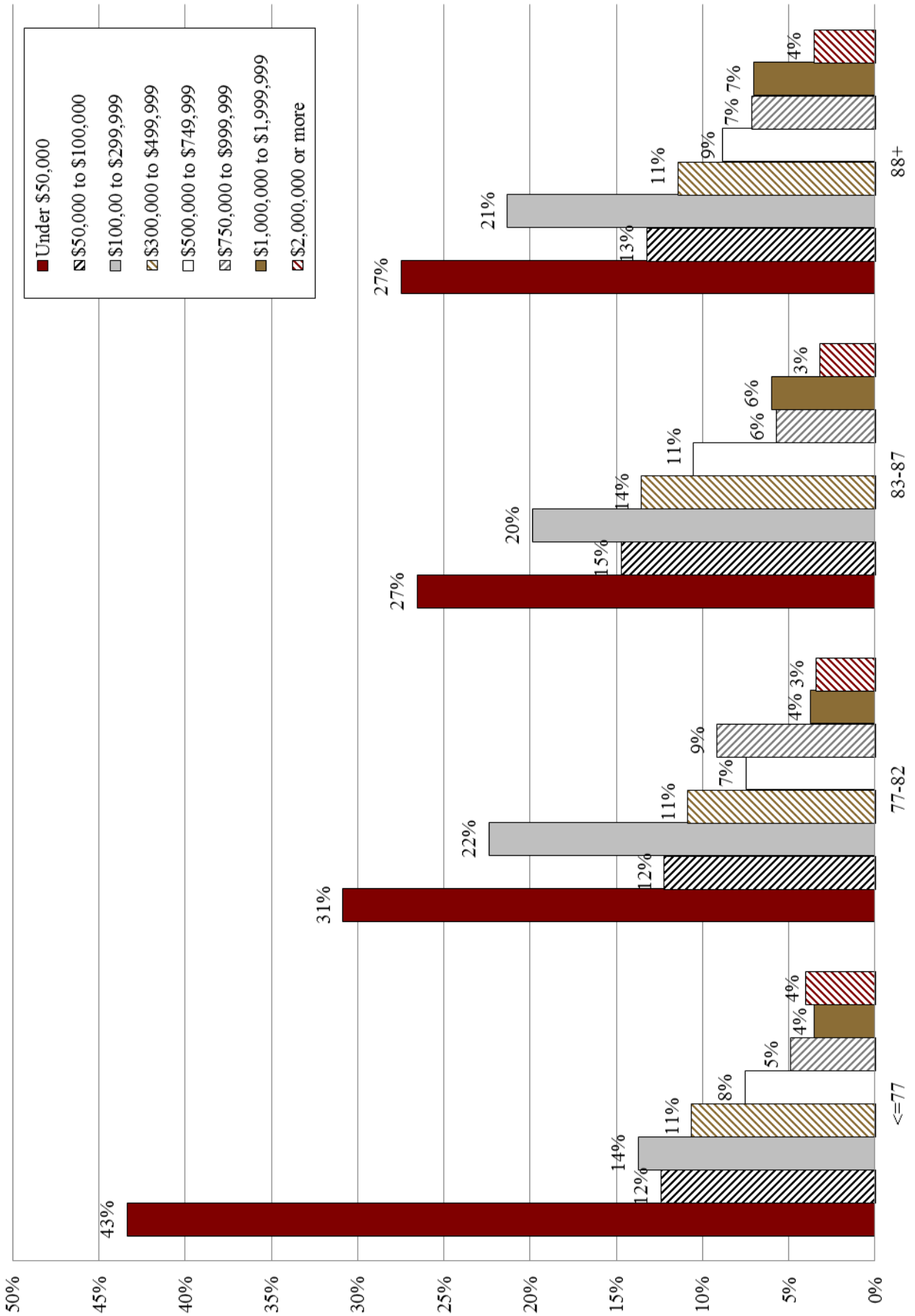

Figure 2. Marginal Effect of Prior Living Arrangement on the Net Worth Distribution

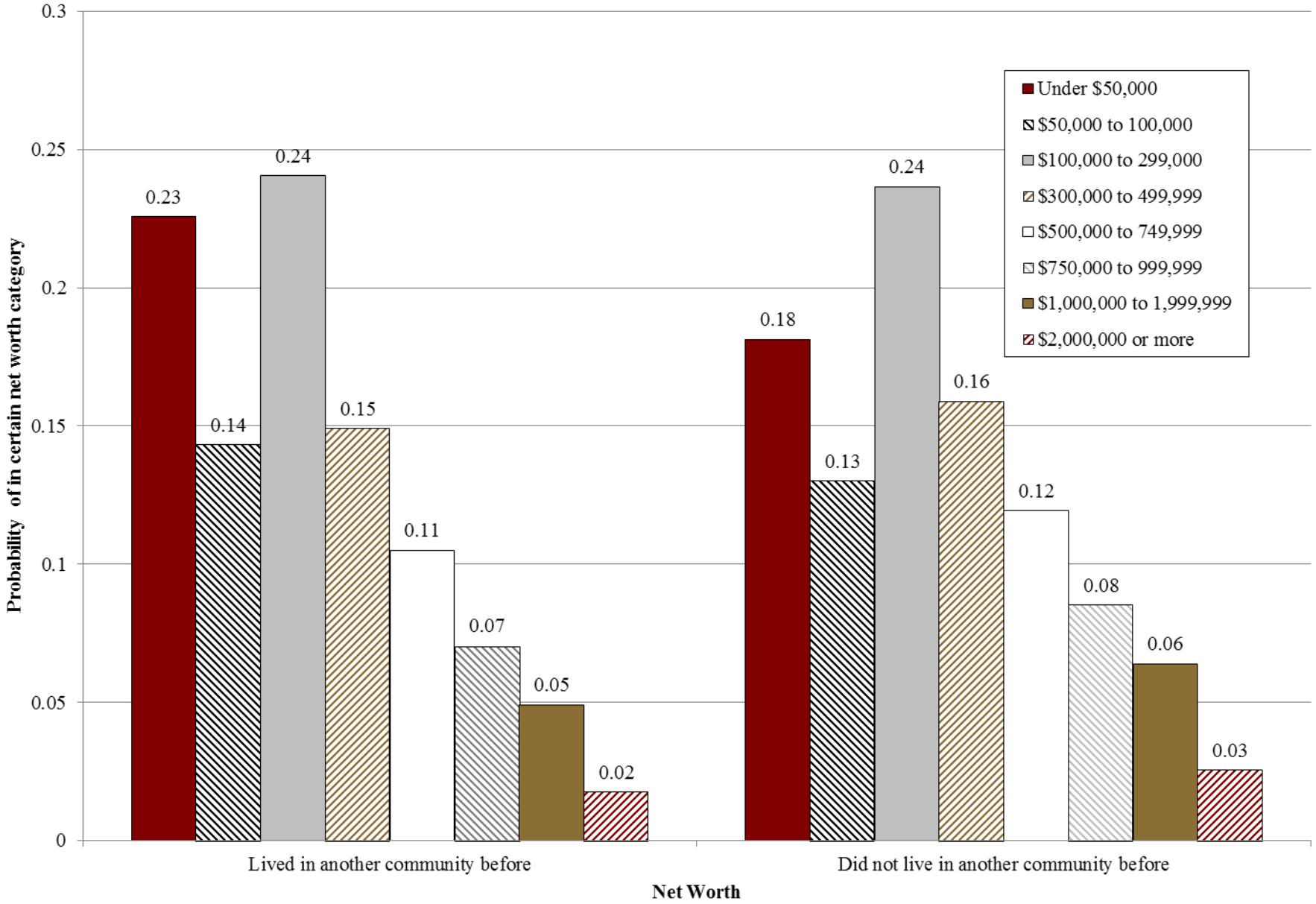

Figure 3: Marginal Effect of Income on the Distribution of Net Worth

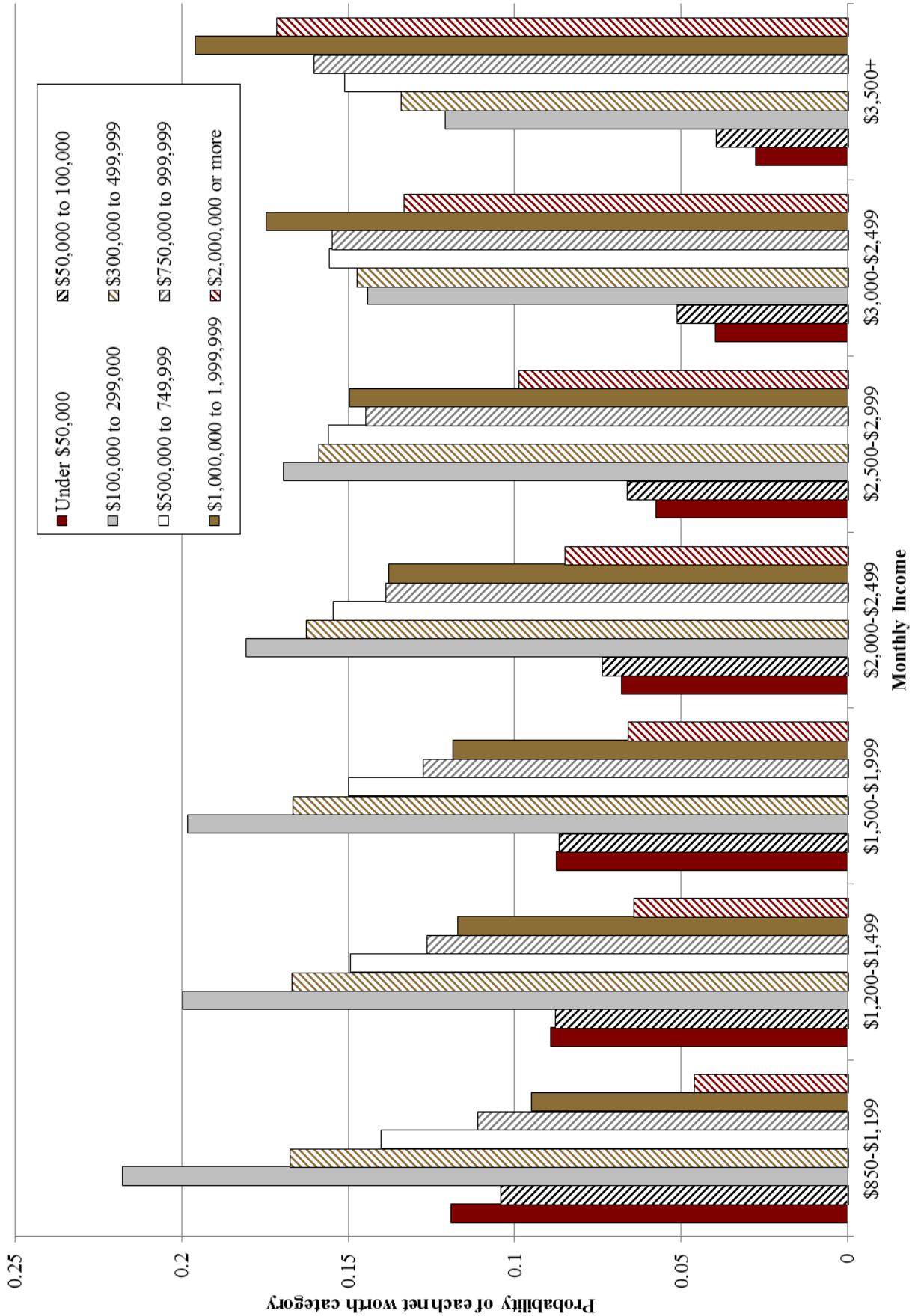

Figure 4. Marginal Effect of Gifts Given on the Distribution of Net Worth

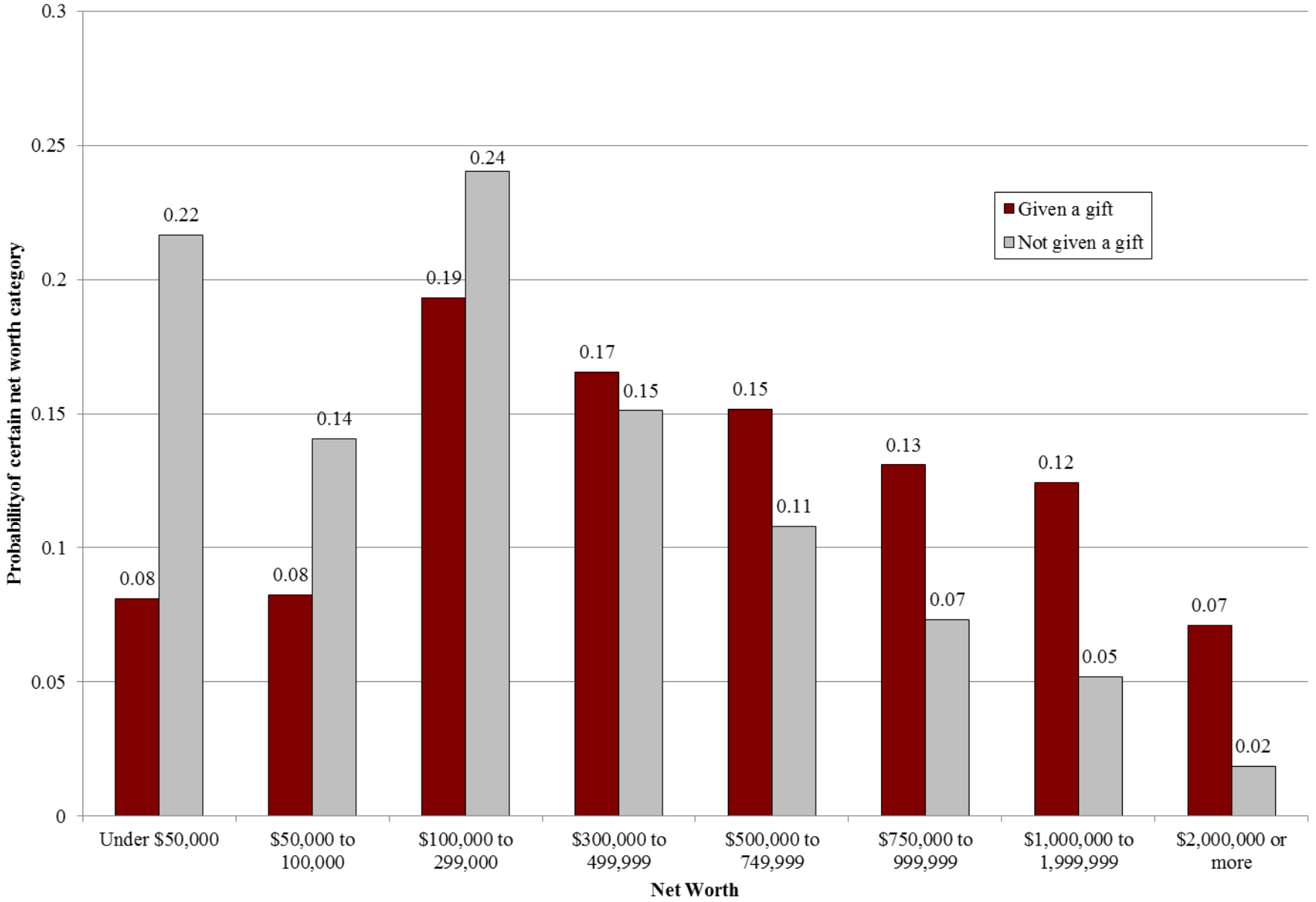

Table 1. Demographic and Health Characteristics of Residents

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Current age				
Average age	86.2	86.4	86.4	86.3
Median age	87.0	87.0	87.0	87.0
Non-response	7.3 %	5.2 %	3.3 %	5.2 %
Age moved into current community				
Average age	82.6	83.4	83.7	83.2
Median age	83.7	83.9	84.8	84.8
Non-response	14.5 %	14.4 %	11.1 %	13.1 %
Gender*				
Male	28.5 %	34.7 %	24.9 %	30.5 %
Non-response	4.2	2.9	1.8	3.7
Race*				
African-American	2.7 %	1.0 %	0.8 %	0.3 %
White	92.0	94.5	96.3	96.1
Non-response	3.8	2.6	1.4	2.7
Marital status*				
Married	13.2 %	20.1 %	9.4 %	15.5 %
Widowed	66.9	67.5	71.7	67.7
Divorced	9.9	5.9	11.5	8.9
Non-response	3.6	2.3	1.3	2.5
Education*				
Less than high school	12.6 %	4.5 %	13.5 %	10.6 %
College educated	28.3	40.6	23.1	29.1
Non-response	4.2	2.8	1.6	3.0
Number of children				
Average number of children	2.5	2.5	2.3	2.2
Median number of children	2.0	2.0	2.0	2.0
Non-response	8.0 %	9.6 %	7.2 %	4.9 %
Health*				
Self rated excellent or very good	31.5 %	37.6 %	27.8 %	27.3 %
Non-response	3.8	2.3	1.3	2.7
Same/better compared to two years ago	56.4	58.9	51.3	53.2
Non-response	4.0	2.6	1.5	2.7
Observations	477	854	880	406

Source : Authors' calculations of the *Residents' Financial Survey*.

*: See Appendix Table 1 for calculations of the percentages that treat non-response as missing observations.

Table 2. Income Information, by Community Type

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Monthly income amount*				
< $850	2.3 %	0.7 %	4.3 %	3.9 %
$850-$1,200	6.7	3.2	9.1	7.4
$1,200-$1,500	7.1	5.2	10.2	8.1
$1,500-$2,000	13.2	9.1	12.2	11.3
$2,000-$2,500	13.8	11.4	11.6	8.9
$2,500-$3,000	12.6	10.9	10.5	7.1
$3,000-$3,500	9.0	13.0	9.1	9.1
$3,500+	26.6	34.1	22.8	34.0
Questionable	1.3	2.5	1.5	2.2
Non-response	7.3	10.1	8.8	7.9
Income by source (multiple answers possible)				
Social Security	98.0 %	97.8 %	97.2 %	96.7 %
Pension/annuity	66.9	68.6	58.7	61.5
Interest from bank accounts	46.0	55.2	44.2	47.3
Interest from stocks/bonds	43.5	56.2	33.3	44.1
Rental income	7.0	7.7	6.2	8.4
Business or farm	2.5	2.2	1.3	3.6
Trust fund	4.3	7.0	3.4	7.1
Reverse mortgage	0.2	0.3	3.6	0.5
Medicaid	4.2	1.6	8.5	8.2
SSI	0.9	0.0	3.5	1.8
Food Stamps	1.5	0.1	0.2	2.6
HUD rental assistance	2.2	0.3	0.0	0.5
Other means-tested sources	0.6	0.1	0.0	0.5
Lifetime earnings measure (AIME)				
Average value	$ 3,911	$ 4,130	$ 3,327	$ 3,915
Median value	$ 3,364	$ 3,390	$ 2,895	$ 3,083
Observations	477	854	880	406

Source: Authors' calculations of the *Residents' Financial Survey*.

*: See Appendix Table 1 for calculations of the percentages that treat non-response as missing observations.

Table 3. Characteristics correlated with Lifetime Earnings (log)

	Coefficient	Standard Error
Age	0.251 ***	0.039
Age squared (in hundreds)	-0.159 ***	0.023
Female	-0.059	0.043
College educated	-0.050	0.046
Currently married	0.309 ***	0.059
Excellent/very good health (self-rated)	0.068 *	0.041
Have children	0.164 **	0.065
Black	0.007	0.150
Total net worth (in thousands)		
$50-$100	-0.004	0.059
$100-$300	0.052	0.052
$300-$500	-0.060	0.074
$500-$750	0.111	0.080
$750-$1,000	0.108	0.084
$1,000-$2,000	0.200 **	0.096
$2,000+	0.266 **	0.107
In IL portion of IL/ALs	-0.078	0.052
In freestanding AL	-0.190 ***	0.049
In AL portion of IL/ALs	-0.115 *	0.060
Observations	1,968	

Note : We included indicator variables for non-response for each of explanatory variables.

* significant at 10%, ** significant at 5%, *** significant at 1%.

Source: Authors' calculations of the *Residents' Financial Survey*.

Table 4. Asset Information, by Community Type

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Total net worth (in thousands)*				
< $50	32.7 %	17.7 %	28.6 %	26.9 %
$50-$100	11.5	10.5	11.4	13.6
$100-$300	17.2	16.6	18.4	17.5
$300-$500	7.1	12.7	9.9	8.9
$500-$750	6.9	9.5	6.3	7.6
$750-$1,000	5.7	8.3	4.6	3.7
$1,000-$2,000	5.5	6.4	3.6	5.7
$2,000+	1.9	4.5	2.3	3.5
Non-response	11.5	13.8	15.0	12.8
Asset types (multiple answers possible)				
LTC insurance	8.4 %	13.9 %	14.2 %	17.5 %
Checking/savings	86.9	90.6	84.9	84.9
Brokerage/stocks/bonds	40.3	56.5	34.5	48.4
401(k), IRA	18.9	26.9	17.3	18.8
Trust	10.5	14.6	10.3	12.0
House, property, land	20.9	17.7	23.6	23.7
Farm, business	2.5	2.6	1.4	1.3
Automobile	28.3	40.2	15.0	17.2
Gifts given in the last five years*				
Yes	11.3 %	17.4 %	12.2 %	13.6 %
No	84.5	77.5	83.6	82.8
Non-response	4.18	5.03	4.2	3.7
The total value of the gifts given				
Average value	$ 72,751	$ 70,943	$ 72,512	$ 80,196
Median value	$ 50,000	$ 39,671	$ 40,000	$ 41,000
Observations	477	854	880	406

Source: Authors' calculations of the *Residents' Financial Survey*.

*: See Appendix Table 1 for calculations of the percentages that treat non-response as missing observations.

Table 5. Income vs. Net Worth in Freestanding ILs

	Income							
Total net worth	< $850	$850-$1,200	$1,200-$1,500	$1,500-$2,000	$2,000-$2,500	$2,500-$3,000	$3,000-$3,500	$3,500+
< $50,000	4.5 %	12.2 %	8.3 %	19.9 %	16.7 %	14.1 %	7.7 %	14.1 %
$50,000-$100,000	3.6	9.1	9.1	16.4	21.8	10.9	10.9	16.4
$100,00-$299,999	0.0	3.7	11.0	14.6	20.7	15.9	12.2	20.7
$300,000-$499,999	0.0	0.0	5.9	2.9	8.8	23.5	20.6	38.2
$500,000-$749,999	0.0	0.0	3.0	6.1	9.1	9.1	15.2	54.5
$750,000-$999,999	0.0	0.0	0.0	7.4	3.7	18.5	0.0	66.7
$1,000,000-$1,999,999	0.0	0.0	0.0	3.8	3.8	7.7	3.8	80.8
$2,000,000+	0.0	0.0	0.0	0.0	11.1	0.0	11.1	66.7

Source: Authors' calculations of the *Residents' Financial Survey.*

Note: Row percentages are shown.

Table 6. Characteristics Correlated with Net Worth

	Coefficient	Standard Error
Age	0.115 **	0.050
Age squared (in hundreds)	-0.059 *	0.030
Female	0.215 ***	0.059
College educated	0.271 ***	0.054
Currently married	0.118	0.071
Excellent/very good health (self-rated)	0.255 ***	0.053
Same/somewhat better/much better (compared to two years ago)	-0.023	0.049
Have children	-0.088	0.081
Black	-0.597 **	0.235
Years in current community	-0.010	0.008
Lived in another age-qualified community before	-0.157 ***	0.053
Gave monetary gift in the past 5 years	0.614 ***	0.071
Monthly income amount		
$850-$1,200	0.332	0.226
$1,200-$1,500	0.516 **	0.219
$1,500-$2,000	0.550 **	0.216
$2,000-$2,500	0.706 ***	0.215
$2,500-$3,000	0.791 ***	0.217
$3,000-$3,500	0.988 ***	0.218
$3,500+	1.486 ***	0.216
Moved to a state with more generous Medicaid regulations	0.137	0.116
Moved to a state with less generous Medicaid regulations	-0.065	0.105
In IL portion of IL/ALs	0.289 ***	0.067
In freestanding AL	0.082	0.067
In AL portion of IL/ALs	0.067	0.081
Cut 1	-0.330	0.327
Cut 2	0.088	0.328
Cut 3	0.701	0.329
Cut 4	1.124	0.329
Cut 5	1.518	0.329
Cut 6	1.926	0.331
Cut 7	2.536	0.333
Observations	2,212	

Note : We included indicator variables for non-response for each of explanatory variables.

* significant at 10%, ** significant at 5%, *** significant at 1%.

Source: Authors' calculations of the *Residents' Financial Survey*.

Table 7. Probability of Giving a Monetary Gift of More than $10,000 in the Last Five Years

	Marginal Effect	Standard Error
Age	0.028 **	0.014
Age squared (in hundreds)	-0.015 *	0.008
Female	-0.032 **	0.016
College educated	0.041 ***	0.015
Currently married	-0.039 **	0.015
Excellent/very good health (self-rated)	0.007	0.015
Same/somewhat better/much better (compared to two years ago)	-0.018	0.014
Have children	0.002	0.021
Black	-0.080 ***	0.027
Years in current community	0.001	0.002
Lived in another age-qualified community before	0.014	0.015
Monthly income amount		
More than $2,000	0.094 ***	0.015
Total net worth (in thousands)		
$50-$100	0.030	0.029
$100-$300	0.012	0.024
$300-$500	0.031	0.029
$500-$750	0.194 ***	0.042
$750-$1,000	0.222 ***	0.048
$1,000-$2,000	0.402 ***	0.054
$2,000+	0.366 ***	0.067
Moved to a state with more generous Medicaid regulations	0.031	0.037
Moved to a state with less generous Medicaid regulations	0.005	0.027
In IL portion of IL/ALs	0.026	0.020
In freestanding AL	0.019	0.020
In AL portion of IL/ALs	0.016	0.024
Observations	2,453	

Note : We included indicator variables for non-response for each of explanatory variables.

* significant at 10%, ** significant at 5%, *** significant at 1%.

Source: Authors' calculations of the *Residents' Financial Survey*.

Appendix Table 1. Characteristics of Residents, Adjusted for Non-Response and Questionable Answers

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Gender				
Male	29.8 %	35.7 %	25.4 %	31.7 %
Race				
African-American	2.8 %	1.0 %	0.8 %	0.3 %
White	95.6	97.0	97.6	98.7
Marital status				
Married	13.7 %	20.6 %	9.5 %	15.9 %
Widowed	69.3	69.1	72.6	69.4
Divorced	10.2	6.0	11.6	9.1
Education				
Less than high school	13.1 %	4.6 %	13.7 %	10.9 %
College educated	29.5	41.8	23.4	29.9
Health				
Self rated excellent or very good	32.7 %	38.5 %	28.2 %	28.1 %
Same/better compared to two years ago	58.7	60.5	52.0	54.7
Monthly income amount				
< $850	2.5 %	0.8 %	4.8 %	4.4 %
$850-$1,200	7.3	3.6	10.1	8.2
$1,200-$1,500	7.8	5.9	11.4	9.0
$1,500-$2,000	14.5	10.4	13.5	12.6
$2,000-$2,500	15.1	13.0	12.9	9.9
$2,500-$3,000	13.8	12.4	11.6	7.9
$3,000-$3,500	9.9	14.9	10.1	10.1
$3,500+	29.1	39.0	25.4	37.8
Total net worth (in thousands)				
< $50	37.0 %	20.5 %	33.7 %	30.8 %
$50-$100	13.0	12.2	13.4	15.5
$100-$300	19.4	19.3	21.7	20.1
$300-$500	8.1	14.7	11.6	10.2
$500-$750	7.8	11.0	7.4	8.8
$750-$1,000	6.4	9.6	5.4	4.2
$1,000-$2,000	6.2	7.5	4.3	6.5
$2,000+	2.1	5.2	2.7	4.0
Gifts given in the last five years				
Yes	11.8 %	18.3 %	12.7 %	14.1 %
Observations	477	854	880	406

Source: Authors' calculations of the *Residents' Financial Survey.*

RECENT WORKING PAPERS FROM THE CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

Residents in Senior Housing and Care Communities: Overview of the *Residents Financial Survey*
Norma B. Coe and April Yanyuan Wu, April 2012

Social Security Claiming: Trends and Business Cycle Effects
Owen Haaga and Richard W. Johnson, February 2012

Economic Consequences of the Great Recession: Evidence from the Panel Study of Income Dynamics
Barry Bosworth, February 2012

The Changing Causes and Consequences of Not Working Before Age 62
Barbara A. Butrica and Nadia Karamcheva, February 2012

The Impact of Temporary Assistance Programs on Disability Rolls and Re-Employment
Stephan Lindner and Austin Nichols, January 2012

Understanding the Growth in Federal Disability Programs: Who Are the Marginal Beneficiaries, and How Much Do They Cost?
Adele Kirk, January 2012

What Explains State Variation in SSDI Application Rates?
Norma B. Coe, Kelly Haverstick, Alicia H. Munnell, Anthony Webb, December 2011

How Do Subjective Mortality Beliefs Affect the Value of Social Security and the Optimal Claiming Age?
Wei Sun and Anthony Webb, November 2011

How Does the Personal Income Tax Affect the Progressivity of OASI Benefits?
Norma B. Coe, Zhenya Karamcheva, Richard Kopcke, Alicia H. Munnell, November 2011

The Pension Protection Act of 2006 and Diversification of Employer Stock in Defined Contribution Plans
Gary V. Engelhardt, November 2011

Prescription Drug Insurance Coverage, Drug Utilization, and Cost-Related Non-Adherence: Evidence from the Medicare Part D Expansion
Gary V. Engelhardt, November 2011

All working papers are available on the Center for Retirement Research website (http://crr.bc.edu) and can be requested by e-mail (crr@bc.edu) or phone (617-552-1762).