Economic Well-Being of Disabled Elderly Households: The Impact of Multiple Factors

The objective of the study is to examine economic well-being among disabled elderly households. Categories included as predictors of economic well being were demographic, resource, and housing variables. Stepwise multiple regression was used to predict two criterion variables, income-to-need and net worth, The strongest predictor in both equations was investment income. Three other variables significant in each equation were level of education, household size, and IRA income.

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Economic well-being among elderly is a complex issue. As pointed out by Stum, Bauer, and Delaney (1993), to understand economic well-being for this group, age 65 and above, involves "going beyond averages...to understand how diversity among the elderly and aging can differently affect economic status" (p. 199). While the economic situation of the elderly has improved over the last years so that poverty for this group is no greater than the population at large, the same is not true for all elderly sub-groups (Burkhauser & Duncan, 1988; Haveman & Wolf, 1990; Holden, 1988; Moon, 1988).

When considering the elderly and what puts them at risk of a negative change in their economic situation, one must consider the issue of health. Elderly health changes can happen often, come about quickly, have a large impact on overall level of satisfaction, and have a sudden and severe impact on financial well-being (Grau, 1987; Holden, 1988; Holden, Burkhauser, & Meyers, 1986).

The purpose of this study is to examine specifically non-institutionalized, disabled, elderly households and their economic well-being. This study is in part a replication of work done by Bauer, Stum, and Delaney (1993) and Stum, Bauer, and Delaney (1993).

Related Literature

As Bauer, Stum, and Delaney (1993) point out "questions and concerns persist regarding the economic vulnerability of an aging population" (p. 460). This concern arises among the elderly because it is not a homogeneous group. In particular, it has been found that the additional income sources beyond Social Security have a great impact on economic well-being (Schwenk, 1994). As income sources vary widely, the vulnerability of the elderly also then varies widely. In their work, Bauer, Stum, and Delaney (1993) wrote "...although a single factor can influence one's economic security, a combination of factors can have a devastating impact on a person's economic well-being" (p. 460).

Data and Methods

Data used in this analysis are from Wave III and Wave IV of the 1984 Survey of Income and Program Participation (SIPP). Data was summarized by household, created by aggregating all individuals occupying a dwelling unit into a household record. A frequency analysis was completed on each of the variables. The predictor variables are age, sex, marital status, sources of income, level of education, housing tenure, size and monthly housing costs. Criterion variables are income-to-need and household net worth. Stepwise multiple regression was used to examine which of the predictor variables were significant in explaining the variation in economic well-being.

Findings

Tables 1 and 2 present the results for each of the regressions performed. Investment income was the most significant variable found in both of the equations. For

Table 1
Regression of income-to-need

Step Var.	Adj. R^2	Stand. Beta
1. Gov. inc.	.3778	.532**
2. Invest. inc.	.5606	.383**
3. Earnings inc.	.6841	.406**
4. HH size	.7231	-.207**
5. IRA inc.	.7397	.129**
6. Education	.7432	.066**

** p<.01

Table 2
Regression of net worth

Step Var.	Adj. R^2	Stand. Beta
1. Invest. inc.	.4391	.592**
2. Tenure	.4554	-.130**
3. Education	.4709	.131**
4. HH size	.4750	.068*
5. IRA income	.4772	.056*

* p<.05 ** p<.01

income-to-need, it accounted for 18.3% of the variance. For net worth, it explained 43.9% of the variance explained by all significant predictors.

Discussion

One surprising finding occurred in the frequency analysis. Eighty-three percent of the sample is married which is much higher than would be anticipated. This is probably best explained that in order for the disabled person to live at home, they need the support of another person. As found in earlier studies, elderly who are not married, older, and female were more likely to be poor by both income-to need and net worth variables.

The economic well-being is a function of resources, either income or education. This supports the findings of earlier studies. Social Security alone does not provide adequate protection against the threat of poverty. In this study having multiple income sources increased the likelihood of remaining out of poverty or having higher net worth.

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Endnotes

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