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POVERTY TRANSITIONS AMONG OLDER HOUSEHOLDS

Abstract:

The study examines the dynamics of economic well-being and poverty among Israelis at older ages and their households, using both objective and subjective measures of well-being. It also provides an explanatory analysis of the factors associated with poverty status transitions over time. The study takes advantage of a unique and multidisciplinary longitudinal survey on people aged 50 and older in Israel, conducted as part of the SHARE project (Survey of Health, Aging and Retirement in Europe). A multinomial logistic regression - the model most frequently used for multinomial outcomes - is used to examine the impact of sociodemographic characteristics, health state and economic resources on poverty transitions between 2005 and 2010. The dependent variable consists of four outcomes: remaining persistently poor, managed to escape from poverty, fell into poverty, and remaining persistently non-poor. Poverty line is defined as 50% of the household's median (equivalent) disposable income.

The findings indicate that poverty rate among old households remained high, albeit stable over time (25%). However, high mobility among poverty states was observed: 41% of the poor households in 2005 managed to escape from poverty in 2010, whilst 17% of the non-poor households in 2005 fell into poverty in 2010. The results of the multinomial logistic model emphasize the role of human capital factors on the likelihood of being in persistent poverty or on falling into poverty. Having less education and poorer health are associated with higher probability of remaining persistently poor or of falling into poverty over time. Employment status is a strong predictor as well: people who were out of the labor force are more likely to remain poor at both periods. The probability of a household being in chronic poverty decreases with the age, but the effect of gender was found to be insignificant. Finally, the likelihood of remaining persistently poor is higher for minorities.

Examining the dynamics of well-being and poverty among older households has the potential to make an important contribution to our understanding of the impact of population ageing, and to shape of appropriate policy responses. The findings emphasize the importance of the income maintenance programs in ensuring the older households adequate benefits as well as of the importance of encouraging the participation of adults in the labor market.

Keywords:

Well-being, Poverty transitions, Old-age, SHARE