Negative financial shock increases loneliness in older adults

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Older adults suffering a financial shock, defined as a loss of income, experienced elevated levels of loneliness, but this effect decreased during the Great Recession, according to a new report published in the journal *Social Science and Medicine* from researchers at the University of Pennsylvania, University of Chicago, and University of Wisconsin–Madison.

Low income and low wealth are associated with loneliness, so in an effort to determine whether losses in income and wealth increase loneliness, the research team—which included Xi Song, an associate professor in Penn's Department of Sociology; Louise Hawkley, a senior research scientist at NORC at the University of Chicago; and Boyan Zheng, a doctoral student at UW-Madison—tested whether financial shock causes an increase in loneliness, and whether, relative to other periods, the effect was ameliorated during the Great Recession.

The reduced effect on loneliness of income shocks experienced during the Great Recession may have been due to individuals being able to draw on each other for support. However, in the coronavirus environment, restrictions on socializing reduce or remove access to the very supports that could help people navigate income losses and diminish feelings of loneliness.

"Our findings on 50-plus-year-olds suggest that financial shocks may exacerbate feelings of loneliness that are being triggered by current restrictions on people's social activity," Hawkley says. "COVID-19-related social distancing behaviors diminish people's access to important others on whom they rely in times of stress. Adding insult to injury, the COVID-19 crisis is producing high rates of unemployment and large devaluation of stock holdings that individuals are experiencing as large personal financial shocks."

In older adults, a large loss of income leads to greater loneliness, even after accounting for personal and family changes, such as widowhood, that could have affected loneliness, the report finds. Beyond that, loneliness decreased in those who experienced income shock during the Great Recession. Changes in health and social experiences did not explain the income shock effect.

"Reducing financial difficulties may reduce loneliness in older adults," says Song, who is also an affiliate of Penn's Population Studies Center. "Given that financial shocks become more frequent with age, targeting older adults' financial difficulties could directly or indirectly help to reduce loneliness, a significant risk factor for premature morbidity and mortality."

The work draws on data from the Health and Retirement Study, a longitudinal panel study that began in 1992 with a nationally representative sample of U.S. adults older than 50 and interviews with roughly 20,000 respondents biennially on subjects related to health care, housing, assets, employment, and pensions. A negative financial shock is defined as the loss of 75% or more of the total net household income or wealth between two survey years. Loneliness is measured based on the three-item UCLA Loneliness Scale.

More information: Louise C. Hawkley et al. Negative financial shock increases loneliness in older adults, 2006–2016: Reduced effect during the Great Recession (2008–2010), *Social Science & Medicine* (2020). DOI: 10.1016/j.socscimed.2020.113000

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