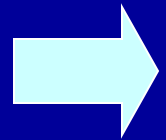


A New Take on an Old Issue: Surprising Demographics of Boomers

Richard W. Johnson
Urban Institute
www.RetirementPolicy.org

**Presented at the
National Human Services Assembly
March 18, 2010**

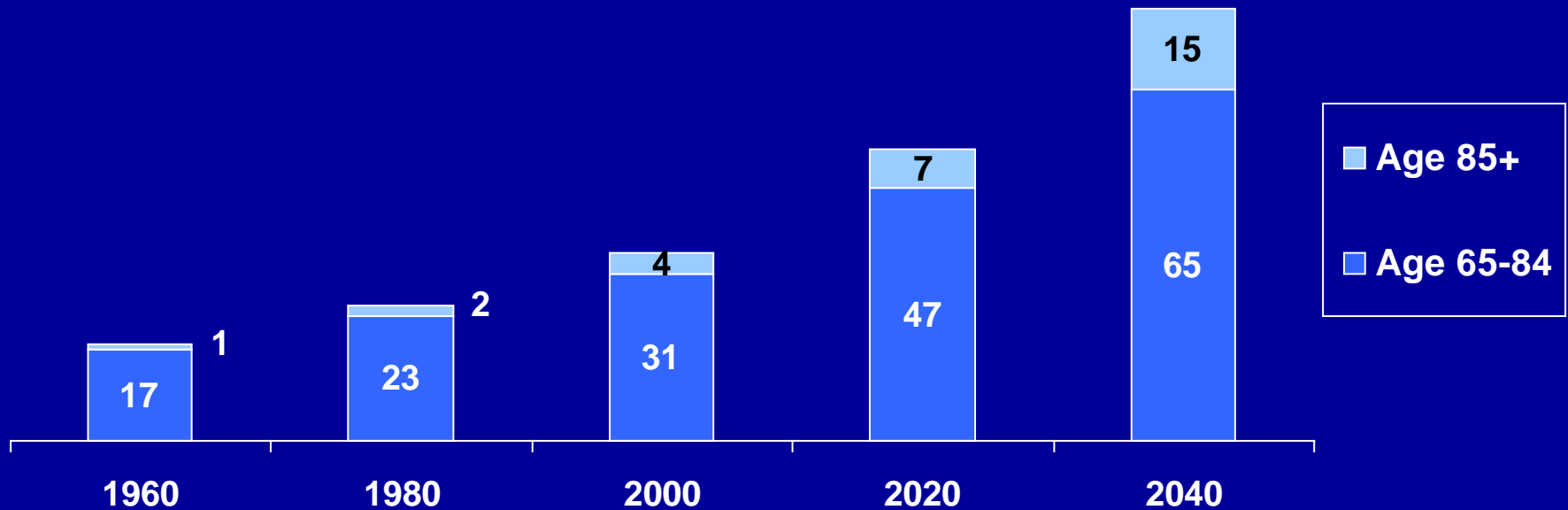
How Is the Older Population Changing?



- Demographic characteristics
- Income
- Health care spending
- Long-term care

The Older Population Will Soar as the Boomers Age and Life Expectancy Increases

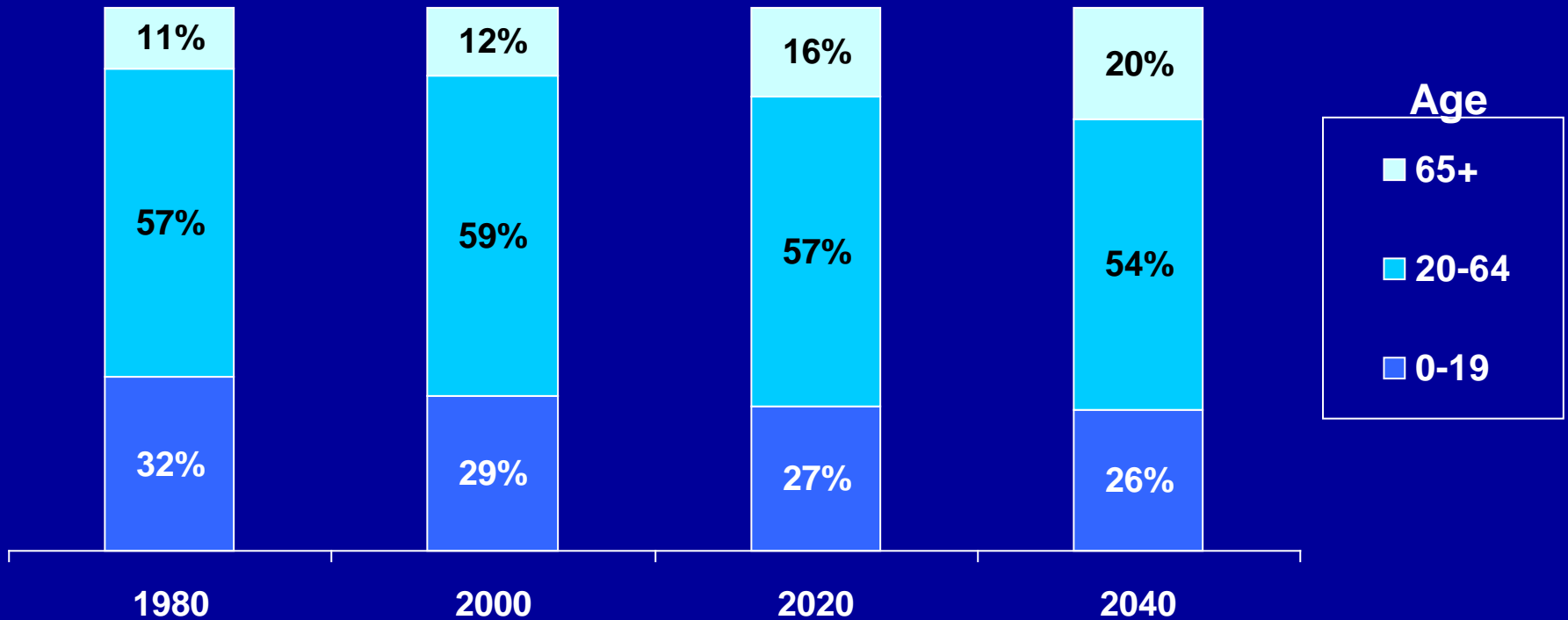
Number of Older Americans (in millions)



Source: U.S. Census Bureau.

The Older Population Is Growing Faster Than the Younger Population, Partly Because Birth Rates Are Falling

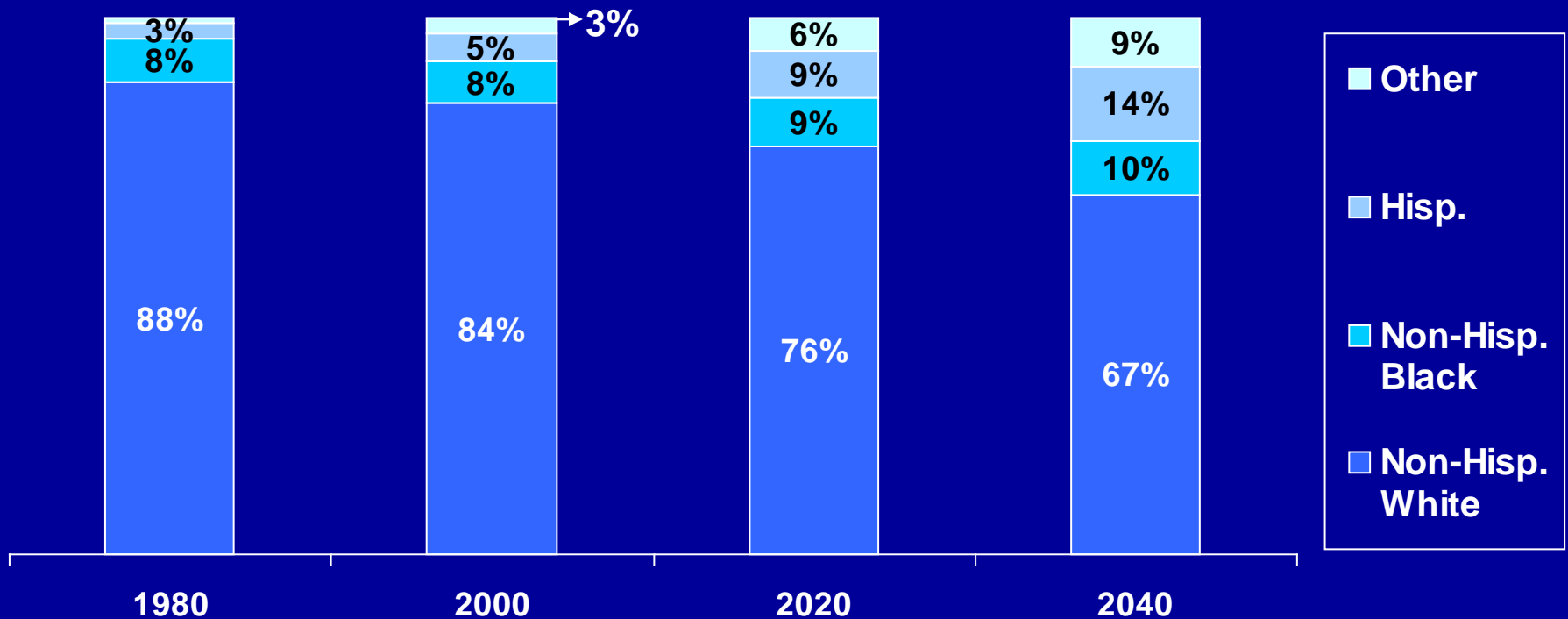
Age Distribution of the U.S. Population



Source: U.S. Census Bureau.

The Older Population Is Becoming More Ethnically and Racially Diverse

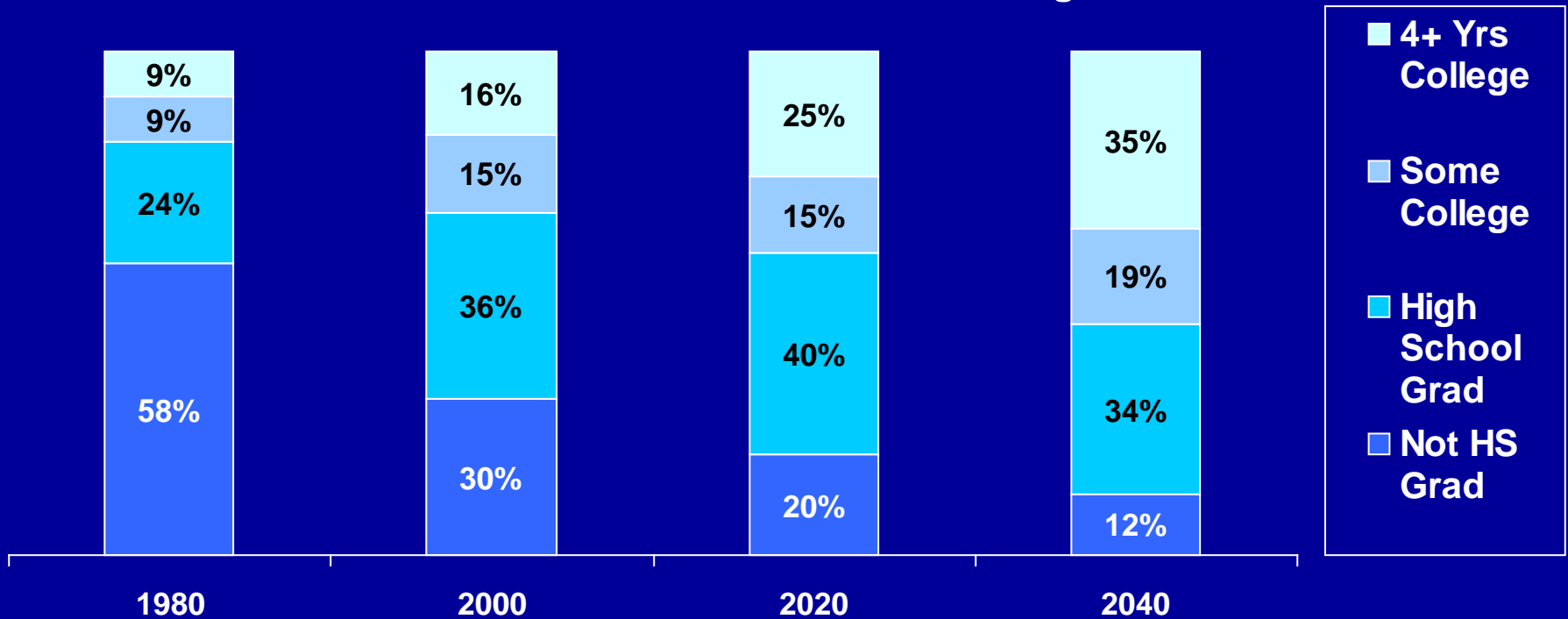
Racial/Ethnic Distribution of U.S. Population Age 65+



Source: U.S. Census Bureau.

In 2020, One-Quarter of Seniors Will Have College Degrees

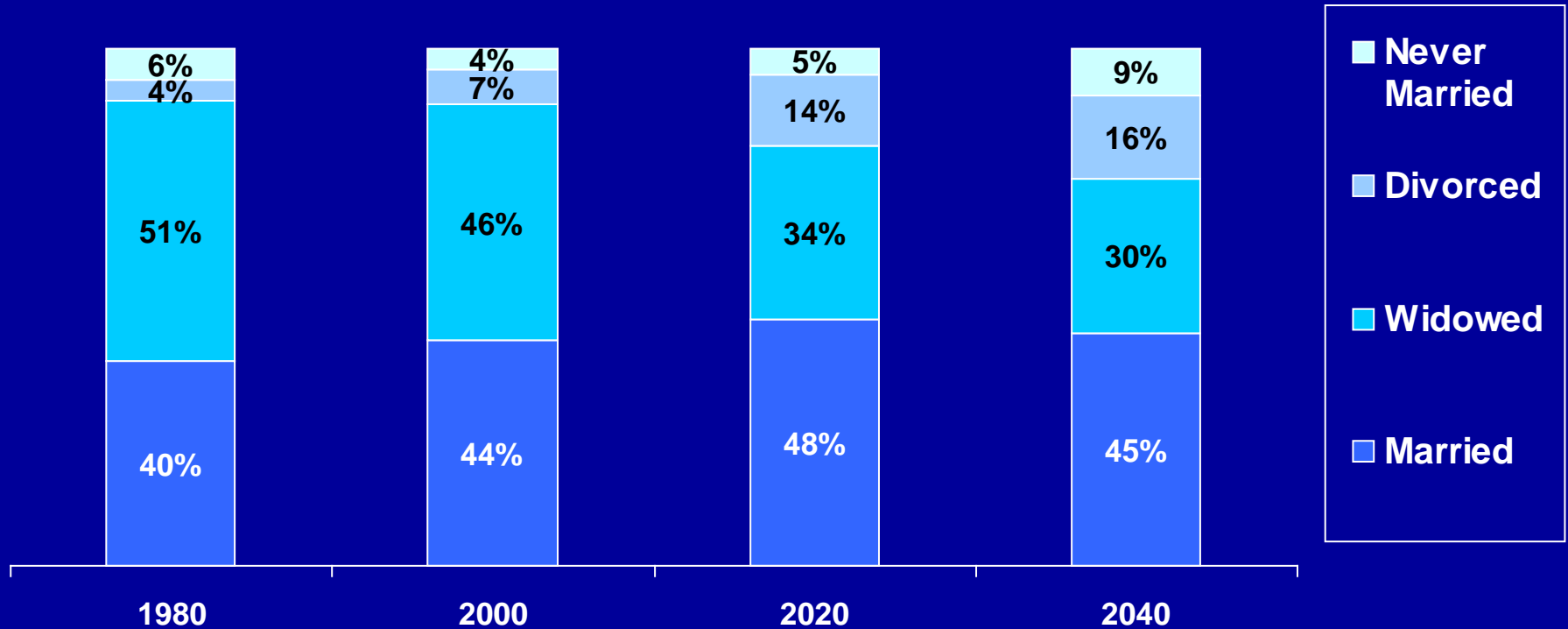
Educational Attainment of Adults Age 65+



Source: U.S. Census Bureau.

Widowhood Among Older Women is Declining, but Divorce is Increasing

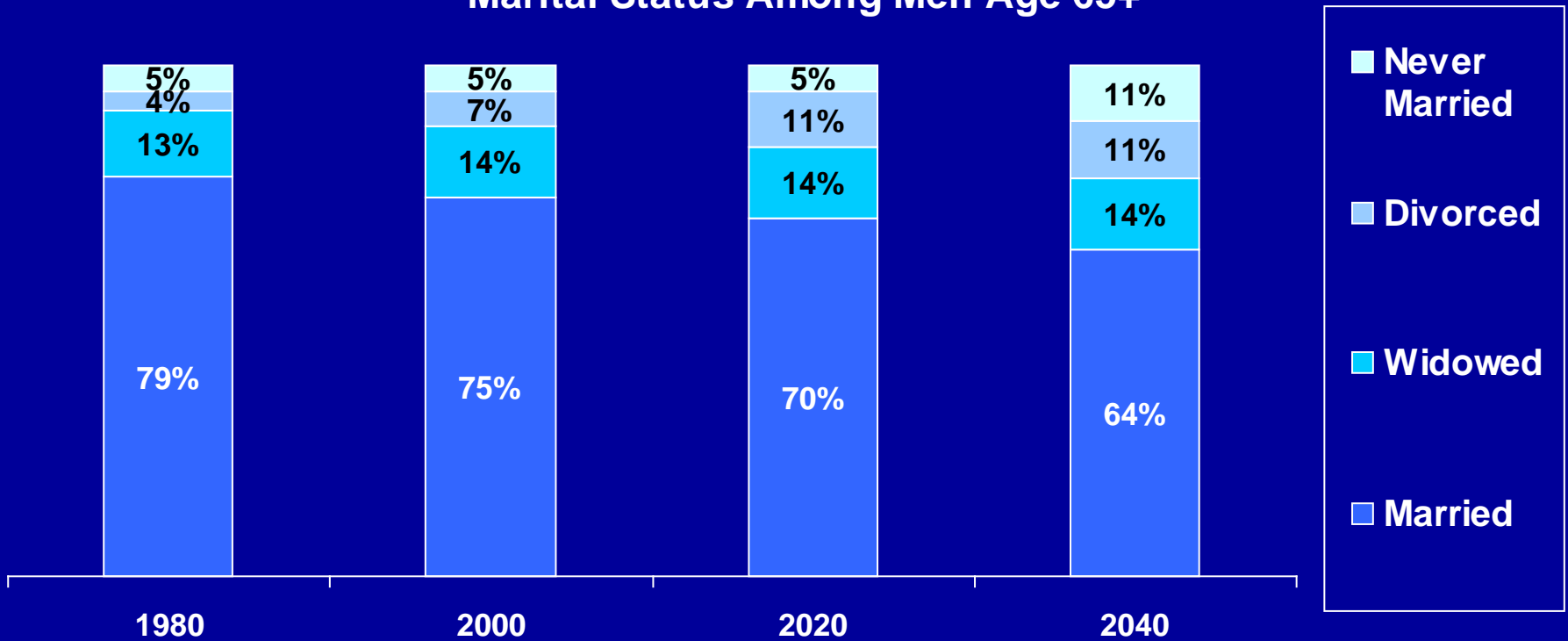
Marital Status Among Women Age 65+



Source: Unpublished data from the Office of the Chief Actuary, Social Security Admin.

A Smaller Share of Older Men Will Be Married in Coming Decades

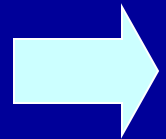
Marital Status Among Men Age 65+



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How Is the Older Population Changing?

- Demographic characteristics



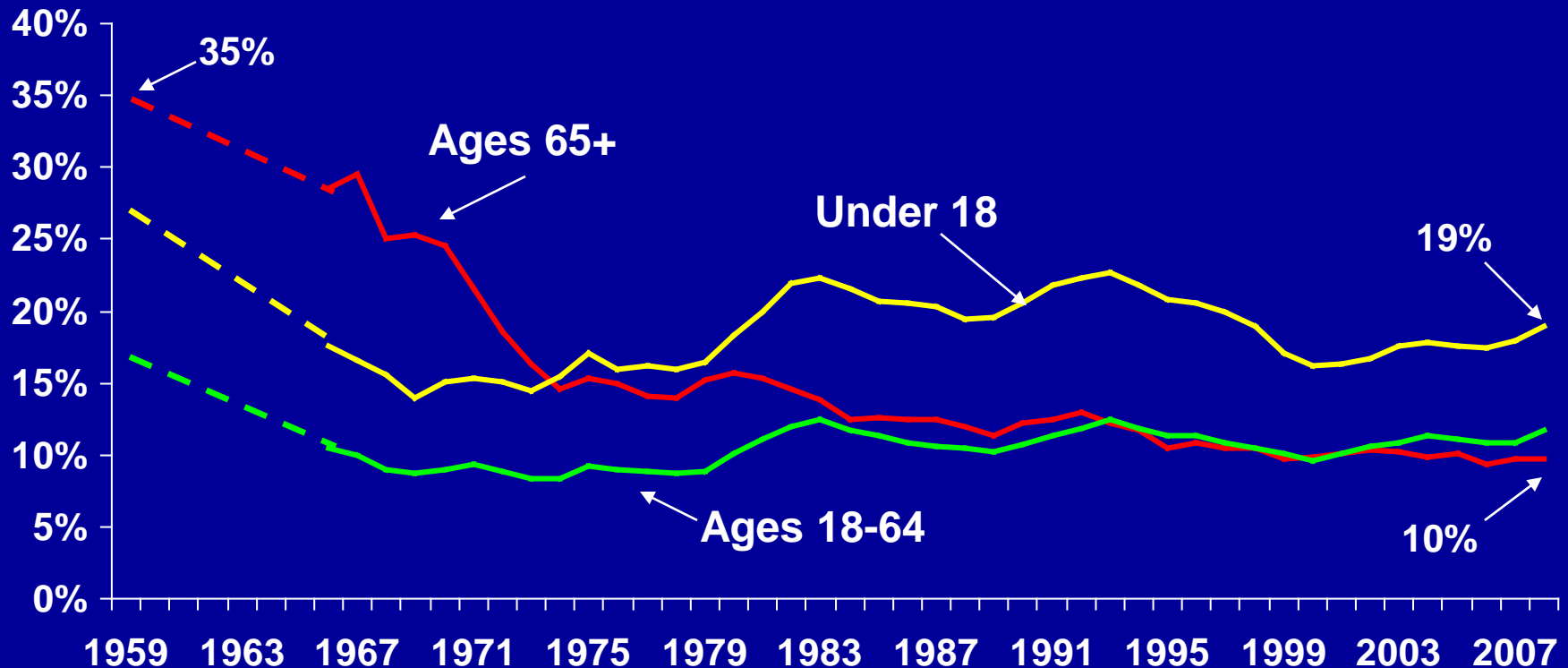
- Income

- Health care spending

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Poverty Rates for Older Adults Have Fallen Dramatically Over the Past 50 Years

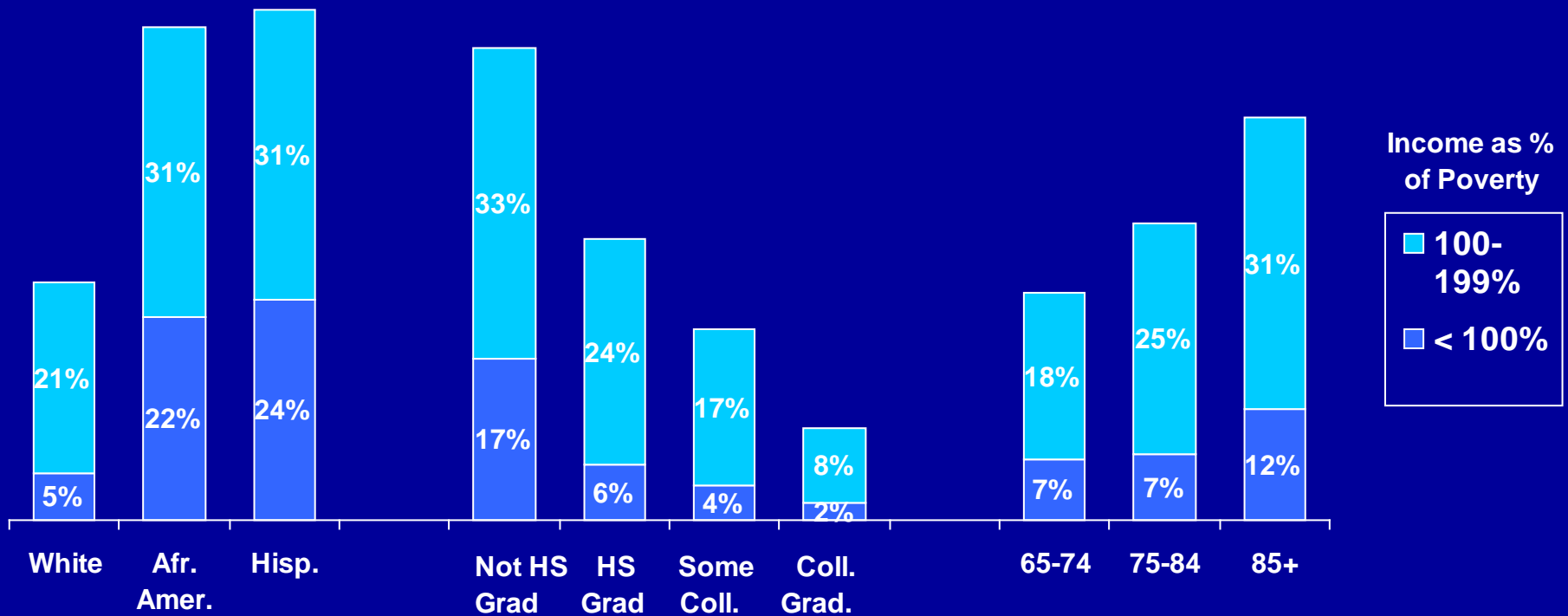
Poverty Rates by Age, 1959-2008



Source: U.S. Census Bureau (2009).

Low Incomes Are Common Among Older African Americans, Hispanics, High School Dropouts, and Adults Age 85+

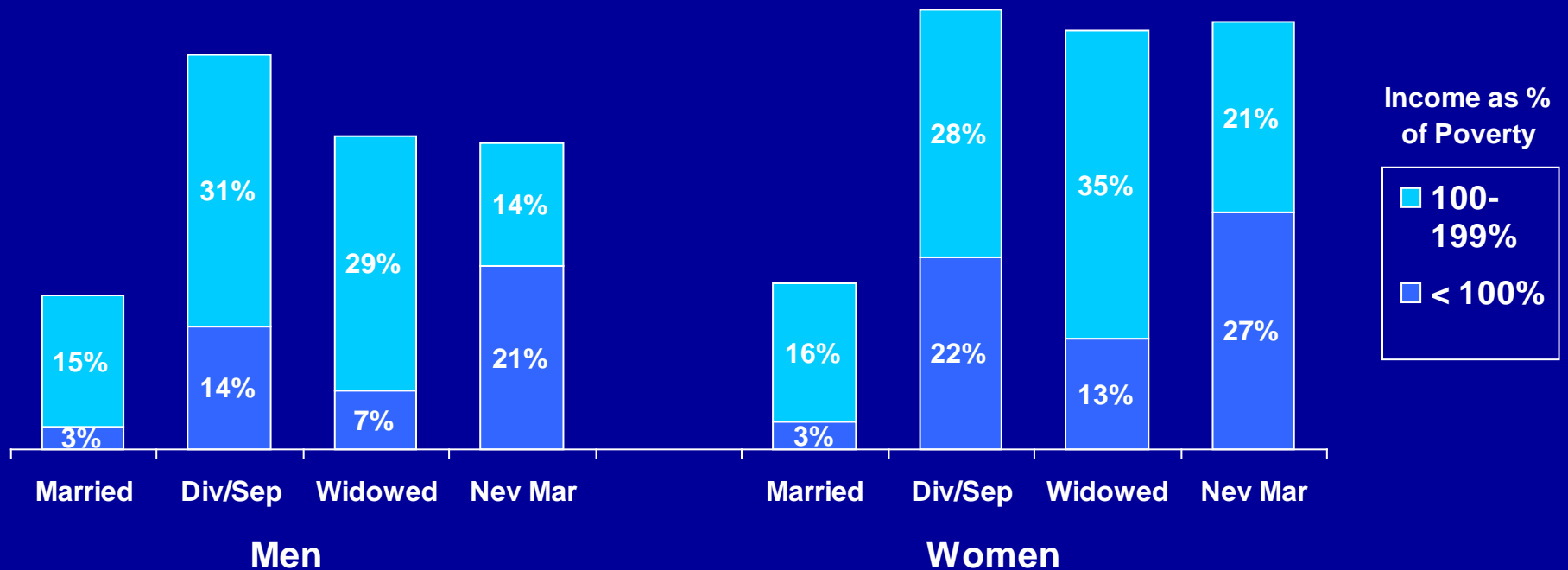
Share of Adults Age 65+ with Limited Household Income, 2005



Source: Author's computations from the HRS.

Unmarried Older Adults, Especially Women, Are Likely to Have Limited Incomes

Share of Adults Age 65+ with Limited Household Income, 2005

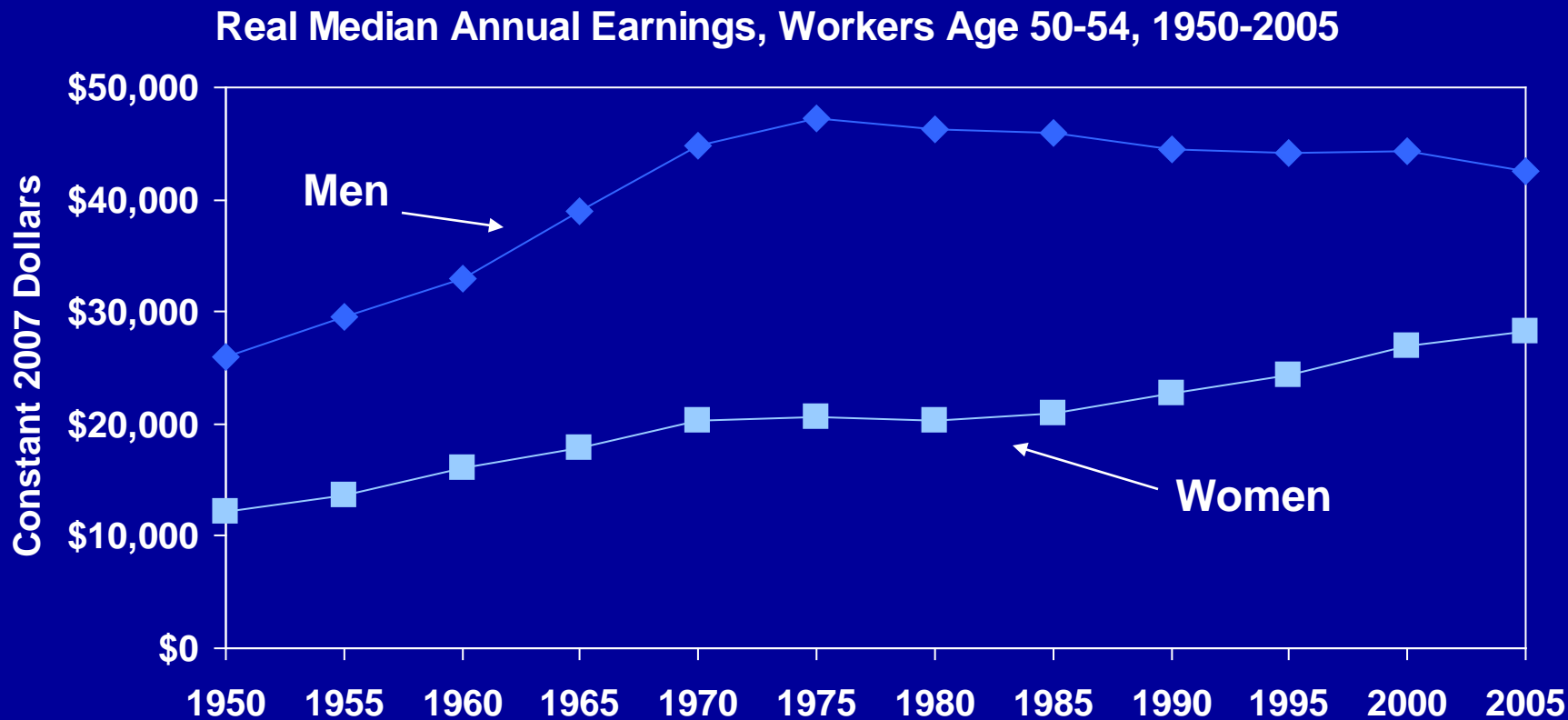


Source: Author's computations from the HRS.

Will Senior Poverty Rates Continue to Fall?

- Traditional pension plans are disappearing
 - From 1980 to 2008, private sector coverage fell from 40% to 20%
- 401(k)-type plans haven't work very well so far
 - low participation, investment risks
- Social Security's full retirement age is rising
 - From 65 to 66 (for those turning 62 in 2005) to 67 (turning 62 in 2022)
 - Workers retiring today at 62 get only 75% of full benefits
- Wages have stagnated

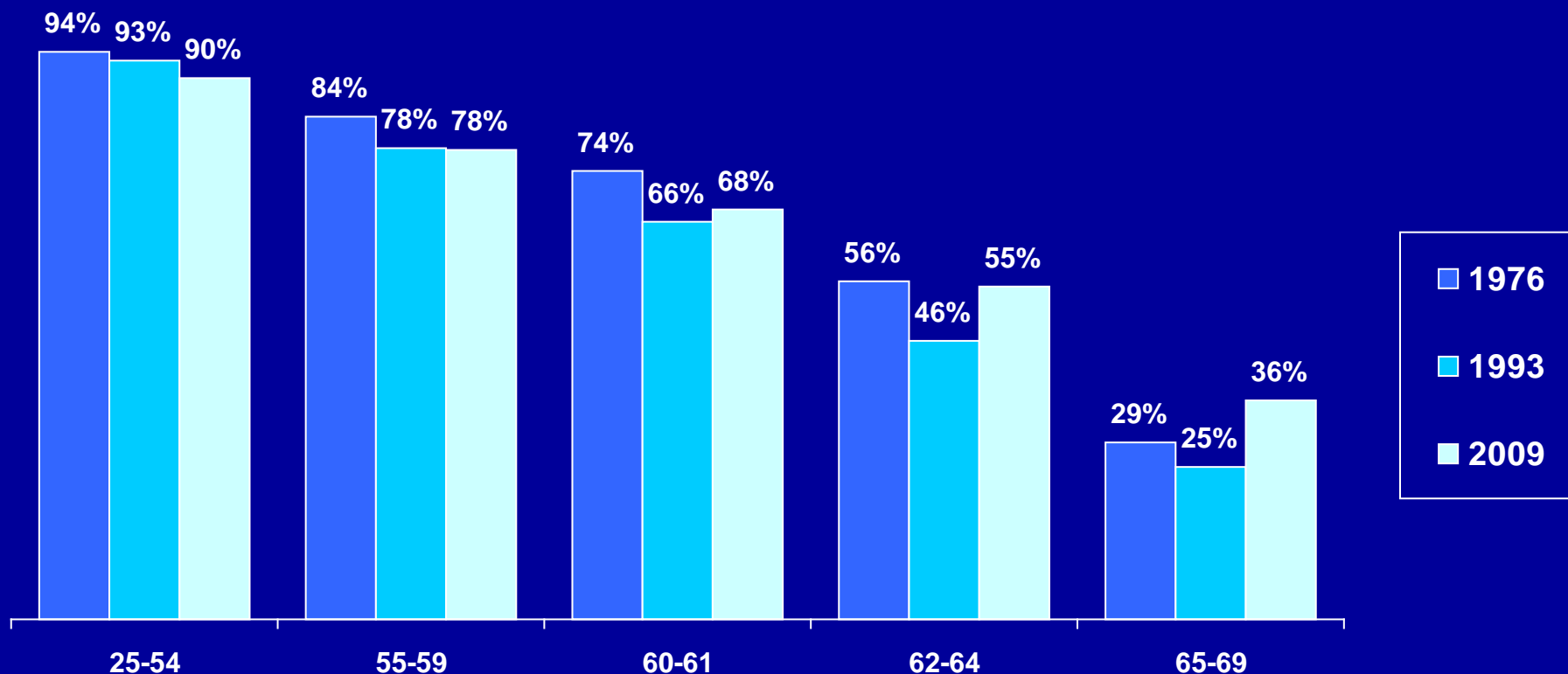
Male Earnings Have Not Increased in 30 Years, But Women Are Working and Earning More



Source: Social Security Administration.

Men Are Now Working Longer than They Did 16 Years Ago, Partly Because of Worries About Retirement Security

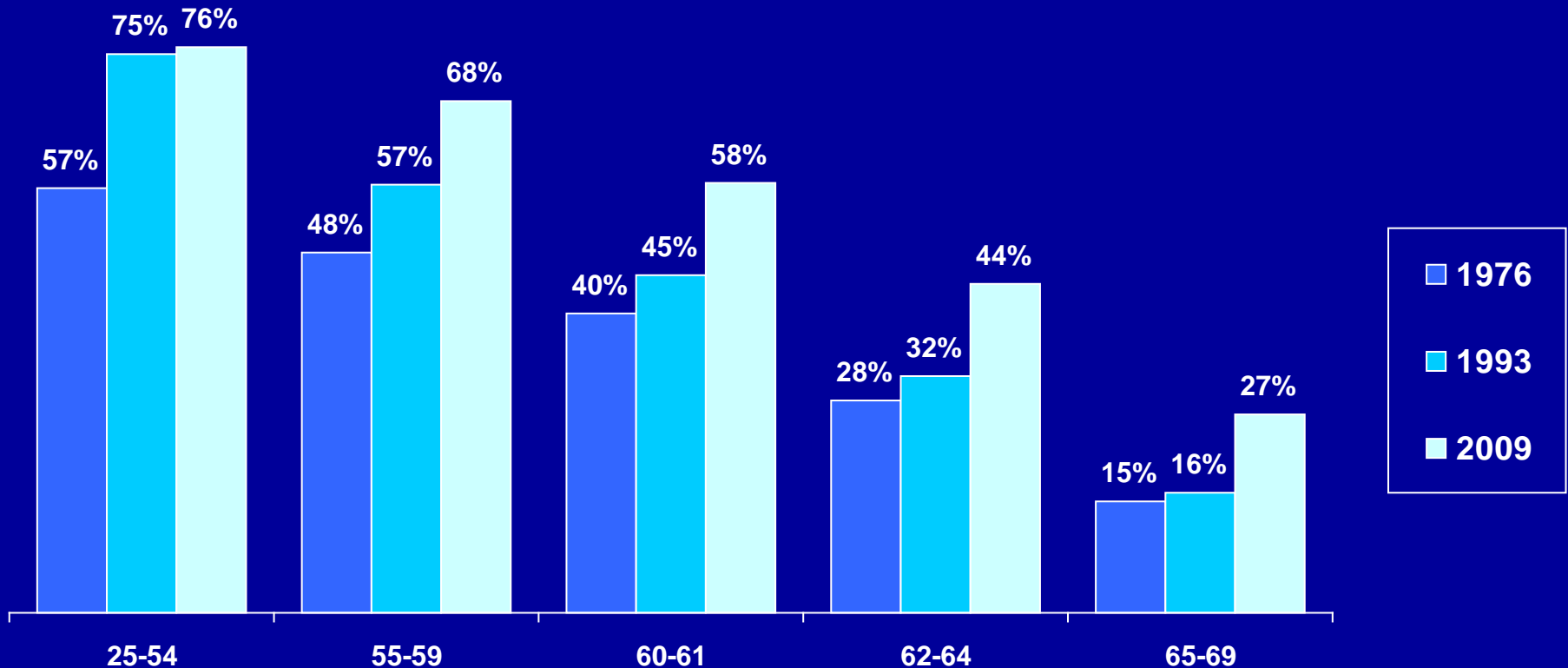
Share of Men Working or Looking for Work, 1976, 1993, 2009



Source: Urban Institute computations from BLS data.

Older Women Are Also Working Longer

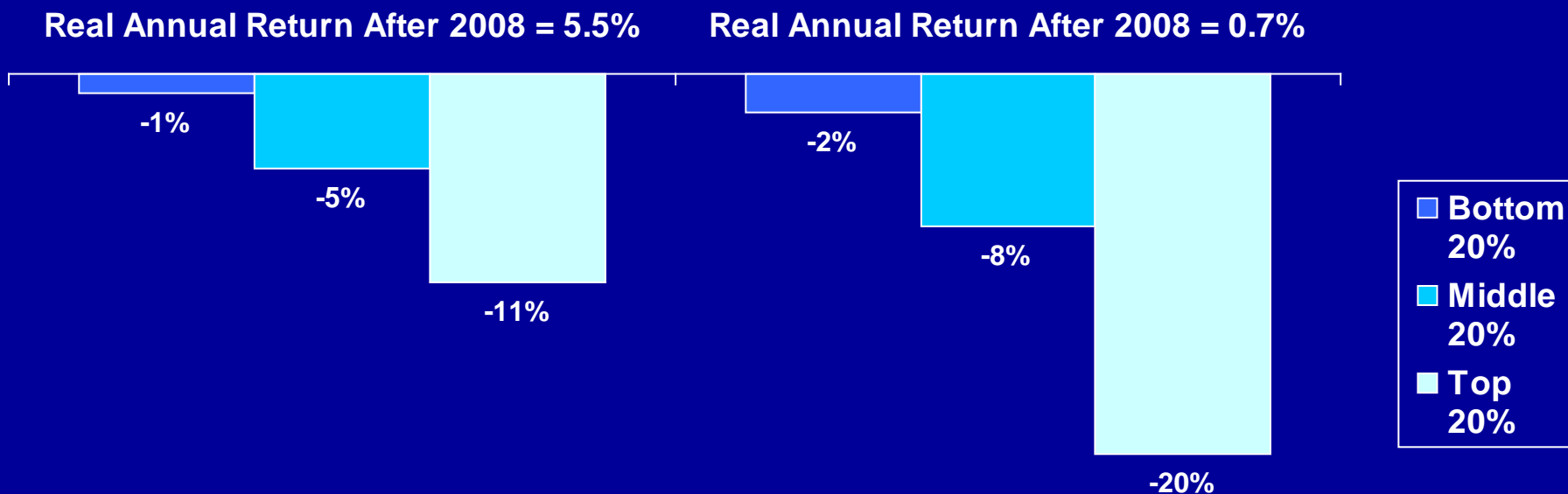
Share of Women Working or Looking for Work, 1976, 1993, 2009



Source: Urban Institute computations from BLS data.

The 2008 Stock Market Crash Will Most Affect High-Income Adults

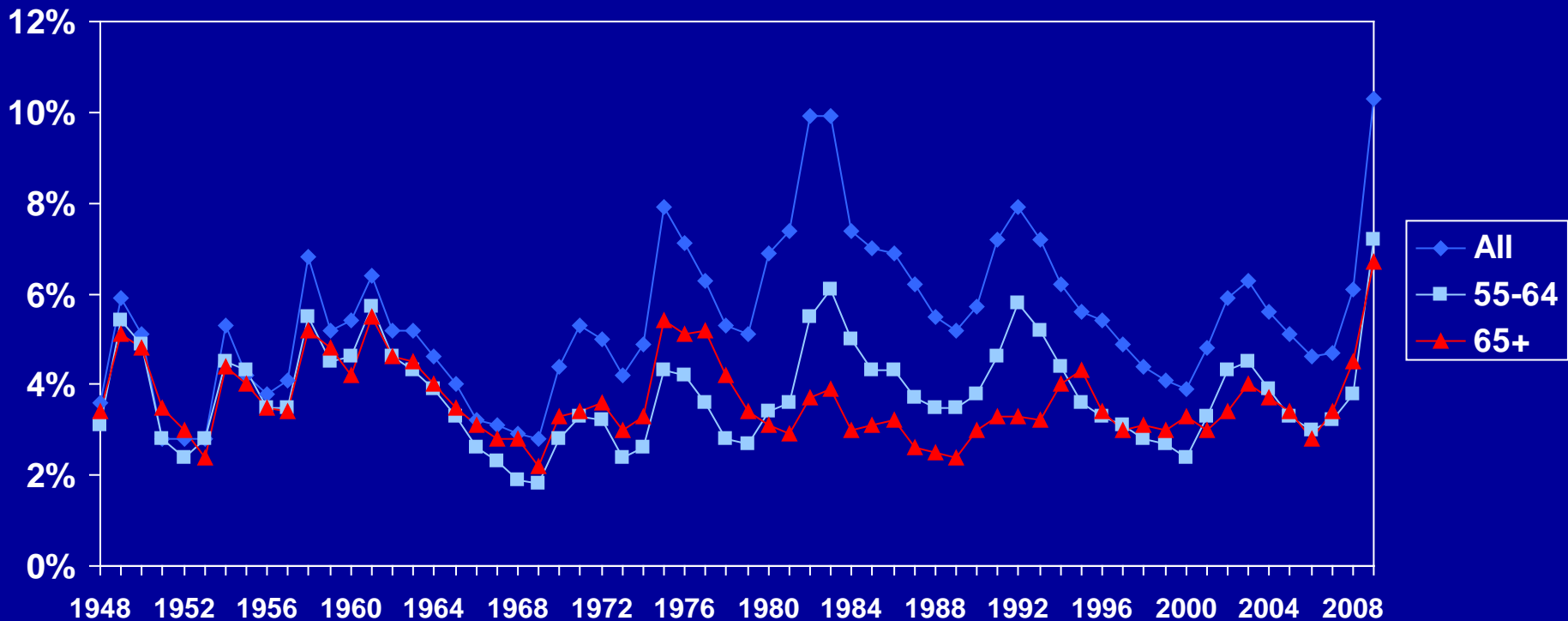
Projected Change in Per Capita Income at Age 67, Relative to No Crash, Adults Born 1951-55, by Income Quintile



Source: Butrica, Smith, and Toder (2009)

Unemployment Rates for Men Age 65+ Increased Sharply in 2009

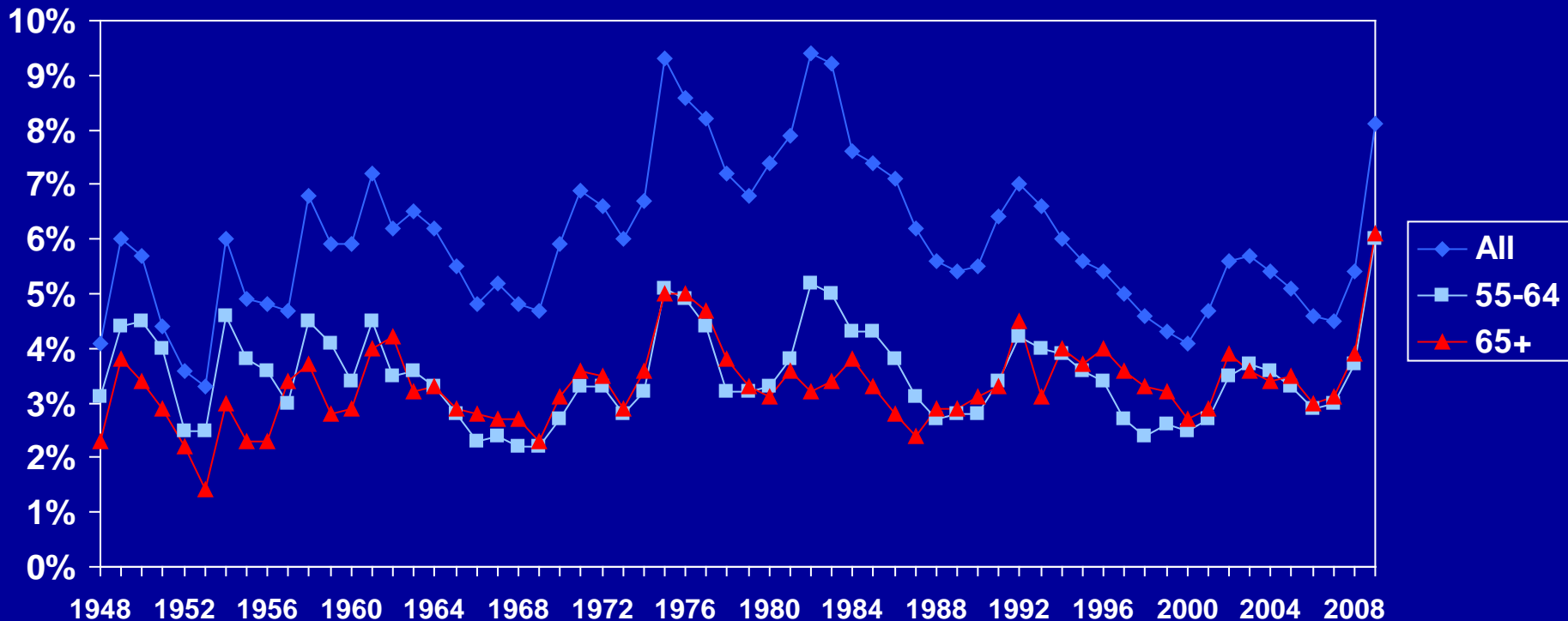
Average Monthly Unemployment Rates for Men by Age, 1948-2009



Source: Urban Institute computations from BLS data.

Unemployment Rates Also Increased Sharply Last Year for Women Age 65+

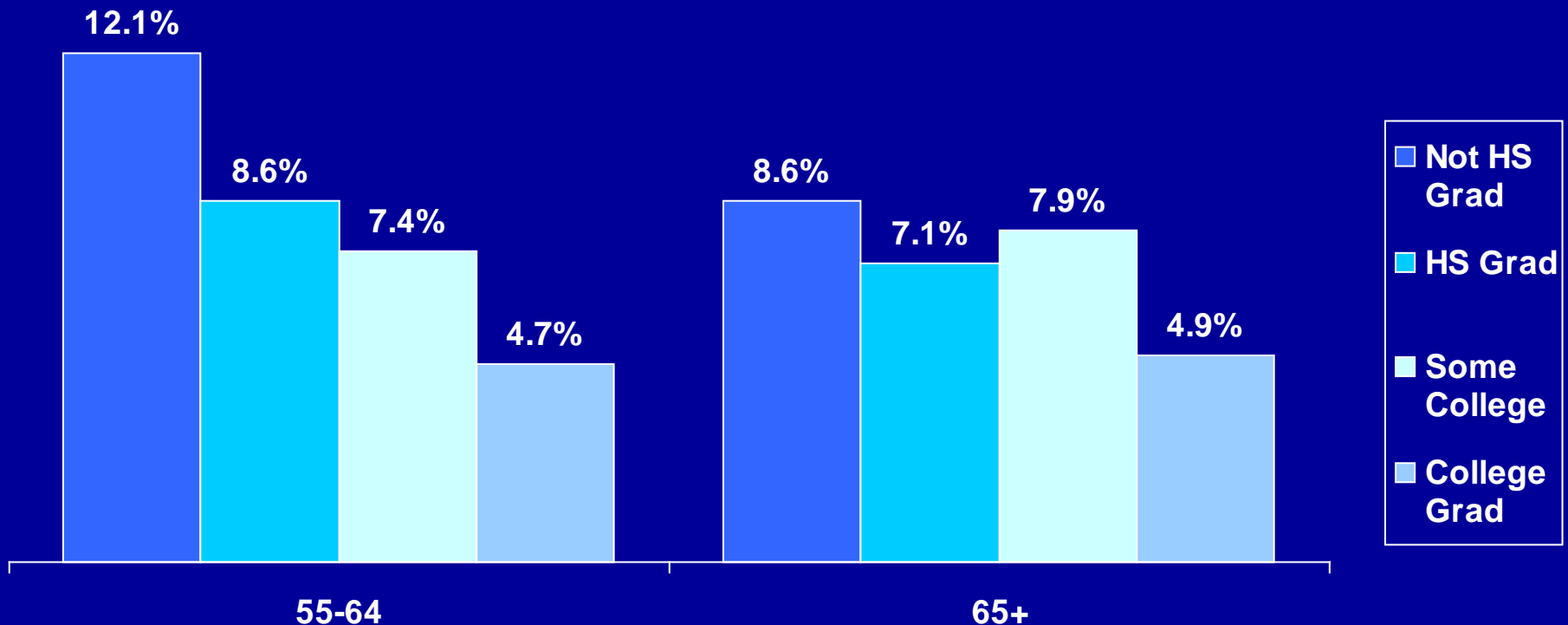
Average Monthly Unemployment Rates for Women by Age, 1948-2009



Source: Urban Institute computations from BLS data.

The Recession Has Hit Workers with Limited Education Hard

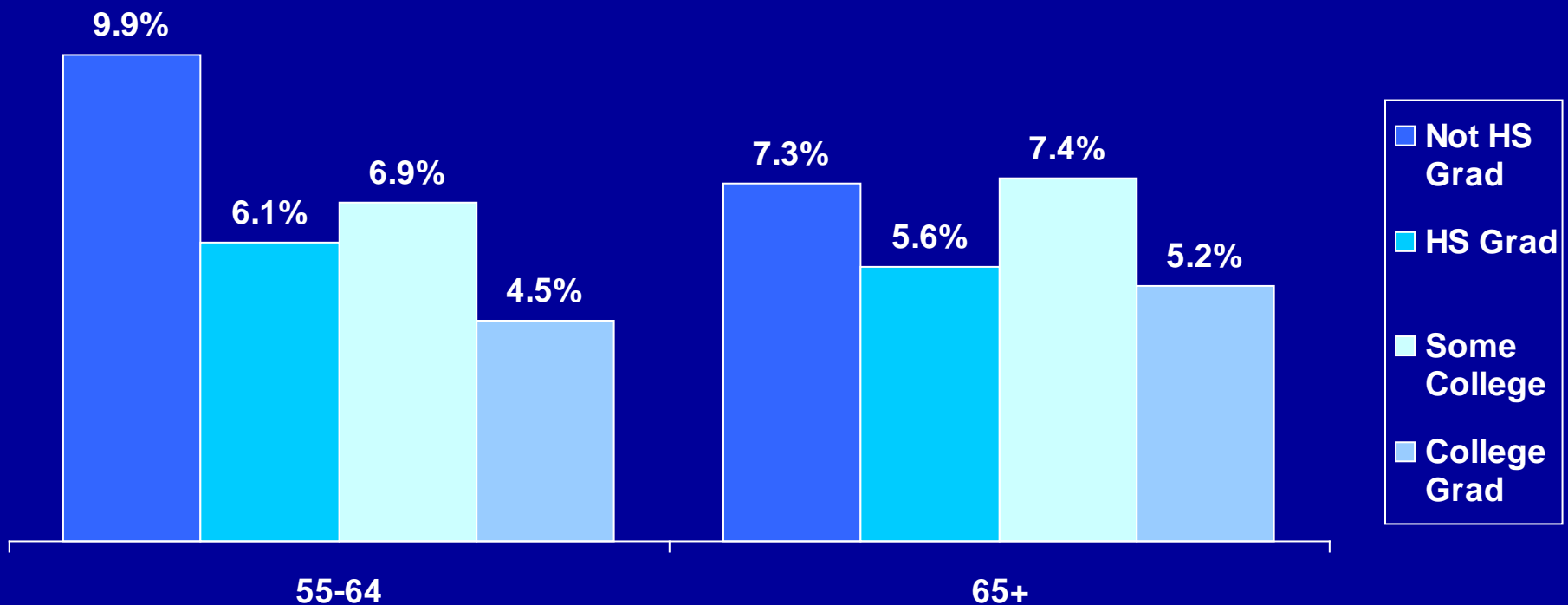
Average 2009 Unemployment Rates for Older Men, by Education



Source: Urban Institute computations from BLS data.

Women Age 55-64 who Did Not Complete High School Are Especially Likely to Be Unemployed

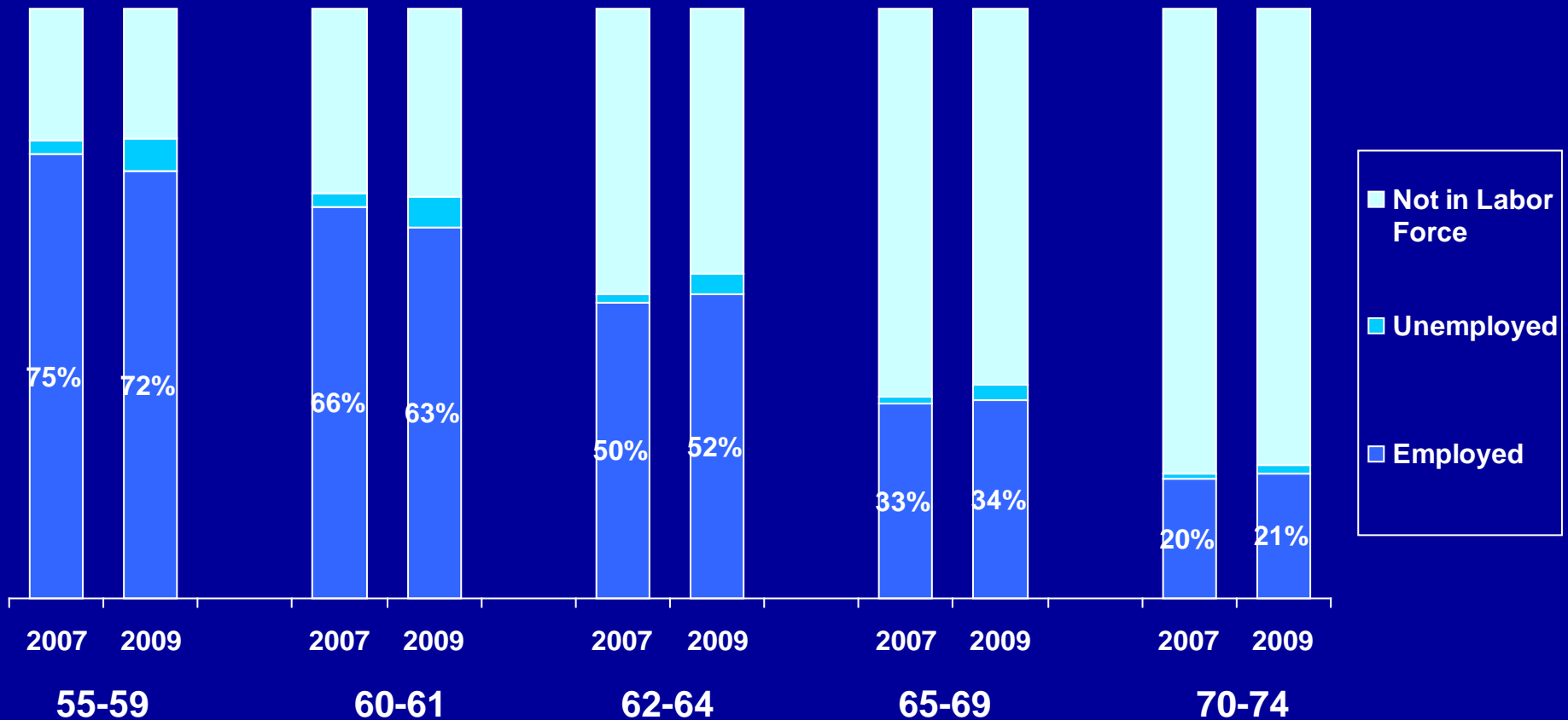
Avg. 2009 Unemployment Rates for Older Women, by Education



Source: Urban Institute computations from BLS data.

Employment Rates Increased for Men Age 62+ in 2009 because Few Older Men Dropped out of the Labor Force

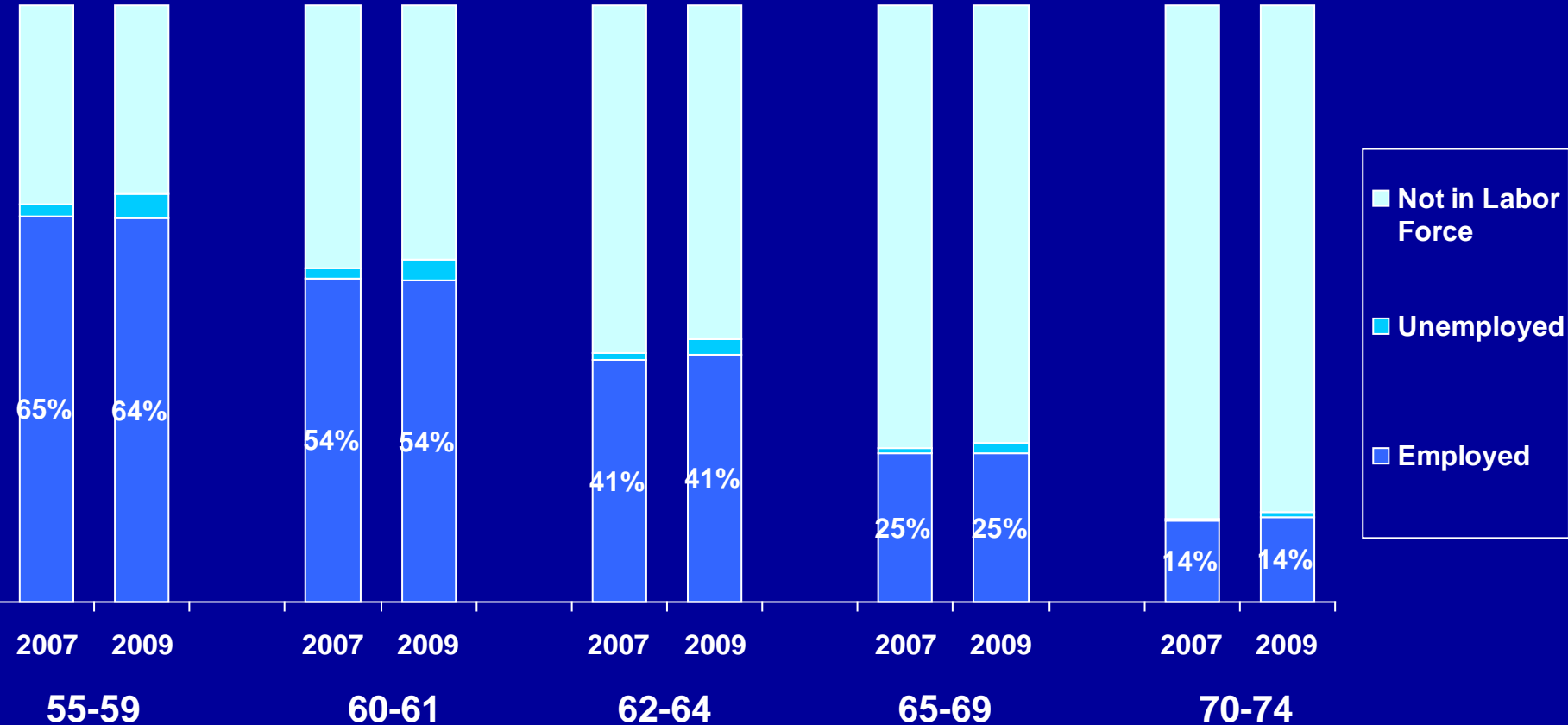
Labor Force Status of Men by Age, 2007 and 2009



Source: Urban Institute computations from BLS data.

Older Women's Employment Rates Did Not Fall Between 2007 and 2009, Despite the Increase in Unemployment

Labor Force Status of Men by Age, 2007 and 2009



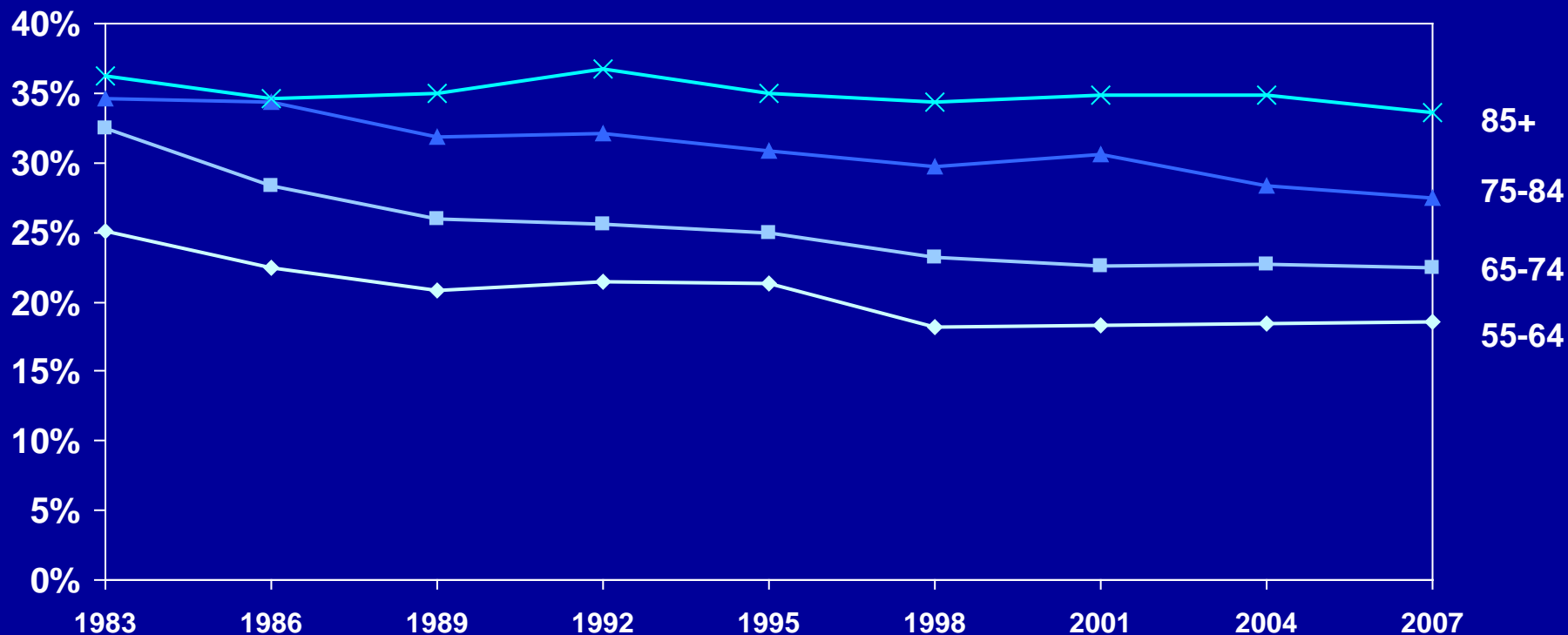
Source: Urban Institute computations from BLS data.

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Americans Age 55-84 Were Generally in Better Health in 2007 Than 1983

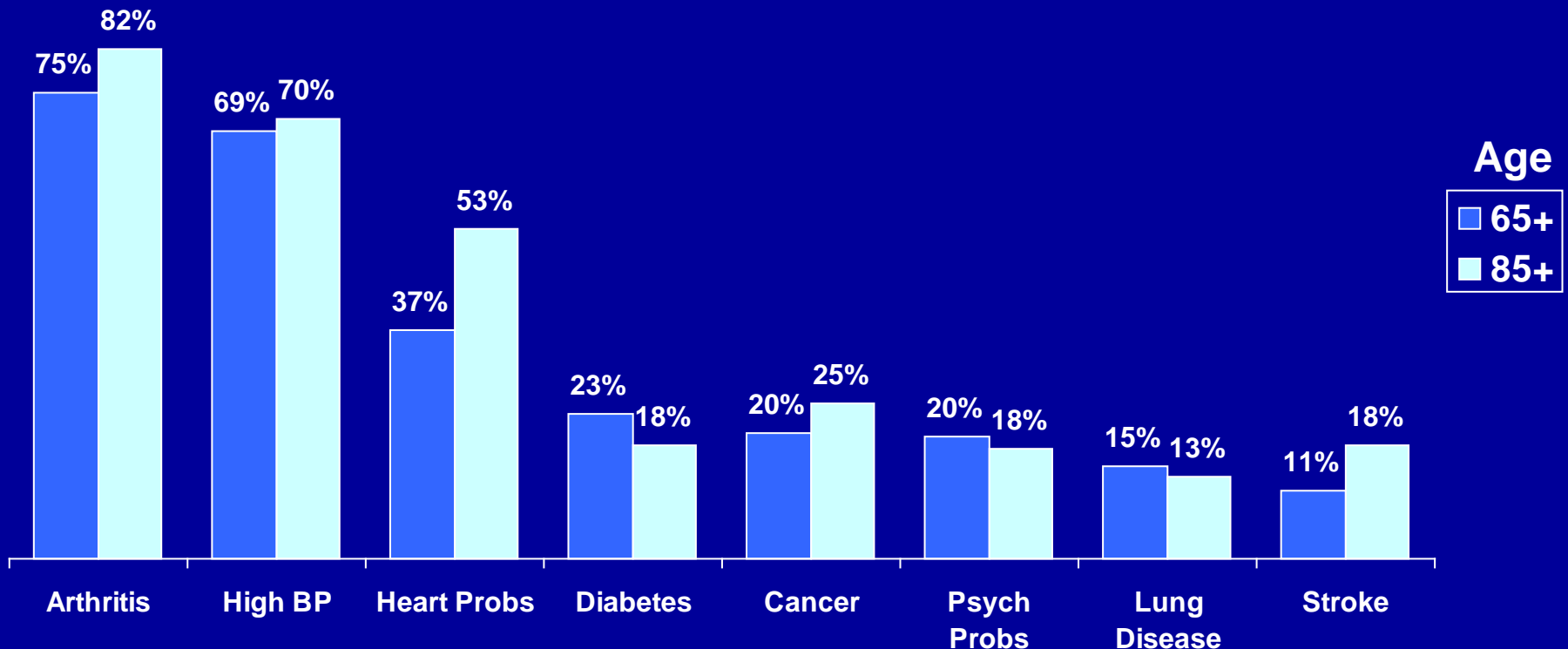
Percentage of Adults Reporting Fair or Poor Health, by Age, 1983-2007



Source: Urban institute calculations from the National Health Interview Survey.

But Health Problems Are Still Common at Older Ages

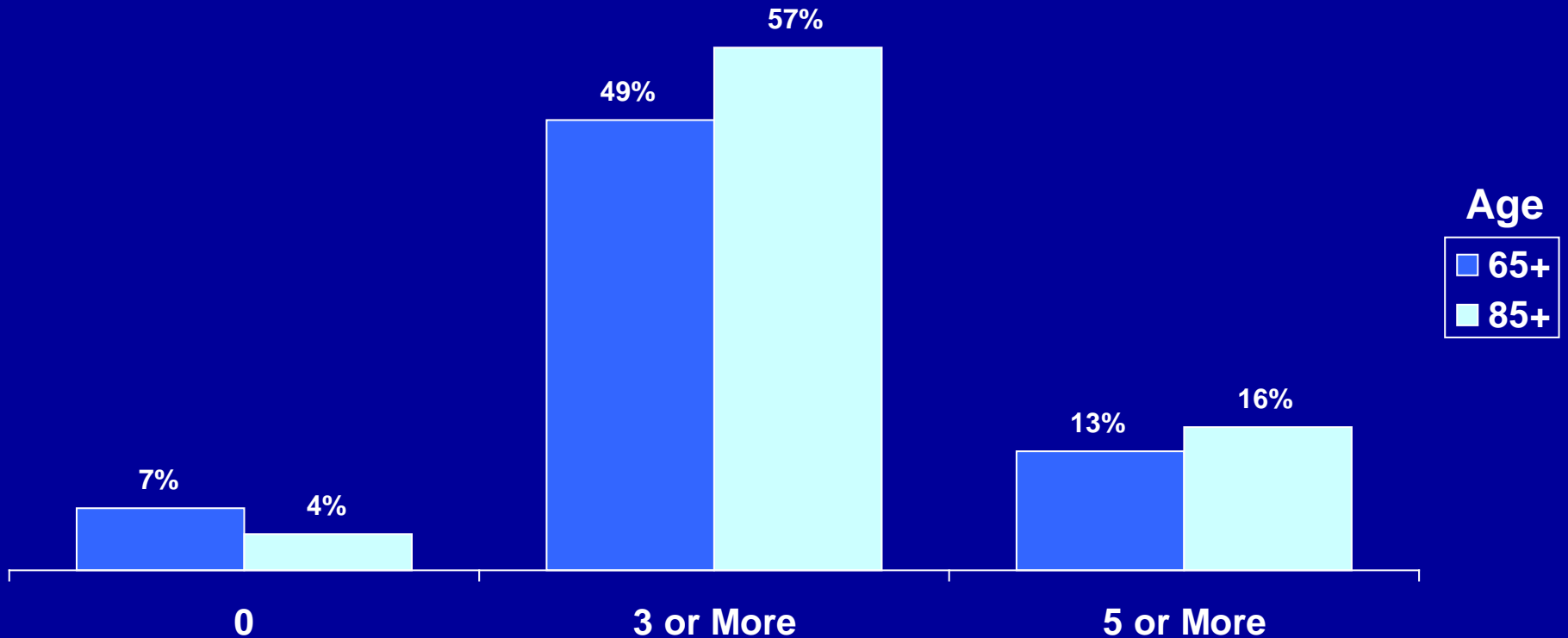
Share of Older Adults with Medical Conditions, 2006



Source: Author's computations from the HRS.

About Half of Adults Age 65+ Have 3 or More Medical Conditions

Distribution of No. of Medical Conditions for Older Adults, 2006

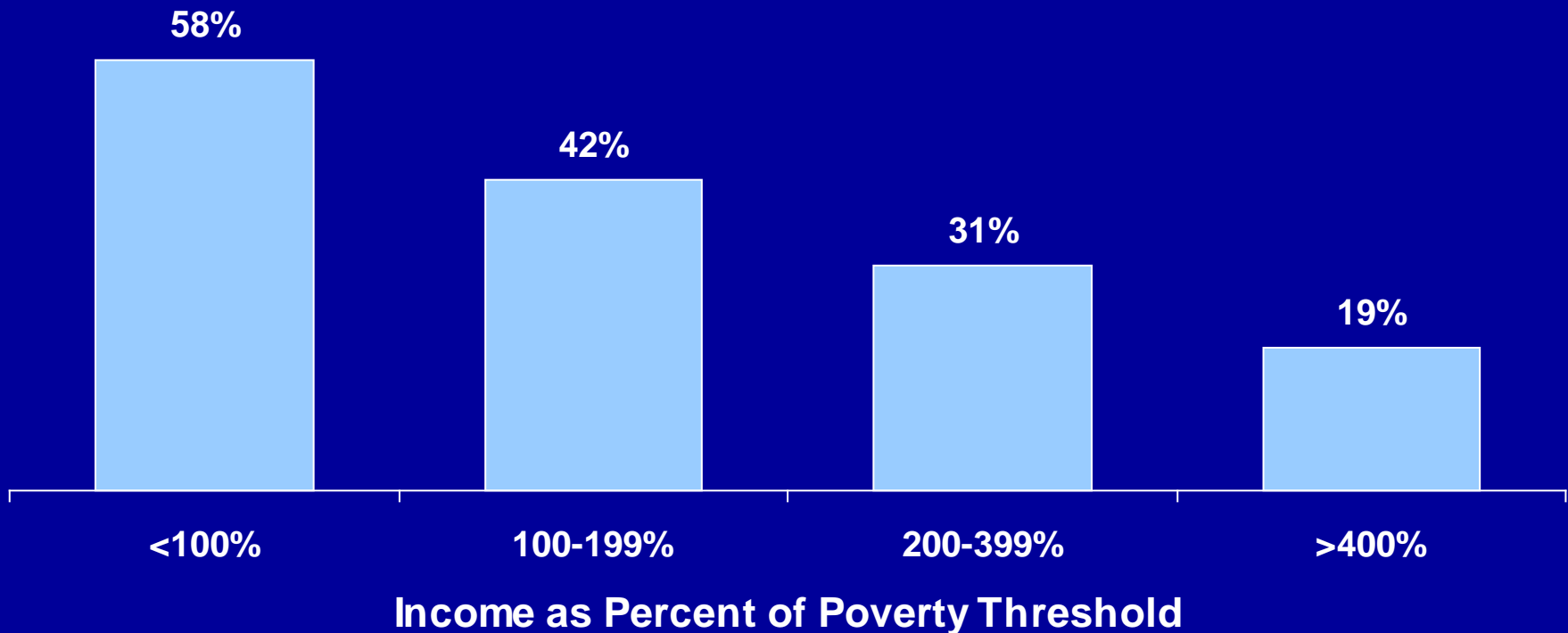


Source: Author's computations from the HRS.

Note: Medical conditions include arthritis, cancer, diabetes, heart problems, high blood pressure, lung problems, psychological problems, and stroke.

Low-Income Older Adults Are Especially Likely to Report Health Problems

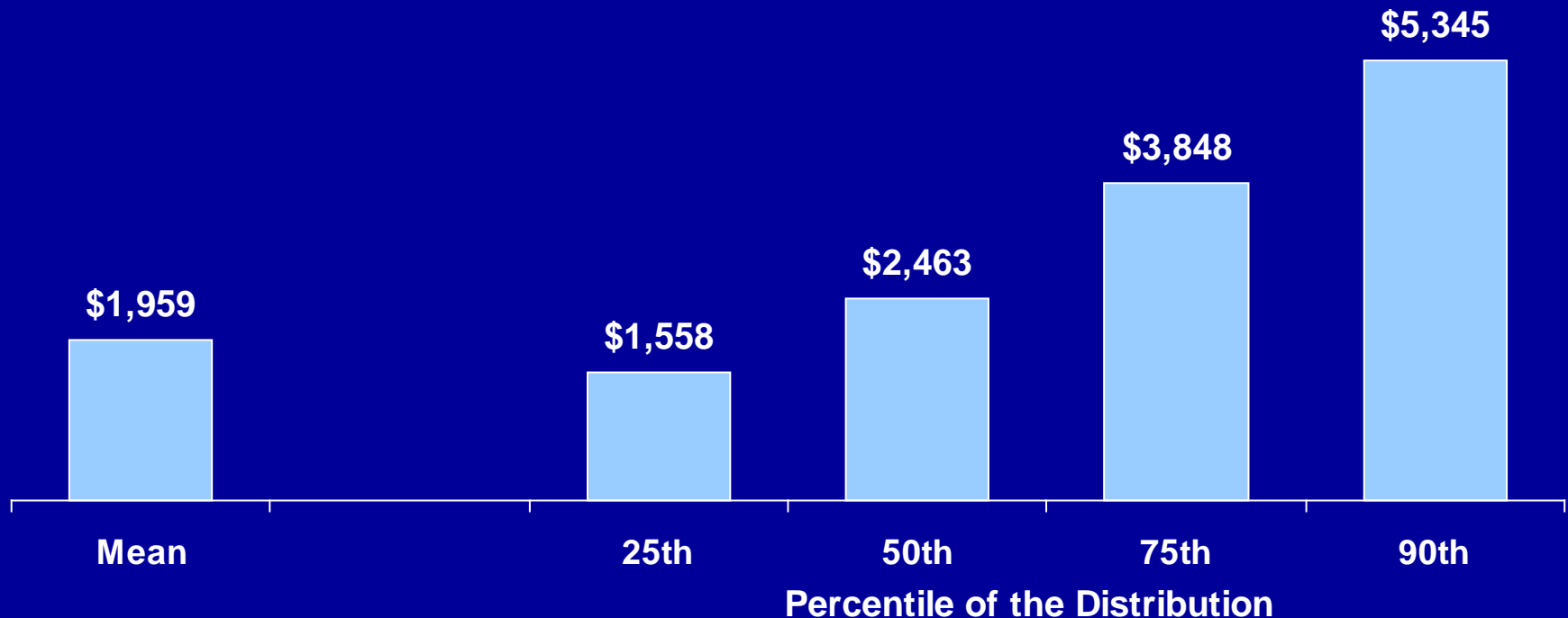
Share of Adults with Fair or Poor Health, by Income, Age 65+,
2006



Source: Author's computations from the Health and Retirement Study.

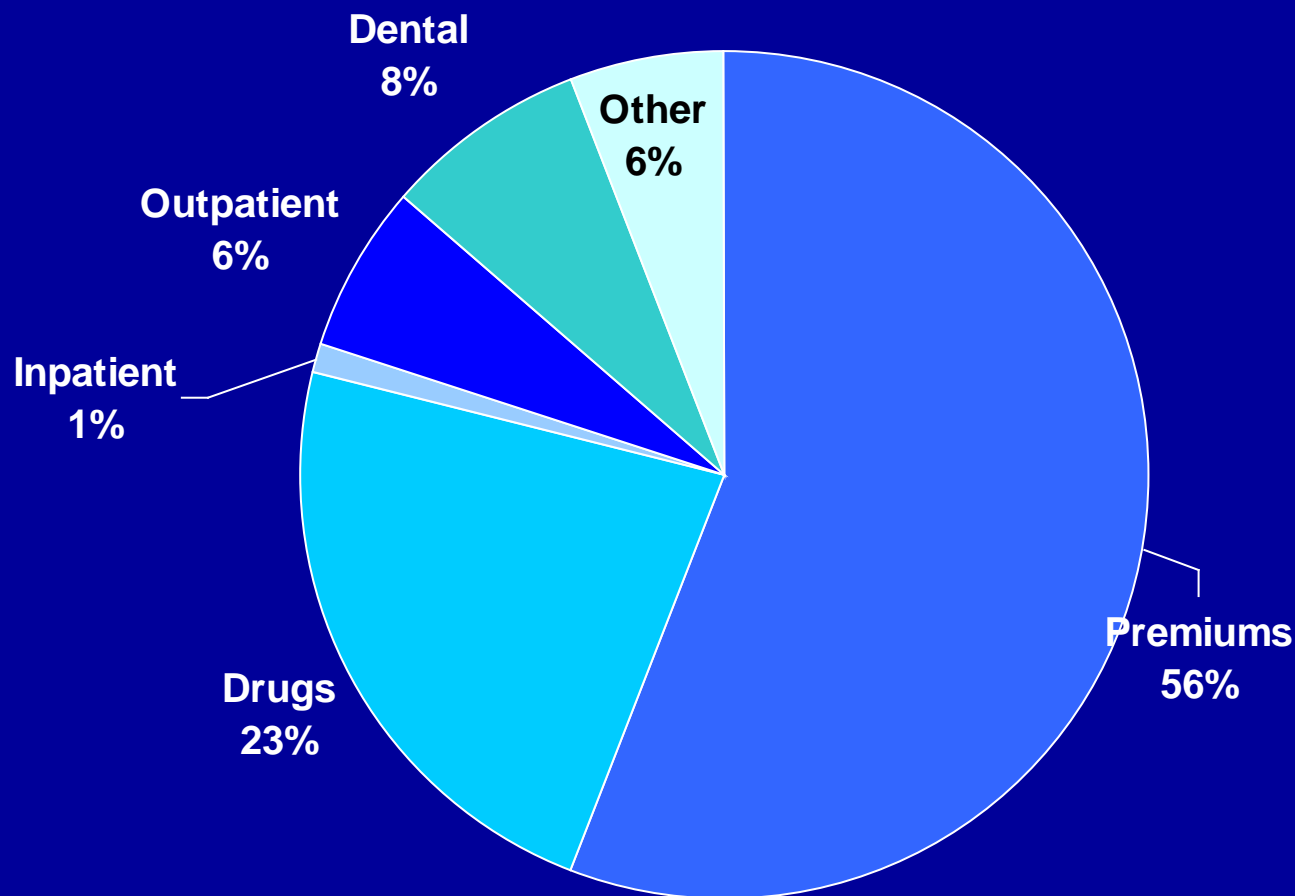
Half of Older Adults Spent Less than \$2,500 per 2006 on their Health Care, but 10% Spent More than about \$5,300

Annual Out-of-Pocket Health Care Spending, Adults Age 65+, 2006



Source: Johnson & Mommaerts (2009).

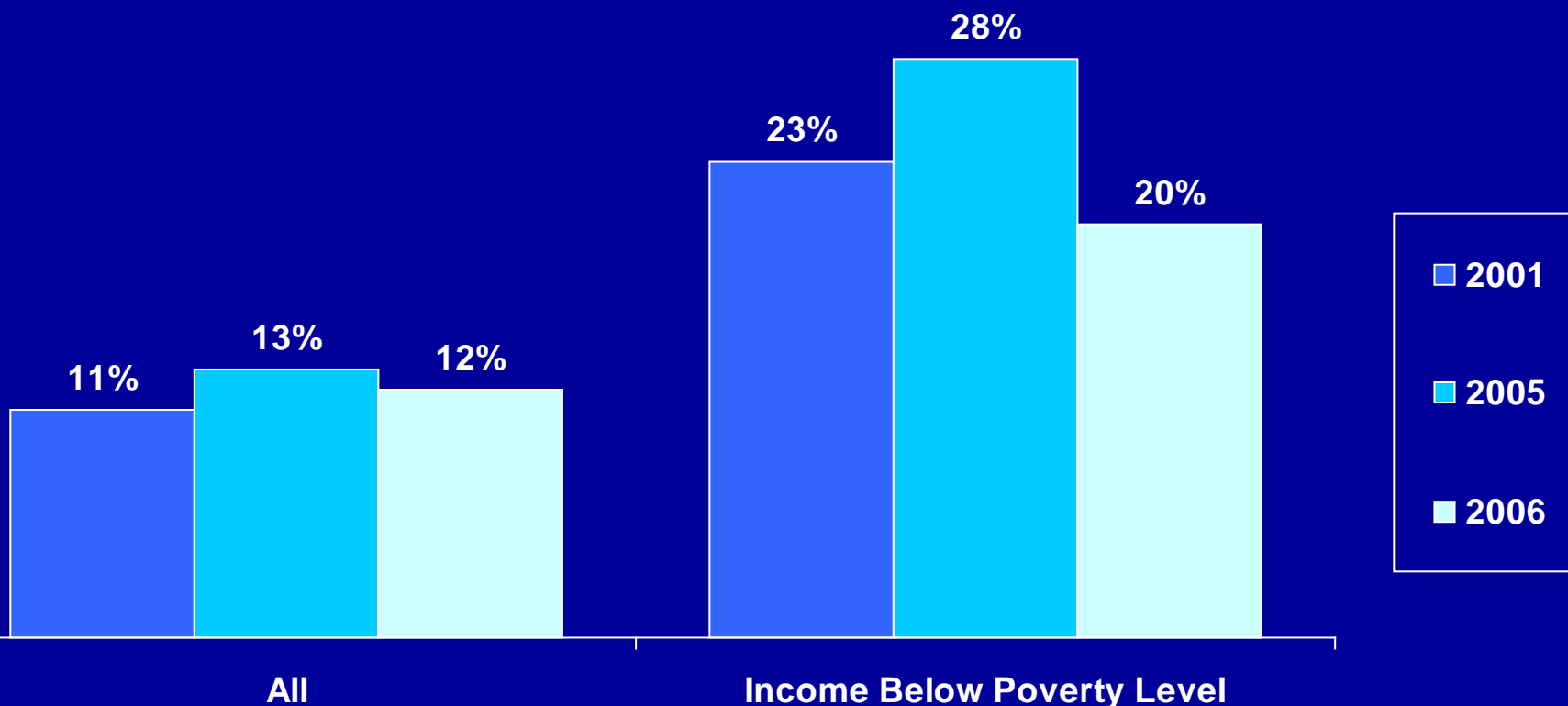
Composition of Out-of-Pocket Health Care Spending, Age 65+, 2006



Source: Johnson & Mommaerts (2009)

The Creation of Medicare Part D in 2006 Reduced Out-of-Pocket Spending for Low-Income Seniors, but Costs Remain Burdensome

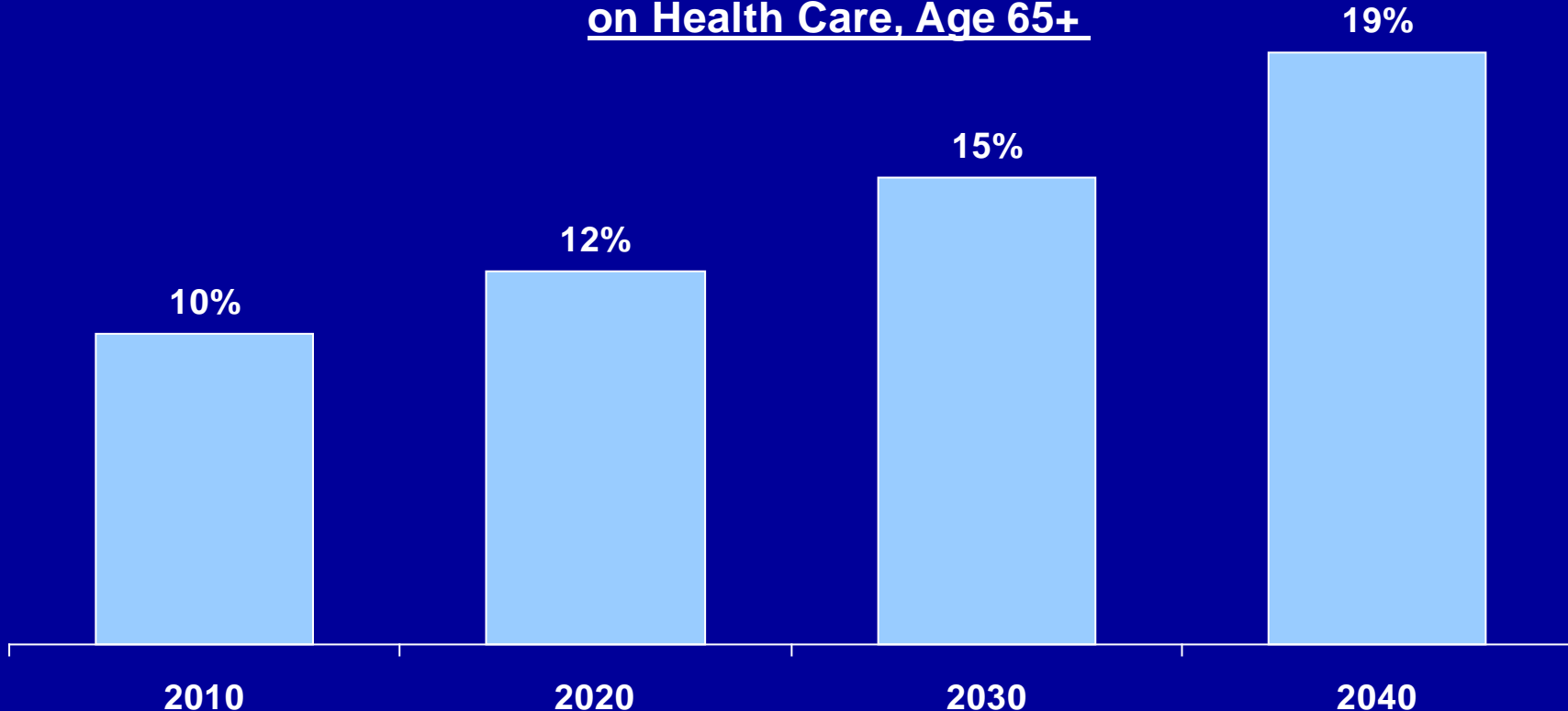
Median Pct. of Household Income Spent on Health Care, Age 65+



Source: Johnson and Mommaerts (2009).

Rising Health Care Costs Will Increase Financial Burden on Seniors, Unless Policies Change

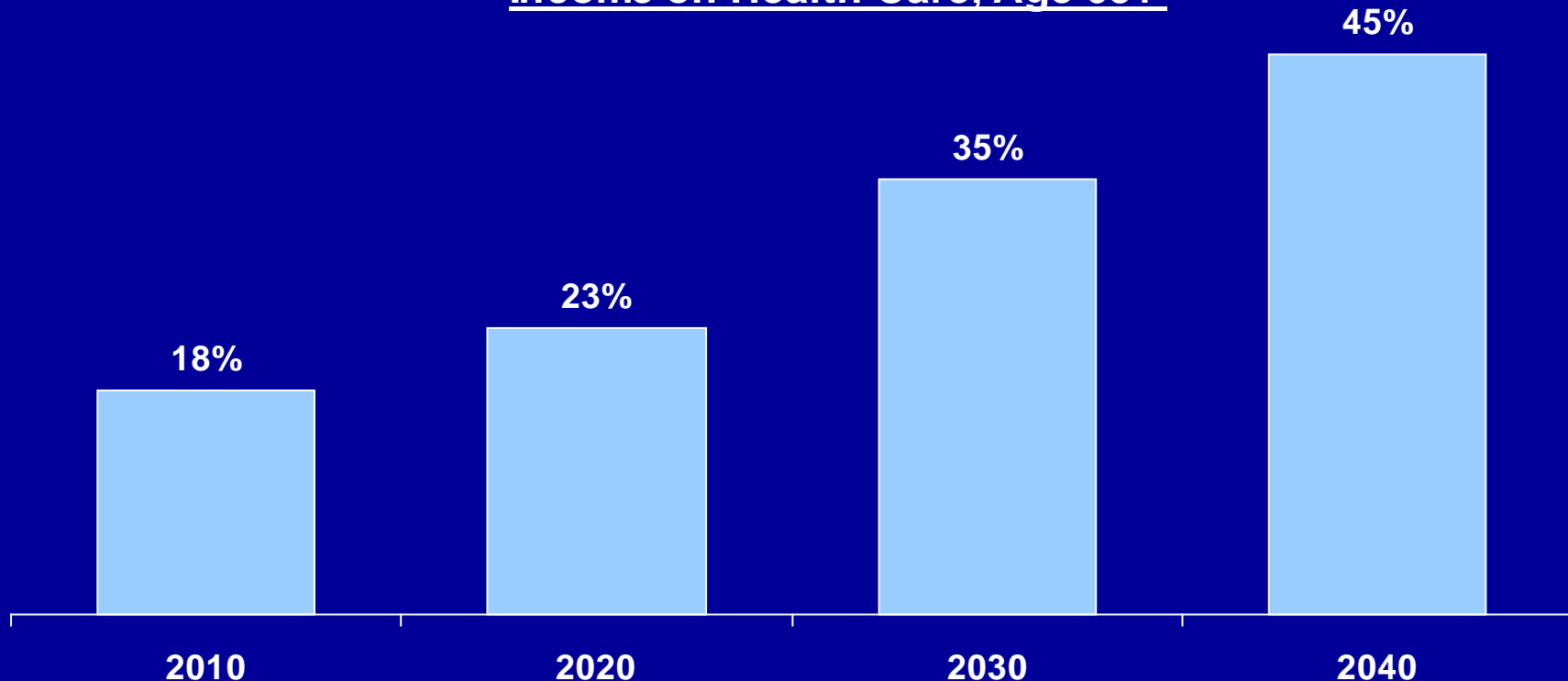
Projected Median Pct. of Household Income Spent
on Health Care, Age 65+



Source: Johnson and Mommaerts (2010).

More Seniors Will Likely Experience Financially Burdensome Health Care Costs

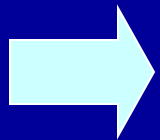
Projected Share of Adults Spending More than 20% of Household Income on Health Care, Age 65+



Source: Johnson and Mommaerts (2010).

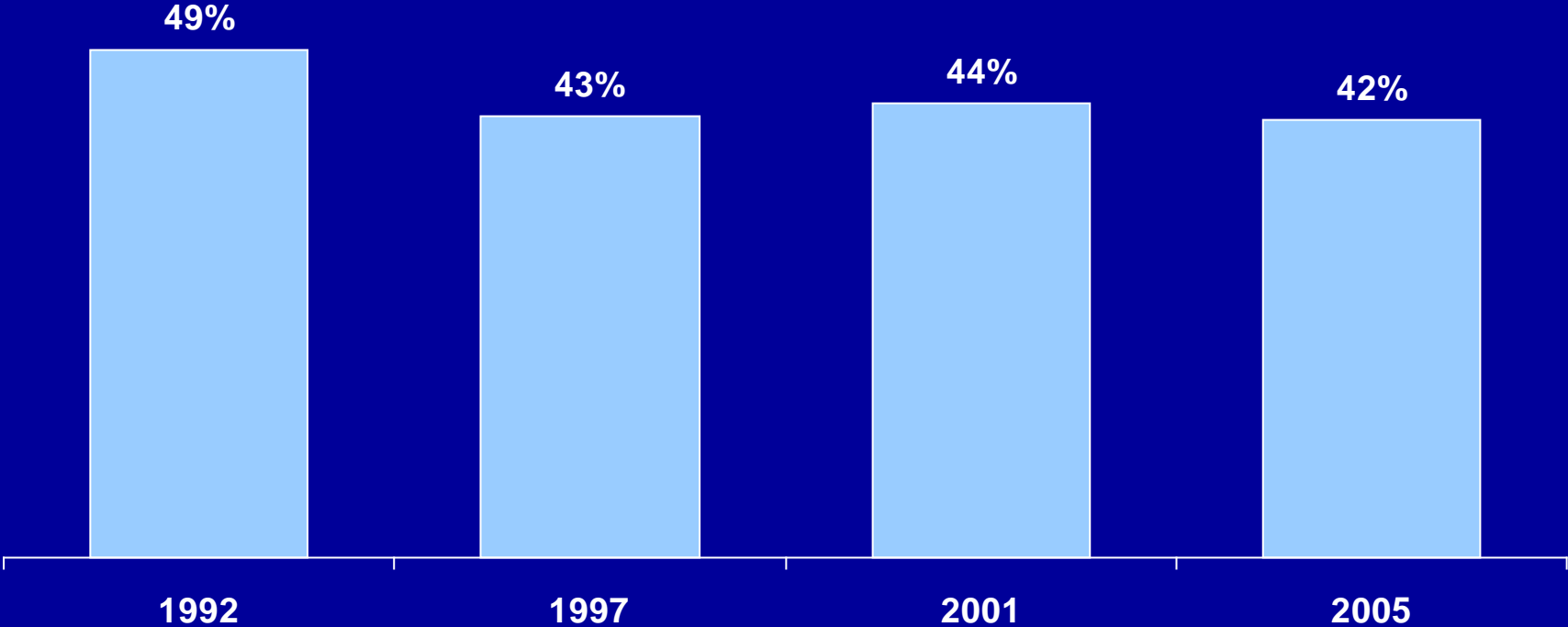
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Disability Rates Have Been Declining, But May Soon Increase as Obesity and Diabetes Rates Rise in Midlife

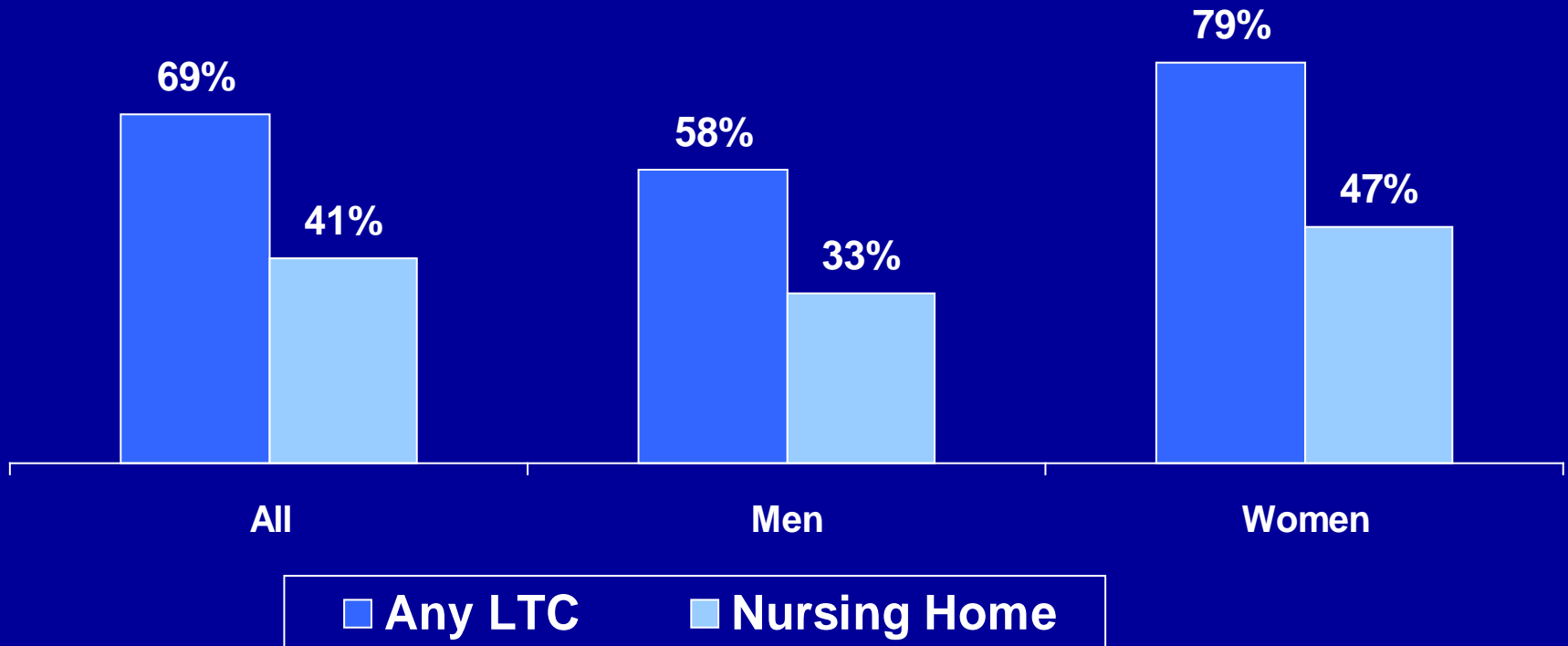
Share of Medicare Enrollees Age 65+ with Disabilities



Source: Federal Interagency Forum on Aging-Related Statistics (2008).

Most People Will Eventually Need Long-Term Care

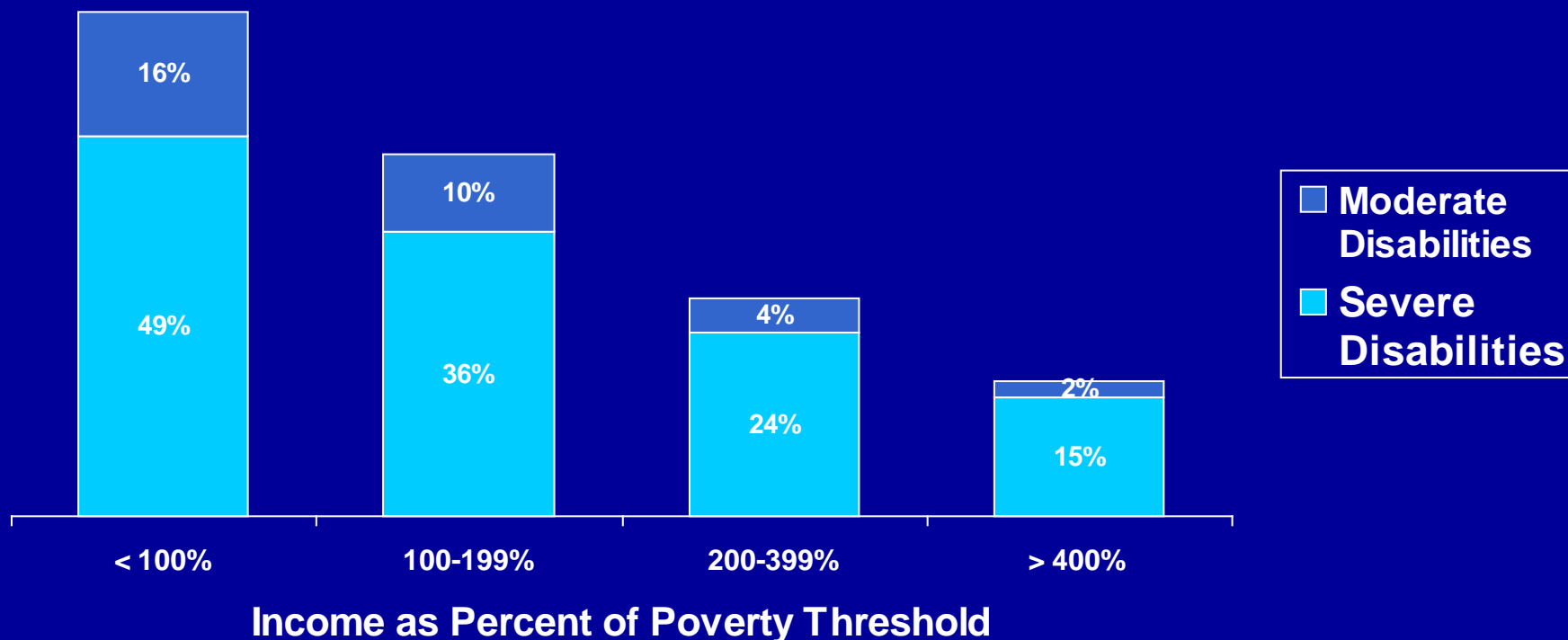
Pct of People Age 65 in 2005 Who Will Ever Need LTC



Source: Kemper, Komisar, and Alecxih (2006); Spillman and Lubitz (2002)

Low-Income Older Adults Are Much More Likely To Have Disabilities Than Those with High Incomes

Share of Noninstitutionalized Adults Age 65+ Needing LTC, 2002

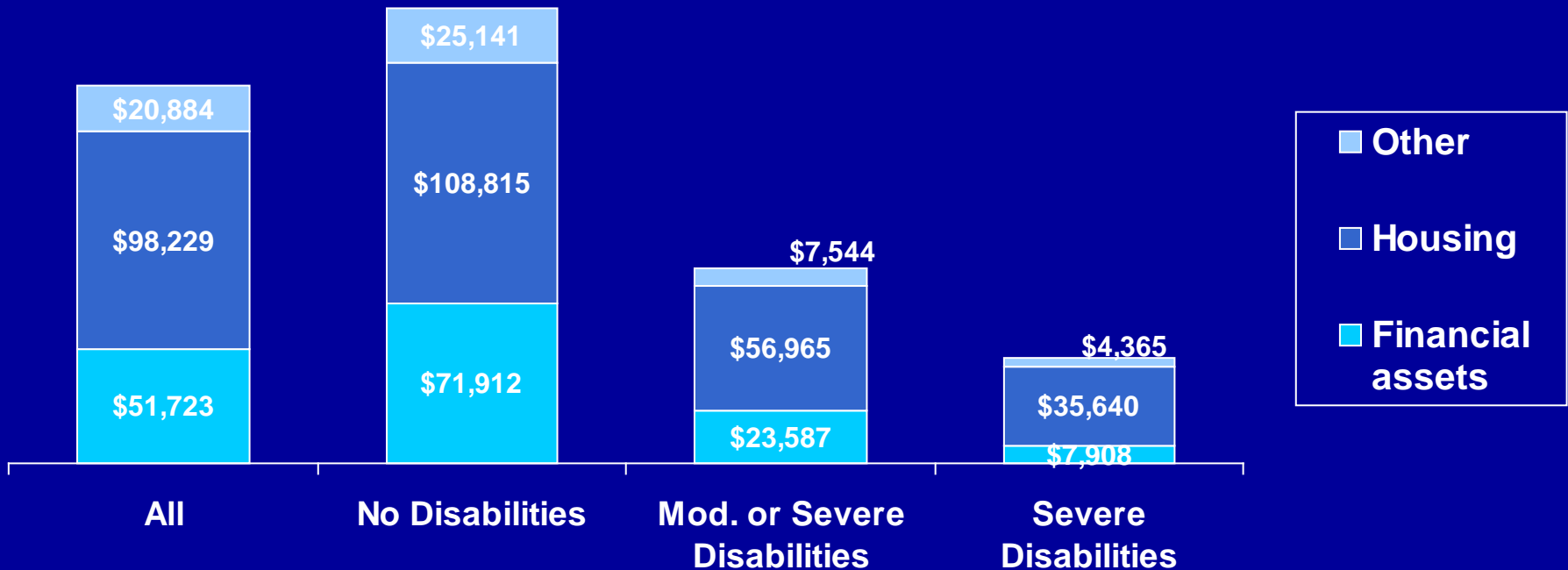


Source: Johnson and Wiener (2006).

Note: Severe disability = 3 or more ADL limitations; moderate disabilities = some ADL or IADL limitations, but not severely disabled.

Older Adults with Disabilities Hold Less Wealth than Those without Long-Term Care Needs

Median Household Wealth, by Type and Disability Status, 2002

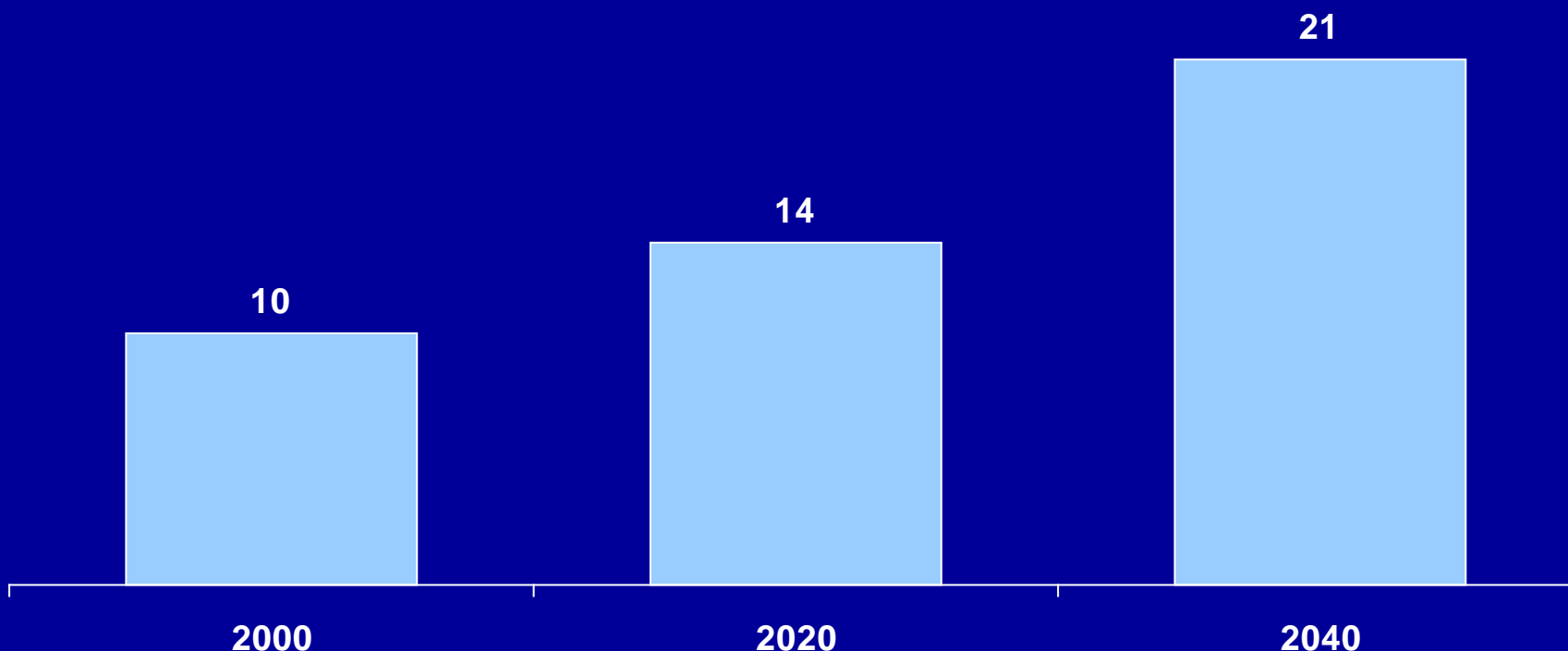


Source: Johnson and Wiener (2006).

Note: Severe disability = 3 or more ADL limitations; moderate disabilities = some ADL or IADL limitations, but not severely disabled.

The Older Disabled Population Will Double as the Boomers Age

Projected Number of Adults Age 65+ with Disabilities (millions)



Source: Johnson, Toohey, and Wiener (2007).

Ongoing Social, Economic, and Demographic Change Will Make Family Care More Difficult

- Family sizes are shrinking
- Childlessness is growing
- Divorce rates are rising
- More women are working outside the home

The Demand for Senior Services Will Increase in Coming Decades

- The older population will soar as the Boomers age
- Even if a “retirement crisis” does not materialize, average incomes in old age will not increase much over time
- Changing family structures will likely reduce family help
- The federal government’s long-term budget problems may reduce public assistance