

How Much Help Will Boomers Need in Old Age?

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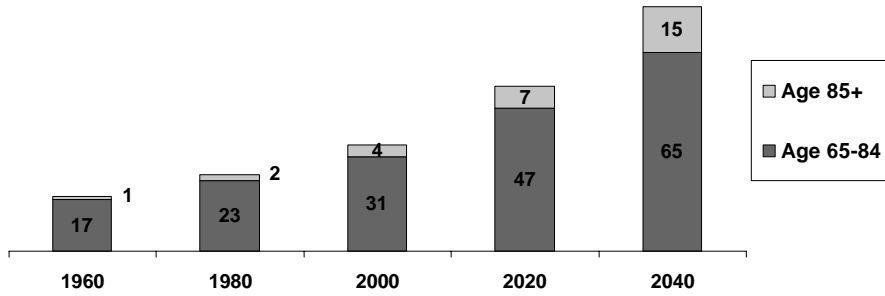
Need Depends on Changing Characteristics



- Demographics
- Income
- Health and long-term care

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

Number of Older Americans (in millions)



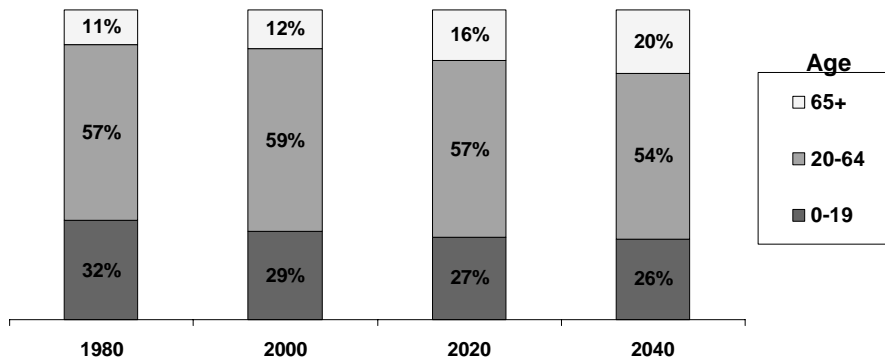
Source: U.S. Census Bureau.

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

Age Distribution of the U.S. Population

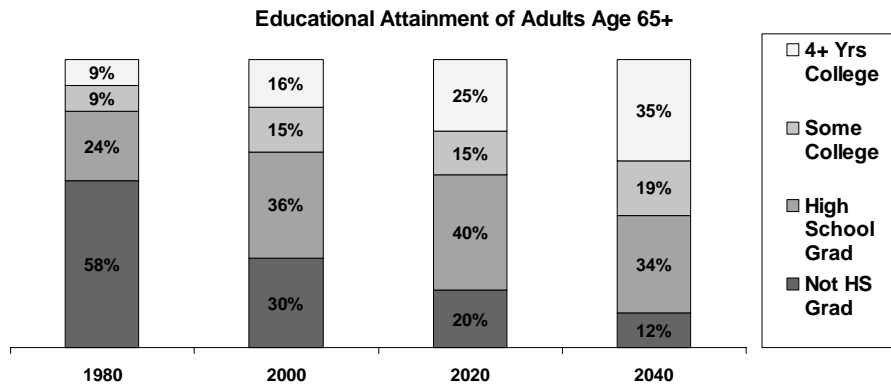


Source: U.S. Census Bureau.

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

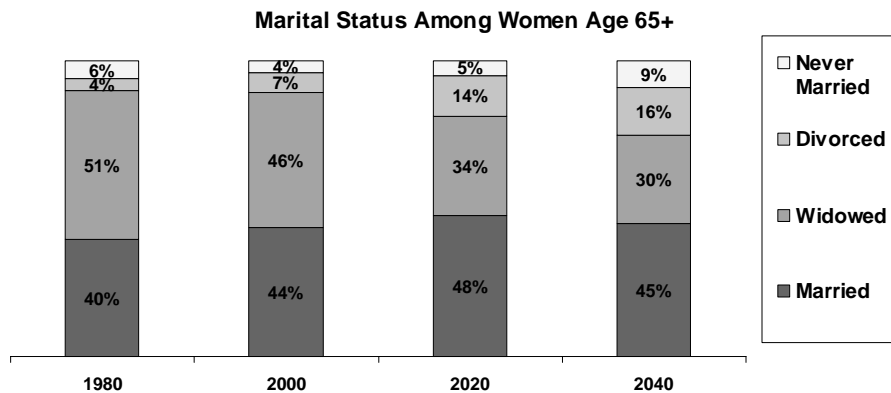


Source: U.S. Census Bureau.

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Widowed Among Older Women is Declining, but Divorce is Increasing

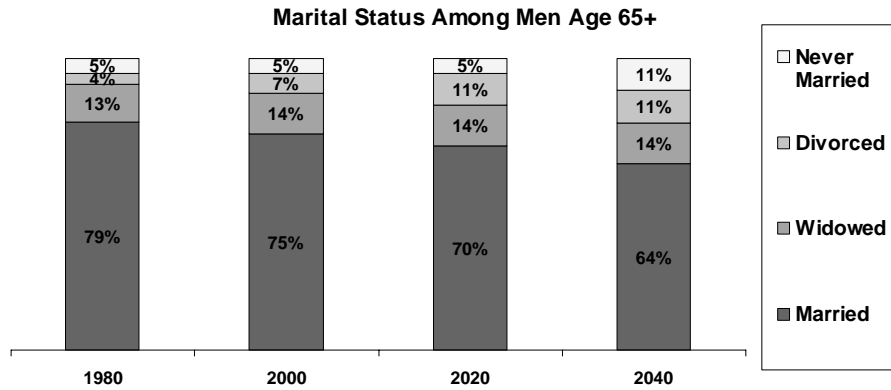


Source: Unpublished data from the Office of the Chief Actuary, Social Security Admin.

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

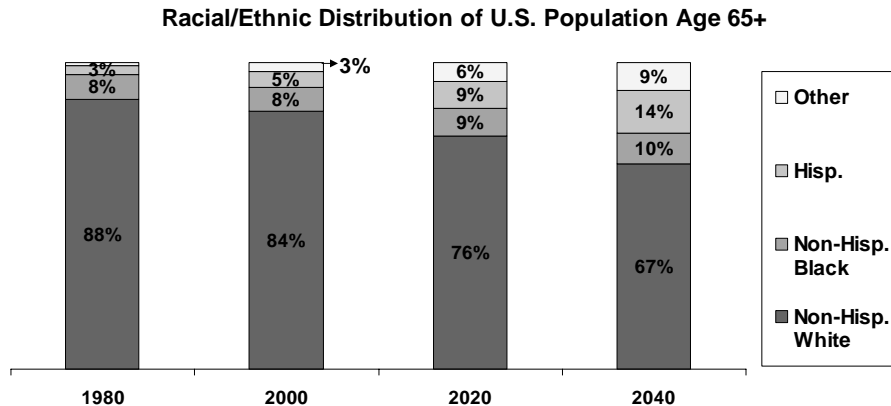


Source: Unpublished data from the Office of the Chief Actuary, Social Security Admin.

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The Older Population Is Becoming More Ethnically and Racially Diverse



Source: U.S. Census Bureau.

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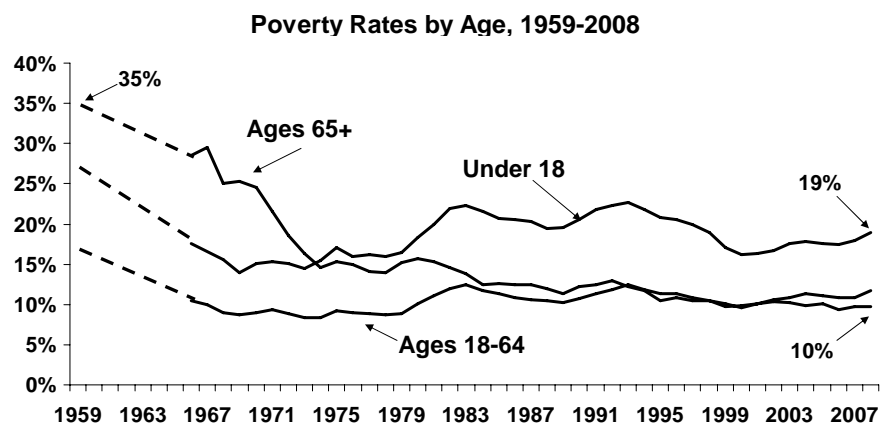
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Poverty Rates for Older Adults Fell From 1959 to 1995, But Have Not Declined Over Past 15 Years



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

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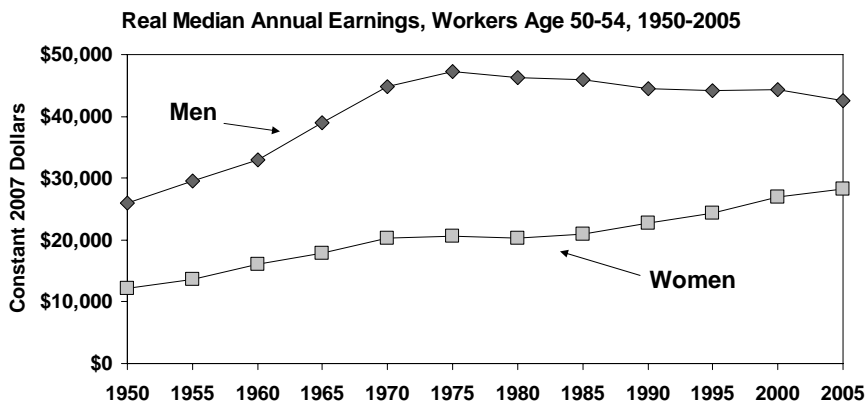
Will Senior Poverty Rates Continue to Fall?

- 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

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



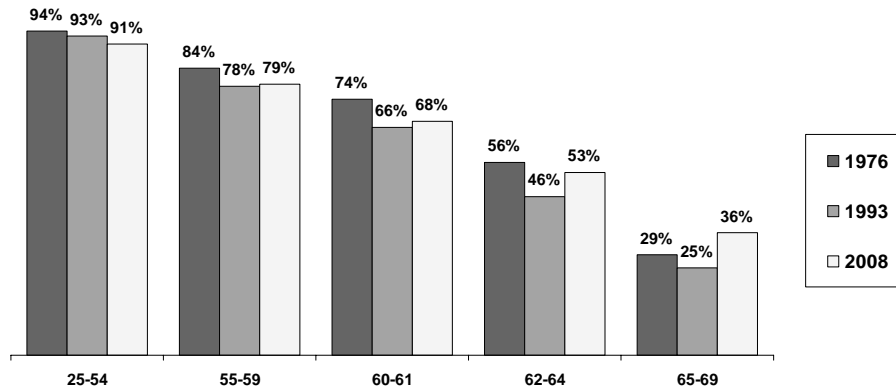
Source: Social Security Administration.

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Men Are Now Working Longer than They Did 15 Years Age, Which Will Boost Future Retirement Incomes

Share of Men Working or Looking for Work, 1976, 1993, 2008



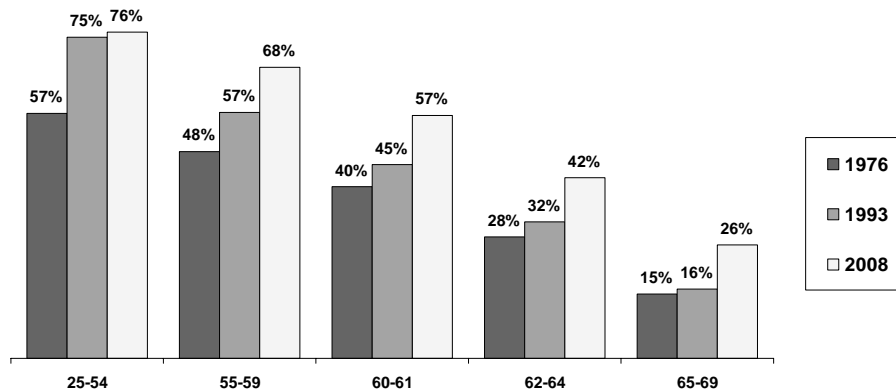
Source: Urban Institute computations from BLS data.

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Older Women Are Also Working Longer

Share of Women Working or Looking for Work, 1976, 1993, 2008



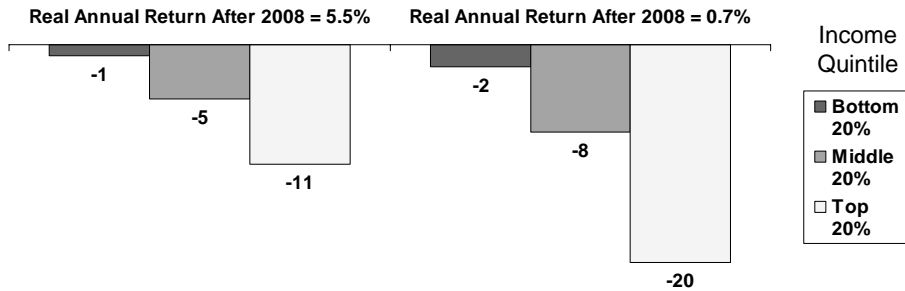
Source: Urban Institute computations from BLS data.

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The 2008 Stock Market Crash Will Not Affect Low-Income Adults Much Because They Had Little to Lose

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



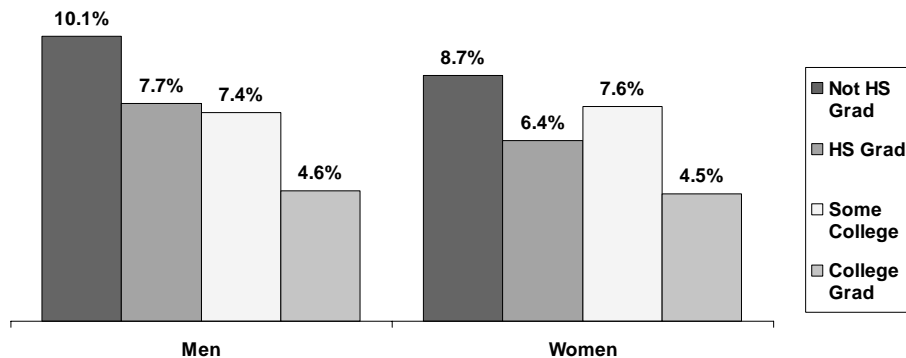
Source: Butrica, Smith, and Toder (2009)

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The Recession Has Hit Workers with Limited Education Hard

Unemployment Rates at Ages 55+, Sept. 2009, by Education



Source: Urban Institute computations from BLS data.

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Need Depends on Changing Characteristics

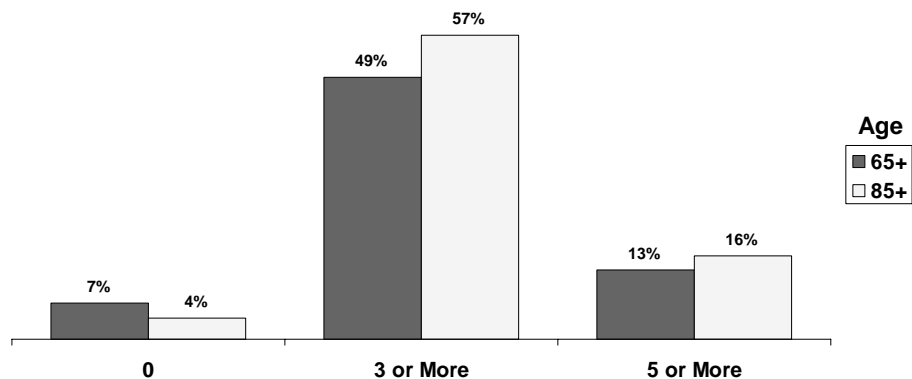
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About Half of Adults Age 65+ Have 3 or More Medical Conditions

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



Source: Author's computations from the HRS.

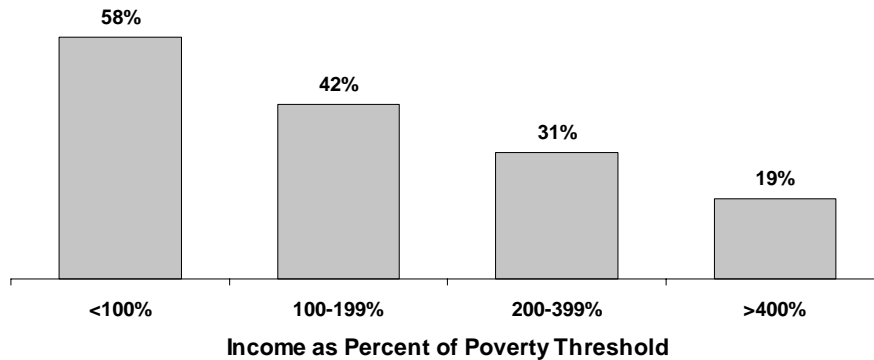
Note: Medical conditions include arthritis, cancer, diabetes, heart problems, high blood pressure, lung problems, psychological problems, and stroke.

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

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



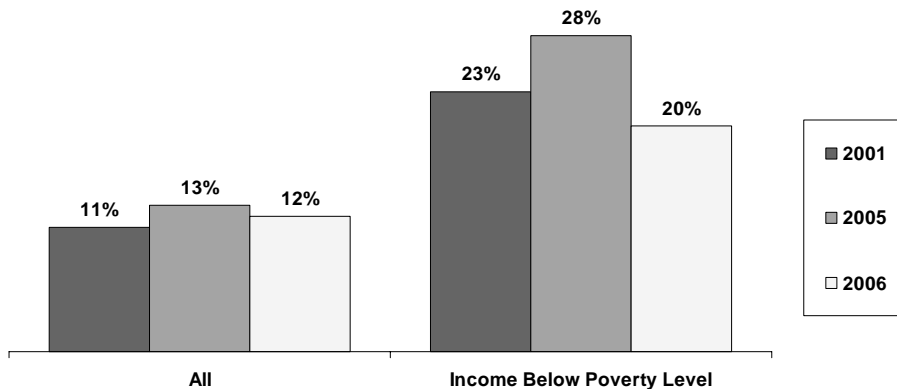
Source: Author's computations from the HRS.

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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+



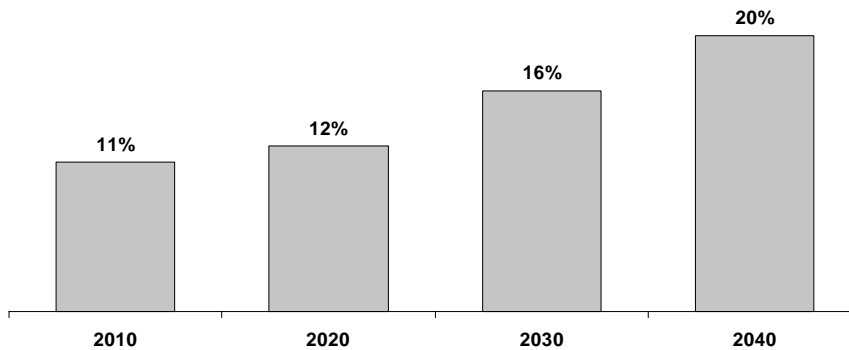
Source: Johnson and Mommaerts (2009).

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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+



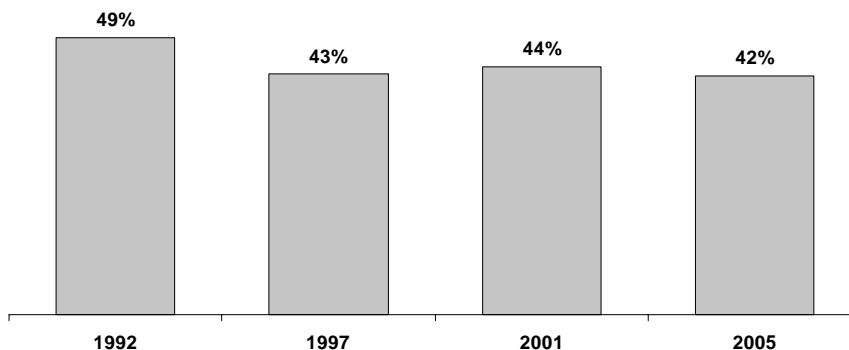
Source: Johnson and Mommaerts (2009).

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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



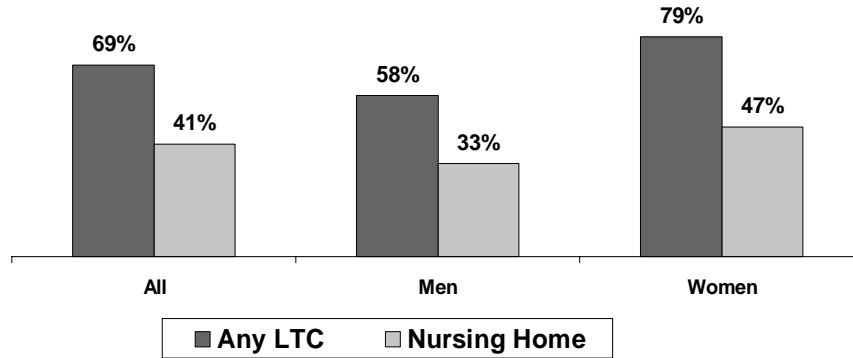
Source: Federal Interagency Forum on Aging-Related Statistics (2008).

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Most People Will Eventually Need Long-Term Care

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



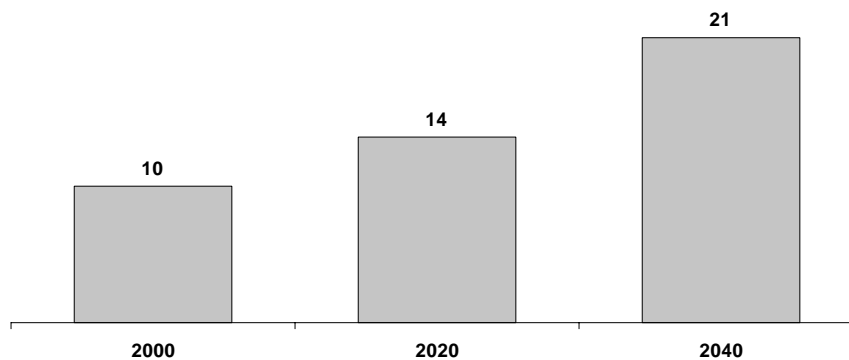
Source: Kemper, Komisar, and Alexih (2006); Spillman and Lubitz (2002)

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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).

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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

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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

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