

TRENDS –CSA

An Aging America

From 1900 to the end of the last century, the population of people 65 and older grew 11 times larger, compared to the entire United States population, which multiplied to 3 times its size. This unprecedented growth in the senior population will continue in this century, dominating society, economics, and public policy.

Our current contingent of senior Americans were children of the Great Depression and the decade that followed. They were born during the 1930s, when the song "Brother, Can You Spare a Dime?" was on the hit parade, or in the early 1940's, before World War II altered the economic and industrial landscape. As a portion of the population, their numbers were relatively small. As a result, the growth of the elderly population now is actually slower than in the past, and it will remain slow until about 2005 (Census Bureau, 2000).

When the baby boomers begin to turn age 65 in 2011 our society will again experience rapid growth in the senior population. The number of seniors is projected to swell from 39 million in 2010 to 53 million in 2020 and further to 82 million in 2050. Incredibly, 100 years from now America will have 131.2 million persons ages 65 or older. That number is equivalent to the population of the entire country in 1940.

Population aging is a global phenomenon. According to the United Nations Population Division, in 2000 there were about 606 million people ages 60 or older in the world, the equivalent of the entire current populations of the United States, the United Kingdom, and the Netherlands combined (United Nations Population Division, 2001). Globally the number of 60-year-olds is expected to triple by 2050 to 2 billion.

Increase In The Oldest-Old Population

A major achievement of medical advances and health services in this century is the increase in the population of people ages 85 and older, termed the *oldest-old*. In the next decades, the oldest-old will be the fastest growing age group. Between 1990 and 2000, the number of people ages 85 and older increased from 3 million to 4.2 million. This number is expected to increase five-fold by 2050, when there will be 19.3 million people aged 85 or older (Census, 2000).

An Aging America

In 1900, 1 in 25 Americans was a senior.

Today, 1 in 8 Americans is a senior.

In 2020, 1 in 6 Americans will be a senior.

In 2030, the ratio will reach 1 in 5 and will remain there through 2050.

Global Aging

In 2000, 1 person in 5 in the more developed regions was age 60 or older.

By 2050, 1 in 3 will be age 60 or older.

In 2000, 1 person in 12 in the less developed regions was age 60 or older.

In 2050, nearly 1 in 5 will be age 60 and older

Increased Longevity

One of the major accomplishments of the 20th century is that 30 years were added to life expectancy in the United States. A baby born in the United States in 1900 could expect to live an average of 47 years (NCHS, 1989). A baby born in 2000 can expect to live 77 years (NCHS, 2001).

Like life expectancy at birth, life expectancy at age 65 improved over the last century. However, those gains were far more modest. From the beginning to the end of the last century, 6 years were added to life expectancy at age 65. Americans who reached their 65th birthday in 2000 could expect, on average, to live another 17.9 years, compared to 11.9 years

Future gains in longevity are expected to continue but slow down, because our society has already experienced the biggest benefits from advances in health care, in such critical areas as decreasing infant mortality and finding cures for infectious disease. Even if science today found the cure for the biggest killers—all forms of cancer, stroke, and heart disease life expectancy would rise only about 15 years (Olshanksy & Carnes, 2002).

Older Women Outnumber Older Men

Women greatly outnumber men in the senior cohort, and this disparity increases with age. This fact reflects the longevity advantage of women, who on average, live longer than men do. Beyond age 65 women currently outnumber men 3 to 2. After age 85, there are 7 women for every 3 men (Census Bureau, 2000).

The population imbalance between the sexes is expected to decrease over the next several decades because of the improved health of men relative to women. It is projected that in 2050 senior women will outnumber senior men by 5 to 4 (42.8 million senior women, 36 million senior men). Women ages 85 and over will outnumber men of the same age by roughly 5 to 3 (13.1 million women, 7.8 million men) (AoA, 2004).

As long as the mortality of men exceeds that of women, women will outnumber men among the elderly, especially among the oldest-old age group. Even though the trend is changing somewhat, women will still dominate the older age ranges, and the majority of your senior clients will be women.

Growing Ethnic Diversity

You will increasingly need to be sensitive to the needs of an ethnically diverse population. Currently, 16 percent of seniors are minorities. In their future, their numbers are expected to increase dramatically. By 2050 more than 1 in 3 (36 percent) seniors will be minorities (Federal Interagency Forum on Aging Related Statistics, 2000).

The Retirement of the Baby Boomers

One of the biggest factors driving population aging is the aging of baby boomers—the cohort of 78 million people born between 1946 and 1964. The oldest boomers are nearing early retirement age. By 2011, the oldest boomer will reach age 65 and, after that point, 10,000 boomers will turn 65 every day. This is the biggest and quickest aging of America's population

in history, and it will create a huge market for you as a CSA, who will be in position to offer skillful guidance on the choices people will make as they age.

Much thinking and analysis are now directed at trying to forecast the retirement prospects of aging baby boomers. For example, the Congressional Budget Office (CBO) reports that, compared with their parents at the same age, baby boomers typically have higher current incomes, are preparing for retirement at largely the same pace, and have accumulated more private wealth (CBO, 2003). On the whole, boomers are on track to have higher incomes in retirement than their parents did, and they appear much less likely to live in poverty after they retire. The CBO also reports that:

- about a quarter of baby-boomer households have failed to accumulate significant savings and are likely to have to depend entirely on government benefits in retirement;
 - at least half of boomer households are expected to maintain their working age standard of living during retirement (under the assumption that current laws governing federal benefit programs do not change);
 - for the remaining quarter of boomer households, the evidence is mixed, but they may have moderate declines in their standard of living during retirement, which could be offset by
- The CBO points out that many boomers could be greatly affected by-and should plan for-future changes in federal retirement benefits.

Longer Years in Retirement

With more years added to life, people are spending a longer period of time in retirement than ever before. Consequently, there is a greater need to plan and prepare for later life. Despite gains in longevity, our society does very little formal planning or preparation for retirement. According to gerontologist Harry Moody, retirement in the future will not be like it was in the past. Longer years in retirement will be combined with new opportunities-for second careers, for volunteer roles, and for continuing education. It is likely that tomorrow's seniors will invent new roles and patterns of life for aging in the 21st century and may change the meaning of retirement itself (Moody, 2004).

The End of Early Retirement

The average age of retirement has been declining since public pensions were first introduced in the early 20th century. IN the United States, the Social Security system provided a powerful incentive for workers to leave the labor force at earlier and earlier ages. Reduced Social Security benefits at age 62 were made available to women in 1956 and to men in 1961. Since that time, the age of retirement has moved downward. In 1940, the average age at which men started collecting their Social Security retirement benefit was 64 years. Women have experienced a similar pattern, but with more complexities arising from new work opportunities that have opened up for women in recent decades.

In the past few years the trend to earlier retirement has stopped and appears to be heading, in the opposite direction (Clark, Burkhauser, Moon, Quinn, & Smeeding, 2004). In fact, retirement may be becoming more of a process than an event (Bruce, Holtz-Eaking, & Quinn, 2000). A recent analysis found that at least one-third of older men and nearly one-half of older women worked in transitional *bridge jobs* before completely leaving the job market (Quinn, 2002). (Bridge jobs are positions that usually take a worker from full-time work to part-time work before full retirement.) Further evidence of this trend is the fact that 12 percent of elderly men and 7 percent of senior women currently work while receiving pension income (Purcell, 2000).

Some futurists project that people will extend their working years in ways unknown to previous generations (Burtless & Quinn, 2002). There are several reasons for this prediction: the end of mandatory retirement; the rise in the age of eligibility for Social Security; the increase in the average number of years that people live after age 65; and the current change in the type of availability of pension coverage. No one can be sure what the future will bring, but the recent trend is reinforced by the fact that 80 percent of baby boomers now tell survey researchers that they expect to work during years that those in previous decades spent in retirement (Roper Starch Worldwide, 1998).

Shifts In The Reliability of Pension Coverage

In the past, half of the American labor force was eligible to receive a pension upon retirement, usually in the form of *defined benefit pension plans*, which pay a pension amount at a specific level depending upon years of service (Purcell, 2002). Over the past decade many employers dropped defined benefit plans in favor of *defined contribution plans*. Defined contribution plans set aside a certain amount or percentage of income for the benefit of the employee. There are restrictions as to when and how individuals can withdraw the funds without penalties. Defined contribution plans do not fix in advance the amount of pension income. This shift in pension coverage means that clients face more unpredictability about their income after they leave the work force (GAO, 2002).

Greater individual responsibility for finances is already creating a new need for more complex planning and professional advice, and you will want to be ready to respond to this new environment, especially if you specialize in a financial field.

A Less Disabled Older Population

Demographer Kenneth Manton has found a remarkable bit of good news that has become recognized as a significant trend: Today's seniors as a whole have far fewer disabilities than did those in the past (Manton & Gu, 2001). If the rate of senior disability were the same as last century's rate, nursing homes would need to make room for a million or more disabled residents. Today's older population is healthier than in the past and likely to remain so for a longer period of time (Cutler, 2001). This trend underscores the point that you cannot look at the senior population of yesterday in order to predict what tomorrow's older people will be like. The client base of the future at least among the young-old (ages 65 to 74) is likely to be more active than in the past.

However, we need to be cautious about taking attributes of only one part of the senior population and creating from that a generalization about all seniors. Because of increasing longevity, the likelihood of frailty and limitations still increases for older seniors. This means, that with advancing years, seniors spend more time and money on health care. Seniors are today and will continue to be the heaviest users of health services. In addition, health care costs continue to increase as new technologies become available. Both businesses and the government have responded to the situation by attempting to curtail health care costs. The result is a health service delivery system that has become increasingly more complicated—a patchwork of private insurance and government programs, including Medicare and Medicaid. All these trends make health care decision-making a major challenge for an aging population. Seniors need a lot of help navigating the complex health care delivery system.

New Patterns in Family Life

With greater longevity, we are seeing new patterns of family life. The increased chance of survival into old age means that the four-generation family is no longer rare. In addition, the family system itself is changing (Bengtson, 2001). Patterns of divorce and remarriage raise new questions for multigenerational families. For example, an ex-daughter-in-law might wonder what responsibility she has for caring for her ex-mother-in-law, who as grandmother to her children has played an important role in her family's life. Or, great-grandparents might want assurance that they will be able to visit their great-grandchildren in the even of their parents' divorce.

Family care giving will also continue to be an enormous challenge. Today families provide the vast majority of the informal care received by older people. Geographic mobility often demands care giving at a distance, and families struggle to reconcile their own needs with the imperative to care for elderly relatives (Montgomery, 1999).

Inheritance is often an important family issue that can make planning for the future complicated. There has been much attention paid to the "trillion dollar bonanza" of inheritance for aging baby boomers. However, the reality is that big legacies will be limited to small number of heirs. Baby boomers shouldn't count on financing their retirement from money passed down by their elders (Gokhale & Kotlikoff, 2000). Be aware of this fact when counseling seniors and baby boomers.

An Educated Senior Population

When we compare the education levels of today's seniors with those of the aging baby boomers behind them, we see a clear trend: rising education levels for each successive cohort of older people (Besl & Kale, 1996). A majority of tomorrow's seniors will have had at least some period of college education, and larger proportions will be college graduates or have professional training.

Changes in How and Where Seniors Live

The image of seniors living out the end of their lives in nursing homes is a thing of the past. Use of nursing homes is declining. This trend is being fueled by the increasing availability of home and community-based services, in-home products and technology that make it easier for disabled people to live independently, and society's preference that we remain in our own homes as we age. Public and private-sector programs that provide incentives for seniors to stay in their own homes for as long as possible are increasing. On the rise: reverse mortgages, insurance for home and community-based services, businesses (such as home health care) that cater to older adults at home, adult day care and geriatric care management, and state and federal governments intent on lowering long-term care costs associated with residential care. In addition, alternative housing developments that offer independent living for seniors are springing up all over the country.

Nursing homes are also attempting to change their appearance and philosophy of care. The most publicized effort is the Eden Alternative, developed by Dr. William Thomas. It aims to eliminate residents' feelings of loneliness, helplessness, and boredom through providing a stimulating and homelike environment. Eden Alternative nursing homes also promote a flexible management style with greater staff empowerment and advocate less rigid scheduling of activities and care plans, which encourages a stronger atmosphere of spontaneity. Many experts see the Eden Alternative as the wave of the future in care for the disabled of all ages.

