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BY **LINDA A. JACOBSEN, MARY KENT, MARLENE LEE,** AND **MARK MATHER**

# AMERICA'S AGING POPULATION

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## POPULATION REFERENCE BUREAU

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## ABOUT THE AUTHORS

**LINDA A. JACOBSEN** is vice president, Domestic Programs; **MARK MATHER** is associate vice president, Domestic Programs; **MARLENE LEE** is program director, Academic Research and Relations; and **MARY KENT** is senior demographic writer at PRB.



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# Population Bulletin

## AMERICA'S AGING POPULATION

BY **LINDA A. JACOBSEN, MARY KENT, MARLENE LEE,** AND **MARK MATHER**

## TABLE OF CONTENTS



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# AMERICA'S AGING POPULATION

Many older people in the U.S. rely on family caregivers, but changes in family patterns such as increases in divorce and later marriage may reduce the availability of family caregivers in the future.

BY 2050,
the number of people ages 65 and older in the United States is projected to more than double.

82%
The percentage of income from Social Security benefits for the poorest 40 percent of people ages 65 and older.

Baby boomers are stuck between very different generations: parents and grandparents, most of whom are U.S.-born whites, and children and grandchildren who are increasingly Hispanic or Asian.

**In 2011, the oldest baby boomers—Americans born between 1946 and 1964—will start to turn 65.** Today, 40 million people in the United States are ages 65 and older, but this number is projected to more than double to 89 million by 2050. Although the "oldest old"—those ages 85 and older—represent only 15 percent of the population ages 65 and older today, their numbers are projected to rise rapidly over the next 40 years (see Figure 1, page 3). By 2050, the oldest old will number 19 million, over one-fifth of the total population ages 65 and older.

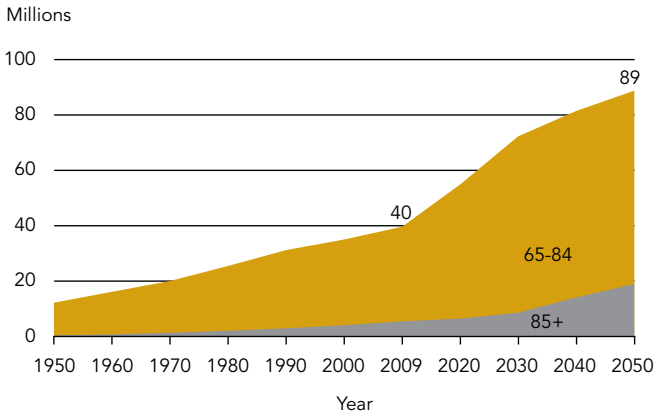
The United States has a smaller share of older persons than many developed countries, and its population is graying at a slower pace (see Table 1, page 3).[1] Japan currently leads the world with nearly one-quarter of its population ages 65 and older, followed closely by Italy and Germany. By 1980, the proportion of the population ages 65 and older in the United Kingdom, France, Italy, and Germany had already exceeded the level in the United States today. Between 1980 and 2010, the proportion ages 65 and older in the United States only increased by 2 percentage points, compared with a 14 percentage-point increase in Japan and a 7 percentage-point rise in Italy. However, the pace of population aging is projected to accelerate in the United States, Russia, U.K., France, Italy, and Germany in the next 30 years. Japan, already the "oldest" country in the world, will continue to age as the number of children and working-age adults shrinks relative to the population ages 65 and older. Even more striking is the projected acceleration of aging in many developing countries such as India, Mexico, Brazil, and China, where recent declines in fertility signal slower population growth and significant population aging in the coming decades. Population aging is rapidly becoming a global phenomenon.

Increases in the number of older Americans will have a profound impact on the age structure of the U.S. population. Back in 1970, children made up about one-third of the U.S. population, and only one-tenth were ages 65 and older. Today, the proportion who are children has dropped to about one-fourth, while the share who are elderly has risen to 13 percent. However, by 2050 fully one-fifth of the U.S. population will be ages 65 and older (see Figure 2, page 3). Most of this increase will take place by 2030 as the last of the large baby-boom cohorts reaches age 65.

Rapid changes in age structure can have major social and economic consequences, especially when they are unanticipated. The postwar baby boom in the United States has strained local hospital, public school, and postsecondary education systems, as well as the labor force as these unexpected large cohorts have moved through the life cycle. U.S. population aging has been long predicted. However, it is not only the number and share of elderly that are important for policy and program decisions, but also their characteristics: health and disability status, living arrangements, kinship networks, and economic well-being. This *Population Bulletin* examines the current and future U.S. population ages 65 and older and considers the costs and implications of America's aging population.

FIGURE 1

U.S. Population Ages 65 and Older, 1950 to 2050




**Source:** PRB analysis of data from U.S. Census Bureau.

# Demographic Trends

## AGE AND GENDER COMPOSITION

Since women live longer than men in the United States, women will continue to make up the majority of the older population in the foreseeable future. However, the difference between male and female life expectancy at birth has been decreasing—from a peak of 7.8 years in 1979 to 5 years in 2008.[2] This gender gap also shrinks as people age; men have a life expectancy of 17 years at age 65, while women's life expectancy is 19.7 years—a gap of less than 3 years. By age 85, women's life expectancy only exceeds men's by 1 year.[3] Decreases in the gender gap in life expectancy will in turn reduce the proportion of the older population that is female, especially among those ages 85 and older (see Figure 3, page 4). By 2050, females will make up just over half (52 percent) of the population ages 65 to 74, a decline of 2 percentage points from 2009. The share of 75-to-84-year-olds who are female is projected to drop 4 percentage points to 55 percent across this period, while the share of females among the oldest old is projected to decline 7 percentage points to 61 percent by 2050. The rise in the proportion of men at older ages may increase the chances that older women will be able to find new partners if they are widowed or divorced, possibly reducing the number of older women who live alone.

The vast majority of those ages 65 and older are in the 65-to-74 age group—half of women and almost three-fifths of men. About one-third of both men and women are ages 75 to 84, while only one-tenth of men and one-sixth of women are age 85 or older. This age distribution is projected to remain about the same between 2009 and 2030, but there are notable changes expected by 2050. The shares of both men and women in the youngest age group will decline, while the shares who are ages 85 and older—the oldest old—will rise substantially. By 2050, almost one-quarter of all women and one-fifth of all men ages 65 and older will be in the oldest-old group. This shift in the age distribution of the older population may put increased strain on state and federal budgets, as the oldest old have the highest rates of disability and highest levels of institutionalization.

TABLE 1

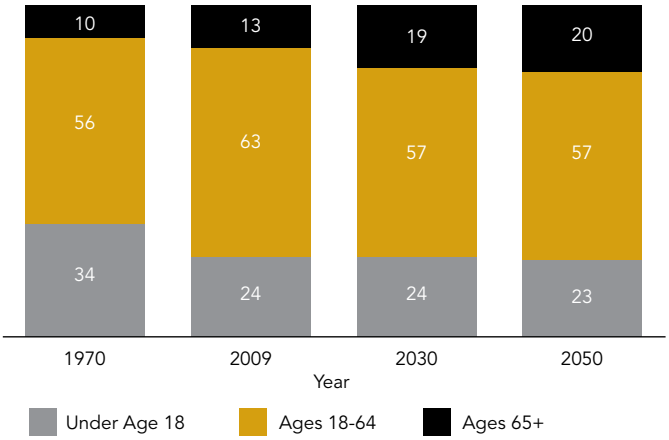
Percent of the Population Ages 65 and Older

| | 1980 | 2010 | 2040 |
|---|---|---|---|
| **U.S.** | **11.2** | **13.0** | **20.4** |
| Uganda | 2.6 | 2.1 | 2.2 |
| Egypt | 3.9 | 4.9 | 11.8 |
| India | 3.6 | 5.4 | 13.2 |
| Mexico | 3.7 | 6.4 | 15.5 |
| Brazil | 4.1 | 6.8 | 17.5 |
| China | 4.7 | 8.3 | 22.6 |
| Russia | 10.2 | 13.3 | 22.8 |
| U.K. | 14.9 | 16.4 | 25.1 |
| France | 14.0 | 16.5 | 25.1 |
| Italy | 13.1 | 20.3 | 32.6 |
| Germany | 15.6 | 20.4 | 30.3 |
| Japan | 9.0 | 22.6 | 34.4 |

**Source:** U.S. Census Bureau, International Population Reports, P95/09-1, 2009.

FIGURE 2

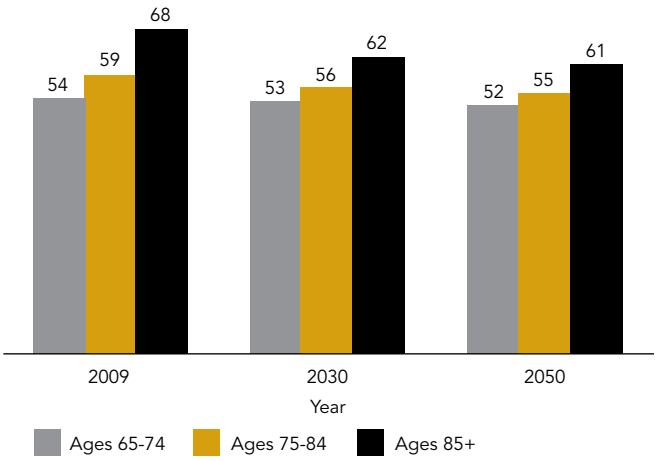
Percent of U.S. Population in Selected Age Groups, 1970 to 2050




**Source:** PRB analysis of data from U.S. Census Bureau.

FIGURE 3

Percent Female by Age Group, 2009, 2030, and 2050




**Source:** PRB analysis of data from U.S. Census Bureau, 2009 Population Estimates, National Population Projections, 2008.

## RACIAL AND ETHNIC COMPOSITION

Immigration has put the United States on a path to become "majority minority," when less than 50 percent of the population will be non-Hispanic white. Minorities, which currently account for 35 percent of the U.S. population, are projected to reach 50 percent of the population by around 2042. But the population under age 18 is projected to reach this milestone much sooner—by 2023—primarily because of the rapid growth in Latino families.[4] The growing racial and ethnic diversity of youth in the United States will not be reflected in the older population for several decades. In 2009, the Census Bureau estimated that 55 percent of children were non-Hispanic white, compared with 80 percent of the population ages 65 and older. The share of the elderly who are non-Hispanic white is projected to drop sharply by 2050, but will still make up three-fifths of this age group (see Table 2). Rapid growth in the U.S. Latino population since 1990, combined with higher life expectancies for Hispanics at all ages, will almost triple the share of the elderly who are Hispanic by 2050—from 7 percent in 2009 to 20 percent in 2050.[5] As the share of minorities among the elderly increases, there could be a corresponding decline in the economic well-being of this group if the lower socioeconomic status of Latinos and blacks is carried into older ages. The racial and ethnic divergence between America's elderly population and younger age groups may also be creating a new kind of generation gap (see Box 1, page 5).

TABLE 2

Percent Distribution of the Population Ages 65 and Older by Race/Ethnicity, 2009, 2030, and 2050

| | 2009 | 2030 | 2050 |
|---|---|---|---|
| White alone, non-Hispanic | 80.1 | 71.2 | 58.5 |
| Black alone, non-Hispanic | 8.3 | 9.8 | 11.2 |
| Hispanic | 7.0 | 12.0 | 19.8 |
| Asian alone, non-Hispanic | 3.4 | 5.3 | 8.4 |
| Other | 1.2 | 1.7 | 2.1 |

**Source:** U.S. Census Bureau, 2009 Population Estimates, National Population Projections, 2008.

## MARITAL STATUS AND LIVING ARRANGEMENTS

The marital status and living arrangements of the elderly are closely tied to levels of social support, economic well-being, and the availability of caregivers. For example, elderly persons who live alone don't have a spouse or other adult in the household to provide assistance with daily activities such as bathing and eating or to provide care when they get sick. Poverty rates are also higher among those who live alone. Since 1960, there have been significant changes in marriage patterns and family structure as divorce rates have risen, fertility levels have dropped from their baby-boom peaks, and life expectancy has continued to increase, especially for men. The proportion of older women who are married increased between 1960 and 2010, while the proportion of older men who are married increased between 1960 and 1980, but has declined since then. Although older women today are more likely to be married than they were 50 years ago, they are still much less likely to be married than their male counterparts. Among the population ages 65 and older, about three-quarters of men but less than half (44 percent) of women were married in 2010 (see Table 3, page 6).

The share of the older population that is divorced has increased every decade since 1960 for every age group and for both men and women. In 2010, 11 percent of women and 9 percent of men ages 65 and older were divorced. Levels of widowhood are much higher among older women than among older men because of women's higher life expectancy and because older men are much more likely to remarry after the death of a spouse. In 2010, the proportion of women ages 65 and older who were widowed (40 percent) was almost equal to the proportion who were married. However, the increase in male life expectancy has substantially reduced the share of women ages 65 to 74 who are widowed—from 44 percent in 1960 to 24 percent in 2010.

The differing living arrangements of older men and women reflect the gender gap in marital status. Among adults ages 65 and over, 40 percent of women and only 19 percent of men live alone.[6] In 2008, only 42 percent of women ages 65 and older were living with a spouse, compared with 72 percent of men. Older women are much more likely to live with other

BOX 1

## The New Generation Gap

BY MARK MATHER

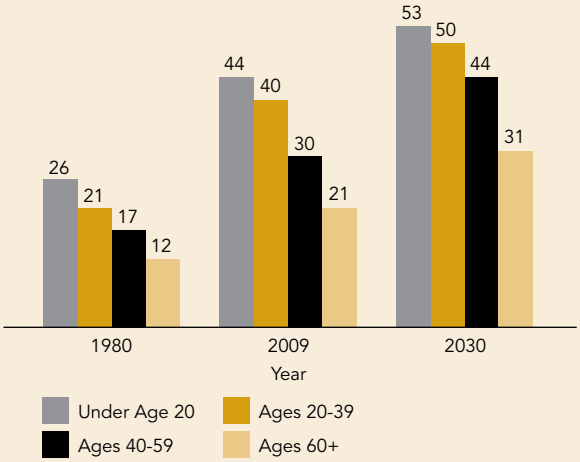
During the last several decades, baby boomers, most of whom are non-Hispanic white, have dominated the U.S. population and labor force. But as they reach old age, they are being replaced by a younger cohort that is much more likely to be Hispanic, Asian, or multiracial.[1] For example, between 2009 and 2030, the proportion of non-Hispanic white children is projected to drop by 9 percentage points, while the proportion of Latino children is projected to increase by 9 percentage points, to 31 percent. The rapid increase in diversity among younger cohorts may be creating a new kind of generation gap. Although historically the generation gap has been defined by different cultural tastes in music, fashion, or technology, this new demographic divide may have broader implications for social programs and spending for youth. Will America's majority-white older population support initiatives for a racially mixed youth population?

In 1980, the racial and ethnic divisions between age groups were fairly small (see figure). People in their 60s had a racial/ethnic profile similar to those in their 40s and 50s, who in turn looked similar to those in their 20s and 30s. The difference between age groups in the share who were minorities did not exceed 5 percentage points in successive generations.

By 2009, however, these generational differences had increased substantially. Those in their 40s and 50s—members of the baby-boom generation—are stuck between very different generations: parents and grandparents, most of whom are U.S.-born whites, and U.S. children and grandchildren, who are increasingly Hispanic or Asian. Although non-Hispanic black children are still a sizeable group (14 percent of all children in 2009), their numbers are growing at a much slower pace than the numbers of children in Hispanic and Asian families.

U.S. Census Bureau projections indicate that this racial/ethnic divergence between generations may be a temporary phenomenon. Over the next 25 years, the racial/ethnic differences between age cohorts are projected to shrink somewhat as the number of minorities in older age groups increases. However, in 2030, roughly 69 percent of the population ages 60 and older is still projected to be non-Hispanic white, distinguishing that age group from younger generations.

### Percent Minority in the United States by Age Group, 1980, 2009, and 2030




**Note:** Minorities include all racial and ethnic groups except non-Hispanic whites.
**Source:** PRB analysis of data from U.S. Census Bureau, 1980 Census, 2009 Population Estimates, National Population Projections, 2008.

**Reference**

1 Mark Mather, "The New Generation Gap" (2007), accessed at www.prb.org/Articles/2007/NewGenerationGap.aspx, on Jan. 13, 2011.

relatives—17 percent versus only 7 percent among older men. Elderly living arrangements also vary by racial and ethnic status (see Figure 4, page 6). Only 25 percent of black women ages 65 and older live with their spouse, compared with about 44 percent of both non-Hispanic white and Asian women. About one-third of elderly black, Hispanic, and Asian women live with other relatives, but only 13 percent of non-Hispanic white women do. Multigenerational households are much more common among minorities than among non-Hispanic whites. Two-fifths of older black and white women live alone, compared with only 22 percent of Asian women and 27 percent of Hispanic women. These racial and ethnic patterns are very similar among men ages 65 and older.

Only a small share of older Americans live in group quarters facilities rather than households, although this share increases among those ages 85 and older. In 2007, among Medicare enrollees ages 65 and older, 4 percent were living in long-term care facilities, 2 percent were living in community housing with services, and 93 percent were living in traditional community housing.[7] Among Medicare enrollees ages 85 and older, 15 percent were living in long-term care facilities while 7 percent were living in community housing with services such as laundry, housekeeping, meal preparation, or help with medications.

TABLE 3

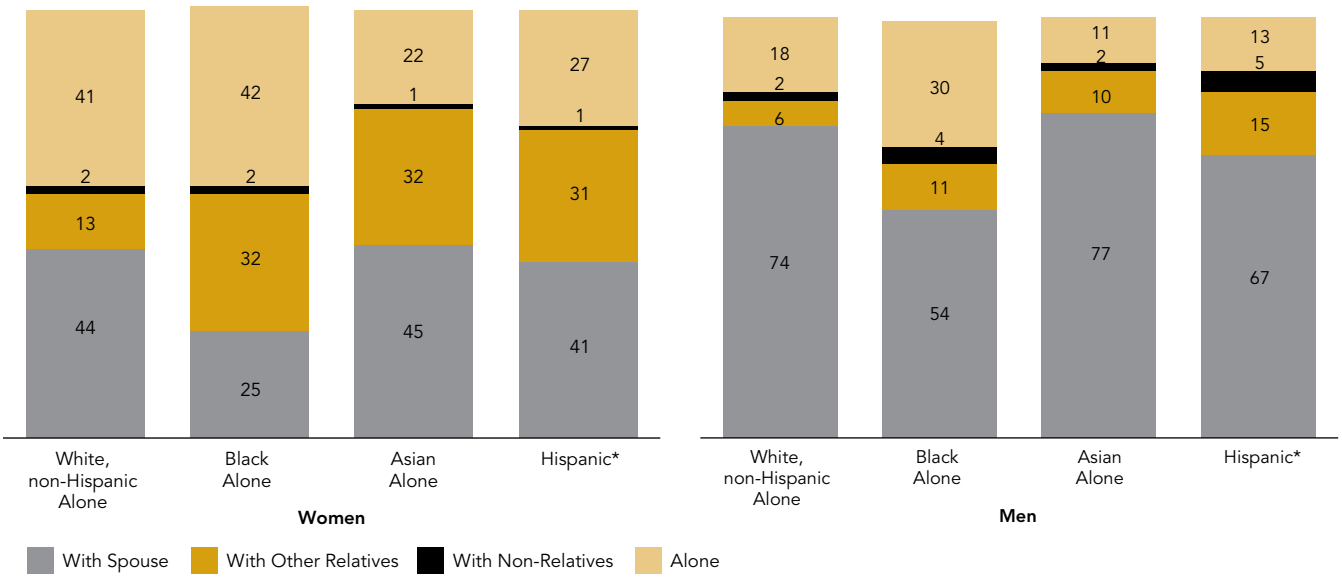
## Marital Status of Persons Ages 65 and Older by Age and Sex, 1960, 1980, 2000, and 2010 (Percent)

| | MARRIED* | | DIVORCED | | WIDOWED | | NEVER MARRIED | |
|---|---|---|---|---|---|---|---|---|
| | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN |
| **AGES 65+** | | | | | | | | |
| 1960 | 72 | 37 | 2 | 2 | 19 | 53 | 7 | 9 |
| 1980 | 78 | 40 | 4 | 3 | 14 | 51 | 5 | 6 |
| 2000 | 75 | 44 | 6 | 7 | 14 | 45 | 4 | 4 |
| 2010 | 75 | 44 | 9 | 11 | 13 | 40 | 4 | 5 |
| **AGES 65-74** | | | | | | | | |
| 1960 | 79 | 46 | 2 | 2 | 13 | 44 | 7 | 8 |
| 1980 | 82 | 50 | 4 | 4 | 9 | 40 | 6 | 6 |
| 2000 | 80 | 56 | 8 | 9 | 8 | 31 | 4 | 4 |
| 2010 | 78 | 56 | 11 | 15 | 6 | 24 | 5 | 5 |
| **AGES 75+** | | | | | | | | |
| 1960 | 59 | 22 | 2 | 1 | 32 | 68 | 8 | 9 |
| 1980 | 69 | 23 | 2 | 2 | 24 | 68 | 4 | 6 |
| 2000 | 69 | 31 | 4 | 5 | 23 | 61 | 4 | 4 |
| 2010 | 70 | 32 | 6 | 7 | 21 | 57 | 3 | 4 |

*Married includes married spouse present, married spouse absent, and separated.
**Note:** Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.
**Source:** U.S. Census Bureau, 1960 Census, 1980 Census, 2000 Census, and PRB analysis of data from the 2010 Current Population Survey, Annual Social and Economic Supplement.

FIGURE 4

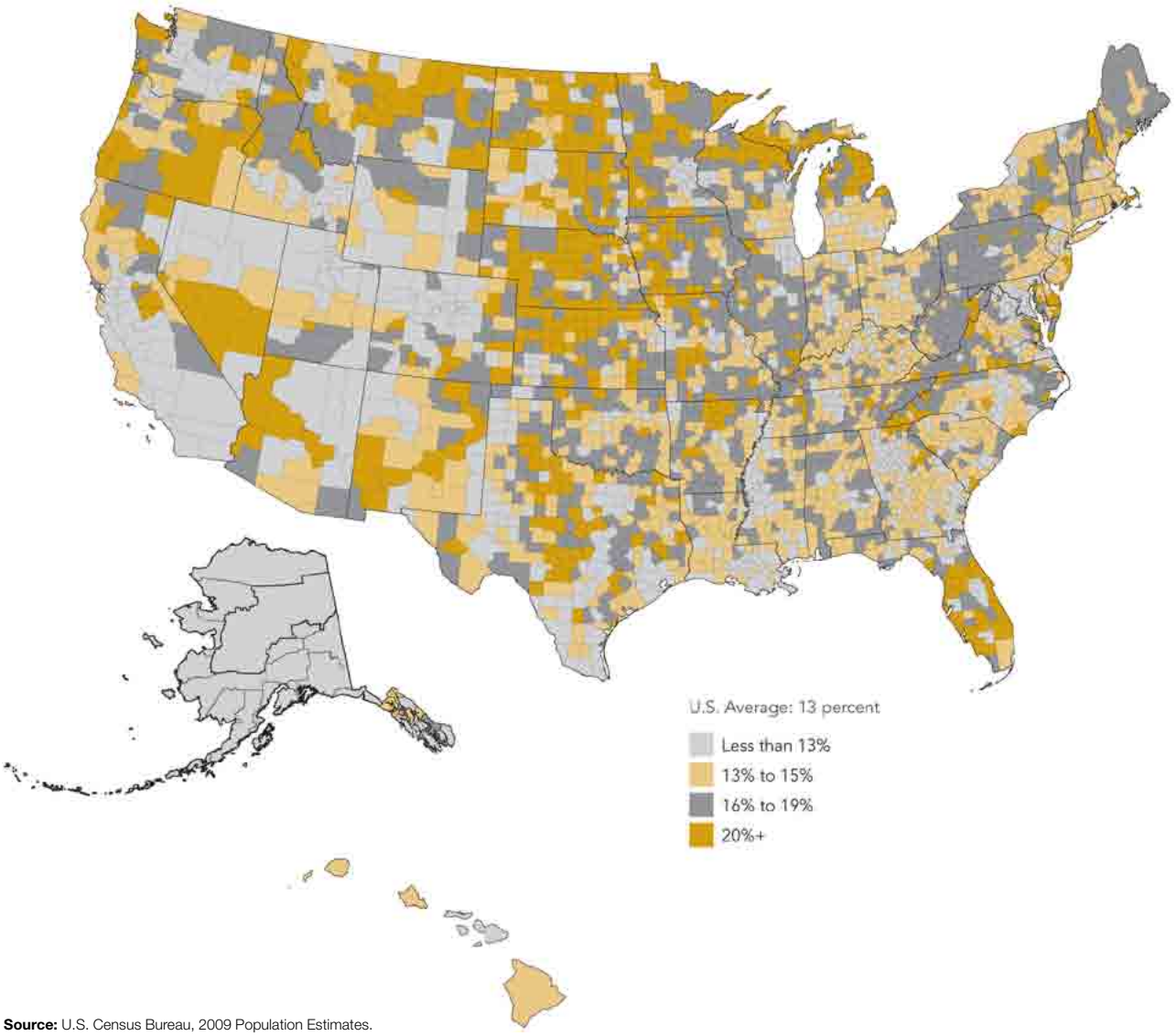
## Percent of the Population Ages 65 and Older in Various Living Arrangements by Sex and Race/Ethnicity, 2008




*Hispanics may be of any race.
**Note:** Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.
**Source:** U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2008.

FIGURE 5

Percent of Population Ages 65 and Older by County, 2009




**Source:** U.S. Census Bureau, 2009 Population Estimates.

## GEOGRAPHIC DISTRIBUTION

There are also significant geographic differences in the age structure of the population, with high concentrations of elderly in some parts of the country but not others. While the share of the total U.S. population that is age 65 or older is not projected to reach 20 percent until sometime after 2030, one in every six counties has reached that level already (see Figure 5). In the Midwest and Northeast, many counties are "aging in place" because there are not enough young people moving in (or staying) to offset the graying of the resident population. Counties in the South and West are more likely to be regarded as retirement destinations, although population aging is often offset by an influx of younger families, especially immigrants. In 2009, Florida remained the "oldest" state in the country, with 17 percent of its population ages 65 and older.

As baby boomers begin to turn 65 in 2011, their retirement migration patterns could transform this map in the next several decades. Researchers have found that many older people prefer to move from densely populated urban areas to less-populated nonmetropolitan areas with lower housing costs, less traffic, and more natural amenities when they retire.[8] If baby boomers continue to follow this migration pattern as they approach retirement age, then the nonmetro population ages 55 to 75 could increase by 30 percent between now and 2020.[9] Large influxes of retiring baby boomers could increase the demand for housing, transportation, health care, and even retail infrastructure in small towns and rural areas across America.

BOX 2

## A New Index of Well-Being for Older Populations

BY MARLENE LEE, TOSHIKO KANEDA, AND KELVIN POLLARD

The current rate of global population aging is unprecedented in world history and will have far-reaching social, economic, and political consequences over the next several decades. Each country's response to population aging depends, in part, on how well the older population fares. But the range of economic, social, and health factors that affect elderly well-being makes planning and responding to population aging difficult. Predicting the effect of national policies and programs on elderly well-being is also a challenge. An index of elderly well-being that is comparably measured across several countries can help with both issues. The Index of Well-Being for Older Populations (IWOP), developed by the Stanford Center on Longevity and the Population Reference Bureau, compares the status of older adults in 11 European nations and the United States. It identifies which countries come closest to attaining the best possible economic, physical, social, and emotional well-being in populations ages 50 to 64, 65 to 74, and 75 and older. A higher IWOP indicates greater overall well-being.

Data used to build the IWOP are from 2004 to 2006. The index measures the well-being of older populations across four domains, each of which represents a key component of daily life in old age:

- **Material well-being** captures the extent to which the older population may be able to meet their needs for basic goods such as food and shelter.
- **Physical well-being** assesses the ability to perform basic activities of daily living and to live independently, with life expectancy as the most fundamental outcome at the population level.
- **Social engagement** measures involvement with family members, peers, community members, and local institutions to gauge the levels of social participation and the availability of social support. In addition to being associated with better health, these contribute to life satisfaction.
- **Emotional well-being** measures mental and psychological outlook, and is tied to physical health and social support.

Several indicators in each domain were used to show how well the elderly are doing. The index measures the relative well-being of older population groups at one point in time. It looks at actual population measures of well-being outcomes drawn from comparable surveys in the 12 countries and standardized estimates from international organizations.

According to IWOP:

- **Denmark, Netherlands, Switzerland, and the United States attain the highest levels of well-being for adults 65 and older.** These four countries do not have the best scores on all indicators of well-being but also generally do not have the lowest score on any indicator, with the exception of the poor U.S. scores on obesity and the abilility to live independently as measured by the ability to take medications without difficulty. The high levels of well-being observed among the elderly population in these countries relative to the other countries studied are also observed in the 50-to-64 age group for these countries.
- **Well-being varies substantially across the population groups in each country but the relative standing of each country is similar across age groups.** The material well-being of older adults tends to be worse for older age groups, with median household income per capita falling and absolute levels of poverty increasing for most countries. Still, Switzerland's older population fares better than all other countries with respect to median household income at ages 50 to 64, 65 to 74, and 75 and older. The United States rates poor to mediocre in the physical well-being of older adults, but generally scores well with respect to social connectedness and emotional well-being for all three age groups.

*Toshiko Kaneda is senior research associate and Kelvin Pollard is senior demographer at PRB.*

## Health and Well-Being

By most standards, the health of the elderly has improved over the past 30 years. Mortality has declined, disability is less prevalent at the oldest ages, and disease in old age is less likely to mean death or loss of physical or mental functions. However, the improved ability to treat diseases and chronic conditions has increased the prevalence of most diseases in the elderly population.[10] In addition, the use of assistive devices makes it possible for more disabled persons to remain in their homes.

### LIFE EXPECTANCY BY GENDER AND RACE

U.S. life expectancy has increased from 68.9 years in 1950 to 79.2 years in 2009, in large part due to the reduction in mortality at older ages.[11] In general, this increase in life expectancy has been accompanied by reduced morbidity and greater happiness.[12] However, several trends raise questions about continued gains in life expectancy: gender and race differentials in increases in life expectancy; socioeconomic differentials; and health trends among the middle-aged.

Life expectancy in the United States has increased slowly and steadily. However, analysis of data from the Human Mortality Database shows male-female divergence in U.S. life expectancy gains.[13] Increases in female life expectancy at age 50 slowed around 1980. From 1955 to 1980, women gained 3 years in life expectancy at age 50 while men gained only 1.8 years. From 1980 to 2006, however, women gained 2.4 years while men gained 4.3 years. The same analysis also suggests that these discrepancies in U.S. male and female life expectancy since 1980 may be attributable to gender differences in smoking. U.S. women took up smoking later than U.S. men, and as smoking has declined in the United States, women born between 1920 and 1950—those ages 55 to 85 in 2005—now are the groups who smoke the most.

The uneven gains in life expectancy between 1980 and 2006 reflect these sex differences in smoking. Women's increased mortality from lung cancer and other respiratory diseases has a negative effect on gains in U.S. women's life expectancy, while a decrease in men's deaths from these causes has a positive effect on men's gains in life expectancy.

In addition to the health disparities between older adult U.S. males and females, there are disparities between blacks and whites. At age 50, white males in the United States on average may expect to live another 29 years and white females another 33 years.[14] However, older black males and females may not expect to live as long—25 and 30 years, respectively. But those blacks who do survive until age 85 may expect to live slightly longer than whites of the same age.

Both blacks and whites benefited from gains in life expectancy at age 50 for most of the 20th century.[15] In the 1970s, however, gains in white life expectancy at age 50 began to outpace gains in black life expectancy at the same age. Most notably, white male life expectancy at age 50 rose 3.4 years over two decades. In the same period, black males gained 1 year less in life expectancy at age 50.

Since the 1970s, the black-white gap in male life expectancy at age 50 has remained larger than it has been since 1930, but there are signs that this gap is starting to narrow once again. The current racial gap in life expectancy at older ages for males may largely be attributed to trends in heart disease among men ages 60 and older.[16] From the 1970s through the 1990s, blacks experienced a slower decline in mortality from heart disease than whites experienced. Recent evidence from analysis of the black-white life expectancy gap suggests a decline in mortality from cardiovascular-related diseases among young black men but not among older black men.

## DISABILITY

Since 1984, healthy life expectancy at age 70—the number of years a person may expect to live disability-free—has been on the rise.[17] This increase is due to decreasing incidence of disability and increasing chance of recovery from disability. Improvements in the prevention and treatment of disability have increased healthy life expectancy. On the other hand, reduced mortality among the disabled has kept disability prevalence higher among the elderly than it would have been otherwise.

Healthy life expectancy also varies by education level. At the end of the 20th century, individuals ages 65 and older, on average, could expect to spend between 40 percent and 65 percent of their remaining years of life disability-free.[18] Educated men with some college education would spend an average of 62 percent or more of their remaining years disability-free, regardless of their race. At the same age, black men and women who dropped out before high school could expect to live fewer years and only about 40 percent of those years would be healthy ones.

Rising education levels may, however, no longer be contributing to the observed declines in disability.[19] The proportion of the elderly population with fewer than 12 years of education continued to decline during the last decade, but this may not contribute as much to the decrease in the disability rate as it did in the past because the disadvantage of not having a college education also grew during the same period.

Recent research suggests that while disability among the oldest Americans (80+) has been declining since the 1980s, disability trends among the middle-aged (50 to 64) and "young old" (60 to 69) do not bode well for the future.[20] These studies and others point to diabetes and depression as significant causes of disability among middle-aged adults and to the increased numbers of nonwhite minorities surviving to old age as a factor in increasing disability among the young old. However, whether obesity is a cause of disability in middle and old age remains unclear.[21] Although disability tends to be higher in overweight and obese nonwhite populations, recent studies have not found a substantial direct relationship between obesity and disability at older ages. However, findings that arthritis, rheumatism, musculoskeletal conditions, and diabetes cause disability seem to show that increases in disability among the middle-aged and young old are related to the rise in obesity rates.[22]

## HEALTHY LIVES

Being either overweight or underweight at older ages may signal health problems. Undernutrition is associated with more deaths after age 70, and obesity is a risk factor for a variety of chronic conditions such as diabetes, hypertension, high cholesterol, heart disease, arthritis, and some cancers.[23] Lifestyle changes such as regular exercise instead of or in addition to medication can be used to manage chronic diseases and weight.

In 2009, over 35 percent of adults ages 65 and older were overweight or obese in the United States.[24] Recent analyses of U.S. obesity trends using the National Health and Nutrition Examination Survey show a significant increase in obesity prevalence between 1999 and 2008 for men ages 60 and older but not for women of the same ages.[25] The increase in obesity among older non-Hispanic black men was even greater, rising from 26 percent to 38 percent across this period.

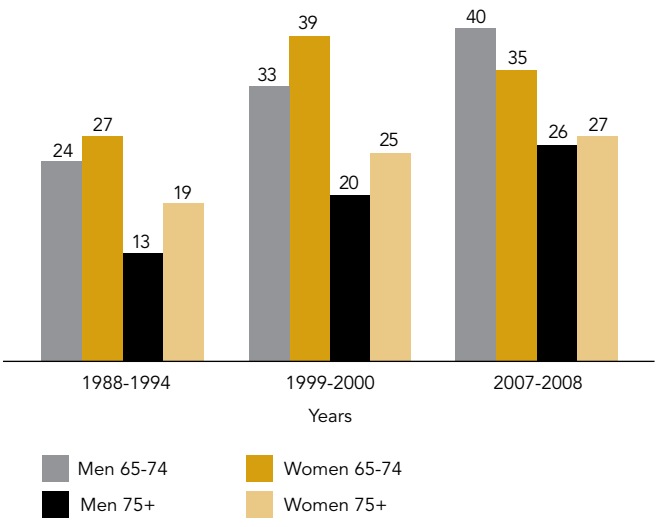
Among the young old (ages 65 to 74), the share of men who were obese increased from 33 percent to 40 percent between 1999 and 2008, while the share of women who were obese declined from 39 percent to 35 percent (see Figure 6). However, obesity increased among both men and women ages 75 and over across this same time period. In 2008, just over one-fourth of adults in this age group were obese.

Physical inactivity among older adults increases with age, most dramatically among people ages 75 and older.[26] In 2009, 33 percent of adults ages 45 to 64 did no physical activity in their leisure time. This percentage was 38 percent for 65-to-74-year-olds and jumped to 55 percent for people 75 and older. Over two-thirds of adults ages 65 and older reported no vigorous leisure-time physical activity lasting more than 10 minutes in the week.

Despite the prevalence of overweight/obesity and lack of physical exercise, more than one-third of Americans ages 65 and older in 2009 said they were in excellent or very good health, which is correlated with a better quality of life and continued sexual activity. Recent data from the U.S. National Social Life, Health, and Aging Project indicate that older men and women reporting very good health or better were more likely to be interested in sex and to be sexually active compared with those in poor or fair health.[27] Better self-rated health is estimated to extend the expected number of years of sexually active life at age 55 by nearly 7 years.

**FIGURE 6**

**Obesity Among Persons Ages 65 and Older by Sex and Age Group, 1988 to 2008**




**Note:** Data are based on measured height and weight. Height was measured without shoes. Obese is defined by having a body mass index (BMI) of 30 kilograms/meter or greater.
**Source:** Centers for Disease Control and Prevention, National Center for Health Statistics, National Health and Nutrition Examination Survey.

## Work and Retirement

Older Americans have always held an important place in the U.S. labor market, but recent economic and policy changes have caused many to stay in the labor force longer. As more older people work and as the general population ages, older workers are accounting for an increasing proportion of the workforce. In 1999, Americans ages 55 and older made up 12 percent of the labor force. Their share had grown to 19 percent by 2009, and is projected to reach 25 percent by 2019.[28] (The U.S. labor force consists of men and women who report they are currently employed or actively seeking a job.)

### WORKING LONGER

The recent increase in labor force participation among the older population reversed more than 40 years of decline: Between 1950 and 1993, the percentage of those ages 55 and older in the labor force fell from 43 percent to 29 percent.[29] Earlier retirement became common in the 1970s and 1980s, creating a social class of healthy, active, and financially comfortable retirees. The average retirement age among men fell from nearly 67 years in the early 1950s to 62 years in the late 1990s, with a similar decline among women.[30]

But the next generation of retirees, and particularly members of the baby-boom generation, may face more difficult choices about retirement because of the severe economic recession and policy changes that have encouraged people to stay in the workforce longer, including:[31]

- The demise of employer pensions and medical benefits for retirees, replaced by employee-funded defined contribution plans, such as 401(k)s. In addition, many older adults need to work to age 65 to maintain their employer's health benefits until they can qualify for Medicare.
- The abolishment of mandatory retirement ages—clearing the way for employees in certain industries to work after age 60 or 65.
- The rising age for full Social Security benefits. People born after 1942 must wait until age 66 or 67 to qualify for full benefits.
- The reduction of the tax penalty for people earning income while receiving Social Security benefits, increasing the incentive for older people to continue working.

Better health is another factor: Americans are living longer and healthier lives, making it possible to work into older ages. An important consequence of longer life expectancy is that people need to finance more years of retirement. Americans are becoming aware that retiring at age 62 could easily require 30 or more years of retirement income, giving them an incentive to hold onto their jobs a little longer.

By 2009, just over one-fifth of men and about one-sixth of women ages 65 and over were in the labor force, and these

levels are projected to rise further by 2018, to 27 percent for men and 19 percent for women.[32] Labor force participation is considerably higher among those ages 65 to 69 than those ages 70 and over. However, the share of the elderly in the workforce has been rising sharply among both age groups since the mid-to-late 1990s (see Figure 7).

Among men, the labor force participation rate of those ages 65 to 69 dropped from around 40 percent in the early 1960s to 24 percent by the mid-1980s before it reversed course. In 2009, 36 percent of men ages 65 to 69 were in the labor force, still somewhat below the level in 1963.

Women ages 65 to 69 also saw a gradual increase in labor force participation over the period, but with a 2009 level that exceeds the 1963 level by a considerable margin—26 percent versus 17 percent. While labor force participation among men ages 70 and over was still lower in 2009 than in the early 1960s, the rate among women in this age group is higher than it has ever been in the last five decades.

## SOURCES OF INCOME

Older Americans rely on a combination of Social Security benefits, pensions, retirement savings (including IRAs and 401(k)s), and earnings from full-time or part-time work. Since the early 1960s, Social Security has provided just over one-third of the income of those ages 65 and older. The share provided by pensions rose from 9 percent to about 18 percent between 1962 and 1990, and has remained close to that level since then.

Earnings from wages and salary are also a major source (30 percent in 2008) of income for elderly Americans. The share provided by earnings has increased since the early 1990s, coinciding with the rising labor force participation of older Americans. Asset income (such as income from interest, dividends, or estates) is the other major income source and accounted for about 13 percent of income in 2008, down slightly from the 1990s.[33]

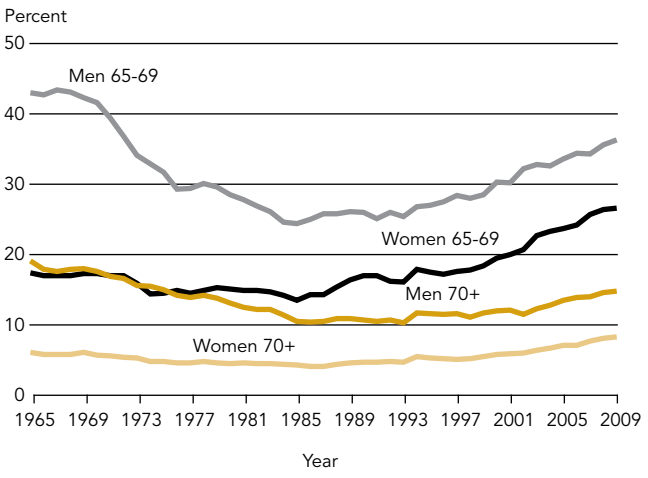
The mix of income sources varies significantly depending on the income level. Social Security benefits, which are available at a reduced level at age 62, provide more than 82 percent of the income for the poorest 40 percent of those ages 65 and older.[34] Among the wealthiest one-fifth, Social Security accounted for just 18 percent of income, and earnings provided about 44 percent.

## ECONOMIC WELL-BEING

In 1968, one-fourth of all persons ages 65 and older were living in poverty, compared with one-sixth of children under 18 (see Figure 8). By the early 1970s, the poverty rate among older persons had dropped by 10 percentage points, while poverty among children had risen and surpassed that of the elderly. Since 1980, poverty has continued to decline among persons ages 65 and older and has remained at about 10 percent, even during the recent recession. In contrast, poverty among children increased by 3 percentage points between 2007 and 2009.

**FIGURE 7**

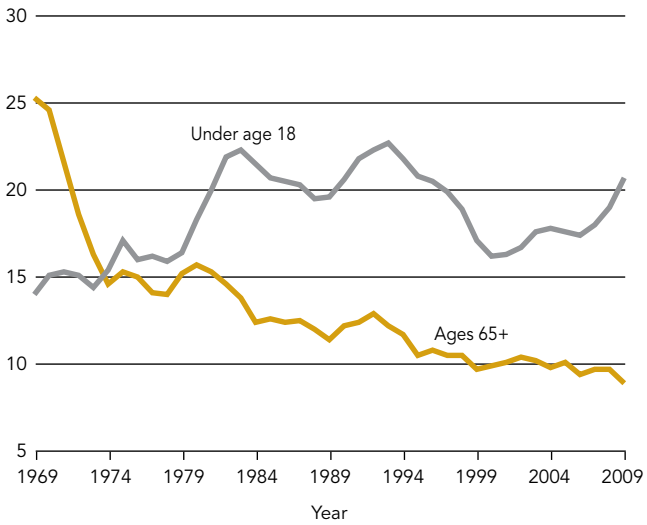
**Labor Force Participation Rates of Men and Women Ages 65 and Older, 1965 to 2009**




**Note:** Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.
**Source:** Bureau of Labor Statistics, Current Population Surveys.

**FIGURE 8**

**People Living in Poverty by Age, 1969 to 2009**




**Note:** Estimates are based on a survey of the population and are subject to both sampling and nonsampling error.
**Source:** U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement.

As with other ages, poverty among the older population varies considerably by race and ethnicity, living arrangements, and gender. While 7 percent of non-Hispanic whites ages 65 and older live in poverty, this figure rises to 23 percent among blacks and 17 percent among Hispanics. More than 33 percent of elderly blacks and Hispanics and just under 33 percent of Asians who live alone are poor, compared with only 14 percent of non-Hispanic whites. Women ages 65 and older have much higher levels of poverty than men in every racial and ethnic group, especially among those who live alone.[35] In 2009, 40 percent of older black and Hispanic women who lived alone were in poverty, compared with only about 25 percent of black and Hispanic men in that living arrangement.

## EFFECTS OF THE RECESSION ON RETIREMENT

The decision about when to retire often hinges on the income or assets people can use to replace their salaries. The economic recession of 2007-2009 was the most severe since the Great Depression, and it has caused some older Americans to postpone retirement or to retire earlier than planned because of job loss. The recession affected the financial security of people nearing retirement in three ways:[36]

- The sharp decline in the stock market eroded the value of retirement savings.
- The fall in home values—often an individual's biggest financial asset—reduced the net worth of many elderly.
- Extensive job losses pushed many older workers out of the job market before they were planning to retire.

An unprecedented percentage of older Americans were exposed to the stock market during the recent recession, often through their 401(k), IRA, or mutual funds. Many of these investments lost 20 percent or more of their value during the stock market slide between 2007 and 2009, although they have recovered some ground since then.[37] The people who lost the most in the stock market crash tended to be in the higher income brackets, and they were able to absorb the losses without falling into poverty.[38] According to a recent analysis, stocks accounted for just 15 percent of the wealth of those near retirement (ages 51 to 56) in 2004.

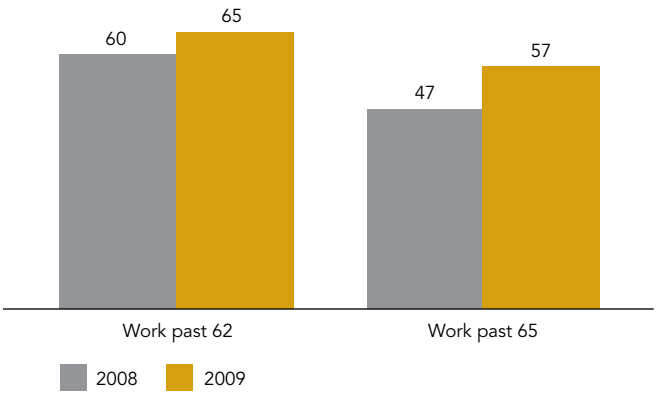
The sharp decline in home values in many areas also eroded the net worth of elderly households. However, many older homeowners have minimal or no mortgages, shielding them from the worst effects of the housing market downturn. Some elderly lost homes to foreclosure or were forced to sell at a loss because they had to move, but in general the housing crisis did not affect older homeowners as much as younger homeowners.[39]

High unemployment has affected older Americans most, and it has been slow to recover, even though the recession officially ended in 2009. Unemployment rates are actually lower among older workers than younger workers, but people in their 50s who lost jobs during the recession have found it more difficult than younger people to find another job. Many are among the long-term unemployed and have spent down the savings they had planned to rely on in retirement. Many long-term unemployed felt compelled to apply for Social Security at the youngest possible age (62), even though this meant a permanent reduction in benefits.

Recent data from the Health and Retirement Survey suggest that many people are delaying their retirement. In 2009, 65 percent of workers ages 50 to 61 reported that they expect to be working full-time past age 62, and about 57 percent said they expect to work full-time past age 65. Both of these percentages have increased since 2008 (see Figure 9), and if people follow through on these intentions, labor force participation rates will continue to

**FIGURE 9**

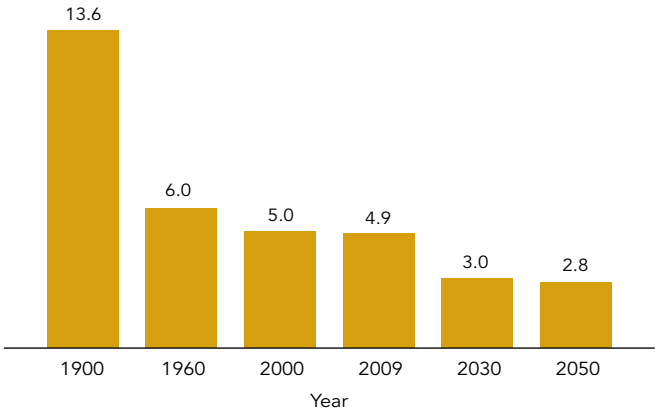
**Self-Reported Chances of Working Full-Time Past Age 62 and Age 65, 2008 and 2009**




**Source:** Health and Retirement Study, 2008 and HRS Internet Survey 2009.

**FIGURE 10**

**Elderly Support Ratio in the United States, 1900 to 2050**




**Note:** The elderly support ratio is the number of persons ages 18 to 64 per person age 65 or older.
**Source:** PRB analysis of data from U.S. Census Bureau.

climb among older Americans. It appears that people will need to save more during their careers and work longer to afford retirement.

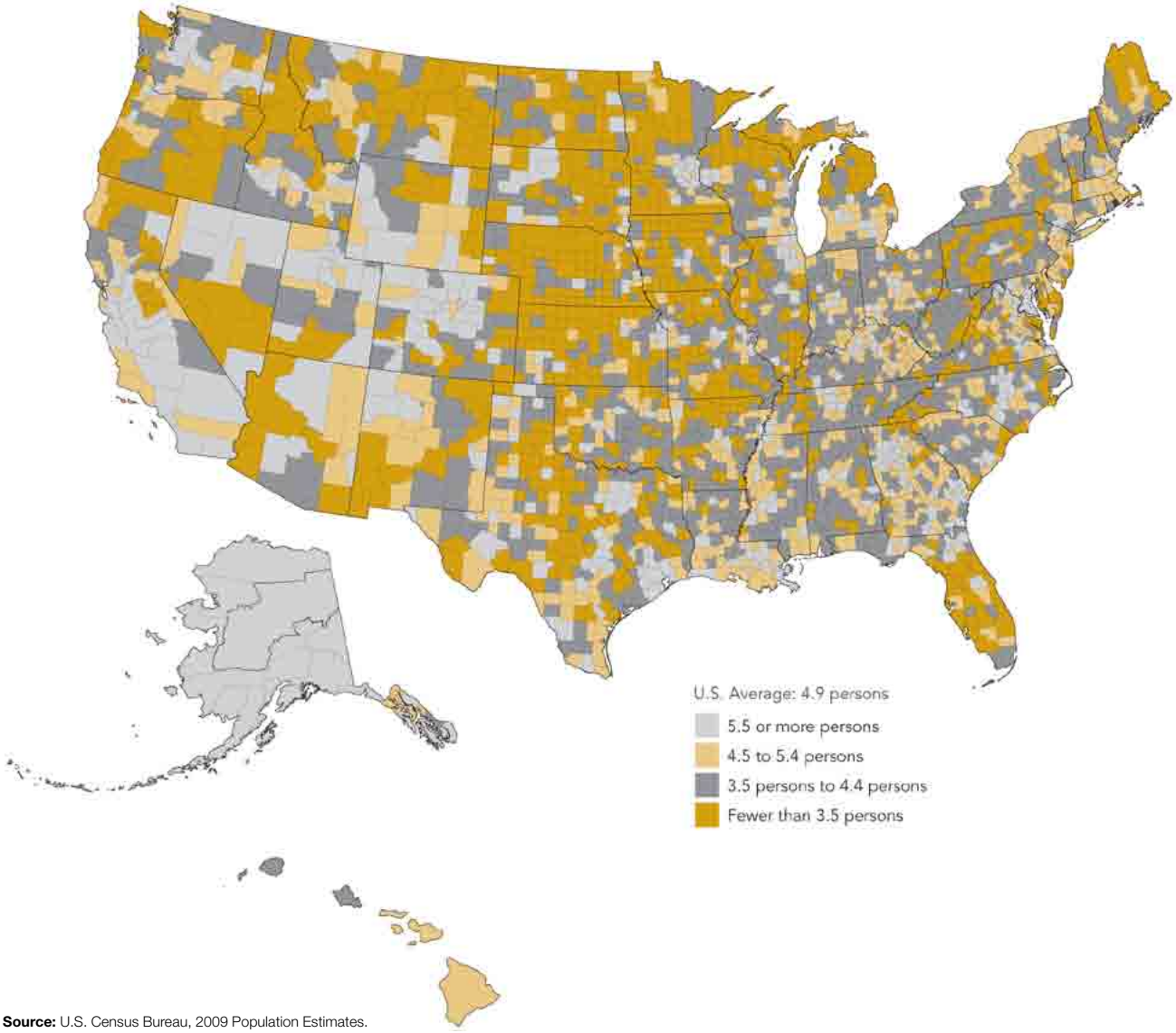
## Costs and Implications

### ELDERLY SUPPORT RATIO

In the United States, most entitlement programs to assist the elderly, such as Social Security, are funded through the work and earnings of those in the labor force. One major concern about the coming surge in the number of people ages 65 and older is whether the U.S. workforce will be large enough to support the current Social Security program. One way to measure this is through the elderly support ratio—the number of working-age adults ages 18 to 64 for every elderly person ages 65 and older. Of course, the elderly support ratio is just an approximation because some people stop working before they reach age 65 and an increasing number are continuing to work into their late 60s and early 70s. In 1900, there were almost 14 working-age adults for every person age 65 or older, while by 1960, this number had dropped to only 6 working-age adults (see Figure 10, page 12). Today, the elderly support ratio in the United States is about 5, but this ratio is projected to decline further to just under 3 by 2050.

**FIGURE 11**

**Elderly Support Ratio by County, 2009**




**Source:** U.S. Census Bureau, 2009 Population Estimates.

Almost one in three U.S. counties already has an elderly support ratio of 3 or fewer working-age adults for every person age 65 or older (see Figure 11, page 13). Many of these counties are concentrated in the same states that have high proportions of older persons, but there are also areas of concentration in western Pennsylvania and southern and western Illinois. While the solvency of Social Security depends on the elderly support ratio at the national level, the provision of many programs and services for the elderly occurs at the state and local levels, where low elderly support ratios may already be a problem.

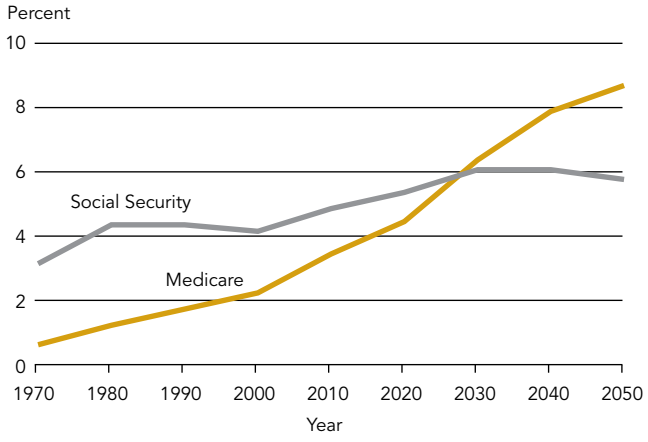
### COSTS OF GOVERNMENT PROGRAMS

Two major entitlement programs in the United States—Social Security and Medicare—have played an important role in reducing poverty and improving the health and well-being of the older population.[40] However, the costs of these two programs are projected to rise rapidly as the U.S. population ages. Combined expenditures on these programs alone are projected to reach almost 15 percent of America's gross domestic product (GDP) by 2050 (see Figure 12).[41] In comparison, in 1970, spending on Social Security and Medicare totaled only about 4 percent of GDP. In 2010—for the first time—Social Security collected less in taxes than was paid out in benefits. In addition, according to most estimates, the Social Security Trust Fund—which is designed to cover this type of shortfall—will be exhausted around 2037. Medicare expenditures are projected to exceed those for Social Security by 2030, driven by the rising cost and use of health care services, as well as the sharp increase in the number of people receiving benefits.[42]

The Medicaid program was created in 1965 at the same time as Medicare, but is jointly funded by the federal government and state governments. Medicaid provides health care for impoverished Americans and is the largest source of payment for long-term care for the elderly. About 70 percent of nursing home residents are covered by Medicaid and the costs of nursing home care are the fastest growing component of the Medicaid program.[43] Although the rates of nursing home utilization have decreased since the mid-1980s, future increases in the number of people ages 85 and older who require this level of care may drive up Medicaid costs as well.[44]

FIGURE 12

**Social Security and Medicare Expenditures as a Percent of GDP, 1970 to 2050**




**Source:** U.S. Social Security Administration, *A Summary of the 2009 Annual Social Security and Medicare Trust Fund Reports*.

### CARING FOR AN AGING POPULATION

Many older people in the United States rely on family caregivers to provide support and assistance. However, changes in family patterns may reduce the availability of family caregivers. One such change is the increase in divorce since the early 1960s. Recent estimates indicate that nearly half of women born during the baby boom will have been divorced by age 65, compared with less than one-fifth of women born before 1925.[45] Similarly high levels of divorce among men will mean that more people will reach age 65 having spent a larger share of their lives without a spouse, and fewer will have a spouse to rely on for care as they age.

Another important change is the trend for young adults to postpone marriage, often until their late 20s or early 30s. A growing proportion of these young adults—currently close to 50 percent—are choosing to cohabit or live together at some point before getting married. The postponement of marriage has led to a larger proportion of nonmarital births. In fact, about 40 percent of all births in the United States today occur outside of marriage and 20 percent of births are to cohabiting couples.[46] However, cohabiting couples are more likely to split up than married couples, and cohabiting relationships in the United States have much shorter durations than those in European countries.[47]

As a result of these simultaneous trends—later marriage and the rise in nonmarital births—there has been an increase in both single-parent families and "blended families" in the United States; that is, families with one or more children with different parents. An important question is whether children who spend less time with biological parents and who experience multiple step-parents while growing up will form strong enough bonds with these adults to be willing to care for them when they are elderly. The answer has important implications for the future availability of family caregivers and for the programs and services the older population will need.

## Conclusion

Baby boomers transformed U.S. age structure and society as they moved through each life cycle stage, and they will do so again as they enter retirement. It is not only their sheer numbers that will determine their economic and social impact, but also their characteristics. Baby boomers face a different retirement experience than today's elderly population. They have higher levels of education, work experience, and economic well-being, and are generally healthier. While these characteristics will likely

help mitigate some of the economic challenges posed by such a large group of retirees, other baby-boomer traits may have negative consequences. With higher levels of divorce and lower levels of fertility, baby boomers will have fewer family members to provide social support and care as they age. Also, higher obesity and disability rates among younger baby boomers may signal future declines in the share of elderly who are healthy.

The baby-boom generation may be the last made up of a non-Hispanic white majority population. The younger generations are much more diverse, with higher shares of Hispanics, African Americans, and Asian Americans in each successive cohort. Minorities will make up a growing share of the workforce, providing services and tax revenue to support baby boomers in old age. However, long-standing racial and ethnic differences in childhood poverty and educational attainment may constrain the ability of these younger, more diverse cohorts to replace baby boomers in the workforce and to sustain economic growth in the United States. More than one-third of black and Hispanic children live in poverty in the United States, compared with only 12 percent of non-Hispanic whites. This substantial gap has persisted for decades. Recent research indicates that childhood poverty has long-term effects, reducing earnings and affecting health in adulthood.[48] College degrees are increasingly required for jobs in America's knowledge-based economy, yet less than one-third of African American men and less than one-fourth of Hispanic men ages 18 to 24 are enrolled in college or graduate school.[49]

The aging of the U.S. population and the substantial changes in age structure that it will bring are inevitable, and have been in process for many decades. The number of people and share of the population that will be ages 65 and older are unprecedented in U.S. history. But the ultimate social and economic impacts of this demographic transition will depend in large part on the policy choices that Americans make now and in the coming years. Although government programs such as Social Security, Medicare, and Medicaid have helped reduce poverty and improve the health of the older population in the United States today, current projections indicate that they will not be sustainable (as currently implemented) when all of the baby boomers have retired. Proposals to reform Social Security and Medicare have been recurrent topics of debate in political campaigns and in Congress for at least 10 years, but no consensus or concrete solution has emerged. With the first baby boomers turning age 65 in 2011, the window of opportunity for fundamental reform is closing rapidly. As the chairman of the Federal Reserve concluded, "A failure on our part to prepare for demographic change will have substantial adverse effects on the economic welfare of our children and grandchildren and on the long-run productive potential of the U.S. economy."[50]

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# AMERICA'S AGING POPULATION

In 2011, the oldest baby boomers—Americans born between 1946 and 1964—will start to turn 65. Today 40 million people in the United States are ages 65 and older, but this number is projected to more than double to 89 million by 2050. Rapid changes in age structure can have profound social and economic consequences. U.S. population aging has been long predicted. However, it is not only the number and share of elderly that are important for policy and program decisions, but also their characteristics: health and disability status, living arrangements, kinship networks, and economic well-being. This *Population Bulletin* examines the current and future U.S. population ages 65 and older and considers the costs and implications of America's aging population.

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POPULATION REFERENCE BUREAU

1875 Connecticut Avenue., NW
Suite 520
Washington, DC 20009

202 483 1100 PHONE
202 328 3937 FAX
popref@prb.org EMAIL