Longevity Rules: Editor: Stuart Greenbaum; Publisher: Eskaton 2010

AGING: BY THE NUMBERS

Boomer Project

Each generation in living memory has reinvented the final stage of life. The G.I. Generation took an early idea of "retirement" as a way station for people too worn out to work and refashioned it into a two-decade-long span of leisure. Retirement became a reward for a lifetime of labor: a time for activity, travel and security. The G.I.s gave rise to Sun City and other seniors-only communities. They enshrined healthcare for the elderly as a right. They campaigned against stereotypes of the elderly as frail and infirm. They formed advocacy associations for all who joined them in retirement. They even changed the language: "Old people" became "senior citizens."

Members of the Silent Generation have largely accepted the broad outlines of aging bequeathed by the G.I.s but they have changed the style. Grandma has abandoned Mahjong and picked up yoga. Grandpa has dropped the shuffleboard stick and strapped on jogging shoes. Bored by age-segregated communities, many empty-nester Silents are partial to urban condos near restaurants, museums and nightlife where they can mix with young people. Snubbing charter tours on buses, they relish adventure vacations and getaways with the grandkids. Most notably, the Silents rebel against the idea

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The Boomer Project (www.boomerproject.com) is the nation's leading authority on marketing to today's older Boomer consumer. They provide marketing research and consulting services to a wide range of companies and organizations, including Johnson & Johnson, AARP, Walmart, Lincoln Financial, American Healthcare Association, Home Instead Senior Care and dozens of others.

of passively growing old. They are healthier, more active and, thanks to plastic surgery and Botox, younger looking than any generation before them.

Today, the Baby Boom Generation stands on the edge of retirement. Due to its prodigious size and sense of entitlement, Boomers have transformed American institutions at every stage in their passage through life. And there is every reason to believe they will institute a transformative approach to growing old like what happened when they got their hands on civil rights, the Vietnam war, the sexual revolution, Women's Lib, the work ethic, the pursuit of material gratification, and entrepreneurial risk taking.

Although Boomers once defined the "youth culture," it would be hasty to assume that they will seek the fountain of youth as the Silents have. More likely, Boomers will bring different values and perspectives to the American way of growing old. Boomers, suggest authors William Strauss and Neil Howe in "The Fourth Turning," may do what they have at every step in the maturing process: "Resist it for awhile, then dabble in it, and ultimately glorify it." Boomers, they predict, will embrace growing older and make it their own. "Boomers will establish elegant new insignia of advanced age — flaunting, not avoiding, the natural imprints of time. Rather than trying to impress the young with G.I.-style energy or Silent-style cool, old Boomers will do so with a Zen-like serenity."

That was a bold prediction when Strauss and Howe wrote their book back in 1997. Indeed, it remains bold today, even as the leading edge of Boomers near the age of traditional retirement with the Silent Generation still defining what it means to be old. We are not here to endorse their prophesy, but we bear it in mind as we lay out the numbers that drive the future of aging. We can always count on trends to continue in the same direction — until they change. Unfortunately,

the numbers rarely announce in advance when they will launch into new trajectories.

That said, some numbers have considerable momentum behind them. The U.S. Census Bureau projects with considerable confidence that, barring an unprecedented calamity, the number of Americans over the age of 65 will increase over the next 20 years from 40 million in 2010 to more than 70 million in 2020. We can safely say, based on consistent and overwhelming responses to consumer surveys, that Boomers would rather age in place, at home, than in an institutional setting. We also can safely say, based on hard economic numbers, that most Boomers have not saved enough to finance a secure and comfortable retirement. The Center for Retirement Planning at Boston College pegs that figure at just under half of all Boomers. Finally, at the risk of straying into the political realm, we can suggest that the United States will be hard pressed fiscally to honor its commitments to Social Security and Medicare when all the Boomers have passed the 65-year mark.

Logic tells us that there is a considerable gap between Boomer aspirations for their third and fourth quarters of life and what they as individuals, supplemented by the federally-financed social safety net, can afford. The numbers point unmistakably to a future of lessened material expectations for Boomers. What the numbers cannot tell us is how Boomers will respond to that challenge. At the very least, we suspect that Boomers still hold a few surprises in store before they pass into history.

The Boomer Wave

Here's what we can say with reasonable confidence: The next generation of older Americans will live longer, perhaps healthier lives than their predecessors did, and there will be more of them than ever before.

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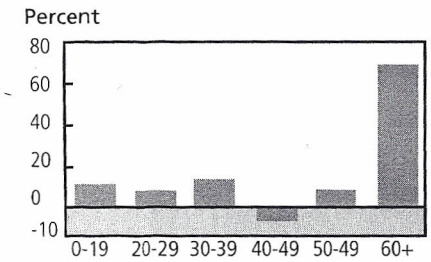
Two forces are driving the rapid aging of the population. The population bulge of graying Boomers is one. The lengthening life expectancy of all Americans is the other. The number of births for each generations show the magnitude of the Boomer bulge:

G.I. Generation	1905-25	50 million
Silent Generation	1926-45	35 million
Boomers	1946-64	76 million
Generation X	1965-82	65 million
Millennials (Gen Y)	1983-02	80 million

In addition to the aging of the Boomer bulge, we must factor in the life expectancy of Americans reaching the age of 65, which increases several months with the passage of every decade.

Boomers plus longer life expectancies mean that the number of Americans over 60 will increase by 70 percent by 2025, according to AARP's "Boomers: The Next 20 Years Map of Future Landscape Affecting Boomers." The increase in the older adult population will account for the vast bulk of growth in the American population as a whole, making them the demographically dominant sector of society.

U.S. POPULATION CHANGE, 2005-2025

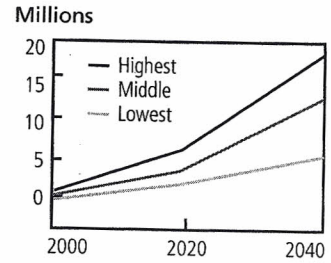


By 2025, the number of Americans over 60 will increase by 70%

Source: U.S. Census Bureau

The most pronounced increase will occur in the oldest old category of people 85 years and older, an age group that historically requires exceptionally high levels of caregiving and medical treatment.

PROJECTED POPULATION 85+



Boomers will eventually swell the ranks of the very old—those 85 and

Source: U.S. Census Bureau

There are no surprises in these numbers. They are well-known. In fact, Americans have had half a century to prepare for the age wave. It is a shame we are not more ready for it now that it is here.

Good News, Bad News: Longevity and Chronic Illness

The gift of long life may be the greatest blessing of modern society. But it comes with a caveat. While a long, *healthy* life is devoutly to be hoped for, a long life of illness, disability and dependency may be a curse.

It is unfortunate but it is so: If people survive the acute illnesses that killed off much of the population in the past, they contract the chronic illnesses that accompany old age. Longer life expectancies translate into a larger population of Americans with chronic medical conditions. Indeed, according to "Chronic Care: A Call to Action for Health Reform," a March 2009 AARP study, more than 70 million Americans ages 50 and older suffer from at least one chronic condition such as arthritis, osteoporosis, asthma, cancer, heart disease, depression and diabetes.

Eleven million Americans, mostly older adults, live with five or more chronic conditions. The incidence of disability will increase with the advancing age of the population in any case, but the problem is aggravated in the United States by the epidemic of obesity, a contributor to diabetes, heart disease, back problems and other

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maladies. Between 1997 and 2006, the prevalence of diabetes among adults ages 65 and older increased by more than 50 percent. And a recent study, published in *Diabetes Care* by Elbert S. Huang, projects that between 2009 and 2034, the number of Americans treated for diabetes under Medicare will leap from 8.2 million to 14.6 million — an increase of 78 percent.

Advancing age also engenders a higher rate of disability. "The prevalence of having one or more physical limitations increases with advancing age," conclude the authors of "Aging Differently: Physical Limitations Among Adults Aged 50 Years and Over: United States, 2001-2007." More than 40 percent of adults ages 80 and over have physical limitations; more than 25 percent have three or more physical limitations.

Disabilities range from hearing and vision impairment to difficulty walking, climbing steps, bending over and performing other Activities of Daily Living (ADL). The inability to drive, walk, shop and run errands severely restricts an individual's ability to live independently.

INCIDENCE OF DISABILITIES AMONG OLDER ADULTS

Disability	55+	85+
Hearing impairment	31.6%	62.1%
Vision impairment	11.7%	26.9%
No teeth	19.0%	35.6%
Difficulty walking one mile	25.0%	56.1%
Difficulty walking up 10 steps	20.0%	45.2%
Difficulty stooping or bending	30.3%	53.1%
Difficulty shopping	13.3%	34.1%

Source: "Health Characteristics of Adults Aged 55 Years and Over: United States, 2004-2007"

Older Americans also suffer cognitive disabilities. Perhaps the most devastating is Alzheimer's disease, the risk for which increases in lockstep with advancing age. Currently, according to

"2009 Alzheimer's Disease Facts and Figures," an estimated 5.3 million Americans have Alzheimer's disease — one in eight people 65 and older.

As the number of Americans surviving into their 80s and 90s grows, the incidence of Alzheimer's and other forms of dementia will increase rapidly, too. In 2000, there were an estimated 411,000 new cases of Alzheimer's disease reported. When the Boomers begin reaching their 80s, the number is expected to hit 615,000 a year. The number of new cases could peak around 960,000 a year in 2050.

Until very recently, gerontologists thought there was a silver lining to these gloomy numbers. In a phenomenon they called the "compression of morbidity," the current cohort of older Americans are suffering lower rates of morbidity — fewer disabilities — than did previous generations at comparable ages. On average, older adults were living longer without experiencing a significant loss of independence. But that favorable trend appears to have been thrown into reverse. Boomers are experiencing *more* disabilities than previous generations did at the same age, a study funded by the National Institute on Aging has found.

Among people 80 and older, the data from two national health and nutrition surveys showed improvements for people 80 and older. But there was no change in disability rates among people in their 70s, and disability rates rose among people in their 60s. Lead author Teresa E. Seeman, a UCLA medical school professor, said that higher disability rates appeared to be linked to higher incidence of obesity. "The data ... certainly suggests the baby boomers, whatever health benefits they've enjoyed up until now, may not enjoy such a ros older age."

While Americans are living longer than ever, the scary implica tion of the most recent research is that their capacity for independer

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living may be slipping. As they battle with obesity and the maladies that stem from it, Boomers will experience more chronic conditions and more disabilities than members of the Silent Generation. The impact on healthcare costs will be debilitating. Neither society, much less the Boomers themselves, are financially prepared to deal with it.

Who Will Pay for Old Age?

Boomers are ill-prepared for the financial perils of growing old. Even before the 2008 financial meltdown, it was evident that Boomers were failing to save enough money to maintain their pre-retirement living standards, much less offset the financial risk of living into their 80s and 90s, ages associated with increased chronic illness, disability, and higher payouts for medical and long-term care.

Boomers earned more money at every age than previous generations. But they were record spenders and borrowers as well, driving consumption to fuel more than 78 percent of the growth in Gross Domestic Product vs. 64 percent two decades earlier, according to a June 2008 report by McKinsey & Co., "Talkin' 'bout my generation: The economic impact of aging U.S. Baby Boomers." But they saved only a fraction of their income that previous generations had, relying upon soaring home prices to increase their net worth. Consequently, Boomers were hammered by the collapse in housing prices, then clobbered again by the dive in stock market values. By McKinsey's reckoning, only 38 percent had saved enough to be prepared for retirement.

David Rosnick and Dean Baker painted an even gloomier picture in their February 2009 study, "The Wealth of the Baby Boom Cohorts After the Collapse of the Housing Bubble." They calculated that the median household with a person between the ages of 45 to 54 saw its net worth plummet more than 45 percent between 2004 and 2009,

to just $94,200. The loss to early Boomers, between 55 and 64, was even worse: almost 50 percent to $159,800. "The loss of wealth," they conclude, "will make baby boomers far more dependent on Social Security and Medicare than prior generations."

As 2009 unfolded, the prognosis for Boomer retirement got worse. In "Long-term Care Costs and the National Retirement Risk Index," published in March 2009, Alicia H. Munnell and her co-authors suggested that if the soaring costs of healthcare and long-term care were taken into account, the percentage of Boomer and Generation X households "at risk" of having an under-funded retirement approached 64 percent.

Recent data suggests that Boomers are saving more, but they have only a few years to make up a lifetime of neglect. If, as Rosnick and Baker suggest, Boomers are more dependent upon Social Security and Medicare than previous generations, the solvency of Social Security and Medicare becomes a paramount issue.

The outlook for the government-financed social safety net is not a happy one. Given current trajectories, the tax *shortfall* for Social Security and Medicare will increase from less than 2 percent of GDP to more than 7 percent over the next 30 years, according to the 2009 report of the Social Security and Medicare Boards of Trustees.

While there is sufficient money in the Social Security trust fund (OASDI) to keep up payments through 2037, barring any changes to the way the program is structured, Medicare's Hospital trust fund (HI) is projected to run out in 2017—a date now visible on the horizon. It is an open question whether the federal government will be in a position to make up the difference through general tax revenues, given the fact that the national debt, which now runs around $12 trillion, is expected under an optimistic set of assumptions to be accumulating at the rate of $1 trillion yearly by then.

Boomers then will confront an awful choice: Will they, with their scrawny nest eggs, turn to the government to deliver the same level of retirement security that it provided the G.I.s and Silents before them, whatever the cost to the rest of society? Or will they adapt — will they make do with less? Will they, as Strauss and Howe predict, "find new ethical purpose in low consumption because, with America in crisis, they will have no other choice?"

Who Will Provide the Care?

Just as Boomers spent money and racked up debt with little thought to providing for their winter years, they reshaped the family structure with little thought to the consequences for when they grew old. Just as Boomers face a fiscal/financial crisis, they also face a caregiving crisis.

Spouses and children account for most caregiving for the elderly. Family fills in when seniors find themselves in that awkward stage between full independence and total incapacity. But Boomers will have fewer family members to turn to than their parents did.

As a group, 94 percent of the G.I. and Silent generations got married. Today, among those still with us, 64 percent still have a spouse. Moreover, they have loads of adult children — they're called Boomers. That means most members of the older generations today have spouses to turn to and roughly four children on average to lean on. Boomers, on the other hand, have exponentially fewer family options. Only 87 percent of Boomers got married in the first place, and more of them got divorced. Today one in three Boomers is without a spouse or partner. Also, Boomers had, on average, only two children.

Gerontologist Ken Dychtwald calls it the "Caregiver Crunch." More like a catastrophe, if you ask us.

It is possible to substitute family caregiving with commercial services. But such relationships are less rewarding emotionally, and the care provided by "visiting angels" comes with a price tag. That will pose a major problem for Boomers whose finances, as we have seen, will be stretched to the breaking point. The caregiver problem will be especially acute for Boomer women, who are less likely to have accumulated assets and pension wealth and who are more likely to have outlived their spouse. (Advancing age won't be a day at the beach for older men either: Men are less likely to form supportive social networks than women.)

There's another important dimension to the looming caregiving crisis — the difficulty that Boomers will have maintaining their independence in a largely suburban nation. As the Brookings Institution wrote in its report, "Getting Current: Recent Demographic Trends in Metropolitan America," Boomers are the first suburban generation. "The aging in place of suburban Boomers will ... make the suburbs in most parts of the country a lot grayer than they ever have been before." Most suburban communities cater to the needs of younger populations and families with children. Coping with a wave of older Boomers is a challenge that few are equipped to deal with.

One of the most pressing problems for older adults trying to maintain independence is the auto-centric development pattern of suburban communities. Most streets are designed with the goal of moving automobiles as efficiently as possible, not people on foot or in wheelchairs. A poll conducted by the AARP Public Policy Institute and allied groups and published in "Planning Complete Streets for an Aging America" found that 40 percent of adults 50 and older report inadequate sidewalks in their neighborhoods, while 50 percent said they cannot cross main roads close to their home safely. "The human cost of this is significant," warns AARP. "It exacerbates the

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social and physical isolation of non-drivers, not to mention the dangers imposed upon all road users."

Technology may be a partial palliative to isolated seniors living alone. In a survey of adults 65 and over, AARP Knowledge Management found that 87 percent preferred to have care delivered to them in their current home, and a similar percentage said they would be willing to give up some of their privacy—mainly to monitors—in order to accomplish that goal. Half were aware how computers could help them maintain social connections, and three-quarters were interested in telemedicine as an alternative to visiting the doctor's office. But today's older adults resisted the use of some technologies. Whether Boomers prove to be as resistant remains to be seen.

Changes in Attitudes

Boomers are the first generation to approach age 65—leading-edge Boomers will get there in 2011—and know with some degree of confidence they will live another thirty years, maybe more. With so much time ahead of them, Boomers are redefining what it means to be "old." In a recent study we conducted, Boomers said that middle age starts at age 48 on average, while "old age" doesn't begin until 73—eight years past the traditional retirement age.

Boomers also are acutely aware that they have not accumulated enough money to live the active lifestyles they've enjoyed most of their life, much less to age in place or protect themselves over 18 years on average from the risk of runaway medical expenses and long-term care. While wrestling with financial anxieties, they also are redefining what they want out of the final phase of life.

The 2008 recession, the worst economic downturn since the Great Depression, sparked a major reappraisal by Americans of all

generations of their fundamental values. In March 2009, the third annual "MetLife Study of the American Dream" found that American regarded the recession as a "wake up call" to abandon the "insatiable hunger" for more material possessions. Nearly half of all consumers had concluded they already had all the possessions they needed, up 13 percentage points from the previous poll. Four in 10 Americans felt "buyer's remorse" about past purchases.

What, then, do Americans value now? In May 2009, Harris Interactive and Ken Dychtwald released a study, "Retirement at the Tipping Point," that crystallized the new zeitgeist. Fifty-eight percent of Americans ranked "success" as "having loving friends and family," followed by "the freedom to do what I want" (37 percent), "achieving financial independence" (33 percent), and "being true to myself and not selling out" (19 percent). "Having power and influence" logged in at 3 percent. Boomer attitudes did not differ materially from those of other generations—but Boomers will be the first to apply the new values to re-thinking retirement and old age.

Boomers will approach the challenges ahead through their unique generational lens. The defining generational characteristics of Boomers can be summarized as follows:

- **Entitlement and personal gratification**—These traits, imbued in early childhood and reinforced by decades of affluence, contributed to Boomers becoming world-class consumers. Their buying power warped the entire global economy. Their final years will be very different. Will they insist that other generations make them whole through Social Security and Medicare, or will they lead the return to frugality? That's the big question.
- **Control**—Boomers have spearheaded social change for the past half century, and they like being in charge. Boomers are not likely to accept a top-down, one-size-fits-all solution to the challenge

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of aging. Any new institutions they create are likely to be built from the bottom up.

- **Optimism** — Boomers are an up-beat, can-do generation. They view the future optimistically, always seeing the glass as half-full. That may explain why, despite the dire predicament they face in old age, they haven't yet begun to panic.
- **Anti-status quo** — Boomers have been a revolutionary force in American society, continually pushing against the political and business establishment. They are not likely to accept the institutions and practices of aging as handed down by the Silent Generation. If they don't like something, they will push for change.

In our own Boomer Project research on how Boomers are approaching their advancing years, we have described the animating principle as the quest for vitality. Not the fountain of youth, but the fountain of vitality. Boomers don't want to be young again but they do want to slow the downward slide toward frailty and dependence. Boomers want to maintain their physical fitness and mental acuity. They want to maintain active social lives. And, as they get closer to the final passage, death, they want to explore the spiritual dimensions of existence, whether through organized religion or personal quest.

The Boomer cluster of attributes will be tested first in how the generation approaches the first great challenge associated with "old age" — when to retire. Prodded by the collapse in their net worth, Boomers have resolved to work longer before pocketing the gold watch.

Since World War II, if not before, the great ambition of most Americans was to retire at the earliest possible age to enjoy a life of leisure. Year after year, the average retirement age crept lower. In 1950, the average retirement age was 70. By 1990, it had bottomed out at 62. In the past few years, it has started moving back up.

"Work harder, work longer — that appears to be the new motto for older Americans," writes the Pew Research Center in a September 2009 report, "America's Changing Workforce: Recession Turns a Graying Office Grayer." Boomers show a greater inclination than previous generations to stay active longer in the labor market. For people ages 55 to 64, the labor force participation rate increased from 57.2 percent in 1995 to 65.3 percent in early 2009. For people ages 65 and older, the rate increased from 12 percent in 2005 to 17.3 percent in 2009.

There is evidence that the commitment to work longer is a Boomer-related phenomenon, not one that applies equally to all generations. Fifty-two percent of respondents in the 50- to 64-year-old bracket said they had thought about delaying retirement, and some 16 percent said they would never retire, according to "The Threshold Generation," a Pew study released in May 2009. Both numbers were significantly higher than for younger age groups.

The numbers confirm that the Boomers will carry their strong work ethic, one of their most notable generational traits, past the official 65-year-old retirement marker.

The Road Forward

All of these numbers tell us one thing is certain about the future of aging: in many ways, Boomers will do it differently. But how?

We see two options ahead for Boomers. One is for Boomers to transform everything about aging in our society. The other is to transform themselves and their own expectations about growing older. The first is externally focused and the second is internal.

The chance to change the world of aging is significant for Boomers, who have both the size and motivation to do it. In his 2009 book *The Making of an Elder Culture*, Theodore Roszak (a contributor to this

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book, incidentally) sees Boomers focusing on this external goal: returning to the crusading idealism of their youth. Older Boomers will spurn consumerism. They will crusade to improve the environment, fight for social justice and finish the causes they had begun in their youth. "The final stage of life is uniquely suited to the creation of new social forms and cultural possibilities," he writes. "Age offers us the opportunity to detach from the competitive, high-consumption priorities that dominated us on the job and in the marketplace."

The second option to change internally is best described by Strauss and Howe, who see a different future for the Boomers. Instead of refighting the battles of their youth, Boomers will turn inward, constructing a new social ethic of decline and death, much as they did in youth with sex and procreation. "Where their youthful ethos hinged on self-indulgence, their elder ethos will hinge on self-denial. As they experience their own bodies coping naturally with decline and death, they will expect government to do the same. ... With the same psychic energy with which they once probed *eros*, Boomers will now explore *thanatos*, the end-time."

Our analysis of monthly consumer surveys by BIGresearch suggests that Boomers *are* turning their back on consumerism. They are rediscovering the traditional values of thrift and frugality, which they see as consistent also with emerging "green" values of conservation and recycling.

But whether Boomers will pick up the social causes they fought for a half century ago or turn inward in the search for spiritual fulfillment, well, the numbers don't exist. In fact, even if we polled all 76 million Boomers, we would likely get 76 million different responses. In the end, we will have to wait to find out.

Meanwhile, we can gain authoritative insights from the contributors to this book. Think of this as the starting point for the "new rules" for growing old.

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