

CQ Researcher

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Aging Baby Boomers

Will the 'youth generation' redefine old age?

In January, the oldest baby boomers will turn 62 — and become eligible to collect Social Security benefits. For the next 18 years, a member of the baby boom generation — the 78 million Americans born between 1946 and 1964 — will reach that age every eight seconds. Boomers have long been famous for their desire to stay or at least act young. What will they be like as seniors? Many predict they will reshape the nation's view of old age, as healthier boomers continue to work and stay active longer than their parents. Others worry that the vast expansion of the nation's senior population will put unaffordable strains on government entitlement programs like Social Security and Medicare. Still others worry boomers could upset the economy as they begin spending down their assets all at once. Boomers have left their imprint on every stage of American life they've passed through, and there's no reason to think that the senior years will be any exception.



Tandem biking helps keep David and Christina Filkins in shape at their retirement home in Longboat Key, Fla. David, 61, a former software engineer, now indulges his passion for windsurfing; his wife is into beading.

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Aging Baby Boomers

BY ALAN GREENBLATT

THE ISSUES

Five years ago, Honda introduced a boxy SUV — the Element — with an ad campaign billing it as a combined “base camp” and “dorm room on wheels” and featuring images of 20-somethings cruising down to the beach.

But Honda’s appeal to the youth market missed its target, triggering the interest of baby boomers instead. During its first year on the market, the average age of Element buyers was 42.¹

Several other cars initially targeted at younger consumers have been “hijacked” by baby boomers — the generation of 78 million Americans born between 1946 and 1964 — including the Toyota Matrix, the Pontiac Vibe and the Dodge Neon.²

It’s not surprising that the notably nostalgic boomer generation seeks out youthful, environmentally friendly products. Throughout their middle-age years, they have remained loyal to the music and culture of their youth as well as youthful in their habits, priorities and pursuits. “In their eagerness to live up to their label as the youth generation, boomers — with the help of marketers, to be sure — have created a youth-oriented consumer mindset that is proving difficult to shift,” writes Diane Crispell, a consumer-behavior consultant associated with Cornell University.³

Since baby boomers apparently “never devised an exit strategy from their youth,” as one wag put it, marketers and others wonder what they are going to be like as old people. Beginning in January 2008, the oldest boomers



AP Photo/Danny Johnston

Former mortgage broker Jamie Sims checks crawfish traps at her family’s fish farm in Harrisburg, Ark., Sims, 44, is among the baby boomers who have left the “rat race” for less stressful jobs. Beginning in 2008, the oldest boomers will turn 62 — old enough to collect Social Security. In 2030, when the number of Americans over 65 hits 72 million, some experts predict dangerous strains on entitlement programs and the federal budget.

will turn 62 — old enough to start collecting Social Security. The nation’s first baby boomer, in fact, just applied for Social Security benefits on Oct. 15, to great media fanfare. Kathleen Casey-Kirschling, 62, a retired schoolteacher in Cherry Hill, N.J., was born a second after the stroke of midnight on Jan. 1, 1946. By 2030, according to the Census Bureau, the number of Americans over 65 is expected to double — to 72 million. That demographic leap has led to a variety of dire predictions, from unbearable strains on entitlement programs and the federal budget to a

decline in the stock and housing markets as boomers start liquidating their assets.

But boomers are growing old at an opportune time. The nature of aging is changing. Many boomers feel younger than their parents did at the same age, and that’s not just in their imaginations — or their consumer patterns. Life expectancy has gone up significantly during boomers’ lifetimes, as has “health expectancy.” Fewer seniors suffer from chronic disabilities than was the case 25 years ago, so millions of today’s senior citizens — and the boomers who will follow — can lead active and productive lives until a later age.

Frieda Birnbaum, the 60-year-old New Jersey psychologist who gave birth to twins in May, is just an extreme example of how life milestones are shifting to later ages. The percentage of Americans working in their late 60s has shot up by more than half since 1985. And the percentage of those over 55 who say they are exercising 100 or more days per year has jumped 33 percent.⁴

“Compared to older people in the past, boomers will actually have a greater opportunity and ability to live a youthful old age,” write J. Walker Smith and Anne Clurman, senior executives at the Yankelovich consumer research firm, which coined the term “baby boomer.”⁵

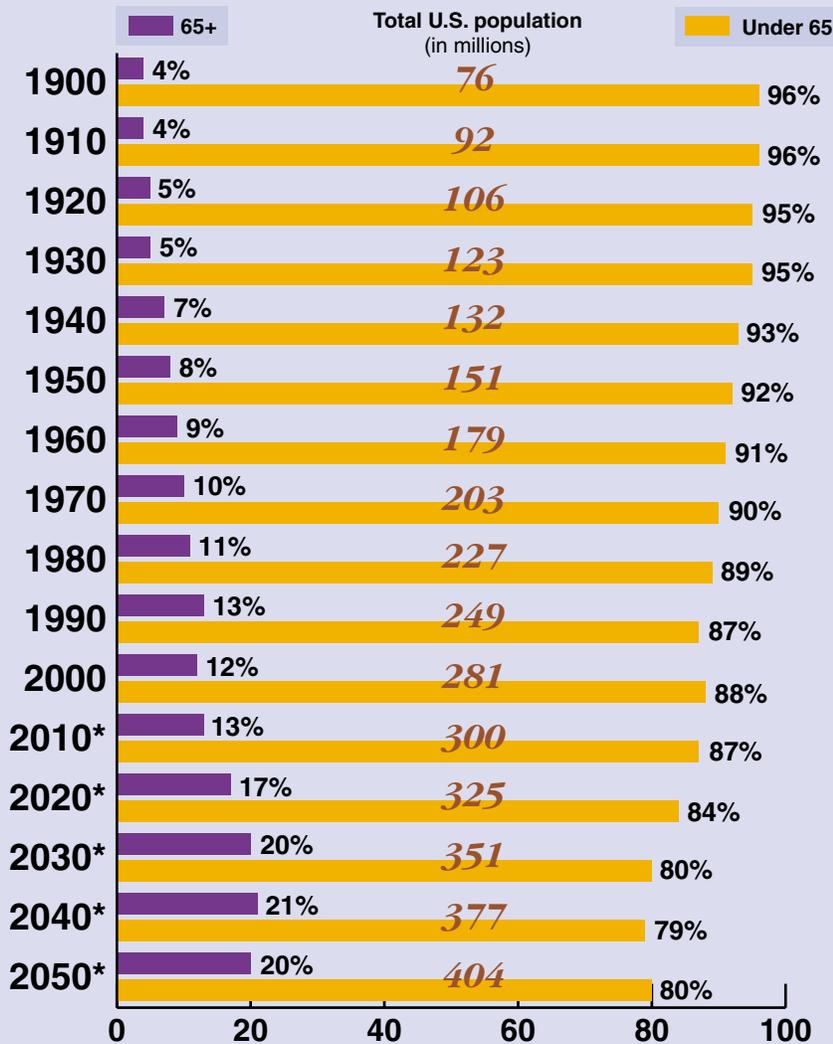
“Four decades of Yankelovich research,” they write in their new book, *Generation Ageless*, “has found one thing about boomers over and over again — an unwavering determination to not get old.”⁶

Surveys conducted by AARP, the main advocacy organization for older Americans, show that up to 80 per-

Number of Seniors Is Rising Rapidly

One in five Americans will be over age 65 by 2050. Such a profound demographic change raises fundamental questions about the federal government's ability to pay for all the aging boomers who will be depending on Social Security, Medicare and other entitlements.

Percentage of People Age 65 and Older, 1900-2050



* projected

Percentages may not total 100 due to rounding.

Source: Robert B. Friedland and Laura Summer, "Demography Is Not Destiny, Revisited," Center on an Aging Society, Georgetown University, March 2005

cent of boomers intend to work past 65. Many have expressed the desire to pursue entirely new second careers, such as social work or teaching.

"Most previous generations thought about whether they're wealthy and able to leave trust funds," says Andrew Achenbaum, a historian of aging at

the University of Houston. "Boomers think, 'I have to feel that I'm accomplishing something; I really am concerned about legacy.' Legacy has always been a minor motif, but it's going to be major with the boomers."

Less altruistic boomers will work simply to pay the bills. Taken together, boomers are affluent, but there are vast asset disparities within this huge cohort. Contrary to concerns about hostility between boomers and younger generations as Social Security and Medicare expenditures shoot up, New York University political scientist Paul C. Light noted, "It is far more likely that the baby boomers will divide against themselves in an intra-generational war between the haves and have-nots." 7

Still, it remains an open question as to how much longer boomers will actually work — and whether those who want to work will be able to find work that's more "meaningful" or lucrative than, say, being a greeter at Wal-Mart.

Numerous nonprofits and job placement services have sprung up to help seniors interested in gainful employment, but some observers doubt boomers will be able to work much more than previous generations did during their retirement years. At the same time, some sectors — such as nursing and government — realize that boomers comprise a disproportionate share of their workforces so they are offering accommodations to keep seniors on longer. By 2010, an estimated 26 million workers will be 55 or over — a 46 percent increase since 2000. 8

But surveys indicate that not all employers are eager to provide the flexibility senior workers say they want as they begin to dial back the number of hours they're willing to work. A few million boomers have already chosen to leave the workplace, and about 40 percent of retirees left their jobs involuntarily — due to layoffs or health issues.

However, when it comes to actually retiring, "There's a difference between saying it and doing it, and a difference

between saying it and being able to do it,” says Eric Kingson, a professor of social work at Syracuse University.

Still, it’s clear boomers intend to age differently from their parents. They won’t all be exercise demons or work full time. But because there are so many boomers, trends that take root among even a small percentage of them can have an outsized influence on society. “When we thought hula hoops were in, hula hoops were in,” says Jerry Abramson, a boomer himself who sees the continuing influence of his generation at work in his capacity as mayor of Louisville, Ky. “When we thought bell bottoms were to be worn, they were worn.” Today, he notes, “Boomers are changing housing patterns, recreation facilities and community-center programming.”

“They’ve changed everything all along, haven’t they,” says Sara E. Rix, interim director of economic studies at AARP’s Public Policy Institute. “I think they are going to see themselves as young for a much longer period of time and act accordingly.”

Or as Birnbaum put it after her twins were born: “I don’t feel like I’m 60. I don’t know what 60 is meant to be.”⁹

As boomers prepare to change the nature of senior citizenship — and as the nation prepares for them — here are the questions being debated:

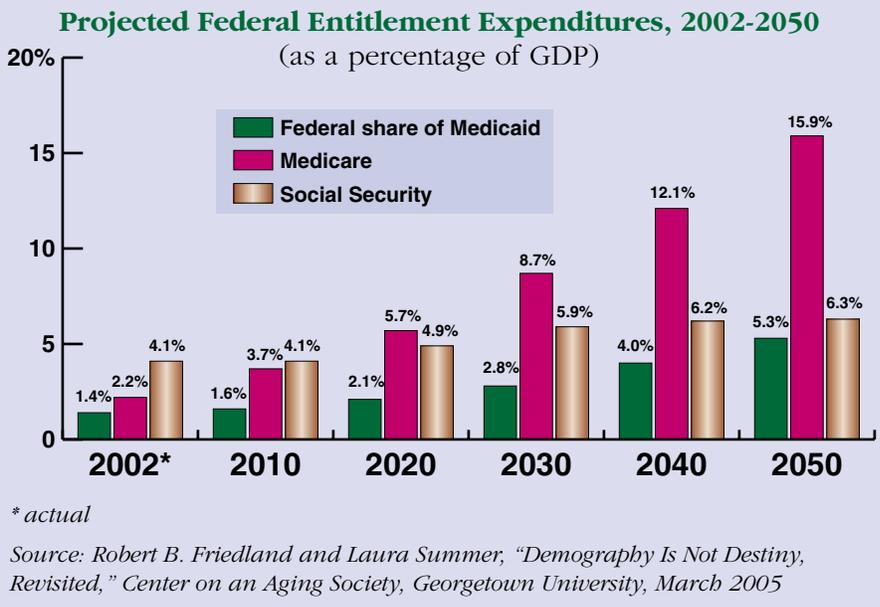
Can boomers afford to retire?

Baby boomers owe their lives to affluence. The economic boom that followed World War II — when America dominated the global economy and wages skyrocketed — convinced millions of parents they could afford to raise multiple children.

As the resulting boomers grew up, the future continued to look promising. They were much more likely to attend and complete college than their parents, and few clouds darkened their economic horizon until the oil shocks and high inflation of the 1970s. As a result, boomers have been “one

Entitlement Spending Will Skyrocket

The cost of the three key federal entitlement programs for older Americans is expected to increase dramatically in coming decades, reaching 28 percent of gross domestic product (GDP) by 2050. Comptroller General David M. Walker says the expected “tsunami of spending” threatens the nation’s economic stability.



of the most prosperous generations in U.S. history,” concludes a Congressional Budget Office study.¹⁰

But projections are mixed on whether boomers can afford to retire comfortably. Wealth in households headed by Americans 55 or over has doubled since 1989, reaching nearly \$250,000 in 2004. During the same period, however, accumulated assets among those in their late 30s had dropped by more than 25 percent, to less than \$50,000.¹¹

Some boomers, however, are clearly struggling. “The top one-third of the boomers will have lots of choices, and the bottom one-third will be working until they drop just to keep food on the table,” said Paul Hodge, chairman of the Global Generations Policy Institute at Harvard University.¹²

Waiting lists for affordable and subsidized senior housing have grown, while bankruptcy filings are rising faster for those 55 and older than for any

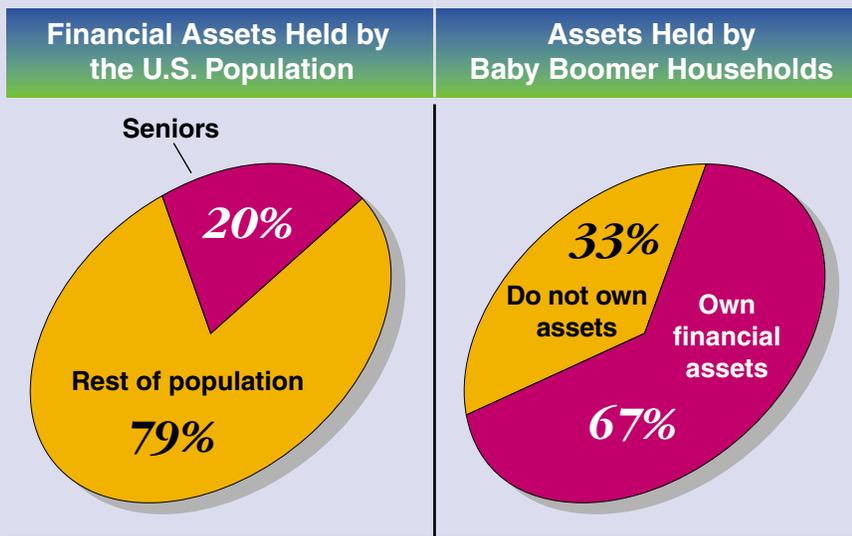
other age group, due primarily to mortgage debt and health costs.¹³

And while boomers may be wealthy as a collective group, there is clearly a divide among them in terms of savings and wealth. The wealthiest 10 percent of boomers hold more than two-thirds of their generation’s accumulated financial assets, says the Government Accountability Office (GAO).¹⁴ And a substantial difference in wealth accumulation exists between older boomers (born between 1946 and 1954) and younger boomers (those born between 1955 and 1964), according to the Bureau of Labor Statistics.¹⁵

“Boomers have a hugely disproportionate amount of assets compared to the other generations,” says Frederick R. Lynch, a sociologist at Claremont McKenna College in California and author of a forthcoming book about boomers. But about half of the boomers are vulnerable, in terms of retirement savings and retiree

Seniors' Assets Total More Than \$5 Trillion

Americans over age 65 hold one-fifth of the stocks and bonds owned by Americans — more than \$5.25 trillion (left). According to a Government Accountability Office (GAO) study of current retirees, overall spending down of assets is slowing, and many retirees are actually continuing to purchase stocks. If baby boomers behave like current retirees, the GAO says, “a rapid and mass sell-off of financial assets seems unlikely.” One-third of all baby boomers have no financial assets (right).



Percentages may not total 100 due to rounding.

Source: “Baby Boom Generation: Retirement of Baby Boomers Is Unlikely to Precipitate Dramatic Decline in Market Returns, but Broader Risks Threaten Retirement Security,” Government Accountability Office, July 2006

health benefits, he points out. “There’s a whole working class — Joe Six-Pack America — even among the boomers.”

Boomers should be better off in retirement than their parents because they have enjoyed higher per capita incomes and accumulated wealth at about the same rate as their parents. But some studies indicate that boomers have saved slightly less and spent a bit more than their forebears. One insurance ad noted, “The generation that ‘wouldn’t trust anyone over 30’ never planned on a 30-year retirement.”¹⁶

“Charge cards like VISA and MasterCard came into the market just when the boomers came out of college and

started making money, so they’ve been in debt ever since,” says Charles F. Longino Jr., director of the Reynolda Gerontology Program at Wake Forest University.

Boomers also tend to have more of their assets tied up in financial instruments such as stocks, which leaves them more vulnerable to economic cycles than previous generations. If there’s a badly timed recession or stock market decline, Lynch says, “It’s going to be really tough. They’re betting on the market.”

Some of the younger boomers may be vulnerable to the widespread switch in private pension plans from “defined-benefit” programs, which of-

fered fixed, guaranteed payments throughout retirement, to “defined-contribution” plans (such as 401(k)s), which are stock-market-based accounts that can decline precipitously in value.¹⁷

“The risks of aging have shifted more to the individual,” says Michael A. Smyer, codirector of the Center on Aging and Work at Boston College. “With the shift from defined-benefit to defined-contribution plans, the risk of planning for your future is more on your shoulders.”

Rix, of AARP, says older Americans are also nervous about cuts in retiree health benefits, which may be why more seniors are working at least until 65, when they become eligible for Medicare. “Surveys overwhelmingly reveal that older workers expect to work in retirement, both for financial as well as non-financial reasons,” she says. “But when pressed for the main reason, the financial reason rises to the top.”

The proportion of Americans still working in their late 60s has been rising. In California, a study found that the proportion of people 55 to 69 who were working rose by about 10 percent between 1995 and 2006.¹⁸

The fact that boomers are expected to live longer than prior generations also prompts many to consider delaying retirement. Boomers “aren’t saving and are really strapped,” says Susan Krauss Whitbourne, a psychologist at the University of Massachusetts, Amherst who has studied boomers. “Now they’re living longer, and the chickens have to come home to roost at some point.”

But Yankelovich’s Smith doubts claims that boomers haven’t saved enough. “Compared to prior generations, boomers are in better shape financially,” he says. “And, since they’re not going to retire [at the traditional retirement age], those that predict doom and gloom are wrong.”

Will boomers bankrupt America?

Like earlier generations, boomer seniors will depend heavily on government programs such as Social Security

and Medicare, which have brought poverty rates among the over-65 population down from more than one-third in 1960 to just over 10 percent.¹⁹ But with the number of seniors rising rapidly, can the federal government afford to pay for all the aging boomers who will be signing up?

Over the past two years, Comptroller General David M. Walker — the nation's top accountant — has been conducting his own “fiscal wake-up tour,” crisscrossing the nation with a doomsday message for policy makers and the public about the government's long-term financial liabilities. “The most serious threat to the United States is not someone hiding in a cave in Afghanistan or Pakistan, but our own fiscal irresponsibility,” he told CBS’ “60 Minutes” in July.

His biggest worry: the federal entitlement programs designed to benefit seniors. “The first baby boomer will reach 62 and be eligible for early retirement or Social Security on Jan. 1, 2008,” he said. The boomers will be eligible for Medicare three years later, and when they start retiring en masse it will create a potential “tsunami of spending that could swamp our ship of state.”²⁰

For years, economists have warned that the enormous boomer bulge in the senior population could impose enormous burdens on both the economy and government finances. Social Security and Medicare expenditures could rise from their current 8.5 percent of national economic output to 15 percent, according to the Congressional Budget Office (CBO). The federal debt could nearly double, rising from its cur-

rent 37 percent of the economy to about 100 percent — a level previously reached only during World War II.²¹

But longstanding fears about the impact of this demographic upheaval on the stock market may not materialize, according to some experts. A GAO report concluded that retiring boomers will not suddenly sell off enormous amounts of stock market assets all at

found for them in most fields. Fear of a coming labor shortage due to boomer retirements is “way overstated,” says Peter Capelli, director of the human resources program at the University of Pennsylvania's Wharton School and author of an influential paper on the topic. “The biggest high-school class ever to graduate in the U.S. is the class that graduated this year, 2007.”

But what about the impact of the boomer tsunami on entitlement programs for seniors? Like Comptroller General Walker, many observers worry that the number of seniors will increase exponentially as the number of workers paying taxes to support the entitlement programs dwindles. The ratio of seniors to working-age population (ages 25 to 64) will rise by 30 percent over each of the next two decades, says Dowell Myers, a demographer at the University of Southern California.



Many baby boomers are doing the things they couldn't afford in their youth, or during their working years. For Dean and Beverly Avery, of San Leandro, Calif., owning a 1966 Ford Mustang fulfilled a longtime dream.

Getty Images/Chip Somodevilla

once. Because the boomer generation spans such a broad range of time — 1946 to 1964 — they will not all be retiring and liquidating at the same time. While the oldest boomers are on the cusp of Social Security eligibility, the youngest boomers will not reach 60 for another 15 years yet.²²

“There will be no market meltdown — people don't all sell at once,” says Barbara D. Bovbjerg, director of Education, Workforce and Income Security Issues at the GAO.

For similar reasons, some economists doubt that aging boomers will cause chaos in the housing market, since they won't be selling their homes all at once.

Similarly, there are fewer worries that millions of boomers reaching retirement age will cripple the nation's workforce, since many will continue working for some time, and replacements can be

“I think it's going to be pretty bad,” says Laurence J. Kotlikoff, an MIT economist and coauthor of *The Coming Generational Storm*, a 2004 book about the threat retired boomers represent to the entitlement programs. “The country is basically insolvent. We can't afford the policies we've got in place, let alone the projected growth.”

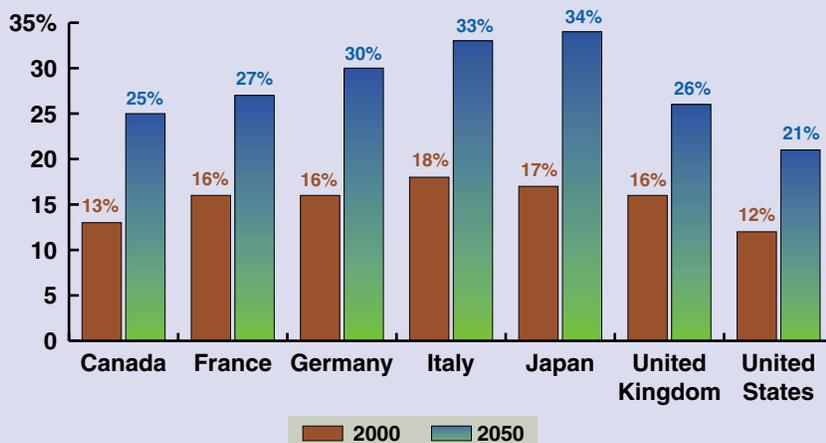
Peter Diamond, a colleague of Kotlikoff at MIT who has written extensively about Social Security, is more sanguine. The baby boomers are already factored into Social Security projections, he notes. And, although the program's trust fund is expected to run out of money by 2040, Diamond and many other economists believe modest tweaking can keep the program in the black much longer.

But he does share widespread concerns that Medicare costs are rising at

U.S. Is 'Younger' Than Other Countries

The proportion of today's U.S. population 65 and older is smaller than in other industrialized nations and is projected to be even smaller in 2050. The elderly will be 21 percent of the U.S. population in 2050 compared with 30 percent or more in Japan, Italy and Germany. Population aging is a worldwide phenomenon, mostly due to declining fertility rates and increasing life expectancies.

Percentage of Population Age 65 and Older, 2000 and 2050*
(in selected industrialized nations)



* projected

Source: Robert B. Friedland and Laura Summer, "Demography Is Not Destiny, Revisited," Center on an Aging Society, Georgetown University, March 2005

unsustainable rates, especially since the addition of a prescription-drug benefit that went into effect in 2006. Medicare and Medicaid, says GAO's Bovbjerg, are "the primary threat to the fiscal stability of the federal government."

Even those most pessimistic about Medicare costs believe the issue will have to be confronted, but in the broader context of the U.S. health system as a whole, not as a problem triggered just by boomer retirements.

Lynch, at Claremont McKenna College, agrees Medicare will be tougher to fix than Social Security but says both are more fixable than the "doomsday" economists believe. "The solution is that boomers will work longer and won't retire as early as prior generations," Lynch says. "The proportion of people retiring early is starting to decline."

Laura L. Carstensen, director of Stanford University's Center on Longevity, agrees that boomers will break the nation's bank — but only if the programs don't change and if boomers act like previous generations in terms of their retirement patterns — and she doubts either premise will come to pass.

"Boomers could [bankrupt the country] if . . . Social Security and Medicare don't change and people continue to retire at 65," Carstensen says. "But relatively modest changes could turn that around."

Will boomers change the nature of aging?

An old joke says old age is always 15 years away. Boomers seem to have taken that to heart. According to a 1996 survey, boomers believed old age began at age 79 — and at that time life ex-

pectancy was just over 76 years. As Smith and Clurman point out in *Generation Ageless*, boomers literally thought they'd die before they got old.²³

"Boomers are not going to give up their aspirations for youthfulness," Smith says. "It is the defining characteristic of the boomer sensibility."

When approaching his own 60th birthday last year, President Bush, said he "used to think 60 was really old. Now I think it's young, don't you? It's not that old, it really isn't."²⁴

Is Bush right? The fact that the boomers are "coming of old age" at a time when life expectancy is lengthening may pose some demographic and economic challenges. But many sociologists and gerontologists believe the generation that refuses to grow up can change — in healthy ways — how Americans think about aging.

"There's no question that we're going to change the meaning of late life," says Achenbaum, the University of Houston historian. "Chronological age, per se, is going to be a miserable predictor of what contingencies and opportunities might arise."

Today, the average man reaching 65 can expect to live for 17 more years, while women will live for 20.²⁵ People are not only living longer but in many cases are staying healthy longer. The rate of chronic disabilities is down to just 19 percent among those over 65, compared with 26 percent in 1982.²⁶

"We get so many [article] pitches about people over 60 riding their bikes across the country, or running in 100-mile marathons, we have to tell them, 'Great, but this is not really news any more,'" said Margaret Guroff, health editor of *AARP* magazine.²⁷

Not everyone is a marathoner, of course. But boomers, who created the jogging fad in the 1970s and turned aerobics into a multibillion-dollar industry in the 1980s, are now returning to fitness centers in record numbers.

They are also beginning to impose their preferences on a variety of services

for seniors, demanding, for instance, that meals be less about gravy and more about fresh, healthy foods — organic, if possible, thank you very much.

Stanford psychologist Carstensen says boomers will update old-age behaviors and consumer demands — demanding, for instance, Starbucks coffee in nursing homes and cell phones designed so that “aging eyes can make out the numbers.”

“We are offering more and more activities to keep the mind alert,” said Becky Batta, director of a senior center in Annapolis, Md. “The baby boomers are coming and they demand it. They are completely different from other generations of seniors.”²⁸

But some research indicates boomers are less physically active than their parents and grandparents were at the same age, more likely to be sitting at a desk at work or in a car than actually working out. They also are more likely to suffer chronic problems such as high cholesterol and diabetes. Half of those 55 to 64 have high blood pressure, while 40 percent are obese, according to the Centers for Disease Control and Prevention.

“People are not as healthy as they approach retirement as they were in older generations,” said Mark D. Hayward, a University of Texas sociologist. “It’s very disturbing.”²⁹

“They talk to their fellow boomers and realize, I’m not the only one getting bad mammograms or having brittle bones,” says Lynch, the Claremont McKenna sociologist. “They will realize there are some obstacles you can’t overcome. Boomers are going to discover that if their biology says no, it’s going to be no.”

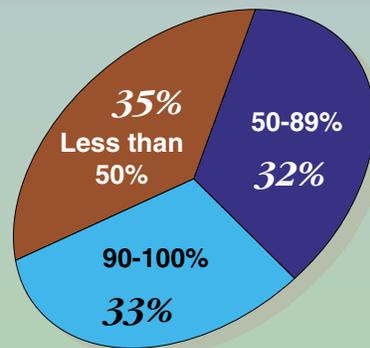
Nevertheless, Lynch and others believe boomers have redefined every stage of life they’ve entered, so being elderly should be no exception. And even if many inevitably fall prey to disease or age-related afflictions, millions will be healthier and more productive than society expects.

“Sheer numbers alone are going to cause a shift in attitudes and percep-

Two-Thirds of Elderly Rely on Social Security

Social Security benefits constitute at least 50 percent of the income for more than two-thirds of American 65 and over. One-third depend on the benefits for at least 90 percent of their income.

Social Security benefits as a percentage of total income for recipients* 65 and older, 2001



* Social Security “recipient” refers not to individuals but to an “aged unit,” which is a married couple with a husband or a wife 65 or over, or a person 65 or over who does not live with a spouse.

Source: Wan He, et al., “65+ in the United States: 2005,” U.S. Census Bureau, December 2005

tion,” says Rix of AARP. “When you see more older people who are active, vibrant and staying on the job, that will change perceptions about being older.”

“Boomers are going to redefine what it means to be old and what it means to retire,” says *Generation Ageless* coauthor Smith.

But that doesn’t mean boomers can stay young forever. They may listen to cooler music than their parents did, but their ears are still getting older. About one in six boomers already suffers from hearing loss. In fact, the AARP reports, 10 million people between 45

and 64 suffer from hearing loss, compared to 9 million people over 65.³⁰ All those years of 115-decibel rock concerts and wearing a Walkman have taken their toll, experts say.

And while it’s possible to retard the effects of aging through diet and exercise — which is why life expectancy keeps rising — it’s not possible to turn back the clock. But that doesn’t mean that being 60 will be the same experience that it was, say, in the 1960s.

“We hear 60 is the new 40,” says Marc Freedman, CEO of Civic Ventures, a group that seeks to link seniors with job opportunities. “I’m convinced that 60 is the new 60 — that we’re actually inventing a new stage of life now between the end of midlife careers and true old age and retirement.” ■

BACKGROUND

‘Fertility Splurge’

Following a long period of decline in birth rates — dating back to the Industrial Revolution — demographers in the 1930s predicted that the U.S. population would stagnate and was unlikely to rise above 150 million by century’s end. But birth rates shot up immediately after World War II, quickly rising to more than 4 million births per year.

All told, about 76 million children were born in the United States between 1946 and 1964. (Several million have died, but immigrants have more than made up for those numbers.)

“Simply put, the baby boom was a ‘disturbance’ which emanated from a decade-and-a-half-long fertility splurge on the part of American couples,” concluded the Population Research Bureau in 1980.³¹

Childbearing long delayed — first by the Depression and then by war — was

put off no longer. Women married younger and had their first babies at an earlier age than at any time in modern history.³² The fertility rate, which averaged 2.1 children per woman during the 1930s, peaked at 3.7 in the late 1950s.³³ The number of babies being born certainly surprised the General Electric Co. in January 1953. It promised five shares of stock to any employee who had a baby on Oct. 15, the company's 75th anniversary. GE expected maybe eight employees would qualify. Instead they had to hand over stock to 189 workers.³⁴

But the baby boom of 1946 to 1964 was not simply triggered by the return of young soldiers from war. In fact, the boom accelerated through the 1950s. As the economy flourished and families moved to expansive new homes in suburbs, children became not just affordable but expected. As sociologist William Simon put it, those who didn't want children "were an embarrassed and embattled minority. It was almost evidence of a physical or mental deficiency."³⁵

The time was ripe, economically, for many more people to have children than had done so during the Great Depression of the 1930s. The gross domestic product (GDP) expanded rapidly, growing from \$227 billion in 1940 to \$488 billion in 1960. Median family income and real wages climbed steadily due to tight labor markets, while inflation remained low. The Servicemembers' Readjustment Act of 1944, commonly known as the GI Bill of Rights, helped more of the middle class buy their first homes and get college educations, significantly increasing their lifetime earnings.³⁶

"Never had so many people, anywhere, been so well off," observed *U.S. News & World Report* in 1957.³⁷

The increases in personal income and home ownership led to comfortable childhoods for millions of boomers in a largely peaceful and prosperous time, notable for its advances in medicine, such as the Salk polio vaccine of 1955.³⁸

"Many American children, regardless of their family background, grew up dur-

ing the baby boom with an expectation of nearly limitless growth and opportunity," wrote two University of Michigan social scientists in a recent essay.³⁹

Those expectations were fueled by rising rates of education. Between 1955 and 1975, enrollment in elementary and high schools increased 41 percent. Not only were more students attending school but they were also spending more time in school than their parents or grandparents — 40 more days per school year, on average. Less than 20 percent of the school-age population had graduated from high school during the 1920s; by the 1970s more than 75 percent did.⁴⁰

Near-universal high school — and the G.I. Bill's liberal higher-education benefits — led to a boom in college enrollments. From 1965 to 1980, college enrollment more than doubled, from 5.9 million to 12 million, making boomers the first generation in which vast numbers took college nearly for granted.⁴¹

Boomer Culture

A way from the schoolbooks, boomers were important and influential consumers. "They were the first generation of children to be isolated by Madison Avenue as an identifiable target," noted journalist Landon Y. Jones in his 1980 history of the boomers, *Great Expectations*. "From the cradle, the baby boomers had been surrounded by products created especially for them, from Silly Putty to Slinkys to skateboards. New products, new toys, new commercials, new fads [were] integral to the baby boomer experience."⁴²

Boomers identified strongly with their favorite toys and trends. They grew up with TV — which evolved from being a novelty at the start of the baby boom to a near-universal household appliance by its end. And the first rock records had a secret, defiant meaning for kids whose parents were listening to softer sounds. The success of Bill Haley's 1954 "Rock

Around the Clock" was "the first inkling teenagers had that they might be a force to be reckoned with in numbers alone," wrote music critic Lillian Dixon.⁴³

But not everything was sunshine and light. Part of the push toward education was fueled by competition in science and engineering with the Soviet Union, which challenged U.S. scientific superiority when it launched the world's first satellite, *Sputnik I*, into space on Oct. 4, 1957. And in a world in which youngsters practiced "duck and cover" drills at school and the government encouraged citizens to build bomb shelters in their back yards, the Cold War was ever-present in the boomer subconscious.

"The baby boomers never forgot the lesson that their world could someday end in a flash of light and heat while they were crouched helplessly in gyms and basements among heating ducts and spare blackboards," Jones writes.⁴⁴

For many, the lesson of formative events such as the Cuban missile crisis of 1962 and the assassination of President John F. Kennedy the following year, was *carpe diem* — live for today. Perhaps partly as a result, the boomers developed an ethos that stressed the pursuit of personal fulfillment rather than focusing on mundane concerns, such as making a living.

Many rejected the "plastic" values of their parents. During the Free Speech Movement that began in 1964 at the University of California, Berkeley, protester Jack Weinberg told a reporter, "We have a saying in the movement, never trust anyone over 30," encapsulating an attitude that rejected the values of the past.⁴⁵

The Free Speech Movement inaugurated an era of student protests, largely focusing on the war in Vietnam. Of the 27 million men who came of draft age from 1964 to 1973, only 11 million served in the military.⁴⁶ But protests seemed near-universal during the 1960s, especially in 1968 — the year anti-war demonstrators engaged in bloody clashes with

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Chronology

1940s-1950s

High postwar birth rates fuel suburban growth.

1946

First baby boomers are born.

1954

Bill Haley's "Rock Around the Clock" inaugurates the rock 'n' roll era that became symbolic of the baby boom generation.

1959

More than 50 million Americans are under age 14, representing 30 percent of the population.

1960s-1970s

Boomers continue to affect trends, increasing rates of college education and drug use.

1960

A record 66.5 million Americans are employed. . . . Real wages are up almost 30 percent from 1940 levels. . . . Nine of 10 U.S. households have TVs. . . . Sun City opens in Arizona, pioneering the idea of a retirement community.

1963

In a defining moment for the generation, President John F. Kennedy is assassinated in Dallas.

1964

The Beatles appear on "The Ed Sullivan Show," attracting a record 70 million viewers. . . . Free Speech Movement at University of California, Berkeley launches era of student protests.

1965

Forty-one percent of all Americans are under age 20.

1968

Martin Luther King Jr. and Robert F. Kennedy are assassinated. . . . Anti-war protests spread worldwide.

1970

College enrollment reaches nearly 8 million, vs. 3.6 million in 1960. . . . First Earth Day ushers in modern environmental activism.

1973

Arab oil embargo triggers inflation.

1976

Writer Tom Wolfe names the "Me Decade."

1980s-1990s

Boomers set aside youthful rebelliousness to take a leading role in wealth creation and politics.

1980

College enrollment reaches 12 million students.

1983

Congress raises age for full Social Security payments from 65 to 67.

1984

Newsweek declares it the "year of the yuppie," arguing that young, urban professionals are reshaping the economic and social landscapes.

1986

The Age Discrimination Employment Act is amended to eliminate mandatory retirement ages.

1990

One in two Americans lives in suburbs — double the 1950 ratio.

1992

Bill Clinton becomes first boomer president.

2000s

Oldest boomers enter their 60s, raising concerns about funds for their retirements.

2000

For every American 65 or over there are 3.4 workers paying into Social Security — a ratio that will shrink to 2.0 by 2030.

2003

Congress passes prescription-drug benefit for seniors.

2005

President George W. Bush calls for privatizing Social Security, gets little support.

2006

President Bush, part of the baby boom generation's leading edge, turns 60. . . . Pension Protection Act allows workers to dip into their pensions while working past 62.

2007

Federal Reserve Chairman Ben S. Bernanke says Social Security and Medicare will swallow 15 percent of annual economic output by 2030. . . . Federal Aviation Administration proposes increasing retirement age for pilots from 60 to 65. . . . Survey finds older Americans enjoy active sex lives. . . . The nation's first baby boomer, Kathleen Casey-Kirschling, 62, a retired schoolteacher in Cherry Hill, N.J., applies for Social Security benefits.

Jan. 1, 2008

Oldest boomers turn 62, become eligible for Social Security.

2010

Number of workers 55 and over to hit 26 million — a 46 percent increase since 2000; number to reach 33 million by 2025.

There's No Place Like Home

Cities are providing enhanced services to help seniors stay put.

Beacon Hill in Boston is home to the Massachusetts state capitol and once was home to the 19th-century novelists Henry James and Louisa May Alcott. Over the last few years, however, the swanky area has become known for something new — a concierge service that helps older residents continue to live independently in their own homes.

For up to \$780 a year, Beacon Hill Village connects subscribers to carefully screened vendors who can provide them with nursing care, carpentry — or help chasing down a stray cat. The program has become a model for more than 100 such cooperative community efforts across the country.

Help with small tasks — getting to a grocery store or finding a tradesman who would otherwise be unwilling to come out for a small job — can help seniors stay in their own homes much longer. “A few neighborhood-based, relatively inexpensive strategies can have an enormous effect,” said Philip McCallion, director of the Center for Excellence in Aging Services at the State University of New York in Albany. “If people don't feel so overwhelmed, they don't feel pushed into precipitous decisions that can't always be reversed.”¹

Beacon Hill residents are among the nation's most affluent — Sen. John F. Kerry, D-Mass., secured a \$6 million mortgage on his townhouse there to keep his 2004 presidential campaign afloat. Most of the other areas where residents are

setting up copycat programs are also well-to-do. But social-service agencies are launching similar ventures in lower-income areas as well.

With so many aging baby boomers, the nation is experiencing a new phenomenon: what sociologists call NORCs, or naturally occurring retirement communities. Although many seniors do retire to Sun Belt states — including Florida, Arizona and, increasingly, Nevada — they represent a tiny fraction of the senior population as a whole. As the number of senior citizens continues to rise, therefore, many more communities across the nation are having to adjust to offering the types of services older residents require.

“This whole idea of aging in place is important,” says William H. Frey, a demographer at the Brookings Institution. “The fact is, most seniors don't move very far. If they do move, it's likely to be locally.”²

Fewer than 2 percent of those 55 to 64 move across state lines in any given year — a number that grows smaller for those older than 65.³ The senior population has doubled in recent years in Nevada, as it's become a magnet for seniors who want to follow the sun. But even in New York, which has the slowest projected growth among states in the 55-to-64 set, their numbers will still increase by 33 percent from 2000 to 2010.

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police outside the Democratic National Convention in Chicago.

“After 1968, the antiwar demonstration was the standard adolescent rite of passage,” recalled author Annie Gottlieb.⁴⁷

The era's frequent protests — which included demands for equal rights for women and minorities — along with events such as the massive Woodstock rock concert in 1969 — gave visible representation to the enormous size of the baby boom generation. “If the baby boomers could not be heard as individuals, they were delivering a testimony of bodies that was deafening,” Jones writes.⁴⁸

From Me to Yuppies

While boomers may have been born due to social pressures

and norms, as they grew up they continued to reject traditional social roles. Boomer women were more likely to work outside the home, and the percentage of women in the workforce skyrocketed. As adults, boomers were less likely than their parents to belong to a church, club or traditional nuclear family.

In previous generations, according to University of Massachusetts professor of psychology Whitbourne, the years from ages 30 to 65 were typically quiescent — a time to prepare for retirement and to anticipate and enjoy grandchildren. But as boomers entered adulthood in the 1970s, they remained disproportionately focused on themselves — a phenomenon dubbed by author Tom Wolfe the “me decade” in a celebrated 1976 *New York* article.

“The old alchemical dream was changing base metals into gold. The

new alchemical dream is: changing one's personality — remaking, remodeling, elevating and polishing one's very self,” Wolfe wrote.⁴⁹

Not everyone fit that description, but many middle-aged boomers remained active, youth-oriented and in search of new challenges (and cosmetic surgery). The bestselling self-help book of the 1970s was *Looking Out for #1*.

“Boomers are America's self-absorbed generation,” according to Leslie M. Harris, managing partner of Mature Marketing and Research in Teaneck, N.J. “For them, it wasn't enough to grow up, get married, become parents, be responsible and get off the stage as their parents did.”⁵⁰ Instead, they wanted to stay in shape, protest a war, run a marathon or join a cult.

In 1985, *Time* magazine wished the boomers a happy early 40th by writing that “trendiness became a gener-

Frey's research indicates that areas with strong job markets in recent decades now have plenty of people aging into the 55-to-64-year-old group. "In Georgia, for instance, the senior population will increase by more than 40 percent from 2010 to 2020 due to the aging of existing residents, vs. less than 3 percent due to migration," he writes.⁴

Many communities recognize they will have to gear up to offer enhanced services to an aging population. Staying at home is not only what seniors want but also something that can save governments money. The fastest-growing expense within Medicaid is nursing home care.

"The real future in the mayor business is changing demographics," says Louisville Mayor Jerry Abramson. "Aging boomers are changing housing patterns, public transportation and recreational facilities and community-center programming."

State and local governments have initiated many scattered programs to accommodate the rising population of seniors, from enlarged road signs on highways to "senior housing" zoning designations that allow small rental units. Many communities are expanding transportation programs to offer rides to those needing medical care — although few are as ambitious as the Northeastern Colorado Association of Local Governments, which provides heavily subsidized transportation to the sole dialysis center within a 9,500-square-mile region.

A 2005 survey by the National League of Cities found that more municipal officials were concerned about the increase in seniors (72 percent) than about other demographic issues such as growth and immigration.⁵ In most communities, though, increased awareness of the need to step up services for seniors has not yet translated into much action. To some extent, that's because Congress approved aging-in-place pilot programs in its 2006 reauthorization of the Older Americans Act, but did not fund them.

Kate Sarosy, the mayor of Casper, Wyo., has been conducting a survey of local agencies to find out what they're doing for seniors and what they need to do to prepare for the coming wave.

"What we're finding is that they're all in a panic," Sarosy says. "They haven't begun to plan for baby boomers. They're having a hard enough time keeping up with their current seniors."

¹ Jane Gross, "A Grass-Roots Effort to Grow Old at Home," *The New York Times*, Aug. 14, 2007, p. A1.

² For more information, see Marcia Clemmitt, "Caring for the Elderly," *CQ Researcher*, Oct. 13, 2006, pp. 841-864.

³ Jane Adler, "There's No Place Like Home for Aging Boomers," *Chicago Tribune*, Dec. 24, 2006, p. 4.

⁴ William H. Frey, "Mapping the Growth of Older America: Seniors and Boomers in the Early 21st Century," The Brookings Institution, May 2007, p. 1.

⁵ Haya El Nasser, "Cities Gird for Getting Grayer," *USA Today*, May 14, 2007, p. 1A.

ational hallmark: From pot to yoga to jogging, they embraced the In thing of the moment and then quickly changed it for another."⁵¹

This much-celebrated move toward self-centeredness may have been encouraged by the decade's economic downturns — among the first to confront the boomers. The 1973 embargo by oil-producing nations led to a period of high unemployment and rising inflation — and boomers faced stiff job competition due to their numbers. Indeed, the rising number of college graduates both lifted expectations and led to disappointment for those who found that a degree was no longer the automatic ticket to prosperity it had once been.

In 1975, some 2 million additional jobs were needed to keep up with population growth. Instead, the nation shed 1 million jobs in a recession, leading to an 8.5 percent unemployment rate.⁵²

In his history of the boomers, Steve Gillon writes, "A generation raised on the expectations of the good life would confront the cold, hard reality that their quality of life could actually decline."⁵³

Things were never quite as rosy for the younger boomers who came of age in a less prosperous time. But by the time the older boomers began reaching their peak earning years in the 1980s — the era when they were dubbed "yuppies," for young, urban professionals — they had triggered a housing boom and were collecting half of all U.S. personal income.⁵⁴

Boomer Critiques

Perhaps thanks to the advent of the birth control pill in 1960 and the fact that more women had careers of their own, boomers were slower to be-

come parents than their parents had been. Between 1965 and 1976 — the era of the so-called baby bust — fertility dropped below replacement levels among whites.⁵⁵

After just two decades, Americans were back to marrying later and producing fewer children. In 1990, only 32 percent of women 20-24 were married, compared to 70 percent in 1960.

But the baby bust was followed by the uptick known as the "echo boom," when many boomers became parents themselves, racking up 64 million live births between 1977 and 1993.⁵⁶

The boomer's sense of individualism was not purely selfish. Last year, Leonard Steinhorn, a communications professor at American University, argued that the boomers made enormous strides in areas such as gender equality and environmental protection. "Boomers will never go down in history as a generation that

Many Older Americans Continue Working

Traditional definition of 'retirement' is outmoded.

When Don Davidson was in his 50s, he decided it was time for a change. The longtime publishing executive's plan: turn his hobby — carpentry — into a business. Davidson pulled it off and now employs his two sons full time installing cabinets and refinishing furniture.¹

Davidson is part of a growing trend of older workers who reach the traditional retirement age and decide to strike out in a new direction, rather than just withdraw from the workforce. "We now know that baby boomers are going to work longer than their parents did, whether they want to or not," writes Marc Freedman, founder of Civic Ventures, which promotes employment among older Americans. "Four out of five boomers consistently tell researchers that they expect to work well into what used to be known as the retirement years."²

The percentage of people in their late 60s who are working has increased from 18 percent in 1985 to nearly 30 percent in 2006, according to the Employee Benefit Research Institute, and it's a trend that's likely to continue. "The old, traditional definition of retirement doesn't work any more," says Sandra Timmerman, director of the MetLife Mature Market Institute, in Westport, Conn. "It's really no longer a fixed date."

A bipartisan group of senators has introduced legislation to provide a tax credit for employers who allow workers 62 and above to work flexible hours while retaining full pension and health-care benefits. The bill has not yet seen action, however.

"We're watching a very, very pleasant change occur, where industries that have traditionally relied on bright-eyed and

bushy-tailed young people are now relying on older workers to do these jobs," said Bob Skladany, vice president of RetirementJobs.com., an online service that matches companies most-suited to older workers with seniors seeking a job or project that matches their lifestyle. "I think we're seeing the first wave of a fairly substantial shift."³

People are working past 65 for a number of reasons. Some simply need the money, recognizing that longer life expectancy leaves them with greater financial needs, as well as time on their hands. Meanwhile, some of the financial disincentives under Social Security and private pension laws that once penalized elderly people for working have been dropped. And many potential retirees relish the chance to do something different and, perhaps, more meaningful.

"Baby boomers grew up in the JFK era," says Frank Benest, city manager of Palo Alto, Calif., referring to John F. Kennedy, who served as president from 1961 to 1963 and challenged young Americans to give back to their country by volunteering. "They value the idea of contributing to their community. All of a sudden, they have the opportunity to do that."

Some economists are predicting that not only will boomers want to continue working but employers will need them. Within the next seven years, the number of workers age 55 and older will increase at four times the rate of the overall labor force. The Conference Board, a business research group, estimates that by 2010, 64 million workers — 40 percent of the nation's public and private workforce — will have reached retirement age.⁴

fought a great war to protect liberty," he wrote, "but boomers should go down in history as a generation that fought a great cultural war to expand and advance liberty."⁵⁷

Steinhorn was writing in response to the 1989 book *Destructive Generation*, the 2000 *Esquire* article "The Worst Generation" and other critiques of boomers that blamed their personal habits and quest for self-fulfillment for every social ill from climbing divorce rates to teen drug use.

The debate about boomers' sex-drugs-and-rock-'n'-roll values became a recurring motif in politics — especially after Bill Clinton, who would become the first boomer president, emerged on the national stage in 1992. Political scientists have noted that the

boomers failed to coalesce behind a single political party, with many growing more fiscally conservative during the 1980s but remaining socially liberal, with views on race, AIDS, drugs and women's rights distinctly different from their parents' generation.

Yet, there were divisions — particularly over women's role in society. While most boomers celebrated the fact that a majority of women were working by the 1980s, in her address against the "counterculture" at the 1992 Republican National Convention Marilyn Quayle, wife of Vice President Dan Quayle, dismissed women who "wish to be liberated from their essential natures as women." Quayle noted that "Dan and I are members of the baby boom generation, too," but "not every-

one demonstrated, dropped out, took drugs, joined in the social revolution or dodged the draft."⁵⁸

Former Kansas Sen. Bob Dole, the Republican presidential nominee in 1996, returned to the generational theme during his acceptance speech at the GOP convention, charging that the Clinton administration was made up of a soft "corps of the elite who never grew up, never did anything real, never suffered and never learned." That night, *Newsweek* reported, Clinton was celebrating his 50th birthday at a "plush summer home" in Jackson Hole, Wyo., singing Beatles songs.⁵⁹

At his own nominating convention in 2000, George W. Bush echoed the points made by Quayle and Dole, seeking to castigate Democrats for the purported

“Employers are going to need to find ways to engage older workers longer and more fully than has been the case in the past,” says Michael A. Smyer, codirector of Boston College’s Center on Aging and Work.

But others are more skeptical. A study released in May by a rival center at Boston College found that employers are “lukewarm” about retaining older workers.⁵ Relatively few employers are interested in providing the flexible hours older workers desire — or paying for their health coverage, which can be more expensive than covering the young.

Some economists say the labor shortage predicted by demographers — created by the smaller generation that followed the boomers — should be manageable, especially given the global labor pool. Many retirees will be replaced in the workforce by immigrants — an advantage the U.S. has over other aging industrialized nations with less-open borders — while other jobs will be shipped abroad. And not all the boomers are going to hit retirement age at the same time.

In addition, a 2006 study by the consulting firm McKinsey & Co. found that 40 percent of current retirees left their jobs earlier than they had planned, either because of layoffs, downsizing or health reasons.⁶ Given that several other studies have found that people often end up retiring earlier than they expected, from the employer point of view the need to keep aging boomers on the payroll is proving less pressing than some had expected.

Companies that have looked at the aging workforce have come to the conclusion that it isn’t as big a problem as they

thought,” says Mary Young, a senior researcher at the Conference Board. “It’s much more manageable.”

Young concedes the aging baby boomers will exacerbate existing shortages in professions such as nursing and teaching and create new ones in fields such as engineering and the utilities industry. Governments also employ a disproportionate share of older workers.

But what about the rest of the labor market? Aging workers are attractive to industries with high turnover, such as retail. Both CVS and Borders have programs that allow people to follow the seasons, working summers in the North and winters in the South. Not all employers are likely to be that flexible, however.

“Endless surveys have found contradictory conclusions,” says Ron Manheimer, executive director of the Center for Creative Retirement at the University of North Carolina, Asheville. “Human-resources directors say seniors are loyal and reliable and have better customer-service attitudes — but they’re not planning to hire them.”

¹ Emily Brandon, “You Can Use This Time of Your Life for a Whole New Beginning,” *U.S. News & World Report*, June 12, 2006, p. 55.

² Marc Freedman, *Encore: Finding Work That Matters in the Second Half of Life* (2007), p. 9.

³ Jonathan Peterson, “Older Workers Becoming Valued Prize for Firms,” *Chicago Tribune*, Sept. 10, 2007, p. 1.

⁴ Christopher Conte, “Expert Exodus,” *Governing*, February 2006, p. 22.

⁵ Andrew D. Eschtruth, *et al.*, “Employers Lukewarm About Retaining Older Workers,” Boston College Center for Retirement Research, May 2007.

⁶ Sandra Block, “Off to Work They Go, Even After Retirement Age,” *USA Today*, Aug. 31, 2007, p. 1B.

failings of the baby boom generation. “Our current president embodied the potential of a generation,” Bush said. “So many talents, so much charm, such great skill. But in the end, to what end? So much promise, to no great purpose.”⁶⁰

But President Bush, of course, is a boomer — only five weeks older than Bill Clinton. “This year, the first of about 78 million baby boomers turn 60, including two of my dad’s favorite people, me and President Clinton,” Bush said during his 2006 State of the Union address. “This milestone is more than a personal crisis. It is a national challenge. The retirement of the baby boom generation will put unprecedented strains on the federal government.”⁶¹

Combined spending for Social Security, Medicare and Medicaid will

consume 60 percent of the federal budget by 2030, Bush said, presenting future Congresses with “impossible choices — staggering tax increases, immense deficits or deep cuts in every category of spending.”

Bush had spent a good chunk of 2005 touting his plan to revamp Social Security, meant to be the signature domestic achievement of his second term. But the plan — which would have allowed workers born after 1950 to put part of their payroll taxes into private investment accounts in exchange for cuts to traditional benefits — went nowhere. A *Washington Post/ABC News* Poll found that 58 percent of those surveyed said the more they heard about Bush’s plan the less they liked it.⁶² ■

CURRENT SITUATION

Entitlement Bills

Perhaps not coincidentally, the nation’s budget-busting entitlement programs for seniors have barely been mentioned during the current run-up to the 2008 presidential campaign. Candidates are generally mum about how to deal with the fact that Social Security is expected to run through its surplus accounts by 2040 and Medicare and Medicaid — the federal government’s two

main federal health-care programs — pose an even more dire fiscal threat.⁶³

President Bush has proposed a “means test” for the prescription-drug benefit under Medicare that he created in 2003. His idea is to charge higher premiums and deductibles for upper-income seniors. But the proposal died as part of his budget earlier this year, and the Senate voted down a similar idea in March.⁶⁴

A pair of proposals are pending in Congress to create a commission to craft an entitlement-reform package that Congress and the next president would have to act upon. Bush had created a commission to address Social Security, but the current proposals would go further, tackling other entitlements as well. If approved, a new commission would be jointly appointed by the president and Congress and would likely craft a proposal that Congress would have to accept or reject, without amendment.

Some expect a solution for Medicare and Medicaid will be found within a broader discussion of reforming the U.S. health system. The three leading Democratic presidential candidates — Sens. Hillary Rodham Clinton and Barack Obama and former Sen. John Edwards — have all unveiled proposals for universal or near-universal health-coverage laws.

Clinton launched a plan in September that involved fewer government mandates than the universal-coverage package she designed as first lady in 1993. “I learned that people who are satisfied with their current coverage want assurances that they can keep it,” she said. “Part of our health-care system is the best in the world, and we should build on it; part of the system is broken, and we should fix it.”⁶⁵

Clinton’s new plan, in fact, resembles a law passed in Massachusetts in 2006 that requires nearly all residents to buy private health insurance if they don’t qualify for government-run coverage such as Medicaid. That bill was signed into law by Mitt Romney — then Massachu-

setts governor and now a leading GOP presidential candidate. The bill, along with other health-care expansion laws in Vermont and Maine, triggered a wave of activity among nearly two-dozen states that considered (but did not pass) universal health legislation this year.⁶⁶

But Romney has not talked about his state’s law much on the campaign trail this year, saying that he would prefer to leave it to states to create insurance mandates without prodding from Washington. Romney and the other Republican candidates have talked about problems with the U.S. health-care system but in general favor reforms within the insurance markets, states or the use of tax credits to resolve them, rather than any sort of new federal program.

Clearly, the fact that millions of boomers will soon reach retirement age has many economists worried about entitlement expenses and recommending cutting back coverage — or at least raising the age of eligibility. Federal Reserve Chairman Ben S. Bernanke told the Senate Budget Committee in January that by 2030 Social Security and Medicare will cost the equivalent of 15 percent of U.S. annual economic output — up from 8.5 percent today.

“The longer we wait [to make changes], the more severe, the more draconian, the more difficult the adjustment is going to be,” Bernanke said. “I think the right time to start is about 10 years ago.”⁶⁷

Many of these financing problems, particularly in Social Security, are rooted in the fact that the ratio of workers to retirees is shrinking. There were 16.5 workers paying into the system for every Social Security beneficiary in 1950, but now there are only 3.3 workers for every retiree — a number that continues to decline.

One solution, AARP and other advocates for the elderly say, would be for boomers to work longer than their parents did. While the percentage of people in their late 60s still working has risen, they remain a minority. People

working just a few years longer — and collecting fewer years worth of Social Security checks — could erase its deficits for the next 75 years, say some economists.⁶⁸ This would also help solve any workforce shortages posed by the aging baby boom generation.

“The old model was people worked for 40 or 45 years and then they slipped off into retirement and focused on leisure and recreation,” says Freedman of Civic Ventures. “We’ve said to older people as they moved into their 50s and 60s, please leave the labor market.”

The proposed Older Worker Opportunity Act, sponsored by Sen. Herb Kohl, D-Wis., and a bipartisan group of cosponsors, would provide a tax credit of up to 25 percent of a worker’s wages to employers who allow workers age 62 and above to participate in a flexible program that allows them to work full or part time while retaining full pension and health-care benefits. But the measure has seen no action, and not everyone is convinced there will be jobs for millions of seniors to continue working.

Ron Manheimer, executive director of the Center for Creative Retirement at the University of North Carolina, Asheville, says that while human resources directors say seniors are loyal and reliable, many employers are not planning to hire them.

There are a number of reasons why employers are not embracing the idea of workers staying on the job longer. Some are concerned that their younger employees will leave if they have less hope of advancement. According to Mary Young, a senior researcher at the Conference Board, 65 percent of the employees who leave IBM do so because they see little hope of promotional opportunities. “That’s another reason why holding onto boomers isn’t a cure-all,” she says.

Other employers are worried that older workers don’t always keep their skill sets up to date in an age of rapid technological change, while still others worry

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At Issue:

Do aging boomers pose a threat to fiscal solvency?



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*COMPTROLLER GENERAL, GOVERNMENT
ACCOUNTABILITY OFFICE*

FROM A SPEECH DELIVERED IN WASHINGTON, D.C.,
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the United States government is on an imprudent and unsustainable fiscal path. We do not face an immediate crisis, but we face large and growing structural imbalances that are growing every second of every minute of every day due to continuing deficits, known demographic trends — the demographic tidal wave, the demographic tsunami which is represented by the retirement of the baby boom generation — and rising health-care costs.

Let me give you some numbers. In 1965, 43 percent of the federal government's budget was for defense. Fast-forward 40 years to 2005: It was down to 20 percent. Where did the money go? Social Security, Medicare and Medicaid. In 1965, we spent zero money on Medicare and Medicaid because they didn't exist. In 2005, 19 percent of the federal budget was for Medicare and Medicaid, and growing rapidly. In 1965, [Congress] got to decide how two-thirds of the money was going to be spent. In 2005, it was down to 39 percent; stated differently, 61 percent of the budget is on autopilot, and that number is going up every year.

You project it out for 75 years, which is what the Social Security and Medicare trustees are required to do every year. If you take the difference between what we promised and what's funded for Social Security and Medicare alone, you'll find that the total liabilities and unfunded commitments of the United States in the last five years have gone up from a little over \$20 trillion — and you got to add 12 zeroes to the right of that 20 to get a feel for that number — to over \$46 trillion in five years. It's going up every second of every minute of every day.

How much is \$46 trillion? It's over 90 percent of the entire net worth of every American in the United States. It's \$156,000 for every man, woman and child in the United States. People talk about eliminating the death tax. How about eliminating the birth burden, that \$156,000? No wonder newborn babies cry. Somebody's giving them the bill.

Let's tell it like it is. This is mortgaging the future of our kids and grandkids, big time. And for the first time in the history of the United States, the baby boom generation, of which I am a member, may be the first generation in the history of this country to leave this country in a situation where their kids and grandkids will not have a higher quality of life. That is not acceptable, and we need to start doing something about it.



**ROBERT B. FRIEDLAND AND
LAURA SUMMER**
*FROM DEMOGRAPHY IS NOT
DESTINY, REVISITED (2005)*

CENTER ON AN AGING SOCIETY,
GEORGETOWN UNIVERSITY

that our society is aging is well known. Media stories and political rhetoric abound concerning the impending demographic challenges as the population age 65 and older is anticipated to more than double by the year 2030. Much of the hand wringing concerns an expectation of dire fiscal consequences for publicly financed programs, such as Medicare and Social Security, of which older people tend to be the principal beneficiaries.

What is not said is that planning for the future on the basis of demographic projections alone is a fool's game. Population projections can be wrong, but even if they turn out to be correct, other factors, particularly those related to the economy and public policies, can have a decidedly greater impact on the future than simply the growing number of older people.

At any point in the past century, one could have easily anticipated a dramatic increase in the size and proportion of the population age 65 and older. Since 1900, the number of Americans age 65 and older has doubled three times. Since 1960, the population age 65 and older has doubled while the overall population has only grown 57 percent. However, since 1960 the nation's income (as measured by real gross domestic product) has nearly quadrupled.

Economic growth has made the nation more prosperous and has enabled many to enjoy a higher standard of living than would have been possible a generation earlier. . . .

There are legitimate reasons to be concerned about growth in federal entitlement spending, but there is more reason to be concerned about economic growth. Small differences in sustained economic growth will have a dramatic impact on the fiscal future of society. If real economic growth averages about 2 percent per year between now and 2050, then, depending on the policy choices we make, government expenditures as a proportion of the economy in 2050 might not be substantially larger than today, and we will still be able to meet the promises made to future beneficiaries.

It would be foolish to assume society will simply grow its way out of the difficult choices that the aging of the population will require. It would be equally foolish to assume that the future will be completely dismal if there is no radical restructuring of government programs. If public policies support the market transitions necessary for economic growth during demographic transitions, then we can afford to meet the challenges of the retirement of the baby boomers.

AGING BABY BOOMERS

Continued from p. 880

about the amount of hours they can count on older workers logging. Workers with long experience have also had years of salary increases and their health-insurance premiums can be more costly.

Finally, says Lynch of Claremont McKenna College, “There isn’t a whole lot of evidence for it yet, but I think boomers are going to face age discrimination.”



Older baby boomers like Marcos Zavala, 59, a locomotive engineer for The Indiana Rail Road Co., pose a dilemma for demographic experts. While many older boomers are expected to retire soon, up to 80 percent of boomers intend to work past 65 to help make ends meet. Two-thirds of the nation’s retirees rely on Social Security for at least 50 percent of their income.

AP Photo/The Indianapolis Star/Lizz Giordano

veys suggest that young people are very supportive of paying taxes for Medicare and Social Security for their parents,” because it removes a potential burden for them. “On the flip side, older people are supportive of education for their grandchildren.”

But Medicare and Social Security are entitlement programs, Diamond points out, so spending increases for programs benefiting older people are automatic. Yet Congress must allocate funds annually for programs that primarily benefit younger Americans.

Asked why no one in Congress is taking the lead on reforming entitlement programs, Sen. Kent Conrad, D-N.D., told CBS’s “60 Minutes” in July, “It’s always easier to defer, to kick the can down the road to avoid making choices. You know, you get in trouble in politics when you make choices.”⁷⁰

But Comptroller General Walker warns of the dire consequences of ignoring the entitlement problem: “We suffer from a fiscal cancer,” he says. “It is growing within us, and if we do not treat it, it could have catastrophic consequences for our country.”⁷¹

Fiscal Cancer

In Christopher Buckley’s satirical novel *Boomsday*, which opens with a mob of young people rioting in front of a Florida gated community “known to harbor early retiring boomers” in protest of a Social Security payroll tax hike, a 29-year-old character suggests a solution to the entitlement funding problem: pay retirees to commit suicide. As an incentive, volunteers could take one last, lavish vacation at government expense, and their children would be exempt from estate taxes. Even so, the government would come out ahead. If only 20 percent of boomers committed suicide, Social Security and Medicare would remain solvent.

In the world of reality, rather than satire, some analysts criticize today’s seniors and boomers for what the critics perceive as a selfish insistence on expensive benefits that will have to be paid for by younger workers.

“At nearly every critical juncture, they have preferred the present to the future,” wrote former Clinton adviser Paul Begala. “They’ve put themselves ahead of their parents, ahead of their country, ahead of their children — ahead of our future.”⁶⁹

The central question of *Immigrants and Boomers*, a recent book by USC demographer Myers, is whether aging boomers will support programs that benefit younger generations — dominated by other ethnic groups — at the short-term expense of programs that benefit themselves.

“We actually transfer resources from workers up to the elderly, essentially wasting resources,” says Myers. “Younger people would have more years of life and could recoup the investment.”

The question of whether older, mostly white seniors will support education and other domestic programs used by mostly brown- and black-skinned younger people is becoming increasingly pressing. During the recent congressional debate over the State Children’s Health Insurance Program, the House version of the bill would have provided \$15 billion more to cover more children who lack insurance. It would have been funded by cutting subsidies to Medicare managed-care plans and providers. The House voted to support the legislation, but the idea proved unpalatable in the Senate, which passed a more modest expansion of the program. Bush vetoed the final bill, however.

MIT economist Diamond notes, “Sur-

‘Sandwich’ Generation

Boomers will add to the rising number of seniors — but their parents, in many cases, will still be around. Those 85 and over now make up the fastest-growing segment of the U.S. population, according to the National Institute on Aging. That means that even as the boomers enter what has traditionally been considered old age, they are “sandwiched” between still-living parents and their own children and grandchildren.

A 2005 survey found that 13 mil-

lion boomers were “deeply involved” in the care of their aging parents, with 25 percent living with their parents.⁷² “The children who are caring for the elderly are elderly themselves,” says Stanford’s Carstensen.

Many boomers already wonder who, in turn, will take of them when they are frail themselves. That may be particularly true for boomer women, since far more of them are entering old age single — divorced or having never been married — than has traditionally been the case.⁷³

“Boomers are quite different from earlier generations as they’re approaching this age,” says William H. Frey, a demographer at the Brookings Institution. For example, boomer women “are much more likely to have lived independent lives, been head of households and worked.”

But there’s a great deal of economic inequality within the baby boom generation, he notes, which means many retirees will have a hard time making ends meet. In addition, Frey says, boomers didn’t have as many children as their parents’ generation, so they “can’t rely on them for support.”

As a result, while federal policy makers puzzle over how to pay for entitlement programs, state and local governments are gearing up to provide more services to aging boomers. For example, by 2030 the number of drivers 65 or older could nearly double, to 65 million, according to the GAO.⁷⁴ So states and cities are scrambling to enlarge and brighten road signs.

In California, where an elderly driver slammed into an open-air market in 2003, killing 10 people, the Department of Motor Vehicles has launched a pilot program that requires drivers to pass more intensive vision, memory and reflex tests when renewing their licenses. “What we can do is try to identify drivers who can’t drive safely,” said David Hennessy, a former DMV research program specialist. “This is something we’ve become especially sensitive to because of the

aging of the baby boomers.”⁷⁵

Transportation is a key concern for the elderly. Millions of seniors find themselves stranded in the suburbs when they can no longer drive safely. The Denver-area Seniors’ Resource Center has responded by offering different transportation modes for seniors, ranging from paratransit — unscheduled rides in vans or cars — to volunteer drivers and taxis.⁷⁶

Other local governments have similar ride-dispatch programs or even training programs to familiarize seniors with public transportation. They are also widening sidewalks to accommodate wheelchairs and encourage walking and, in a few cases, changing zoning laws to allow “granny flats” and other small, one-floor housing units in dense areas (particularly near grocery stores).

An aging population, says Syracuse social work professor Kingson, is a sign that society has successfully fostered an economy that helps people lead long, prosperous lives. “Population aging is not just about the old,” he says. “It’s about how all of our institutions are going to change.”

“The question is, How do we adapt as we get older, and how does society adapt to our needs?” says Achenbaum, the University of Houston historian of aging. “There’s no question that we’re going to change the meaning of late life.” ■

OUTLOOK

Late Boomers

A decade from now, the oldest boomers will be in their 70s, while the youngest will be well into their 50s. It’s almost impossible to predict what their lives will be like and how they will have changed the nature of senior citizenship.

By the time the youngest boomers

are in their 60s, their older brothers and sisters may have changed senior housing patterns, workforce participation rates and leisure and recreational activities. Patterns of health and disability may also have changed as medical science continues to make new breakthroughs.

In a few years, Smith of Yankelovich predicts, “We’ll probably be talking about one thing especially — that is, a world in which there’s an older generation that can expect to live actively past the age of 90.”

Even as boomers get older, Smith says, “They have this psychological view of themselves, this youthful mindset, which helps motivate health-service providers to pioneer new solutions to help them stay young a little bit and beat the odds.”

Signs already point in that direction. Not only are boomers buying cars aimed at younger drivers, but they also are changing the marketing and packaging of products and services aimed at older people. For instance, many boomers are too vain to wear hearing aids. “To appeal to boomer vanity, many companies are making hearing aids that look more like cousins of Bluetooth or iPod earbuds,” said Gordon Wilson, vice president for marketing at Oticon, which manufactures hearing aids.⁷⁷

“Boomers are different from their predecessors and are also different from the generation beyond them,” said Washington dermatologist Tina Alster. “They know they can get [cosmetic surgery]. What they’re not realistic about is they think they can just come in and do one thing and take away five decades of sin.”⁷⁸

Indeed, age does have its consequences. Even optimists like Smith concede there is a downside to living longer. Boomers who had expected to be retired for only a decade or so may start to run out of money as they continue to age. And, although disabilities and frailties are getting pushed farther back in life, they do occur.

“One of the biggest questions for baby boomers is ‘Who is going to take

care of me?” says AARP’s Rix. “Old age, in the sense of increasing physical problems, is being pushed back, but ultimately more and more people are going to be facing the types of problems that require assistance.”

As the senior population grows — both in sheer numbers and as a percentage of the population as a whole — new strains will be put on social services, government budgets and, perhaps, the economy as a whole. Myers, the USC demographer, believes a labor shortage will force employers to adapt their policies to accommodate and retain older workers. He also thinks there will be a side benefit: Society will start to offer better-quality educations to minority groups who traditionally have languished in schools. “We’ll be scouting for workers among minority youth,” he says. “We haven’t worried too much about them before, but suddenly they’re going to be precious.” Like many observers, Myers worries about the growth in the cost of senior entitlement programs and recommends moving back eligibility ages.

“It’s very hard to make changes when the changes you’re going to make are seen as painful by the voting public,” says MIT economist Diamond. “But the longer you wait, the harder it is to deal with it.”

Social scientists can get frustrated at policy makers, who have known for decades that the baby boomers would eventually reach old age. Yet, even though they are on the cusp of retirement age, there appears to be little movement in addressing the core issues.

Employers are not much better prepared, says the Wharton School’s Capelli. Even though he doubts that aging boomers will create a labor shortage, he’s surprised that employers aren’t preparing for the fact that many of their older workers with legacy skills are going to leave.

“The surprise is not that these people are going to retire,” he says. “The surprise is that nobody was planning for it.”

Whether boomers resort to rocking chairs and playing with their grandchildren or end up changing the nature of old age by living longer, staying healthier and continuing to work past 65, there are so many of them that American society must change in profound ways to this new senior population.

“The question is, ‘How do we adapt as we get older and how does society adapt to our needs?’” says Achenbaum, of the University of Houston. “There’s no question that we’re going to change the meaning of late life.” ■

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About the Author

Alan Greenblatt is a staff writer at *Governing* magazine. He previously covered elections, agriculture and military spending for *CQ Weekly*, where he won the National Press Club’s Sandy Hume Award for political journalism. He graduated from San Francisco State University in 1986 and received a master’s degree in English literature from the University of Virginia in 1988. His recent *CQ Researcher* reports include “Sex Offenders” and “Pension Crisis.”

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FOR MORE INFORMATION

Administration on Aging, One Massachusetts Ave., N.W., Suites 4100 and 5100, Washington, DC 20201; (202) 619-0724; www.aoa.gov. Facilitates communication between other federal agencies and older Americans.

AARP, 601 E St., N.W., Washington, DC 20049; (888) 687-2277; www.aarp.org. The leading advocacy organization for older Americans.

Civic Ventures, 139 Townsend St., Suite 505, San Francisco, CA 94107; (415) 430-0141; www.civicventures.org/index.cfm. A think tank and employment incubator that advises older adults and employers about putting experienced Americans to work.

Government Accountability Office, 441 G St., N.W., Washington, DC 20548; (202) 518-3000; <http://gao.gov>. Congress' investigative arm; publishes studies about the baby boom generation's impact on federal entitlement programs.

National Academy on an Aging Society, 1220 L St., N.W., Suite 901, Washington, DC 20005; (202) 408-3375; www.agingociety.org/agingociety/index.html. Conducts research on public policy issues concerning the aging of America.

National Association of Area Aging Agencies, 1730 Rhode Island Ave., N.W., Suite 1200, Washington, DC 20036; (202) 872-0888; www.n4a.org. Umbrella organization for local aging agencies.

National Council on Aging, 1901 L St., N.W., 4th Floor, Washington, DC 20036; (202) 479-1200; www.ncoa.org. Provides a network for sharing information and ideas between more than 14,000 groups providing services to seniors.

National Institute on Aging, Building 31, Room 5C27, 31 Center Dr., MSC 2292, Bethesda, MD 20892; (301) 496-1752; www.nia.nih.gov. Lends the government's scientific effort to study the nature of aging.

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Additional Articles from Current Periodicals

Economic Impact

“Baby Boom and Bust,” *The Economist*, May 13, 2006.

The mass retirement of baby boomers could lead to a sharp decline in domestic financial markets as stocks, bonds and other assets are cashed out.

Aversa, Jeannine, “Bernanke: Baby Boomers Retirement Will Place Massive Strains on U.S.,” *The Associated Press*, Oct. 4, 2006.

Retiring baby boomers will place major strains on the nation’s budget unless Medicare and Social Security are revamped, according to Federal Reserve Chairman Ben Bernanke.

Jones, Charisse, “States Rushing to Lure Retirees,” *USA Today*, Dec. 30, 2005, p. 1A.

States and towns across the country are recruiting boomers as new residents in hopes they will boost local economies with their spending power.

Samuelson, Robert J., “Our Entitlement Paralysis,” *The Washington Post*, Dec. 28, 2005, p. A21.

The huge federal retirement benefits of baby boomers may seriously damage the American economy and political landscape.

Entitlement Programs

Dunleavy, M.P., “Plan to Retire But Leave Out Social Security,” *The New York Times*, Dec. 2, 2006, p. C6.

Social Security benefits should not be calculated into the finances of those planning to retire soon due to uncertainty over the program’s future.

Lazarus, David, “Big Trouble Ahead for Medicare,” *The San Francisco Chronicle*, Feb. 12, 2006, p. J1.

Medicare’s deficit is expected to reach close to \$30 trillion over the next 75 years, leaving soon-to- retire baby boomers the most vulnerable.

Lemov, Penelope, “Medicaid’s Breaking Point,” *Governing*, May 2007, p. 64.

Medicaid currently represents 23 percent of state outlays — the largest portion of state spending — and is likely to consume more in the future as baby boomers retire.

Retirement Finances and Options

Fetterman, Mindy, “Boomers Bet on Property for Support,” *USA Today*, May 19, 2006, p. 1B.

One in four baby boomers owns more than one property, and many are counting on their real estate equity to help them fund retirement.

Heavens, Alan J., “Boomers Aren’t the Retiring Type,” *The Philadelphia Inquirer*, Nov. 12, 2006, p. J1.

Many baby boomers will work past the traditional retirement age because they got married and had children later than generations that preceded them.

Hinden, Stan, “Ready, Set . . . Retire?” *The Washington Post*, Dec. 25, 2005, p. B1.

Half of American workers over 55 have saved less than \$50,000 for retirement.

Pethokoukis, James M., and Emily Brandon, “Going Your Own Way,” *U.S. News & World Report*, April 3, 2006, p. 52.

Following retirement from their regular jobs, baby boomers are tapping their nest eggs to begin careers as entrepreneurs.

Staying Young

Carmichael, Mary, “Let’s Get Physical,” *Newsweek*, May 14, 2007, p. 62.

As the golden years approach, baby boomers are heading to fitness centers in record numbers.

Kadaba, Lini S., “Mental Gymnastics to Maintain the Brain,” *The Philadelphia Inquirer*, April 29, 2007, p. A1.

More and more baby boomers are engaging in mental activities in order to ease their minds about aging and improve their cognitive fitness.

Kadlec, Daniel, “The Marathon Generation,” *Time*, June 26, 2006, p. 73.

Baby boomers’ increasing participation in recreational and physical fitness activities helps explain the growing popularity of marathons.

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