The Economic Slowdown's Impact on Middle-Aged and Older Americans

May 2008

The Economic Slowdown's Impact on Middle-Aged and Older Americans

Report prepared by Jeffrey Love, Ph.D.
Data collected by Woelfel Research, Inc.

AARP
Knowledge Management
601 E Street, NW
Washington, DC 20049

May 6, 2008

AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP neither endorses candidates for public office nor makes political contributions. We produce *AARP The Magazine*, published bimonthly; *AARP Bulletin*, our monthly newspaper; *AARP Segunda Juventud*, our bimonthly magazine in Spanish and English; *NRTA Live & Learn*, our quarterly newsletter for 50+ educators; and our website, www.aarp.org. AARP Foundation is our affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

For more information, contact Jeffrey Love at (202) 434-6279.

Executive Summary

As the economy slows and prices rise, most middle-aged and older persons are having difficulty paying for food, gas, utilities and medicine and by cutting luxuries and postponing major purchases and travel.

More seriously, some are raiding 401(k)s or curtailing contributions to pension plans.

Eighty-one percent say the economy is in fairly bad or very bad condition. A similar percentage (75%) feel the economy is getting worse.

But, large numbers of people are *not* making radical changes such as getting second jobs, moving to a smaller house or apartment or postponing selling their house.

However, over one-quarter is having trouble paying their mortgage or rent and one-third has stopped putting money into their retirement accounts. More than one-quarter (27%) of all workers 45+ have postponed plans to retire.

Of those studied, respondents aged 65 and over are less likely than those ages 45-64 to have taken steps to cope with a slowing economy or increasing prices as a result of the recent economic slowdown. This does not indicate that the older population is better off financially. Rather, the data suggests that the 65 and over group had, even prior to the economic downturn, been forced to adjust their spending habits because of their work status, fixed income and rising costs.

About two-thirds (63%) of respondents in this survey own stocks individually or through mutual funds, IRAs or a 401(k); and over 7 in 10 (72%) say they have lost money on these accounts in the last 12 months. As a result of these losses, 41% of these investors have changed their investment strategy to include more or less risk.

A majority (58%) say they are *not* concerned about the impact of mortgage foreclosures on their personal financial or housing situation. But, most are concerned about the effect of foreclosures on the larger economy (89%), or their neighborhood or community (64%).

Introduction

For the second quarter in a row, growth in Gross Domestic Product (GDP) has been negligible – 0.6% for both the fourth quarter of 2007 and first quarter of 2008. The public is concerned about rising prices and the effects of a potential recession. Employers eliminated 232,000 jobs in the first three months of 2008 and consumers limited spending as gas and food prices increased. For the first time since the 1970s, the word “stagflation” was heard as the economy faltered but prices increased.

A CNN/Opinion research poll conducted April 28 – 30, 2008 revealed that almost half (49%) of Americans consider the economy the most important issue when deciding for whom to vote in the November Presidential election. Consumer confidence, as measured by the ABC Consumer Comfort Index and the Conference Board’s Consumer Confidence Index, are both at low points not witnessed in decades. Both indices reveal an American public hesitant to spend money and concerned about their jobs and futures.

Given this climate, AARP sought to understand how the slowing economy is affecting the lives and plans of middle-aged and older Americans. This survey was conducted April 12 through April 23 among a nationally representative sample of 1,002 adults aged 45 years and over.

Overall, the poll shows that there is a sense of shared pain and common concerns among boomers and older generations – both among retirees and those looking to retire in the foreseeable future. Eighty-one percent of all respondents say the economy is in fairly bad or very bad condition and 75 percent think it’s getting worse. Almost three quarters (74%) say their elected officials are not doing enough to help people caught in the economic squeeze.

Baby boomers are feeling a relatively greater impact of the economic downturn and some of their reactions – like compromising their retirement savings and even cutting back on medications – have negative implications for the future.

I. How are Middle-aged and Older Americans Affected by the Economic Downturn?

Middle-aged and older Americans are affected by the slow economy in ways that are to be expected. Majorities are having trouble paying for essential items such as food, gas and medicine or utilities such as heating, cooling and phone service.

Majorities are also spending less on entertainment and eating out. About half have postponed plans to travel or to make a major purchase.

What this survey does not show is large numbers of people making radical changes such as getting second jobs, moving to a smaller house or apartment, or postponing selling their house. However, over one-quarter is having trouble paying their mortgage or rent and one-third has stopped putting money into their retirement accounts. See Table 1 for the complete list.

Chart 1: Most Common Changes Reported by Middle-aged or Older Americans

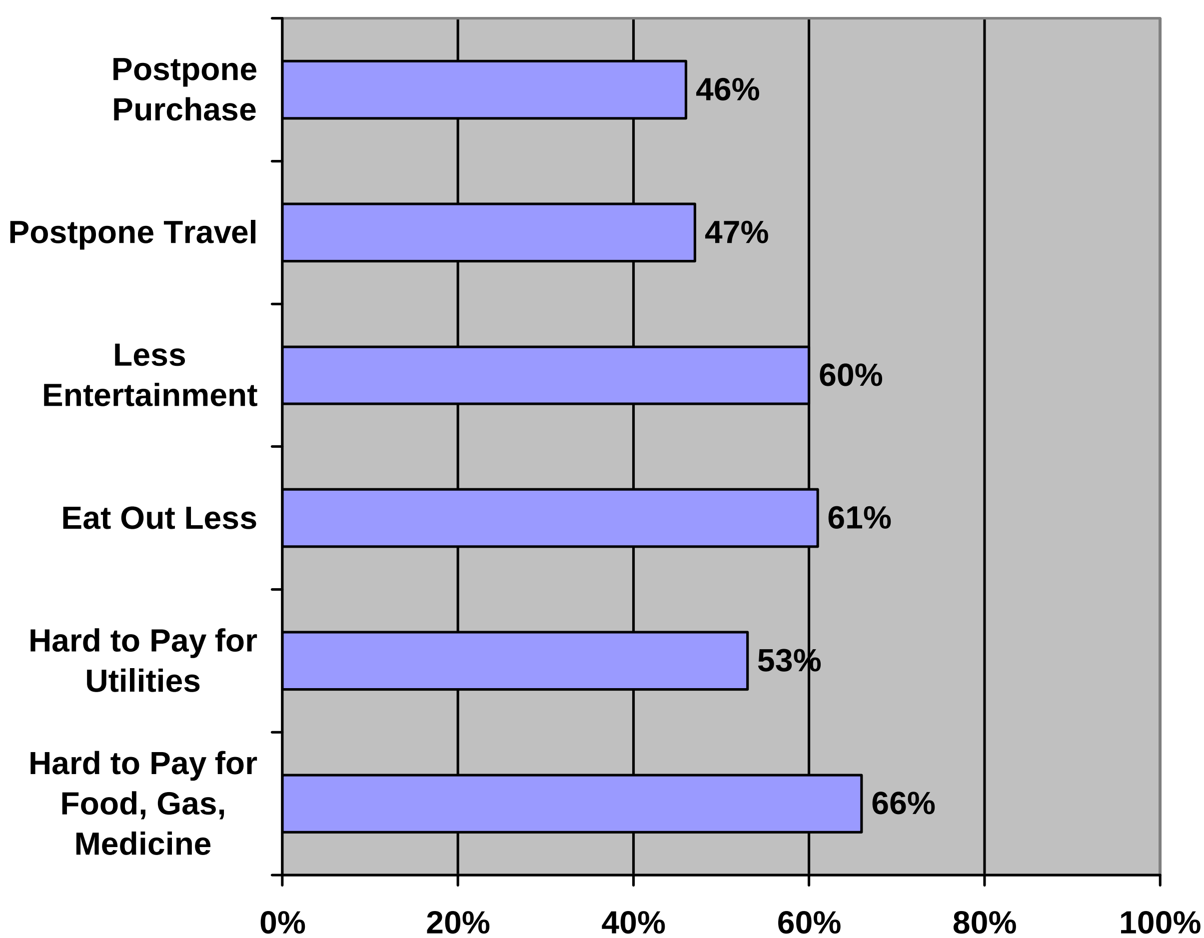

Table 1: How Have Recent Changes in the Economy Affected You or Your Family?

	Yes %	No %	Not Applicable %	Don't Know %
Found it more difficult to pay for essential items such as food, gas and medicine	66	34	<0.5	<0.5
Found it more difficult to pay for utilities such as heating, cooling, or phone service	53	46	1	<0.5
Found it more difficult to pay your mortgage or rent	26	54	20	<0.5
Found it more difficult to pay for education expenses	19	35	46	<0.5
Postponed plans to travel	47	49	4	-
Postponed a major purchase	46	52	3	<0.5
Postponed paying some bills	20	80	<0.5	<0.5
Reduced the number of times you eat out	61	36	3	<0.5
Reduced spending on entertainment	60	36	3	<0.5
Decided not to change jobs	19	33	47	1
Postponed plans to retire	16	42	42	<0.5
Your spouse postponed plans to retire	16	59	24	1
Prematurely withdrew funds from your 401(k), IRA, or other investments	23	69	8	1
Postponed selling your house	10	74	16	<0.5
Moved to a smaller house or apartment	8	86	6	<0.5
Stopped putting money into a 401(k), IRA, or other retirement account	33	53	14	1
Increased the number of hours you work	18	44	37	1
Cut back on medications	14	82	5	-
You got a second job	8	64	28	-
Your spouse got a second job	5	76	19	<0.5
Made changes to your home so you could live there longer	29	65	5	1

As should be expected, the education levels and household incomes of respondents determine how they will experience an economic slowdown and rising prices. In most of the measures above, respondents who have completed college or who have household incomes of $75,000 and over are much less likely to say they have taken these steps in order to cope with a slowing economy.

Although this survey only examines the experiences of individuals aged 45 and over, this survey shows different experiences due to varying life stage circumstances, which for the sake of this study are separated into three distinct age groups. Most notably, some of the steps individuals might take in Table 1 become less likely to apply as one ages – steps such as paying for education expenses, changing jobs, postponing plans to retire, postponing selling your house, putting money into a 401(k), increasing work hours or getting a second job.

But for many of the measures in Table 1 that do not become less applicable as one ages, age still influences whether or not respondents say they have taken these steps in response to the economic downturn. Table 2 shows these differences for those measures that are applicable across our age groups.

Table 2: Middle-aged and Older Americans Who Have Taken These Steps in Response to a Slowing Economy, by Age

	45 to 54 Years %	55 to 64 Years %	65 and Older %
Found it more difficult to pay for essential items such as food, gas and medicine	70	68	59
Found it more difficult to pay for utilities such as heating, cooling, or phone service	55	57	47
Found it more difficult to pay your mortgage or rent	36	24	15
Postponed plans to travel	55	52	35
Postponed a major purchase	56	51	30
Postponed paying some bills	27	21	12
Postpone plans to retire	24	19	5
Reduced the number of times you eat out	74	63	46
Reduced spending on entertainment	71	64	45
Prematurely withdrew funds from your 401(k), IRA, or other investments	25	24	18
Cut back on medications	17	14	10
Made changes to your home so you could live there longer	32	30	25

For every possible step one might take in response to a slowing economy and higher prices listed in Table 2, individuals aged 65 and over are significantly less likely to take these steps than younger respondents.

Why do respondents take fewer of the steps listed in Table 2 as they get older? One could argue that younger respondents still have job and family obligations that place them more at risk in a slow economy. Or, some might assume that the older population is better off financially and that the slowing economy and rising prices are not as much a concern.

However, the median income range of the 65+ age group in our survey is $20-$29,000 -$29,000, far below that of the 50-64 age group's $50,000 - $74,000 median income range. Individuals over 65 are often on fixed incomes and do not have the disposable funds of those aged 45 to 64. The contention that younger respondents have more job and family obligations is closer to the truth. Analysis of the survey data indicates that the 65 and over group seem to avoid taking these steps in response to a slow economy by spending money on relatively fewer activities or categories of goods in the first place. As we noted above, many of these steps become less relevant as one ages. But even among those expenditures that *do not* become less relevant as one ages, respondents aged 65 and over are less likely that those aged 45 to 54 and those aged 55 to 64 to have been spending money in almost every action step listed in Tables 1 and 2.

When economic problems force decisions, it appears that older persons have fewer decisions to make because their spending and economic activity has already been narrowed to necessities given their fixed incomes.

It is not surprising that economic conditions characterized by stagflation, job loss and accelerating fuel prices means that individuals are having trouble affording necessities. However, this economic downturn has also witnessed declining home values, credit tightening and substantial stock market losses. Over one-third (36%) of middle-aged and older Americans say the value of their home has decreased in the past 12 months, while one-quarter (24%) say interest rates on their credit cards have increased and half (50%) say the value of their 401(k) or other investments has decreased.

Again, the more serious events such as job loss, inability to refinance, or inability to get a mortgage or home equity loan, do not appear to be a consequence of an economic downturn for many middle-aged or older Americans. See Table 3 for the complete list.

Table 3: During the Past 12 Months, Have any of the Following Happened to You?

	Yes %	No %	Not Applicable %	Don't Know %
The value of your home decreased	36	42	10	11
The interest you pay on your mortgage increased	9	53	37	1
The interest you pay on your credit cards increased	24	49	22	5
You could not get a mortgage loan approved	4	48	47	1
You could not get a home equity loan approved	4	46	49	1
You could not refinance your home	5	45	49	1
The value of your 401(k) or other investments decreased	50	31	14	5
You lost your job	5	59	36	<0.5
Your spouse lost their job	3	70	27	1

Other, more severe, reactions to an economic downturn, such as parents and adult children sharing housing, or seeking assistance from charities, are not prevalent among middle-aged and older Americans. However, almost 4 in 10 (39%) say they have helped a child pay bills or expenses. See Table 4 for a complete list.

Table 4: During the Past 12 Months, Have any of the Following Happened to You?

	Yes %	No %	Not Applicable %	Don't Know %
Had a child move in with you for financial reasons	9	89	2	-
Had a parent move in with you for financial reasons	2	94	5	-
Had to help a child pay bills or expenses	39	59	2	-
Had to help a parent pay bills or expenses	8	86	5	-
Had to borrow money to pay everyday living expenses	12	88	<0.5	<0.5

Had to move in with a child or parent for financial reasons	2	96	2	-
Had to seek assistance from family, friends, charities, or churches	10	89	1	<0.5

Employers are clearly taking steps in response to a slow economy. Among employed persons in our survey, 45% say their employer has increased the amount employees pay for health insurance, 29% say their employer has laid off workers and 27% say their employer has stopped hiring.

II. How Have Losses in the Stock Market Affected Middle-aged and Older Americans?

About two-thirds (63%) of respondents in this survey own stocks individually or through mutual funds, IRAs or a 401(k); and over 7 in 10 (72%) say they have lost money on these accounts in the last 12 months.

Among those who have lost money in stocks, slightly over one-fifth (23%) say these losses have prompted them to postpone plans for retirement, including 32% of those between the ages 55-64. About the same percentage (21%) say these losses have prompted their spouse to postpone plans to retire. The decision to postpone plans to retire is related to education and household income. While 45% of those with only a high school degree and 36% of those with incomes less than $30,000 say they have postponed retirement because of stock market losses, only 19% of those who have completed college and 15% of those with incomes over $75,000 have postponed retirement. Similar education and income related differences are evident when respondents are asked about their spouse postponing plans to retire because of stock market losses.

Among retirees who are not working and who lost money in stocks, only 14% have *thought* about returning to work because of these losses, and only 1% are actively looking for a job because of these losses. However, retirees are certainly not immune to the effects of a slowing economy. Over one-quarter (26%) say their retirement income has decreased because of falling interest rates. See Table 5.

Table 5: Because of Losses in the Stock Market, Have You?

	Total "Yes" %	Ages 45 to 54 %	Ages 55 to 64 %	Age 65 and Older %
Postponed plans to retire	23	19	32	30
Your spouse postponed plans to retire	21	20	22	34
Started putting more of your income in retirement accounts	25	24	29	7
Started putting less of your income in retirement accounts	27	27	29	22
Change the types of stocks you invest in	31	27	36	48

III. How Have Problems in the Mortgage Market Affected Middle-aged and Older Americans?

Middle-aged and older Americans are concerned about how mortgage foreclosures could damage the national economy and threaten the security of their communities. However, very few (2%) have experienced a mortgage foreclosure in the past year.

A majority (58%) of the middle-aged and older population say they are *not* concerned about the impact of mortgage foreclosures on their personal financial or housing situation. But, most are concerned about the effect of foreclosures on the larger economy (89%), or their neighborhood or community (64%).

More specifically, middle-aged and older Americans are most concerned about the possibility of crime in neighborhoods with foreclosed homes (69%), the impact of foreclosures on the values of their homes (55%) and the decline in stock prices due to foreclosures (57%). Fewer are concerned about more direct impact of foreclosures such as their ability to keep their home, or to refinance, or to get credit generally. See Table 6 for a complete list.

Table 6: Concerns About the Effect of High Mortgage Foreclosures

	Very %	Somewhat %	Not too %	Not at all %	Not Applicable %	Don't know %
The value of your home	29	27	15	22	5	3
The ability to keep your home	14	11	14	51	8	2

The cost of refinancing your home or obtaining a mortgage	11	10	10	49	16	4
Availability and affordability of credit such as loans and credit cards	16	19	14	44	5	2
Stock prices	26	31	12	23	4	5
The possibility of crime in neighborhoods that have many homes with foreclosed mortgages	37	32	11	16	2	3

Respondents aged 65 and over are less concerned about the fallout from the mortgage crisis than those aged 45 to 54 or 55 to 64. As Table 7 indicates, for each possible consequence of accelerating mortgage foreclosures, those over 65 years old are significantly less likely to be concerned.

Table 7: Concerns About the Effect of High Mortgage Foreclosures, by Age

	45 to 54 Years %	55 to 64 Years %	65 and Older %
The value of your home	60	60	47
The ability to keep your home	31	24	20
The cost of refinancing your home or obtaining a mortgage	29	22	12
Availability and affordability of credit such as loans and credit cards	42	36	27
Stock prices	58	66	48
The possibility of crime in neighborhoods that have many homes with foreclosed mortgages	70	72	66

The possible decline in home values due to either the mortgage crisis or to a correcting housing market clearly is of greater concern to respondents than the possibility of experiencing a foreclosure themselves. In fact, some respondents (18%) say the decline in home values has prompted them to make plans to stay in the workforce longer, or postpone plans to move for employment or personal reasons. Almost 4 in 10 (38%) say a decline in home value makes them worry about the safety of their neighborhood. See Table 8 for a complete list.

Table 8: What Has the Decline in Home Values Caused You to Do?

	Yes %	No %	Not Applicable %	Don't Know %
Make plans to stay in the workforce longer	18	47	34	1
Postpone plans to move closer to family or friends	8	80	11	1
Postpone plans to move for a new job opportunity	5	64	31	-
Postpone plans to move for other reasons	11	79	10	<0.5
Increase your contributions to your 401(k) to make up for falling home values	6	73	21	<0.5
Be concerned about the safety of your neighborhood	38	60	2	<0.5

IV. Conclusions

A slow economy combined with rising prices presents many challenges for all Americans. Many middle-aged and older Americans are finding it harder to pay for essential goods and services, as well as travel and non-essentials. Disturbing proportions are having difficulty paying mortgages, and some are endangering their retirement security by prematurely withdrawing funds from their retirement accounts or by stopping putting money in these accounts.

While large percentages of middle-aged and older Americans have lost money in the stock market in the past 12 months, few see the rising number of mortgage foreclosures as a direct threat to their personal well-being. They are much more concerned about the affect of these foreclosures on the larger economy and their neighborhoods.

These survey results clearly show the effect of rising prices, but it is also true that respondents note lay-offs, hiring freezes, and benefit cuts made by their employers in response to a slowing economy.

Given the current economic downturn, if not official recession, the outlook of middle-aged and older Americans is marked by some pessimism. They report very negative views on the current state of the economy (81% saying it is *fairly bad* or *very bad*). They are pessimistic about prospects for economic recovery: more than 7 in 10 (72%) expect the economy will get worse.

They are almost all (89%) concerned about the impact of the mortgage crisis on the national economy, and almost two-thirds (64%) are concerned about the effect of mortgage foreclosures on their neighborhoods or communities. A majority (55%) are concerned about the effect of the high number of mortgage foreclosures on their value of their homes, on the possibility of crime in neighborhoods with a rate of mortgage foreclosures (69%), and on stock prices (57%). Almost three-quarters (74%) say their elected officials are not doing enough to help people caught in the economic squeeze.

Life-stage Differences

There are some substantial differences by age group (45-54, 55-64, 65+) that are associated with differences by life stage—three life stages that reflect differences in career patterns and status, economic circumstances, family structure, and retirement perspectives.

Those Ages 65+

Those ages 65+ are largely retired, married or widowed, own their own homes, are grandparents, like to travel, and keep active with hobbies and volunteering, and have largely put child-rearing behind them.

While the absolute effect of rising prices may have a greater overall impact on those ages 65+, the recent economic downturn has forced them to make relatively fewer spending changes than those 45-64. The spending habits of the 65+ population are less subject to change due to a number of factors: having experienced more economic downturns and recessions (even a Great Depression for some of them) than the boomers; mostly owning their homes without a mortgage; more of them than boomers having company pensions; already being covered by Medicare (including prescription drugs); and generally having higher savings levels and lower consumer debt levels than boomers. The 65+ are also more used to “paying as they go” and saving to make major purchases than are their boomer children.

In short, the 65+ population has already had to adjust their spending and life style habits to reduced levels and price inflation because of their current work and fixed income status.

People ages 65+ are, nevertheless, feeling some direct impact from the worsening economic situation. Almost one-half (44%) have seen their 401(k)’s or other investments decrease in value and more than one-third (36%) have seen the value of their homes decrease.

There have also been substantial adjustments to their consumption patterns: nearly 6 in 10 (59%) are finding it more difficult to pay for essential items (such as food, gas, medicines) and for utilities (47%). Substantial numbers of people ages 65+ are: eating out less (46%); spending less on entertainment (45%); postponing planned travel (35%), and postponing major purchases (30%). Moreover, more than one-third (34%) are helping children pay bills or expenses.

Older Boomers (Ages 55-64)

This life-stage presents a mixed picture. Older boomers are generally in their peak earning years; have more invested in pensions, 401(k)'s, or other investments; are more likely than younger boomers to own their own homes; to be "empty nesters;" and to have retirement "in their sights."

This positive picture is, however, clouded by some negative signs: they have more health problems on the whole than younger boomers and are up to 10 years away from Medicare coverage and up to 12 years away from full Social Security benefits. Thus they are more vulnerable to losing their employer-based health care coverage and not being able to afford replacement coverage. The latter factors make this age group, in a way, the most vulnerable of the three to the current economic downturn, since they have less time to recover and get ahead economically before reaching a retirement decision.

The present survey shows that this age group took the biggest hit on their 401(k)'s and other investments (59% reported a drop). However, older boomers are trying to compensate by putting more money into retirement accounts (29%), by changing the types of stocks they invest in (36%), and by taking less risk in their investments (45%). More in this age group than in the other two said they had prematurely withdrawn funds from their 401(k), IRA, or other retirement account 26%). Also, more in this age group had made changes in their homes to remain there longer (32%)

Younger Boomers (Ages 45-54)

In terms of life stage, younger boomers are the most likely of the three age groups to have child-rearing and educational responsibilities (since they married later and had children later than the two older age groups). They are more likely to still be advancing in their careers, having not yet reached the height of their earning potential. Younger boomers are most likely to still be carrying mortgage payments and to have large mortgage balances. This age group has the heaviest care-giving responsibilities for parents or other older relatives. They are the true "sandwich generation."

In the short run, the economic downturn appears to have caused geater conern and forced greater behavior changes among younger boomers. In this survey, a greater number of younger boomers are finding it difficult to pay their mortgage or rent (38%), pay for educational expenses (40%), postpone plans for travel (56%), and postpone a major purchase (56%). They are more likely to reduce the number of times they eat out (76%) and lower spending on entertainment (71%).

More seriously, younger boomers are more likely to prematurely withdraw money from their 401(k)s and other investments, postpone paying some bills (27%) and even cut back on medications (17%).

As far as their jobs are concerned, younger boomer in this survey were more likely than the older age groups to decide not to change jobs (37%), to increase the numbers of hours at work (31%) or to take on a second job (15%).

The most positive aspect of the situation that younger boomers find themselves in is that they have more time than the older boomers to benefit from eventual economic recovery. However, the longer the economic downturn lasts the more it reduces their age advantage: this would cause the above-mentioned changes in behavior to have even more significant impact.

Appendix 1: Survey Methodology

The AARP Economic survey obtained telephone interviews with a sample of 1002 respondents aged 45 and older (who were currently working, looking for work, or retired) drawn at random from the United States. The interviews were conducted in English by Woelfel Research, Inc. from April 12 to April 23, 2008. The results from the study were weighted by age and gender. The margin of sampling error for the random sample of 1002 is ±3.1%.

Sample Design

The RDD sample of 45+ US residents was drawn at random from the United States adult population in telephone households. The telephone sample was provided by STS, Inc. according to WRI specifications. Sample was drawn using standard list-assisted random digit dialing or Weighted (Type B) (RDD) methodology. *Active blocks* of telephone numbers (area code + exchange + two-digit block number) were selected with probabilities in proportion to their share of listed telephone households; after selection, two more digits were added randomly to complete the number. This method guarantees coverage of every assigned phone number regardless of whether that number is directory listed, purposely unlisted, or too new to be listed. Sampled phone numbers were compared against business directories and matching numbers purged.

Questionnaire Development and Testing

The questionnaire was developed by AARP staff. In order to improve the quality of the data, the questionnaire was pretested with a small number of respondents. The pretest interviews were monitored by WRI and AARP staff and conducted using experienced interviewers who could best judge the quality of the answers given and the degree to which respondents understood the questions.

Contact Procedures

Sample was released for interviewing in replicates, which are representative subsamples of the larger sample. Using replicates to control the release of sample ensures that complete call procedures are followed for the entire sample.

It also ensures that the geographic distribution of numbers called is appropriate. Calls were staggered over times of day and days of the week to maximize the chance of making contact with potential respondents.

Weighting and Response Rate

The sample was weighted by age and gender. The response rate for this study measured using AAPOR's response rate 3 method. The cooperation rate was measured using AAPOR's cooperation rate 3 method. The refusal rate was measured using AAPOR's refusal rate 3 method. The table below contains these rates separately for the RDD sample and the boost sample.

	Response Rate	Cooperation Rate	Refusal Rate
RDD	33%	90%	9%

Source: AAPOR Outcome Rate Calculator Version 2.1 May 2003

Appendix 2: Annotated Questionnaire

N=1002, Sampling Error =±3.1 percentage points.

Q1. What is your current employment status? Are you . . .

Base: Total Respondents N=1002	%
Completely retired, and not working or looking for work	44
Employed full-time	42
Employed part time	11
Unemployed and looking for work	4
Unemployed and NOT looking for work (TERMINATE)	-
Homemaker (TERMINATE)	-
Student (TERMINATE)	-

If employed ft or pt:
Q1a. Which of the following best describes your work situation? Are you . .

Base: Employed Full-time or Part-time N=527	%
Retired	13
Never been retired	87

If unemployed and looking for work:
Q1b. Which of the following best describes your situation? Are you . .

Base: Unemployed and looking for work N=38	%
Retired, but looking for work	7
Never been retired, and looking for work	93

Resulting Groups:
o Completely retired, and not working or looking for work (N=437) 44% o Retired, but employed full time or part time (N=69) 7% o Retired, but looking for work (N=3) <0.5% o Never retired, and employed full time or part time (N=457) 46% o Never retired, and looking for work (N=35) 4%

-

Q. 2 (If employed and not retired) At what age do you expect to retire and not work?

Base: Employed and not retired N=493	%
45-59	12
60-74	56
75+	3
I do not expect to retire	11
Refused	18

GO TO Q. 5

Q. 3 (If retired and not working) At what age did you retire?

Record age (and go to Q. 4)

Base: Retired and not working N=440	%
18-49	8
50-64	65
65+	23
Refused	4

Q. 4 Did you retire…

Base: Retired and not working N=440	%
Earlier than you planned to	46
About the age you planned to	45
Later than you planned to	6
Don’t know	3

Q. 4b (If retired and working) At what age do you expect to stop working completely.

Record age

Base: Retired and working N=69	%
45-59	6
60-74	30
75+	6
I do not expect to retire	23
Refused	34

Q. 5 How would you rate the condition of the national economy these days? Is it very good, fairly good, fairly bad, or very bad?

Base: Total Respondents N=1002	%
Very good	2
Fairly good	16
Fairly bad	33
Very bad	48
DK/NA	1

Q. 6 Do you think the economy is getting better, getting worse, or staying about the same?

Base: Total Respondents N=1002	%
Better	3
Worse	75
Same	21
DK/NA	1

Q. 7 Right now, what is your biggest financial concern?

Q. 8 How have recent changes in the economy affected you or your family? During the past 12 months, have you…(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Total Respondents N=1002	Yes	No	Not Applicable	Don't Know
a. Found it more difficult to pay for essential items such as food, gas, and medicine	66	34	<0.5	<0.5
b. Found it more difficult to pay for utilities such as heating, cooling, or phone service	53	46	1	<0.5
c. Found it more difficult to pay your mortgage or rent	26	54	20	<0.5
d. Found it more difficult to pay for education expenses	19	35	46	<0.5
e. Postponed plans to travel	47	49	4	-
f. Postponed a major purchase	46	52	3	<0.5
g. Postponed paying some bills	20	80	<0.5	<0.5
h. Reduced the number of times you eat out	61	36	3	<0.5
i. Reduced spending on entertainment	60	36	3	<0.5
j. Decided not to change jobs	19	33	47	1
k. Postponed plans to retire	16	42	42	<0.5
l. Your spouse postponed plans to retire	16	59	24	1
m. Prematurely withdrew funds from your 401(k), IRA, or other investments	23	69	8	1
n. Postponed selling your house	10	74	16	<0.5
o. Moved to a smaller house or apartment	8	86	6	<0.5
p. Stopped putting money into a 401(k), IRA, or other retirement account	33	53	14	1
q. Increased the number of hours you work	18	44	37	1
r. Cut back on medications	14	82	5	-
s. You got a second job	8	64	28	-
t. Your spouse got a second job	5	76	19	<0.5
u. Made changes to your home so you could live there longer	29	65	5	1

Q. 9 During the past 12 months, has any of the following happened to you? …(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Total Respondents N=1002	Yes	No	Not Applicable	Don't Know
a. The value of your home decreased	36	42	10	11
b. The interest you pay on your mortgage increased	9	53	37	1
c. The interest you pay on your credit cards increased	24	49	22	5
d. You could not get a mortgage loan approved	4	48	47	1
e. You could not get a home equity loan approved	4	46	49	1
f. You could not refinance your home	5	45	49	1
g. The value of your 401(k) or other investments decreased	50	31	14	5
h. You lost your job	5	59	36	<0.5
i. Your spouse lost yourtheir job	3	70	27	1

Q. 10 Do you or your spouse currently own any stocks, either in mutual funds or as individual stocks or in another type of investment account, such as a 401k, 403b, IRA, or employee stock options?

Base: Base: Total Respondents N=1002	%
Yes	63
No (skip to Q. 17)	35
DK/Ref (skip to Q. 17)	2

Q. 11 Over the past 12 months, did you or your spouse lose money in any of these accounts that included stocks?

Base: Currently own stocks N=630	%
Yes	72
No (skip to Q. 16)	24
DK/Ref (skip to Q. 16)	4

Q. 12 (If employed and not retired) Because of the recent decrease in the value of mutual funds, stocks, 401(k)s, IRAs, or other investments you might own, have you…(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: N= Employed and not retired and have lost money in these accounts	Yes	No	Not Applicable	Don't Know
a. Postponed plans to retire	23	70	7	<0.5
b. Your spouse postponed plans to retire	21	71	8	1
c. Started putting more of your income in retirement accounts	25	74	1	1
d. Started putting less of your income in retirement accounts	27	71	1	1
e. Change the types of stocks you invest in	31	66	3	<0.5

Q. 13 (If retired and not working) Because of the recent decrease in the value of mutual funds, stocks, 401(k)s, IRAs, or other investments you might own, have you…

Base: Retired and not working and have lost money in these accounts N=162	%
Thought about returning to work	14
Looked for a job and are still looking	1
Looked for a job and could not find one	1
None of the above	84

Q. 14 (If retired and working or retired and looking for work) Did you return to work, or are you looking to return to work, after retiring because of a decrease in the value of mutual funds, stocks, 401(k)s, IRAs, or other investments you might own.

Base: Retired and working or retired and looking or work and have lost money in these accounts N=37	%
Yes	24
No	72
DK/NA/Ref	4

Q. 15 Because of the recent decrease in the value of mutual funds, stocks, 401(k)s, IRAs, or other investments you might own, have you…

Base: Have lost money in these accounts N=455	%
Decided to take less risk in how you invest	36
Decided to take more risk in how you invest	5
Not changed how you invest	56
Don't have investments (VOL.)	1
DK/NA/Ref	2

Q. 16 Because of recent changes in the stock market, are you more likely to…
…(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Currently own stocks N=630	Yes	No	Not Applicable	Don't Know
a. Consult a financial planner	37	57	6	1
b. Consult on-line resources about financial planning	22	77	2	<0.5
c. Consult books or magazines about financial planning	33	66	1	<0.5

Q. 17 (if employed, or retired and working) In the last 12 months, has your employer…(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Employed or retired and working N=527	Yes	No	Not Applicable	Don't Know
a. Stop contributing or contributed less to your retirement plan	8	70	20	2
b. Increased the amount you pay for your health insurance	45	40	14	1
c. Reduced or dropped your health care coverage	10	77	13	1
d. Laid off workers or eliminated positions	29	62	9	1
e. Stopped hiring new workers	27	61	10	2
f. Offered early retirement incentives to workers	7	81	11	2

Q. 18 Problems in the mortgage market have been in the news lately. Currently, more than a million mortgages are in default or foreclosure. Have you yourself experienced a mortgage foreclosure in the past year?

Base: Total Respondents N=1002	%
Yes	2
No	97
DK/NA/Ref	1

Q. 19 How concerned are you about the effect of mortgage foreclosures on your personal financial or housing situation?

Base: Total Respondents N=1002	%
Very concerned	21
Somewhat concerned	20
Not too concerned	17
Not at all concerned	41
DK/NA/Ref	1

Q. 20 How concerned are you about the effect of mortgage foreclosures on the national economy?

Base: Total Respondents N=1002	%
Very concerned	61
Somewhat concerned	28
Not too concerned	5
Not at all concerned	6
DK/NA/Ref	1

Q. 21 How concerned are you about the effect of mortgage foreclosures on your neighborhood or community?

Base: Total Respondents N=1002	%
Very concerned	37
Somewhat concerned	27
Not too concerned	18
Not at all concerned	16
DK/NA/Ref	3

Q. 22 How concerned are you about the effect of the high number of mortgage foreclosures on……(ASK EACH Very, Somewhat, not too, or not at all, NOT APPLICABLE, or DON'T KNOW)

Base: Total Respondents N=1002	Very	Somewhat	Not too	Not at all	Not Applicable	Don't know
a. The value of your home	29	27	15	22	5	3
b. The ability to keep your home	14	11	14	51	8	2
c. The cost of refinancing your home or obtaining a mortgage	11	10	10	49	16	4
d. Availability and affordability of credit such as loans and credit cards	16	19	14	44	5	2
e. Stock prices	26	31	12	23	4	5
f. The possibility of crime in neighborhoods that have many homes with foreclosed mortgages	37	32	11	16	2	3

Q. 23 In many areas of the country, the value of homes has declined. Has the decline in home values caused you to…(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Total Respondents N=1002	Yes	No	Not Applicable	Don't Know
a. Make plans to stay in the workforce longer	18	47	34	1
b. Postpone plans to move closer to family or friends	8	80	11	1
c. Postpone plans to move for a new job opportunity	5	64	31	-
d. Postpone plans to move for other reasons	11	79	10	<0.5
e. Increase your contributions to your 401(k) to make up for falling home values	6	73	21	<0.5

f. Be concerned about the safety of your neighborhood	38	60	2	<0.5

Q. 24 Have you considered filing or filed for bankruptcy in the past 12 months?

Base: Total Respondents N=1002	%
Yes	4
No	96
DK/NA/Ref	<0.5

Q. 25 During the past 12 months, have any of the following happened to you? …(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Total Respondents N=1002	Yes	No	Not Applicable	Don't Know
a. Had a child move in with you for financial reasons	9	89	2	-
b. Had a parent move in with you for financial reasons	2	94	5	-
c. Had to help a child pay bills or expenses	39	59	2	-
d. Had to help a parent pay bills or expenses	8	86	5	-
e. Had to borrow money to pay everyday living expenses	12	88	<0.5	<0.5
f. Had to move in with a child or parent for financial reasons	2	96	2	-
g. Had to seek assistance from family, friends, charities, or churches	10	89	1	<0.5

Q. 26 Overall, how confident are you that you and your spouse will have enough money to live comfortably throughout your retirement years?

Base: Total Respondents N=1002	%
Very confident	24
Somewhat confident	44
Not too confident	18
Not at all confident	11
Don't know	2

Q. 27 (if employed and not retired) In the past 12 months, have you taken out a loan from your retirement plan?

Base: Employed or retired and working N=493	%
Yes	7
No (skip to Q. 30)	92
DK/NA/Ref (skip to Q.30)	1

Q. 28 For what purposes did you use that loan?
…(ASK EACH YES, NO, NOT APPLICABLE, or DON'T KNOW)

Base: Have taken out a loan from your retirement plan N=34	Yes	No	Not Applicable	Don't Know
a. Pay off debt	44	52	5	-
b. Pay for living expenses	35	60	5	-
c. Pay the mortgage or rent	32	61	8	-
d. Support children or parents	38	62	-	-
e. Pay for healthcare expenses	26	74	-	-
f. Pay for education expenses	15	82	3	-

Q. 29 (If retired and not working) Has your retirement income decreased because of falling interest rates?

Base: Retired and not working N=509	%
Yes	26
No	70
DK/NA/Ref	4

Q. 30 Do you feel your elected officials are doing enough to help people affected by the economic downturn?

Base: Total Respondents N=1002	%
Yes	16
No	74
DK/NA/Ref	10

(ASK of every 8TH PERSON)

Q. 31 May a reporter call you and discuss with you in more detail some of the things we have been asking you about today? This will NOT be a sales call and will be used only for a story in an upcoming issue of an AARP publication.

Base: N=	
1Yes	
2 No (go to Demos)	
R Refused (go to Demos)	

Q. 32 What is the best way to reach you, telephone or e-mail?

Base: N=	
1 Telephone	
2 E-mail	
D (DO NOT READ) Don't Know	
R (DO NOT READ) Refused	

Q. 33 What phone number would be best to reach you?
(RECORD AREA CODE AND PHONE NUMBER. VERIFY FOR ACCURACY)

______________________ PHONE NUMBER

Q. 34 What is your e-mail address?
(RECORD E-MAIL ADDRESS. VERIFY SPELLING FOR ACCURACY)

1 Answer given (SPECIFY) ________________

Q. 35 May I please have your first name so the reporter will know who to ask for?

1 Answer given (SPECIFY) _________________

DEMOS

D1. Are you male or female?

Base: Total respondents N=1002	%
male	46
female	54

D2. What is your age?

Base: Total respondents N=1002	%
45-54	38
55-64	28
65+	33
Refused	2

D3a. Do you or your spouse have a tradition pension that your employer provides and which you do not have to contribute money to?

Base: Total respondents N=1002	%
Yes	39
No	59
Don't know	2

D3b. Do you or your spouse have a 401(k) plan that you invest money in and which your employer may or may not provide a match?

Base: Total respondents N=1002	%
Yes	41
No	56
Don't know	3

D3c. Do you or your spouse have an IRA?

Base: Total respondents N=1002	%
Yes	48
No	49
Don't know	3

D3d. Do you or your spouse have individually purchased stocks or bonds?

Base: Total respondents N=1002	%
Yes	41
No	58
Don't know	2

D3e. Do you or your spouse have mutual funds?

Base: Total respondents N=1002	%
Yes	40
No	57
Don't know	3

D4. What is the highest grade you completed – is it…?

Base: Total respondents N=1002	%
Grade school or elementary school	2
Some high school	7
High school graduate	27

Technical or vocational school	5
Some college	22
College graduate (4 years)	21
Post graduate studies	15
Refused	<0.5

D5. Are you?

Base: Total respondents N=1002	%
Married	60
Separated	3
Divorced	13
Widowed	15
Single, never married	9
Refused	<0.5

D6. Are you of Spanish or Hispanic origin?

Base: Total respondents N=1002	%
Yes	4
No	96
Don’t know	<0.5
Refused	<0.5

D7. What best describes your race?

Base: Total respondents N=1002	%
White	85
Black or African American	7
Asian American	1
Native American	2
Hispanic	2
Other	3
Refused	1

D8. What is your annual household income, before taxes?

Base: Total respondents N=1002	%
Under $10,000	5
$10,000 - $19,999	9
$20,000 - $29,999	11
$30,000 - $49,999	14
$50,000 - $74,999	13
$75,000 - $99,999	11
$100,000 or over	16
Don’t know	6
Refused	16

D9. Are you or your spouse a member of AARP?

Base: Total respondents N=1002	%
Yes	42
No	57
Don't know	1

D10. Do you own or rent?

Base: Total respondents N=1002	%
Own	85
Rent	12
Other	2
Don't know	1

D11. When you retire, do you plan to live in the US or some other country?

Base: Hispanic and Not Retired N=12	%
US	87
Don't know	14

D12. Do you plan to move your residence to a country other than the US sometime in your retirement?

Base: Hispanic and Retired N=17	%
Yes	7
No	93
Don't know	-