

Part III: Baby Boomers—A 2008 Update

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Just about everything that was predicted five years ago about the Baby Boom generation has turned out to be true. There have also been some surprises.

Baby Boomers, a term that includes individuals born between 1946-1964, are the largest generation in the history of America with about 78 million members. In this case size matters. Boomers as a whole have amassed nearly \$42 trillion in wealth, ranging from homes (and vacation homes), cars and boats to securities and savings. They own 78 percent of America's financial assets, and 80 percent of all money in savings accounts. They comprise 42 percent of the workforce and nearly half of all U.S. households. Over 75 percent of the top companies in America (S&P 500) are run by Boomers. In short, they own and run most of America. As Boomers move across the lifespan they are also responsible for a demographic phenomenon known as "graying," changing America from a youth-oriented to an adult-oriented society. That has important implications, some of which are already visible in health-oriented television commercials, for the viability of both the Social Security and health care systems, public policy, quality of life issues, and product marketing.

What about the Boomer generation surprises? What did we miss, fail to see coming, or under emphasize?

Retiring Retirement. Baby Boomers are redefining the long-standing expectations and social rules of retirement. More and more are electing to delay their retirement, or if retiring from their current jobs, nearly 80 percent plan to continue working in some different capacity after retirement. A growing percentage of Boomers are telling us they may never retire. The most frequent reasons offered for these changes in retirement thinking are a desire to stay active, the rising cost of living and health care, caring for their aging parents and supporting "Boomerang" children or grandchildren (i.e., sandwich issues), and an unpredictable global economy over the next 2-3 decades, the Boomer longevity gift, and the growing possibility of outliving one's retirement assets. Just as significant is the fact that a substantial number of Baby Boomers have not adequately prepared financially for their retirement in the first place, which partially explains the need to work beyond the traditional retirement age.

Age Barriers in the Workplace. The American workplace is far from being age-friendly. In 2007 more than 80 million people 40 years and older were in the workforce. Although age discrimination has been illegal in the U.S. since 1967, the perception among older workers is that it is still a workplace reality, particularly in hiring and promotion decisions. U.S. Department of Labor statistics indicate older workers have

more difficulty finding jobs when they are displaced than younger workers.

A recent national survey of 400 private employers revealed surprisingly positive perceptions toward employees 55 and older—they were viewed as generally more productive than their younger counterparts but also more expensive (e.g., cost of health care insurance and work-limiting disabilities). But fewer than half of these same employers had plans in place that would encourage their oldest employees to stay on the job 2-4 years longer. Companies were more likely to accommodate older workers this way if they expected business growth, valued the institutional knowledge or “brain trust” of their older workers, or had an older workforce. Factors not deemed important in making decisions about accommodating older workers were employer size, type of worker (rank and file vs. white collar), traditional retirement age for a specific company or industry, and type of industry (goods vs. services firms). Current law also restricts the ability of employers, even if they wanted to do so, to offer health insurance to employers working only part-time.

Absence of a Boomer Consciousness. The idea that Baby Boomers--many of whom grew up in an era of flower power, Woodstock, and recreational drugs--would coalesce into a large and demanding political interest group has not materialized. In fact, almost three-fourths of Boomers were not politically active in the 1960s and 1970s (only 15 percent actually participated in political protests). There is no Boomer consciousness despite the best efforts of AARP to create one among the electorate and, at least for the time being, all “politics are local.” The one interesting exception to the rule is disenchantment with the two-party system. In a 2004 AARP survey, 56 percent of Boomers said the country needs a new, third political party. Then again, maybe everyone feels that way.

A 2007 national survey by MetLife revealed leading edge Boomers (born 1946–1955) are pretty traditional, a lot like their parents in terms of values and lifestyle—educated, married, 2.4 children, in good health, mostly politically conservative, vote regularly. They do not think they will be really old until they hit the age of 78.

But digging a little deeper, obviously not all Boomers are the same. According to a 2006 market research study, the generation appears segmented into five identifiable groups based on attitudes, behaviors, and demographics. Here are the groups and a little about each.

- Status Seekers (26 percent) - materialistic
- Traditionalists (23 percent) – conservative political, social, and economic views; smart consumers interested in value, trust, and variety; nearly half go out of their way to “buy American”
- Blue Collar Skeptics (18 percent) – lower end of income scale, distrust big business, stressed about time and money

- Activists (17 percent) – liberal politically, donate a significant amount of time and money to charity, concerned about the environment, brand loyal (about one third are also “green” consumers)
- Achievers (16 percent) – focused on success and wealth, heavy users of new technology

Boomers at the Bottom. Beginning in 2008 and for the next two decades as Boomers move into retirement, the ratio of workers to Social Security beneficiaries will drop dramatically. According to the Urban Institute, Boomers will have higher real incomes in retirement than previous generations, and the percentage of income they replace in retirement from Social Security and other sources will be about the same for leading edge boomers but lower than previous generations for trailing edge boomers (born between 1956-1965). Boomers at the bottom economically are more likely to be black, Hispanic and members of other minority groups, to be without college degrees, and to work fewer years overall than their higher income Boomer counterparts. In analyzing these data, a 2008 AARP study suggests Boomers at the bottom are at greatest risk for poverty and experiencing a sharp decline in living standards in retirement.

Boomer Health Challenges. Along with the gift of longevity, living 2-3 decades longer than previous generations, are a number of health challenges facing Baby Boomers, some of which are just now beginning to come into focus. A major concern is the sheer number of older people with pain who will be flooding the healthcare system in the next ten to twenty years. Already one out of every five individuals takes a pill daily to relieve acute aches, pain, and soreness. Although we do not know why, Boomers in the 45-64 age range are much more likely to seek medical care for headaches than younger adults or persons over 65. Likewise, more than half of all patients reporting chronic pain today are over 55. With a longer life expectancy many Boomers will live to see their joints and spines wear out, along with certain vital organs. In the words of Dr. Pamela Palmer, director of the U.C. San Francisco PainCARE Center, “...growing old is not for the faint of heart. Too many people over the age of 60 have pain and related depression or anxiety that robs them of their quality of life.”

In a recent and somewhat surprising study by the National Heart, Lung, and Blood Institute of the National Institutes of Health, Baby Boomers (middle-aged adults) who drank more than one soft drink daily, either diet or regular, have an increased health risk by more than 40 percent of either having or developing metabolic syndrome, a cluster of conditions that elevate the likelihood of heart disease and diabetes. Soft drinks? Previous studies have linked the extra calories and sugars in soft drinks to weight gain and therefore heart disease. The inclusion of diet drinks is a little more difficult to explain but also appears to be diet-related.

There is one final health surprise. A 2008 health survey by the Lincoln Retirement Institute detected an “overconfidence effect.” Boomers surveyed believed they could

prepare adequately for their late life health needs through healthy lifestyle choices, higher investment yields, and more savings to cover long-term health care issues. Should long-term care become a financial burden, 49 percent stated they would rely on Medicare and 45 percent on private health insurance. In reality, those sources offer little support for long-term health expenses. Relatedly, should Boomers require long-term care, over 90 percent stated they preferred to receive assistance in their own homes, with 49 percent of those receiving assistance from both family and professional care givers.

Communicating with Other Generations. A consistent and troubling finding about Baby Boomers is that they do not seem to be communicating effectively with their parents about healthcare and aging topics, such as, financial security, independent living, and end-of-life planning. About 70 percent of Boomers have at least one living parent and the most recent survey by WellPoint in late 2006 detected a communications disconnect between the two generations. The two generations were most disconnected on Medicare, however, with 76 percent of Boomers acknowledging its importance in the lives of their parents but with more than 52 percent not understanding it. There were also a number of other important topics that appeared to be discussed rarely, if at all, including nursing home options, sex, wills and life insurance, funeral plans, and the ability of a parent to drive.

Sex and Romance. At midlife, adult behavior is full of surprises as *Newsweek* reported in its February, 2006 cover story “Sex & the Single Boomer.” A generation ago older singles were pretty much out of the dating game but all of that has changed. Single Boomers are not just staying at home or simply watching over the grandchildren. More and more are dating, and enjoying sex—even on the first date--as opposed to seeking long-term relationships. More than half are interested in a relationship that sizzles. In an AARP study, only 14 percent of women reported their chief reason for dating was to find a partner or re-marry (as opposed to 22 percent of men). There is also some evidence indicating Baby Boomer women are more sexually confident than either their mothers or daughters. Of the single Boomers have sex regularly, only 39 percent reported using protection. It is therefore not surprising the number of new HIV cases among older women is rising rapidly: between 1998 and 2000, women's share of AIDS cases among those 50 and older nearly doubled, from 8.9 percent to 15 percent.

Gloomiest Generation. A 2008 survey by the Pew Research Center suggests many Boomers are in a funk. Despite the fact they have considerably greater financial assets, they are a bit more downbeat about the quality of their lives than adults in other generations. This finding has been consistent over the last two decades and therefore, is not simply a factor of aging.

Seven-out-of-ten Boomers say they are dissatisfied with the direction the country is heading. More than half do not think their income will keep pace with the rising cost-of-living. More than 86 percent of Boomers believe it is more difficult today for the middle

class to maintain its standard of living than five years ago. Looking ahead, most Boomers do not believe their children will have a higher standard of living than they do. When asked to rank their quality of life on a scale from zero to 10, boomers divided themselves fairly evenly among low (0-5), medium (6-7) and high (8-10) ratings. There was little difference on this measure among leading edge and trailing edge Boomers.

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