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Editor's Notebook: Baby Boomers in the Sixth Age

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A good friend of ours is turning 60 this May, and he is not looking forward to the party. It seems that on the day after his birthday he will lose his job as a commercial airline pilot. The rule that no one can fly after age 60 was put into effect by the Federal Aviation Agency in 1959. Our friend is fit, talented and active, as you might expect of a career Navy guy. In fact, he is the type of person who must be busy all the time. I don’t think I’ve ever seen him sitting still, except for dinner. This retirement is being forced on him, and though he has not talked about it much, he’ll certainly need to settle on a third career to satisfy his needs for activity and a sense of usefulness.

Increasingly Americans are facing situations like this, though they are rarely as clear-cut and dramatic as our friend’s forced retirement. It makes me think that we need to plan better for our futures, both as individuals and as a society, and that this need will soon increase dramatically.

Most of us have acknowledged that we will, with any luck at all, get old. If it is any consolation, you can count on having lots of company when it happens. Not only are you aging, America is. Here are some of the data about that, almost all of it easily found in publications of the U.S. Bureau of the Census. (http://www.census.gov/compendia/statab/) In 1980 half of the American population was older than 30. By 1990 the median age was 32.8 and by 2000 it was 35.5. Census Bureau projections for 2050 bring the median age to 38. Between the first American Census in 1790 and about 1890, the percent of the population that was over the age of 65 remained relatively stable, and below 4 percent. However, largely due to factors like improving diets, work conditions and health care, the percent of the population over the age of 65 then grew at accelerating rates until by 2000 about 12.6 percent of the population was aged 65 or older. And projections for 2050 raise that figure to 20 percent. On the next page is a graphic representation of the age distributions of the American population at three times in our history.

The inner most part of the figure is what most people would call a “population pyramid,” and represents the distribution of ages in America in 1900. Notice that the bulk of the population was young, and a very small percent of it was over the age of 65. By 2000, however, (the outer layer of the figure), the population had somewhat “squared” to use the terminology of the demographers who study these trends. A much higher percent of the population was older.

In these figures economists see disaster looming in the ratio of older to younger members.
of the population. The “dependency ratio,” is defined as the proportion of the population that is of working age (measured by the number of people who are between the ages of 18 and 64) compared with the “dependent” proportion that is presumed to be out of the workforce (people who are over the age of 65).

In 1900 there were approximately 10 Americans of working age for each older person. By 2000 the dependency ratio had dropped in half to 5 to 1, and the U.S. Administration on Aging now projects that by 2020 there will be only 4 Americans of working age for each older, dependent one.

What will happen when there are only 4 Americans available to support the increasing numbers of older people who have come to expect their retirements to be long and comfortable? Keep in mind that these are people who are living longer today (American life expectancy has increased from just under 40 years in 1850 to more than 77 years of age today), and no longer die quickly of acute illnesses such as heart attack, or even chronic ones such as cancer or kidney disease. Rather, older Americans routinely take advantage of advances in medicine such as coronary surgery, chemotherapy and kidney dialysis to live with these diseases for decades. It is no wonder that the cost of paying for medical care for the elderly, not even counting the cost of care for the poor elderly, has risen so rapidly in the last decades. In 1970 Medicare accounted for just 3 percent of the federal budget, but by 2004 it was up to 12 percent, on its way to an estimated 19 percent by 2010.

Beyond medical care, the costs for programs like Social Security will also rise as the percentage of the population that is older increases. I am a member of the Baby Boom generation, that infamous bump in the population that some have likened to a goat making its way through the digestive system of a boa constrictor. A surprisingly small percent of Americans realize that Social Security is not a savings program. When Social Security payments are deducted from one’s paychecks they are not put into a savings account or investment portfolio for collection upon retirement. Rather, Social Security is largely dependent on transfer payments from current workers to current retirees. Yes, surpluses do accumulate, but they will be more than needed to cover increased demands on the system that have been predicted for decades. For example, the first of us Baby Boomers will be eligible to retire in a few years. I was born in 1946, right after World War II ended, and will be 65 in 2012. Actually, the drain on the Social Security system began years ago when Americans started living longer in retirement than the system was designed to accommodate. For example, my mother was 65 when she retired to Florida in 1981 after a 40-year career in Manhattan. She began drawing on Social Security in 1983. She is now 89 years old, and so has been getting Social Security checks for 24 years, and shows every sign of continuing to do so for years to come. (Knock on wood.) Good for Mom and our family, but not great for the Social Security system when you consider that the life expectancy at the time the system was designed and implemented was just 65 or 69 years. In other words, it was expected that, on average, a retiree would draw such payments for just a few years before dying. It is no wonder that in order to keep the system solvent, many analysts are calling for changes such as some sort of means testing for eligibility (in truth my mother does not need her Social Security benefits to live well in retirement), a higher age for eligibility (perhaps 70 years of age or even older, given that we are living and working so much longer) and/or lower benefits levels.

So, what is the likelihood that we as a nation will come to terms with the realities of aging, and with the burdens that an aging American population will impose on our resources? I must admit I am pessimistic. As older Americans we will probably have to make do with less generous (and expensive) supports for retirement income and medical coverage. From what I have seen of our Baby Boomer generation, there is little evidence of our willingness to make such sacrifices. I am happy to be surprised, however. And will younger Americans be willing to make sacrifices to maintain support levels for a larger dependent elderly population? Again, the signs do not seem good to me. When we went to buy a card for our friend’s 60 birthday we found the pickings to be, shall we call it, slim. In fact, they were disturbing. As you can see from the few that we have chosen to illustrate this article, the images of old age in America, even for those as young as 60, are negative and nasty. The prospect is not good that such attitudes will improve as our population ages further and competition for resources heats up. We had better get serious about planning for these predictable events.

—William C. Levin, Acting Editor