

**National Science Foundation:
Data of Economical and Social Well-Being of Older Americans**

The Panel Study of Income Dynamics (PSID) has collected data on a representative group of American families since 1968. Researchers use the PSID's unique data to study the economic and social well-being of older Americans.

Lead Agency:

National Science Foundation (NSF)

Agency Mission:

NSF's mission is to promote the progress of science: to advance the national health, prosperity and welfare; to secure the national defense (NSF Act of 1950).

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Partner Agencies:

Panel Study of Income Dynamics (PSID)
National Institute on Aging
National Institute of Child Health and Human Development
United States Department of Agriculture – Economic Research Service

General Description:

The Panel Study of Income Dynamics (PSID) is a nationally representative long-term study of nearly 8,000 U.S. families and the individual men, women, and children who make up these families. It emphasizes the dynamic aspects of economic and demographic behavior, but its content is broad. It gathers information from participants about their income, wealth, employment, pensions, time use, health status, spending patterns, psychological well-being, health insurance, demographic and sociological outcomes, and more.

The PSID began to follow the first group of 4,800 families in 1968. As of 2008, the PSID has collected information about more than 40,000 individuals spanning as much as 40 years of their lives. Because the PSID follows entire families, it is a 'telescope' that allows us to see how individuals and their families evolve and change through the entire life cycle. Over the past 10 years, the PSID has been redesigned to track mid to long-term U.S. household socioeconomic dynamics while remaining nationally representative. In addition, content was expanded in six major areas; intergenerational studies, savings and consumption, technology and capital formation, health and aging, child development, and immigration.

It is one of the most widely used social science data sets in the world; thousands of articles, books and papers have been based on the data. These data are available freely via the Internet to researchers, including economists, demographers, sociologists, developmental psychologists, geographers, social psychologists, and others. The web-based data center is itself a valuable educational resource and has been used by colleges and high schools to illustrate how data analysis and statistical methods are used to analyze human behavior.

Using the PSID, researchers study the effects of aging on both individuals and families. They examine the economic well-being of older Americans, including research on pensions, retirement savings, and decisions about whether or not to work part-time after retirement. They conduct research on the extent of poverty among the elderly. They study how families cope with the needs of aging individuals. Researchers can study people as they move from independent living to living with their children or to institutional care, and they can also measure the time and money children allocate to their aging parents. Researchers can also study elderly Americans who are the primary guardians of their grandchildren; how does child-rearing affect their lives? Geographical and demographic information allows researchers to study how all these things vary with race and location. For example, we can study how older people respond to deteriorating neighborhoods; are they 'trapped' if their neighborhood changes while younger families move to safer places?

Excellence: What makes this project exceptional?

The PSID is unique. It is the world's longest running nationally representative panel survey of families. The survey has now gathered forty years of data on the same families and their descendents. These data are available to the entire scientific and educational community, and hundreds of researchers from disciplines ranging from economics to medicine have used the PSID as a 'telescope' that allows them to see how American families have fared and changed. The PSID is truly a cornerstone of empirically-based social science research in the U.S and the world. Through its long term measures of economic and social behavior and well-being, the study has compelled both researchers and policy makers to confront and learn from the dynamism inherent in social and behavioral processes. Using the PSID, researchers have been able to study American families throughout the life cycle. People who joined the sample as grandparents are now deceased; people who joined as young parents are now at or past retirement age and their children are now parents themselves.

Significance: How is this research relevant to older persons, populations and/or an aging society?

Research using the PSID is directly relevant to older persons and to our aging society. Using PSID data, researchers have been able to measure whether or not aging baby boomers are financially prepared for retirement. They have been able to reconcile the apparent puzzle of a low saving rate but high wealth in some families. The data have

been used to test the life-cycle consumption theory in economics, which predicts how people will make financial decisions in their working adult years that determine their retirement income. The PSID has also allowed researchers to see how wealth and health status vary across older Americans from different socio-economic and demographic groups.

Effectiveness: What is the impact and/or application of this research to older persons?

Most importantly, by using the PSID researchers are able to study older people not as isolated individuals but as members of families. They can examine how families meet care-giving responsibilities, both in how they care for their elderly and how older members of the family care for their children and grandchildren. Researchers can consider not just how money and wealth are shared across generations, but also how family members contribute time and effort to each others' care.

Innovativeness: Why is this research exciting and newsworthy?

The PSID has been used to show that a large group of senior Baby Boomers are unprepared for retirement, with little in the way of household wealth accumulation. This research result has spurred the development of educational programs designed to encourage retirement savings. PSID data on health expenditures helped us forecast the eventual cost of the Medicare prescription drug benefit. The PSID allows us to study whether or not a wide variety of government programs designed to assist older Americans have the desired effects. This research is key for evidence-based public policy.