



Aging Matters

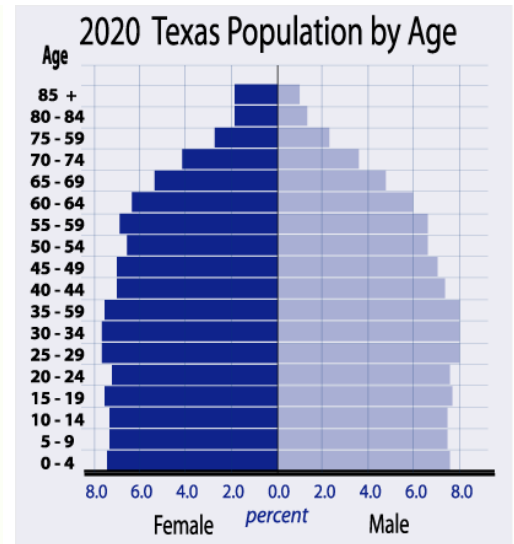
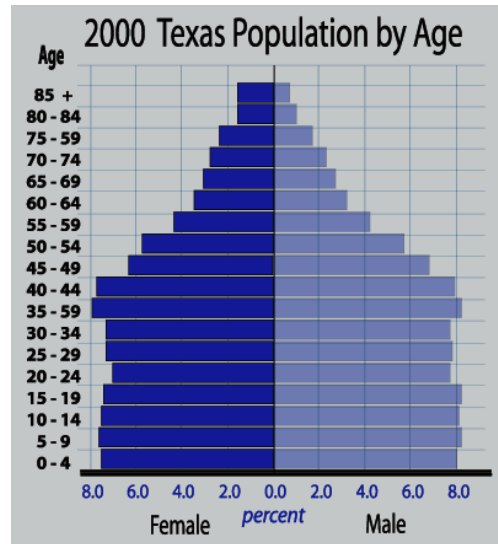
Office of
Aging
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and
Information

OAPI *Issue-In-Brief*

A Survey of Texas Baby Boomers

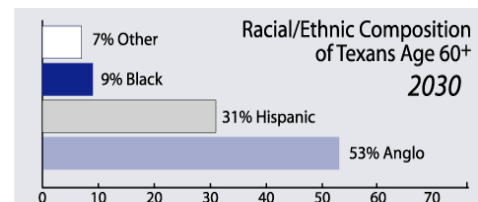
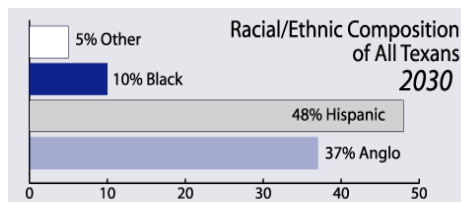
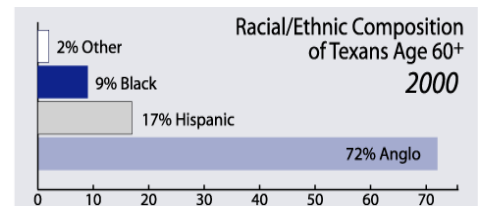
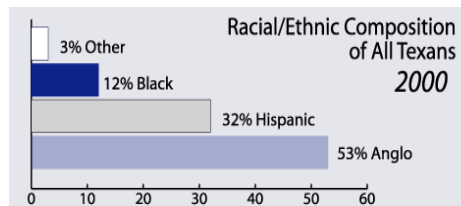
By now, it's a familiar metaphor: like a great tidal wave, the Baby Boomers are rolling through each stage of life and changing the social and economic aspects of life at that stage. The first currents of that great wave will soon begin changing how we grow old in Texas. More than 5.6 million "Baby Boom" Texans will reach age 60 beginning in 2006.

As part of our mission to help Texas age well, the Texas Department on Aging surveyed Baby Boomers (persons born between 1946 – 1964) on how well they are preparing for retirement as a group. This **Aging Matters/Issue-In-Brief** presents the highlights of that survey. Full results are available in a report called "The Texas Baby Boomer Survey," available online at: <http://www.tdoa.state.tx.us/Docs&Pubs2.htm>.



Source: Texas State Data Center

Over the next 30 years, the number of Texans age 60+ is projected to increase from the current 13% to 22% of the total population and to diversify as the ranks of non-Anglos in this age group grow from the present 28% to 47%.

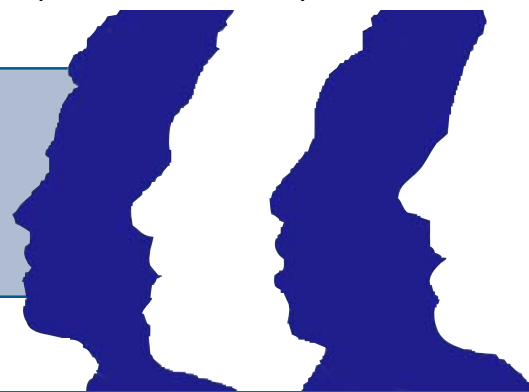


Source: Texas State Data Center

The Texas Baby Boomer Survey

The questionnaire items for this survey were developed by the Texas Department on Aging (TDoA) staff. Some items were adapted from the 1999 AARP national study of Baby Boomers. Data were collected by telephone interviews with a random sample* of Texas Baby Boomers during November and December of 1999.

Profile of Baby Boomers in the Survey



Attitudes Toward Retirement and Old Age

- 79% were not frightened by the idea of growing old
- 61% indicated not having enough money during retirement was a primary concern
- 41% were concerned they would outlive their retirement savings
- 40% worried they would not be able to afford to retire

Self-Reliance

- 94% expressed confidence in their ability to adequately prepare for retirement
- 3% anticipated relying on their families during their retirement
- 45% will rely on Social Security for retirement income

Expectations for Work During Retirement

- 26% stated they would retire from their current jobs and work full-time in other employment
- 51% planned to work part-time for needed income
- 64% anticipated working part-time for enjoyment or interest during retirement
- 40% had plans to start a business after retiring

Average Age: 44
Female 47% Male 53%

Race

Anglo	69%
Hispanic	19%
Black	10%
Other	2%

Family

Married	67%
Divorced-Separated	22%
Never married	8%
Widowed	3%

Average number of children: 2.65

Education

College or beyond	41%
Some college	31%
High school	22%
Less than high school	6%

Employment

Employed full time	73%
Employed part time	8%
Disabled	4%
Not in the workforce	19%
Home ownership	78%

*The sample was generally representative of the Texas Baby Boomer population. However, the Hispanic population, low-income populations, and populations with low levels of formal education were slightly underrepresented because of cultural and linguistic barriers and other factors related to poverty. In addition, an analysis of Asians, Native Americans, and Pacific Islanders was not possible because of the small absolute numbers in the sample. While the sample characteristics did not compromise the objectives of the study, the findings presented here understate the issues of these populations.

Baby Boomers Financially At-Risk

Approximately 19% of Baby Boomers in the survey earned less than \$30,000 annually. In contrast to the those in the survey with higher incomes, those with lower income levels expressed more concern about the future. This group may face formidable obstacles to achieving self-reliance in later life.



Profile of Financially At-Risk Baby Boomers in the Survey

Average Age: 44.5
Female 62% Male 38%

Race

Anglo	58%
Hispanic	27%
Black	15%
Other	<1%

Family

Married	38%
Divorced-Separated	39%
Never married	16%
Widowed	7%

Average number of children: 2.64

Education

College or beyond	16%
Some college	30%
High school	36%
Less than high school	18%

Employment

Employed full time	56%
Employed part time	15%
Disabled	14%
Not in workforce	15%
Home ownership	58%

Attitudes Toward Retirement and Old Age

- 66% were not frightened by the idea of growing old
- 62% indicated not having enough money during retirement was a primary concern
- 53% were concerned they would outlive their retirement savings
- 63% worried they would not be able to afford to retire

Self-Reliance

- 77% expressed confidence in their ability to adequately prepare for retirement
- 15% anticipated relying on their families during their retirement
- 70% will rely on Social Security for retirement income

Expectations for Work During Retirement

- 42% stated they would retire from their current jobs and work full-time in other employment
- 70% planned to work part-time for needed income
- 73% anticipated working part-time for enjoyment or interest during retirement
- 40% had plans to start a business after retiring

If you have questions or comments about this *Ageing Matters/Issue-In-Brief*, please contact Rick Shopfner at: rick.shopfner@tdoa.state.tx.us

Financial Profile of Baby Boomers in the Survey

The median annual household income was \$56,416 for those in the survey sample.

Annual Median Household Income of Texans

Texans of all ages	\$40,611*
Texas Baby Boomers	\$52,000*
Texas Baby Boomers In the survey	\$56,416

Annual Median Household Income

\$90,000+	21 %
\$60,000-89,000	25 %
\$30,000-59,000	35 %
Less than \$30,000	19 %

Annual Median Household Income by Type of Household

Dual Income	\$69,458
Unmarried men	\$44,752
Unmarried women	\$32,169

*Source: Texas State Data Center

Types of Saving Plans

Baby Boomers were saving for retirement by using:

- 73% IRAs/401(k) plans
- 44% Regular Savings
- 43% Mutual funds
- 40% Long-term savings

Reasons For Not Saving More

- 43% claimed that the high cost of living prevented a more aggressive approach to savings
- 36% indicated that low incomes precluded higher levels of savings
- 20% had responsibility for the care of dependents that made saving more difficult

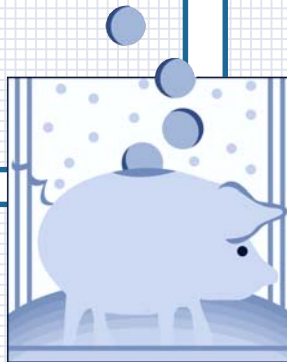
Perceived Adequacy of Retirement Savings

- 68% expressed satisfaction with the amount they were saving
- 69% Whites were satisfied with their savings performance
- 67% Hispanics were satisfied with their savings performance
- 59% Blacks were satisfied with their savings performance

Anticipated Sources of Income

Baby Boomers anticipated retirement income from:

- 76% IRAs/401(k) plans
- 75% Savings and Investments
- 65% Employment Pensions
- 51% Social Security



Financially At-Risk Baby Boomers in the Survey

Median annual household income for the Financially At-Risk in the sample was \$18,149.

Percentage of Boomers Earning Less Than \$30K

20,000 to 29,999	43 %
10,000 to 19,999	37 %
less than 10,000	20 %

Income Range of Female Boomers Earning Less than \$30k

20,000 to 29,999	36 %
10,000 to 19,999	39 %
less than 10,000	24 %

Income Range Male Boomers Earning Less than \$30k

20,000 to 29,999	30 %
10,000 to 19,999	49 %
less than 10,000	21 %

Types of Saving Plans

Lower Income Baby Boomers were saving for retirement by using:

- 36% IRAs/401(k) plans
- 32% Regular Savings
- 14% Mutual funds
- 16% Long-term savings

Concerns for Retirement

- 13% reported Social Security availability as their primary concern
- 42% worried that poor health would prevent them from doing what they wanted in retirement
- 63% worried they would not be able to afford to retire

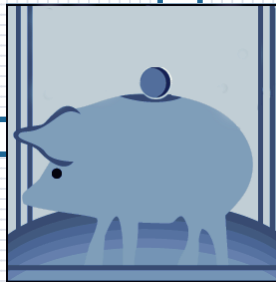
Perceived Adequacy of Retirement Savings

- 64% were not satisfied with the amounts they were saving
- 52% reported that their level of income prohibited them from saving enough money
- 63% said they needed more information in order to plan for retirement

Anticipated Sources of Income

Lower Income Baby Boomers anticipated retirement income from:

- 40% IRAs/401(k) plans
- 43% Savings and Investments
- 43% Employment Pensions
- 70% Social Security



Long-Term Care

*If you need nursing home care when you are elderly,
how do you think that care will be paid for?*

	Boomers Earning more than \$30K	Boomers Earning less than \$30K
Private long term care Insurance	14.3%	16.1%
My employer's long term care insurance	7.1%	7.9%
My own savings	29.5%	35.9%
A government program that pays for health services	22.0%	16.7%
My children or other family members	3.6%	3.2%
Other	.2%	.3%
Don't Know	23.3%	19.9%

Conclusion and Policy Implications

- ★ Texas Baby Boomers generally reported positive attitudes toward retirement and their later life.
- ★ In contrast to earlier generations, many Baby Boomers intend to remain in the workforce beyond the conventional retirement age.
- ★ Most were utilizing the conventional pension and savings vehicles to prepare financially for retirement, although many were not satisfied with sources of information about retirement planning.
- ★ Accurate knowledge of public financing for long-term care (LTC) was limited. Many Boomers wrongfully assumed that Medicare covered LTC nursing care.
- ★ The nearly 20% of Boomers with incomes under \$30,000 a year were significantly more concerned about financial security and self-reliance in later life compared to those with higher incomes.
- ★ The financially at-risk group of Boomers is made up of disproportionately high numbers of ethnic and racial minorities, women, and people unable to work because of disability. These Texans may face formidable barriers to achieving financial self-reliance in later life.

TDoA's **Aging Texas Well** initiative is striving to inform and influence future public and private decisions and policies that address the challenges of Baby Boomers. If a more promising future is to develop, policy directions are clearly needed that move the human resource potential of Texas Baby Boomers toward greater financial self-reliance. These include but are not limited to:

- Emphasize financial education and planning for all Baby Boomers so they may make informed financial decisions regarding their retirement.
- Increase employer's level of knowledge about retirement plan options and the benefits of sponsoring employment based retirement plans.¹
- Target increased workforce training and life-long education programs to lower income groups in order to develop employment opportunities that will augment financial security in retirement.²
- Emphasize education and training programs that are effective across cultural and linguistic groups.
- Focus on issues important to the economically disadvantaged segment such as workplace supported childcare and gender wage inequity.³

"If we wish to fix those things that need to be fixed, it is demographically easier to do so now than it will be in 2020 or 2030 when an unprecedented percentage of our residents will be elderly."

S.H. Murdock, et al, in *The Texas Challenge: Population Change and the Future of Texas*, 1997

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Aging Matters

This is the inaugural issue of **Aging Matters: OAPI Issue-in-Brief**, which is also available online at <http://www.tdoa.state.tx.us/Documents/OAPI-IIBboom.pdf> Please forward this copy (or the link) to others who might be interested in this or future issues. If you would like to receive future issues, please contact Rick Shopfner at: rick.shopfner@tdoa.state.tx.us.

This **Aging Matters/Issue-In-Brief** summarizes a report published by the Texas Department on Aging Office of Aging Policy and Information. The complete report and others are available on the TDoA website at: www.tdoa.state.tx.us.

Other OAPI Publications as of 2002

- **The Texas Department on Aging: The State of Our State**
- **Demographic Profile of the Elderly in Texas**
- **Is Texas Ready? The Readiness of State Government to Meet the Challenges of an Aging Texas**
- **Ageing Policy Agenda Policy Briefs 2001 - Healthy Aging, Housing, Workforce**
- **TDoA Strategic Plan FY 2001-2005**
- **Ageing Texas Well**
- **Nothin' But Net - Ageing Network Newsletter**



TDoA's Mission

The Texas Department on Aging is the state's visible advocate and steward for a full range of services and opportunities that allow older Texans to live healthy, dignified, and independent lives.



TDoA's Office of Aging Policy and Information (OAPI) serves as a comprehensive resource for state government and the general public on trends, issues, services and programs for an aging Texas.



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