

AGING AMERICA
TRENDS AND PROJECTIONS
(Annotated)

AN INFORMATION PAPER
TO THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE



FEBRUARY 1990

Serial No. 101-J

Printed for the use of the Special Committee on Aging

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1990

SPECIAL COMMITTEE ON AGING

DAVID PRYOR, Arkansas, *Chairman*

JOHN GLENN, Ohio
BILL BRADLEY, New Jersey
QUENTIN N. BURDICK, North Dakota
J. BENNETT JOHNSTON, Louisiana
JOHN B. BREAUX, Louisiana
RICHARD SHELBY, Alabama
HARRY REID, Nevada
BOB GRAHAM, Florida
HERBERT KOHL, Wisconsin

JOHN HEINZ, Pennsylvania
WILLIAM S. COHEN, Maine
LARRY PRESSLER, South Dakota
CHARLES E. GRASSLEY, Iowa
PETE WILSON, California
PETE V. DOMENICI, New Mexico
ALAN K. SIMPSON, Wyoming
JOHN WARNER, Virginia
NANCY LONDON KASSEBAUM, Kansas

PORTIA PORTER MITTELMAN, *Staff Director*
CHRISTOPHER C. JENNINGS, *Deputy Staff Director*
JEFFREY R. LEWIS, *Minority Staff Director*

PREFACE

As the population of older Americans grows, so does the need and desire for comprehensive and current statistics on this important segment of our society. The Aging Committee is pleased to help meet this need by updating and providing "Aging America: Trends and Projections."

Elizabeth Vierck, staff consultant to the Senate Special Committee on Aging, revised this edition of "Aging America." Her hard work on this project produced what we believe to be a fine product. The Committee would like to thank Don Fowles of the Administration on Aging, Deborah Chollet of the Employee Benefit Retirement Institute, Tom Gabe of the Congressional Research Service, Constance Swank of the American Association of Retired Persons, and Pam Felker of the Colorado Gerontological Society for their substantial contributions to the revision. The Committee would also like to thank the staffs of the following agencies for providing updated material: the Population Division of the U.S. Census Bureau, the National Center for Health Statistics, and the Department of Labor.

We hope readers of this year's edition will find it to be informative and interesting. We believe it and publications like it contribute to assuring that consumers, policymakers, advocates, providers, insurers, and the media have access to greatly needed and updated information on the fastest growing segment of our population.

DAVID PRYOR,

Chairman.

JOHN HEINZ,

Ranking Minority Member.

CONTENTS

	Page
Preface	III
Contents	v
Chapter 1. Size and Growth of the Older Population	1
Age Distribution	1
Race and Ethnicity	9
Sex Ratios	10
Support Ratios	11
Life Expectancy	13
Veterans	17
Geographic Distribution and Mobility	18
Chapter 2. Economic Status	25
Median Cash Income	25
Poverty Status	27
Age and Income	29
Sex, Marital Status, and Income	31
Race and Income	35
Sources of Income, Residence, Education, and Other Factors	37
Trends in Income and Poverty: 1960-74	39
Trends in Income and Poverty: 1974-86	41
Composition of Income	42
Trends in Composition of Income	44
Noncash Economic Resources	48
Consumption Patterns	56
Chapter 3. Retirement Trends and Labor Force Participation	61
Lifetime Distribution of Education, Work, and Retirement	61
Retirement	63
Labor Force Participation	65
Part-Time Work	73
Unemployment	74
Chapter 4. Health Status and Health Services Utilization	77
Self-Assessment of Health	77
Personal Health Habits	78
Chronic Conditions and Health Problems	80
Activity Limitation	84
Mortality	88
Health Services Utilization	91
Community Health Services	99
Health Care Expenditures	101
Chapter 5. Social Characteristics	107
Marital Status and Living Arrangements	107
Education	111
Housing	116
Voting	119
Chapter 6. Federal Outlays Benefiting the Elderly	125
Federal Spending for the Elderly	127
Costs of Individuals and Families	128
Long-Term Financing	129
Chapter 7. International Comparisons	133
Age Distribution	133
Employment	143
Economic Status	145
Government Expenditures	148
Conclusion	152

Chapter 1

SIZE AND GROWTH OF THE OLDER POPULATION

America is growing older. The older population has increased far more rapidly than the rest of the population for most of this century. Since 1980, an average of 168,000 persons a month have celebrated their 65th birthday. By 1986, the number of centenarians had grown to 25,000.

The following chapter looks at the impact of this aging trend on the population as a whole and on various subgroups within the 65-plus population. The projections presented in this section and throughout this report do not imply certainty about future events. They represent forecasts based on continued patterns from the past and assumptions about future trends in fertility, mortality, and net immigration.

AGE DISTRIBUTION

THE OLDER POPULATION HAS DOUBLED IN THIS CENTURY AS A PROPORTION OF TOTAL POPULATION

At the beginning of this century, less than 1 in 10 Americans was 55 and over and 1 in 25 was age 65 and over. By 1987, 1 in 5 Americans was at least 55 years old and 1 in 8 was at least 65.

This century's dramatic increase in the number and proportion of older persons is reflected in the 1987 population estimates prepared by the U.S. Census Bureau. In 1987, there were an estimated 51.9 million Americans age 55 or older and 29.8 million who were at least age 65. About 9 percent (22 million) of the total population were 55 to 64 years old, 7 percent (17.7 million) were 65 to 74 years old, 4 percent (9.3 million) were 75 to 84 years old, and 1 percent (2.9 million) were 85 years old and over (table 1-1).

TABLE 1-1.—DISTRIBUTION OF THE POPULATION BY AGE GROUPS: 1987

Age group	Number (in thousands)	Percent
All ages.....	243,915	100
0 to 54.....	192,060	79
55 to 64.....	22,019	9
65 to 74.....	17,668	7
75 to 84.....	9,301	4
85-plus.....	2,867	1
55-plus.....	51,855	21
65-plus.....	29,835	12

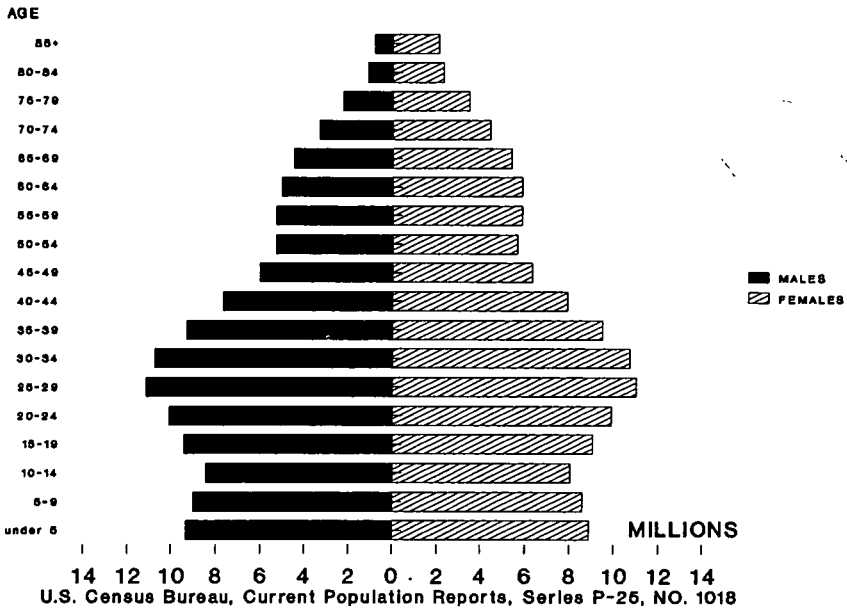
Source: U.S. Bureau of the Census. "United States Population Estimates, by Age, Sex, and Race: 1980-1987." Current Population Reports Series P-25, No. 1020 (March 1988).

Chart 1-1 displays the country's age distribution in 1987 and gives a glimpse into the future. The "baby-boom" generation (age 22-40), which dominates the picture, is the result of increased fertility after World War II—from 1946 to 1964. This generation will dominate the age distribution of the country well into the next century. In fact, when this group begins to collect Social Security benefits in the early part of the 21st century, it will swell the ranks of the 65-plus generation to the point that at least one in five Americans will be in that age group.

Chart 1-1 also provides a graphic representation (by 5-year age intervals) of the size of the older population in relation to the younger population. In 1986, the population over 55 was 21 percent of the total U.S. population and the elderly population, age 65-plus, was 12 percent.

The common assumption is that today's large numbers and proportion of older persons are caused by increased longevity. In fact, longevity explains only part of the burgeoning of the elderly population. The primary cause is an increase in the annual number of births prior to 1920 and after World War II.¹ The aging of the pre-1920's group, along with a dramatic decline in the birth rate after the mid-1960's, has contributed to the rise in the median age of the U.S. population from 27.9 in 1970 to 32.8 in 1987. A 5-year rise in the median age in 17 years is an historic demographic event.

Chart 1-1
U.S. POPULATION BY AGE AND SEX: 1987



THE GRAYING OF AMERICA WILL CONTINUE WELL INTO THE NEXT CENTURY WITH THE AGING OF THE BABY BOOM

The projected growth in the older population is expected to raise the median age of the U.S. population from 32.8 in 1987, to 36 by the year 2000, to age 42 by the year 2030, and to 46 years in 2050 (chart 1-2).² Between 1985 and 2030 the 65-plus population is expected to more than double (table 1-2, chart 1-3). In fact, if current fertility and immigration levels remain stable, the older population will be the only age group to experience significant growth in the next century.

During the next 20 years, the elderly population (65 and older) is expected to grow more slowly than it has in many decades: from 1988 to 2010, it would grow only about 1.2 percent a year as compared with its average annual growth of 2.5 percent during the 1950-87 period. After 2010, however, the number and proportion of elderly would grow very rapidly. By 2020, the elderly population is expected to reach 52 million and by 2030 the full force of the graying of the "baby boom" will be 65.6 million elderly. During this period the proportion of elderly will grow from 13 percent in 2000 to 21.8 percent in 2030. After that time it is expected to slowly rise to 24.5 percent by 2080.

² See population projections cited in this chapter and the U.S. Census Bureau's middle series.

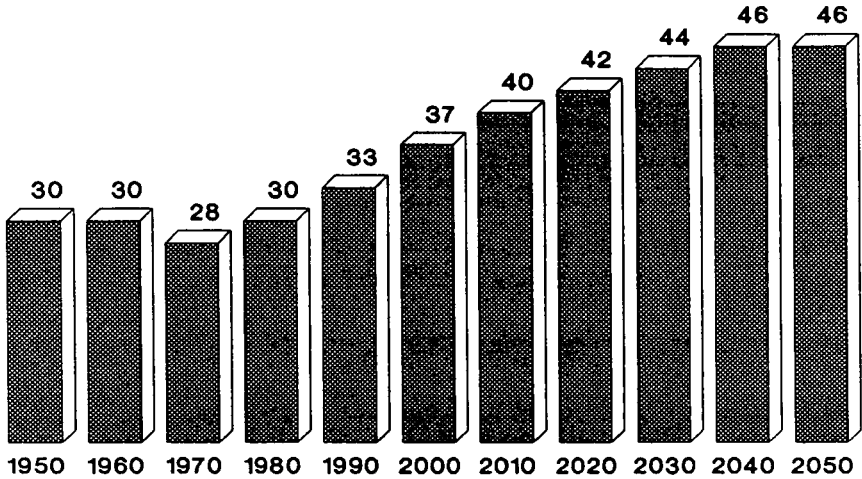
TABLE 1-2.—ACTUAL AND PROJECTED GROWTH OF THE OLDER POPULATION: 1900-2050

(Numbers in thousands)

Year	Total population all ages	55 to 64 years		65 to 74 years		75 to 84 years		85 years and older		65 years and older	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1900.....	76,303	4,009	5.3	2,189	2.9	772	1.0	123	0.2	3,084	4.0
1910.....	91,972	5,054	5.5	2,793	3.0	989	1.1	167	.2	3,950	4.3
1920.....	105,711	6,532	6.2	3,464	3.3	1,259	1.2	210	.2	4,933	4.7
1930.....	122,775	8,397	6.8	4,721	3.8	1,641	1.3	272	.2	6,634	5.4
1940.....	131,669	10,572	8.0	6,375	4.8	2,278	1.7	365	.3	9,019	6.8
1950.....	150,967	13,295	8.8	8,415	5.6	3,278	2.2	577	.4	12,270	8.1
1960.....	179,323	15,572	8.7	10,997	6.1	4,633	2.6	929	.5	16,560	9.2
1970.....	203,302	18,608	9.2	12,447	6.1	6,124	3.0	1,409	.7	19,980	9.8
1980.....	226,505	21,700	9.6	15,578	6.9	7,727	3.4	2,240	1.0	25,544	11.3
1990.....	250,410	21,364	8.5	18,373	7.3	9,933	3.9	3,254	1.3	31,559	12.6
2000.....	268,266	24,158	9.0	18,243	6.8	12,017	4.5	4,622	1.7	34,882	13.0
2010.....	282,575	35,430	12.5	21,039	7.4	12,208	4.3	6,115	2.2	39,362	13.9
2020.....	294,364	41,087	14.0	30,973	10.5	14,443	5.0	6,651	2.3	52,067	17.7
2030.....	300,629	34,947	11.6	35,988	12.0	21,487	7.1	8,129	2.7	65,604	21.8
2040.....	301,807	35,537	11.8	30,808	10.2	25,050	8.3	12,251	4.1	68,109	22.6
2050.....	299,849	37,004	12.3	31,591	10.5	21,655	7.2	15,287	5.1	68,532	22.9

Source: Projections are from Spencer, Gregory, U.S. Bureau of the Census, "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080." Current Population Reports Series P-25, No. 1018 (January 1989). 1900 to 1980 data tabulated from the Decennial Censuses of the Population.

Chart 1-2
MEDIAN AGE OF THE POPULATION:
UNITED STATES, 1950-2050

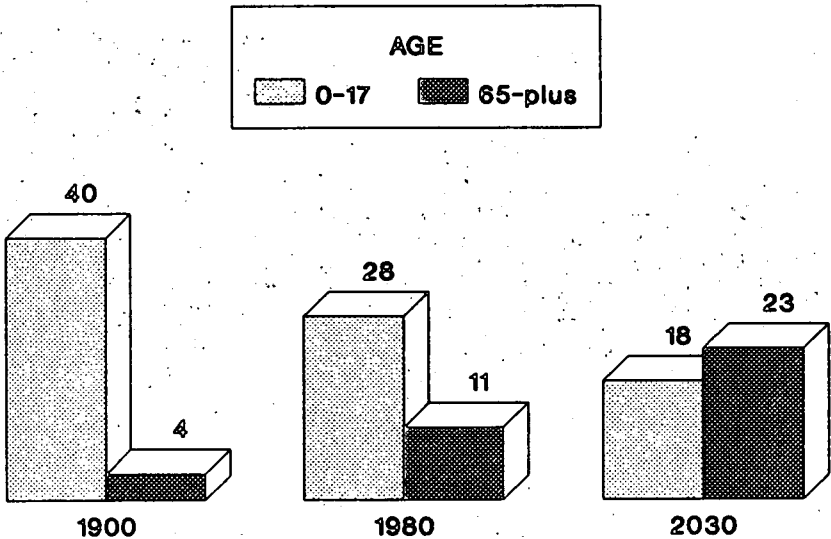


Source: U.S. Census Bureau, Current Population Reports,
 Series P-25, No. 1018

One of the most dramatic examples of the changing age distribution of the American population is the shift in the proportion of elderly in relation to the proportion of young persons (chart 1-3). In 1900, 4 percent of the population was age 65 and over, while young persons, age zero to 17 years, made up 40 percent of the population.

By 1980, the proportion of 65-plus persons had increased to 11 percent and the proportion of young persons had decreased to 28 percent. U.S. Census Bureau projections indicate that by the year 2030 there will be proportionately more elderly than young persons in the population, with persons under 18 equaling 18 percent and the elderly equaling 23 percent of the population.

Chart 1-3
 PERCENT OF CHILDREN AND ELDERLY
 IN THE POPULATION, SELECTED YEARS



Source: U.S. Census Bureau, Current Population Reports.
 Series P-25, No. 1018; 1900 Census

**ALTERNATIVE PROJECTIONS USING MORE OPTIMISTIC ASSUMPTIONS
 THAN THOSE USED BY THE CENSUS BUREAU PROJECT 86.8 MILLION
 ELDERLY IN 2040**

Many variables such as the assumptions made about future death rates greatly affect population projections. A recent analysis by researchers at the National Institute on Aging and University of Southern California (NIA/USC) projects that in 2040 there will be 86.8 million persons over age 65 (table 1-3). This figure represents almost 19 million more elderly persons than projected by the Census Bureau. The analysis was based on a 2 percent annual mortality decline, a more optimistic assumption than that used by Census. According to the NIA/USC projections, the population 85 years and older is projected to number 23.5 million in 2040, twice as many as the standard U.S. Census projection and 10 times the current level.

TABLE 1-3.—ALTERNATIVE PROJECTIONS OF LIFE EXPECTANCY AND POPULATION AGED 65 AND OLDER: 2040

[Assumption of 2 percent mortality decline]

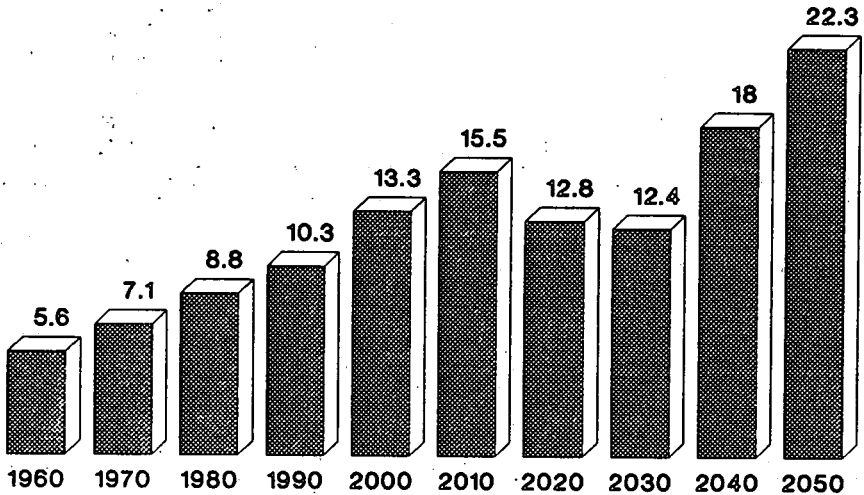
	Male	Female	Total
Life expectancy from birth (years)	85.9	91.5
Population (thousands):			
65 to 74	15,366	16,709	32,075
75 to 84	13,975	17,237	31,212
85-plus.....	9,173	14,346	23,519
65-plus.....	38,513	48,291	86,805
Percentage of 65-plus population:			
65 to 74	39.9	34.6	37.0
75 to 84	36.3	35.7	36.0
85-plus.....	23.8	29.7	27.1

Source: Guralnik, Jack M., Machiko Yanagishita and Edward L. Schneider. "Projecting the Older Population of the United States: Lessons From the Past and Prospects for the Future." *The Milbank Memorial Fund Quarterly*, vol. 66, No. 2, 1988.

THE 85-PLUS POPULATION IS ONE OF THE FASTEST GROWING AGE GROUPS

The 85-plus population is one of the fastest growing age groups in the country. Chart 1-4 displays the growth of this population as a proportion of the elderly population. The 85-plus population is expected to nearly triple in size between 1980 and 2030, and to be five times larger in 2050 than in 1980 (table 1-2). The increase in the 85 and older population is one of the major achievements of improved disease prevention and health care in this century. However, it also has far-reaching implications for public policy because of the high probability of health problems and need for health and social services for this age group.

Chart 1-4
 PERCENTAGE OF 85-PLUS PERSONS IN THE
 ELDERLY POPULATION, 1960-2050



Source: U.S. Census Bureau, Current Population Reports
 Series P-25, No. 1018

Life expectancy at age 85 has increased 24 percent since 1960 and is projected to increase another 44 percent by 2040.³ Between 1986 and 2050, the population aged 85 and over is expected to jump from about 1 percent to 5 percent of the total population and from 10 percent to 19 percent of the 65-plus population.

More people are also surviving into their 10th and 11th decades. The Bureau of the Census estimates that there were about 25,000 people 100 years or older in 1986 and that there will be over 100,000 by 2000. Because of the increase in the very old population, it is increasingly likely that older persons will themselves have at least one surviving parent.

THE ELDERLY POPULATION IS GROWING OLDER

With increases in the number of people surviving into the upper age ranges, the elderly population is growing older. In 1980, the young-old (age 65 to 74) outnumbered the oldest-old (age 75 or older) by three to two. By the turn of the century, half of the elder-

³ Soldo, Beth and Kenneth G. Manton. "The Graying of America: Demographic Challenges for Socioeconomic Planning." *The Journal of Socio-Economic Planning Sciences*, vol. 19, No. 4 (1985), pages 227-247.

ly population is expected to be age 65 to 74 and half will be age 75 or older (table 1-2).

RACE AND ETHNICITY

THE NONWHITE AND HISPANIC POPULATIONS HAVE SMALLER PROPORTIONS OF ELDERLY PERSONS THAN THE WHITE POPULATION

Today, the nonwhite and Hispanic populations have a smaller proportion of elderly than the white population (table 1-4). In 1987, 13 percent of whites were age 65 and over compared to only 8 percent of nonwhites. The difference is a result of higher fertility for the nonwhite and Hispanic populations than the white population.

These proportions are expected to remain relatively stable during the next couple of decades (chart 1-5). However, beginning in the early part of the next century, the proportion of elderly persons is expected to increase at a higher rate for the nonwhite populations than for the white population. Between 1990 and 2030, the white older population will almost double, while the older black population will almost triple. Nevertheless, the percentage of elderly among white non-Hispanics in 2030 (23 percent) will still be higher than the percentage for blacks (18 percent).

(NOTE.—Hispanic may be of any race.)

ELDERLY WHITES DISPROPORTIONATELY OUTNUMBER ELDERLY NONWHITES AND HISPANICS

Whites are disproportionately represented in the elderly population. In 1987, 90 percent of the 65-plus population were white and 10 percent were nonwhite, while in the total population, 85 percent were white, and 15 percent were nonwhite (table 1-4). The minority portion of the elderly population is expected to grow from 10 percent in 1990 to 17 percent in 2030.

TABLE 1-4.—POPULATION BY RACE AND AGE: 1987

(In thousands)

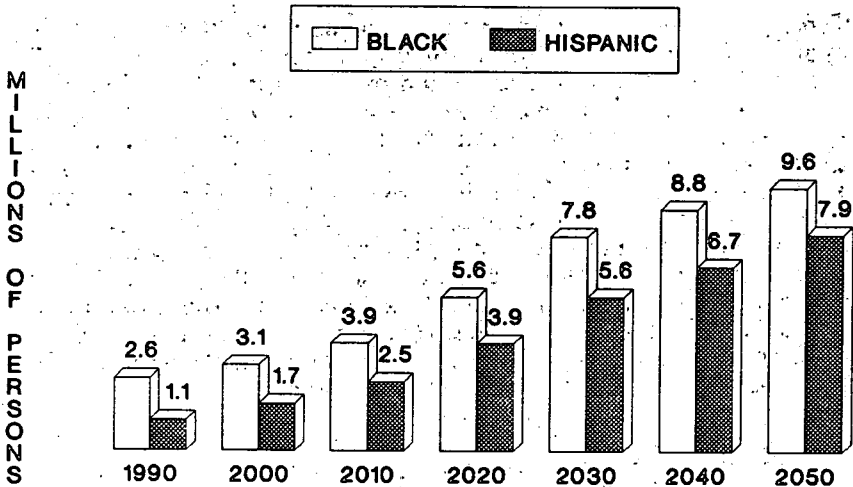
	Total ¹	White	Black and other races ²
Age:			
0 to 54	192,060	159,940	32,121
55 to 64	22,019	19,383	2,636
65 to 74	17,668	15,817	1,850
75 to 84	9,301	8,438	862
85-plus	2,867	2,610	257
All ages	243,915	206,187	37,728
55-plus	51,855	46,248	5,606
65-plus	29,835	26,865	2,970

¹ The total column may differ slightly from the addition of the white, black and other races columns due to slight discrepancy in figures reported by the U.S. Bureau of Census.

² Includes Asian and Native American persons, which are not shown here as separate population groups.

Source: U.S. Bureau of Census. "United States Population Estimates by Age, Sex, and Race: 1980 to 1987." Current Population Reports Series P-25, No. 1020 (March 1988).

Chart 1-5
GROWTH IN THE ELDERLY BLACK
AND HISPANIC POPULATIONS, 1990-2050



Source: U.S. Census Bureau, Current Population Reports,
Series P-25, No. 1018

SEX RATIOS

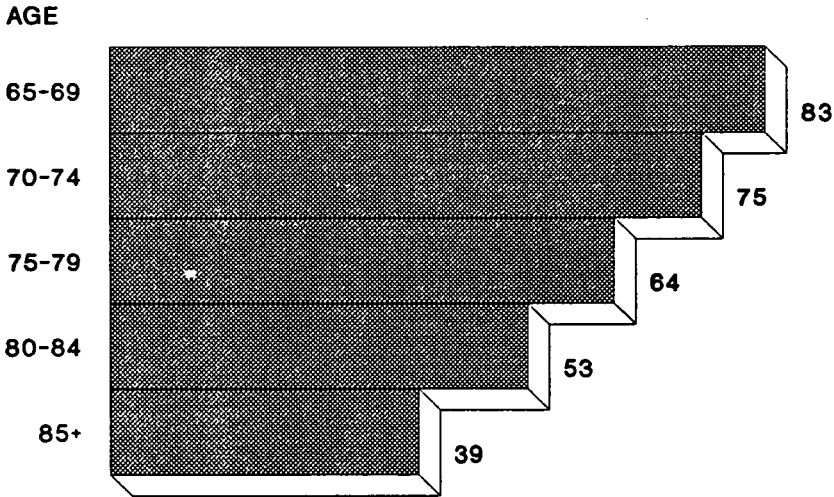
OLDER WOMEN OUTNUMBER OLDER MEN

The ratio of females to males varies dramatically with age. In the under-20 age group, there were 35 million females versus 36 million males in 1987. The 30-to-34 year age group was evenly balanced at about 11 million each. But in the 65-plus age group, there were 18 million women and 12 million men. Elderly women now outnumber elderly men three to two, a considerable change from 1960 when the ratio of elderly females to elderly males was six to five.

This disparity becomes more marked in the upper age ranges. In 1987, there were 83 men between 65 and 69 years for every 100 women in that same age group. Among those 85 and over, there were only 39 men for every 100 women (chart 1-6).

These statistics reflect the fact that, on the average, women live longer than men and, therefore, are more likely to end up living alone. Because of these factors, elderly women also average a longer period of retirement than elderly men.

Chart 1-6
NUMBER OF MEN PER 100 WOMEN BY ELDERLY
AGE GROUP: 1987



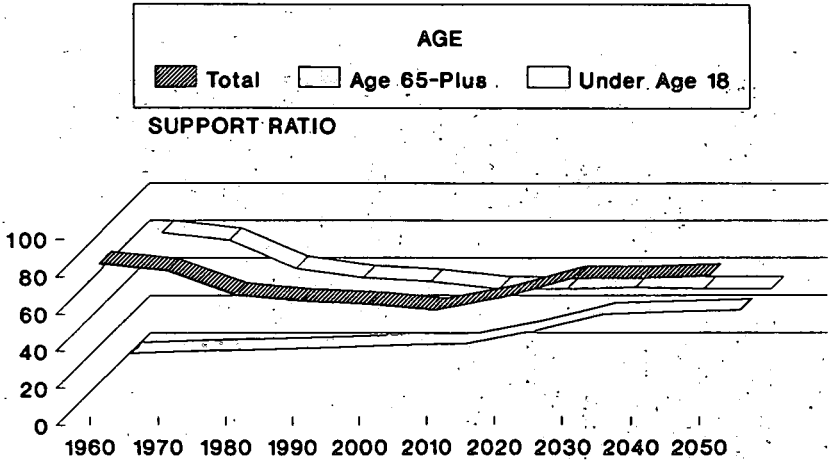
Source: U.S. Census Bureau, Current Population Reports,
 Series P-25, No. 1018

SUPPORT RATIOS

THE RATIO OF ELDERLY TO WORKING AGE PERSONS IS INCREASING DRAMATICALLY

The fact that people are living longer and families are having fewer children is changing the shape of the "elderly support ratio" (the number of 65-plus persons to persons of working age, 18 to 64 years). The average family with children in the early 1900's had four children. Today the average has fewer than two children. This factor, combined with a 27-year increase in life expectancy since 1900 has increased the ratio of elderly persons compared to persons of working age. In 1900, there were about 7 elderly persons for every 100 persons of working age. In 1990, the ratio will be about 20 elderly persons per 100 of working age. By 2020, the ratio will rise to about 29 per 100 and is expected to increase rapidly to 38 per 100 by 2030 (chart 1-7 and table 1-5).

Chart 1-7
**YOUNG, ELDERLY AND TOTAL SUPPORT RATIOS:
 1950-2050**



Source: U.S. Census Bureau, Current Population Reports, Series P-25, No. 1018

TABLE 1-5.—YOUNG, ELDERLY, AND TOTAL SUPPORT RATIOS: 1900-2080

Year	65-plus	Under 18	Total
Estimates:			
1900	7	76	84
1920	8	68	76
1940	11	52	63
1960	17	65	82
1980	19	46	65
Projections:			
1990	20	41	62
2000	21	39	60
2010	22	35	57
2020	29	35	64
2030	38	36	74
2040	39	35	74
2050	40	35	75
2080	44	34	78

Source: Tauber, Cynthia M., U.S. Bureau of the Census. "America in Transition: An Aging Society." Current Population Reports Series P-23, No. 128 (September 1983).

Spencer, Gregory, U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080." Current Population Reports Series P-25, No. 1018 (January 1989).

The support ratio is important in economic terms because the working population can be thought of as supporting nonworking age groups. However, a "support" or dependency ratio is a crude measure since many younger and older persons are in the labor force and not dependent while many persons of labor force age may

not be working. In addition, dramatic changes in fertility rates could shift projections.

Although the total support ratio (young and old combined) is expected to increase in the next century, it has declined substantially since 1900. This suggests that fewer economic demands are currently placed on working age Americans for supporting the young and the old.

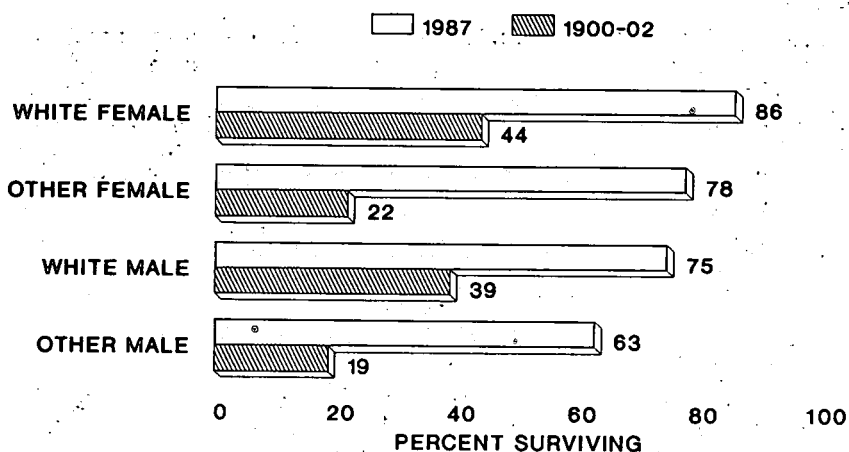
From a public policy standpoint, however, the decline in the total support ratio, caused by a large decline in the number of children, masks the rise in the elderly support ratio. This is an important distinction because it is primarily publicly funded programs which serve the elderly while mostly private (i.e., family) funds are directed toward support of the young. Nonetheless, the increasing demands on public programs caused by a burgeoning elderly population are, in large part, offset by declining demands on private funds for supporting children.

LIFE EXPECTANCY

THE UPWARD TREND IN LIFE EXPECTANCY IS CONTINUING

The average expectation of life at birth was at a record high in 1987 (chart 1-8). This increase continues a remarkable upward trend in life expectancy since the beginning of the century. The greatest gains occurred during the first half of the century largely due to dramatic reductions in deaths from infectious disease. A baby born in 1900 could expect to live an average of 47.3 years, while a baby born in 1987 could expect to live 74.7 years (table 1-6). Although in the early part of this century, increases in life expectancy were due to decreases in deaths of infants and children, most of the increasing life expectancy since 1970 has been due to decreased mortality among the middle-aged and elderly population.

Chart 1-8
PERCENT SURVIVING FROM BIRTH TO AGE 65:
1900-02 AND 1987



Source: National Center for Health Statistics, Monthly Vital Statistics Report, July 29, 1988; Vital Statistics of the United States, 1986, Volume II

TABLE 1-6.—LIFE EXPECTANCY AT BIRTH AND AGE 65 BY RACE AND SEX: 1900-87

Year	All races			White			Black		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
At birth:									
1900 ^{1 2}	47.3	46.3	48.3	47.6	46.6	48.7	^a 33.0	^a 32.5	^a 33.5
1950 ²	68.2	65.5	71.1	69.1	66.5	72.2	60.7	58.9	62.7
1960 ²	69.7	66.6	73.1	70.6	67.4	74.1	63.2	60.7	65.9
1970	70.9	67.1	74.8	71.7	68.0	75.6	64.1	60.1	68.3
1980	73.7	70.0	77.4	74.4	70.7	78.1	68.1	63.8	72.5
1987 ²	74.9	71.5	78.3	75.5	72.1	78.8	69.7	65.4	73.8
At age 65:									
1900-02 ^{1 2}	11.9	11.5	12.2	11.5	12.2		^a 10.4	^a 11.4	
1950 ²	13.9	12.8	15.0		12.8	15.1	13.9	12.9	14.9
1960 ²	14.3	12.8	15.8	14.4	12.9	15.9	13.9	12.7	15.1
1970	15.2	13.1	17.0	15.2	13.1	17.1	14.2	12.5	15.7
1980	16.4	14.1	18.3	16.5	14.2	18.4	15.1	13.0	16.8
1987 ²	16.9	14.8	18.6	17.0	14.9	18.7	15.6	13.6	17.2

¹ 10 States and the District of Columbia.

² Includes deaths of nonresidents of the United States.

^a Figure is for the nonwhite population.

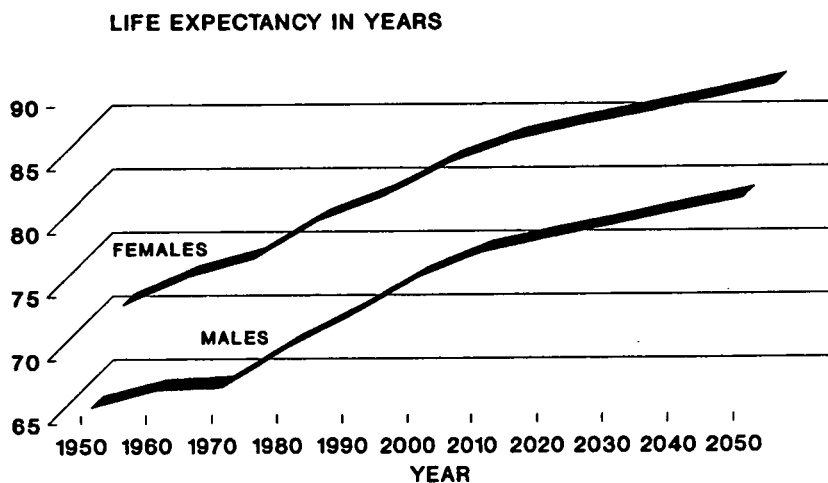
Source: 1987 data: National Center for Health Statistics, "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, 1987," Monthly Vital Statistics Report, vol. 36, No. 13 (July 23, 1988) and unpublished data.

1900-80 data: National Center for Health Statistics, Health, United States, 1987. DHHS Pub. No. (PHS) 88-1232, Washington: Department of Health and Human Services, March 1988.

THE GAP IN FEMALE/MALE LIFE EXPECTANCY APPEARS TO BE DECREASING

Throughout this century, the increase in the number of years an individual can expect to live has been more significant for women than for men (chart 1-9 and tables 1-6 and 1-7). For instance, from 1950 to 1980 life expectancy at birth for the total population advanced by 5.5 years. For women, however, life expectancy at birth advanced by about 6.3 years; men advanced by only 4.4 years. Now, however, the gap in female/male life expectancy appears to be decreasing slightly. Between 1980 and 1987, life expectancy for males at birth increased by 1.5 years, slightly more than the nine-tenths of a year gain for females. The female/male differential in life expectancy at birth was 6.8 years in 1987, as compared to 7.4 years in 1980 and 7.7 years in 1970.

Chart 1-9
GAP BETWEEN FEMALE AND MALE LIFE
EXPECTANCY, 1950-2050



Source: U.S. Census Bureau, Current Population Reports,
Series P-25, No. 1018

TABLE 1-7.—PROJECTED LIFE EXPECTANCY AT BIRTH AND AGE 65 BY SEX: 1990-2050

Year:	At Birth		At Age 65	
	Male	Female	Male	Female
1990.....	72.1	79	15	19.5
2000.....	73.5	80.4	15.7	20.4
2010.....	74.4	81.3	16.2	21.1
2020.....	74.9	81.8	16.6	21.5
2030.....	75.4	82.3	17	21.9
2040.....	75.9	82.8	17.3	22.3
2050.....	76.4	83.3	17.7	22.7

Source: Spencer, Gregory, U.S. Bureau of the Census, "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080." Current Population Reports Series P-25, No. 1018 (January 1989).

Americans who reached their 65th birthdays in 1987 could expect, on average, to live another 16.9 years. Since 1900 life expectancy at age 65 has advanced significantly. Elderly men gained 3.3 years from 1900 to 1987 and elderly women gained 6.5 years. Middle mortality projections for the future by the Bureau of the Census suggest that elderly men can expect to gain an additional 2.7 years from 1990 to 2050, while women can expect to gain an additional 3.2 years (table 1-7).

Although race and sex remain important factors in determining life expectancy, the relative importance of these factors has changed during this century. During the 1900-02 period, race was the dominant factor in life expectancy. The survival rates of females and males were about the same but the rates for whites were about twice as high as the rates for blacks and other races. About 4 of every 10 whites survived to age 65 compared to only 2 of every 10 blacks and other races. By 1987, survival rates had improved considerably for all race and sex groups, but the rate for nonwhite females (78 percent), had slightly surpassed that of white males (75 percent), making sex the dominant factor over race.

Less than 10 percent of people living in the 1900-02 period would have survived to age 85 if the mortality rates of that period remained constant. In 1987, survival rates to age 85 had increased enormously for all race-sex groups. For example, about 45 percent of white females born in 1987 were projected to survive to age 85 compared to only 7 percent in 1900-02.

LIFE EXPECTANCY FOR BLACKS IS GROWING

As mentioned above, life expectancy at birth differs according to race, with whites living longer than blacks. In 1987, life expectancy at birth for whites was 5.8 years longer than for blacks. From 1980 to 1987, the black population showed an increase of 1.6 years in life expectancy, compared to 1.2 years for the white population. Improvements in life expectancy at birth for blacks varied between 1980 and 1987. For example, a black child born in 1983 had a life expectancy of 69.6 years, but a black child born in 1986 had a life expectancy of 69.4 years. Life expectancy at birth for blacks in 1987 was 69.7 years. Differences in life expectancy by race at age 65 are smaller in terms of number of years and have been for decades. In 1987, at age 65, blacks could expect to live 15.6 more years, 1.3

years less than whites at that age. However, in relative terms, white life expectancy both at birth and at age 65 is about 8 percent higher than black life expectancy.

WHITE WOMEN LIVE THE LONGEST

A significant hierarchy is evident for life expectancy of males and females by race. White females have the highest life expectancy at birth, followed by black females, white males, then black males. The largest recent gain in life expectancy has been for black females. From 1970 to 1987, black females gained 5.5 years, black males 5.4 years, white males 4.1 years, and white females 3.2 years.

(NOTE.—Statistics for life expectancy reported in this section may differ slightly depending on the data source used.)

VETERANS

TWO-THIRDS OF ALL ELDERLY MEN WILL BE VETERANS BY THE END OF THIS CENTURY

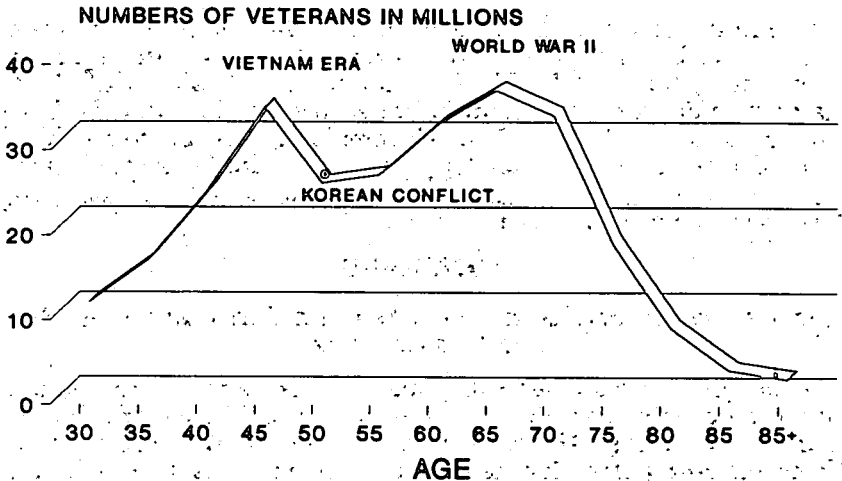
Although the total veteran population is expected to decrease over the next five decades, the number and proportion of older veterans is increasing. This will result in considerable strain on the Veterans' Administration health care system as large numbers of veterans age. In 1980, more than one in four of all American men 65 and over (27 percent) were veterans. By the year 2000, close to two-thirds (62 percent) of all elderly males will be veterans and eligible for benefits. This change is temporary, however. The proportion of veterans in the 65-plus male population will actually decrease after the turn of the century—by 2010 only half of elderly males will be veterans; by 2020 slightly over one-third will be veterans.

In 1988, there were 6.4 million veterans age 65-plus—23 percent of all veterans. The number of veterans correlates with periods of armed conflict. Chart 1-10 displays the "waves" of veterans according to their period of wartime service. (This chart does not include peacetime veterans.) By the year 2000, there are expected to be nearly 9 million elderly veterans. This number will drop back to 8.1 million in 2010 and 7.7 million in 2020.

Over 95 percent of all veterans are men, but due to the relatively large number of women serving in World War II and the Korean conflict, the number of aged female veterans is expected to grow, doubling by the year 2000 from 1980 levels. However, current projections estimate that only 4.4 percent of aged veterans will be females at the turn of the century. After the year 2000, the number of female veterans is expected to decrease temporarily only to increase steadily again after 2015 as women who served during the Vietnam war and post-Vietnam era reach older age.

The number and proportion of veterans age 75-plus are also expected to increase. Today, 20 percent of all elderly veterans are age 75 and over. By 2000, 43 percent will be in this age group. This proportion is expected to increase gradually so that by 2030, 62 percent of all older veterans and 25 percent of all veterans will be 75-plus.

Chart 1-10
ESTIMATED NUMBER OF WARTIME VETERANS:
SEPTEMBER, 1988



Source: Veterans Administration, "Veteran Population: September, 1988"

GEOGRAPHIC DISTRIBUTION AND MOBILITY

ALMOST HALF OF THE COUNTRY'S ELDERLY LIVE IN EIGHT STATES

In 1987, almost half of the country's older population, 14.6 million people, lived in eight States: California, New York, Florida, Pennsylvania, Texas, Illinois, Ohio, and Michigan. Each of these States had over 1 million persons age 65-plus (table 1-8). In comparison, some States had very small older populations. Alaska, for instance, had the smallest number of elderly persons in 1987 (19,000), about 4 percent of its total population. However, Alaska, along with Nevada, also experienced the largest percent increase—over 50 percent—in its elderly populations in the last decade.

Persons 65-plus constituted 13 percent or more of the total population in 18 States in 1987: Arkansas, Connecticut, Florida, Iowa, Kansas, Maine, Massachusetts, Missouri, Nebraska, New Jersey, New York, North Dakota, Oregon, Pennsylvania, Rhode Island, South Dakota, West Virginia, and Wisconsin.

Florida has the largest proportion of residents aged 65-plus. In fact, the proportion of elderly in Florida—17.8 percent—is close to the proportion expected nationally in the year 2020. Florida is also the Nation's oldest State, with a median age of 36.3 in 1987 as compared with the youngest State, Utah, with a median age of 25.5 (table 1-9).

TABLE 1-8.—RANK ORDER OF STATES BY SELECTED POPULATION CHARACTERISTICS OF THE 65-PLUS POPULATION: 1987

Number of persons 65-plus			Persons 65-plus as percent of State's population		
Rank	State	Number (thousands)	Rank	State	Percent
1 (1)	California.....	2,944	1	Florida.....	17.8
2 (2)	New York.....	2,309	2	Iowa.....	14.9
3 (5)	Florida.....	2,140	3	Pennsylvania.....	14.8
4 (4)	Pennsylvania.....	1,764	4	Rhode Island.....	14.7
5 (3)	Texas.....	1,627	5	Arkansas.....	14.6
6 (6)	Illinois.....	1,405	6	South Dakota.....	14.1
7 (7)	Ohio.....	1,346	7	West Virginia.....	13.9
8 (8)	Michigan.....	1,058	8	Nebraska.....	13.8
9 (9)	New Jersey.....	994	8	Missouri.....	13.8
10 (12)	Massachusetts.....	800	9	Massachusetts.....	13.7
11 (10)	North Carolina.....	754	9	Oregon.....	13.7
12 (15)	Missouri.....	703	10	Kansas.....	13.6
13 (14)	Indiana.....	670	11	Maine.....	13.4
14 (17)	Wisconsin.....	633	11	Connecticut.....	13.4
15 (11)	Georgia.....	623	11	North Dakota.....	13.4
15 (13)	Virginia.....	623	12	Wisconsin.....	13.2
16 (16)	Tennessee.....	602	13	New Jersey.....	13.0
17 (20)	Washington.....	536	13	New York.....	13.0
18 (21)	Minnesota.....	534	14	Oklahoma.....	12.8
19 (22)	Alabama.....	505	15	Arizona.....	12.7
20 (19)	Maryland.....	486	16	Minnesota.....	12.6
21 (18)	Louisiana.....	481	17	Ohio.....	12.5
22 (23)	Kentucky.....	457	17	Montana.....	12.5
23 (25)	Arizona.....	430	18	Tennessee.....	12.4
24 (28)	Connecticut.....	429	18	Alabama.....	12.4
25 (29)	Iowa.....	421	18	District of Columbia.....	12.4
26 (26)	Oklahoma.....	418	19	Kentucky.....	12.3
27 (30)	Oregon.....	373	20	Illinois.....	12.1
28 (24)	South Carolina.....	367	20	Indiana.....	12.1
29 (33)	Arkansas.....	348	20	Mississippi.....	12.1
30 (32)	Kansas.....	336	21	Vermont.....	11.9
31 (31)	Mississippi.....	318	22	Washington.....	11.8
32 (27)	Colorado.....	305	22	North Carolina.....	11.8
33 (34)	West Virginia.....	264	23	Delaware.....	11.6
34 (36)	Nebraska.....	220	24	Michigan.....	11.5
35 (38)	Maine.....	159	24	Idaho.....	11.5
36 (37)	New Mexico.....	150	25	New Hampshire.....	11.4
37 (42)	Rhode Island.....	145	26	Louisiana.....	10.8
38 (35)	Utah.....	138	27	Maryland.....	10.7
39 (40)	New Hampshire.....	121	27	South Carolina.....	10.7
40 (41)	Idaho.....	115	28	Virginia.....	10.6
41 (39)	Hawaii.....	109	28	California.....	10.6
42 (43)	Nevada.....	106	29	Nevada.....	10.5
43 (44)	Montana.....	101	30	Hawaii.....	10.1
44 (45)	South Dakota.....	100	31	Georgia.....	10.0
45 (46)	North Dakota.....	90	31	New Mexico.....	10.0
46 (48)	District of Columbia.....	77	32	Texas.....	9.7
47 (47)	Delaware.....	75	33	Colorado.....	9.3
48 (49)	Vermont.....	65	34	Wyoming.....	9.0
49 (51)	Wyoming.....	44	35	Utah.....	8.2
50 (50)	Alaska.....	19	36	Alaska.....	3.6

Note.—All rankings in this table are derived from unrounded numbers and percentages.

Source: U.S. Bureau of the Census. "State Population and Household Estimates, With Age, Sex and Components of Change: 1981-1987." Current Population Reports Series P-25, No. 1024 (May 1988).

TABLE 1-9.—MEDIAN AGE OF POPULATION BY STATE

State	Age	State	Age
Alabama	31.3	Montana	31.8
Alaska	28.3	Nebraska	31.9
Arizona	31.5	Nevada	32.0
Arkansas	32.4	New Hampshire	32.1
California	31.6	New Jersey	34.2
Colorado	31.1	New Mexico	30.1
Connecticut	34.2	New York	33.5
Delaware	31.8	North Carolina	32.0
District of Columbia	33.0	North Dakota	30.7
Florida	36.3	Ohio	32.2
Georgia	30.7	Oklahoma	31.5
Hawaii	31.5	Oregon	32.9
Idaho	30.2	Pennsylvania	34.1
Illinois	32.0	South Dakota	31.4
Indiana	31.6	Rhode Island	33.4
Iowa	32.5	South Carolina	30.5
Kansas	32.1	Tennessee	32.4
Kentucky	31.5	Texas	29.8
Louisiana	29.6	Utah	25.5
Maine	32.7	Vermont	31.4
Maryland	32.5	Virginia	32.0
Massachusetts	33.2	Washington	32.1
Michigan	31.4	West Virginia	32.9
Minnesota	31.8	Wisconsin	31.8
Mississippi	29.6	Wyoming	29.4
Missouri	32.7		

Source: U.S. Bureau of the Census. "State Population and Household Estimates. With Age, Sex, and Components of Change: 1981-1987." Current Population Reports Series P-25, No. 1024 (May 1988).

In 1984, 15 of the top 25 counties with the highest percentage of elderly were in Florida (table 1-10). Pasco, FL, was the highest with 32.7 percent elderly.

TABLE 1-10.—COUNTIES WITH THE HIGHEST PERCENTAGE OF PERSONS 65 YEARS AND OVER: 1984

County	Percent	County	Percent
Pasco, FL	32.7	Indian River, FL	22.5
Charlotte, FL	32.4	Lee, FL	22.5
Sarasota, FL	30.3	Ocean, NJ	22.5
Citrus, FL	29.8	Barnstable, MA	22.3
Baxter, AR	28.7	Volusia, FL	22.1
Highlands, FL	26.9	Broward, FL	21.8
Hernando, FL	26.6	Fannin, TX	21.8
Manatee, FL	26.1	Burnet, TX	21.4
Pinellas, FL	26.1	Yavapai, AZ	21.1
Lake, FL	25.2	Taney, MO	20.9
Martin, FL	24.2	Eastland, TX	20.9
Kerr, TX	23.6	Lake, CA	20.8
Palm Beach, FL	23.3	United States	11.7

Source: U.S. Bureau of the Census, County and City Data Book, 1988

OLDER PERSONS CHANGE RESIDENCES LESS OFTEN THAN YOUNGER PERSONS

Today's older persons tend to remain where they have spent most of their adult lives. For both adults and children, rates of moving decline with increasing age. The highest rate of moving is

among adults in their early 20's. Between March 1985 and March 1986, only 4.8 percent of older persons moved, compared to 35.2 percent of 20- to 24-year-olds and 18 percent of persons of all ages.⁴

As a result of younger people moving away and older people staying, some areas of the country are becoming "grayer." There are now over 500 rural and small town counties in which persons 65 and over make up at least 15 percent of the total population; in 178 counties the elderly make up over 20 percent of the total population. Over half of these counties, especially in the Nation's heartland, are agricultural areas where the older population has stayed on while the younger generation has moved out. Heavy out-migration of the young and relatively low fertility have contributed to a high proportion of elderly in such States as Arkansas, Iowa, Kansas, Maine, Massachusetts, Missouri, Nebraska, Pennsylvania, Rhode Island, and South Dakota. Other areas with an exceptionally high proportion of older persons are those to which the older population has relocated in retirement, such as Florida, the Ozark plateau in Arkansas, and the Texas hill country.

IN 1980, FOR THE FIRST TIME, A GREATER NUMBER OF 65-PLUS PERSONS LIVED IN THE SUBURBS THAN IN THE CENTRAL CITIES

The growth of the suburban elderly population has touched every major region of the United States. According to results of a nationwide sample of 2,300 suburbs, the average suburban population in 1980 was 11.8 percent elderly.⁵ For the first time, in 1980, a greater number of older persons lived in the suburbs (10.1 million) than in central cities (8.1 million). Older persons are found disproportionately in suburbs that were established before World War II. These older suburbs also have lower average resident income levels, more rental housing, lower home values, and higher population densities.

THOSE SENIORS WHO MOVE TEND TO MIGRATE TO THE SUNBELT

Other parts of the country—such as the Sunbelt States—are also experiencing an aging of their population due to the migration of older persons during their early retirement years. These retirees are following a general migration pattern occurring throughout the country (table 1-11).

⁴ Dahmann, Donald C., U.S. Bureau of the Census. "Geographical Mobility: March 1983 to March 1984." Current Population Reports Series p-20, No. 407 (September 1986).

⁵ Logan, John R. "The Graying of the Suburbs." Aging Magazine, U.S. Administration on Aging, No. 345 (1984).

TABLE 1-11.—PERCENT CHANGE IN POPULATION OF ALL AGES, CHILDREN, AND THE ELDERLY BY REGION: 1980 TO 1987

(In thousands)

Region	All ages			Under 5			65 and over		
	1980	1987	Percent change	1980	1987	Percent change	1980	1987	Percent change
Northeast	49,135	50,278	2.3	3,103	3,410	9.9	6,185	6,787	9.7
Midwest	58,866	59,538	1.1	4,380	4,361	-.4	6,692	7,516	12.3
South	75,372	83,884	11.3	5,542	6,356	14.7	8,488	10,163	19.7
West	43,172	49,200	15.1	3,323	4,124	24.1	4,298	5,369	24.9

Source: U.S. Bureau of the Census. "State Population and Household Estimates, with Age, Sex and Components of Change: 1981-1987." Current Population Reports Series P-25, No. 1024 (May 1988.)

Between 1980 and 1987, the increase in the elderly population continued to be more rapid in the South and West. Although the growth rates for the elderly population in the Northeast and Midwest regions were generally less than the national average, the under-65 populations in many of these States are growing at much slower rates or even declining, resulting in relatively high concentrations of older people in these regions.

The number of older persons who reported migrating from State to State was 50 percent higher in the 1970's than in the 1960's, according to estimates from the Retirement Migration Project, using data from the U.S. Bureau of the Census. Of the nearly 1.7 million Americans over the age of 60 who moved out-of-State between 1975 and 1980, nearly half went to five States: Arizona, California, Florida, New Jersey, or Texas. Three States had an especially large increase in the numbers of older immigrants between 1960 and 1980: Arizona showed a 215 percent increase, Texas a 191 percent increase, and Florida a 100 percent increase. Florida captured over one-quarter of all the interstate migrants over age 60 during the last two decades. New York is the top contributor of elderly State-to-State movers, while California is second, Illinois third, and Florida and New Jersey are fourth and fifth.

Older persons who move to another State are relatively affluent, well-educated, and are frequently accompanied by their spouses. Many older persons who move to nonmetropolitan areas are motivated by positive images of rural or small town life or negative views of metropolitan life. Most have existing ties to the new area, such as family, friends, or property.

SOME SUNBELT RETIREES "COUNTERMIGRATE" TO THEIR HOME STATES

There is also recent evidence of a new trend called "countermigration" in which a small number of older people, who move to another State at retirement, are moving back home or to a State where family members live. Though this trend is relatively small in absolute numbers, it is statistically significant.

Findings from the Retirement Migration Project show that Florida lost significant numbers of elderly migrants to States outside the Sunbelt—namely, Michigan, New York, Ohio, and Pennsylvania, all States which also send migrants to Florida. For example, 56 percent of the more than 9,000 elderly Florida residents who moved

to New York between 1975 and 1980 were born in New York. The average age of these countermigrants was 73 years. This was more than double the number who moved to New York from Florida between 1965 and 1970. Another Sunbelt State, California, also lost older migrants to other areas—but not to States that generally lose large numbers to California. Those leaving the Sunbelt are more likely to have incomes below the poverty line, and many are disabled or are living in institutions or homes for the aged.

(NOTE.—Data in this section on elderly migration are taken from The Retirement Migration Project, The Center for Social Research in Aging, The University of Miami, September 1984.)

Chapter 2

ECONOMIC STATUS

Older Americans as a group have a lower economic status than other adults in our society. This largely results from changes in status often associated with aging. In retirement, elderly persons lose earnings and become reliant instead upon Social Security benefits supplemented with pensions and the assets they have accumulated over their lifetimes. With limited potential to improve their income through work, older persons become economically vulnerable to circumstances over which they have no control: the loss of a spouse, deterioration of their health and self-sufficiency, Social Security and Medicare legislation, and inflation.

In recent years, there has been a growing perception that the economic status of the elderly as a group has improved significantly, and that they now have economic resources approximating those of the younger working population. The common assumption is that many elderly have economic benefits and resources other than cash which enable them to meet their needs in retirement. In fact, if all of these additional resources could be converted to a cash value, the economic status of the elderly as a group would be closer to that of the nonelderly. However, while some older persons have substantial resources, others have practically none. The economic status of the elderly is far more varied than that of any other age group. Comparisons of average statistics conceal the simple fact that a high proportion of the elderly have incomes and other economic resources below or just barely above the poverty level.

MEDIAN CASH INCOME

OLDER PEOPLE HAVE SUBSTANTIALLY LOWER CASH INCOMES THAN THOSE UNDER 65

Compared strictly on the basis of money income, persons 65 and older, on average, receive substantially less income than those under 65. In 1987, the median income of families with heads aged 65 or older was \$20,808, about 61 percent of the median income of families with heads in their peak earning years, age 25 to 64, (\$34,275) (table 2-1 and chart 2-1). The median income of elderly individuals not living in families was \$8,149, about 48 percent that of comparable nonelderly individuals (\$17,117).¹

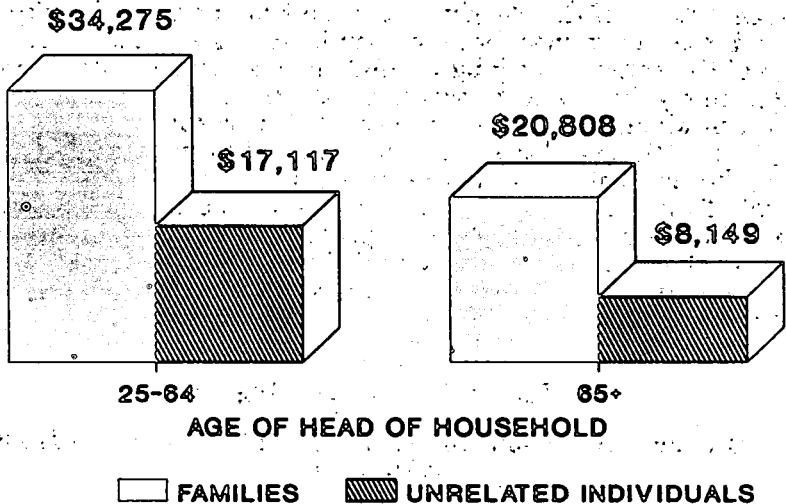
¹ Selected median income statistics in this chapter were calculated by the Congressional Research Service (CRS) from the U.S. Bureau of the Census, March 1988 Current Population Survey. CRS's calculated medians are derived from individual records and vary slightly from published Census Bureau statistics based on grouped data.

TABLE 2-1.—Median income of older and younger families and unrelated individuals: 1987

Type of unit and age	Median income
Families:	
Head 25 to 64.....	\$34,275
Head 65 and over.....	20,808
65 to 74.....	22,504
75 to 84.....	17,892
85 and over.....	16,210
Unrelated individuals:	
25 to 64.....	17,117
65 and over.....	8,149
65 to 74.....	9,033
75 to 84.....	7,750
85 and over.....	6,975

Source: U.S. Bureau of the Census. Data from the Current Population Survey, March 1987. Table prepared by the Congressional Research Service.

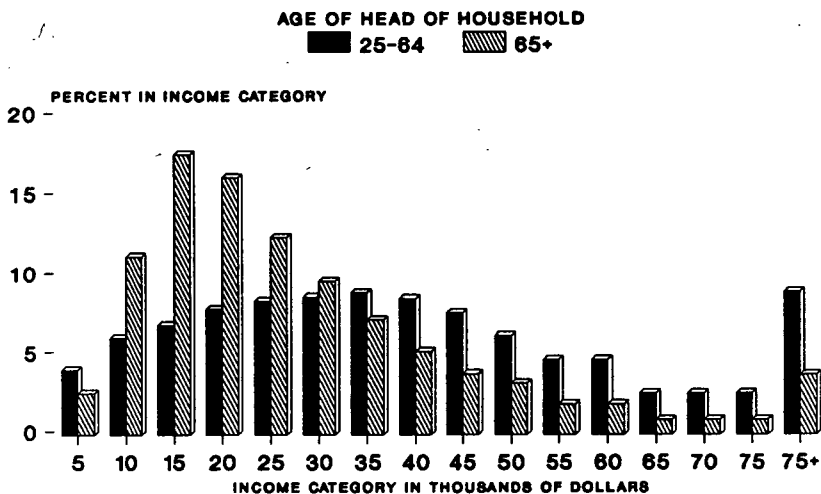
Chart 2-1
MEDIAN INCOME OF OLDER AND YOUNGER
FAMILIES AND UNRELATED INDIVIDUALS: 1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

The distribution of money income is substantially more unequal among the elderly than it is among younger age groups. In 1988, 73 percent of 65-plus persons had money incomes below \$15,000, compared to only 43 percent of persons age 45 to 54. However, there is a greater concentration of nonelderly families than elderly families at the very lowest income level, indicating the better income protection available for the elderly poor as opposed to the nonelderly (chart 2-2).

Chart 2-2
**DISTRIBUTION OF MONEY INCOME OF ELDERLY
 AND NON-ELDERLY FAMILIES: 1987**



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

POVERTY STATUS

WHILE THE ELDERLY ARE ABOUT AS LIKELY AS THE NONELDERLY TO BE POOR, A GREATER PROPORTION OF THE ELDERLY LIVE NEAR POVERTY

Elderly persons are more likely than other adults to be poor. However, when children are considered, elderly poverty rates are slightly below poverty rates for the rest of the population. In 1988, 12 percent of persons 65 and older were below the poverty level, compared to 10.5 percent of those age 18 to 64 and 13.1 percent of all persons under age 65.²

The elderly are much more likely than the nonelderly, however, to have incomes just above the poverty level. In 1987, 15.2 percent of persons aged 65 and older were in families or were unrelated individuals with incomes between the poverty level and one-and-one-half times the poverty level. At the same time, only 8.3 percent of those under age 65 were in families or were unrelated individuals with incomes that fell within this range (table 2-2, chart 2-3).

² Poverty is a measure of the adequacy of money income in relation to a minimal level of consumption (the poverty level). This level is fixed in real terms and adjusted for family size. The dollar values of the poverty levels are adjusted each year to reflect changes in the consumer price index (CPI). In 1987, the poverty level for a family of four was \$11,611, for an elderly couple, \$6,872, and for an elderly individual \$5,447.

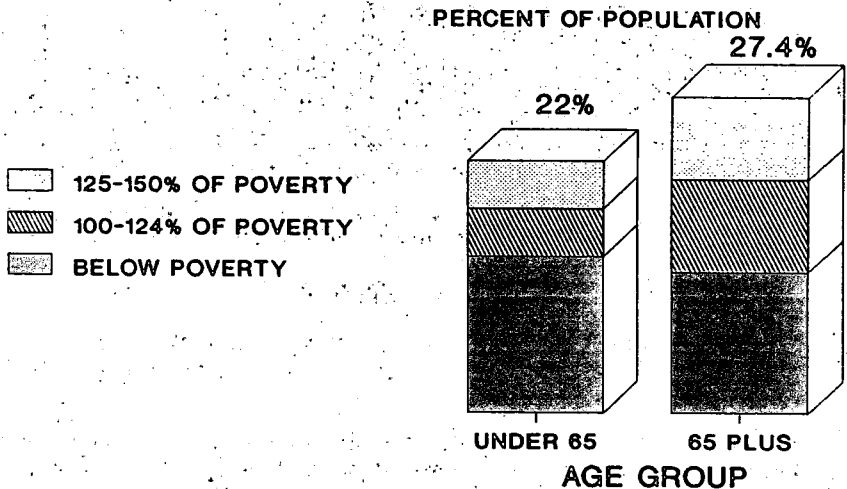
TABLE 2-2.—ELDERLY AND NONELDERLY PERSONS BY RATIO OF INCOME TO POVERTY: 1987

Ratio of income to poverty level	Number (in thousands)		Percent	
	Under 65	65 and older	Under 65	65 and older
Below poverty.....	29,055	3,491	13.7	12.2
100 to 124 percent of poverty level.....	8,701	2,288	4.1	8.0
125 to 149 percent of poverty level.....	8,869	2,065	4.2	7.2
Total below 150 percent of poverty level.....	46,625	7,844	22.0	27.4

Source: Current Population Survey, March 1988. Data prepared by the Congressional Research Service.

Note: May not add to 100 due to rounding.

Chart 2-3
PERCENT OF ELDERLY AND NONELDERLY
BELOW AND NEAR POVERTY: 1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

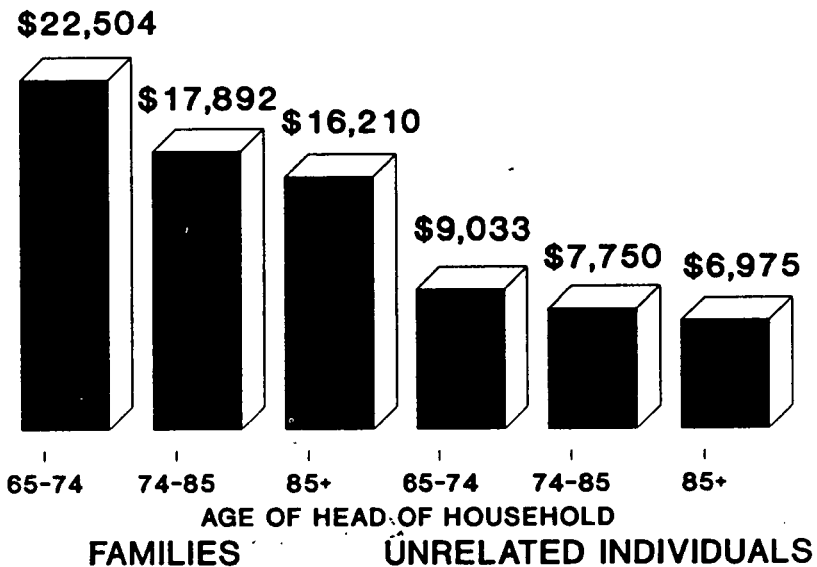
Poverty level data across age groups, however, cannot be considered exactly comparable. The Census Bureau uses a different poverty standard or income threshold when determining poverty among the elderly and the nonelderly. In 1987, unrelated individuals between ages 15 to 64 with incomes below \$6,155 were considered poor while those 65 and older were not defined as poor unless their income was below \$5,674. The differential among elderly and nonelderly couples was even greater—\$7,958 versus \$7,158. Therefore, comparisons of data on poverty status for the elderly and nonelderly should take into account the assumptions regarding the existence and size of these differentials in poverty thresholds.

AGE AND INCOME

THE OLDEST AMONG THE ELDERLY HAVE THE LOWEST MONEY INCOMES

Persons who are 85 years of age or older have significantly lower money incomes than those who are 65 to 74 or 75 to 84 years old. In 1987, the median cash income of families aged 85 and older (\$16,210) was less than three-quarters of the median cash income of families aged 65 to 74 (\$22,504). The median income for single persons aged 85 and older (\$6,975) was about 77 percent of the income of singles aged 65 to 74 (\$9,033) (chart 2-4, table 2-1).

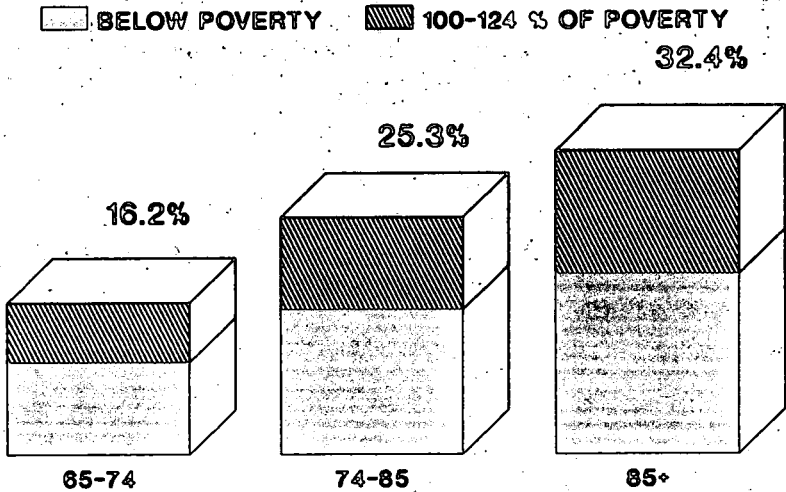
Chart 2-4
MEDIAN INCOME OF FAMILIES AND
UNRELATED INDIVIDUALS BY THREE OLDER AGE
GROUPS: 1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

In addition, the oldest elderly are the most likely to have incomes below or just above the poverty level (chart 2-5 and table 2-3). In 1987, the poverty rate for persons 85 and over was 19.2 percent—more than twice the 9.8 percent rate of those 65 to 74 years old.

Chart 2-5
**PERSONS BELOW AND NEAR POVERTY LEVEL BY
 THREE OLDER AGE GROUPS: 1987**

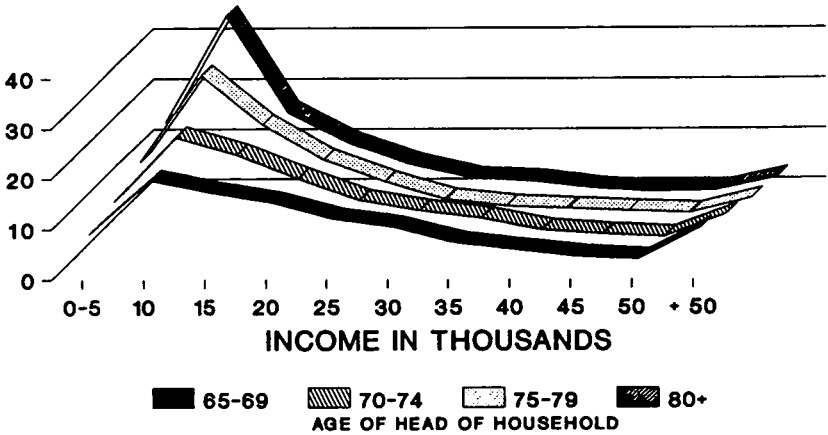


Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

Strictly on the basis of annual cash income, today's generation of the oldest old has substantially fewer resources than the young elderly. Not only is the median income of persons aged 85 and older substantially lower than the median for younger groups, but there is a much greater concentration of the oldest old in the lowest income ranges for older families and unrelated individuals (chart 2-6).

Chart 2-6
**INCOME OF OLDER FAMILIES AND UNRELATED
 INDIVIDUALS BY AGE OF HEAD: 1987**

PERCENT IN INCOME CATEGORY



Source: Unpublished data from the Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

There are good reasons to believe that income declines with age. Two factors clearly contribute to this decline: changes in marital status and changes in sources of income. These relationships are explored in greater detail in subsequent sections on Sex/Marital Status and Income and on Composition of Income.

SEX, MARITAL STATUS, AND INCOME

OLDER WOMEN HAVE LOWER MONEY INCOMES THAN OLDER MEN

The low money incomes of older women are largely associated with a pattern of lifelong economic dependency on men and with status changes that occur in old age. In 1988, the median income of elderly women was \$7,103—57 percent that of elderly men (\$12,471) (table 2-4). As shown in table 2-3, in 1987 older women in every age group were substantially more likely to be poor than men of the same age. Overall, only 8.5 percent of the men 65 and older were poor compared to 14.9 percent of the women. The oldest women were the poorest—one in five women 85 years of age and older was poor in 1987.

TABLE 2-3.—PERCENT OF OLDER PERSONS BY RATIO OF INCOME TO POVERTY LEVEL BY AGE AND SEX: 1987

Ratio of income to poverty level	Age			
	65 to 74	75 to 84	85-plus	Total 65-plus
Both sexes:				
Below poverty level.....	9.8	15.4	19.2	12.2
100 to 124 percent of poverty level.....	6.4	9.9	13.2	8.0
Male:				
Below poverty level.....	6.9	11.0	13.9	8.5
100 to 124 percent of poverty level.....	4.9	7.7	10.9	6.1
Female:				
Below poverty level.....	12.1	18.1	21.6	14.9
100 to 124 percent of poverty level.....	7.6	11.3	14.4	9.4

Source: Current Population Survey, March 1988. Data prepared by the Congressional Research Service.

Older women of every marital status had low personal incomes. Although married women had the lowest median income (\$5,485) due largely to continuing dependence on the earnings or pension income of a male spouse, they were also likely to benefit from the income of a spouse, and married men had the highest median income (\$12,666) of any group (chart 2-7 and table 2-4).

The economic status of women living alone was more precarious than that of married women due to lack of additional financial support. In 1987, widows and divorced women had the lowest and second-lowest median incomes of unmarried women, reflecting the loss of pension income and earnings often associated with the divorce or the death of a wage-earning spouse. The median income of widowed women (\$7,432) was 78 percent of that of widowed men (\$9,509), since men are more likely to retain pension or earned income after the death of a spouse.

Chart 2-7
MEDIAN INCOME OF ELDERLY MALES AND FEMALES BY MARITAL STATUS: 1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research

TABLE 2-4.—MEDIAN INCOME OF PERSONS AGE 65 AND OLDER BY MARITAL STATUS: 1987

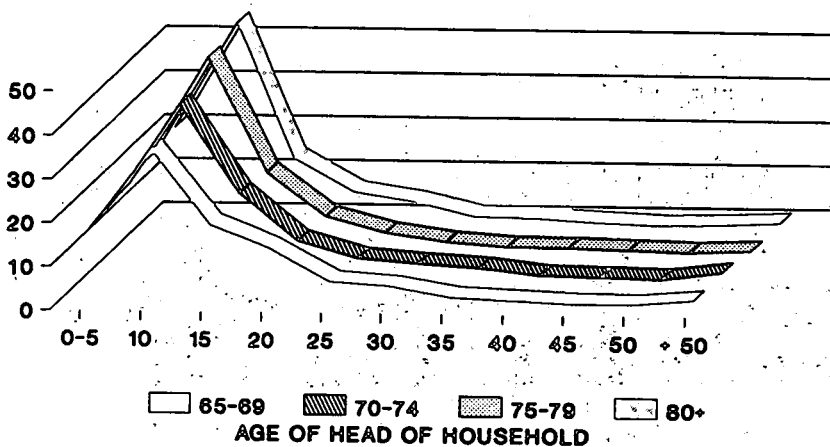
	Both sexes	Male	Female
Marital status:			
Married.....	\$9,200	\$12,666	\$5,485
Single.....	8,667	9,436	8,261
Widowed.....	7,731	9,509	7,432
Divorced.....	7,911	8,422	7,567
All persons 65-plus.....	8,469	11,854	6,734

Source: Current Population Survey, March 1988. Data prepared by the Congressional Research Service.

Part of the difference between the income distributions of the oldest old and the youngest old appears to be attributable to the greater concentration of unrelated individuals in the oldest old population. The income distributions of different age groups of unrelated individuals are remarkably similar. Unrelated individuals are heavily concentrated in low income ranges with a sharply peaked distribution. The distribution is only slightly more peaked for older unrelated individuals than for younger ones, but the differences are minor (chart 2-8).

Chart 2-8
INCOME OF OLDER UNRELATED INDIVIDUALS
BY AGE OF HEAD: 1987

PERCENT IN INCOME CATEGORY

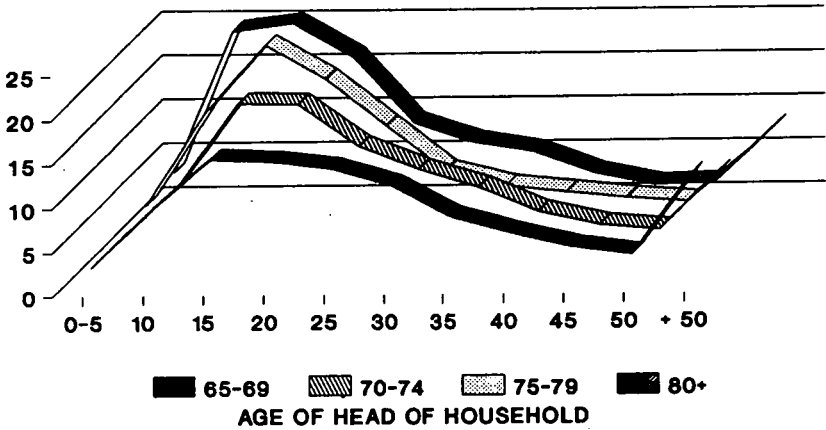


Source: Unpublished data from the Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

The peaks in the income distribution for elderly families occur at higher income categories than those for elderly unrelated individuals (chart 2-9).

Chart 2-9
INCOME OF OLDER FAMILIES BY AGE OF HEAD:
1987

PERCENT IN INCOME CATEGORY



Source: Unpublished data from the Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

The differences in the income distributions of single elderly persons compared to those of elderly couples imply that marital status change, particularly due to the death of a spouse, is an important factor contributing to age cohort differences in income among the elderly. More than half of the population aged 65-74 is married, while nearly three-quarters of those aged 85 and older are widowed.

RACE AND INCOME

MINORITY ELDERLY HAVE LOW MONEY INCOMES

Black and Hispanic elderly have substantially lower money incomes than their white counterparts. As shown in table 2-5, in 1987, the median income of black males age 65-plus (\$7,167) was 58 percent of white males (\$12,398), and that of Hispanic males age 65 plus (\$6,803) was 55 percent of white males. Black and Hispanic women also had lower median incomes than their white counterparts. The median income of black women age 65-plus (\$4,494) was 64 percent of white women (\$7,055) and that of Hispanic women of the same ages (\$4,526) was 64 percent of white females.

TABLE 2-5.—MEDIAN INCOME OF PERSONS AGE 65 AND OLDER BY AGE, RACE, HISPANIC ORIGIN, AND SEX: 1987

Race and Hispanic origin	Both sexes			Male			Female		
	65-plus	65-69	70-plus	65-plus	65-69	70-plus	65-plus	65-69	70-plus
All races.....	\$8,469	\$9,619	\$8,044	\$11,854	\$13,809	\$10,866	\$6,734	\$6,793	\$6,712
White.....	8,975	10,153	8,441	12,398	14,504	11,336	7,055	7,171	7,027
Black.....	5,081	5,821	4,861	7,167	8,328	6,658	4,494	4,640	4,436
Hispanic ¹	5,282	6,111	4,924	6,803	8,704	6,183	4,526	4,631	4,476

¹ Hispanic persons may be of any race.

Source: Current Population Survey, March 1988. Data prepared by the Congressional Research Service.

As shown in table 2-6, poverty rates are much higher among minority elderly than among white elderly. In 1988, the poverty rate among black elderly (33.2 percent) was nearly triple, and among Hispanic elderly (22.4 percent), more than double the poverty rate among white elderly (10 percent).

Poverty rates are higher for persons who are not living in families (unrelated individuals). The highest poverty rates are exhibited by minority women not living in families. In 1988, over half of elderly, black females not living in families (56.5 percent) and older Hispanic female unrelated individuals (53.6 percent) had incomes below the poverty level (table 2-6).

Although the information is presented in slightly different formats, the 1987 data displayed in table 2-6 and chart 2-10 indicate the economic disparities among various elderly subpopulations according to sex, race, and family relationships.

TABLE 2-6.—NUMBER AND PERCENT OF ELDERLY BELOW POVERTY BY RACE, HISPANIC ORIGIN, SEX, AND LIVING ARRANGEMENT: 1987

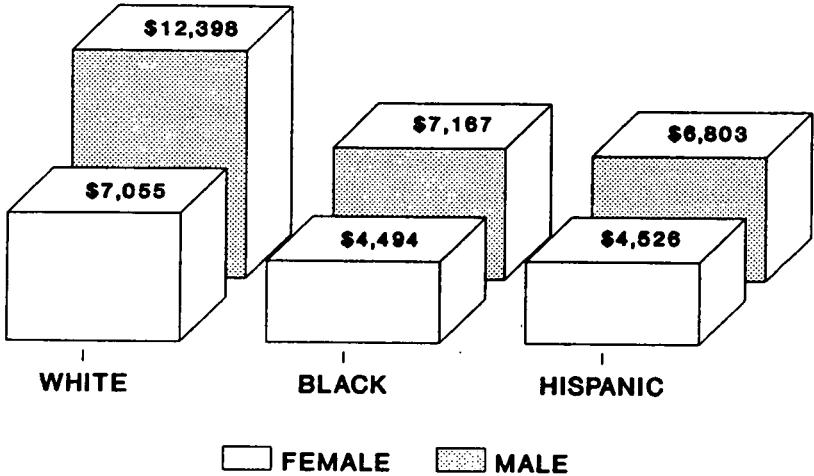
Race and Hispanic origin	Living arrangement of persons below poverty level					
	Number (thousands)			Percent		
	In families	Unrelated individuals	Total	In families	Unrelated individuals	Total
White:						
Male.....	440	289	729	5.0	15.6	6.8
Female.....	445	1,423	1,868	5.2	21.9	12.5
Total.....	884	1,712	2,597	5.1	20.5	10.1
Black:						
Male.....	119	117	236	17.4	42.2	24.6
Female.....	196	376	572	23.8	62.8	40.2
Total.....	315	493	808	20.9	56.3	33.9
Hispanic:¹						
Male.....	63	30	93	19.3	(*)	23.4
Female.....	60	94	154	17.1	60.6	30.5
Total.....	123	124	247	18.2	54.4	27.4
All races:						
Male.....	586	416	1,002	6.1	19.3	8.5
Female.....	664	1,825	2,489	7.0	25.4	14.9
Total.....	1,250	2,241	3,491	6.1	24.0	12.2

¹ Hispanic persons may be of any race.

² Percentage not shown if base population is less than 75,000.

Source: Current Population Survey, March 1988. Data prepared by the Congressional Research Service.

Chart 2-10
MEDIAN INCOME OF ELDERLY MALES AND
FEMALES BY RACE AND HISPANIC ORIGIN:
1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

SOURCES OF INCOME, RESIDENCE, EDUCATION, AND OTHER FACTORS

MULTIPLE FACTORS PRODUCE VERY HIGH POVERTY RATES

As noted above, the elderly population as a whole has a higher poverty rate than the balance of the adult population, but some subgroups of this population have even higher poverty rates. The subgroups that have been growing most rapidly in number—women, minorities, and those who live alone—have poverty rates above the average for all older people. These subgroups represent 7 of every 10 noninstitutionalized older people but 9 of every 10 elderly poor persons. The oldest of the old also have poverty rates well above the average for the elderly.

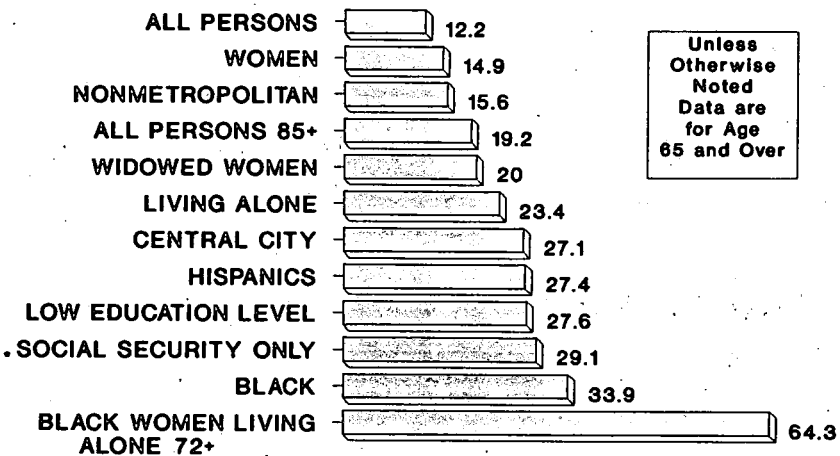
Other groups with high poverty rates within the older population include people who did not work in the previous year, residents of nonmetropolitan areas or of poverty areas in large cities, widows, people with little formal education, the ill or disabled, and people

who rely on Social Security as their sole source of income (chart 2-11).

People with several of these characteristics have an even greater chance of being poor. For example, over half (55 percent) of blacks who did not work in 1987 and reported that they were not working because of illness or disability reported incomes below the poverty level. Furthermore, nearly two of every three black women (64 percent) who lived alone and were 72 years of age or older were poor.

Poverty is also more likely to be long-term among the elderly than among the general population. Studies on long-term family income trends conducted by the Institute for Social Research at the University of Michigan suggest that the greater permanency of poverty experienced by older Americans as compared to the rest of the population exists because the elderly poor have limited opportunities to escape poverty through the two most common means—a decent job or marriage.³

Chart 2-11
PERCENT OF ELDERLY BELOW THE POVERTY
LEVEL BY SELECTED CHARACTERISTICS: 1987



• Social Security is the only source of income.
Source: Current Population Reports, Series P-60, No. 181.
Unpublished data from the March 1988 Current Population Survey

³ Duncan, Greg J. *Years of Poverty, Years of Plenty: The Changing Economic Fortunes of American Workers and Families*. Institute for Social Research, University of Michigan (1984).

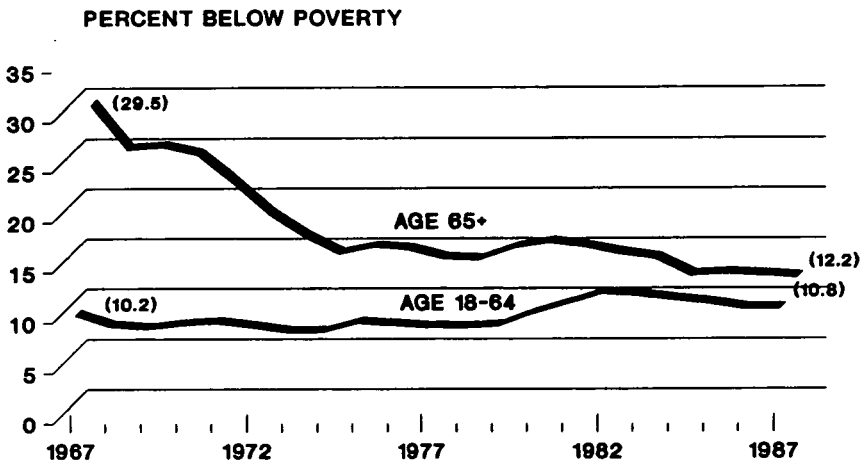
TRENDS IN INCOME AND POVERTY: 1960-74

MOST OF THE RELATIVE GAINS IN INCOME FOR THE ELDERLY WERE ACCOMPLISHED BETWEEN 1960 AND 1974

In 1960 one in every three older Americans was poor—a rate of poverty twice that of nonelderly adults. During the 1960's and early 1970's, substantial gains occurred in the average income of the elderly due to a general increase in the standard of living and specific improvements in Social Security and employer-sponsored pension benefits. Those retiring during the period also increasingly benefited from lengthening periods of coverage under Social Security and pension plans. The most noticeable gains in the average income of the elderly came as a result of benefit increases enacted in Social Security between 1969 and 1972. Legislated cost-of-living increases from 1968 to 1971 raised benefits by 43 percent while prices increased by only 27 percent. The 1972 Social Security amendments mandated another 20-percent increase in benefits.

The resulting improvements in the economic status of the elderly was significant. The poverty rate among those 65 and older was cut in half, declining from 28.5 percent in 1966 to 14.6 percent in 1974. During this period, the poverty rate among nonelderly adults declined less substantially from 10.6 percent in 1966 to 8.5 percent in 1974 (chart 2-12 and table 2-7).

Chart 2-12
POVERTY RATES FOR ELDERLY AND NONELDERLY
ADULTS: 1966-1987



Source: Congressional Research Service. 1985-1987 data supplied by the U.S. Bureau of the Census

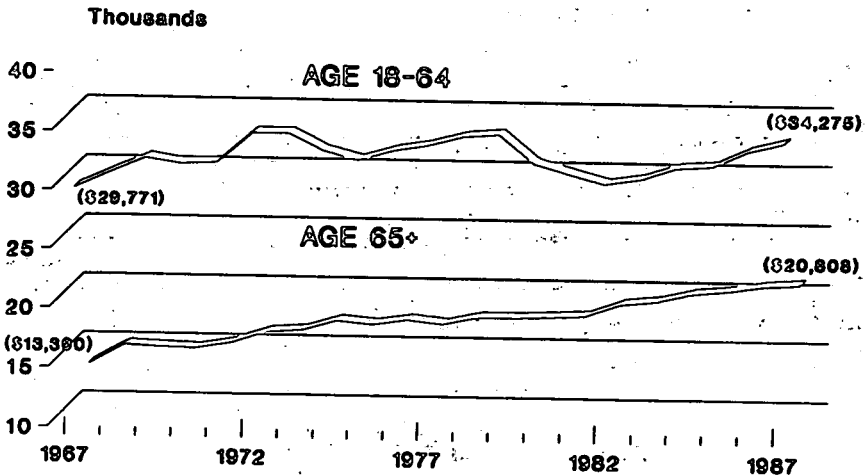
TABLE 2-7.—POVERTY RATES FOR ELDERLY AND NONELDERLY ADULTS: 1959 TO 1987

Year	Poverty rate		Year	Poverty rate	
	18 to 64	65-plus		18 to 64	65-plus
1959	17.4	35.2	1977	9.0	14.1
1966	10.6	28.5	1978	8.9	14.0
1967	10.2	29.5	1979	9.1	15.2
1968	9.1	25.0	1980	10.3	15.7
1969	8.8	25.3	1981	11.3	15.3
1970	9.2	24.5	1982	12.3	14.6
1971	9.4	21.6	1983	12.1	14.1
1972	9.0	18.6	1984	11.7	12.4
1973	8.5	16.3	1985	11.3	12.6
1974	8.5	14.6	1986	10.8	12.4
1975	9.4	15.3	1987	10.8	12.2
1976	-9.2	15.0			

Source: Congressional Research Service with 1985-87 data supplied by U.S. Bureau of the Census.

The median income for families with a head 65 and older rose in constant (1987) dollars by over a third—from \$12,780 in 1966 to \$17,293 in 1974. Growth in the median income for families with a head between 25 and 64 also rose in constant (1987) dollars over this period, but not nearly as rapidly as that of elderly families—from \$28,561 in 1966 to \$33,135 in 1974, an increase of 86 percent (chart 2-13 and table 2-8).

Chart 2-13
**MEDIAN INCOME OF ELDERLY AND NONELDERLY
 FAMILIES IN 1987 DOLLARS: 1967-1987**



Source: Congressional Research Service. 1985-1987 data supplied by the U.S. Bureau of the Census.

TABLE 2-8.—MEDIAN FAMILY INCOME OF ELDERLY AND NONELDERLY FAMILIES: 1965-1987

Year	Median family income (1987 dollars)		Median family income (actual dollars)		CPI (1982-84 = 100)
	Head 25 to 64	Head 65-plus	Head 25 to 64	Head 65-plus	
1965	\$27,181	\$12,478	\$7,537	\$3,460	31.5
1966	28,561	12,780	8,146	3,645	32.4
1967	29,771	13,360	8,753	3,928	33.4
1968	31,047	14,990	9,511	4,592	34.8
1969	32,309	14,867	10,438	4,803	36.7
1970	31,852	14,794	10,879	5,053	38.8
1971	31,993	15,295	11,406	5,453	40.5
1972	34,561	16,219	12,717	5,968	41.8
1973	34,530	16,441	13,496	6,426	44.4
1974	33,135	17,293	14,380	7,505	49.3
1975	32,372	17,013	15,331	8,057	53.8
1976	33,190	17,411	16,624	8,721	56.9
1977	33,668	17,077	17,960	9,110	60.6
1978	34,435	17,669	19,764	10,141	65.2
1979	34,698	17,710	22,175	11,318	72.6
1980	32,249	17,758	23,392	12,881	82.4
1981	31,416	17,915	25,138	14,335	90.9
1982	30,611	18,974	26,003	16,118	96.5
1983	31,072	19,232	27,243	16,862	99.6
1984	32,027	19,916	29,292	18,215	103.9
1985	32,205	20,183	30,504	19,117	107.6
1986	33,549	20,659	32,368	19,932	109.6
1987	34,275	20,808	34,275	20,808	113.6

Note.—CPI [Consumer Price Index] figures establish a baseline (100) of the cost of goods and services in 1982-84 against which price increases and decreases can be measured.

Source: U.S. Bureau of the Census, Current Population Reports Surveys.

TRENDS IN INCOME AND POVERTY: 1974-86

INCREASING POVERTY AMONG THE NONELDERLY HAS CONTINUED TO CLOSE THE GAP IN THE ECONOMIC STATUS OF THE ELDERLY AND NONELDERLY

Economic stagnation in the late 1970's and early 1980's, slowed real income increases for all age groups. Nonelderly persons still in the labor force were more directly affected by the two recessions during this period than were the elderly. While real incomes of the nonelderly remained relatively constant during this period, the real incomes of the elderly rose slowly. Underlying the slow rise in elderly income was a growth in Social Security benefits resulting from the retirement of new generations with better wage records. Automatic annual Social Security cost-of-living adjustments (COLA's), which went into effect in 1975, served to keep the real benefits of those already retired from declining.

As a result, the gap in income between the elderly and nonelderly narrowed further between 1974 and 1982. The median income of families with a head 65 and older rose in constant (1987) dollars from \$17,293 in 1974 to \$18,974 in 1982, while the median income of families with a head under age 65 declined in constant (1987) dollars from \$33,135 in 1974 to \$30,611 in 1982 (chart 2-13 and table 2-8).

Poverty rates showed a similar trend. The poverty rate among the elderly remained fairly stable throughout the mid-1970's and

early 1980's—ranging between 14 to 15.7 percent. At the same time, the poverty rate among nonelderly adults rose dramatically from a low of 8.5 percent in 1974 to a high of 12.3 percent in 1982 (table 2-7).

With the economic recovery of the last few years, income trends have shown a marked change from the pattern set in the late 1970's and early 1980's. Since 1982, wage earners have realized real gains paralleling those of the elderly. The median income of families with a head 65 and older rose slightly in constant (1987) dollar terms from \$18,974 in 1982 to \$20,808 in 1987 (an increase of 10 percent), while the median income of families with a head under 65 also increased from \$30,611 in 1982 to \$34,275 in 1987 (an increase of 11 percent). At the same time, poverty rates have declined for both elderly and nonelderly adults. The poverty rate among those 65 and older has declined from 14.6 percent in 1982 to 12 percent in 1988, while the poverty rate among adults age 18 to 64 has declined from 12.3 percent in 1982 to 10.5 percent in 1988.

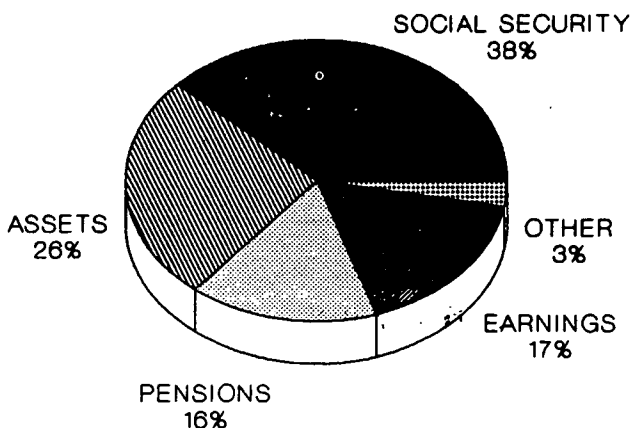
COMPOSITION OF INCOME

THE ELDERLY RELY HEAVILY ON SOCIAL SECURITY BENEFITS AND ASSET INCOME

The elderly depend more heavily on Social Security for their income than they do on any other source. In 1986, 38 percent of all income received by aged units came from Social Security (chart 2-14).⁴ Nine out of every 10 aged units were receiving some income from Social Security, and 14 percent of the aged units received all of their income from Social Security. In all, 3 aged units in 10 (31 percent) depended on Social Security for 80 percent or more of their income. The elderly with the lowest incomes were the most dependent on Social Security benefits. In 1986, 77 percent of aggregate income received by aged units with incomes under \$5,000 came from Social Security benefits. By contrast, only 21 percent of the aggregate income received by aged units with incomes of \$20,000 or more came from Social Security.

⁴ Information in this section on composition of income is from Susan Grad, *Income of the Population 55 or Over, 1986*. Pub. No. 13-11871, Washington: Social Security Administration. An aged unit is either a married couple living together with one or both members 65 or older, or an individual 65 or older who does not live with a spouse. Income is measured separately from the income of the family or household in which the unit lives.

Chart 2-14
INCOME SOURCES OF UNITS AGED 65 AND OLDER: 1986



Source: Grad, Susan. Income of the Population 55 or Over, 1986
Pub. No. 13-11871, Washington: U.S. Social Security Administration

Income from assets was the second most important income source for the elderly. In 1986, 26 percent of the income received by aged units was income from assets. In recent years, savings and other asset income have grown in importance as sources of income, increasing from 16 percent of total income in 1962 to 22 percent by 1980. However, income from financial assets was unevenly distributed among the elderly in 1986, with one-third (33 percent) of the aged units reporting no asset income, and one-fourth (26 percent) of those with asset income reporting less than \$500 a year. Only 33 percent of those who had asset income received more than \$5,000 a year from this source.

Earnings from paid employment were a particularly important source of income to the younger elderly, but declined in importance with age. Overall, 17 percent of the income of aged units came from earnings. Those aged 65 to 69 received 30 percent of their income from earnings, compared to only 4 percent for those aged 80 and older.

Employee pensions provided 16 percent of the income the elderly received in 1986. This share has remained fairly constant in recent years, and is similar for all but the oldest age group. Overall, two in five (40 percent) of aged units received income from public and/or private pension benefits other than Social Security—about one in four (27 percent) received income from private pensions.

TRENDS IN COMPOSITION OF INCOME

SOCIAL SECURITY IS BECOMING AN INCREASINGLY IMPORTANT PART OF THE INCOME OF THE ELDERLY, WHILE EARNINGS CONTINUE TO DECLINE IN IMPORTANCE

The rapid growth in real benefit levels for the elderly during the late 1960's and early 1970's was accompanied by a substantial change in the composition of income the elderly received. In the late 1960's, families with heads 65 and older derived nearly half of their income from earnings, while only 23 percent of their income came from Social Security. By 1980, Social Security had surpassed earnings as the leading source of income for these families. This shift may be due in part to more older persons qualifying for Social Security benefits and the inclusion of groups such as the self-employed in the program (charts 2-15 and 2-16).

Chart 2-15
SOURCE OF INCOME FOR FAMILIES WITH HEAD
AGE 65+: 1968-1987

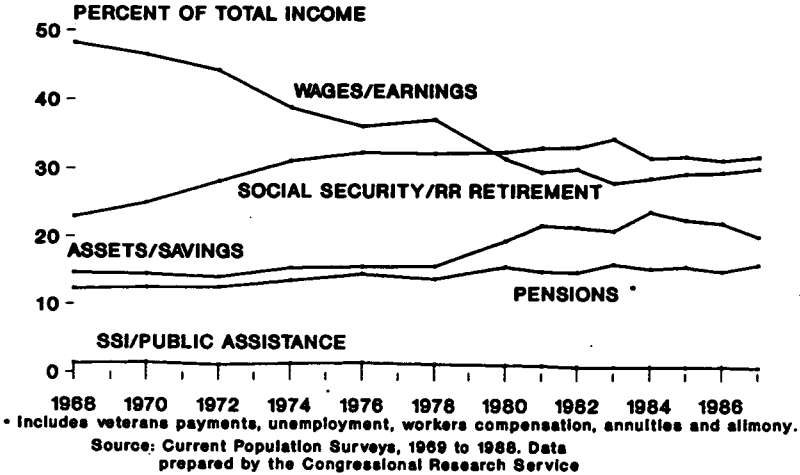
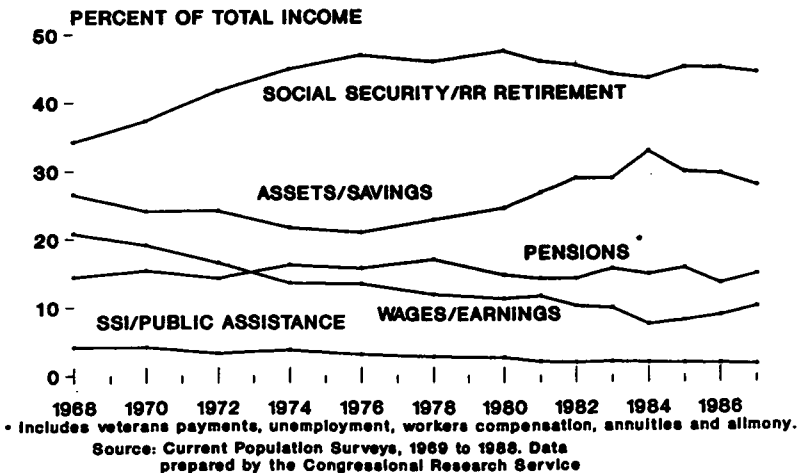


Chart 2-16
SOURCE OF INCOME FOR UNRELATED
INDIVIDUALS AGE 65+: 1968-1987



A substantial decline in the role of earnings has been the most notable feature of this change. The trend toward earlier retirement among older males has caused labor force participation rates of men 65 and older to drop from 33 percent in 1960 to 16 percent in 1987.⁵ As a result, earnings, which accounted for 48 percent of elderly family income in 1968, accounted for only 30 percent in 1987.

Social Security grew in importance as a source of income to elderly families between 1968 and 1974, but its proportion among sources of income has remained relatively stable since then. The proportion of elderly family income coming from Social Security benefits increased from 23 percent in 1968 to 31 percent in 1974, largely as a result of legislated benefit increases in the late 1960's, and early 1970's. In recent years, a particularly steep decline in the role of earnings has been offset by an increase in the role of assets and pensions as a source of income. This shift was most pronounced between 1978 and 1980, when earnings dropped from 37 to 31 percent while assets increased from 16 to 19 percent and pensions grew from 14 to 16 percent of total income. Comparable fluctuations in income sources as a percentage of income were recorded for elderly unrelated individuals (table 2-10).

⁵ U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics derived from the Current Population Survey, 1948-87 Bulletin 2307 (August 1988).

TABLE 2-9.—PERCENT OF TOTAL UNIT INCOME ¹ FROM VARIOUS SOURCES, BY THE RATIO OF TOTAL INCOME TO THE POVERTY THRESHOLD,² FOR UNITS WITH ALL MEMBERS AGE 65 OR OVER, 1987

	Ratio of total income to poverty threshold-poverty ratio							Poor	Nonpoor	Total	
	Under 0.5	5-0.74	0.75-0.99	1.0-1.24	1.25-1.49	1.50-1.99	2.0-2.99				3.0 and over
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Earnings	1.1	1.5	.9	1.4	2.3	3.9	6.0	15.6	1.0	11.4	10.9
OASDI, railroad retirement	52.2	66.2	72.7	79.7	77.5	69.6	55.8	26.3	70.3	40.8	42.2
Pensions	5.6	2.6	1.6	2.7	5.5	10.9	17.5	20.7	2.0	17.7	16.9
Unemployment compensation, veterans payments	1.5	1.8	1.5	2.3	1.3	2.0	1.5	.8	1.6	1.1	1.1
AFDC, SSI, general assistance	12.9	12.9	10.1	3.2	2.0	.8	.2	0	10.8	.4	.9
Child support, alimony	3.1	.3	.1	.3	.3	.4	.4	.5	.3	.5	.5
Interest, dividends	11.8	4.4	3.1	5.9	8.7	11.6	18.4	36.0	3.7	27.7	26.6
Food stamps ³	4.2	2.2	1.6	.3	.1	0	0	0	1.9	0	.1
Housing assistance ³	7.5	8.0	8.6	4.1	2.3	.9	.1	0	8.4	.4	.8
Mean cash income per family member ⁴	\$1,103	\$3,787	\$4,898	\$5,699	\$6,521	\$7,559	\$10,111	\$21,652	\$4,045	\$13,312	\$12,054
Mean family size	1.2	1.1	1.1	1.2	1.3	1.4	1.5	1.6	1.1	1.4	1.4

¹ Only for units with non-negative income.

² Based on census ("Orshansky") poverty levels.

³ The cash value of food stamps and housing assistance were estimated using their market values. Their cash values are excluded from total income for purposes of determining poverty status. Cash values of food stamps and housing assistance are included in total income for calculating the percentage share of total income.

⁴ Includes cash values of food stamps and housing assistance.

Source: March 1988 Current Population Survey (CPS). Table prepared by Congressional Research Service.

TABLE 2-10.—SOURCE OF INCOME AS A PERCENTAGE OF INCOME: 1968-87

Year	Social Security/ railroad retirement	Asset income	SSI/Public assistance	Pensions	Earnings
Families with a head 65 and older:					
1968.....	22.9	14.6	1.3	12.3	48.2
1970.....	25.0	14.5	1.4	12.5	46.6
1972.....	28.1	14.0	1.1	12.5	44.2
1974.....	31.1	15.4	1.3	13.5	38.8
1976.....	32.3	15.6	1.4	14.5	36.1
1978.....	32.2	15.7	1.2	13.8	37.1
1980.....	32.4	19.4	1.1	15.6	31.4
1981.....	33.0	21.7	1.0	14.9	29.5
1982.....	33.1	21.4	.8	14.8	29.9
1983.....	34.3	20.9	.8	16.0	28.0
1984.....	31.6	23.7	.8	15.3	28.6
1985.....	31.8	22.5	.8	15.6	29.3
1986.....	31.2	22.0	.8	14.9	29.4
1987.....	31.7	20.0	.7	15.9	30.0
Unrelated individuals 65 and over:					
1968.....	34.2	26.5	4.1	14.4	20.8
1970.....	37.3	24.1	4.1	15.4	19.1
1972.....	41.7	24.2	3.2	14.3	16.6
1974.....	44.9	21.7	3.7	16.2	13.6
1976.....	46.9	20.9	3.0	15.7	13.4
1978.....	45.9	22.7	2.7	16.9	11.8
1980.....	47.4	24.4	2.5	14.6	11.2
1981.....	45.9	26.6	1.9	14.1	11.5
1982.....	45.3	28.7	1.8	14.1	10.1
1983.....	44.0	28.7	1.9	15.5	9.8
1984.....	43.4	32.7	1.8	14.7	7.4
1985.....	45.0	29.7	1.7	15.6	7.9
1986.....	44.9	29.4	1.6	13.4	8.7
1987.....	44.2	27.7	1.5	14.7	9.9

Source: U.S. Bureau of the Census. Current Population Reports Series P-60 (1969 to 1987).

THE ELDERLY POOR RELY HEAVILY ON SOCIAL SECURITY AND SSI

Table 2-9 describes the percent of the total income of elderly units which is derived from various sources, broken down by income level. One percent of total family income for poor units is comprised of earnings, compared with 11 percent of nonpoor units. Pension income accounts for 2 percent of total income received by poor units, while it comprises 18 percent for nonpoor units. Social Security and SSI income together represents 81 percent of total income for poor units and approximately 41 percent for nonpoor units. Interest and dividend income represents 4 percent of total income for poor units and 28 percent for nonpoor units.

NONCASH ECONOMIC RESOURCES

Although the elderly have substantially lower average cash incomes than the nonelderly, they derive greater economic advantage than the nonelderly from the tax treatment of income, government in-kind transfers, lifetime accumulations of wealth, and family size. Some analysts contend that when these factors are taken into account, the average older person has economic resources roughly equivalent to those of younger persons.

Recent analyses of the distribution of resources suggest that while the consideration of noncash resources reduces some of the economic difference between the elderly and the nonelderly and among the elderly, large numbers of the elderly still have limited economic resources.

IN-KIND BENEFITS

Some analysts contend that the difference in income between the elderly and nonelderly would be reduced if the analysis of income took into account the value of in-kind transfers.

WHILE ALMOST ALL ELDERLY BENEFIT FROM IN-KIND HEALTH CARE BENEFITS, FEWER THAN ONE IN SIX BENEFIT FROM NONHEALTH IN-KIND BENEFITS

In-kind benefits, especially government-provided health benefits, are of particular significance to the elderly since 97 percent of them are covered by Medicaid hospital and physician insurance, and 12 percent are covered by Medicaid (most of whom are covered by Medicare as well) (table 2-11). By contrast, only 15 percent of the elderly benefit from nonhealth in-kind benefits—and only 4 percent benefit from more than one of these benefits. Energy assistance and food stamps are the most prominent benefits, going to 7 and 6 percent of elderly respectively. Even smaller percentages benefit from public housing and rental assistance (table 2-12). Non-elderly workers and their families benefit primarily from employee benefits, such as group health insurance, provided by employers but not counted as income by employees.

The inclusion of the premium value of Medicare and other in-kind benefits in the incomes of the elderly causes an upward shift in their income distribution, with the largest proportionate increases occurring at low income levels. A similar but less pronounced upward shift occurs for the nonelderly. The net effect of the inclusion of both taxes and in-kind benefits is to reduce the percentage of older persons at the highest and lowest income levels and increase the percentage in the middle of the income distribution.

TABLE 2-11.—PERCENT DISTRIBUTION OF SOURCES OF HEALTH INSURANCE COVERAGE FOR UNITS 65 AND OLDER: 1984

Type of health plan	Total	Married couples	Nonmarried persons	
			Men	Women
All units.....	100	100	100	100
Medicare.....	97	96	95	97
Medicaid.....	12	7	14	16
Military plan.....	3	5	7	1
Employer plan.....	8	14	4	3
Other.....	53	62	41	49
Number of health plans:				
0.....	1	0	2	1
1.....	32	25	41	36
2.....	60	64	52	59
3 or more.....	6	10	5	4

TABLE 2-12.—PERCENT DISTRIBUTION OF UNITS 65 AND OLDER BY NUMBER AND SOURCES OF IN-KIND BENEFITS, MARITAL STATUS, AND SEX: 1984

Number and source of in-kind benefits	Total	Married couples	Nonmarried persons	
			Men	Women
All units.....	100	100	100	100
Number of in-kind benefits: ¹				
0.....	85	94	84	78
1.....	11	5	13	16
2 or more.....	4	1	3	6
Source of in-kind benefits: ²				
Energy assistance.....	7	3	7	10
Food stamps.....	6	3	7	8
Public housing.....	4	1	4	6
Rental assistance.....	2	1	2	3

¹ Data on number of in-kind benefits refer only to the four sources specified in table.

² Percentages not additive.

Source: U.S. Social Security Administration. Income and Resources of the Population 65 and Over. Pub. No. 13-11727, Washington: U.S. Social Security Administration, September 1986.

ASSETS

The elderly as a group hold substantially more in assets than the nonelderly. Because of this difference, some analysts have suggested that a comparison of the economic well-being of the elderly and nonelderly should include a measurement of the income potential of accumulated wealth.

THE ELDERLY HAVE GREATER ASSETS THAN THE NONELDERLY SINCE THEY HAVE ACCUMULATED THESE ASSETS OVER A LIFETIME, MORE THAN ONE-THIRD OF THE ASSETS OF THE ELDERLY IS THE EQUITY IN THEIR OWN HOMES

The fact that the elderly as a group hold more assets than the nonelderly is a result of normal life-cycle processes. People naturally tend to accumulate savings, home equity, and personal property over a lifetime. The median net worth of households with a head 65 and over was \$60,266 in 1984 compared to a median net worth for all households (including elderly households) of \$32,677 (table 2-13 and chart 2-17). The group with the largest median net worth was age 55 to 64 (\$73,664).⁶

⁶ Data on assets, unless otherwise noted, are taken from U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1984." Current Population Reports Series P-70, No. 7 (July 1986).

TABLE 2-13.—MEDIAN NET WORTH AND MONTHLY HOUSEHOLD INCOME, BY AGE OF HOUSEHOLDER: 1984

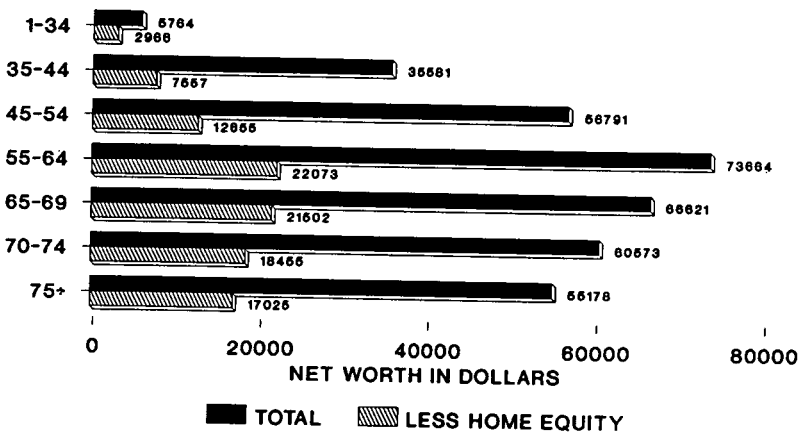
[Excludes group quarters]

	Number of household (thousands)	Median monthly household income	Median net worth	
			Total	Excluding home equity
Total.....	86,790	\$1,677	\$32,667	\$7,783
Less than 35 years.....	25,730	1,596	5,764	2,966
35 to 44 years.....	17,393	2,238	35,581	7,557
45 to 54 years.....	12,596	2,381	56,791	12,655
55 to 64 years.....	12,920	1,822	73,664	22,073
65 years and over.....	18,151	1,021	60,266	18,790
65 to 69 years.....	5,668	1,306	66,621	21,502
70 to 74 years.....	5,014	1,022	60,573	18,455
75 years and over.....	7,468	828	55,178	17,025

Source: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1984." Current Population Reports series P-70, No. 7 (July 1986).

Chart 2-17
MEDIAN NET WORTH BY AGE GROUP: 1984

AGE OF HOUSEHOLDER



Source: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1984." Current Population Reports, Series P-70, No. 7 (July, 1986)

Although the elderly as a group hold greater assets than the nonelderly, many elderly households hold few or no assets. Over one-fourth (28.5 percent) of elderly households had a net worth of less than \$25,000, and one-seventh (15.4 percent) had a net worth below \$5,000 in 1984 (table 2-14 and chart 2-18). The wealth the elderly hold exists primarily in the form of home equity. Nearly 75 percent of older persons own their homes—80 percent of these "free and clear". More than one-third (39 percent) of the total net worth of the elderly comes from the home. Many of the "house rich" elderly, however, are "cash poor". An analysis of 1983 Annual Housing Survey data shows that nearly one-quarter (23

percent) of poor elderly homeowners had at least \$50,000 in home equity.⁷ This disparity between income and equity may be due to recent rapid appreciation in housing values or losses in income due to retirement, divorce, or widowhood.

⁷ Jacobs, Bruce. "The National Potential of Home Equity Conversion." *The Gerontologist* Vol. 26, No. 5 (October 1986).

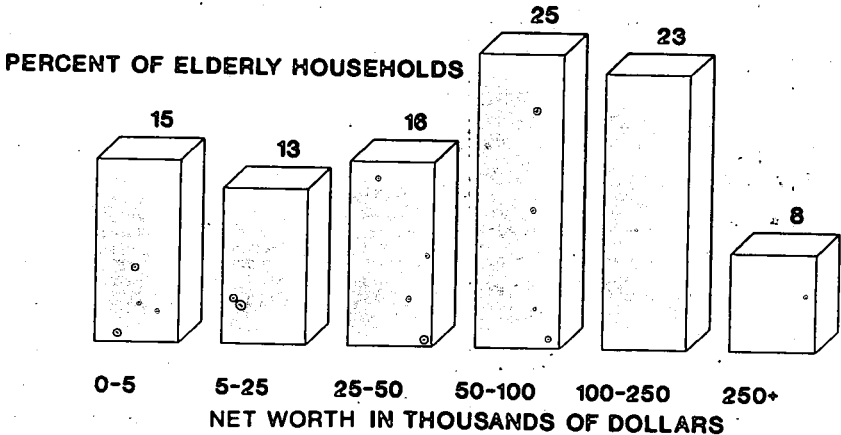
TABLE 2-14.—DISTRIBUTION OF HOUSEHOLDS BY AGE AND NET WORTH: 1984

[Excludes group quarters]

	Percent distribution by net worth								
	All households	Zero or negative	\$1 to \$4,999	\$5,000 to \$9,999	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total.....	100	11.0	15.3	6.4	12.4	14.5	19.3	15.3	5.9
Less than 35.....	100	19.1	28.9	11.0	17.2	11.9	8.2	2.9	.9
35 to 44.....	100	9.7	12.5	6.1	13.4	18.3	21.4	13.7	4.7
45 to 54.....	100	8.2	8.5	4.1	10.6	14.1	24.9	21.0	8.7
55 to 64.....	100	5.3	7.7	3.3	7.8	13.3	25.3	25.7	11.6
65 and over.....	100	6.7	8.7	4.0	9.1	15.5	24.7	23.1	8.2
65 to 69.....	100	6.8	6.8	2.9	8.2	15.1	25.7	24.9	9.6
70 to 74.....	100	7.2	9.8	3.4	9.4	14.5	25.0	21.9	8.7
75 and over.....	100	6.4	9.4	5.1	9.5	16.6	23.8	22.5	6.8

Source: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1984." Current Population Reports Series P-70, No. 7 (July 1986).

Chart 2-18
DISTRIBUTION OF ELDERLY HOUSEHOLDS BY
NET WORTH: 1984



Source: U.S. Bureau of the Census, "Household Wealth and Asset Ownership: 1984," Current Population Reports, Series P-70, No. 7 (July, 1986)

EXCLUDING HOME EQUITY, MANY OF THE ELDERLY HAVE RELATIVELY FEWER ASSETS THAN THE NONELDERLY

In 1984, more than 40 percent of elderly households had a net worth excluding home equity of less than \$10,000. The median net worth of all elderly households excluding the value of home equity was only \$18,790 in 1984. After home equity, the assets of elderly households are held largely in the form of savings, checking, or money market accounts (table 2-15 and chart 2-19).

TABLE 2-15.—DISTRIBUTION OF NET WORTH, BY AGE OF HOUSEHOLDER AND ASSET BY TYPE

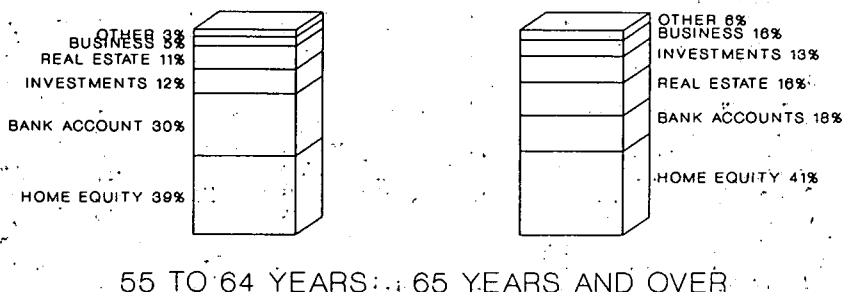
(Excludes group quarters)

Type of asset	Total	Less than 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over
Total net worth.....	100.0	100.0	100.0	100.0	100.0	100.0
Own home.....	41.3	46.0	47.0	42.3	41.1	38.6
Savings and checking accounts.....	18.1	14.4	11.3	11.6	17.5	30.3
Interest-earning assets at financial institutions.....	14.4	11.6	8.3	9.3	13.4	24.8
Other interest-earning assets.....	3.1	1.6	2.3	1.7	3.7	4.9
Checking accounts.....	.6	1.2	.7	.6	.4	.6
Financial investments.....	9.5	7.1	7.5	7.9	12.8	12.0
Stocks and mutual fund shares.....	6.8	5.2	5.3	4.7	8.9	8.6
U.S. savings bonds.....	.5	.3	.2	.4	.6	.8
IRA and KEOGH accounts.....	2.2	1.6	2.0	2.8	3.3	2.6
Real estate (except own home).....	13.4	9.8	12.7	16.1	16.1	11.2
Rental property.....	9.0	5.3	7.8	11.0	10.9	8.2
Other real estate.....	4.4	4.5	4.9	5.1	5.2	3.0
Business or profession.....	10.3	17.4	14.1	16.0	7.9	4.5
Other.....	7.4	5.3	7.4	6.1	4.6	3.4
Motor vehicles.....	6.0	16.6	7.4	6.0	4.6	3.4
Other assets and unsecured liabilities.....	1.4	-11.3	0	.1	0	0

Source: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1984." Current Population Reports Series P-70, No. 7 (July 1986).

The holdings of the elderly differ from those of the nonelderly. For example, the elderly as a group have a smaller share of their equity in a business or profession and a larger share in savings, checking, or money market accounts than the nonelderly. In 1984, 5 percent of the net worth of elderly households was in a business or profession compared to 10 percent of the net worth of all households (including the elderly). At the same time, 30 percent of elderly net worth was in savings and checking accounts, compared to only 18 percent of the net worth of all households. Additionally, the elderly have a small share of their equity tied up in their homes than the nonelderly. In 1984, 39 percent of the net worth of elderly households was equity in their home compared to 41 percent of the net worth of all households.

Chart 2-19
 DISTRIBUTION OF TOTAL NET WORTH BY ASSET
 TYPE FOR OLDER HOUSEHOLDS: 1984



Source: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1984." Current Population Reports Series P-70, No. 7 (July, 1986)

CONSUMPTION PATTERNS

The economic well-being of the elderly is ultimately reflected in the relative standard of living they can sustain. The elderly generally consume fewer goods and services than the nonelderly and spend slightly higher proportions of their total budgets on essentials. Persons age 75 and older spend 70 percent of their consumption dollars on housing (including utilities), food and medical care, compared to only 54 percent spent by younger households on these items (table 2-16 and chart 2-20). The one service or commodity that the elderly spend more on in actual dollars than the nonelderly is health care.⁸

⁸ Data on consumption patterns are from the U.S. Bureau of Labor Statistics, Consumer Expenditure Survey: Interview Survey, 1986.

TABLE 2-16.—AVERAGE ANNUAL EXPENDITURES OF URBAN CONSUMER UNITS BY TYPE OF EXPENDITURE AND AGE OF HOUSEHOLD: 1986

Type of expenditure	Amount expended			Percent distribution		
	Under 65	65 to 74	75-plus	Under 65	65 to 74	75-plus
Annual average expenditures	\$24,788	\$16,898	\$11,746	100.0	100.0	100.0
Shelter/furnishings.....	5,792	3,402	2,727	23.4	20.1	23.2
Utilities.....	1,686	1,593	1,349	6.8	9.4	11.5
Food.....	3,606	2,767	1,975	14.6	16.4	16.8
Clothing.....	1,296	710	416	5.2	4.2	3.5
Health care.....	914	1,537	1,761	3.7	9.1	15.0
Transportation.....	5,404	3,233	1,627	21.8	19.1	13.9
Pension and life insurance.....	2,524	857	262	10.2	5.1	2.2
Entertainment.....	1,234	686	299	5.0	4.1	2.6
Cash contributions.....	710	1,070	658	2.9	6.3	5.6
Other.....	1,622	1,042	671	6.6	6.2	5.7

Source: U.S. Bureau of Labor Statistics. Consumer Expenditure Survey, U.S. Department of Labor, 1986.

THE ELDERLY SPEND LESS THAN THE NONELDERLY, EVEN WHEN SPENDING IS ADJUSTED FOR HOUSEHOLD SIZE

Older households consume less than younger households because they have less household income to spend, fewer people in the household to support, and different needs than younger households. Data from the 1986 Consumer Expenditure Survey show that consumer units with a reference person age 65 to 74 or age 75 and over have average incomes before taxes that are, respectively, only 63 percent and 44 percent as great as the average income of all consumer units under age 65.⁹ Spending by older consumer units is substantially lower than the average spending by younger consumer units. In 1986, units with a reference person age 65 to 74 spent \$16,898 and those with a reference person age 75 and older spent \$11,746 compared to average spending of \$24,788 by younger consumer units.

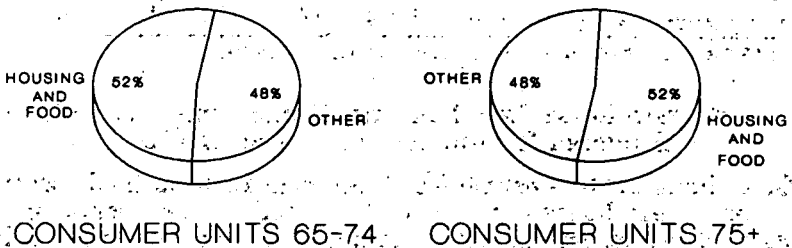
To some extent, elderly households need to buy less overall and spend on a different mix of purchases because they have fewer members than nonelderly households. In 1986, the average 65 to 74-year-old urban consumer unit had 1.9 persons and the average 75 and older consumer unit had only 1.6 persons compared to younger urban consumer units which has 2.8 persons. However, even when adjusted for unit size, older households spent less than younger households.

Because older households are smaller, they devote a larger share of their budgets to costs that vary little with household size. Utilities, food and health care, in particular, were more significant expenses for the elderly than the nonelderly. For example, in 1986, utility costs as a percentage of the budget were 9 percent for 65-

⁹ A consumer unit is a term used to denote: one or more unrelated persons living together who pool their income to make joint expenditure decisions; all members of a household who are related; or a person living alone or who lives with others but is financially independent. For readability, the term "household" is used interchangeably with "consumer unit" in this section. However, the reader should note that a household—generally defined as all persons sharing a housing unit—can include more than one consumer unit. A reference person is the member of the household that is first mentioned as the owner or renter of the home.

74-year-old units and 12 percent for 75 and older units, compared to only 7 percent for younger consumer units. Housing and food combined take up an increasing share of the elderly's budget (chart 2-20).

Chart 2-20
EXPENSES FOR HOUSING AND FOOD FOR TWO
OLDER AGE GROUPS: 1986



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 1986

Food costs represented over 17 percent of the expenditures for older consumer units compared to 15 percent for younger units. Older households spent significantly less on clothing, transportation, pensions, life insurance, and entertainment than did their younger counterparts. Older and younger units spent about the same proportion (21 percent and 23 percent, respectively) on shelter and furnishings.

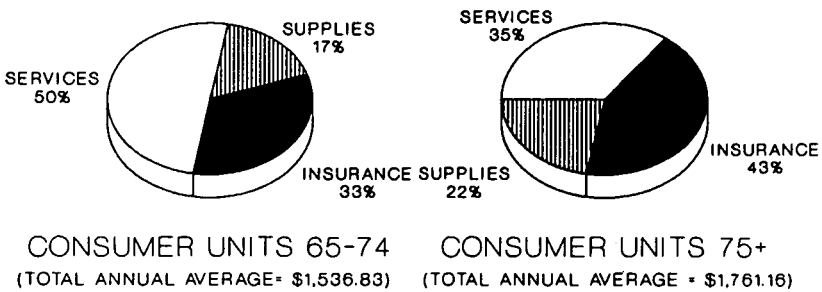
HEALTH CARE IS THE ONLY BUDGET CATEGORY ON WHICH THE ELDERLY SPEND MORE MONEY THAN THE NONELDERLY

One of the greatest threats to the economic security of the elderly is the high out-of-pocket cost of health care, which consumes an increased share of the reduced budgets of the average elderly household. The elderly spend more on health care—both in actual dollars and as a percentage of total expenditures—than the nonelderly. Consumer units with a reference person age 65 to 74 paid an average of \$1,537 and those with a reference person age 75 and older paid \$1,761 in out-of-pocket health costs in 1986 compared to an average of \$914 paid by younger units. Because the total budget of the elderly is smaller, the share spent on health care is substantially higher than the share spent by the nonelderly. Consumer units age 65 to 74 and 75 and older spent 9 percent and 15 percent

respectively of their budgets on health care compared to 4 percent by younger units.

The major health expense for urban elderly households in 1986 was health insurance, including Medicare (chart 2-21). Despite the fact that older households have lower incomes and fewer household members, urban elderly units spent over three times as much as their younger counterparts on health insurance (\$641 v. \$302) and twice as much on prescription drugs and medical supplies (\$326 v. \$154). Expenditures for medical services by older and younger households were relatively equal in dollar terms (\$669 v. \$459), but such expenditures represented half of all health costs for younger households compared to about four-tenths for older urban units. There was little difference in the patterns of health expenditures for households headed by people 65-74 and people 75 and over from the pattern for older households as a group.

Chart 2-21
EXPENSES FOR HEALTH CARE FOR TWO
OLDER AGE GROUPS: 1986



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 1986

Chapter 3

RETIREMENT TRENDS AND LABOR FORCE PARTICIPATION

With this century's dramatic increase in longevity, people are spending more time in all of life's major activities—in education, in work, and in retirement. Retirement is now an established institution and more and more older people are retiring well before age 65. For those older persons who need or want to continue to work, however, unemployment and age discrimination are serious problems. Older workers who are unemployed stay out of work longer than younger workers, suffer a greater earnings loss in subsequent jobs than younger workers and are more likely to become discouraged, giving up the job search altogether.

The following section describes the current labor force and retirement trends of older workers.

LIFETIME DISTRIBUTION OF EDUCATION, WORK, AND RETIREMENT

RETIREMENT IS NO LONGER A LUXURY, IT IS NOW AN INSTITUTION

Increased longevity and changing social and work patterns have contributed to dramatic changes during this century in the distribution of time devoted to major life activities such as education, work, retirement, and leisure. Compared to a century ago, children are spending more time in school, both men and women in their middle years are spending more time in work, and older people are spending more time in retirement.

Retirement is now as much an expected part of a life course as family, school, or work. The portion of life spent in retirement has increased substantially since the beginning of this century (table 3-1, chart 3-1). In 1900, the average male had a life span of 46.3 years and only 1.2 years, or 3 percent, was spent in retirement or other activities outside the labor force. By 1980, the average male spent 19 percent of his 70 years in retirement, or 13.6 years. Thus, while life expectancy increased by 50 percent, average years in retirement increased 11 times.

Although, on the average, males spent nearly 7 more years in the labor force in 1980 than in 1900, their working lives accounted for a smaller proportion of their lifespan in 1980 (55 percent), than in 1900 when males spent 69 percent of their lives working.

The number of years spent in school also increased for males from an average of 8 years to 12.6 years between 1900 and 1980. The proportion of time devoted to education, however, only increased from 17 to 18 percent.

Changes in distribution patterns of major life activities are very different for women. As more women have entered the labor force, an historic increase has taken place in the proportion of time spent in work outside the home. Since 1900, the average number of years spent by women in the labor force increased from 6.3 to 29.4 years and from 13 percent of the lifespan to 38 percent.

TABLE 3-1.—LIFECYCLE DISTRIBUTION OF EDUCATION, LABOR FORCE PARTICIPATION, RETIREMENT, AND WORK IN THE HOME: 1900-80

Subject	Year—					
	1900	1940	1950	1960	1970	1980
Number of years spent in activity						
Male:						
Average life expectancy.....	46.3	60.8	65.6	66.6	67.1	70.0
Retirement/work at home.....	1.2	9.1	10.1	10.2	12.1	13.6
Labor force participation.....	32.1	38.1	41.5	41.1	37.8	38.8
Education.....	8.0	8.6	9.0	10.3	12.2	12.6
Preschool.....	5.0	5.0	5.0	5.0	5.0	5.0
Female:						
Average life expectancy.....	48.3	65.2	71.1	73.1	74.7	77.4
Retirement/work at home.....	29.0	39.4	41.4	37.1	35.3	30.6
Labor force participation.....	6.3	12.1	15.1	20.1	22.3	29.4
Education.....	8.0	8.7	9.6	10.9	12.1	12.4
Preschool.....	5.0	5.0	5.0	5.0	5.0	5.0
Percent distribution by activity type						
Male:						
Average life expectancy.....	100	100	100	100	100	100
Retirement/work at home.....	3	15	15	15	18	19
Labor force participation.....	69	63	63	62	56	55
Education.....	17	14	14	15	18	18
Preschool.....	11	8	8	8	7	8
Female:						
Average life expectancy.....	100	100	100	100	100	100
Retirement/work at home.....	60	60	58	51	47	40
Labor force participation.....	13	19	21	27	30	38
Education.....	17	13	14	15	16	16
Preschool.....	10	8	7	7	7	6

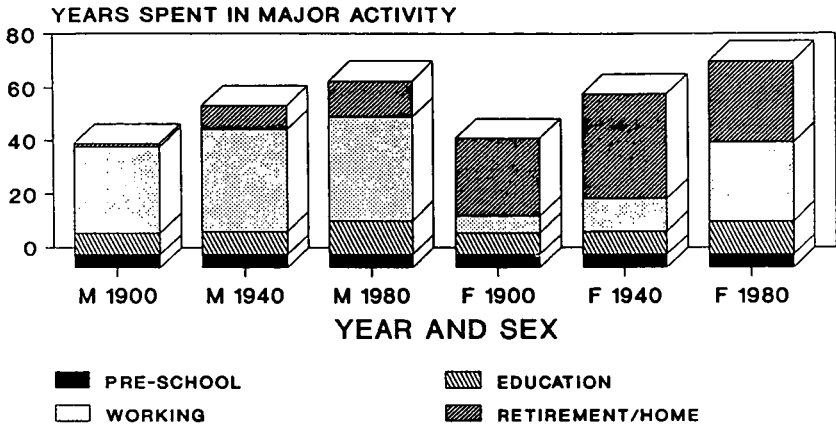
Note.—See explanatory material following chart 3-1.

Source: U.S. Bureau of the Census. "Educational Attainment in the United States: March 1981 and 1980." Current Population Reports Series P-20, No. 390 (August 1984) (median years of school for persons 25 years or older, 1940-1980).

Best, Fred. "Work Sharing: Issues, Policy Options, and Prospects." Upjohn Institute for Employment Research, 1981, page 8 (1900 estimates of median years of school for persons 25 years or older).

National Center for Health Statistics. Vital Statistics of the United States, 1984. Vol. 2, Section 6, March 1987 (life expectancy data).
Smith, Shirley J. "Revised Worklife Tables Reflect 1979-1980 Experience." Monthly Labor Review, Vol. 108, No. 8 (August 1985) (worklife estimates).

Chart 3-1
LIFECYCLE DISTRIBUTION OF MAJOR
ACTIVITIES: 1900, 1940, 1980



Source: See Table 3-1

(NOTE.—The data on average worklife and retirement presented above and in chart 3-1 illustrate the projected experience of a hypothetical cohort born in a given year if the rates of mortality, labor force participation, and educational attainment which prevailed at that time were held constant into the future. Worklife estimates are also prepared for people at various ages, according to whether they are in the labor force at those ages (see article by Shirley J. Smith cited in table 3-1 and chart 3-1.)

The estimates of worklife shown in table 3-1 and chart 3-1 are averages which include people who die at relatively young ages, people who never enter the labor force, and people who work only sporadically or for small portions of their lives, as well as people who are in the labor force continuously for several decades. In addition, the estimated worklife figures do not necessarily represent continuous employment although they are portrayed as such in chart 3-1. These estimates do not represent solely the experience of career employees and should not be used to calculate the average age at retirement. For example, chart 3-1 and table 3-1 indicate that men had a life expectancy at birth of 70 years and a worklife expectancy of 38.8 years in 1980. With 12.6 years of schooling beginning after age 5, this implies retirement at age 56.4 whereas other data indicate the average age at retirement for people with significant amounts of labor force experience is between ages 60 and 65.)

RETIREMENT

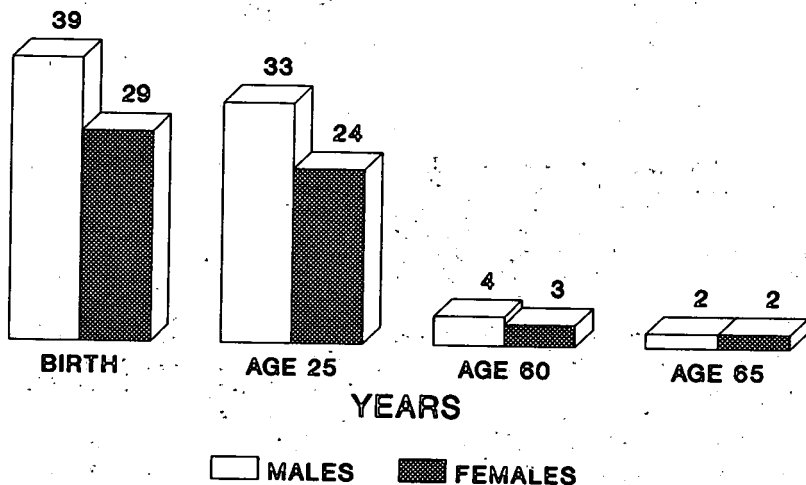
MOST OLDER WORKERS RETIRE EARLIER THAN AGE 65

Since Social Security legislation was passed in 1935, age 65 has been commonly thought of as the "normal" retirement age. Today,

however, most retirees leave work before they reach 65. A 1978 national survey of American attitudes toward pensions and retirement found that almost two-thirds of retirees had left work before age 65.¹ The median age of retirement in this sample was 60.6. It is important to note that retirement is not necessarily synonymous with lack of employment. At the time of the survey, however, 81 percent of the retired respondents were not employed, 8 percent were employed part-time, and 5 percent were working full-time.

Due to the current trend in early retirement, work life expectancy is low for older males and females (chart 3-2). Today, males age 60 average 4 years of remaining work life expectancy and older females average 3 years. At age 65, both males and females average 2 years.

CHART 3-2
WORKLIFE EXPECTANCY IN YEARS



Source: Bureau of Labor Statistics, Monthly Labor Review, August, 1985

Early retirement may be a permanent fixture of the American economy. Even an increase in the eligibility age for full Social Security benefits and the elimination of mandatory retirement at age 70 is likely to have only minimal impact on future retirement ages. According to the National Commission for Employment Policy, economic analyses have shown that changing the age of eligibility for full Social Security benefits from age 65 to 67 by the year 2027 would have minimal effect on the actual age of retirement and

¹Harris, Louis and Associates. 1979 Study of American Attitudes Towards Pensions and Retirement. New York: Johnson & Higgins, 1979.

would only raise the average retirement age by about 3 months.² The study projected that other options, such as reducing early retirement benefits, would also have little effect on retirement age. According to the results of numerous studies, people retire at a given age for a variety of reasons, such as health, availability of Social Security or private pension benefits, social expectations, and long-held plans.

LABOR FORCE PARTICIPATION

LABOR FORCE PARTICIPATION RATES DECLINE WITH AGE

Cross-sectional data demonstrate that the labor force participation of men and women declines steadily among older age groups (tables 3-2 and 3-3).

TABLE 3-2.—LABOR FORCE PARTICIPATION BY AGE AND SEX: 1988

[Annual averages]

Labor force status	55 to 59			60 to 64			65-plus		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Civilian labor force status (in thousands).....	7,121	4,099	3,022	4,687	2,732	1,955	3,284	1,960	1,324
Labor force participation rate (percent) ..	66	79	53	43	54	34	12	17	8
Number employed (in thousands)	6,891	3,954	2,938	4,541	2,638	1,904	3,197	1,911	1,286

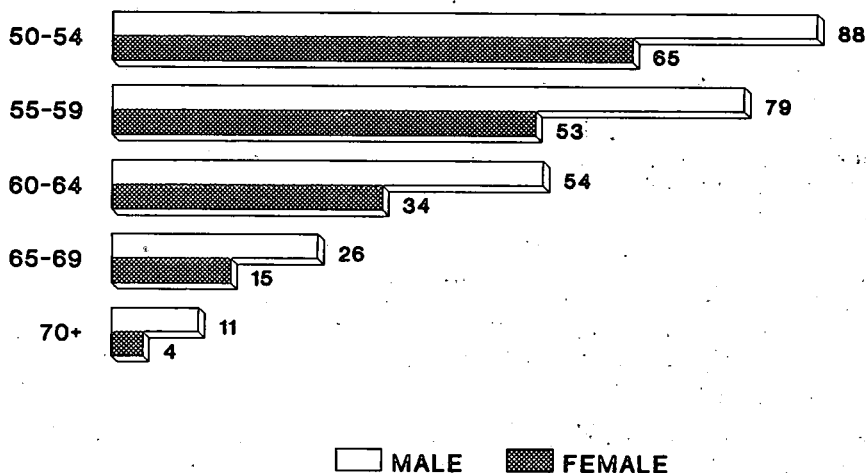
Note.—The U.S. labor force includes workers who are employed or unemployed but actively seeking employment. The participation rate is the percentage of individuals in a given group (e.g., age group) who are in the labor force.

Source: U.S. Department of Labor, Bureau of Labor Statistics. Employment and Earnings (January 1989).

In 1988, 88 percent of men age 50 to 54 and 65 percent of women in this age group were in the labor force. By age 60 to 64, only about 54 percent of men and 34 percent of women were in the labor force. Among those 70 and older, only 11 percent of men and 4 percent of women were in the labor force (chart 3-3).

² Fields, Gary S. and Olivia S. Mitchell. "Restructuring Social Security: How Will Retirement Ages Respond?" Washington: National Commission on Employment Policy, April 1983.

Chart 3-3
PERCENT OF OLDER MEN AND WOMEN IN THE
LABOR FORCE: 1988



Source: Bureau of Labor Statistics, Employment and Earnings, Vol. 35, No. 1 (January 1988)

Workers who are age 55 to 64 make up 10 percent of the total U.S. labor force, while 65-plus workers make up 3 percent. In 1988, there were about 12 million workers age 55 to 64 (6.8 million men and 5 million women) and 3.3 million workers 65-plus (2 million men and 1.3 million women).

TABLE 3-3.—LABOR FORCE PARTICIPATION RATES BY AGE, SEX, AND RACE: 1988

[Annual averages in percent]

Sex and race	50 to 54 years	55 to 59 years	60 to 64 years	65 to 69 years	70-plus years
Total male.....	88	79	54	26	11
Total female.....	65	53	34	15	4
White male.....	89	81	55	26	11
White female.....	65	54	34	15	4
Black male.....	80	69	49	20	10
Black female.....	65	53	33	18	5

Note.—People are considered to be a part of the labor force if they are either currently employed or unemployed but actively seeking work. These data present a picture of specific age groups at one point in time and do not necessarily imply a trend that follows the aging process specifically.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (January 1989).

THE LABOR FORCE PARTICIPATION OF OLDER WORKERS IS CONTINUING TO DECLINE

The labor force participation of older men has dropped rapidly over the last 30 years. In 1950 almost half (46 percent) of all men age 65 and over were in the labor force. By 1960, this figure had dropped to 33 percent and, by 1970, to 27 percent. By 1988, only 17 percent of older men were in the labor force (table 3-2). The drop is due in part to an increase in early retirement and a drop in self-employment. The decrease in male labor force participation extends even to men in their fifties. By 1988, the labor force participation rate among males aged 55 to 59 had dropped to 79 percent (chart 3-4) from its earlier level of almost 92 percent in 1960.

Labor force participation of older women has varied only slightly (chart 3-5). In 1950, about 10 percent of women age 65 and over were in the labor force, but in 1988, the percentage was 7.8 percent. For women over age 70, labor force participation dropped from 6 percent to 4 percent between 1950 and 1988. Over the same period, women in the 55 to 64 age group increasingly joined the work force. In 1950, only 27 percent of women in this age category worked, but by 1969, the proportion had risen to 43 percent. The rate for these women has been relatively constant since then and was 44 percent in 1988. This is in marked contrast to the steep decline in labor force participation by men in the same age group since the early 1960's, which resulted primarily from the early retirement provisions of Social Security.

Historically, labor force participation for black women 65 years and older has been somewhat higher than for white women. In recent years, however, the rates have converged and less than two percentage points separated the two groups in 1988 (8 percent for elderly white females and 10 percent for elderly black females). The extent of the labor force participation rate for older black men (14 percent) was lower in 1988 than the rate for older white men (17 percent). The rates for older white and older black men were essentially equal during the 1970's, but the rate for black men has fallen more rapidly since 1979.³

OLDER WORKERS ARE PROJECTED TO BECOME A SMALLER PART OF THE LABOR FORCE OVER THE NEXT DECADE

The growth of the total labor force is projected to slow down over the next decade, continuing a pattern which began in the early 1980's. The Bureau of Labor Statistics (BLS) predicts that the rate of growth of older workers in the labor force will not be an exception to this trend (table 3-4). In fact, according to BLS, people age 55 and over are expected to make up a smaller share of the labor force than in the 1970's and 1980's (chart 3-6).

Labor force participation rates of men 65 and older are projected to drop to just under 10 percent by 2000, down from 19 percent in 1980. Rates for women are projected to drop to 5 percent by 2000, down from 7 percent in 1986. Workers 65 and over would comprise

³ U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (January 1989).

just over 2 percent of the labor force in 2000, if the labor force growth projected by BLS follows.⁴

If the BLS projections are correct, there will be 8.6 million 55-plus men and 6.8 million 55-plus women in the labor force in 2000, representing an overall decrease of 160,000 older male workers since 1986 and a slight increase of 620,000 older female workers (table 3-5).

TABLE 3-4.—CIVILIAN LABOR FORCE PARTICIPATION RATE, BY SEX AND AGE, 1950-80 AND PROJECTED TO 2000

[In percent]

	Actual				Projected	
	1950	1960	1970	1980	1990	2000
Total Age 16 and over.....	59.2	59.4	60.4	63.8	66.2	67.8
Men:						
16 to 24.....	86.4	83.3	79.7	77.4	75.8	74.7
25 to 54.....	77.3	71.7	69.4	74.4	73.7	74.3
55 and over.....	96.5	97.0	95.8	94.2	93.4	92.6
55 to 64.....	68.6	60.9	55.7	45.6	36.8	34.1
65 and over.....	86.9	86.8	83.0	72.1	65.1	63.2
65 and over.....	45.8	33.1	26.8	19.0	14.1	9.9
Women:						
16 to 24.....	33.9	37.7	43.3	51.5	57.4	61.5
25 to 54.....	43.9	42.8	51.3	61.9	66.2	69.5
55 and over.....	36.8	42.9	50.1	64.0	74.3	80.8
55 to 64.....	18.9	18.1	25.3	22.8	21.0	21.4
65 and over.....	27.0	37.2	43.0	41.3	42.8	45.8
65 and over.....	9.7	10.8	9.7	8.1	7.0	5.4

Source: Kutscher, Ronald E. and Howard N. Fullerton, Jr., "The Aging Labor Force," presented at the Conference on the Aging of the Work Force, Detroit, MI, 1988. Projections are from the *Monthly Labor Review*, September 1987.

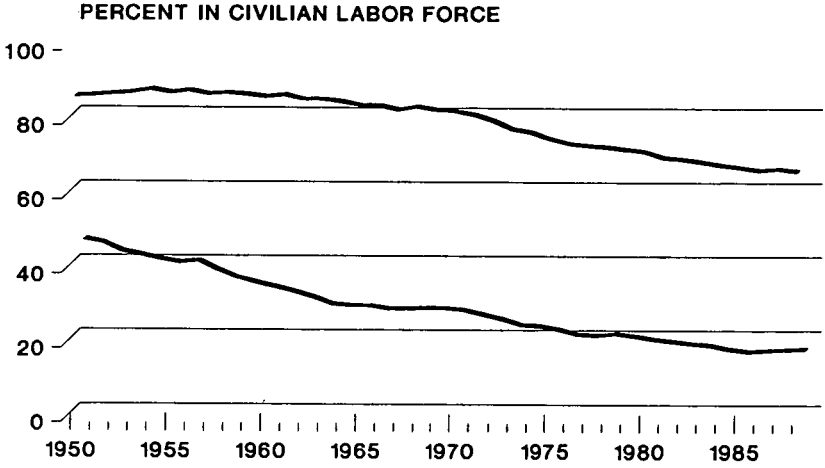
TABLE 3-5.—MODERATE GROWTH PROJECTIONS OF THE CIVILIAN LABOR FORCE BY AGE AND SEX: 2000

Group	Projected, 2000	Change, 1986 to 2000	Growth rate, 1986 to 2000
Total 16 and over.....	138,775	20,938	1.2
Men:			
16 and older.....	73,136	7,713	.8
16 to 24.....	11,506	(745)	-.4
25 to 54.....	53,024	8,618	1.3
55 and older.....	8,606	(160)	-.1
Women:			
16 and older.....	65,639	13,225	1.6
16 to 24.....	11,125	8	0
25 to 54.....	47,756	12,597	2.2
55 and older.....	6,758	620	.7

Source: Kutscher, Ronald E. and Howard N. Fullerton, Jr., "The Aging Labor Force," presented at the Conference on the Aging of the Work Force, Detroit, MI, 1988. Projections are from the *Monthly Labor Review*, September 1987.

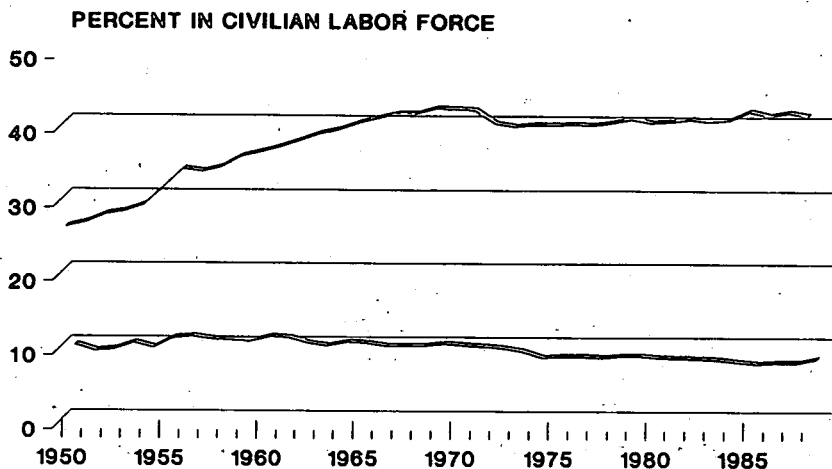
⁴ Kutscher, Ronald E. and Howard N. Fullerton. "The Aging Labor Force," Conference on the Aging of the Work Force," Detroit, MI, Mar. 10, 1988.

Chart 3-4
LABOR FORCE PARTICIPATION OF OLDER MEN
BY AGE: 1950-1988



Source: U.S. Bureau of Labor Statistics. Data for 1950-83
 from Handbook of Labor Statistics, 1985. Data for 1984-88
 from Employment and Earnings, annual issues

Chart 3-5
LABOR FORCE PARTICIPATION OF OLDER WOMEN
BY AGE: 1950-1988



Source: U.S. Bureau of Labor Statistics. Data for 1950-83
from Handbook of Labor Statistics, 1985. Data for 1984-88
from Employment and Earnings, annual issues

TABLE 3-6.—INDUSTRY OF EMPLOYED WORKERS BY AGE: 1987

[Annual percentages]

Industry	Age—		
	55 to 59	60 to 64	65-plus
Employed workers (in thousands)	6,949	4,515	3,041
Distribution (in percent)	100	100	100
Agriculture	3	5	10
Mining	1	1	0
Construction	6	5	4
Manufacturing—durables	13	12	5
Manufacturing—nondurables	8	8	5
Transportation/public utilities	8	6	4
Trade—wholesale and retail	16	18	22
Finance, insurance and real estate	7	7	8
Services	32	33	39
Public administration	5	5	4

May not add to 100 due to rounding.

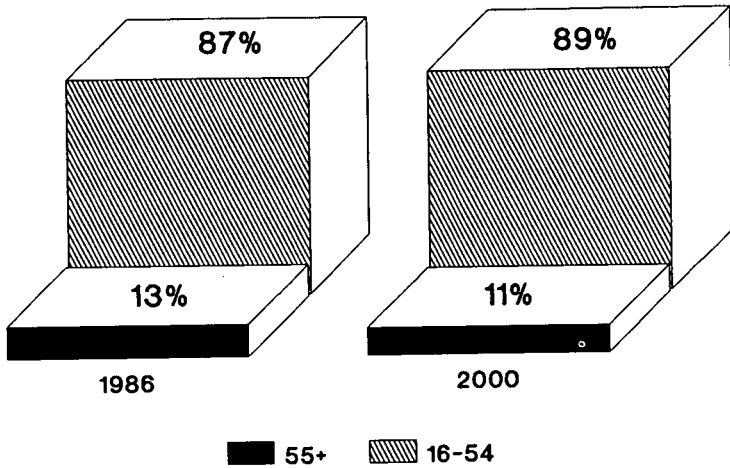
Source: U.S. Department of Labor, Bureau of Labor Statistics. Unpublished data from the 1987 Current Population Survey.

JOBS ARE SHIFTING TO SERVICE AND LIGHT INDUSTRIES

The U.S. economy has been shifting from agriculture and heavy industry to service industries. For example, the number of American jobs located in the goods-producing sector (agriculture, mining, construction, and manufacturing) rose slightly between 1959 and

1984, but the number of jobs in the service-producing sector nearly doubled. The proportion of all jobs in the goods-producing sector fell from 40 to 28 percent during this period, while the service-producing sector share of jobs rose from 60 to 72 percent.⁵ In 1987, service industries employed 39 percent of all workers 65 or older (table 3-6).

Chart 3-6
YOUNGER AND OLDER WORKERS AS A PERCENT
OF THE LABOR FORCE: 1986, 2000



Source: U.S. Bureau of Labor Statistics, *Occupational Outlook Quarterly*, Fall, 1987

The occupational structure of the labor force has undergone similar changes, with a decreasing emphasis on agricultural and blue-collar jobs and an increasing emphasis on white-collar and service occupations. In 1987, almost three-quarters of workers 65 and older were in managerial and professional; technical, sales, and administrative support; and service occupations (table 3-7 and chart 3-5). This shift from physically demanding or hazardous jobs to those in which skills or knowledge are the important requirements may increase the potential for older workers to remain in the labor force longer.

⁵ Kutscher, Ronald E. and Valerie A. Personick. "Deindustrialization and the Shift to Services." *Monthly Labor Review*, Vol. 109, No. 6 (June 1986).

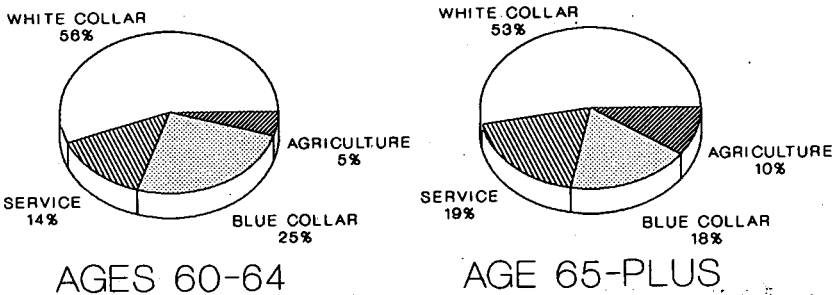
TABLE 3-7.—OCCUPATION OF EMPLOYED WORKERS BY AGE: 1987

[Annual averages]

Occupation	Age—		
	55 to 59	60 to 64	65-plus
Employed workers (in thousands).....	6,949	4,515	3,041
Distribution (in percent).....	100	100	100
Managerial and professional specialty.....	27	26	24
Technical, sales, administrative support.....	29	30	29
Service.....	13	14	19
Precision production, craft, repair.....	13	11	8
Operators, fabricators, laborers.....	15	14	10
Farming, forestry, fishing.....	4	5	10

Source: U.S. Department of Labor, Bureau of Labor Statistics. Unpublished data from the 1987 Current Population Survey.
May not add to 100 due to rounding.

Chart 3-7
OCCUPATION OF OLDER WORKERS BY AGE: 1987



Source: Bureau of Labor Statistics. Unpublished data from the 1987 Current Population Survey

THE FEMALE SHARE OF THE OLDER LABOR FORCE DOUBLED BETWEEN 1950 AND 1987

Due to the continuing trend of males retiring earlier, the female share of the older paid work force doubled between 1950 and 1987.⁶ In 1950, one of every five workers aged 55 and over was a woman. By 1987, women accounted for two out of five older work-

⁶ U.S. Department of Labor. "Employment in Perspective: Women in the Labor Force, 1988".

ers. However, in 1987, one of every five women aged 55 and over was in the labor force—about the same proportion as 20 years earlier.

Between 1950 and 1987 there were differences in labor force participation among subgroups of older women. Women aged 55–59 participated in the general increase in labor force activity, while the employment rates for women aged 60–61 were largely unchanged.

A majority of women work in stereotyped occupations. Two-thirds of women aged 55 and over (and more than half of those aged 25–34) were employed in “three traditionally female job categories—sales, administrative support (including clerical), and services.”

PART-TIME WORK

PART-TIME WORK IS AN INCREASINGLY IMPORTANT FORM OF EMPLOYMENT FOR WORKERS 65 AND OVER

Part-time work is viewed by the working public of all ages as desirable during retirement.⁷ According to results of a nationwide poll taken by Lou Harris in 1981, about three-quarters of the labor force prefer to continue some kind of paid part-time work after retirement. The majority of the older labor force respondents to this survey felt that a flexible work schedule would be beneficial for retirees. Seventy-four percent of workers age 55 and over interviewed in the Harris survey, for instance, felt that a job that allows a day or two a week at home would be beneficial if they wanted to work after retirement. Eighty percent felt that greater availability of part-time work would be helpful, 71 percent felt that a job shared with someone else would be beneficial, and 57 percent felt that the freedom to set a flexible work schedule as long as one worked 70 hours every 2 weeks would be helpful. In contrast, far fewer individuals 55 and over (44 percent) felt that regular full-time jobs would be a help to them personally if they wanted to work after retirement.

Although the actual number of older persons working part time does not begin to equal the number who report that this would be desirable, the proportion of both male and female workers on part-time schedules increases after age 65. This difference has become more dramatic in recent decades (table 3–8). For instance, the proportion of male workers age 45 to 64 on part-time schedules did not increase from 1960 to 1987, but the proportion of 65-plus male part-time workers increased from 30 to 47 percent during this same period.

⁷ Harris, Louis and Associates. “Aging in the Eighties: America in Transition.” National Council on the Aging, 1981.

TABLE 3-8.—PERSONS AGE 45 AND OVER IN NONAGRICULTURAL INDUSTRIES BY SEX AND FULL- OR PART-TIME STATUS, SELECTED YEARS 1960-88

Sex and age	1960		1970		1982		1988	
	Full time	Part time	Full time	Part time	Full time	Part time	Full time	Part time
Males:								
45 to 64.....	94	6	96	4	93	7	93	7
65 plus.....	70	30	62	38	52	48	54	46
Females:								
45 to 64.....	78	22	77	23	74	26	76	24
65 plus.....	56	44	50	50	40	60	40	60

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings Vol. 36, No. 1 (January 1989); Vol. 30, No. 1 (January 1983), Vol. 17, No. 7 (January 1971).

U.S. Department of Labor, Bureau of Labor Statistics, Special Labor Force Report No. 14, Labor Force and Employment in 1960.

In 1986 the Congress passed legislation abolishing age-based mandatory retirement for most workers in the private sector as well as persons employed by State and local governments. Mandatory retirement had already been abolished for most Federal workers, and 20 States had already taken some action (including abolition of mandatory retirement) to protect older workers against age-based employment discrimination. The elimination of mandatory retirement, however, is not expected to result in a significant increase in the number of older workers in the labor force.

UNEMPLOYMENT

FOR OLDER WORKERS, UNEMPLOYMENT RESULTS IN LONG-TERM PROBLEMS

The unemployment rate for older workers is about half that of younger workers, but once they lose their jobs, older workers stay unemployed longer than younger workers, suffer greater earnings loss in a subsequent job than younger workers, and are more likely to give up looking for another job following a layoff.⁸

The majority of older persons do not want to work full time after retirement because they see retirement as a reward for years in the labor force or because they have disabling health problems. Almost two-thirds of retirees age 65 and over report that they left the work force by choice.⁹ Of the remaining one-third who report that they were forced to retire, close to two-thirds claim to have retired because of disability or poor health and 20 percent because their employers had a mandatory retirement age.

Unemployment is a serious problem for those persons who have to work for economic reasons or because they want to stay active. Based on figures for 1987, the unemployment rate for persons age 65 and over was 2.6 percent (table 3-9). Of Americans age 60 and over, 236,000 were out of work in 1987; 78,000 of these were age 65 or over. These numbers are not large compared to younger age groups, but because duration of unemployment is longer among

⁸ Rones, Philip L. "Labor Market Problems of Older Workers." Monthly Labor Review Vol. 106, No. 5 (May 1983). Parnes, Herbert S., Mary G. Gagen, and Randall H. King. "Job Loss Among Long Service Workers." Work and Retirement: A Longitudinal Survey of Men, Ed. Herbert S. Parnes. Cambridge: MIT Press (1981).

⁹ Harris, Louis and Associates. "Aging in the Eighties: America in Transition." National Council on the Aging, 1981.

older workers there are relatively many more discouraged older workers than younger workers. As a consequence the official unemployment figures may understate the number of people with employment problems more for older than younger workers.

TABLE 3-9.—UNEMPLOYMENT BY AGE AND SEX: 1988

[Annual averages]

Subject	60 to 64			65-plus		
	Total	Male	Female	Total	Male	Female
Number unemployed (in thousands).....	146	95	51	87	49	38
Unemployment rate (percent)	3.1	3.5	2.6	2.7	2.5	2.9

Source: U.S. Department of Labor, Bureau of Labor Statistics. Employment and Earnings Vol. 36, No. 1 (January 1989).

Older persons who are unemployed stay out of work longer than younger persons. In fact, persons age 55 to 64 have the longest duration of unemployment of any group in the country. Workers aged 55 to 64 in 1987 had an average of 22 weeks of unemployment compared to 11 weeks for workers age 20 to 24.

Discouraged workers are those who want a job but do not look for work because they think no jobs are available or that they would not be hired. They do not appear in either unemployment or employment statistics. For persons age 60 and over, the number of discouraged workers was 177,000 in 1987. If they were included in labor force statistics, discouraged workers would increase the 1987 unemployment rate for workers 60 years or older from 3 percent to 5.2 percent.

Older job seekers are far less likely to find jobs than younger persons. If they do find jobs, they are more likely to suffer an earnings loss. Longitudinal data and surveys have demonstrated that the wages of rehired older workers are often so low that they discourage many from seeking work after losing a job. Fringe benefits for older worker are employed by small employers who provide only limited, if any, benefits for their workers.

Chapter 4

HEALTH STATUS AND HEALTH SERVICES UTILIZATION

The majority of elderly persons in their younger retirement years are relatively healthy and are not as limited in activity as frequently assumed—even if they have chronic illnesses. However, health and mobility do decline with advancing age. By the eighth and ninth decades of life, the chance of being limited in activity and in need of health and social services increases significantly.

This section describes the health status, health utilization patterns, and health expenses of the older population.

SELF-ASSESSMENT OF HEALTH

OLDER PERSONS HAVE A POSITIVE VIEW OF THEIR PERSONAL HEALTH

Contrary to popular opinion, older people, on average, view their health positively. According to results of the 1987 Health Interview Survey conducted by the National Center for Health Statistics, 69 percent of elderly persons living in the community describe their health as excellent, very good, or good compared with others their age; only 31 percent report that their health is fair or poor.¹ Although this survey excludes the institutionalized 65-plus population and, therefore, over-samples the healthy elderly, the results are a good indicator of overall status of the elderly in the community.

Income is directly related to one's perception of his or her health (chart 4-1 and table 4-1). About 25 percent of older people with incomes over \$35,000 describe their health as excellent compared with others their age, while only 11 percent of those with low incomes (less than \$10,000) reported excellent health.²

¹ National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, United States, 1987." Vital and Health Statistics Series 10, No. 166 (September 1988).

² Ibid.

TABLE 4-1.—NUMBER OF ELDERLY PERSONS AND PERCENT DISTRIBUTION BY RESPONDENT-ASSESSED HEALTH STATUS, BY SEX AND FAMILY INCOME, 1986

Characteristic	All persons (thousands) ¹	Respondent-assessed health status ²					
		All health status ³	Excellent	Very good	Good	Fair	Poor
All elderly ⁴	27,538	100	16.4	20.8	32.9	20.1	9.8
Sex:							
Male	11,357	100	17.0	21.4	32.4	19.5	9.7
Female	16,181	100	16.0	20.4	33.3	20.5	9.9
Family income:							
Under \$10,000	7,154	100	11.2	16.7	30.4	27.0	14.6
\$10,000 to \$19,999	7,587	100	15.2	20.9	35.2	19.6	9.1
\$20,000 to \$34,999	5,027	100	23.2	24.5	32.1	14.9	5.2
\$35,000 and over	2,642	100	25.6	23.8	33.0	11.7	5.9

¹ Includes unknown health status.

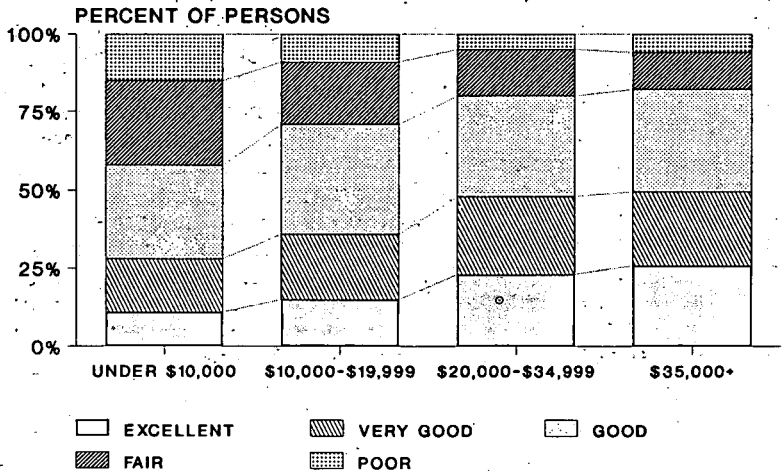
² Excludes unknown health status.

³ The categories related to this concept result from asking the respondent, "Would you say—health is excellent, very good, good, fair, or poor?" As such, it is based on the respondent's opinion and not directly on any clinical evidence.

⁴ Includes unknown family income.

Source: National Center for Health Statistics, Current Estimates from the National Health Interview Survey, United States, 1986, Vital and Health Statistics, Series 10, No. 164. Data are based on household interviews of the civilian, noninstitutionalized population.

CHART 4-1
SELF-ASSESSMENT OF HEALTH BY INCOME FOR
PERSONS 65 YEARS AND OLDER: 1987



Source: National Center for Health Statistics, Health Interview Survey, 1986

PERSONAL HEALTH HABITS

THE ELDERLY TEND TO HAVE BETTER PERSONAL HEALTH HABITS THAN THE NONELDERLY

Findings from the 1985 National Health Survey indicate that the elderly take better care of their health than the nonelderly. Per-

sons age 65 and over are less likely to smoke, be overweight, drink, or report that stress has adversely affected their health than the nonelderly. However, the elderly are far less likely to exercise regularly.

The lower rates of smoking and drinking among the elderly can be attributed to the tendency toward discontinuation of these habits in older age, whether spontaneously or in response to medical condition or advice, and to the higher mortality rates (lower survival rates) of those who were smokers and drinkers. For example, the 1979 Surgeon General's Report on Smoking and Health states that males in their thirties who smoke more than two packs of cigarettes a day lose an average of 8 years of life. Slightly over one-half of both elderly and nonelderly persons have ever smoked. However, only one-third of elderly persons who ever smoked still do so compared with two-thirds of nonelderly persons. Thirty-one percent of elderly persons report smoking every day compared to a high of 42 percent of 18- to 29-year-olds. In addition, only 12 percent of the elderly compared to 25 percent of persons 45 to 64 reported taking five or more drinks on any given day.

The elderly are slightly less likely to be overweight than the nonelderly. Thirteen percent of older persons report themselves as being 30 percent or more above desirable weight, compared to 18 percent of those 45 to 64. Nearly three-fourths of both elderly and nonelderly who are trying to lose weight do so by consuming fewer calories. However, while 77 percent of those under age 65 exercise to lose weight, only 53 percent of the elderly do so.

Older people, in general, do not exercise as regularly as younger people—27 percent and 44 percent, respectively. There is no difference between the two groups for light to moderate exercise—approximately 40 percent of both age groups reported walking for exercise, but few elderly reported heavier exercise, such as jogging or running. Differences in perceptions of physical activity vary only slightly by age. At age 75, 10 percent of individuals report that they are less physically active than their contemporaries compared with 15 percent of persons age 65 to 74 (table 4-2).

The elderly have better eating habits than younger people. Nearly 9 out of 10 (87 percent) eat breakfast every day compared to one-half of those under age 65. Only 5 percent of persons age 75 and older report never eating breakfast compared to a high of 30 percent for 18- to 44-year-olds. The elderly are also far less likely to eat between meals—55 percent of the aged compared to 75 percent of the nonaged.

Two other indicators that the elderly take better care of their health than the nonelderly are reduced stress and a regular source of medical care. Stress affects the health of younger people far more often than the elderly. Nearly two-thirds of the elderly reported that stress had little or no effect on their health, compared to 52 percent of younger people. A vast majority of the elderly (88 percent) have a regular source of medical care, compared to 75 percent of the nonelderly.

TABLE 4-2.—PERSONAL HEALTH CHARACTERISTICS FOR PERSONS 18 AND OVER: 1985

[In percent]

	Sleeps 6 hours or less	Never eats breakfast	Smokes every day	Less physically active than contemporaries	Had 5 or more drinks on any one day ¹	Current smoker	30 percent or more above desirable weight ²
All persons ³	22.0	24.3	39.0	16.4	37.5	30.1	13.0
Age:							
18 to 29 years old.....	19.8	30.4	42.2	17.1	54.4	31.9	7.5
30 to 44 years old.....	24.3	30.1	41.4	18.3	39.0	34.5	13.6
45 to 64 years old.....	22.7	21.4	37.9	15.3	24.6	31.6	18.1
65 years old and over.....	20.4	7.5	30.7	13.5	12.2	16.0	13.2
65 to 74 years old.....	19.7	9.0	32.4	15.8	NA	19.7	14.9
75 years old and over.....	21.5	5.1	27.8	9.8	NA	10.0	10.3

¹ Percent of drinkers who had 5 or more drinks on any one day in the past year.

² Based on 1960 Metropolitan Life Insurance Company standards. Data are self-reported.

³ Excludes persons whose health practices are unknown.

Source: U.S. National Center for Health Statistics, unpublished data. Based on National Health Interview Survey.

CHRONIC CONDITIONS AND HEALTH PROBLEMS

CHRONIC CONDITIONS, ALTHOUGH NOT NECESSARILY LIMITING, ARE THE BURDEN OF OLDER AGE

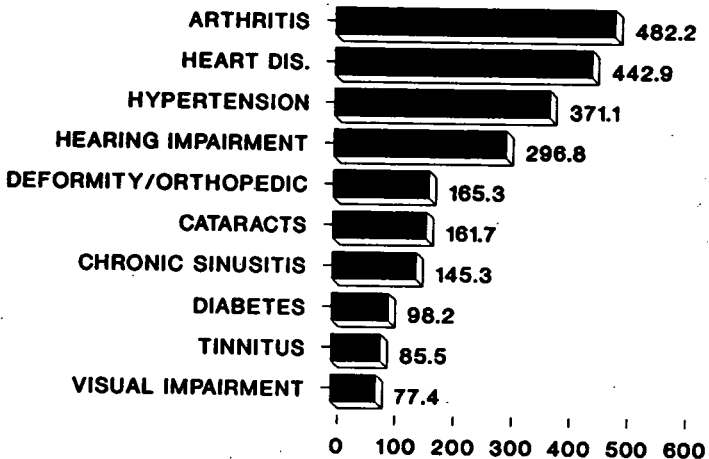
The pattern of illness and disease has changed in the past 80 years. Acute conditions were predominant at the turn of the century, while chronic conditions are now the more prevalent health problem for elderly persons.³ There has also been a change in the pattern of wellness within an individual's lifetime. As individuals grow older, acute conditions become less frequent and chronic conditions become more prevalent. Cross-sectional data have shown that the likelihood of suffering from a chronic illness or disabling condition increases rapidly with age. More than four out of five persons 65 and over have at least one chronic condition and multiple conditions are commonplace among older persons.

The leading chronic conditions for the elderly in 1987 were arthritis, hypertensive disease, heart disease, and hearing impairments (table 4-3 and chart 4-2). In most cases, the rates for these diseases increase with age. For instance the rate for arthritis among persons age 45 to 64 is 273 per 1,000; for persons age 65 to 74 it is 464 per 1,000, and for persons 75 and over it is 512 per 1,000.

³ Lawrence, Linda and Thomas McLemore. "1981 Summary: National Ambulatory Medical Care Survey." Advance Data No. 88, National Center for Health Statistics (March 16, 1983).

Chart 4-2
THE TOP TEN CHRONIC CONDITIONS FOR
PERSONS 65+: 1987

NUMBER PER 1,000 PERSONS



Source: National Center for Health Statistics, Health Interview Survey, 1987

TABLE 4-3.—TOP TEN CHRONIC CONDITIONS FOR PERSONS 65 AND OVER ¹

(Number per 1,000 persons)

	65-plus	45 to 64	65 to 74	75-plus
Arthritis.....	482.2	273.3	463.6	511.9
Hypertensive disease.....	371.1	252.0	392.4	337.0
Heart disease.....	442.9	184.7	423.7	473.3
Hearing impairment.....	296.8	135.6	264.7	348.0
Deformity or orthopedic impairment.....	165.3	155.0	154.9	182.0
Cataracts.....	161.7	18.6	105.2	252.0
Chronic sinusitis.....	145.3	192.1	154.0	131.4
Diabetes.....	98.2	56.4	98.3	98.2
Tinnitus.....	85.5	41.7	96.6	67.9
Visual impairment.....	77.4	47.3	56.3	111.2

¹ Conditions are ranked for persons 65 and older. Rankings vary by age.

Source: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, United States, 1987." Vital and Health Statistics Series 10, No. 166 (September 1988).

Most visits to the hospital by older persons are for chronic conditions. Heart disease and other circulatory problems, diseases of the digestive and respiratory systems, and cancer are the leading causes of hospitalization among the elderly.⁴ Likewise, most physi-

⁴ National Center for Health Statistics. "Detailed Diagnoses and Procedures for Patients Discharged from Short-Stay Hospitals: United States, 1985." Vital and Health Statistics Series 13, No. 90 (April 1987).

cian visits by older persons are for such chronic conditions as circulatory problems, diabetes, arthritis, and eye problems.⁵

The types of conditions experienced by older people vary by sex and race. Older men are more likely than women to experience acute illnesses that are life threatening, while elderly women are more likely to have chronic illnesses that cause physical limitations. Arthritis and osteoporosis, for example, are much more common among older women than men, while coronary heart disease is much more common among older men. The health situation of elderly blacks is generally poorer than that of elderly whites. For example, rates for hypertension are 20 percent higher for elderly blacks than elderly whites according to the 1987 Health Interview Survey.

The severity of certain chronic diseases may be reduced in the near future by new technologies. Such clinical innovations as renal dialysis, insulin pumps, and medications to reduce vascular spasm-ing after a stroke are examples of recent advances that could benefit older persons.

HEART DISEASE IS THE LEADING HEALTH PROBLEM FOR THE ELDERLY

Heart disease leads all other conditions in each of four major indicators of mortality or health care use by the elderly. It is the leading diagnosis for short-stay hospital visits for persons 65 or older as well as the leading cause of death. Sex differences in heart disease mortality are dramatic. In 1987, the age-adjusted death rate for white males was 381.1 per 100,000 compared to 223.6 per 100,000 for white women. However, although heart disease remains the major contributor to poor health and death in old age, the past three decades have shown a marked decline in death rates for heart disease. One probable contributing factor to the overall decline has been an increase in the control of hypertension, a major risk factor in heart disease.⁶

Heart disease, cancer, and stroke are the leading causes of death in the United States. Together they account for over three-quarters of all deaths among the elderly. They also are responsible for about 20 percent of doctor visits, 40 percent of hospital days, and 50 percent of all days spent in bed. Arthritis and rheumatism, on the other hand, account for relatively few deaths and only 2 percent of hospital days. They do, however, account for 16 percent of days spent in bed, nearly as much as for heart disease.

MENTAL HEALTH PROBLEMS OF THE ELDERLY ARE SIGNIFICANT IN THEIR IMPACT ON MENTAL STATUS AND EMOTIONAL STATE IN LATER LIFE

The mental health problems of the elderly are significant in frequency, in their impact on mental status in later life, and in their potential influence on the course of physical illness in older adults. Studies over the last several decades have documented that be-

⁵ National Center for Health Statistics. "The National Ambulatory Medical Care Survey, United States, 1979 Summary." Vital and Health Statistics Series 13, No. 66 (September 1982).

⁶ National Center for Health Statistics. Health, United States, 1985. DHHS Pub. No. (PHS) 86-1232, Washington: Department of Health and Human Services, December 1985.

tween 15 and 25 percent of older persons have serious symptoms due to mental disorders.⁷ More recent reports have continued to document comparably high levels of major disorders, symptoms, and suicide. The number of persons with mental disorders living in nursing homes continues to rise. At the same time, 27 percent of state mental hospital patients are 65 years of age or older.

Alzheimer's disease is the leading cause of cognitive impairment in old age.⁸ Alzheimer's disease and other organic mental disorders affect more than 6 percent of older adults. Cognitive impairment, whether from Alzheimer's or other causes, is one of the principal reasons for institutionalization of the elderly.

Suicide is a more frequent cause of death among the elderly than among any other age group, although this is due primarily to the relatively high suicide rate among older white men. In 1986, the suicide rate for white men 65 years to 74 (59 deaths per 100,000 population) was nearly five times the national rate (12), four times the rate for older black men (16), seven times the rate for older white women (8), and 23 times the rate for older black women (3).⁹

The relationship between mental and physical health is particularly significant among older persons. There is a growing body of knowledge pointing out the adverse affects of mental problems on the course of illness in later life.¹⁰ For example, psychiatric consultation has had a positive effect on the length of stay and outcome for cardiac surgery patients.¹¹

Depression plays an important role in the overall health status of older persons. Symptoms of depression have been described in as many as 15 percent of older persons living in the community. While differing rates of depression have been reported to describe the profile of mental health in old age, these rates may be misleading because they often reflect only "primary" depressions—depressions that occur for other than physical causes or drug side effects. When the numbers of those who suffer from "secondary" depression are factored in, a more accurate picture of depression in later life emerges. Older people are more at risk for secondary depressions than any other age group because they suffer from more physical illness and take more medication than other age groups.

Mental health problems have always been common among nursing home residents. For example, cognitive impairments are frequently important factors in the decision to place someone in a nursing home. In 1985, about 63 percent of the 1.3 million older residents of nursing homes were disoriented or memory impaired to the extent that their basic daily functioning was hindered. Two-thirds of these impaired residents were reported to have senile dementia or chronic organic brain syndrome. The incidence of disori-

⁷ Roth, Martin. "The Psychiatric Disorders of Later Life." *Psychiatric Annals* Vol. 6, No. 9 (September 1976).

⁸ Mortimer, J.A. "Alzheimer's Disease and Senile Dementia: Prevalence and Incidence." *Alzheimer's Disease: The Standard Reference*. Edited by Barry Reisberg. New York: The Free Press, 1983, pages 141-148.

⁹ National Center for Health Statistics. *Health, United States, 1988*. DHHS Pub. No. (PHS) 89-1232. Washington: Department of Health and Human Services, December 1988.

¹⁰ Cohen, Gene. "Toward an Interface of Mental and Physical Health Phenomena in Geriatrics: Clinical Findings and Questions." *Aging 2000: Our Health Care Destiny*, Vol. I, New York: Springer-Verlag, 1985.

¹¹ Levitan, Stéphan J. and Donald S. Kornfeld. "Clinical and Cost Benefits of Liaison Psychiatry." *American Journal of Psychiatry*, Vol. 138, No. 6 (1981).

entation or memory impairment increased with age, with a growing majority of all age groups among older nursing home residents exhibiting these symptoms (table 4-4). Several studies have found as many as 70 to 80 percent of residents experience psychiatric problems. One recent study identified 94 percent of the residents of a nursing home as having mental disorders.¹²

TABLE 4-4.—PERCENT OF ELDERLY NURSING HOME RESIDENTS WITH COGNITIVE IMPAIRMENT BY AGE, SEX AND RACE: 1985

[In percent]		
Age, sex, and race	Disorientation or memory impairment	Senile dementia or chronic organic brain syndrome
Total (65 years and over).....	62.6	47.0
Age:		
65 to 74 years.....	55.7	34.0
75 to 84 years.....	60.8	45.4
85 years and over.....	66.6	52.9
Sex:		
Male.....	58.8	42.1
Female.....	63.9	48.6
Race:		
White.....	62.2	46.8
Black.....	69.5	51.4
Other.....	56.2	35.2

¹ Figure does not meet standard of reliability or precision.

Source: Hing, Esther. "Use of Nursing Homes by the Elderly: Preliminary Data from the National Nursing Home Survey." Advance Data No. 135, National Center for Health Statistics (May 14, 1987).

ACTIVITY LIMITATION

ONE OF FOUR ELDERLY PERSONS HAS SOME DEGREE OF LIMITATION WHILE A SMALL PROPORTION ARE SEVERELY DISABLED

The severity of any disease can differ tremendously from person to person, causing varying degrees of limitation in activity. For example, one person with arthritis may become housebound, while another only suffers from occasional bouts with very limited loss of mobility.

A widely used measure of disability among older persons is the degree of functional limitation or difficulty individuals experience in performing personal care or home management activities. Personal care activities include bathing, dressing, eating, getting in and out of bed and chairs, walking, going outside, and using the toilet—also known as "activities of daily living" or ADL's. Home management activities include preparing meals, shopping for personal items, managing money, using the telephone, doing heavy housework, and doing light housework—activities termed "instrumental activities of daily living" or IADL's.¹³ ADL's and IADL's

¹² Rovner, Barry W., Stephanie Kafonek, Laura Filipp, Mary Jane Lucas, and Marshall F. Folstein. "Prevalence of Mental Illness in a Community Nursing Home." *American Journal of Psychiatry*, Vol. 143, No. 11 (November 1986).

¹³ Dawson, Deborah; Gerry Hendershot; and John Fulton. "Aging in the Eighties: Functional Limitations of Individuals 65 and Over." Advance Data Number 133, National Center for Health Statistics (June 10, 1987).

have been studied by a number of researchers to estimate the size of the population outside of institutions in need of long-term care. According to a recent synopsis of these studies, estimates for functional limitations range from 2.8 million to 7 million.¹⁴

For our purposes, we will report the results of a special Supplement on Aging which was added to the National Health Interview Survey in 1984 to collect information about the physical limitations of older people living in the community. Data from the supplement show that about one-quarter (23 percent) of the population 65 and over living in the community has difficulty with one or more of the seven personal care activities (ADL's) inventoried, and about the same proportion (27 percent) has difficulty with at least one of the six home management activities (IADL's) (tables 4-5, 4-6). Not surprisingly, the proportion of persons experiencing difficulty with daily life activities—personal care or home management—increases with age. For example, the proportion reporting difficulty with one or more personal care activities rises from 15 percent for people 65-69 years of age to 49 percent for people 85 years or older.

A greater proportion of women than men 65 and over reported difficulty with personal care activities, which may reflect the older age, on average, of women in this population group. When home management activities were considered, women were significantly more likely than men in this age range to have difficulties in performance. These differences may again reflect the older age distribution of women, but also, in part, the cultural phenomenon that many older men do not routinely perform home management tasks and are thus at reduced risk of experiencing health-related difficulties with them.¹⁵

¹⁴ Stone, Robyn I. and Christopher M. Murtaugh. "The Elderly Population with Chronic Functional Limitations: Implications for Home Care Eligibility," December 1988.

¹⁵ Dawson Deborah; Gerry Hendershot; and John Fulton. "Aging in the Eighties: Functional Limitations of Individuals 65 and Over." Advance Data Number 133, National Center for Health Statistics (June 10, 1987).

TABLE 4-5.—PERCENT DISTRIBUTION OF PERSONS 65 YEARS OF AGE AND OVER BY NUMBER OF PERSONAL CARE ACTIVITIES THAT ARE DIFFICULT, ACCORDING TO SEX AND AGE: 1984

[In percent]

Sex and age	Number of personal care activities that are difficult					
	Total	None	1	2	3	4-7
BOTH SEXES						
65 years and over	100.0	77.3	9.2	4.7	2.8	5.9
65 to 74 years	100.0	82.9	7.8	3.7	1.9	3.7
65 to 69 years	100.0	85.3	6.8	3.1	1.5	3.2
70 to 74 years	100.0	79.9	9.1	4.4	2.4	4.2
75 to 84 years	100.0	72.2	11.2	5.4	3.7	7.4
75 to 79 years	100.0	75.9	10.8	4.3	3.3	5.7
80 to 84 years	100.0	65.6	12.1	7.4	4.6	10.4
85 years and over	100.0	51.2	12.8	10.2	6.7	19.2
MALE						
65 years and over	100.0	81.3	8.8	3.5	2.0	4.5
65 to 74 years	100.0	84.6	7.6	2.7	1.8	3.2
65 to 69 years	100.0	86.5	6.6	2.1	1.5	3.2
70 to 74 years	100.0	82.1	9.0	3.6	2.2	3.1
75 to 84 years	100.0	77.6	10.6	4.2	2.2	5.4
75 to 79 years	100.0	80.3	10.1	2.9	2.4	4.4
80 to 84 years	100.0	71.8	11.6	7.2	1.9	7.6
85 years and over	100.0	60.1	13.2	8.3	3.5	14.9
FEMALE						
65 years and over	100.0	74.6	9.5	5.6	3.4	6.9
65 to 74 years	100.0	81.6	7.9	4.4	2.0	4.0
65 to 69 years	100.0	84.4	7.0	3.9	1.5	3.2
70 to 74 years	100.0	78.3	9.1	5.0	2.6	5.0
75 to 84 years	100.0	68.9	11.6	6.2	4.7	8.6
75 to 79 years	100.0	73.0	11.2	5.4	3.9	6.6
80 to 84 years	100.0	62.4	12.3	7.5	5.9	11.9
85 years and over	100.0	47.2	12.6	11.1	8.1	21.1

Note.—Figures may not add to 100.0 because of rounding.

Source: Dawson, Deborah, Gerry Hendershot, and John Fulton. "Aging in the Eighties: Functional Limitations of Individuals Age 65 Years and Over." Advance Data No. 133, National Center for Health Statistics (June 10, 1987).

TABLE 4-6.—PERCENT DISTRIBUTION OF PERSONS 65 YEARS OF AGE AND OVER BY NUMBER OF HOME MANAGEMENT ACTIVITIES THAT ARE DIFFICULT, ACCORDING TO SEX AND AGE: 1984

(In percent)

Sex and age	Number of home management activities that are difficult					
	Total	None	1	2	3	4-6
BOTH SEXES						
65 years and over	100.0	73.1	14.3	4.3	2.4	6.0
65 to 74 years	100.0	79.5	13.0	2.9	1.5	3.2
65 to 69 years	100.0	81.9	11.5	2.5	1.3	2.8
70 to 74 years	100.0	76.3	14.8	3.4	1.7	3.7
75 to 84 years	100.0	67.0	16.6	5.8	3.2	7.5
75 to 79 years	100.0	70.8	15.9	4.8	2.6	5.8
80 to 84 years	100.0	60.0	17.9	7.5	4.1	10.6
85 years and over	100.0	44.8	15.2	9.3	6.6	24.2
MALE						
65 years and over	100.0	81.9	9.7	2.5	1.5	4.3
65 to 74 years	100.0	85.8	8.6	1.9	1.1	2.7
65 to 69 years	100.0	87.5	7.4	1.6	0.8	2.6
70 to 74 years	100.0	83.5	10.1	2.1	1.4	2.8
75 to 84 years	100.0	77.8	11.7	3.0	2.0	5.5
75 to 79 years	100.0	80.8	10.3	2.2	1.9	4.7
80 to 84 years	100.0	71.3	14.8	4.5	2.2	7.3
85 years and over	100.0	56.8	12.5	8.1	4.9	17.8
FEMALE						
65 years and over	100.0	67.0	17.4	5.4	3.0	7.2
65 to 74 years	100.0	74.6	16.3	3.7	1.9	3.6
65 to 69 years	100.0	77.4	14.9	3.1	1.8	2.9
70 to 74 years	100.0	71.3	18.0	4.3	2.0	4.4
75 to 84 years	100.0	60.3	19.6	7.5	3.9	8.7
75 to 79 years	100.0	64.1	19.7	6.6	3.1	6.6
80 to 84 years	100.0	54.2	19.4	9.1	5.1	12.2
85 years and over	100.0	39.5	16.4	9.8	7.4	27.0

Note.—Figures may not add to 100.0 because of rounding.

Source: Dawson, Deborah, Gerry Hendershot, and John Fulton. "Aging in the Eighties: Functional Limitations of Individuals Age 65 Years and Over." Advance Data No. 133, National Center for Health Statistics (June 10, 1987).

Not everyone with limitations in personal care or home management receives assistance with ADL's or IADL's. According to the 1984 Supplement on Aging, about 23 percent (6 million) of Americans 65 years and over who lived in the community reported difficulty in performing a personal care activity, but only 10 percent (about 2.5 million) reported receiving help with one or more such activities. Similarly, about 27 percent (7.1 million) of noninstitutionalized elderly in the United States experienced any difficulty in home management tasks, while 22 percent (or approximately 5.9 million) received help with these activities.¹⁶

Another measure of activity limitation is the number of days a person is confined to bed. Again, we find differences in this health indicator within the 65 and over population. For those age 85 and over living in the community, 3.4 percent are always confined to bed. In contrast, only 1 percent of the 65 to 74 age group was similarly limited. Sixty-two percent of the total older population spent no days confined to bed in 1984 (table 4-7).

¹⁶ Ibid.

TABLE 4-7.—PERCENT OF THE 65-PLUS POPULATION IN THE COMMUNITY CONFINED TO BED: 1984

	Age—			
	65 to 74	75 to 84	85-plus	65-plus
0.....	63.5	61.3	55.8	62.2
1 to 6 days.....	14.5	12.9	12.1	13.8
7 to 13 days.....	6.7	7.4	8.7	7.1
14 to 27 days.....	6.5	7.0	6.3	6.6
28 to 365 days.....	7.8	9.9	13.9	8.9
Always.....	1.0	1.6	3.4	1.4

Source: National Center for Health Statistics. Other data from the National Health Interview Survey, Supplement on Aging, 1984.

MORTALITY

DEATH RATES FOR THE ELDERLY HAVE IMPROVED DRAMATICALLY IN THE LAST SEVERAL DECADES

The last several decades have seen tremendous improvement in life expectancy (see chapter 1). Significant declines in death rates have occurred in the older age groups, although the pace and timing of these declines have varied for individual age-sex-race groups within the older population (table 4-8). For example, declines in death rates for people 85 years or older have not been quite as dramatic as those for people 65-84 years of age. Likewise, the declines for older females are greater than those for older males; and the declines for older whites, regardless of gender, have been considerably larger than the declines for older blacks.

TABLE 4-8.—DEATH RATES FOR OLDER PERSONS, BY AGE, SEX AND RACE: SELECTED YEARS, 1950-87

(Rates are deaths per 1,000 resident population in specified group)

Age, sex and race	1950 ¹	1960 ¹	1970	1980	1987 ²
All races, both sexes:					
65 to 74.....	40.7	38.2	35.8	29.9	27.6
75 to 84.....	93.3	87.5	80.0	66.9	62.7
85-plus.....	202.0	198.6	175.4	159.8	154.1
All races, male:					
65 to 74.....	49.3	49.1	48.7	41.1	36.4
75 to 84.....	104.3	101.8	100.1	88.2	82.1
85-plus.....	216.4	211.9	197.7	188.0	180.4
All races, female:					
65 to 74.....	33.3	28.7	25.8	21.4	20.7
75 to 84.....	84.0	76.3	66.8	54.4	51.0
85-plus.....	191.9	190.1	163.5	147.5	143.8
White, male:					
65 to 74.....	48.6	48.5	48.1	40.4	35.9
75 to 84.....	105.3	103.0	101.0	88.3	82.0
85-plus.....	221.2	217.5	203.9	191.0	184.6
White, female:					
65 to 74.....	32.4	27.8	24.7	20.7	20.1
75 to 84.....	84.8	77.0	67.0	54.0	50.8
85-plus.....	196.8	194.8	167.3	149.8	146.4
Black, male:					
65 to 74.....	53.1	58.0	58.0	51.3	45.9
75 to 84.....		86.1	94.5	92.3	92.4
85-plus.....	101.0	148.4	144.2	161.0	149.6

TABLE 4-8.—DEATH RATES FOR OLDER PERSONS, BY AGE, SEX AND RACE: SELECTED YEARS, 1950-87—Continued

(Rates are deaths per 1,000 resident population in specified group)

Age, sex and race	1950 ¹	1960 ¹	1970	1980	1987 ²
Black, female:					
65 to 74.....	40.0	40.6	38.6	30.6	28.8
75 to 84.....	³ 83.5	67.3	66.9	62.1	59.8
85-plus.....		130.5	121.3	123.7	119.2

¹ Includes deaths of nonresidents.

² Based on 10 percent sample of deaths.

³ Figure is for persons 75 years or older.

Source: 1987 data: National Center for Health Statistics, "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, 1987." Monthly Vital Statistics Report, vol. 36, No. 13 (July 23, 1988).

1950-80 data: National Center for Health Statistics, Health, United States, 1987. DHHS Pub. No. (PHS) 88-1232, Washington: Department of Health and Human Services, March 1988.

HEART DISEASE, CANCER, AND STROKE ARE THE LEADING CAUSES OF DEATH FOR THE ELDERLY

As previously noted, in the United States three out of four elderly persons die from heart disease, cancer, or stroke (chart 4-3). Heart disease was the major cause of death in 1950, and remains so today even though there have been rapid declines in death rates from heart disease since 1968, especially among females. Death rates from cancer continue to rise in comparison to heart disease, especially deaths caused by lung cancer. In 1986 and 1987, however, heart disease accounted for 41 percent of all deaths among 65-plus persons, while cancer accounted for 21 percent of all deaths in this age group. Even if cancer were eliminated as a cause of death, the average life span would be extended by less than 2 years because of the prevalence of heart disease. Eliminating deaths due to heart disease, on the other hand, would add an average of 5 years to life expectancy at age 65, and would lead to a sharp increase in the proportion of older persons in the total population.¹⁷

The third leading cause of death among the elderly—stroke (cerebrovascular disease)—has been decreasing over the past 30 years. Reasons for this dramatic decline are not fully understood. Part of the decline may be attributable to better control of hypertension. Better diagnosis and improved management and rehabilitation of stroke victims may also be related factors.¹⁸ In 1986 and 1987, cerebrovascular disease accounted for only 9 percent of all deaths in the 65-plus age group.

Table 4-9 shows the 10 leading causes of death for three subgroups of the older population.

¹⁷ National Center for Health Statistics, "United States Life Tables Eliminating Certain Causes of Death." U.S. Decennial Life Tables for 1979-1981, Vol. 1, No. 2 (forthcoming).

¹⁸ National Center for Health Statistics, Health, United States, 1985. DHHS Pub. No. (PHS) 86-1232, Washington: Department of Health and Human Services, December 1985.

TABLE 4-9.—DEATH RATES FOR TEN LEADING CAUSES OF DEATH AMONG OLDER PEOPLE, BY AGE:
1986-1987

(Rates per 100,000 population in age group)

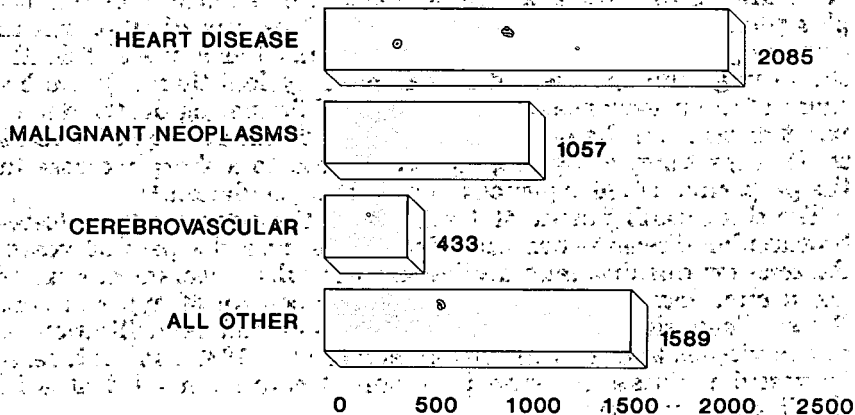
Cause of death	65-plus	65 to 74	75 to 84	85-plus
All causes.....	5,070	2,764	6,266	15,406
Diseases of the heart.....	2,085	1,020	2,556	7,122
Malignant neoplasms.....	1,058	846	1,283	1,632
Cerebrovascular diseases.....	433	153	563	1,734
Chronic obstructive pulmonary disease.....	217	146	306	363
Pneumonia and influenza.....	206	57	235	1,029
Diabetes.....	94	60	122	207
Accidents.....	87	50	103	259
Atherosclerosis.....	74	16	76	425
Nephritis, nephrotic syndrome, nephrosis.....	64	28	80	231
Septicemia.....	53	25	66	187
All other causes.....	701	362	876	2,217

Source: National Center for Health Statistics, "Annual Summary of Births, Marriages, Divorces and Deaths: United States, 1987," Monthly Vital Statistics Report, vol. 36, No. 13 (July 29, 1988) and unpublished data.

Chart 4-3

THE TOP CAUSES OF DEATH AMONG OLDER
PERSONS: 1986 AND 1987

RATE PER 100,000



Source: National Center for Health Statistics, "Annual Summary of Births, Marriages, Divorces and Deaths: United States, 1987"

The factors which have led to reductions in mortality may or may not also lead to overall improvements in health status. If Americans continue to live only to about age 85, control of life-threatening disease could produce a healthier older population. But if the life-span is increased dramatically in future years beyond age 85, the onset of illness may only be delayed, without an actual shortening of the period of illness.

(NOTE.—It should be noted that data for causes of death are based on information taken from death certificates and that, frequently, underlying causes are not listed but a secondary illness will be recorded.)

HEALTH SERVICES UTILIZATION

THE ELDERLY ARE THE HEAVIEST USERS OF HEALTH SERVICES

With a greater prevalence of chronic conditions than in the population at large, older persons use medical personnel and facilities more frequently than younger persons. On the average, persons 65-plus visit a physician eight times a year compared to five visits by the general population. They are hospitalized over three times as often as the younger population, stay 50 percent longer, and use twice as many prescription drugs.¹⁹

Health care utilization is greatest in the last year of life and among the oldest of the old. According to the recent work of Lawrence Branch at Harvard Medical School, those 85 and older have a three-fold greater risk of losing their independence, seven times the chance of entering a nursing home, and two-and-a-half times the risk of dying compared to persons 65 to 74 years of age.²⁰

HOSPITAL USE

The use of hospitals by older people, as measured by the number and rate of hospital discharges, rose steadily between 1965 and 1985. Both measures declined between 1983 and 1985—the number of discharges falling by 7 percent and the discharge rate falling by 11 percent, but did not change significantly between 1985 and 1986. The discharge rate was still 47 percent higher than in 1965. By yet another measure—average length of stay—hospital use by the elderly is declining. This indicator fell from 14.2 days per stay in 1968 to 9.7 days in 1983, then dropped more than another full day to 8.5 days, by 1986 (table 4-10 and chart 4-4).

TABLE 4-10.—TRENDS IN HOSPITAL USAGE BY PEOPLE 65 YEARS OR OLDER: 1965-86

Year:	Number of discharges (in thousands)	Discharge rate (discharges per 1,000 persons)	Average length of stay per discharge (in days)
1986	10,716	367.3	8.5
1985	10,508	368.3	8.7
1984	11,226	400.4	8.9
1983	11,302	412.7	9.7
1982	10,697	398.8	10.1
1981	10,408	396.5	10.5
1980	9,864	383.7	10.7
1979	9,086	361.5	10.8
1978	8,708	355.4	11.0
1977	8,344	349.2	11.1
1976	7,912	339.9	11.5

¹⁹ National Center for Health Statistics. "Utilization of Short-Stay Hospitals, United States, 1986 Annual Summary," Vital and Health Statistics, Series 13, No. 96 (June 1988), and "Family Use of Health Care, United States, 1980," National Medical Care Utilization and Expenditure Survey Series B, Descriptive Report No. 10, DHHS Pub. No. 87-20210 (February 1987).

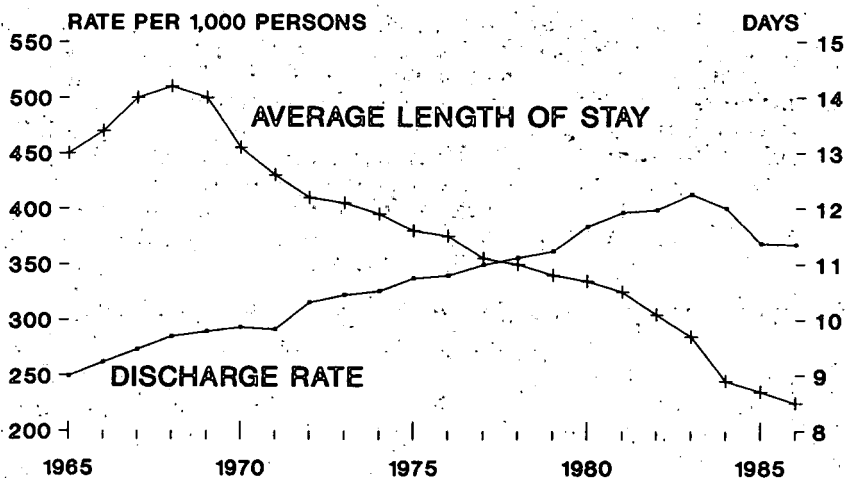
²⁰ Soldo, B. and Kenneth Manton. "Dynamics of Health Changes in Oldest Old: New Perspectives and Evidence." Milbank Memorial Fund Quarterly Vol. 63, No. 2 (spring 1985).

TABLE 4-10.—TRENDS IN HOSPITAL USAGE BY PEOPLE 65 YEARS OR OLDER: 1965-86—Continued

	Number of discharges (in thousands)	Discharge rate (discharges per 1,000 persons)	Average length of stay per discharge (in days)
1975	7,654	337.3	11.6
1974	7,185	325.7	11.9
1973	6,937	322.3	12.1
1972	6,634	315.6	12.2
1971	5,986	291.1	12.6
1970	5,883	293.3	13.1
1969	5,694	289.3	14.0
1968	5,520	285.0	14.2
1967	5,215	273.5	14.1
1966	4,911	261.8	13.4
1965	4,602	249.3	13.0

Source: National Center for Health Statistics. Data from National Hospital Discharge Survey. Vital and Health Statistics Series 13, various reports.

Chart 4-4
TRENDS IN HOSPITAL USAGE BY PEOPLE 65+:
1965-1986



Source: National Hospital Discharge Survey

In 1986, the hospital discharge rate (number of discharges per 1,000 population) for those 85 and over was 90 percent higher than that for people 65-74 years old. The average hospital stay for persons age 65 to 74 was 8 days in 1986 compared with 9.2 days for the 85-and-over group (table 4-8 and chart 4-5).

TABLE 4-11.—UTILIZATION OF SHORT-STAY HOSPITALS FOR SELECTED AGE GROUPS: 1986

Age group	Discharged patients			Days of care			Average length of stay
	Number in thousands	Percent distribution	Rate per thousand	Number in thousands	Percent distribution	Rate per thousand	
All ages.....	34,256	100.0	143.1	218,496	100.0	912.8	6.4
45 to 64.....	7,300	21.3	162.2	49,563	22.7	1,101.4	6.8
65 to 74.....	5,141	15.0	296.8	40,952	18.7	2,363.8	8.0
75 to 84.....	4,009	11.7	442.9	35,691	16.3	3,943.3	8.9
85-plus.....	1,565	4.6	559.7	14,397	6.6	5,149.3	9.2
65-plus.....	10,716	31.3	367.3	91,041	41.7	3,120.7	8.5

Source: National Center for Health Statistics. "Utilization of Short Stay Hospitals, United States, 1986, Annual Summary." Vital and Health Statistics Series 13, No. 96 (June 1988).

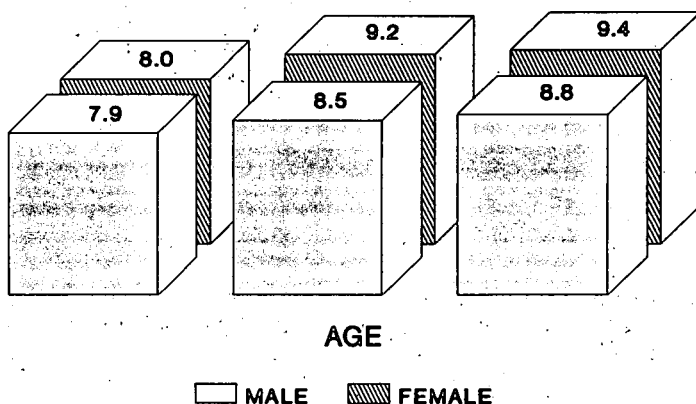
In 1986, persons over age 65, who represented 12 percent of the population, accounted for 31 percent of all hospital discharges and 42 percent of all short-stay hospital days of care. The population 75 and over, only 5 percent of the population, accounted for 16 percent of hospital discharges and 23 percent of all hospital days.²¹

Most hospital admissions of older people are for acute episodes of a chronic condition. The most common major category of principal or "first-listed" diagnosis for the 10.7 million discharges of elderly patients in 1986 was diseases of the circulatory system (31 percent), including heart disease (21 percent) (table 4-12). Digestive diseases (12 percent); respiratory diseases (11 percent), including pneumonia (4 percent); and neoplasms (10 percent) also accounted for substantial numbers of hospital stays. There were about 4 diagnoses for each discharge of an elderly patient compared to only 2.5 diagnoses per younger patient.

²¹ National Center for Health Statistics. "Utilization of Short-Stay Hospitals, United States, 1985, Annual Summary." Vital and Health Statistics Series 13, No. 96 (June 1988).

Chart 4-5
DURATION OF STAY BY THE ELDERLY IN SHORT
STAY NON-FEDERAL HOSPITALS BY AGE: 1986

AVERAGE LENGTH OF STAY IN DAYS



Source: National Center for Health Statistics

TABLE 4-12.—HOSPITAL DISCHARGES OF PEOPLE 65 YEARS AND OLDER BY FIRST-LISTED AND ALL-LISTED DIAGNOSTIC CATEGORIES: 1986

[Rates expressed as discharges per 10,000 people 65 years and over]

Major diagnostic category and selected subcategories	First-listed diagnosis		Average length of stay (days)	All-listed diagnosis	
	Number (thousands)	Percent distribution		Number of discharges (thousands)	Percent distribution
All conditions	10,716	100.0	8.5	42,841	100.0
Infectious and parasitic diseases.....	198	1.8	9.8	989	2.3
Neoplasms.....	1,049	9.8	9.6	2,369	5.5
Malignant neoplasms.....	964	9.0	9.9	2,113	4.9
Endocrine, nutritional, and metabolic diseases, and immunity disorders.....	484	4.5	8.5	3,681	8.6
Diabetes Mellitus.....	179	1.7	9.4	1,548	3.6
Diseases of the blood and blood-forming organs....	126	1.2	7.0	1,094	2.6
Mental disorders.....	251	2.3	12.2	1,297	3.0
Diseases of nervous system and sense organs.....	348	3.2	6.5	1,551	3.6
Diseases of circulatory system.....	3,341	31.2	8.1	13,627	31.8
Heart disease.....	2,240	20.9	7.5	8,919	20.8
Cerebrovascular disease.....	674	6.3	9.6	1,477	3.4
Diseases of respiratory system.....	1,189	11.1	8.6	3,537	8.3
Pneumonia, all forms.....	466	4.3	9.5	778	1.8
Diseases of digestive system.....	1,288	12.0	7.8	3,500	8.2
Diseases of genitourinary system.....	751	7.0	7.2	2,778	6.5
Diseases of skin and subcutaneous tissue.....	156	1.5	10.9	510	1.2
Diseases of musculoskeletal system and connective tissue.....	552	5.2	9.3	2,140	5.0
Congenital anomalies.....	14	.1	8.7	80	.2
Symptoms, signs, and ill-defined conditions.....	66	.6	4.7	2,321	5.4
Injury and poisoning.....	816	7.6	9.8	1,717	4.0
Fractures, all sites.....	413	3.9	11.9	564	1.3
Supplementary classifications.....	84	.8	6.8	1,649	3.8

Source: National Center for Health Statistics. "Utilization of Short Stay Hospitals, United States, 1986, Annual Summary." Vital and Health Statistics Series 13, No. 96 (June 1988).

PHYSICIAN SERVICES

Use of physician services increases with age. In 1987, persons age 45 to 64 averaged 6.4 doctor contacts a year, while persons age 65 to 74 averaged 8.4 contacts and those age 75 and over averaged 9.7 visits. The likelihood of seeing a doctor at least once during a given year increases slightly with age. Among those in the 65 to 74 age group, 83.2 percent reported seeing a doctor during the last year, compared to 87.8 percent of those age 75 or older (table 4-13). Since the enactment of Medicare, the average number of physician contacts and the percentage of persons 65 and over reporting that they had seen a physician in the last year have increased significantly, particularly for persons with low income.²²

TABLE 4-13.—NUMBER OF PHYSICIAN CONTACTS AND INTERVAL SINCE LAST PHYSICIAN CONTACT, BY AGE: 1987

(Excludes people in institutions)

Age groups	Contacts			Percent distribution of people by interval since last contact			
	Number (thousands)	Percent distribution	Average number per person, per year	Less than 1 year	1 to less than 2 years	2 to less than 5 years	5 years or more
All ages.....	1,288,433	100.0	5.4	76.2	10.5	9.7	3.6
Under 5 years.....	121,641	9.4	6.7	93.0	5.6	1.2	0.2
5 to 17 years.....	148,601	11.5	3.3	75.0	13.8	9.1	2.0
18 to 24 years.....	115,492	9.0	4.4	71.9	12.9	11.8	3.5
25 to 44 years.....	362,894	28.2	4.8	71.8	11.5	12.2	4.5
45 to 64 years.....	289,309	22.5	6.4	74.9	9.3	10.6	5.2
65 to 74 years.....	145,135	11.3	8.4	83.2	5.8	6.5	4.5
75 years and over.....	105,360	8.2	9.7	87.8	5.1	4.3	2.8

Note.—Data include office visits, telephone consultations, hospital contacts (including emergency room and outpatient visits but excluding inpatient visits), and other modes of contact.

Source: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, United States, 1987." Vital and Health Statistics Series 10, No. 166.

The aging of the population will create a greater demand for physician care (table 4-14). According to projections based on 1986 physician contact rates and projections of the noninstitutionalized elderly population, the demand for physician contacts will increase

²² National Center for Health Statistics. Health Interview Survey. Unpublished tabulations, 1983.

by 22 percent, from 250 million to 304 million contacts by the year 2000, and by 129 percent, to more than 570 million visits by 2030.²³

The disparity between the elderly and nonelderly populations in the use of physician services is not as great as the disparity for other forms of health care. In 1986, persons 65 and older, 11.7 percent of the noninstitutionalized population, accounted for 19.6 percent of physician contacts.

TABLE 4-14.—PROJECTED PHYSICIAN VISITS AND PERCENT CHANGE IN VISITS FOR 2000 AND 2030

(Number of persons and total visits in thousands)

Year	Age		
	65-plus	65 to 74	75-plus
2000:			
Total population	34,882	18,243	16,639
Total visits	304,233	145,922	158,311
Percent change in visits, 1986-2000	21.8	5.9	41.2
2030:			
Total population	65,604	35,988	29,616
Total visits	570,835	287,858	282,978
Percent change in visits, 1986-2030	128.5	109.0	152.4

Source: Administration on Aging. Unpublished projections by Donald Fowles.

NURSING HOME STAYS

Only about 5 percent of the elderly population are in nursing homes at any given time, but many more will live in nursing homes during their lifetimes. The risk of institutionalization at age 65 is widely debated, with recent estimates ranging from 36 percent²⁴ to 65 percent.²⁵ Women are more likely than men of comparable ages to enter a nursing home. The lifetime risk of institutionalization for women at age 65 has been estimated at 52 percent and that for men at 30 percent.²⁶ In 1985, an estimated 1.3 million elderly persons lived in nursing homes during the year. An estimated 1 percent (212,100) of those ages 65 to 74 were residents, compared to about 6 percent (509,000) of persons age 75 to 84, and about 22 percent (594,700) of persons age 85-plus.²⁷ The rate of nursing home use by the elderly has almost doubled since the introduction of Medicare and Medicaid in 1966, from 2.5 to 5 percent of the over-65 population.

Nursing home residents are disproportionately very old, female, and white. Nearly 84 percent of nursing home residents are without a spouse, as compared to 45 percent of the noninstitutionalized elderly. Also, only 63 percent of older nursing home residents have children, compared to 81 percent of older people in the community. Such statistics, along with those which show that nursing home

²³ U.S. Administration on Aging. Unpublished projections.

²⁴ Liang, Jersey and Edward Jow-Ching Tu. "Estimating Lifetime Risk of Nursing Home Residency: A Further Note." *The Gerontologist* Vol. 26, No. 5 (October 1986).

²⁵ McConnel, Charles E. "A Note on the Lifetime Risk of Nursing Home Residence." *The Gerontologist* Vol. 24, No. 2 (April 1984).

²⁶ Cohen, Mark A., Eileen J. Tell, and Stanley S. Wallack. "The Lifetime Risks and Costs of Nursing Home Use Among the Elderly." *Medical Care* Vol. 24, No. 12 (December 1986).

²⁷ Hing, Ether. "Use of Nursing Homes by the Elderly: Preliminary Data from the 1985 National Nursing Home Survey." *Advance Data* No. 135, National Center for Health Statistics (May 14, 1987).

residents tend to have health problems which significantly restrict their ability to care for themselves, suggest that the absence of a spouse or other family member who can provide informal support for health and maintenance requirements is the most critical factor in the institutionalization of an older person.

The majority of nursing home residents do not stay in a facility over 179 days (table 4-16). However, length of stay varies by marital status. For example, according to a recent study by the Brookings Institution and ICF, Inc., the probability that a married person would leave a nursing home within 29 days of admittance is almost 1 in 3, but the probability for an individual who is not married is 1 in 2.

TABLE 4-15.—SELECTED CHARACTERISTICS OF NURSING HOME AND COMMUNITY RESIDENTS 65 YEARS AND OLDER: 1985 AND 1984

Subject	Living in nursing homes, 1985	Living in community, 1984
Total 65-plus:		
Number (thousands).....	1,316	26,343
Percent.....	100.0	100.0
Age:		
65 to 74.....	16.1	61.7
75 to 84.....	38.7	30.7
85+.....	45.2	7.6
Sex:		
Male.....	25.4	40.8
Female.....	74.6	59.2
Race:		
White.....	93.1	90.4
Black.....	6.2	8.3
Other.....	.7	1.3
Marital status: ¹		
Widowed.....	64.2	34.1
Married.....	16.4	54.7
Never married.....	13.5	4.4
Divorced or separated.....	5.9	6.3
With living children.....	63.1	81.3
Requires assistance in:		
Bathing.....	91.2	6.0
Dressing.....	77.7	4.3
Using toilet room.....	63.3	2.2
Transferring ²	62.7	2.8
Eating.....	40.4	1.1
Difficulty with bowel and/or bladder control.....	54.5	³ (NA)
Disorientation or memory impairment.....	62.6	(NA)
Senile dementia or chronic organic brain syndrome.....	47.0	(NA)

¹ For nursing home residents, marital status at time of admission.

² Getting in or out of bed or chair.

³ Although comparable data are not available, the 1984 SOA (see source) found that six percent of the community-resident older population had difficulty with urinary control or had urinary catheters.

(NA) Not available.

Source: National Center for Health Statistics. Data from the National Health Interview Survey, Supplement on Aging, 1984, and the 1985 National Nursing Home Survey, Advance Data Nos. 115, 121, 133, and 135; and unpublished data.

TABLE 4-16.—NURSING HOME LENGTH OF STAY PROBABILITIES BY AGE OF ENTRY AND MARITAL STATUS

[In percent]

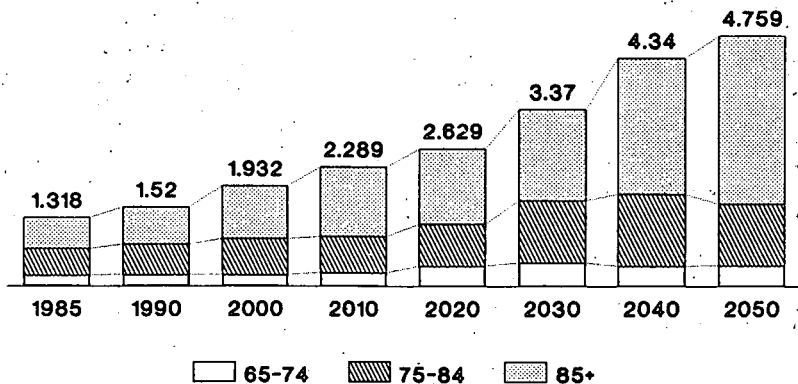
Length of stay (in days)	Married			Unmarried		
	65 to 74	75 to 84	85-plus	65 to 74	75 to 84	85-plus
1 to 29.....	29	32	30	21	20	19
30 to 59.....	13	14	14	12	11	10
60 to 89.....	8	5	5	7	5	6
90 to 179.....	14	10	9	10	10	12
180 to 364.....	11	9	10	9	12	12
365 to 729.....	8	10	10	9	11	13
730 to 1,094.....	6	4	5	7	7	8
1,095 to 1,469.....	3	3	4	4	6	6
1,470 to 1,824.....	3	2	5	3	4	4
1,825 to 2,189.....	2	3	2	3	3	3
2,190-plus.....	4	7	6	15	10	9
Total.....	100	100	100	100	100	100

Source: Brookings Institution and Lewin/ICF calculations using data from the 1985 National Nursing Home Survey.

It is likely that the nursing home population will continue to grow rapidly, primarily because of the growth in the size of the very old population. Current projections indicate that between 1985 and 2000, the nursing home population will increase from 1.3 to 2 million, and will more than double again to 4.6 million by 2040 (chart 4-6).

Chart 4-6
PROJECTIONS OF ELDERLY NURSING HOME
RESIDENTS BY AGE GROUP: 1985-2000

NURSING HOME RESIDENTS IN MILLIONS



Source: Donald Fowles, U.S. Administration on Aging. Based on utilization rates from the 1985 National Nursing Home Survey and U.S. Bureau of the Census population projections, 1989

COMMUNITY HEALTH SERVICES

"INFORMAL SUPPORTS" PROVIDE THE MAJORITY OF COMMUNITY SERVICES TO THOSE ELDERLY WHO ARE DISABLED

Friends, spouses, and other relatives provide valuable "informal" unpaid assistance to elderly persons who have disabling health problems but live outside of institutions. Data from the Health Care Financing Administration's 1982 Long-Term Care Survey demonstrate that, for the disabled older population living in the community, relatives represented 84 percent of all caregivers for males and provided 90 percent of days of care; likewise, relatives represented 79 percent of caregivers and provided 84 percent of days of care for older disabled females (table 4-17). More wives than husbands provided care to disabled spouses, reflecting the fact that women outlive men by an average of 7 years. More than one-third of all elderly disabled men living in the community in 1982 were cared for by their wives, while only 1 in 10 elderly disabled women were cared for by their husbands.

TABLE 4-17.—PERCENT DISTRIBUTION OF CAREGIVERS AND DAYS OF CARE FOR PEOPLE 65 AND OLDER WITH LIMITATIONS IN ACTIVITIES OF DAILY LIVING, BY RELATIONSHIP TO RECIPIENT: 1982

Age and sex of recipient	Caregivers					Days of care				
	Relationship of caregiver to recipient					Relationship of caregiver to recipient				
	Total	Spouse	Child	Other relative	Formal	Total	Spouse	Child	Other relative	Formal
65-plus:										
Male.....	100	37	24	23	16	100	53	19	18	11
Female.....	100	10	34	35	21	100	17	37	30	16
65 to 74:										
Male.....	100	45	21	21	13	100	61	15	15	9
Female.....	100	18	29	33	20	100	31	27	28	14
75 to 84:										
Male.....	100	35	23	25	17	100	53	18	18	11
Female.....	100	8	35	36	21	100	14	38	32	15
85-plus:										
Male.....	100	20	34	27	19	100	31	31	22	16
Female.....	100	2	39	36	23	100	3	47	30	19

Note.—Formal caregivers typically receive payment for services compared with informal caregivers (usually relatives) who are not compensated.

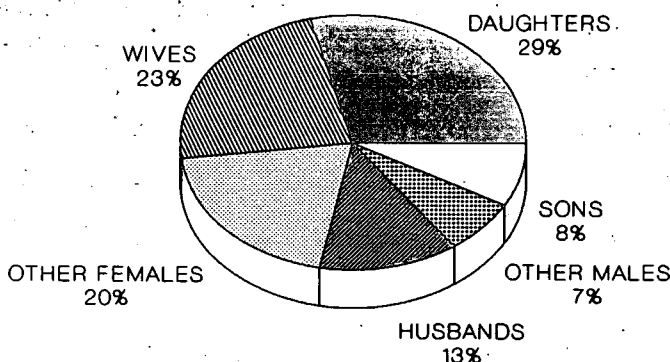
Source: Manton, Kenneth and Korbin Liu. "The Future Growth of the Long-Term Population: Projections Based on the 1977 National Nursing Home Population and the 1982 Long-Term Care Survey." Paper prepared for the Third National Leadership Conference on Long-Term Care Issues: Washington, D.C., March 7-9, 1984.

Children of aging parents provided care to about one-quarter of elderly disabled males in 1982, and to slightly more than a third of elderly women. Other relatives such as siblings or nieces gave also substantial care to elderly disabled family members, representing 23 percent of all community caregivers for men and 35 percent for women. With increasing age, the support given by spouses decreases as other family members and "formal" caregivers compensate for the loss.

Analyses of the 1982 data on informal caregivers show that approximately 2.2 million caregivers age 14 and older were providing unpaid assistance to 1.6 million noninstitutionalized elderly dis-

abled persons.²⁸ Seven out of ten caregivers (72 percent) were women (29 percent were daughters and 23 percent were wives) (chart 4-7). The average age of the caregiver population was 57, and about one in three caregivers (36 percent) was 65 or older. Husbands constituted the oldest caregiver group, with 42 percent age 75 or older. Almost three-quarters (74 percent) of the caregivers lived with the care recipients. While a majority of caregivers (57 percent) in the survey reported adjusted family incomes in the low-to-middle range (1.25 to 4 times the poverty level), nearly one-third (32 percent) had 1982 incomes falling within the poor or near-poor category.

Chart 4-7
CAREGIVERS AND THEIR RELATIONSHIP TO
THE ELDERLY CARE RECIPIENT: 1982



Note: Includes informal care only including primary and secondary caregivers.

Source: Select Committee on Aging, U.S. House of Representatives, "Exploding the Myth: Caregiving in America," 1987

Informal caregivers provide much more than occasional assistance. About 64 percent of the caregivers interviewed in 1982 reported that they had provided care for at least 1 year, and 80 percent were involved in caregiving activities 7 days a week. On average, caregivers spent 4 hours per day in such activities. Four of every five performed household chores and provided assistance with shopping and transportation. Two-thirds provided assistance with such activities as feeding, bathing, dressing, and toileting. About half assisted with personal mobility, taking medicine, and handling personal finances. Of the more than 1 million caregivers with jobs, about one-fifth (21 percent) had worked fewer hours to accommodate their caregiving responsibilities, a similar proportion

²⁸ Stone, Robyn, Gail Cafferata, and Judith Sangle. "Caregivers of the Frail Elderly: A National Profile." Paper available from the Division of Intramural Research, National Center for Health Services Research, Rockville, MD.

(19 percent) had taken time off without pay, and more than one-fourth (29 percent) had rearranged their work schedules. About 9 percent of the 2.2 million caregivers had quit their jobs to become caregivers.²⁹

OTHER HEALTH SERVICES

Use of health care other than hospital, nursing home, or physician services varies by service. For example, elderly persons visit dentists less often than the younger population. In 1986, only 43 percent of the 65 and older population had seen a dentist in the last year compared to 59 percent of the population of all ages.³⁰ However, for prescription drugs, vision aids, and medical equipment and supplies, the older population had higher rates of usage than the younger population.³¹ For example, 15 percent of the non-institutionalized elderly in 1980 were classified as "high" users of prescription medicine (25 or more prescriptions filled or refilled in the previous 12 months), compared to only 2 percent of the under-65 population.³² Furthermore, 93 percent of older people had corrective lenses (eyeglasses or contact lenses) in 1979-80 and 41 percent had one or more eye-care visits in 1979. Comparable figures for the under-65 population were 46 and 24 percent respectively.³³ Medicare's home health benefit expenditures are one of the fastest growing components of the Medicare program. In 1988, Medicare beneficiaries received an average of 1,313 homecare visits for every 1,000 enrollees.

HEALTH CARE EXPENDITURES³⁴

PERSONS 65 AND OLDER ACCOUNT FOR ALMOST ONE-THIRD OF ALL PERSONAL HEALTH CARE EXPENDITURES

Persons 65 and over, 12 percent of the population, account for over one-third of the country's total personal health care expenditures (total health care from all sources exclusive of research). Per capita spending for health care for the elderly reached \$5,235 in 1987 representing a 14-percent average annual growth rate from 1977. Of this total, the elderly paid one-third through direct payments to providers or indirectly through premiums for insurance. In 1987 the estimated cost of personal health care for the elderly was \$158 billion (tables 4-18 to 4-21).

²⁹ Ibid.

³⁰ National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, United States, 1986." Vital and Health Statistics Series 10, No. 164 (October 1987).

³¹ Waldo, Daniel and Helen C. Lazenby. "Demographic Characteristics and Health Care Use and Expenditures by the Aged in the United States: 1977-84." Health Care Financing Review vol. 6, No. 1 (Fall 1984).

³² National Center for Health Statistics. "High-Volume and Low-Volume Users of Health Services, United States, 1980." National Medical Care Utilization and Expenditure Survey Series C, Analytical Report No. 2, DHHS Pub. No. 86-20402 (November 1985).

³³ National Center for Health Statistics. "Eye Care Visits and Use of Eyeglasses or Contact Lenses, United States, 1979 and 1980." National Health Interview Survey Series 10, No. 145, DHHS Pub. No. (PHS) 84-1573 (February 1984).

³⁴ The health care expenditure section was adapted from: Chollet, Deborah. "Financing the Elderly's Health Care" (Washington, DC: Employee Benefit Research Institute, 1989).

TABLE 4-18.—PERCENT DISTRIBUTION OF PERSONAL HEALTH CARE EXPENDITURES BY SOURCE OF FUNDS FOR PEOPLE 65 YEARS OF AGE OR OVER, BY TYPE OF SERVICE: 1987

Source of funds	Type of service				
	Total care	Hospital	Physician	Nursing home	Other care
Total per capita.....	100.0	100.0	100.0	100.0	100.0
Private.....	37.8	15.5	36.0	58.3	69.9
Government.....	62.2	84.5	64.0	41.7	30.1
Medicare.....	44.4	68.9	60.4	1.9	16.4
Medicaid.....	11.7	4.9	1.5	35.4	11.9
Other government.....	6.1	10.7	2.1	4.4	1.3

Source: Unpublished estimates from the U.S. Department of Health and Human Services, Health Care Financing Administration. Reported in Chollet, Deborah, Financing the Elderly's Health Care (Washington, D.C.: Employee Benefit Research Institute, 1989).

TABLE 4-19.—PERCENT DISTRIBUTION OF PERSONAL HEALTH CARE EXPENDITURES BY TYPE OF SERVICE FOR PEOPLE 65 YEARS OF AGE OR OVER, BY SOURCE OF FUNDS: 1987

Source of funds	Type of service (percentages)				
	Total	Hospital	Physician	Nursing home	Other care
Total spending.....	100.0	41.5	20.9	20.8	16.9
Private.....	100.0	17.0	19.9	32.0	31.2
Public.....	100.0	56.3	21.5	13.9	8.2
Medicare.....	100.0	64.4	28.4	.9	6.2
Medicaid.....	100.0	17.2	2.6	63.0	17.2
Other.....	100.0	71.4	7.1	15.3	5.1

Source: Chollet, Deborah. "Financing the Elderly's Health Care" (Washington, D.C.: Employee Benefit Research Institute, 1989).

TABLE 4-20.—AGGREGATE PERSONAL HEALTH CARE EXPENDITURES IN BILLIONS FOR PEOPLE 65 YEARS OF AGE OR OVER, BY SOURCE OF FUNDS AND TYPE OF SERVICE: 1987

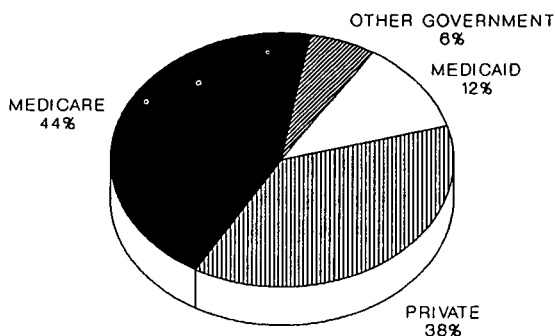
(In billions of dollars)

Source of funds	Type of service (percentages)				
	Total	Hospital	Physician	Nursing home	Other care
Total spending.....	158.2	65.6	33.1	32.9	26.7
Private.....	59.9	10.2	11.9	19.1	18.7
Public.....	98.4	55.4	21.2	13.7	8.1
Medicare.....	70.2	45.2	20.0	.6	4.4
Medicaid.....	18.4	3.2	.5	11.6	3.2
Other.....	9.8	7.0	.7	1.5	.5

Source: Chollet, Deborah. "Financing the Elderly's Health Care" (Washington, D.C.: Employee Benefit Research Institute, 1989).

Private sources such as employer-paid insurance are the major source of health care payments for persons under age 65. However, public funds are the major source for 65-plus persons (chart 4-8). In 1987 total public sector spending for the elderly's health care reached an estimated \$102 billion.

Chart 4-8
PERSONAL HEALTH CARE EXPENDITURES FOR
THE ELDERLY: 1987



Source: Chollet, Deborah. "Financing the Elderly's Health Care," Employee Benefit Research Institute, 1989.
Based on Health Care Financing Administration data

TABLE 4-21.—Per capita personal health care expenditures for people 65 years of age
by source and service: 1987

Type of Service:	Amount
Hospital	\$2,170
Physician	1,094
Nursing home	1,087
Other personal health care	885
Total per capita	5,235
Source of funds:	
Consumer:	
Out-of-pocket	1,533
Insurance	430
Medicare enrollee premiums	181
Other private	25
Total private	2,169
Government:	
Medicare	2,131
Medicaid	614
Other Government	322
Total Government	3,066

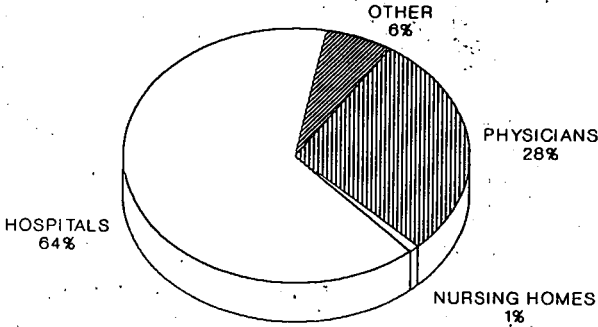
Source: Chollet, Deborah. "Financing the Elderly's Health Care" (Washington, D.C.: Employee Benefit Research Institute, 1989).

MEDICARE

In 1987, Medicare covered 44 percent of all personal health care expenditures for the elderly. Medicare's role primarily involves financing of acute care services (chart 4-9). It financed two-thirds of all hospital care used by the elderly in 1987 for a total of \$45 bil-

lion. Medicare is also by far the largest payer for physician services. In 1987 Medicare paid 60 percent of physician costs for the elderly—totaling \$20 billion. Medicare paid less than 2 percent of the elderly's nursing home costs in 1987.

Chart 4-9
WHERE THE MEDICARE DOLLAR FOR THE
ELDERLY GOES: 1987

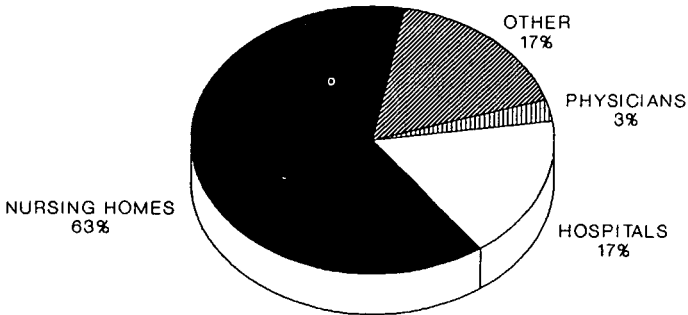


Source: Chollet, Deborah. "Financing the Elderly's Health Care," Employee Benefit Research Institute, 1989. Based on Health Care Financing Administration data

MEDICAID

Medicaid, a Federal-State program, pays about 12 percent of the personal health care expenditures for the elderly. Most of these payments are for the small portion of the population that uses long-term care (chart 4-10). In fact, Medicaid is the principal source of public financing for nursing home care. It paid for 35.4 percent of all nursing home expenditures in 1987 totaling \$11.6 billion. Financing of nursing home care accounts for almost two-thirds of total Medicaid spending for the elderly.

Chart 4-10
 WHERE THE MEDICAID DOLLAR FOR THE
 ELDERLY GOES: 1987



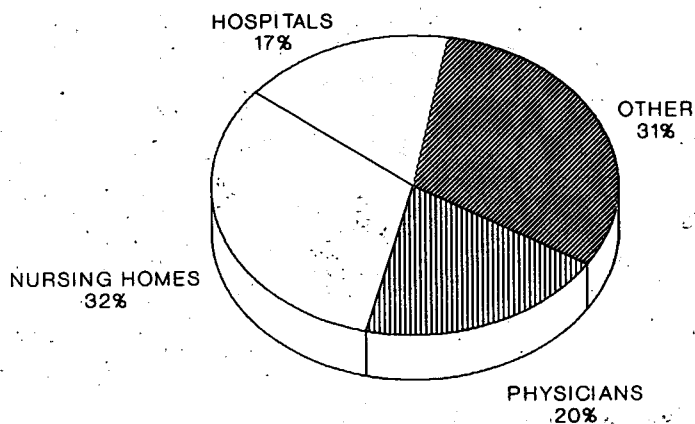
Source: Chollet, Deborah. "Financing the Elderly's Health Care," Employee Benefit Research Institute, 1989. Based on Health Care Financing Administration data

PRIVATE SPENDING

Private spending for health care not covered by government sources includes: medigap insurance that the elderly purchase or that employers provide as a retirement benefit; insurance provided by employers for elderly workers; and out-of-pocket spending by or in behalf of the elderly. Average private spending for the elderly amounted to \$2,169 per capita in 1987.

Even with the substantial contribution of public funds, the elderly bear considerable financial burden for health care out of their own pockets. Between 1977 and 1987, the elderly's out-of-pocket spending for health care tripled, reaching 29 percent of their total health care costs in 1987. Direct out-of-pocket health care expenses for the elderly averaged \$1,533 per person in 1987. This amount excludes premium payments for Medicare Part B. Other per capita private costs included \$430 by insurance companies, \$181 per Medicare enrollee for Part B premiums, and \$25 by other private sources in 1987. The elderly's private spending for health care goes to a variety of providers with nursing homes accounting for almost a third of private expenditures.

Chart 4-11
WHERE THE PRIVATE HEALTH CARE DOLLAR
FOR THE ELDERLY GOES: 1987



Source: Chollet, Deborah. "Financing the Elderly's Health Care," Employee Benefit Research Institute, 1989. Based on Health Care Financing Administration data

OTHER FUNDING SOURCES

The costs of health care for the elderly not met by Medicare, Medicaid, and out-of-pocket expenditures are funded by private insurance, foundations, and other government sources such as the Veterans Administration, Department of Defense, Indian Health Service, States, and counties.

Chapter 5

SOCIAL CHARACTERISTICS

Marital status and living arrangements of older persons (65 years and over) vary tremendously by sex. Most men, for instance, spend their elderly years married and in family settings, whereas most older women spend their later years as widows outside of family settings.

The housing situation of older persons also varies significantly—with large differences by marital status and living arrangements. A surprising proportion of older persons bear the burden of high housing expenses in relation to income. Inadequate housing and the lack of telephones are also problems for a small but significant number of older persons.

The following section describes these and other social characteristics of the older population, such as educational level, voter participation, and the use of community services.

MARITAL STATUS AND LIVING ARRANGEMENTS

MOST OLDER MEN ARE MARRIED, BUT MOST OLDER WOMEN ARE WIDOWED

While most older men remain married until they die, most older women are widowed (chart 5-1). This trend holds true for men and women of all races with blacks having higher rates of widowhood than whites or hispanics. There are several reasons for this discrepancy. Men have a shorter average life expectancy and thus tend to predecease their wives. In addition, men tend to marry women who are younger than themselves. Finally, men who lose a spouse through divorce or death are more likely to remarry than are women in the same situation.¹ Elderly widowed men have remarriage rates over eight times higher than those of women.²

In 1988, 7 percent of all older men were married and living with their spouses (table 5-1). Only 40 percent of older women were living with their spouses and 49 percent were widowed. This difference was more pronounced among people 75 years or older. Two-thirds (67 percent) of men in this age group were living with a spouse compared to less than one-fourth (24 percent) of women. Only 1 of every 20 older men and women in 1988 had never been married. Very small percentages of older persons of all races are divorced.

¹ U.S. Bureau of the Census. "Demographic and Socioeconomic Aspects of Aging in the United States." Current Population Reports Series P-23, No. 138 (August 1984).

² National Center for Health Statistics. "Advance Report on Final Marriage Statistics, 1984." Monthly Vital Statistics Report, Vol. 36, No. 2, Supplement (2) (June 1987).

TABLE 5-1.—MARITAL STATUS OF OLDER PEOPLE, BY AGE, SEX, RACE, AND HISPANIC ORIGIN:
MARCH 1988

[Excludes people in institutions]

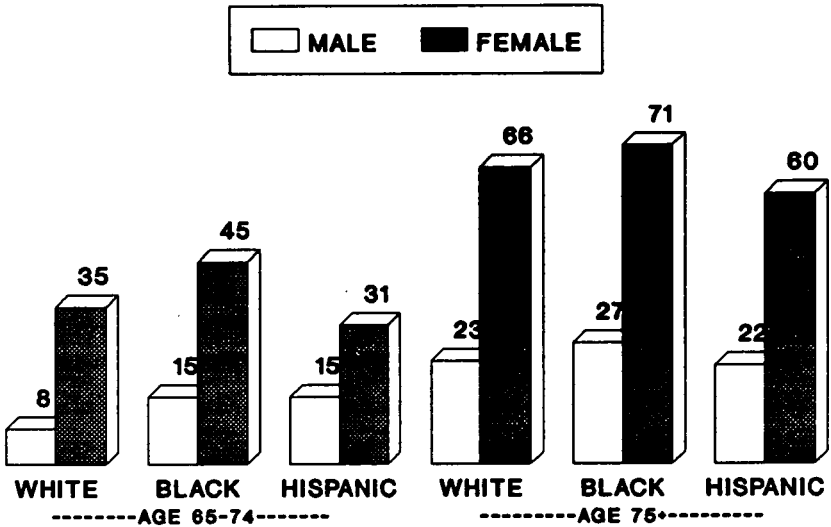
Marital status	65-plus		65 to 74		75-plus	
	Male	Female	Male	Female	Male	Female
ALL RACES						
Total (thousands).....	11,837	16,691	7,736	9,736	4,101	6,955
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Never married.....	4.6	5.3	4.8	4.6	4.2	6.2
Married, spouse present.....	75.1	39.9	79.5	51.5	66.8	23.6
Married, spouse absent.....	2.5	1.6	2.3	1.9	2.9	1.3
Widowed.....	13.9	48.7	8.7	36.3	23.7	66.1
Divorced.....	3.9	4.5	4.7	5.8	2.4	2.7
WHITE						
Total (thousands).....	10,649	14,989	6,967	8,679	3,682	6,310
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Never married.....	4.7	5.2	4.9	4.5	4.4	6.2
Married, spouse present.....	76.2	41.0	80.6	53.3	67.7	24.1
Married, spouse absent.....	2.0	1.3	1.8	1.4	2.4	1.2
Widowed.....	13.5	48.1	8.2	35.4	23.4	65.6
Divorced.....	3.6	4.4	4.4	5.4	2.1	2.9
BLACK						
Total (thousands).....	960	1,424	611	865	349	559
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Never married.....	2.9	6.2	3.0	5.5	2.9	7.2
Married, spouse present.....	62.5	27.1	65.6	33.0	57.0	18.1
Married, spouse absent.....	7.9	4.9	8.1	6.2	7.6	2.8
Widowed.....	19.7	55.3	15.3	45.3	27.1	70.9
Divorced.....	7.0	6.5	8.0	10.0	5.3	1.0
HISPANIC ORIGIN¹						
Total (thousands).....	398	505	251	309	147	196
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Never married.....	6.3	6.5	5.9	8.2	6.7	3.9
Married, spouse present.....	65.8	35.4	69.1	43.1	59.7	23.3
Married, spouse absent.....	5.0	5.0	3.7	5.6	7.6	4.1
Widowed.....	17.6	42.2	14.9	31.2	22.7	59.6
Divorced.....	5.3	10.9	6.4	11.9	3.3	9.1

¹ People of Hispanic origin may be of any race.

Note.—Percentage distributions may not add to 100.0 due to rounding.

Source: U.S. Bureau of the Census. Unpublished data from the March 1988 Current Population Survey.

Chart 5-1
PERCENT OF OLDER MEN AND WOMEN WIDOWED
BY AGE, RACE AND HISPANIC ORIGIN: 1988



Source: U.S. Census Bureau. Unpublished data from the March 1988 Current Population Survey

MOST ELDERLY MEN LIVE IN FAMILY SETTINGS, MOST ELDERLY WOMEN LIVE ALONE

Two-thirds (67 percent) of older, noninstitutionalized people lived in a family setting in 1988. As with marital status, however, these statistics vary considerably by sex, and the differences grow larger with advancing age (table 5-2). For example, nearly four of every five men 75 years old or older (76 percent) lived with their spouses or other family members, compared to less than half (46 percent) of women in this age group.

TABLE 5-2.—LIVING ARRANGEMENTS OF OLDER PEOPLE, BY AGE, SEX, RACE, AND HISPANIC ORIGIN: MARCH 1988

[Excludes people in institutions]

Living arrangement	65-plus		65 to 74		75-plus	
	Male	Female	Male	Female	Male	Female
ALL RACES						
Total (thousands).....	11,837	16,691	7,736	9,736	4,101	6,955
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse.....	75.1	39.9	79.5	51.5	66.8	23.6
Living with other relatives.....	6.7	17.2	5.3	13.7	9.2	22.0
Living alone.....	16.2	40.6	13.1	33.2	21.9	50.9
Living with nonrelatives.....	2.1	2.4	2.0	1.7	2.1	3.5
WHITE						
Total (thousands).....	10,649	14,989	6,967	8,679	3,682	6,310
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse.....	76.2	41.0	80.6	53.3	67.8	24.1
Living with other relatives.....	6.4	15.6	5.1	12.0	8.9	20.6
Living alone.....	15.4	41.1	12.3	33.2	21.3	51.9
Living with nonrelatives.....	2.0	2.3	2.0	1.5	2.1	3.4
BLACK						
Total (thousands).....	960	1,424	611	865	349	559
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse.....	62.5	27.1	65.5	32.9	57.0	18.1
Living with other relatives.....	8.6	30.8	7.5	27.9	10.6	35.4
Living alone.....	26.4	28.5	24.4	36.2	29.8	42.0
Living with nonrelatives.....	2.5	3.6	2.5	3.0	2.6	4.5
HISPANIC ORIGIN¹						
Total (thousands).....	398	505	251	309	147	196
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse.....	65.8	35.4	69.3	43.0	59.9	23.5
Living with other relatives.....	16.1	33.9	13.5	30.4	20.4	39.3
Living alone.....	15.1	27.9	13.9	23.6	17.0	34.7
Living with nonrelatives.....	3.0	2.8	3.2	2.9	2.7	2.6

¹ People of Hispanic origin may be of any race.

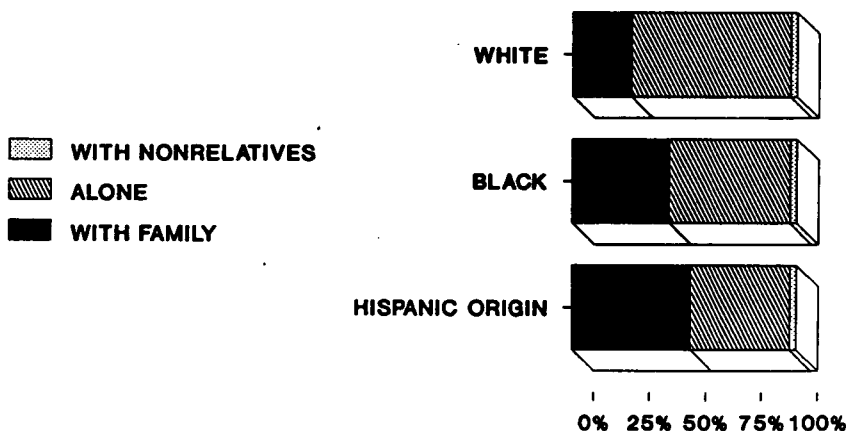
Note.—Percentage distributions may not add to 100.0 due to rounding.

Source: U.S. Bureau of the Census. Unpublished data from the March 1988 Current Population Survey.

About 8.7 million older people—representing 30 percent of all noninstitutionalized people 65-plus years old—were living alone in 1988. The vast majority of older persons living alone were women (6.8 million or 80 percent of those living alone). Among all noninstitutionalized older men, only about 16 percent were living by themselves, while 41 percent of all noninstitutionalized women were living alone.

There are significant differences by race and origin in the living arrangements of older people. One of the most striking differences is the tendency for widowed minority women to live with other family members, while most widowed white females maintain separate households (chart 5-2).

Chart 5-2
LIVING ARRANGEMENTS OF ELDERLY WIDOWS BY
RACE AND HISPANIC ORIGIN: 1988



Source: U.S. Bureau of the Census. Unpublished data from the March 1988 Current Population Survey

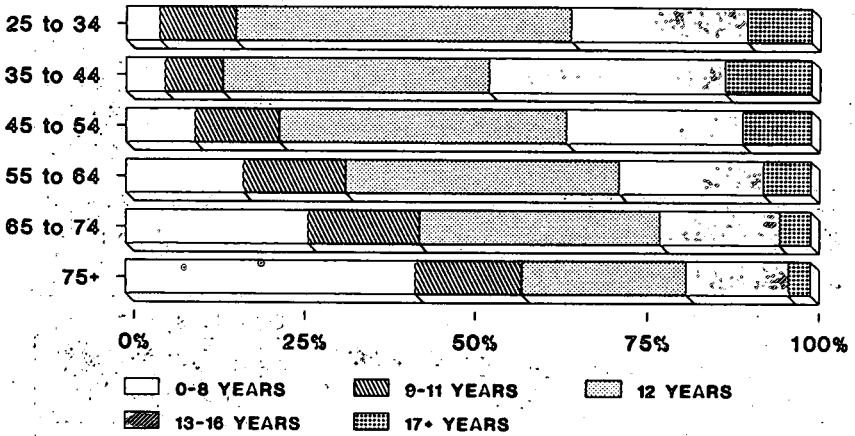
EDUCATION

THE EDUCATION GAP BETWEEN OLDER AND YOUNGER PERSONS IS CLOSING

Although educational attainment of the elderly population is well below that of the younger population, the gap in median school years completed has narrowed somewhat over the last 30 years and is expected to decrease further by the end of this decade. Between 1970 and 1987, the median level of education among the elderly has increased from 8.7 years to 12 years. By the year 2000, the median number of school years completed for persons 65 and over is expected to be 12.4 years as compared to 12.8 for all persons 25 years old and over.³

³ U.S. Bureau of the Census. "Demographic and Socioeconomic Aspects of Aging in the United States." Current Population Reports, Series P-23, No. 138 (August 1984).

Chart 5-3
EDUCATIONAL ATTAINMENT BY AGE: 1988



Source: Current Population Reports, Series P-20, No. 428

In 1987, elderly persons were much less likely to have graduated from high school than the entire population 25 years old and over. Sixty-seven percent of the population age 60 to 64 were high school graduates as compared with 76 percent of the population 25 to 34. Likewise, 20 percent of persons 25 and older had completed 4 or more years of college compared with 15 percent of those 60 to 64 and 9 percent of those 75-plus.

TABLE 5-3.—SELECTED MEASURES OF EDUCATIONAL ATTAINMENT BY AGE GROUP, SEX, RACE, AND HISPANIC ORIGIN: MARCH 1986

Percentage of educational attainment and age	Sex			Race and Hispanic origin ¹								
	Total	Male	Female	White			Black			Hispanic origin ¹		
				Total	Male	Female	Total	Male	Female	Total	Male	Female
Median years of school completed:												
25-plus.....	12.7	12.7	12.6	12.7	12.8	12.6	12.4	12.4	12.4	12.0	12.1	12.0
60 to 64.....	12.4	12.4	12.4	12.5	12.5	12.4	10.7	9.6	11.7	8.6	9.0	8.5
65 to 69.....	12.3	12.3	12.3	12.3	12.4	12.3	9.6	8.7	10.2	8.2	8.8	7.5
70 to 74.....	12.1	12.1	12.1	12.2	12.2	12.2	8.4	7.5	8.9	7.9	8.1	7.6
75-plus.....	10.3	9.7	10.6	10.7	10.2	11.1	7.4	6.7	7.9	6.5	6.3	6.7
Percent with a high school education:												
25-plus.....	76	76	75	77	77	77	64	63	64	51	52	50
60 to 64.....	67	64	69	70	68	71	40	31	47	32	34	31
65 to 69.....	60	60	61	63	62	63	35	32	37	24	29	20
70 to 74.....	53	52	53	55	55	56	24	18	27	25	25	25
75-plus.....	42	40	43	44	42	46	16	8	20	15	9	20
Percent with four or more years of college:												
25-plus.....	20	13	10	12	13	11	7	9	7	5	6	5
60 to 64.....	15	10	6	8	10	7	4	4	4	3	2	4
65 to 69.....	11	8	5	7	8	5	4	4	4	2	3	1
70 to 74.....	10	6	5	6	7	5	3	1	4	3	5	2
75-plus.....	9	6	5	6	6	6	2	.4	3	2	2	2

¹ People of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census. Unpublished data from the March 1986 Current Population Survey.

As illustrated in table 5-3, educational attainment by sex within the older population varies slightly with higher percentages of women completing high school than men. The trend is reversed for college education with slightly higher percentages of older men completing 4 or more years of college than older women. However, there are large differences between older whites on the one hand, and older blacks and Hispanics on the other. For example, the median years of school completed for white persons age 60 to 64 is 12.5 years, while for blacks it is 10.7 years and for Hispanics it is 8.6 years. In turn, 70 percent of whites age 60 to 64 are high school graduates, while only 40 percent of blacks and 32 percent of Hispanics are high school graduates.

Educational attainment varies slightly by region and State. For example, in 1986 and 1987 the median number of school years completed for elderly Westerners was 12.3, compared with 11.4 years for elderly Southerners (table 5-4). In addition, 61 percent of elderly Westerners were high school graduates compared with 47 percent of elderly Southerners. Among the 15 largest States, Michigan elderly ranked first with the highest proportion of high school graduates, 65 percent, and Missouri was last with 40 percent. Educational attainment also varies according to standard metropolitan statistical areas (SMSA's). Among the 15 largest SMSA's the Washington, DC/Maryland/Virginia SMSA ranked first with 69 percent of elderly residents with at least a high school education. Baltimore, MD was 28 percentage points behind with 41 percent.

TABLE 5-4.—EDUCATIONAL ATTAINMENT OF PERSONS AGE 65 AND OLDER, UNITED STATES AND REGIONS: 1986 AND 1987

	Median school years completed	High school graduates (percent)	4 or more years of college. (percent)
United States	12.0	51	10
Regions:			
Northeast	12.0	50	10
Midwest	12.0	50	8
South	11.4	47	10
West	12.3	61	13

EDUCATIONAL ATTAINMENT OF PERSONS AGE 65 AND OVER, 15 LARGEST STATES AND LARGEST STANDARD METROPOLITAN STATISTICAL AREAS

15 largest states:			
California		61	14
Florida		46	9
Georgia		49	10
Illinois		47	9
Indiana		59	11
Massachusetts		41	10
Michigan		65	16
Missouri		40	11
New Jersey		47	8
New York		48	10
North Carolina		51	4
Ohio		53	7
Pennsylvania		49	9
Texas		48	8
Virginia		45	10

TABLE 5-4.—EDUCATIONAL ATTAINMENT OF PERSONS AGE 65 AND OLDER, UNITED STATES AND REGIONS: 1986 AND 1987—Continued

	Median school years completed	High school graduates (percent)	4 or more years of college (percent)
15 largest SMSA's:			
Atlanta, GA.....		57	15
Baltimore, MD.....		41	7
Boston, MA.....		63	13
Chicago, IL.....		51	10
Dallas, TX.....		63	13
Detroit, MI.....		43	9
Houston, TX.....		54	16
Los Angeles/Long Beach, CA.....		58	10
Minneapolis/St. Paul, MN.....		66	7
Nassau/Suffolk, NY.....		67	12
New York, NY.....		43	10
Philadelphia, PA.....		49	8
Pittsburgh, PA.....		50	6
St. Louis, MO/IL.....		50	16
Washington, DC/MD/VA.....		69	25

Source: U.S. Bureau of the Census, Current Population Report, Series P-20, No. 428 (August 1988).

Differences by age group in educational attainment, unlike those in health status or income, are almost entirely due to the "cohort effect." That is, educational attainment is primarily a function of the prevailing attitudes and educational opportunities at a point in time. A population cohort receives most of its formal education during its formative and early adult years and then maintains that level of educational attainment throughout its lifetime.

The elderly population of today received the bulk of its formal education early in this century when educational opportunities were more limited than in recent decades and when the economic structure of the country put less emphasis on schooling. Also, the foreign born, who at that time had much lower levels of literacy and education than the native population, were a much larger proportion of the U.S. population. The strides made by this country in providing for universal education, fostering and rewarding college education, and increasing educational opportunities for women and minorities are reflected in the projected rapid increase in educational attainment by the older population in the next few years when people educated after World War II join the ranks of the older population.

A small number of older persons enroll in formal education courses. In October 1986, 159,000 persons age 55 or older were enrolled in high school or college courses. Of these enrollees, 124,000 were persons ages 55 to 64 and 15,000 were aged 65 or older, representing 0.6 to 0.1 percent of these age groups respectively.

Formal schooling is not the only educational opportunity available to older people. Adult education, typically in the form of part-time, noncredit courses taken for pleasure or to enhance one's career interests, is pursued by large numbers of older people. In the year ending May 1984, 23.3 million people 17 years of age or older had taken one or more adult education courses. Of these par-

ticipants, nearly 900,000 (4 percent) were 65 or older, and 2.7 million (12 percent) were 55 or older.⁴

HOUSING

MOST OLDER PERSONS ARE ADEQUATELY HOUSED, BUT THOSE WITH LOWER INCOMES HAVE PROBLEMS OBTAINING UNITS THAT ARE AFFORDABLE AND SUITABLE

Of the 92.8 million U.S. households in 1989, 19.7 million (21 percent) were headed by people 65 years old or older.⁵ Older people are a higher percent of householders than of the general population because their average household is smaller.

Housing, while an asset for most older people, represents a serious burden for others. For older homeowners who do not have to budget for a mortgage or rental payments, or who can sell their homes at a profit, housing can be an asset. However, for many elderly persons who own older homes, the cost of utilities, real estate taxes, insurance, repair and maintenance can be prohibitive. And, for renters or owners with a mortgage, monthly payments can be a substantial burden.

Housing costs vary dramatically depending on homeownership status and age. The percentage of income spent on housing (excluding maintenance and repairs) in 1985 was higher for older households than for younger households: among homeowners without a mortgage (18 v. 10 percent), homeowners with a mortgage (28 v. 21 percent), and renters (35 v. 26 percent) (table 5-5). Housing costs, as defined in this section, include gross rent or mortgage, real estate taxes and insurance for owners, and basic utility costs for all owners and for renters if such fees are not included in their rent.

There were over 2.6 million elderly households which spent more than half of their incomes in 1985 to provide themselves with shelter (table 5-5). The percentage of households spending 50 percent or more of their incomes on housing was higher for older households than younger households among homeowners with no mortgage (8 v. 4 percent), homeowners with a mortgage (21 v. 7 percent), and renters (29 v. 19 percent).

TABLE 5-5.—HOUSING COSTS AS A PERCENTAGE OF INCOME, BY AGE OF HOUSEHOLDER, TENURE, AND MORTGAGE STATUS: 1985

Tenure and mortgage status	Median percent of income spent on housing		Percent of households spending 50 percent or more of income on housing	
	Householder under 65	Householder 65 plus	Householder under 65	Householder 65 plus
Owned, without mortgage.....	10	18	4	8
Owned, with mortgage.....	21	28	7	21
Rented.....	26	35	19	29

Note.—Rental units exclude one-unit structures on 10 acres or more.

Source: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, "American Housing Survey for the United States in 1985," Current Housing Reports, Series H-150-85 (December 1988).

⁴ U.S. Department of Education, Office of Educational Research and Improvement. "Participation in Adult Education, May 1984." (October 1986).

⁵ U.S. Bureau of the Census. "Money Income of Households, Families, and Persons in the United States, 1987." Current Population Reports, Series P-60, No. 162 (February 1989).

HOUSING RENTAL AND OWNERSHIP VARIES BY AGE, SEX, AND LIVING ARRANGEMENTS

Of the 19.5 million households headed by older persons in 1988, 75 percent were owner-occupied and 25 percent were rental units.⁶ Among the elderly, however, householders 75 years old or older in 1985 were more likely than householders 65-74 years old to rent (33 v. 22 percent), males were more likely than females to own homes (81 v. 63 percent), and persons living alone were more likely to rent than were people who lived with their spouses (40 v. 13 percent).⁷ The 1985 Annual Housing Survey found that 83 percent of owner-occupied elderly houses were owned free and clear.⁸

Over a third (37 percent) of elderly owner-occupied households in 1985 were inhabited by older men or women living alone, but over two-thirds (68 percent) of elderly rental units were maintained by older men or women living alone.⁹

Of the 5.1 million rental housing units occupied by elderly householders in 1985, about 1.5 million or 3 of every 10 (29 percent) were receiving rent reductions by living in public housing developments or housing covered by some form of Federal, State, or local government rent subsidy. Even higher percentages of older black renters (40 percent) and Hispanic renters (38 percent) were receiving rent reductions. Only 12 percent of younger households resided in public or subsidized units.¹⁰

THE ELDERLY ARE MOST LIKELY TO LIVE IN OLDER HOMES OF LOWER VALUE

Homeowners 65 years old or older are more likely than younger homeowners to live in older homes. In 1985, 45 percent of elderly homeowners lived in housing structures built before 1950, and 16 percent lived in structures built before 1920. By contrast, 25 percent of younger homeowners lived in units built before 1950, and 8 percent lived in units built before 1920. The age of housing for younger renters was similar to that for elderly renters: 28 and 30 percent, respectively, of these age groups lived in structures built before 1950, and 12 and 14 percent, respectively, rented units built before 1920.¹¹

While age of housing is not necessarily an index of physical condition, it does bear a relationship to size, functional obsolescence, and ease of maintenance. Various housing studies reveal that many older persons live in homes that are too large for current family size and need. Many elderly with physical handicaps do not have the funds or the services available to adapt older, larger homes to their physical needs.

Age of housing also affects net worth. The median value in 1985 of all U.S. homes occupied by older homeowners and built before

⁶ U.S. Bureau of the Census. "Poverty in the United States: 1987." Current Population Reports, Series P-60, No. 163 (February 1989).

⁷ U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, "American Housing Survey for the United States in 1985," Current Housing Reports, Series H-150-85 (December 1988).

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ *Ibid.*

1950 was \$45,400 as compared to \$70,900 for those built after April 1980. Thus, the median value for elderly owner-occupied housing in 1985 was \$52,300, compared to \$65,100 for housing occupied by younger home owners. The median value for homes owned by older blacks (\$30,700) was considerably less than homes owned by older whites and other races (\$54,300) and older Hispanics (\$49,900A).¹²

THE MAJORITY OF POOR FAMILIES WITH AN AGED MEMBER LIVE IN PRIVATE HOUSING

Table 5-6 shows housing tenure for poor and nonpoor aged families and unrelated individuals. The table shows that the majority of elderly persons own their own home or live with relatives who own their own homes—regardless of poverty status or living arrangements. Almost one in four (23.3 percent) poor aged unrelated individuals reported living in publicly supported housing (either public housing or rent subsidized housing). In contrast, about 8 percent of aged nonpoor unrelated individuals lived in publicly supported housing.

TABLE 5-6.—HOUSING TENURE OF AGED FAMILIES, AND UNRELATED INDIVIDUALS BY FAMILY TYPE AND POVERTY STATUS, 1987

	Total (thou- sands)	Percent of total				
		Own housing	No cash rent	Rent housing		
				Total	Publicly supported	Not publicly supported
Any member age 65 or over:						
In families:						
Total.....	12,365	86.4	1.1	12.5	1.9	10.6
Poor.....	874	67.8	3.6	28.6	8.7	19.9
Nonpoor.....	11,492	87.8	1.0	11.2	1.3	9.9
Unrelated individuals:						
Total.....	9,330	60.8	3.6	35.6	11.9	23.7
Poor.....	2,241	50.5	4.9	44.6	23.3	21.4
Nonpoor.....	7,089	64.0	3.2	32.8	8.3	24.5

Source: March 1988 Current Population Survey (CPS).

A SIGNIFICANT NUMBER OF ELDERLY PERSONS LIVE IN INADEQUATE HOUSING AND DO NOT HAVE TELEPHONES

Among housing units with householders 65 or older, the 1985 Annual Housing Survey found that 1.6 million (8 percent) had "physical problems." Such units are defined as having specified flaws in one or more of six areas: plumbing, kitchen, maintenance of physical structure, public hall/common area, heating and electrical systems.¹³ Older blacks (27 percent) and Hispanics (19 percent) were much more likely than whites and other races (6 percent) to live in units with physical problems; as were older renters (11 percent) v. owners (7 percent), older rural households (13 percent) v.

¹² Ibid.

¹³ Ibid.

urban (7 percent), and older householders in units built before 1950 (13 percent) v. newer units (5 percent).

Telephones are an important link for all persons, particularly for elderly persons who live alone. Data from the 1985 American Housing Survey show that elderly renters are much more likely to be without a telephone than older homeowners. Nine percent of older renters were without telephones in 1985 while only 4 percent of older homeowners had no phones. Only 5 percent of white and other races householders were without phones compared 11 and 13 percent, respectively, of their black and Hispanic counterparts.¹⁴

VOTING

In 1988, almost 20 million (19 percent) of the 102 million Americans who reported voting in that year's election were 65 years or older. In the 1984 Presidential election, persons 65 and older accounted for 18 percent of all noninstitutionalized people who reported voting.

Persons in the 55-64 and 65-74 age groups participate more in elections than other age groups, as shown by data for the last five national elections—1980, 1982, 1984, 1986, and 1988 (table 5-7 and chart 5-4). In fact, the percentages of each of these two age groups voting in the 1988 election were twice that of the 18-19 age group. Voting participation declines for age groups 75 and older; but it is interesting that in the last four elections, the 75-plus age group was still more likely to vote than those younger than 35.

¹⁴ Ibid.

TABLE 5-7.—NUMBER AND PERCENTAGE OF PERSONS WHO REPORTED VOTING IN NATIONAL ELECTIONS, BY AGE GROUP: 1980-88

[Numbers in thousands—excludes people in institutions]

Age group	1980		1982		1984		1986		1988	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
18-plus.....	93,066	59.2	80,310	48.5	101,878	59.9	79,954	46.0	102,224	57.4
18 to 20.....	4,387	35.7	2,390	19.8	4,131	36.7	1,993	18.6	3,570	33.2
21 to 24.....	6,838	43.1	4,749	28.4	7,276	43.5	3,789	24.2	5,684	38.3
25 to 34.....	19,498	54.6	15,667	40.4	21,978	54.5	14,720	35.1	20,468	48.0
35 to 44.....	16,460	64.4	14,676	52.2	19,514	63.5	16,283	49.3	21,550	61.3
45 to 54.....	15,174	67.5	13,350	60.1	15,035	67.5	12,544	54.8	16,170	66.6
55 to 64.....	15,031	71.3	14,141	64.4	15,889	72.1	13,761	62.7	14,964	69.3
65 to 74.....	10,622	69.3	10,312	64.8	11,761	71.8	11,117	65.1	12,840	73.1
75-plus.....	5,055	57.6	5,024	51.9	6,294	61.2	5,748	54.0	6,978	62.2

Source: U.S. Bureau of the Census. "Voting and Registration in the Election of November 1980." Current Population Reports Series P-20, No. 370 (April 1982).

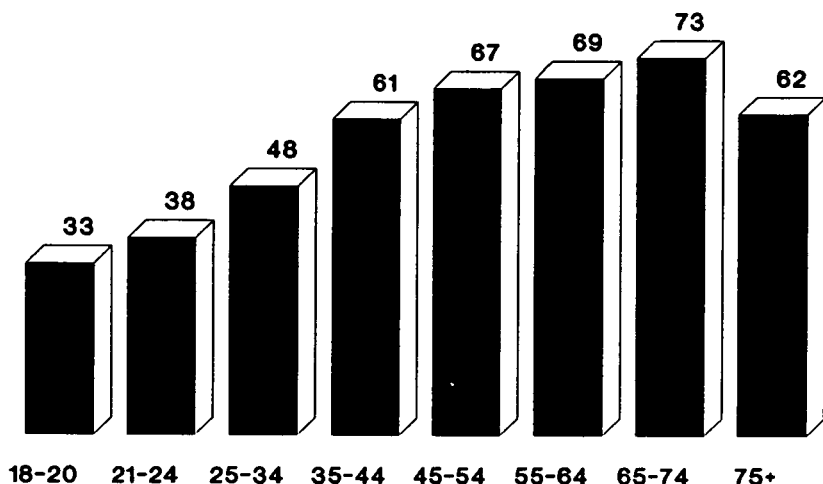
U.S. Bureau of the Census. "Voting and Registration in the Election of November 1982." Current Population Reports Series P-20, No. 383 (November 1983).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1984." Current Population Reports Series P-20, No. 405 (March 1986).

U.S. Bureau of the Census. Data from the November 1986 Current Population Survey No. 414 (September 1987).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1988." (Advance Report), Current Population Reports Series P-20, No. 435 (February 1989).

Chart 5-4
PERCENT WHO REPORTED VOTING BY AGE
GROUP: 1988



Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 435 (February, 1989)

As in previous elections, older men were more likely to report voting in 1988 than were older women, and older whites were more likely to have voted than older blacks and Hispanics (table 5-8).

TABLE 5-8.—PERCENT OF OLDER PEOPLE WHO REPORTED VOTING IN ELECTIONS, BY AGE, SEX, RACE, AND HISPANIC ORIGIN: 1984, 1986, and 1988

[Excludes people in institutions]

Race and Hispanic origin	65 to 74 years		75 years or older	
	Male	Female	Male	Female
1984 election:				
Total.....	73.9	70.2	68.3	57.2
White.....	75.0	71.2	69.6	57.8
Black.....	65.9	57.9	64.0	55.0
Hispanic origin ¹	49.7	44.6	30.3	29.2
1986 election:				
Total.....	68.7	62.2	63.1	48.8
White.....	70.1	63.3	64.2	49.5
Black.....	58.9	55.8	52.1	43.9
Hispanic origin ¹	43.7	35.8	32.6	30.9
1988 election:				
Total.....	75.0	71.5	70.2	57.5
White.....	75.9	72.1	71.9	58.7
Black.....	68.5	70.2	59.4	49.9
Hispanic origin ¹	52.0	48.2	53.1	29.1

¹ People of Hispanic origin may be of any race.

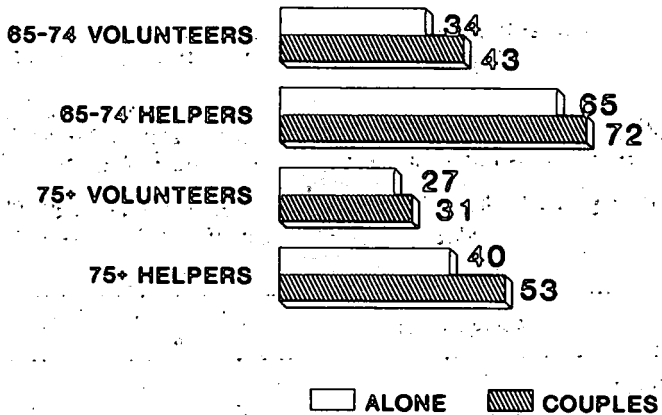
Source: U.S. Bureau of the Census, "Voting and Registration in the Election of November 1986." Current Population Reports Series P-20, No. 414 (September 1987) and No. 435 (February 1989).

MANY ELDERLY DERIVE SATISFACTION FROM HELPING OTHERS

Older people offer their time and abilities to a wide variety of organizations and to family, friends, and neighbors (chart 5-5).¹⁵ Volunteer work in organizations varies by marital status, age, and income with the young-old, couples and those with middle incomes volunteering at higher rates than persons age 75 or older and older persons living alone or with incomes below \$10,000 (chart 5-6). The majority of elderly in all categories report that they enjoy volunteer work a great deal. However, those who live alone gain considerably more satisfaction from volunteering than couples. Americans also continue to help family, friends, and neighbors with high rates of satisfaction during older age. For example, for those age 65 to 74, almost three-fourths of couples and slightly over two-thirds of those who live alone help others.

Chart 5-5
ELDERLY PEOPLE VOLUNTEERING AND HELPING
FAMILY, FRIENDS AND NEIGHBORS

PERCENT VOLUNTEERING

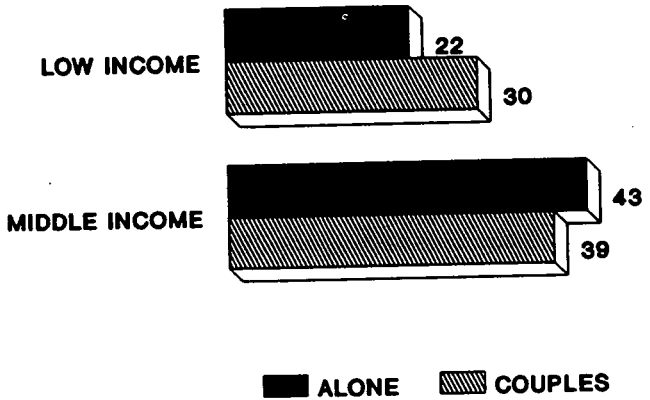


Source: American's Changing Lives, University of Michigan, 1988

¹⁵ Kasper, Judith D., "Aging Alone, Profiles and Projections." The Commonwealth Fund Commission on Elderly People Living Alone (1988).

Chart 5-6
ELDERLY VOLUNTEERS BY INCOME LEVEL
FAMILY, FRIENDS AND NEIGHBORS

PERCENT VOLUNTEERING



Source: American's Changing Lives, University of Michigan, 1988

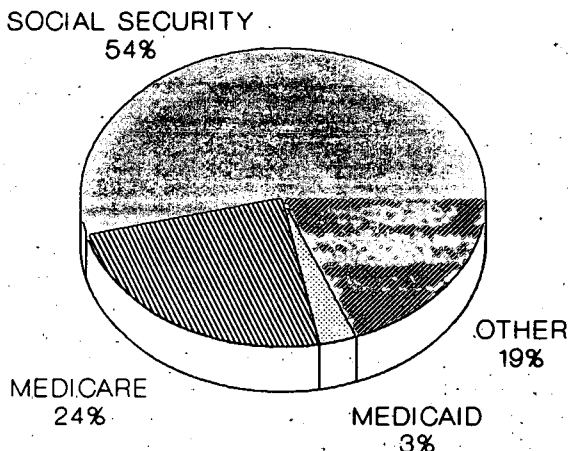
Chapter 6

FEDERAL OUTLAYS BENEFITING THE ELDERLY

Since 1960, the share of the Federal budget spent on programs serving the elderly has nearly doubled. In 1960, less than 15 percent of the Federal budget was spent on the elderly. In fiscal year 1986, programs benefiting the elderly accounted for 26 percent of the Federal budget, down from 28 percent in fiscal year 1984.

The long-term increase in the share of the budget spent on the elderly has occurred primarily because of legislated improvements in income protection, health insurance, and services which were enacted in the late 1960's and early 1970's in an effort to reduce high levels of poverty among the elderly. At the same time, the focus of spending on aging programs has shifted. Retirement income has declined as a percent of Federal spending. Today, two-thirds of the budget for the elderly is spent on retirement income as compared to 90 percent in 1960. Health care spending, in contrast, has become an increasingly significant element of Federal spending. For example, spending on health programs for the elderly as a proportion of all Federal spending on the elderly has increased from 6 percent in 1960 to an estimated 29 percent in 1986 (chart 6-1 and table 6-1).

Chart 6-1 FEDERAL OUTLAYS BENEFITING THE ELDERLY: 1986



Source: Executive Office of the President, Office of Management and Budget, 1986

TABLE 6-1.—FEDERAL OUTLAYS BENEFITING THE ELDERLY: 1984-86 ¹

[In millions of dollars]

Type of outlay	Fiscal year—		
	1984 actual	1985 actual	1986 estimate
Medicare	53,307	60,907	64,417
Medicaid	7,435	8,057	8,878
Other federal health	4,38	4,573	4,662
Health subtotal	64,880	73,537	77,957
Social Security	129,284	137,852	146,235
Supplemental security income (SSI) ²	3,547	3,649	3,719
Veterans compensation-pensions	5,031	5,745	6,113
Other retired, disabled, and survivors benefits	23,689	24,634	25,863
Retirement/disability subtotal	161,551	171,880	181,930
National Institute on Aging	100	126	132
Older American volunteer programs	92	102	106
Senior community service employment	321	320	323
Administration on Aging	824	825	836
Subsidized housing ^{3, 4}	4,338	9,166	4,870
Section 202 elderly housing loans ⁵	595	501	490
Farmers Home Administration Housing	40	55	84
Food Stamps ⁶	610	615	612

TABLE 6-1.—FEDERAL OUTLAYS BENEFITING THE ELDERLY: 1984-86 ¹—Continued

(In millions of dollars)

Type of outlay	Fiscal year—		
	1984 actual	1985 actual	1986 estimate
Social services (title XX)	366	369	369
Low income home energy assistance ⁷	608	642	606
Other miscellaneous ⁸	1,490	1,185	1,193
Other subtotal	9,385	13,906	9,622
Total elderly outlays	235,815	259,322	269,505
Percentage of total Federal outlays ⁹	28	27	26

¹ Much of the data used to compile this table is based on unsubstantiated estimates and preliminary program and demographic information. Most estimates are for recipients age 65 and over, include the effects of proposed legislation such as COLA freeze, and include rough estimates of the effect of Gramm-Rudman-Hollings on fiscal year 1986 outlays. Some federal programs (e.g., consumer activities, USDA extension services, national park services) have been excluded due to lack of data.

² Fiscal year 1984 outlays reflect an 11-month benefit period.

³ HUD defines "elderly" beneficiaries as households with head of household 62 and over.

⁴ Financing changed from loan guarantees to direct loans resulting in one time fiscal year 1985 outlay increase in Public Housing.

⁵ Reflects net disbursements for new direct loans.

⁶ Includes nutrition assistance to Puerto Rico

⁷ Based on 30 percent of total program obligations.

⁸ Drop in unemployment rates and associated reduction in outlays causes the decrease between fiscal years 1984-85.

⁹ Total federal outlays includes items categorized as off-budget before fiscal year 1985.

Source: Executive Office of the President, Office of Management and Budget, February 1986.

Only excessive increases in the cost of health care threaten to further expand Federal spending on the elderly. Forecasts of the costs of pension and health care programs over the next 50 years indicate that the share of the budget devoted to pension spending will decline somewhat and remain below current levels in the future. On the other hand, without some change in the method of financing, the share of the budget devoted to health care spending will continue to rise and may eventually surpass the cost of pensions.

FEDERAL SPENDING FOR THE ELDERLY

MOST FEDERAL SPENDING FOR THE ELDERLY IS FOR SOCIAL SECURITY AND MEDICARE

In fiscal year 1986, an estimated \$269.5 billion of Federal spending was of direct benefit to older Americans. Of every dollar spent on the elderly through the Federal budget in that year, 54 cents went to Social Security and 27 cents went to Medicare and Medicaid.

Social Security and all but a portion of Medicare are financed through dedicated taxes collected expressly and exclusively for the purposes of paying retirement and health benefits. In the last two decades alone, increases in social insurance benefits have helped to cut the poverty rate among the elderly in half—from 28.5 percent in 1966 to 12.2 percent in 1988. The 1985 poverty rate of 7 percent for families headed by older persons would have risen to 39 percent if Social Security and other transfer payments were not available. Likewise, the poverty rate for older unrelated individuals would have increased from 26 to 27 percent. Seven of every 10 older families who would have had incomes below the poverty level without

such benefits in 1985 were raised above the poverty line by transfer payments.¹

The Federal Government also provides pensions and compensation in exchange for services provided by citizens to the government. It provides disability compensation and pension benefits to veterans of military service and to its own former employees and their survivors 65 years old or older. About 12 cents of every Federal dollar spent on the elderly in fiscal year 1986 went to support these programs.

A third area of Federal involvement with the elderly is in providing means-tested benefits to elderly poor people who are unable, despite the existence of a universal social insurance system, to meet basic subsistence needs. About 4 cents of every dollar spent on the elderly in fiscal year 1986 was expected to be used to provide Supplemental Security Income (SSI) benefits, housing, food stamps, energy assistance, and social services to low-income individuals.

The fourth area of Federal spending on the elderly includes programs of general benefit to the elderly such as social, nutrition, and employment services provided through the Older Americans Act, research conducted through the National Institute on Aging, and volunteer services through the ACTION agency. Less than 1 percent of the elderly's share of the Federal budget is spent on these programs.

COSTS TO INDIVIDUALS AND FAMILIES

INCREASED FEDERAL SPENDING FOR HEALTH CARE HAS NOT REDUCED HEALTH COSTS TO OLDER AMERICANS

While the enactment of Medicare triggered the most rapid growth in Federal spending for the elderly, it has not effectively reduced the burden of health care costs for the elderly and their families. From a program spending \$7.5 billion in 1970, Medicare has grown to a program with \$98.5 billion in projected Federal outlays in 1989.² Since 1975, Medicare outlays have increased at an average annual rate of 15 percent, more than twice the rate of inflation and one-fourth faster than the growth in national personal health care expenditures.³ Even with savings measures enacted in the 1980's, Medicare is still projected to grow at twice the rate of inflation or more through the end of the decade.

Despite this growth in annual spending, Medicare payments increasingly fail to keep pace with rising health care costs. Health care expenditures not paid by Medicare have been rising steadily as a percent of elderly income. By 1984, health care spending not paid by Medicare equaled 15 percent of the average per capita income of a person 65 years or older. The elderly pay one-fourth of

¹ U.S. Bureau of the Census. Unpublished data from the March 1986 Current Population Survey.

² U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means (1989).

³ Health Care Financing Administration, Office of the Actuary, Division of National Cost Estimates. "National Health Expenditures, 1986 to 2000." Health Care Financing Review, Vol. 8, No. 4 (August 1987).

their total health care bills out-of-pocket, excluding premium payments for Part B Medicare and private health insurance.

Medicaid was enacted to provide matching funds to the States to finance health insurance for the poor, including supplemental insurance for the elderly poor covered under Medicare. Medicaid has also grown rapidly with Federal and State fiscal year outlays rising from \$4.9 billion in 1970 to a projected \$61.5 billion in 1989. Medicaid payments to the elderly amounted to \$16.1 billion in 1987, more than three times the amount spent on the elderly only a decade earlier. The portion of total Medicaid spending attributed to the elderly has remained about the same over the last decade—37 percent in 1974 to 36 percent in 1987.

LONG-TERM FINANCING

THE LONG-TERM GROWTH IN FEDERAL SPENDING WILL BE FOCUSED ON HEALTH CARE COSTS

Rising health care costs, rather than spending for retirement income, are the greatest source of the current increase in public spending on the elderly (table 6-2). Social Security retirement and disability benefits, which grew from 2.5 percent of GNP in 1965 to 5.2 percent in 1983, are projected to decline to 4.2 percent by 2005, and then increase slightly to 5.7 percent by 2030. Other pension benefits paid from the Federal budget are expected to decline from 2 percent of GNP currently to about 1.2 percent of GNP by 2030.

TABLE 6-2.—FEDERAL PENSION AND HEALTH PROGRAMS AS A PERCENTAGE OF GNP AND THE BUDGET: 1965 to 2040

Year:	Pension programs as a percent of GNP ¹	Health programs as a percent of GNP ¹	Total as a percent of GNP ¹	Total as a percent of budget ²
1965	4.1	0.3	4.4	24.9
1970	4.7	1.4	6.1	30.0
1975	6.4	2.0	8.4	37.1
1980	6.5	2.3	8.8	38.2
1982	7.1	2.7	9.7	39.6
1984	7.0	2.8	9.8	39.7
1986	6.6	3.0	9.6	39.4
1988	6.4	3.2	9.6	39.4
1990	^a 6.6	^a 3.1	9.7	40.4
1995	6.2	3.7	9.9	41.3
2000	5.8	4.0	9.8	40.8
2005	5.6	4.4	10.0	41.7
2010	6.0	4.7	10.7	44.6
2015	6.0	5.0	11.0	45.8
2020	6.5	5.4	11.9	49.6
2025	7.0	5.9	12.9	53.9
2030	7.1	6.4	13.5	56.3
2035	7.1	7.0	14.1	58.8
2040	7.0	7.5	14.5	60.4

¹ Estimates for 1984 to 1988 are based on CBO baseline assumptions (August 1983); forecasts for 1990 and beyond are based on intermediate assumptions of the Social Security and Medicare actuaries.

² Forecasts for 1990 and beyond are based on the assumption that the budget accounts for 24 percent of GNP.

³ The discontinuity in the estimates of pension and health benefits as a percent of GNP between 1986 and 1990 is due to the Social Security trustees assuming that OASDI will grow at a faster rate in the late 1980s than CBO assumes and the Health Insurance trustees assuming that Medicare will grow at a slower rate than CBO assumes.

Source: Palmer, John L. and Barbara B. Torrey. "Health Care Financing and Pension Programs." Paper prepared for the Urban Institute Conference on "Federal Budget Policy in the 1980s," September 29-30, 1983.

On the other hand, health care costs will continue to grow steadily. In 1970, Medicare and other Federal health programs accounted for only 1.4 percent of GNP; but by 1986, Federal health spending had risen to 3 percent of GNP. With no change in current law, Federal expenditures on health care are projected to increase to more than 6 percent of GNP by 2030.⁴ In short, if health care costs are not brought under control, Federal spending on health care will equal, or even surpass, Federal spending on retirement income within the next 50 years.

SOCIAL SECURITY SOLVENCY IS ANTICIPATED FOR THE NEXT 75 YEARS, BUT MEDICARE FACES A DEFICIT NEAR THE TURN OF THE CENTURY

In their 1988 report, the Social Security trustees projected that the Old Age Survivors and Disability Insurance (OASDI) Trust Funds would have a surplus until the baby boom generation begins to retire in the early part of the next century. After that OASDI taxes are projected to fall short of expenditures.

Table 6-3 shows a comparison of the estimated cost rate with the estimated income rate for selected years from 1988 through 2065. The income rate is the sum of the scheduled tax rate and the income from taxation of benefits expressed as a percentage of taxable payroll. On the basis of the 1988 alternative II-B assumptions, estimated income will exceed the estimated cost of the program through the second decade of the next century. After the year 2018, income from the scheduled payroll taxes and from the taxation of benefits will not be large enough to cover estimated annual cost, although the accumulated trust fund balance is projected to be sufficient to allow the program to continue operation satisfactorily for many years. The average actuarial balances are estimated to be a surplus of 2.15 percent of taxable payroll for the first 25 years of the long range projection period and a deficit of 1.45 percent for the second 25 years. The surplus is offset by an estimated deficit of 3.32 percent of taxable payroll in the third 25-year period of the 75 year projection period.

TABLE 6-3.—ESTIMATED LONG-RANGE OASDI ANNUAL INCOME RATE, COST RATE, AND ACTUARIAL BALANCE UNDER THE PROGRAM BASED ON ALTERNATIVE II-B OF THE 1988 TRUSTEES' REPORTS

Year	(Percent of taxable payroll)								
	Income rate ¹			Cost rate			Balance ²		
	OASI *	DI *	OASDI	OASI	DI	OASDI	OASI	DI	OASDI
1988.....	11.22	1.07	12.29	9.65	1.08	10.73	+1.57	-.01	+1.56
1989.....	11.23	1.07	12.30	9.65	1.08	10.72	+1.59	-.01	+1.58
1990.....	11.39	1.21	12.60	9.74	1.07	10.81	+1.65	+ .14	+1.79
1991.....	11.40	1.21	12.61	9.73	1.07	10.80	+1.67	+ .15	+1.81
1992.....	11.40	1.21	12.62	9.68	1.06	10.75	+1.72	+ .15	+1.87
1993.....	11.41	1.21	12.62	9.62	1.06	10.68	+1.79	+ .15	+1.94
1994.....	11.40	1.21	12.62	9.54	1.07	10.61	+1.86	+ .15	+2.01
1995.....	11.40	1.21	12.62	9.47	1.07	10.55	+1.93	+ .14	+2.07
1996.....	11.40	1.21	12.62	9.40	1.09	10.48	+2.01	+ .13	+2.13
1997.....	11.40	1.21	12.62	9.33	1.10	10.43	+2.07	+ .11	+2.19
1998.....	11.42	1.21	12.64	9.27	1.12	10.39	+2.15	+ .10	+2.25

⁴ Medicare forecasts relative to GNP are from the 1987 Report of the Trustees of the Hospital Insurance Fund.

TABLE 6-3.—ESTIMATED LONG-RANGE OASDI ANNUAL INCOME RATE, COST RATE, AND ACTUARIAL BALANCE UNDER THE PROGRAM BASED ON ALTERNATIVE II-B OF THE 1988 TRUSTEES' REPORTS—Continued

Year	[Percent of taxable payroll]								
	Income rate ¹			Cost rate			Balance ²		
	OASI ³	DI ⁴	OASDI	OASI	DI	OASDI	OASI	DI	OASDI
1999.....	11.44	1.22	12.65	9.20	1.14	10.34	+2.24	+ .08	+2.31
2000.....	11.24	1.44	12.67	9.14	1.16	10.30	+2.09	+ .28	+2.37
2001.....	11.25	1.44	12.69	9.08	1.18	10.26	+2.17	+ .26	+2.43
2002.....	11.26	1.44	12.70	9.02	1.20	10.22	+2.24	+ .24	+2.48
2003.....	11.28	1.44	12.72	8.97	1.23	10.21	+2.30	+ .21	+2.51
2004.....	11.29	1.44	12.73	8.94	1.27	10.20	+2.36	+ .18	+2.53
2005.....	11.30	1.44	12.75	8.91	1.31	10.22	+2.39	+ .14	+2.53
2006.....	11.32	1.44	12.76	8.91	1.35	10.25	+2.41	+ .10	+2.51
2007.....	11.33	1.45	12.78	8.92	1.39	10.31	+2.41	+ .06	+2.47
2008.....	11.34	1.45	12.79	8.96	1.43	10.39	+2.37	+ .02	+2.39
2009.....	11.35	1.45	12.79	9.05	1.47	10.52	+2.29	-.02	+2.28
2010.....	11.36	1.45	12.81	9.18	1.49	10.67	+2.17	-.04	+2.13
2011.....	11.37	1.45	12.82	9.34	1.52	10.86	+2.02	-.07	+1.96
2012.....	11.38	1.45	12.83	9.53	1.55	11.08	+1.85	-.10	+1.75
2015.....	11.42	1.45	12.88	10.26	1.60	11.86	+1.16	-.15	+1.02
2020.....	11.51	1.46	12.97	11.81	1.66	13.47	-.30	-.21	-.51
2025.....	11.59	1.46	13.04	13.18	1.76	14.93	-1.59	-.30	-1.89
2030.....	11.64	1.46	13.10	14.14	1.74	15.88	-2.50	-.28	-2.78
2035.....	11.67	1.46	13.13	14.54	1.71	16.25	-2.87	-.25	-3.12
2040.....	11.67	1.46	13.13	14.52	1.71	16.23	-2.84	-.25	-3.10
2045.....	11.68	1.46	13.14	14.47	1.78	16.25	-2.79	-.31	-3.11
2050.....	11.69	1.46	13.15	14.63	1.80	16.43	-2.94	-.34	-3.28
2055.....	11.70	1.46	13.16	14.86	1.80	16.66	-3.16	-.34	-3.50
2060.....	11.71	1.46	13.17	15.02	1.78	16.80	-3.31	-.32	-3.62
2065.....	11.72	1.46	13.18	15.07	1.78	16.85	-3.36	-.32	-3.68
"Average-cost" basis: ⁵									
25-year averages:									
1988-2012.....	11.34	1.32	12.67	9.29	1.22	10.51	+2.05	+ .10	+2.15
2013-2037.....	11.57	1.46	13.02	12.78	1.69	14.47	-1.21	-.24	-1.45
2038-2062.....	11.69	1.46	13.15	14.70	1.77	16.47	-3.01	-.31	-3.32
75-year average:									
1988-2062.....	11.53	1.41	12.95	12.26	1.56	13.82	-.72	-.15	-.87
"Level-financing" basis: ⁶									
25 years: 1988-2012.....	11.46	9.33	2.13	1.33	1.22	.11	12.78	10.54	2.24
50 years: 1988-2037.....	11.49	10.90	.59	1.38	1.44	-.05	12.87	12.34	.53
75 years: 1988-2062.....	11.53	11.98	-.45	1.40	1.53	-.13	12.94	13.52	-.58

¹ The income rate is the sum of the combined employer-employee contribution rate and the income from the Federal income taxation of benefits.

² A positive balance indicates a surplus; a negative balance indicates a deficit.

³ Income rates do not include beginning trust fund balances.

⁴ Income rates include beginning trust fund balances.

⁵ Old Age and Survivors Insurance.

⁶ Disability Insurance.

Source: Office of the Actuary, Social Security Administration; and 1988 OASDI Trustees' report.

Current revenues for the Medicare hospital insurance (HI) trust fund exceed expenditures. Without changes in current law, however, the balance in the fund is expected to be depleted around the turn of the century under all but the most optimistic projections.

The U.S. House of Representatives Committee on Ways and Means projects that the HI trust fund will be insolvent in 2006. The Committee's projections are based on the alternative II-B assumptions of the 1988 HI Trustee's Report. Table 6-4 shows the Committee's estimates from 1988 to 2010 and the projected average deficit over the 25-year period, 1988 to 2012.

TABLE 6-4.—ESTIMATED LONG-RANGE HI ANNUAL COST RATE, ANNUAL INCOME RATE, AND ACTUARIAL BALANCE

(Percent of taxable payroll)

Calendar year:	Expenditures under the program ¹	Trust fund building and maintenance ²	Total cost of the program ³	Tax rate scheduled in the law ⁴	Difference
1988.....	2.51	0	2.51	2.90	0
1989.....	2.56	0	2.56	2.90	0
1990.....	2.68	0	2.68	2.90	0
1995.....	3.03	0	3.03	2.90	0
2000.....	3.31	0	3.31	2.90	0
2005.....	3.53	.2	3.55	2.90	-.65
2010.....	3.77	.1	3.78	2.90	-.88
25-year average: 1988-2012.....	3.26	-.4	3.22	2.90	-.32

¹ Costs attributable to insured beneficiaries only. Benefits and administrative costs for noninsured persons are financed through general revenue transfers and premium payments, rather than through payroll taxes. Gratuitous credits for military service after 1956 are included in taxable payroll.

² Allowance for building and maintaining the trust fund balance at the level of a half year's outgo after accounting for the offsetting of interest earnings.

³ Totals do not necessarily equal the sum of rounded components.

⁴ Rates for employees and employers combined.

Note: The above estimates are based on the 1988 alternative II-B assumptions.

Source: Office of the Actuary, Health Care Financing Administration.

In working out the means to prevent any upcoming insolvency in the trust fund, Congress may need to make broad systemwide changes in the Medicare Program. A consensus as to the form such changes should take has yet to be reached.

Overall, the share of the Federal budget going to the elderly is expected to remain fairly stable for the next two decades, as declines in the share for retirement income spending offset increases in health spending. Only then should overall spending on the elderly rise as a proportion of the budget, and then only if health costs have been allowed to rise unchecked in the interim.

Chapter 7

INTERNATIONAL COMPARISONS

The phenomenon of an aging society is not unique to the United States. With worldwide advances in medical care and population control, many nations around the world face the prospect of an increasingly older population. This worldwide aging trend raises concerns about the ability of the world as a whole to provide for the health and income needs of a population that lives longer in retirement.

In the debate over the future of aging policy in this country, public officials often lose sight of the similarities between our problems and those faced by other nations around the world. Yet in many ways, the changes that will occur in this country are mild by comparison to those that must occur in developing nations and even in other developed countries. This chapter presents some of the scant international data on aging trends to provide a basis for placing our experience in the United States in the context of the worldwide aging trend. The countries selected for comparison are a cross-section of European and non-European developed countries and developing countries from various continents.

(NOTE.—Except for the section on “Government Expenditures,” the information for this chapter was drawn from the U.S. Bureau of the Census’ report, “An Aging World”. The Bureau’s report contains a variety of population data items for 31 selected countries, including most developed nations but excluding the Soviet Union. Tables in this chapter, except table 7-1 and those in the section on “Government Expenditures,” provide data for 11 of the 31 countries included in “An Aging World”—8 developed and 3 developing (China, India, and Mexico).)

AGE DISTRIBUTION

THE UNITED STATES HAS THE THIRD LARGEST ELDERLY POPULATION (AGE 65-PLUS) AND THE LARGEST “OLD-OLD” POPULATION (AGE 80-PLUS) IN THE WORLD

In 1985, there were 23 countries with more than 2 million people 65 years or older; 11 countries had more than 5 million. The U.S. population of 28.6 million persons aged 65 and older that year was the third largest in the world after China and India. The number of countries with more than 2 million elderly is projected to grow to 50 by the year 2025, when the U.S. population 65 years and older (58.8 million) will still rank third behind China (178.2 million) and India (119 million) (table 7-1).

The 1985 U.S. population of 6.2 million persons 80 years and older was the largest in the world, with 500,000 more people than China had in this same age group. The number of countries with 1 million or more people 80 years or older is projected to grow from 9 in 1985 to 18 in 2025. By 2025, the United States will rank third in

the world in the size of its "old-old" population (14.3 million) behind China (25.2 million) and India (16.4 million).

TABLE 7-1.—Countries with more than 5 million elderly (65-plus) and 1 million old-old (80-plus): 1985

Country	[In thousands]	1985 population in specified age group
Age 65-plus:		
China.....		52,889
India.....		32,698
United States.....		28,609
Soviet Union.....		25,974
Japan.....		12,125
West Germany.....		8,812
United Kingdom.....		8,466
Italy.....		7,443
France.....		6,748
Indonesia.....		5,901
Brazil.....		5,828
Age 80-plus:		
United States.....		6,198
China.....		5,697
Soviet Union.....		4,610
India.....		2,913
Japan.....		2,000
West Germany.....		1,951
France.....		1,741
United Kingdom.....		1,732
Italy.....		1,436

Source: Unpublished data from the United Nations, 1984 Assessment of World Population Prospects, and the U.S. Bureau of the Census, Center for International Research, as reported in Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World."

SWEDEN HAS THE OLDEST POPULATION IN THE WORLD. THE PROPORTION OF ELDERLY IN THE U.S. POPULATION IS IN THE MIDDLE RANGE OF DEVELOPED NATIONS—SMALLER THAN EUROPEAN COUNTRIES BUT GREATER THAN NON-EUROPEAN DEVELOPED COUNTRIES

Sweden had the oldest population in the world in 1985, with 16.9 percent over age 65 (table 7-2). The elderly population in other Western European countries ranged between 12.4 percent (France) and 15.5 percent (Norway) of the total population. While only 12 percent of the U.S. population was 65 and older, this was a larger percentage than in all other non-European developed countries, whose elderly populations ranged from 10 to 10.4 percent.¹

¹ The "developed" and "developing" country categories used in "An Aging World" correspond directly to the "more developed" and "less developed" classifications employed by the United Nations. Developed countries comprise all nations in Europe (including the Soviet Union) and North America, plus Japan, Australia, and New Zealand. All other nations of the world are considered to be developing countries.

TABLE 7-2.—ELDERLY POPULATIONS (65-PLUS AND 80-PLUS) IN SELECTED COUNTRIES: 1985-2025

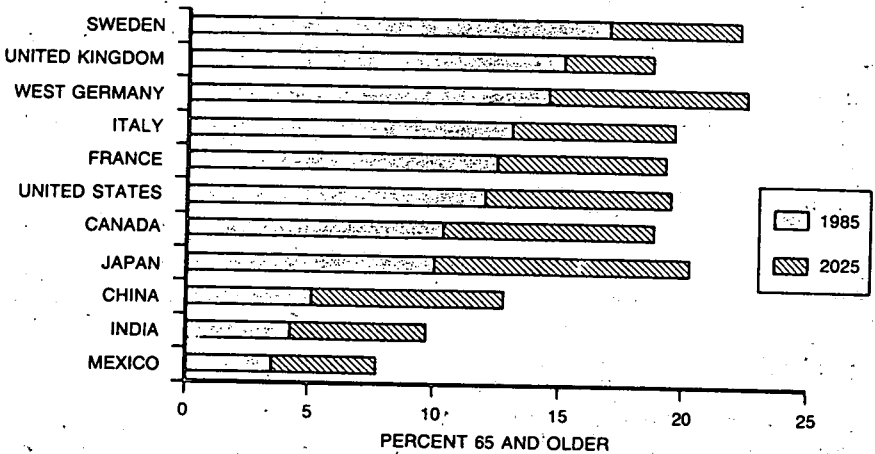
Country	Age 65 and older					Age 80 and older				
	1985 (actual)		2025 (projected)		Percent change, 1985 to 2025	1985 (actual)		2025 (projected)		Percent change, 1985 to 2025
	Number (thousands)	Percent of total	Number (thousands)	Percent of total		Number (thousands)	Percent of total	Number (thousands)	Percent of total	
United States	28,609	12.0	58,771	19.5	105.4	6,198	2.6	14,348	4.8	131.5
France	6,748	12.4	11,273	19.3	67.1	1,741	3.2	2,111	3.6	21.3
West Germany	8,812	14.5	12,017	22.5	36.4	1,951	3.2	2,855	5.3	46.3
Italy	7,443	13.0	11,221	19.6	50.8	1,436	2.5	2,485	4.3	73.1
Sweden	1,415	16.9	1,708	22.2	20.7	295	3.5	404	5.2	36.9
United Kingdom	8,466	15.1	10,437	18.7	23.3	1,732	3.1	2,211	4.0	27.7
Canada	2,651	10.4	6,240	18.8	135.4	513	2.0	1,235	3.7	140.7
Japan	12,125	10.0	26,842	20.3	121.4	2,000	1.7	6,531	4.9	226.6
China	52,889	5.1	178,150	12.8	236.8	5,697	0.5	25,208	1.8	342.5
India	32,698	4.3	118,968	9.7	263.8	2,913	0.4	16,435	1.3	464.2
Mexico	2,797	3.5	11,849	7.7	323.6	459	0.6	1,894	1.2	312.6

Source: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Tauber, U.S. Bureau of the Census. "An Aging World."

THE WORLD IS AGING. IN MANY DEVELOPED NATIONS, THE PROPORTION OF THE POPULATION AGE 65 AND OVER IS EXPECTED TO AS MUCH AS DOUBLE BY 2025

The elderly population will increase as a percentage of the total population throughout the world during the next 40 years. By 2025, in most developed countries, one in five persons will be age 65 and older. Japan and Canada will experience the greatest increase among developed countries in the percentage of the population that is elderly (chart 7-1). In the developing world, the concentration of elderly in the population by 2025 will begin to approximate today's concentration in the developed countries.

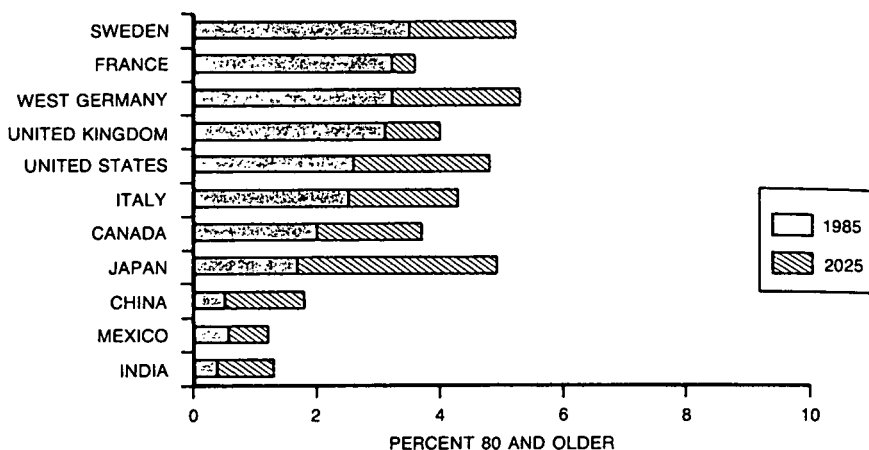
Chart 7-1
 PERCENT OF POPULATION 65 AND OLDER IN SELECTED COUNTRIES:
 1985 (ESTIMATED) AND 2025 (PROJECTED)



SOURCE: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World"

Although the oldest-old (80+) are expected to grow as a proportion of the population during the next 40 years, they are now only 2 to 3 percent of the population in most of the developed world, and will grow by 2025 to 3 to 5 percent in most developed countries. Of the developed nations, Japan will experience the greatest increase in the proportion of the population age 80 and older—from 1.7 percent in 1985 to almost 5 percent in 2025. The United States and Canada will also have a substantial increase in the proportion in this age group. In most of the developing world, the oldest-old will still account for less than 3 percent of the population by 2025 (chart 7-2).

Chart 7-2
 PERCENT OF POPULATION 80 AND OLDER IN SELECTED COUNTRIES:
 1985 (ESTIMATED) AND 2025 (PROJECTED)



SOURCE: Torrey, Barbara Boyte, Kevin G. Kinsella, and Cynthia M. Tauber, U.S. Bureau of the Census. "An Aging World"

THE U.S. GROWTH RATE IN THE AGE 65 TO 74 POPULATION WILL BE AMONG THE WORLD'S SLOWEST DURING THE NEXT 20 YEARS BUT AMONG THE MOST RAPID IN THE DEVELOPED WORLD IN THE SUBSEQUENT 20 YEARS

Because of the low birth rates during the 1930's, the 65-74 age group in the United States will increase at a relatively low average annual growth rate of 0.3 percent between 1985 and 2005 (table 7-3 and chart 7-3). With the exception of Sweden and the United Kingdom, much of the rest of the world will have a more rapid growth in this young-elderly population. Japan's annual rate of growth in the young-elderly population during this period (2.7 percent) will be the most rapid in the developed world, about nine times that of the United States.

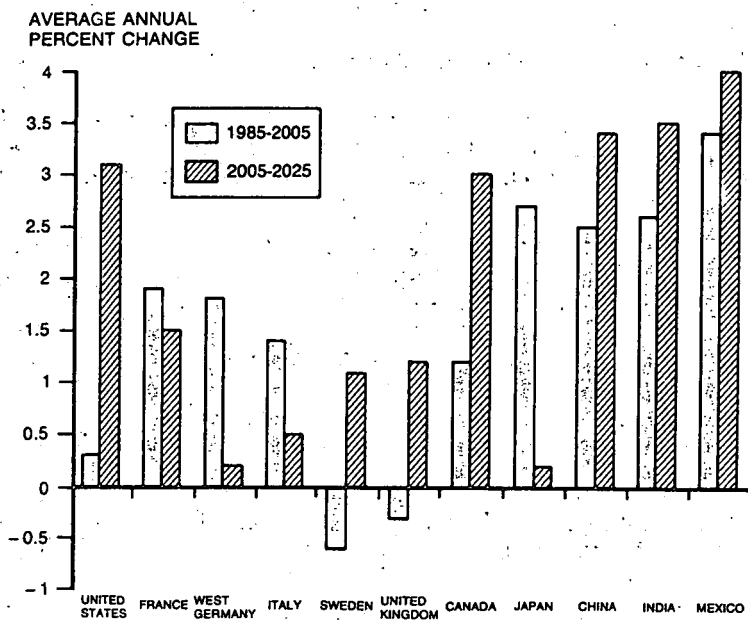
In the subsequent 20 years (2005 to 2025), the United States will experience a rapid rate of growth in its young-elderly population, as a result of the aging of America's "baby boom." Although Canada, Sweden, and the United Kingdom will experience a similar acceleration in the rate of growth of the young-elderly population, other developed countries will experience a slow-down in the rate of growth during this period. Japan will have a particularly sharp drop-off in the rate of growth in its young-elderly population during this period, but the oldest-old will continue to grow at a rapid rate. The average annual growth rate for the young-elderly in many of the world's developing countries—including China, India, and Mexico—will be greater than for the developed countries.

TABLE 7-3.—AVERAGE ANNUAL GROWTH RATES OF ELDERLY POPULATION BY AGE, FOR SELECTED COUNTRIES: 1985 TO 2005 AND 2005 TO 2025

Country	1985 to 2005		2005 to 2025	
	65 to 74	75-plus	65 to 74	75-plus
United States.....	.3	2.3	3.1	1.6
France.....	1.9	.5	1.5	1.1
West Germany.....	1.8	.2	.2	.9
Italy.....	1.4	1.6	.5	.7
Sweden.....	-.6	.4	1.1	1.1
United Kingdom.....	-.3	.3	1.2	1.0
Canada.....	1.2	2.2	3.0	2.3
Japan.....	2.7	2.9	.2	2.5
China.....	2.5	3.4	3.4	3.2
India.....	2.6	2.7	3.5	4.8
Mexico.....	3.2	3.3	4.0	3.7

Source: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World."

Chart 7-3
AVERAGE ANNUAL GROWTH RATE OF POPULATION AGE 65 TO 74
FOR SELECTED COUNTRIES: 1985 TO 2005 AND 2005 TO 2025

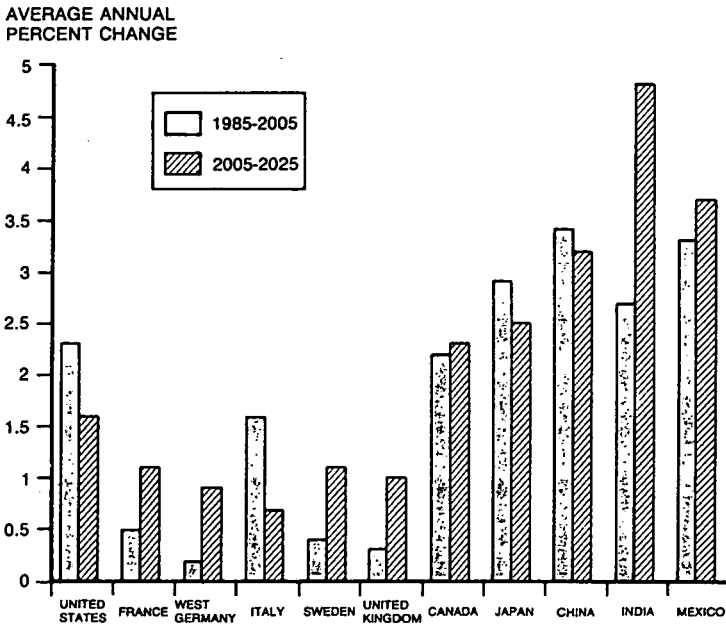


SOURCE: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World"

THE OLDEST-OLD ARE THE FASTEST GROWING SEGMENT OF THE ELDERLY POPULATION IN MANY COUNTRIES DURING THE NEXT 20 YEARS. THE U.S. GROWTH RATE IN THE 75 AND OVER POPULATION WILL BE AMONG THE MOST RAPID IN THE DEVELOPED WORLD

During the next 40 years, the fastest growth rate in the 75 years and older population in the developed world will occur in Japan. The United States and Canada will also experience a rapid growth in the 75 and over population during this period. On the other hand, Western Europe will experience a relatively slow growth rate in the oldest-old population. As with the young-elderly, the average annual growth rates for the 75-plus populations in many developing countries will be well above the rates in developed countries (table 7-3 and chart 7-4).

Chart 7-4
AVERAGE ANNUAL GROWTH RATE OF POPULATION AGE 75 AND OLDER
FOR SELECTED COUNTRIES: 1985 TO 2005 AND 2005 TO 2025



SOURCE: Torrey, Barbara Boyle, Kevin G. Kinseella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World"

LIFE EXPECTANCY AT BIRTH IN THE UNITED STATES IS ABOUT AVERAGE FOR THE DEVELOPED WORLD

The longest life expectancy at birth in 1985 was in Japan—77.1 years (table 7-4). Life expectancy in the United States—74.6 years—was about average for the developed world but was 2.5 years shorter than Japan. The difference in life expectancy between the United States and Japan has more to do with infant mortality than aging. Life expectancy at age 65 is about the same

in Japan and the United States—6 months longer for Japanese males and 6 months shorter for Japanese females—but the infant mortality rate in Japan is only half the U.S. rate.²

In nearly all countries females live longer than males. The difference between male and female life expectancy in the United States is one of the most extreme in the world—second only to France. In developing countries, the gap between male and female life expectancies typically is smaller than in the developed world.

TABLE 7-4.—LIFE EXPECTANCY AT BIRTH AND DIFFERENCES BY SEX FOR SELECTED COUNTRIES:
1985

Country	Life expectancy at birth (in years)	
	Both sexes	Difference (female minus male)
United States	74.6	7.5
France	74.8	8.0
West Germany	74.1	6.8
Italy	74.8	6.8
Sweden	76.6	6.2
United Kingdom	74.1	6.4
Canada	76.0	7.1
Japan	77.1	5.5
China	65.8	3.8
India	56.6	-2
Mexico	66.4	4.6

Source: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taeuber, U.S. Bureau of the Census. "An Aging World."

THE TOTAL U.S. SUPPORT RATIO IN 1985 WAS ABOUT AVERAGE FOR THE DEVELOPED WORLD AND WAS LOWER THAN THE RATIO IN DEVELOPING COUNTRIES. BY 2025 THE TOTAL U.S. RATIO IS EXPECTED TO BE AMONG THE HIGHEST IN THE WORLD

The total support ratio is the ratio of children and older persons to working-age adults.³ In 1985, developing countries had the highest total support ratios because of high proportions of children in their populations (table 7-5). India and Mexico, for example, had more than one "dependent" person in the population for each working-age adult. In the developing world, 1985 total support ratios were low because of low birth rates in recent years and, as yet, relatively small elderly populations.

By 2025, this pattern will be reversed. The developed nations will have higher total support ratios than developing countries, primarily because of the rise in the proportion of elderly in the populations of the developed countries and the large projected declines in birth rates in developing countries. Japan, Canada, and the United States will have the highest total support ratios.

Changes in support ratios for developed countries between 1985 and 2025 will generally be modest, but the age composition in these countries will undergo dramatic changes. For example, there were

² Population Reference Bureau, Inc. 1987 World Population Data Sheet. April 1987.

³ Haupt, Arthur and Thomas T. Kane, Population Reference Bureau, Inc. Population Handbook, 1978. Although the U.S. Bureau of the Census used ages 0-19 and 65+ to define youth and elderly populations for "An Aging World," alternative ages can be used.

21 elderly persons and 50 children in the United States for every 100 persons of working age (20-64) in 1985. By 2025, there will be an additional 14 elderly persons but 7 fewer children making up the support ratio (charts 7-5 and 7-6).

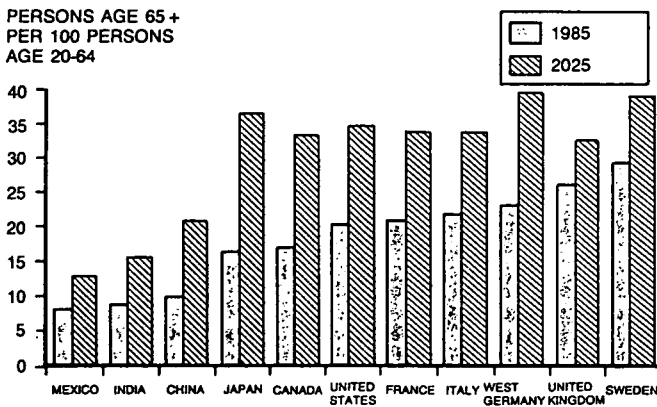
TABLE 7-5.—SUPPORT RATIOS FOR SELECTED COUNTRIES: 1985 AND 2025

[Number of persons in dependent age group per 100 persons in supporting age group]

Country	Total ratio ((0-19) + (65+))/(20-64)		Elderly ratio (65+)/(20-64)		Oldest ratio (80+)/(65+)	
	1985	2025	1985	2025	1985	2025
United States.....	70.8	78.4	20.5	34.8	21.7	24.4
France.....	70.4	75.3	21.1	33.8	25.8	18.7
West Germany.....	60.8	76.6	23.3	39.7	22.1	23.8
Italy.....	67.6	72.7	21.8	33.9	19.3	22.1
Sweden.....	73.5	76.3	29.4	39.1	20.9	23.6
United Kingdom.....	73.8	75.5	26.2	32.8	20.5	21.2
Canada.....	65.3	78.6	17.2	33.5	19.3	19.8
Japan.....	64.5	79.9	16.5	36.6	16.5	24.3
China.....	89.9	63.3	9.6	21.0	10.8	14.1
India.....	106.5	61.8	8.9	15.7	8.9	13.8
Mexico.....	133.4	68.2	8.3	12.9	16.4	16.0

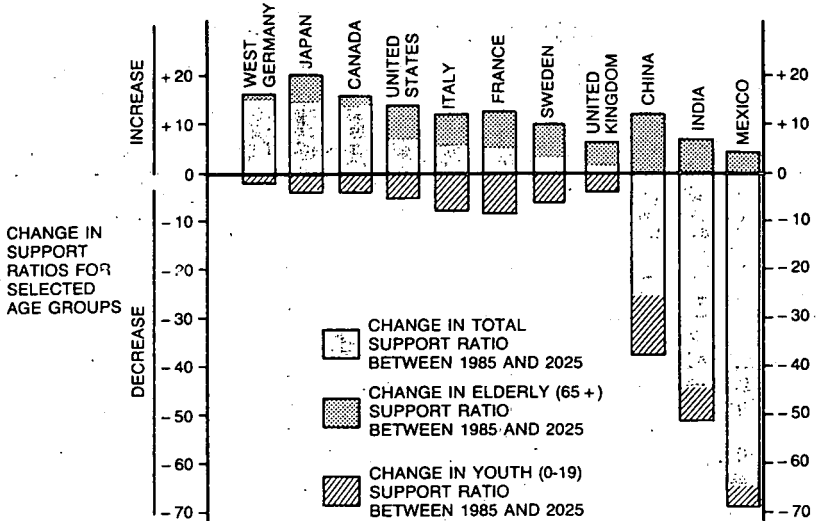
Source: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Tauber, U.S. Bureau of the Census. "An Aging World."

Chart 7-5
ELDERLY SUPPORT RATIO (POPULATION AGE 65 + /POPULATION 20-64)
FOR SELECTED COUNTRIES: 1985 AND 2025



SOURCE: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Tauber, U.S. Bureau of the Census. "An Aging World"

Chart 7-6
CHANGE IN TOTAL, ELDERLY, AND YOUTH SUPPORT RATIOS BETWEEN 1985 AND 2025,
FOR SELECTED COUNTRIES



SOURCE: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World"

EXPLANATION OF CHART 7-6

Between 1985 and 2025, the elderly (65+) support ratio in Italy will increase by 12 persons (per 100 persons 20-64 years of age) while the youth (0-19 years) support ratio will decrease by 7 persons (per 100 persons 20-64 years of age). The resulting change in the total support ratio for Italy will be a net increase of 5 persons between 1985 and 2025.

During the same period in Mexico, the elderly support ratio will increase by 5 persons, but the youth support ratio will decrease by 70 persons. Thus, the total support ratio in Mexico between 1985 and 2025 will decline by 65 persons (per 100 persons 20-64 years of age).

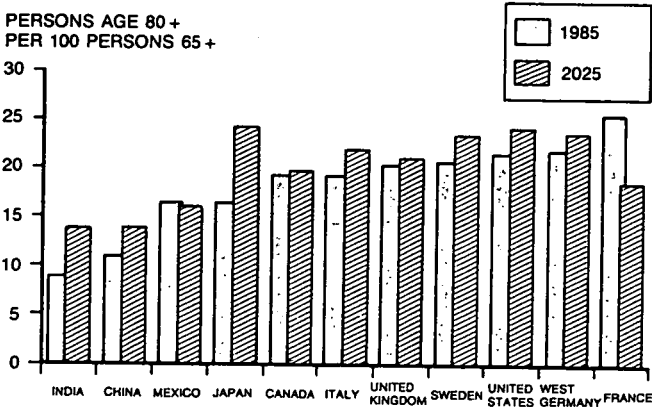
All countries shown in chart 7-6 will experience relative increases in their elderly populations and decreases in their youth populations between 1985 and 2025. The net change in their total support ratio (increase or decrease) is determined by the size of change in their elderly and youth support ratios.

THE UNITED STATES HAS ONE OF THE OLDEST ELDERLY POPULATIONS IN THE WORLD, A TREND THAT WILL CONTINUE THROUGH 2025. BY CONTRAST, JAPAN NOW HAS ONE OF THE YOUNGEST ELDERLY POPULATIONS IN THE DEVELOPED WORLD BUT WILL HAVE ONE OF THE OLDEST BY 2025

The United States has an unusually high proportion of the very old in its elderly population, and this proportion is expected to increase by 2025 (chart 7-7). Today, West Germany and France have larger proportions of the very old in their elderly populations, but by 2025, the United States will have a higher proportion of very old than these countries. Today, Japan's older population is unusually

young for a developed nation, but by 2025 its older population—along with that in the United States—will be one of the oldest older populations in the world.

Chart 7-7
OLDEST SUPPORT RATIO (POPULATION 80 + /POPULATION 65 +)
FOR SELECTED COUNTRIES: 1985 AND 2025



SOURCE: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census. "An Aging World"

EMPLOYMENT

SMALL PERCENTAGES OF PEOPLE IN THE DEVELOPED WORLD CONTINUE TO WORK AFTER AGE 65. OLDER PEOPLE IN THE UNITED STATES ARE MORE LIKELY TO BE WORKING THAN THEY ARE IN OTHER DEVELOPED COUNTRIES IN THE WORLD EXCEPT JAPAN

While the U.S. population has an early retirement pattern that is about average in the developed world, Americans are more likely to work after age 65 than are older people in other developed countries—with the exception of the Japanese (table 7-6 and chart 7-8). U.S. labor force participation rates for men at age 60-64 are significantly higher than in Italy, France, or West Germany, but are lower than in the United Kingdom, Sweden, Canada, and Japan or in the developing world. However, U.S. labor force participation rates for females at age 60-64 are higher than any other developed country, except Japan and Sweden.

After age 65, U.S. labor force participation rates are significantly higher than other developed countries, with the exception of Japan. Japan's male and female labor force participation rates after 65 are unusually high—nearly half of the men (46 percent) and one-sixth of the women (16 percent) are still working.

In developing countries, where retirement systems are not prevalent, older men and women are more likely to remain in the labor force than their counterparts in developed countries.

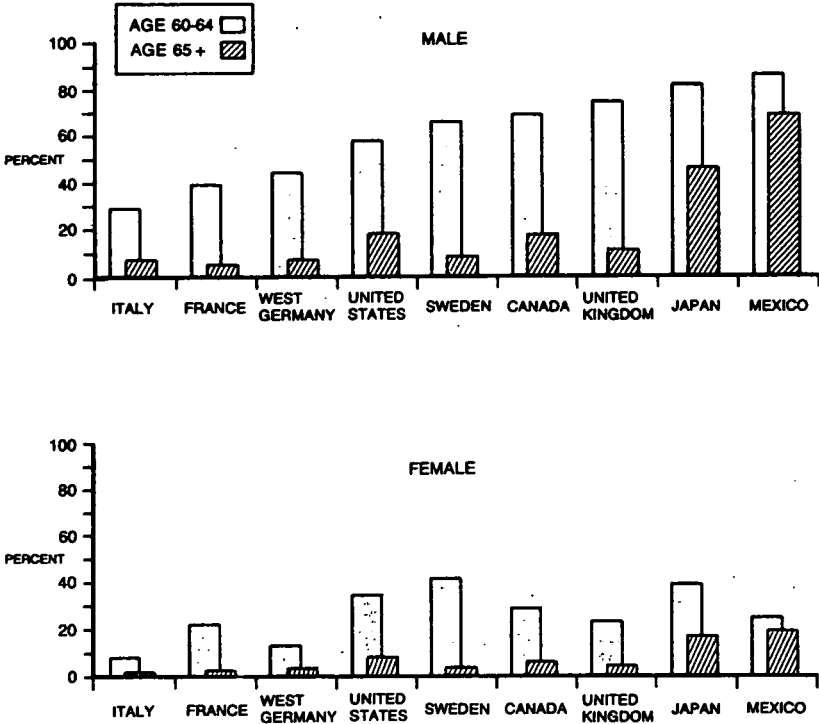
TABLE 7-6.—LABOR FORCE PARTICIPATION RATES FOR THE ELDERLY BY SEX AND AGE GROUP IN SELECTED COUNTRIES: 1971-82

Country	Year	Male		Female	
		60 to 64	65-plus	60 to 64	65-plus
United States.....	1982	57.9	17.7	34.2	7.9
France.....	1982	39.1	5.0	22.3	2.2
West Germany.....	1980	44.2	7.4	13.0	3.0
Italy.....	1981	29.1	6.9	8.0	1.5
Sweden.....	1980	65.9	8.1	41.4	2.6
United Kingdom.....	1981	74.6	10.7	22.5	3.7
Canada.....	1981	68.8	17.3	28.3	6.0
Japan.....	1980	81.5	46.0	38.8	16.1
China.....	1982	63.6 ¹		16.8 ¹	
India.....	1971	73.8 ¹		10.5 ¹	
Mexico.....	1980	85.6	68.6	24.1	18.6

¹ Data are for ages 60-64 and 65-plus combined.

Source: Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taueber, U.S. Bureau of the Census "An Aging World."

Chart 7-8
**ELDERLY LABOR FORCE PARTICIPATION RATES BY SEX AND AGE GROUP
 IN SELECTED COUNTRIES: 1980-82***



SOURCE: Torrey, Barbara Boyle, Kevin G. Kinella, and Cynthia M. Tsueber, U.S. Bureau of the Census. "An Aging World"

*See table 7-6 above for dates of data collection.

ECONOMIC STATUS ⁴

THE U.S. ELDERLY DERIVE A SMALLER PROPORTION OF THEIR INCOME FROM SOCIAL INSURANCE, AND A LARGER PROPORTION FROM EARNINGS AND FROM ASSETS, THAN THE ELDERLY IN SEVERAL OTHER DEVELOPED COUNTRIES

According to the Luxembourg Income Study of seven developed countries, only one-third (35 percent) of the income of younger elderly families (age 65 to 74) in the United States and Canada came from social insurance, compared to about half or more than half in

⁴ Data on economic status in the U.S. Bureau of the Census, "An Aging World." come from the Luxembourg Income Study. This study adjusted income data from 1979-81 from seven developed nations to internationally comparable formats to compare the economic status of the population. For more information on this study, see Centre d'Études de Populations, "An Introduction to the Luxembourg Income Study." LIS-CEPS Working Paper Series, Working Paper No. 1, June 1985.

some other developed countries (table 7-7, chart 7-9). The same relationship is true for the older elderly. Less than half (45 percent) of the income of elderly age 75 and older in the United States and Canada came from social insurance, compared to over half to about three-quarters of the income of this age group in some other developed countries. Among all countries studied, only in Israel did social insurance play a smaller role in the incomes of the elderly than in the United States and Canada.

TABLE 7-7.—COMPOSITION OF GROSS INCOME OF ELDERLY FAMILIES BY INCOME TYPE, FOR SELECTED COUNTRIES: 1979-81

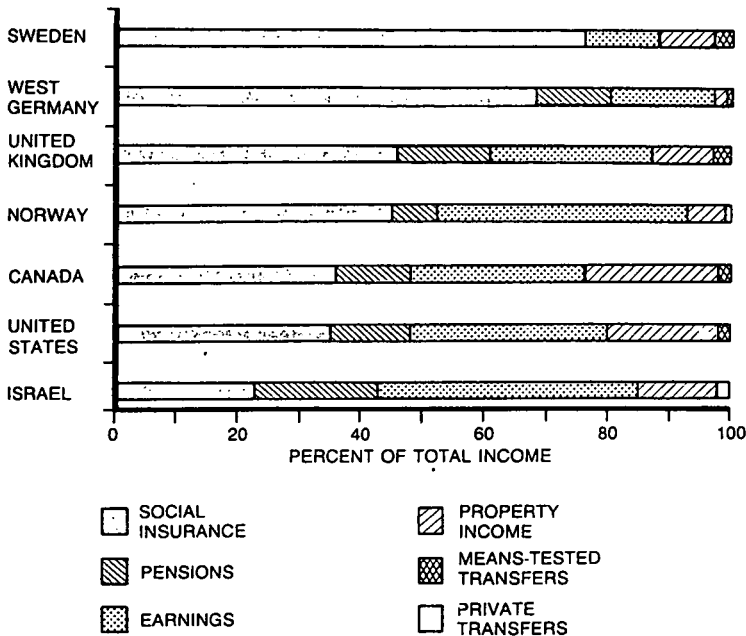
Country	Year	Total income	Percent distribution by type					
			Social insurance	Pensions	Earnings	Property income	Means-tested transfers	Private transfers
AGE 65-74								
United States.....	1979	100	35	13	32	18	2	0
West Germany.....	1981	100	67	12	17	2	1	0
Norway.....	1979	100	45	7	41	6	0	1
Sweden.....	1979	100	76	(¹)	12	9	3	0
United Kingdom.....	1979	100	46	15	26	10	3	0
Canada.....	1981	100	35	12	28	22	2	0
Israel.....	1979	100	23	20	42	13	0	2
AGE 75-PLUS								
United States.....	1979	100	45	12	17	24	2	0
West Germany.....	1981	100	75	12	8	4	1	0
Norway.....	1979	100	75	10	6	8	1	0
Sweden.....	1979	100	78	(¹)	2	13	7	0
United Kingdom.....	1979	100	54	12	17	10	7	0
Canada.....	1981	100	45	8	13	30	2	0
Israel.....	1979	100	29	25	21	22	1	2

¹ Less than 0.5 percent.

Source: Data taken from the Luxembourg Income Study as reported in Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Tauber, U.S. Bureau of the Census, "An Aging World."

Earnings and assets played a more significant role in the incomes of the elderly in the United States, Canada, and Israel than they did for the elderly in many other developed countries. However, Norway's younger elderly (65 to 74) derived a high proportion of their income from earnings, which in combination with social insurance payments accounted for 86 percent of their income.

Chart 7-9
COMPOSITION OF INCOME OF FAMILIES WITH HEADS AGE 65 TO 74
FOR SELECTED COUNTRIES: 1979-81*



*See table 7-7 above for dates of data collection.

SOURCE: Data taken from the Luxembourg Income Study as reported in Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Tauber, U.S. Bureau of the Census. "An Aging World"

POVERTY RATES AMONG THE ELDERLY IN THE UNITED STATES, UNITED KINGDOM, AND ISRAEL ARE AMONG THE HIGHEST IN THE DEVELOPED WORLD

According to the Luxembourg Income Study, the United States had one of the largest concentrations of relatively low-income elderly among the seven countries studied. When incomes were adjusted on an equivalent basis,⁵ one in five (20 percent) younger U.S. elderly (age 65 to 74) and more than one in four (28 percent) older U.S. elderly (age 75 and older) were in the low-income category. While the United Kingdom had a similar distribution of low-income elderly, only Israel (among the countries studied) had a higher concentration of low-income elderly (table 7-8 and chart 7-10).

⁵ The Luxembourg Income Study compared national-level survey income data from several countries that were adjusted to internationally comparable formats. Poverty rate is defined as a percent of families with equivalent net income (adjusted for family size) less than half of the median equivalent net income for families of all ages.

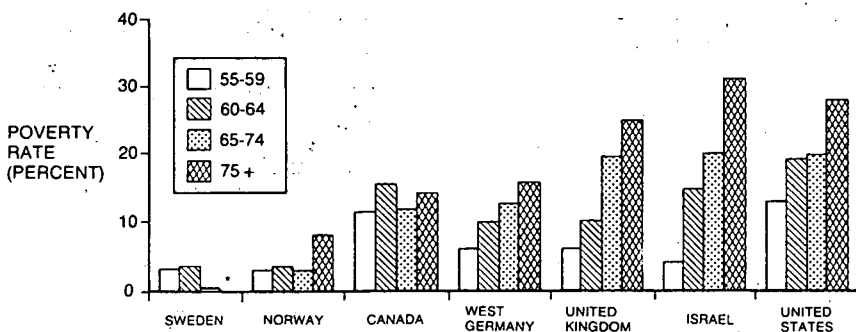
TABLE 7-8.—EQUIVALENT POVERTY RATES FOR ELDERLY FAMILIES BY AGE GROUP, FOR SELECTED COUNTRIES: 1979-81

(Percent of elderly families with less than half of median equivalent net income)

Country	Year	55 to 59	60 to 64	65 to 74	75-plus
United States.....	1979	13.1	19.2	19.7	28.0
West Germany.....	1981	6.1	9.8	12.6	15.8
Norway.....	1979	3.4	3.7	2.8	8.1
Sweden.....	1979	3.4	3.5	.2
United Kingdom.....	1979	6.1	9.9	19.6	25.1
Canada.....	1981	11.3	15.6	11.5	14.3
Israel.....	1979	4.1	14.9	20.1	31.3

Source: Data taken from the Luxembourg Income Study as reported in Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taeuber, U.S. Bureau of the Census. "An Aging World."

Chart 7-10
EQUIVALENT POVERTY RATES FOR ELDERLY FAMILIES BY AGE GROUP,
FOR SELECTED COUNTRIES: 1979-81**



SOURCE: Data taken from the Luxembourg Income Study as reported in Torrey, Barbara Boyle, Kevin G. Kinsella, and Cynthia M. Taeuber, U.S. Bureau of the Census. "An Aging World"

*Less than 0.05 percent.

**See table 7-8 above for dates of data collection.

GOVERNMENT EXPENDITURES

WHILE THE SHARE OF GROSS DOMESTIC PRODUCT SPENT ON PENSIONS IN THE UNITED STATES IS ABOUT AVERAGE AMONG SEVEN MAJOR DEVELOPED COUNTRIES, THE SHARE SPENT ON MEDICAL CARE IN THE UNITED STATES IS ONE OF THE HIGHEST

A recent study of seven major industrial countries found that social expenditures in the United States (medical care, pensions, education, unemployment, family benefits, and other social programs) consumed a proportion of the Nation's gross domestic product (GDP) about equal to the other countries, except Japan. However, the United States differed from the other countries studied in the proportion of social expenditures generated by private funding sources. In the other countries, nearly all of these expenditures came from government funds; but in the United States the private

sector was responsible for about one-third of all social expenditures (table 7-9).⁶

In 1980, the United States spent 8.1 percent of its GDP on pensions. While this share was nearly double that spent by Canada and Japan, it was a lower share than was spent by most European nations (chart 7-11).

On the other hand, the 9.5 percent GDP spent on medical care by the United States in 1980 accounted for a higher share of its GDP than any of the other countries studied, and was more than twice as high as that of Japan.

TABLE 7-9.—SOCIAL EXPENDITURES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT FOR SELECTED COUNTRIES: 1980

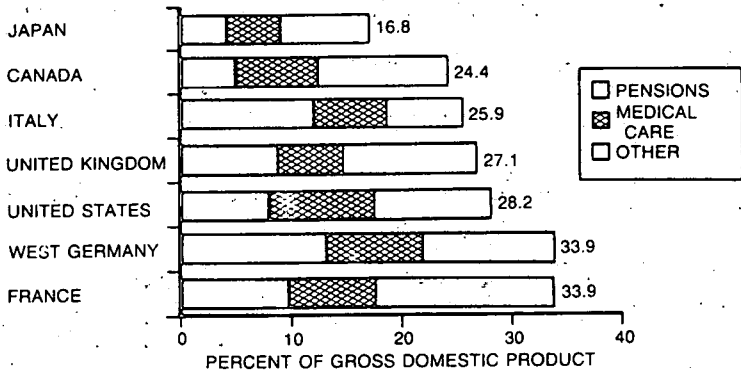
Country	Government expenditures only				Government and private expenditures			
	Total	Pensions	Medical care	Other	Total	Pensions	Medical care	Other
United States.....	17.7	6.3	4.5	6.9	28.2	8.1	9.5	10.6
France.....	31.0	10.0	6.7	14.3	33.9	10.0	8.0	15.9
West Germany.....	31.1	13.3	6.1	11.7	33.9	13.3	8.7	11.9
Italy.....	25.0	12.1	5.9	7.0	25.9	12.1	6.8	7.0
United Kingdom.....	22.9	5.8	5.8	11.3	27.1	9.0	5.8	12.3
Canada.....	20.3	3.5	5.6	11.2	24.4	4.8	7.5	12.1
Japan.....	15.4	4.2	4.8	6.4	16.8	4.2	5.0	7.6

Source: International Monetary Fund. "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47, Tables 15 and 16 (September 1986).

⁶ The information in the section on social expenditures is taken from a report by the International Monetary Fund, "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47, September 1986. Projected social expenditure patterns are based on current patterns. Differences in projected patterns reflect primarily the projected growth and changing age composition of each country's population and some assumptions regarding the economic effects of these changes. The demographic assumptions underlying the IMF population projections generally reflect "intermediate" assumptions provided by the countries studied (i.e., slight increases in fertility levels and continued improvements in life expectancy).

Chart 7-11

GOVERNMENT AND PRIVATE SOCIAL EXPENDITURES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT FOR SELECTED COUNTRIES BY TYPE OF EXPENDITURE: 1980



SOURCE: International Monetary Fund. "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47 (September 1986).

THE UNITED STATES IS EXPECTED TO EXPERIENCE A LOW RATE OF GROWTH IN GOVERNMENT PENSION COSTS DURING THE NEXT 40 YEARS, SIMILAR TO THAT FOR MUCH OF THE DEVELOPED WORLD. BY CONTRAST, JAPAN IS EXPECTED TO HAVE A RATE OF GROWTH MORE THAN TWICE THAT IN THE UNITED STATES

Japan has had over the last 20 years, and is projected to continue having over the next 40 years, the highest rate of growth in real government expenditures for pension costs. Japan's average annual rate of growth in pension spending of 14.1 percent between 1960 and 1980, and its projected annual growth rate of 5.9 percent between 1980 and 2025, are more than double the average rate of growth in the other countries studied.

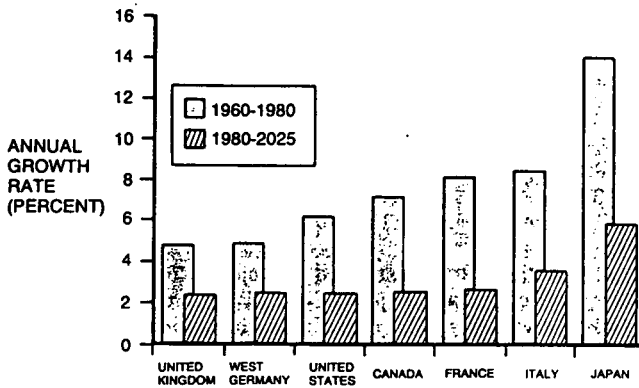
The historical and projected pension cost growth rates for the United States are about average for the developed world. Between 1960 and 1980, U.S. Government pension costs grew by an average of 6.2 percent a year (after adjustment for inflation). Between 1980 and 2025, U.S. Government pension costs are projected to grow at an average real rate of 2.5 percent (table 7-10 and chart 7-12).

TABLE 7-10.—ANNUAL GROWTH RATE IN REAL GOVERNMENT PENSION EXPENDITURES FOR SELECTED COUNTRIES: 1960-80 AND 1980-2025

Country	1960-80	1980-2025
United States	6.2	2.5
France	8.2	2.7
West Germany	4.9	2.5
Italy	8.5	3.6
United Kingdom	4.8	2.4
Canada	7.2	2.6
Japan	14.1	5.9

Source: International Monetary Fund. "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47, Table 6 (September 1986).

Chart 7-12
ANNUAL GROWTH RATE IN REAL GOVERNMENT PENSION EXPENDITURES
FOR SELECTED COUNTRIES: 1960-1980 AND 1980-2025



SOURCE: International Monetary Fund. "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47 (September 1986).

U.S. GOVERNMENT EXPENDITURES ON MEDICAL CARE ARE EXPECTED TO GROW OVER THE NEXT 40 YEARS AT THE MOST RAPID RATE AMONG SEVEN SELECTED INDUSTRIAL COUNTRIES

Real government expenditures between 1980 and 2025 for medical care are projected to increase by 80 percent in the United States and by 74 percent in Canada. Other countries are expected to have more modest increases, while West Germany is expected to experience little growth in real government medical care expenditures during the next four decades (table 7-11 and chart 7-13).

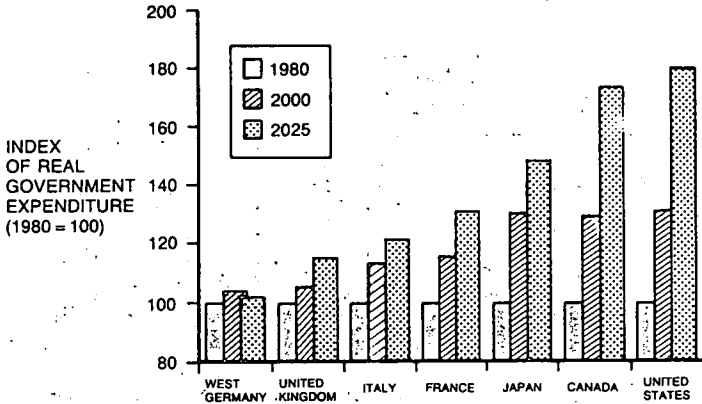
TABLE 7-11.—PROJECTED INCREASES IN REAL GOVERNMENT EXPENDITURES ON MEDICAL CARE FOR SELECTED COUNTRIES: 2000 AND 2025

(Index: 1980 = 100)

Country	Year—		
	1980	2000	2025
United States	100	130	180
France	100	117	130
West Germany	100	104	103
Italy	100	113	121
United Kingdom	100	105	115
Canada	100	128	174
Japan	100	130	147

Source: International Monetary Fund. "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47, Table 8 (September 1986).

Chart 7-13
**ACTUAL AND PROJECTED REAL GOVERNMENT EXPENDITURES ON MEDICAL CARE
 FOR SELECTED COUNTRIES: 1980, 2000, AND 2025**



SOURCE: International Monetary Fund. "Aging and Social Expenditure in the Major Industrial Countries, 1980-2025." Occasional Paper 47 (September 1986).

CONCLUSION

The United States is distinguished among the nations of the developed world in the size and growth of its very old population. Today's U.S. elderly population is older than that in most other countries, and in 40 years, it will be one of the oldest elderly populations in the world.

Older persons in the United States seem to work longer and have lower incomes than the elderly in most other developed countries. While U.S. Government pension costs appear to be average, the Government's medical care costs are the highest among the major industrial countries and are expected to grow rapidly.