

**THE BOOMERS ARE COMING:  
CHALLENGES OF AGING IN THE NEW MILLENNIUM**

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**HEARING**  
BEFORE THE  
**SPECIAL COMMITTEE ON AGING**  
**UNITED STATES SENATE**  
**ONE HUNDRED SIXTH CONGRESS**  
**FIRST SESSION**

—  
WASHINGTON, DC  
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NOVEMBER 8, 1999  
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# **THE BOOMERS ARE COMING: CHALLENGES OF AGING IN THE NEW MILLENNIUM**

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**MONDAY, NOVEMBER 8, 1999**

**U.S. SENATE,  
SPECIAL COMMITTEE ON AGING,  
*Washington, DC.***

The committee convened, pursuant to notice, at 2:12 p.m., in room SH-216, Hart Senate Office Building, Hon. Charles Grassley (Chairman of the Committee) presiding.

Present: Senators Grassley, Hutchinson, Breaux, Reid, Bryan, and Lincoln.

## **OPENING STATEMENT OF SENATOR CHARLES GRASSLEY, CHAIRMAN**

The CHAIRMAN. I thank everybody for their attendance at today's very important hearing on the subject of "The Baby Boomers are Coming: Aging in the New Millennium." We welcome Mrs. Gore. I would call our hearing to order and thanks to all of our witnesses for joining us today.

When Senator Breaux and I took over the leadership of the Committee on Aging, our first hearing was on preparing for baby boomer retirement. The subject matter was of no coincidence. Senator Breaux and I wanted to demonstrate early on that our committee recognized what would happen when this group retires, both to bring attention to the public policy issues connected therewith, as well as making sure that we had messages sent to people in that age group, the extent to which there were going to be major impacts upon our programs at that particular time.

Since that first hearing in March 1997, we have learned a lot more about the aging of the baby boomers. For example, we have a much greater understanding now of what will happen to Social Security and Medicare than we did 2 years ago. We have carried that understanding into policy debates of how to save these retirement programs for the largest generation of retirees in our Nation's history. Of course, these debates are ongoing and others arise every day.

The task of anticipating the baby boomers' needs is very huge, so I am grateful to Senator Breaux's leadership in broadening our committee's focus beyond the baby boomer impact on government programs.

Senator Breaux knows that it is not enough for Members of Congress to draft policy and legislation reflecting this group's retirement. We also must educate baby boomers about taking proactive steps to prepare for their years of retirement.

With education in mind, Senator Breaux has prepared a boomer scorecard. His card lists, as he puts it, 10 things that every aging boomer needs to know. The question format provokes thought about critical retirement issues. These include prescription drug coverage, long-term care insurance, and saving money for retirement.

All of us could benefit from a self-assessment like this. There is no such thing as too much planning for retirement or beginning to plan too early. I am giving Senator Breaux's scorecard to each of my baby boomer children. I hope we will discuss the results at the dinner table sometime. I encourage other parents of baby boomers to do the same.

Today, we have several witnesses who will jumpstart our thinking about the future.

We will begin with one of the Nation's best known baby boomers, Mrs. Tipper Gore. Mrs. Gore represents the public service spirit that her generation embraces. She serves the Nation with her work on mental health, children's health, education, and many other issues. My wife, Barbara, was able to be with Mrs. Gore in Des Moines, IA, last week when they each participated in a women's health care conference sponsored by the Governor and first lady of the State of Iowa, Governor and Mrs. Vilsack.

After Mrs. Gore, we will hear from three visionaries with an ability to describe the impact of and capture the needs of an entire generation.

I would now call on Senator Breaux, and I would like to ask members to understand for the benefit of Mrs. Gore that we would dispense with opening statements other than mine and Senator Breaux's, at least momentarily.

[The prepared statement of Senator Grassley follows:]

PREPARED STATEMENT OF SENATOR CHARLES GRASSLEY

I'd like to call this hearing to order. Thank you to our witnesses and to the members of the audience for joining us today.

When Senator Breaux and I took over the leadership of the Special Committee on Aging, our first hearing was on preparing for the baby boomers' retirement. The subject matter was no coincidence. We wanted to demonstrate early on that our committee recognized what would happen when this group retired.

Since that first hearing in March 1997, we've learned a lot more about the aging of the baby boomers. For example, we have a much greater understanding now of what will happen to Social Security and Medicare than we did 2 years ago. We've carried that understanding into policy debates of how to save these retirement programs for the largest generation of retirees in our nation's history. These debates are ongoing. Others arise every day.

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Today we have several witnesses who will jumpstart our thinking about the future.

We'll begin with one of the Nation's best-known baby boomers, Tipper Gore. Mrs. Gore represents the public service spirit that her generation embraces. She serves the Nation with her work on mental health, children's health, education and many other issues. My wife, Barbara, was able to see Mrs. Gore in action last week. They spoke about women's health care at a conference in Des Moines.

After Mrs. Gore, we'll hear from three visionaries with an ability to describe the impact of and capture the needs of an entire generation. Thank you.

### OPENING STATEMENT OF SENATOR JOHN BREAUX

Senator BREAUX. Thank you very much, Mr. Chairman. I thought you were a baby boomer.

The CHAIRMAN. I sure am. [Laughter.]

Thank you very much, Mr. Chairman, for your opening comments and your willingness to help further explore the whole issue about the baby boom generation and what we, as a nation, need to be doing in order to try and decide what is the future going to be for this large generation of Americans.

Certainly, no other generation reflects the very complex world that we live in than the 77 million so-called baby boomers, who are those people in our country who were born between the years 1946 and 1964. They have left their indelible mark on America's social landscape. This generation created a new pop culture and a new form of political activism. Their optimism was shaped by President Kennedy's call for public service and President Johnson's great society and dashed by the Vietnam War and Watergate.

Education, medical advances, and technology afforded the boomers more freedom and more independence than any previous generation had ever seen. They married and they had children later and experienced history through television and put child care and high tech on the map. Now, as the baby boomers move toward old age, they will revolutionize and redefine America's aging experience.

The question is, are we, as a nation, ready? Soon, America will look very different than we have in the past. The average age of Americans by the year 2030 will go up to 55 years of age. It used to be 35 in 1970. The over 65 years of age population will double. There will be more seniors than we have teenagers, and there will be one million Americans who are over the age of 100 years.

In addition, the boomers will reap the benefits and face the challenges of longevity. Life expectancy in 1900 was 47 years of age, but by 2050, it will be 80 or more. Life expectancy for females today is right at 80 years of age. It is true that medical technology is adding years to everyone's life. The question now is, how do we add life to those years?

Congress has tried to address the impending senior boom through endless debate over subjects such as Social Security and Medicare. While strengthening these programs are essential, they are only two pieces of a much bigger and larger puzzle. The size and distinct character of the baby boomers will not only create a sense of urgency to current issues, but create a whole new set of aging issues. Longevity will also have to be reflected in our Nation's policies.

As the Chairman has indicated, we have a terrific lineup of a panel to follow Mrs. Gore, which we are very interested in hearing from. But I also want to just point out some things in welcoming

Tipper Gore to the committee that she has accomplished in her own right.

She is certainly one of the most, as the Chairman has said, well-known members of the baby boom generation. She has been an advocate for families, for women, and for children. She has focused on mental health issues, as well as children's health, education, and homelessness, and physical fitness. She is a photographer and also the author of two books, *Raising PG Kids in an X-Rated Society*, and *Picture This: A Visual Diary*. She is currently the mental health policy advisor to President Clinton and she also chairs the National Youth Fitness Campaign of the President's Council on Physical Fitness and Sports. She is also the mother of four and now a brand-new grandmother. As we have said, if we had known how much fun grandchildren were, we would have had them first.

Mrs. GORE. That is right. [Laughter.]

Senator BREAUX. We are delighted as a committee to welcome Mrs. Gore to the committee, and Tipper, we would like you to proceed as you see fit. Thank you for being with us.

[The prepared statement of Senator Breaux follows:]

#### PREPARED STATEMENT OF SENATOR JOHN BREAUX

No other generation reflects the complex world we live in today more than America's 77 million baby boomers. In fact, it was the "boom" of an atom bomb that ended World War II, brought millions of American soldiers home and the baby boomer generation was born.

Born between 1946 and 1964, the baby boomers have left their indelible mark on America's social landscape. They created a new pop culture and a new form of political activism. Their optimism was shaped by President Kennedy's call for public service and President Johnson's "Great Society" and dashed by the Vietnam War and Watergate.

Education, medical advances and technology afforded boomers more freedom and independence than any previous generation. They married and had children later, experienced history through television, and put child care and high tech on the map.

And now, as the baby boomers move toward old age, they will revolutionize and redefine the American aging experience. The question is, are we ready?

Soon, America will look different. The average age will go up to 55 and the over 65 population will double. There will be more seniors than teenagers. One out of every five Americans will qualify for a "senior" discount at the movie theater. And, there will be one million Americans over 100 years old.

In addition, the boomers will reap the benefits and face the challenges of longevity. Life expectancy in 1900 was 47 years but by 2050 it will be 80 or more. It is true, medical technology is adding years to their life. The question now is how do we add life to their years?

Here in Washington, the Congress has tried to address the impending senior boom through endless debate over Social Security and Medicare. While strengthening these programs is essential, these retirement and health care programs are only two pieces of a much bigger puzzle. The size and distinct character of the boomers will not only create a sense of urgency to current issues, but create a whole new set of aging issues.

Can we afford the medical technology that aging boomers will demand? As new health care industries emerge, who will protect the senior consumer? How will we handle the shortage of geriatricians? Will our transportation systems ensure more older drivers have safe alternatives? How will our national housing policy adapt to the senior boom? Will we need new pension and financial service plans that allow older Americans to move in and out of retirement? As new products are marketed to older adults, what will the government's role be in stopping fraud and abuse? And, what about helping the "sandwich" boomers who provide care for both their older parents and their younger children?

It's clear national policymakers have a lot to think about. As Ranking Member of the Senate Special Committee on Aging, I plan to help lead the Congress in a careful examination of our Nation's new demographic destiny.

Working together, we can ensure that the seniors of today and the seniors of tomorrow achieve the very best as we enter the new millennium.  
The 77 million baby boomers are watching and waiting.  
We must be ready.

**STATEMENT OF TIPPER GORE, WIFE OF THE VICE PRESIDENT,  
WASHINGTON, DC**

Mrs. GORE. First of all, thank you very much for the invitation. I am delighted. Senator Grassley, Senator Breaux, and all Members of the Committee, it is my honor to be here. I encourage you and honor you for your leadership on these issues that are so important, not only to the care of aging Americans, but to the families that are dealing with it right now and that are going to be dealing with it in the future.

I do not think there is probably any more important issue. There are a lot of important issues out there, but this is certainly right up there, and we need to begin thinking about it, and you all focusing on it is extremely important. It is also on people's minds, so you are representing your constituencies well and your leadership is extremely important, so I am pleased to be a part of it.

I also enjoyed being with your wife, Barbara, who did a terrific job, Senator Grassley, in organizing the Conference on Women's Health, along with first lady Christie Vilsack and Dodi Boswell. That was another good conference that I think addressed an important issue of women's health concerns.

To speak directly as a member of the baby boom generation, I know that we are very fortunate to be at this place in our history at this time in our lives, and at a time when Americans have made significant economic gains, there is no question about that. We mentioned the technological advances, which do allow us to live longer, among other wonderful things. In this past century, we have made great strides in civil rights and in gender equality. So there are a lot of great things that have happened that form a body of wisdom.

But as you have said, today, the baby boom generation is aging and the data are truly startling. In the next 15 years, the 76 million baby boomers born between 1946 and 1964 will start joining the ranks of America's elderly. We need to start getting used to that word. Like many of our friends, Al and I are amazed to call ourselves grandparents, and I will say that Senator Breaux shared a picture of some of his grandchildren with me on our way in. It seems like just yesterday that we moved into a new home and started raising our own family. But growing older is an unmistakable fact and one that we just need to cope with gracefully, and that is what this is all about.

Therefore, we are going to be preparing for the changes that an aging baby boom generation is going to bring to this great nation. We will continue to have an enormous impact on our society, but I think in some ways, we will age a little differently than our parents, at least in our attitudes, and definitely in terms of the technological access to living older for longer periods of time.

Over the next decade, the numbers of Americans between the ages of 55 and 64 will grow by 47 percent. That is almost 50 percent. The fastest growing segment of the elderly population will be



those 85 years and older. So, in the next 30 years, we will see millions more Americans facing the challenges of chronic illnesses and disabilities, for those that are afflicted with that kind of thing as they grow older.

These numbers have significant political and cultural implications, as I am sure we all know, and later this afternoon, you will be hearing from experts in the field of demography, aging, and entitlement policy who will offer definitely a more academic discussion on what this means for our social insurance programs and the impact on our economy. But I just want to speak generally as an overview as to who we are as boomers and the challenges that we face.

Obviously, I come to you today as a wife, a mother, a daughter, a daughter-in-law, and a grandmother. The kitchen table issues that are first and forefront in the Nation, I think, are extremely important ones to be addressed by our generation, in particular. The decisions that you, as leaders, today make will affect everybody tomorrow. So we are going to discuss the new challenge that the Nation should begin focusing on, as you well know.

Now, there are television shows—you talked about the popular culture, Senator Breaux. The television shows and news reports constantly refer to the baby boom and then Generation X. Even now, there is a new generation being formed called Generation Y. We need more study and analysis to be directed toward these problems, I would say particularly the problems of naming these generations, but that aside, the stresses and needs of these sandwich generations, of which I am a member and so are you, and Senator Grassley, we will make you an honorary member.

The CHAIRMAN. Thank you.

Mrs. GORE. For our generation, the first ever to have more parents than children—now, think about that, the first ever to have more parents than children—there is the dual challenge of caring for children growing up as we are caring for our aging parents. So that is why we are called the sandwich generation.

So far, I can speak personally, Al and I have raised three wonderful daughters and one son who is still at home. What maybe people do not know is that Al and I also care for our mothers, who are fortunately still active and engaged in many activities, but also have specialized health care needs. I think that we represent probably most people in this day and age, certainly in our generation, who are caring for aging parents and who do have specialized needs of one sort or another, and that is what we really need to focus on.

Particularly considering the alternative, of course, it is a great blessing that Americans are living older and living longer and living healthier lives, and that is something that is wonderful. But as you say in the opening remarks, we need to look at the quality of life issues, because despite all the medical advances, people still age. That is terrific, but there are some plain truths that go along with that, and that is that as people age, they begin to need help, particularly with a lot of daily tasks. That is even apart from needing some specialized medical care or attention.

The problem is actually made a little worse by the fact that Americans have always had a penchant for exploring new places.

This makes us an exciting people, surely, but also, more than ever before, our families are separated. The old extended family and the reliance on extended family members to help through a difficult period or to help with raising kids has been changed, and probably changed forever. So our families are separated by geography.

It used to be that mom and dad either lived nearby or not too far away, maybe in the same city, but that is really not the case today for almost everybody. Their parents are in another place. Now, what happens, let us say, what are you going to do if your mother lives in Phoenix, you live in Washington, DC., she has fallen and she has broken her hip, and you do not have any other relatives in that area? I mean, what do you do? After the initial crisis, and it is a crisis to begin with, how can we help parents, who we ourselves are, care for our parents over the long term? What can we do to help in that situation? How do we honor our parents by helping them maintain dignity as they grow older and as we start to isolate and talk about their long-term care needs?

I know Al struggles with this problem. We share it, but he struggles with the problem with his own mother, who lives on a farm in Tennessee and still lives on her own farm, but with assistance. We are always grateful for the help of extended family and neighbors and friends, who we are relying on very heavily to help us out on a day-to-day basis with those needs.

So we have got, as a society, to work together to find ways not only to care for those long-term needs, but to support the caregivers, the people who undertake the critically important but often physically and, obviously, emotionally demanding and difficult job of caring for someone else's loved ones who are aging or ill.

According to the Department of Health and Human Services data, women often bear a greater burden in caring for an aged parent or adult. This should come as no surprise to anybody, but it is true. I certainly hope that that would equalize out a little bit, but still, that is the way it is now. African American women bear a greater burden than most other women, and moreover, many caregivers work full-time jobs, making informal long-term care even more difficult.

Caring for a family member is one of the most valuable and important jobs that someone can do. We always say this when we are talking about our children and the need for quality, affordable child care for those who need it. Well, we need to say the same thing at the other end of the life spectrum and we need to have caregivers that we can respect and make sure that they are not overburdened and overstressed as we ask them to do something very important in our place. Basically, we are asking them to do it in our place. So we need as a society and as a Nation to support that.

I am proud that Al and President Clinton have been working with Members of Congress across party lines. This is obviously a bipartisan issue, one that all of us care about, including all the Senators on this committee, so that our public policies reflect our private needs, and if we will listen to each other, that will become clear.

Government can help families raise children and care for their elderly parents. We can offer tax credits for long-term care to help ease the financial burden, because there is always an extra finan-

cial burden. Congress can reauthorize the Older Americans Act to create the National Family Caregiving Support Program and support other direct services to older Americans, like Meals on Wheels, which has been around for a long time and, in some cases, is probably the only meal that somebody gets on a Friday before it comes back on a Monday. We know that to be the case, too. But it is a real godsend. Congress and the administration can study ways to provide incentives to private insurers to offer affordable long-term care insurance. Obviously, it is the next big step.

These initiatives can help relieve and address families' emotional and financial burdens that caregiving imposes, and we cannot pretend that any government program will ease a family's emotional or financial strains or replace it, but it can really support it and help it. While families need these programs, we also need caring communities that are connected that recognize their role as caregivers, and we need employers who help their employees balance work and family responsibilities.

While we need long-term care for the elderly, we also need to find ways to expand programs for after-school care for children. Fifteen million children are home along after school while parents are at work because of the lack of affordable after-school programs. Only 30 percent of elementary and middle schools offer after-school programs, and in rural areas, even fewer than that do. We have even created a new website, [www.afterschool.gov](http://www.afterschool.gov), to help parents and educators find and develop after-school programs, but we have got to do more.

Together, we should continue to work to expand safe and academically enriching after-school opportunities that are going to be serving nearly 400,000 school-age children in rural and urban communities each year to 1.1 million students. So we have got to find constructive activities for our children. It is obviously good for them, it is good for their parents, it is good for the families, it is good for the communities, it is good for society.

But at the end of the day, families still have to provide the necessary care, and in many cases, something remarkable does happen. Families not only survive, they actually thrive, and we ought to give more credit for the empathy, the resilience, the downright individual strength that we see in families facing medical crises, whether the crisis affects a sibling, a parent, or a grandparent.

In the process of keeping our families together and on the right track, women often forget about meeting their own needs. We shuttle the kids between the soccer practice, piano lessons, whatever it is that they are involved in, but sometimes forget to exercise or enjoy a personal hobby, something that fulfills us and gives us some pleasure. We rush to put dinner on the table or stay up late to pack lunches, but often neglect our own nutrition. And we make sure that children get their shots, we make sure that our parents get that ride to the doctor or take them ourselves, and we skip our own check-ups and important health screenings that can save lives and can also save money in the long run.

Women and men need to place a higher priority on keeping body and soul together, and we must understand that a healthy mind and a healthy body do go hand-in-hand. The emotional and financial responsibilities of caring for children and an aging parent

make many of us more susceptible to mental health illnesses. We need to be able to talk about mental health concerns as openly as we have learned to talk about issues such as cancer and heart disease, and we used to not want to talk about those issues openly, either.

So, Mr. Chairman, tomorrow's retirees, those of us who are members of the baby boom generation, may have some needs that are different than today's retirees, but when we retire, Social Security and Medicare remain paramount to our income security. Social Security and Medicare are much more than government programs. Together, they are a solemn compact between generations, and both programs are a lifeline for America's retirees, lifting millions of seniors out of poverty. It is a measure of our commitment to our parents and our grandparents.

Without Social Security—this is something that is really striking—more than half of older women would live in poverty without Social Security. Without Medicare, many could not afford any health care at all. That is why I believe, as the administration has proposed, that we should dedicate the budget surplus to paying down the debt to save Social Security and Medicare first. It is not just a slogan, it is a reality in people's lives. It makes their lives better, gives them a lifeline.

Additionally, we need to find ways to expand pension coverage, particularly to women, who tend to have less consistent work periods due to family responsibilities, having children, and also to lower-income Americans. We also need to make sure that these pensions are safe and that they are secure. I strongly share the administration's position that we should work together to preserve and strengthen the three-prong stool of retirement security: Social Security, private savings, and pensions.

So today's retirees and retiring boomers can be important forces for positive changes in our country. Being old should no longer be considered as being a drain on society or on families. I am confident that baby boomers will erase that fallacy for good. As children and young adults, we came of age when President Kennedy challenged us to "ask not what your country can do for you, but what you can do for your country." Thus, we will continue contributing to our communities, I know, through a lot of good hard work and volunteerism, which is on the rise. The public and private sectors ought to work together to find creative ways to harness our collective energy and drive to improve our schools, our communities, and our country.

Mr. Chairman, Ranking Member Breaux, you know all too well that our work is cut out for us. American families face extraordinary pressures, three of which are becoming more and more common. How can I care for my children? How can I care for myself? And how, if one or both of my parents fall ill, am I going to be able to care for them, and for how long? We need to work together to solve these problems, to develop tools and programs for families who need help to get help. With your continued leadership and expertise, together, I know we can address these problems and help a lot of families.

As I stated earlier, government does not have all the answers, and I think everyone in this room would agree with that. We need

individuals and families, churches, temples, mosques, congregations of all types, we need employers and employees, citizen activists, all to come and work together to move our country forward and to balance the needs of three generations, each with their specific set of demands.

I commend you for holding this hearing. I want to thank you very much for inviting me and for your initiative and for your leadership, and good luck in solving all these problems.

The CHAIRMAN. I thank you, Mrs. Gore, for a fine statement, more importantly, for being a living example of a person who practices what you have stated here in several different movements you have been involved with, as both a family member, a volunteer, and a political leader. We thank you very much.

[The prepared statement of Mrs. Gore follows:]

**U.S. Senate Special Committee on Aging**  
**“The Boomers are Coming: Aging in the New Millennium”**  
**Testimony for Mrs. Gore**  
**Monday, November 8, 1999**

Senator Grassley, Senator Breaux, and members of the Committee, thank you for your leadership on issues affecting older Americans and thank you for inviting me to testify. Senator Grassley, I enjoyed the Conference on Women's Health that Barbara, Dodi Boswell, and Christine Vilsack put together in Iowa.

As a member of the baby boom generation, I know we are one of the most fortunate and prosperous generations in history. We grew up in a time when America made significant economic gains, technological advancements, and huge strides in civil rights and gender equality.

As you know, today the baby boom is aging and the data are startling. In the next 15 years, the 76 million baby boomers born between 1946 and 1964 will start joining the ranks of America's elderly. Like many of our friends, Al and I are amazed to call ourselves grandparents. It seems like just yesterday that we moved into a new home and began raising a family. But, I know we will grow older. That is an unmistakable fact. Therefore, we ought to prepare ourselves for the changing needs of an aging baby boom generation. Baby Boomers will continue to have an enormous impact on American society as we age, but we will age differently than our parents.

Over the next decade, the numbers of Americans between the ages of 55 and 64 will grow by 47 percent. The fastest growing segment of the elderly population will be those 85-years-old and older. In the next 30 years, we will see millions more Americans facing the challenges of chronic illnesses and disabilities.

These numbers have significant political and cultural implications. Later this afternoon, you will hear from three experts in the fields of demography, aging and entitlement policy who will offer a more academic discussion on what this means for our social insurance programs and our economy. I'd like to speak generally about who we are as boomers and the challenges we face.

I come before you today as a daughter, a wife, a mother, and a grandmother concerned that the kitchen table issues important to my generation be addressed by leaders who are making decisions today that will improve our lives tomorrow. We are here today to discuss a new challenge that has only begun to receive the attention it deserves. There are television shows, movies, books, and news reports about the Baby Boom and Generation X. Today, a new generation is taking hold of popular

culture—Generation Y. But, more study and analysis needs to be directed toward the problems and needs of the “Sandwich Generation.”

For our generation – the first ever to have more parents than children – there is the dual challenge of caring for an aging parent while also caring for growing children. Hence, the “Sandwich Generation.” So far Al and I have raised three wonderful daughters and a son, who is still at home. Al and I also care for our mothers, who are fortunately still active and engaged in many activities. We are part of the sandwich generation—baby boomers who care for children on one side and aging parents on the other side.

It is a great blessing that Americans are living longer, healthier lives. But despite all of the medical advances that have been made, people still age. And because so many more of us are growing old, many of us will need help with basic everyday tasks.

This problem is exacerbated by the fact that Americans have always had a penchant for exploring new places. More than ever before our families are separated by geography.

It used to be more likely that Mom and Dad would live nearby or, at the very least, in the same city. But, that’s not the case today. What do you do if your Mother lives in Phoenix, you live in Washington, and she’s fallen and broken her hip? After the initial crisis ends, how can we help parents care for their parents over the long term? How do we honor our parents and maintain the dignity of Americans with long-term care needs? I know Al struggles with this problem with his own mother, who lives in Tennessee. We are always grateful for the extended family and friends that help out on a day to day basis.

We must work together to find ways not only to care for those with long-term care needs, but also to support the caregivers—the people who undertake the crucially important but often physically and emotionally difficult job of caring for a loved one who is aging or ill.

According to Department of Health and Human Services data, women often bear a greater burden in caring for an aged parent or adult; African-American women bear a greater burden than most other women. Moreover, many caregivers work full-time jobs, making informal, long-term care even more difficult. Caring for a family member is one of the most valuable and important jobs someone can do, and as a nation we need to support those who do it.

I am proud that Al and President Clinton have been working with the Congress, across party lines—including the senators on this committee—so that our public

policies reflect our private needs.

Government can help families raise children and care for their elderly parents. We can offer a tax credit for long-term care to ease the financial burden. Congress can reauthorize the Older Americans Act to create the National Family Caregiving Support Program and support other direct services to older Americans, like Meals on Wheels. Congress and the Administration can study ways to provide incentives to private insurers to offer affordable long-term care insurance.

These initiatives can help relieve and address families' emotional and financial burdens that caregiving imposes. We should not pretend that any government program can ease families' emotional and financial strains. While families need these programs, we also need caring communities that recognize their roles as caregivers and we need employers who help their employees balance work and family responsibilities.

While we need long term care for the elderly, we also need to find ways to expand programs for after school care for children. 15 million children are home alone after school while parents are at work because of the lack of affordable after school programs. Only 30 percent of elementary and middle schools offer after school programs; in rural areas, even fewer do. We've even created a new website, [www.afterschool.gov](http://www.afterschool.gov) to help parents and educators find and develop after school programs. But, we must do more. Together we should continue to work to expand safe and academically enriching after-school opportunities that serve nearly 400,000 school-age children in rural and urban communities each year to 1.1 million students. We need to find constructive activities for our children. It's good for them and it's good for their parents.

At the end of the day, families will still have to provide the necessary care. In many cases, though, something remarkable often happens. Families not only survive, they actually thrive. We ought to give more credit for the empathy, the resilience, and the downright individual strength that we see in families facing a medical crisis, whether the crisis affects a sibling, a parent, or a grandparent.

In the process of keeping our families together and on the right track women often forget about our own needs. We shuttle the kids between soccer practice and piano lessons, but forget to exercise and enjoy a personal hobby. We rush home to put dinner on the table or stay up late to pack lunches, but often neglect our own nutrition. We make sure our children get their shots and our parents get to the doctor, but we skip check-ups and important health screenings.

Women and men need to place a higher priority on keeping body and soul together. And we must understand that a healthy mind and a healthy body go



hand-in-hand. The emotional and financial responsibilities of caring for children and an aging parent can make us more susceptible to mental health illnesses. We need to be able to talk about our mental health concerns as openly as we have learned to talk about issues such as cancer and heart disease.

Mr. Chairman, tomorrow's retirees, those of us who are members of the Baby Boom generation, may have some needs that are different than today's retirees. But, when we retire, Social Security and Medicare remain paramount to our income security. Social Security and Medicare are much more than government programs. Together, they are a solemn compact between generations. Both programs are a lifeline for America's retirees – lifting millions of seniors out of poverty. It is a measure of our commitment to our parents and grandparents. And without Social Security, more than half of older women would live in poverty. Without Medicare, many could not afford health care. That's why I believe—as the Administration has proposed—we should dedicate the budget surplus paying down the debt to save Social Security and Medicare first.

Additionally, we need to find ways to expand pension coverage, particularly to women who tend to have less consistent periods of work due to family responsibilities, and to lower income Americans. We also need to make sure that those pensions are safe and secure. I strongly share the Administration's position that we should work together to preserve and strengthen the three-legged stool of retirement security: Social Security, private savings, and pensions.

Today's retirees and retiring boomers can be important forces for positive change in our country. Being old is no longer considered being a drain on society. I am confident baby boomers will erase that fallacy for good. As children and young adults, we came of age when President Kennedy challenged us to "ask not what your country can do for you, but what you can do for your country." Thus, we will continue contributing to our communities through work and volunteerism. The public and private sectors ought to work together to find creative ways to harness our collective energy and drive to improve our schools, our communities, and our country.

Mr. Chairman, Ranking Member Breaux, you know all too well that our work is cut out for us. American families face extraordinary pressures, three of which are becoming more and more common. How can I care for my children? How can I care for myself? And, how, if one or both of my parents fall ill, can I care for them? We need to work together to solve these problems, to develop tools and programs for families who need help to get help. With your continued leadership and expertise, together, we can address these problems and help these families.

As I stated earlier, government does not have all the answers. We need individuals and families; we need churches, temples and mosques; we need employers

and businesses; and we need citizen activists to work together and move our country forward so that we balance the needs of three generations each with their specific set of demands. I commend you for holding this hearing. Thank you so much for this invitation and your hard work and devotion to our nation's families and senior citizens.

The CHAIRMAN. I am going to turn the gavel and chair over to Senator Breaux because I have to go over to the floor to manage a bill, so I would ask you to do it and to call on the people in the order in which they come to ask their questions, and thank you, Mrs. Gore.

Mrs. GORE. You are welcome.

Senator BREAUX [presiding]. Thank you, Mr. Chairman, for being with us, and thank you, Mrs. Gore, for the statement. I think that you really hit on a number of really critically important points, coming from the perspective of the baby boom generation.

The only question I would have is, we have this chart, and it has my name on it, but obviously, we have had a lot of people contribute to the things that baby boomers really need to know. As a baby boomer and as you travel around the country and talking to people in that generation, do you think people really understand some of these things that they are going to be facing?

I know that in our discussions on the Aging Committee, a lot of people think that, well, they do not need long-term care because Medicare will take care of it and Medicare does not, or they think I do not need to worry about my drugs because when I receive Medicare, it will pay for it, and that really does not happen. It seems to me that a lot of people do not realize how ill-prepared they are for getting older.

Mrs. GORE. I think it is probably a natural part of the human condition to not really think about that too much unless you are really forced to do it. I think that our generation is forced to do it perhaps more than any generation previous to ours because of the number of us that are caring for our parents. We see what they are going through. We may be surprised and shocked at where we come up short and think that something should be provided and find out that it is not, or find out how difficult it is to access services or get information.

I think that it is clear to us, because of our experience with our parents, what they need and what we need, particularly since there are going to be so many more of us. Everything from, obviously, coverage of prescription drugs to better long-term health insurance to different ways to live as you grow older, alternatives to nursing homes, maybe going to group homes. I hear a lot of discussion about this among people my age who are really concerned and who think we need to get going on this now, to help our parents, No. 1, but also to prepare the society for when we flood it as older Americans, living longer and, hopefully, living in better health, but with a lot of these, what we are seeing as unmet needs. We now have a chance to plan for them and meet them. so, again, I commend you for your leadership in looking at this.

Senator BREAUX. Thank you very much, Mrs. Gore. We had asked first Mrs. Gore to come up and make a statement. We are not going to go into questions. Does anybody have any other comments or anything?

Senator REID. I would just say, you have worked with me on suicide and your leadership on mental health generally has been such an asset to the work that is being done in the country now on suicide, and I publicly congratulate and applaud the work that you have done.

Mrs. GORE. Well, thank you. Thank you for your leadership, too. If I could just say, suicide among the elderly is something that is, I think, underreported. It is something that we need to take a good, long, hard look at, and as we become aware of mental health issues in the geriatric patient group, so to speak, or among older people, we are learning that depression is not just a natural part of aging, that in many cases, it is a diagnosable, treatable disease and we can have our parents' generation and older people living a much better quality of life if we also let them have access to good mental health care and good mental health services.

Senator BREAUX. You are right on target. We thank you very, very much for being with us and helping us to highlight the issues we are trying to explore. We appreciate you being with us.

Mrs. GORE. Thank you for the invitation.

Senator BREAUX. Thank you, Tipper.

We would like to welcome the next panel which has three outstanding presenters. We would like to, as Mrs. Gore leaves, welcome up Mr. Ken Dychtwald, who is joining us from California, where Dr. Dychtwald is president and CEO of Age Wave. He is a consultant on the social, lifestyle, and business implications of the aging of America. He is the author of 10 books on aging-related issues, including his latest, which we just happen to have a copy of, called *Age Power: How the 21st Century Will be Ruled by the New Old*. He is going to discuss the social implications of an increasingly older population.

He will be joined by Mr. Fernando Torres-Gil, who is associate dean of the UCLA School of Public Policy and Social Research. He served as Assistant Secretary for Aging in the U.S. Department of Health and Human Services during the first Clinton administration. Dr. Torres-Gil has also served as a special assistant to two cabinet secretaries and also is the Staff Director of the U.S. House of Representatives Select Committee on Aging. His research focuses on public policy in an aging society and the politics of aging and long-term care and human services to older persons. He is also the author of *The New Aging: Politics and Change in America*.

I would like to also welcome our good friend, Pete Peterson. Pete, welcome to the committee. Pete is the chairman of the Blackstone Group and author of the *Gray Dawn*, which we also have a copy of, how the coming age wave will transform America and the world. Pete Peterson is currently a director of Transtar, Inc., and Sony Corporation and Deputy Chairman of the Federal Reserve Bank of New York. He is the founding president of the Concord Coalition, the bipartisan citizens' group that he organized in 1992, together with Senator Warren Rudman and our late colleague, Senator Paul Tsongas. Mr. Peterson also served, of course, as Secretary of Commerce under the Nixon administration. He will discuss the economic impact of the aging population.

Gentlemen, we welcome all of you. Dr. Dychtwald, we have you listed first, if you would like to proceed. Welcome to the committee.

**STATEMENT OF KEN DYCHTWARD, PH.D., PRESIDENT AND  
CHIEF EXECUTIVE OFFICER, AGE WAVE, LLC, EMERYVILLE,  
CA**

Dr. DYCHTWARD. Thank you, Senator. First, let me say this will be my first time testifying, so I am both excited and honored to be here with you. Thank you for giving me this opportunity.

I have had a peculiar career. I have spent the last 25 years studying the field of aging, as a consultant, as an advisor, as a project director, half of that time in the not-for-profit world and the other half in the for-profit world. I suppose I think of myself a bit as an age scout. I have spent 25 years up ahead in the land of old, and now, as a 49-year-old baby boomer, I think the time has come to make my report to my own generation about what is good and what is not as good in the land ahead.

There is so much to say, but what I think might be most useful would be to share with you what I think the three major forcing trends are currently, through my own eyes and my own words. I do not believe I speak for the entire generation. Ours is a generation for whom it is very hard to have anybody speak for the group. And then I would like to share with you what I believe are the five major challenges that we face, all of which could turn into social and political train wrecks unless we make changes soon.

First, we are becoming a gerontocracy. Throughout 99 percent of all human history, the average life expectation worldwide was less than 18 years. We have never before had a mass population of people who could expect to see their 80th or 90th or 100th birthday. This is the very first time in all the world that what we are talking about today is occurring. The whole world is watching. The future of all modern civilization is going to be transformed by this gerontocracy.

Today's elders have also become not only a large group in terms of their demographic heft, they have also become an economically formidable group. They have gone from being the poorest segment of society to the richest, and at the same time, they now have unrivaled political might.

The second trend, which is equally potent, is that we are not at the end of a longevity revolution, notwithstanding the remarkable breakthroughs during the 20th century in public health, sanitation, pharmaceuticals, nutrition and such. The longevity revolution that I anticipate for my own life is just beginning. In the years to come, it is not inconceivable that from the areas of pharmaceutical, biotech, organ transplantation, hormone therapies and bionics, it is entirely likely that members of my generation, perhaps many, will live 90 or 100 or more years. There is even talk in California, where I live, among all these wealthy high-tech billionaires that they are going to find ways to live to be 200, and wouldn't that be an interesting new challenge?

The third phenomenon, equally strong, is that the generation growing old is not the generation of the past, reasonably small with modest expectations of what and who they might be in their later years. We have this massive generation for which we were unprepared after World War II. We had not enough hospital beds. We had not enough diapers, not enough bed room. We had not enough school books. When I went to school in the 1960's, the schools were

overcrowded and we went on double shifts. When we tried to get into college, the colleges just could not handle the load. We had to build 750 new colleges and universities in the 1970's.

Every step along the way, the huge mass of the boom has stretched and torn the various institutions that have been designed to serve them, and I would like to also offer as a caveat that ours is a generation that does not simply migrate into the lifestyles and challenges that previous generations have configured. We transform them all, sometimes for better, sometimes for worse.

The conclusion is that while the 20th century most definitely belonged to the young, the 21st century will be ruled by the old, the new old.

Is this good? Is everything going to work out OK? I think we are doing pretty well, but I do believe that there are five looming issues that, in my view, are not currently being addressed as well as they might.

The first, No. 1, is that we have obsolete markers of aging. It is almost absurd that we use 65 as the marker of old age. It was first picked by Otto Von Bismarck in the 1880's, when the life expectancy was only 45. If we were to draw the equation, we would be retiring people today at 112. Sixty-five may have made sense to be a time of old age in the 1880's, but it is certainly not now, when we see Sophia Loren at 65 and Lena Horne at 82 and Sean Connery at 69. My little boy recently asked me when John Glenn went up in space, how come they only let old men be astronauts? He is growing up in an era where he thinks 80-year-olds are fit, vigorous and active.

This is truly a new era. This is the era we have dreamed of since the beginning of time. And yet, for reasons that I must say I cannot comprehend, we still elect to call 65 the marker of old age and, therefore, the point at which to be eligible for old age entitlements. None of my generation would like to be told they are going to have to work longer, but we would all like to be told we could be young longer. That is going to have to be reconciled.

We are also going to have to remove the silver ceiling and all the age discrimination that is so pervasive in this country if people elect to continue to be active and productive in their later years or if they simply need to earn the money.

My second concern has to do with whether we are heading toward what I call Tithonus's revenge, or healthy aging. As you may be aware, there is this fascinating Greek fable of the beautiful goddess Eos, who was the goddess of the dawn. As fate would have it, she fell in love with a mortal man. She went to Zeus and asked one special favor and that was that Tithonus be granted immortality, and Zeus granted the wish. But as she was leaving Zeus's chamber, she realized she forgot to ask for health. So as the fable goes, Tithonus got older and sicker and older and sicker and his bones broke and his skin rotted and his organs decayed and his brain became demented, but he could not die.

That is a fitting allegory for what we have created in the 20th century. We have a health care system that, while enormously empowered with capital, does a woefully inept job of helping people remain healthy until the end of their days. There are 30 or more countries throughout the world that have a higher life expectancy

than ours. The degree of chronic disease and disability in our later years is not anything to be proud of.

Perhaps the best example is the proliferation of what is sometimes called elderly AIDS, dementia. We have a million people in America with HIV, which is a horrible, horrible disease. All of our lives have been touched by it as boomers. But we have four million right now with Alzheimer's. The dementia rate over the age of 85 is one in two.

So what we might be creating is a future in which more and more of us live 80 or 90 or 100 years, but unless we seize this challenge and wipe out dementia and other diseases of aging, many of us will live to our 90th birthday, but one-half of us will not remember this discussion. It is a very serious issue.

Now at the same time, in Great Britain, every medical school has got a department of geriatrics. We have 126 medical schools in this country, with only three departments of geriatrics. It is scandalous. Medicare does not require any geriatric competence for physicians to be reimbursed in treating the elderly. HMOs are not held to any geriatric competency standard in their care and coordination of older adults. For every dollar we spend on treating the health needs of older men and women, 99 cents goes toward cleaning up the illness after the fact and only one cent goes to scientific efforts to wipe out the diseases in the first place.

I was fortunate in my 30's to collaborate on a book with Jonas Salk, and one night over dinner, Dr. Salk told me that in the 1940's, people felt that what we needed in the future were more iron lungs and more sanitariums. He felt, no, what we really need is to wipe out this horrible disease.

We are not set up to create healthy aging in this country, and more funding for Medicare will not solve the problem.

Third, as Mrs. Gore alluded to, we are in the midst of a care-giving crunch. As more and more of our moms and dads live longer, often with chronic disease, our moms outliving our dads, living at distances, the amount of time and effort that 22 million families are currently investing in to care for their parents has been a profound social issue. Our employers are not creating elder care with any degree of seriousness. Long-term care insurance has not taken off. We do not have a social or business infrastructure in place to provide respite care and intelligence against this sector. It is shameful, and it will put enormous burden on the boomers in their middle years. And let us not forget that 15 percent of senior citizens have kids who are senior citizens, so many of these care givers are themselves elder.

My fourth biggest concern is what I call a financial wake-up call. I am very impressed and proud of the level of education and sophistication of my generation. While we take a lot of shots in the media, I think we have got one creative, productive, and a little bit wacky group. But financially, I think we are in a state of financial illiteracy. Whereas about one-third of the boomers are doing quite well, earning good money, getting good returns from the market, and will likely be the beneficiaries of inheritances from their moms and dads, at the bottom, there are 25 million baby boomers that have not saved a cent, that have less than \$1,000 in their total net household worth.

At the same time, two billion credit card solicitations went out this year. While the credit card debt was \$127 million for our mom and dad's generation, it is now \$1.3 trillion, a 10,000-times multiple. This is not a generation that is saving. This is not a generation that is maxing out their 401(k)s. Only 20 percent of the generation do not leak their 401(k)s when they roll them over. And it is not a generation that is behaving in, I think, the responsible way we must, considering, as well, that the level of entitlement support may be substantially diminished for us in our old age.

Fifth and last, intergenerational relations. What I am fascinated by as both a psychologist and working in the field of gerontology is that we have spent so much time and energy in this century producing longevity, and we are doing a decent job. However, we have not spent an equal amount of time figuring out what is the purpose and opportunity of old age. Last year, the average retiree watched 43 hours of television a week. They have the lowest volunteer rate of any age group in the country.

The old have become an enormously powerful political force. We all know that and it need not be stated here. Our founding fathers, when life expectancy was only 35, the day the Declaration of Independence was signed, never anticipated a world when four or five generations would be vying for their share of the economic and political pie. We know that two-thirds of the 65-year-olds vote, compared to only about 30 percent of the younger generation. The balance of power, the balance of demand between the two generations is substantially out of whack.

I would also argue that it is conceivable that in my life, as the boomers inherit this gerontocracy, we will see age wars, as younger generations, as Gen Xers and beyond feel that there are just too many of us placing too many demands to be reasonable and fair to them.

I would also argue, as my final point, that I think we need the creation of an elder corps, perhaps not so much for today's elders, but for our own generation. I think it will be important to provide useful service in our later years. What I have discovered in my 25 years of research is that the elder men and women who seem the healthiest, the most vibrant, are those who feel useful, who are giving something back. Yet so many of our programs in America are designed to give to them, not to ask them to give to us. I think if we could round up 5 or 10 million elders who wanted to volunteer in our churches, in our schools, in our community centers, we could literally create one of the more amazing intergenerational dynamics that anyone in the world might ever imagine, and it could be good for all.

On the other hand, if the boomers migrate into their old age and storm around like silver-haired velociraptors, consuming all the resources in America, we will become not a Shangri-La but a "Gerassic" Park. Those are my concerns.

Senator BREAUX. Dr. Dychtwald, thank you very, very much. Your testimony was right on target with what we were looking for. We appreciate you being with us.

[The prepared statement of Dr. Dychtwald follows:]



## *Boomer Wake-Up Call*

*Prepared by Ken Dychtwald in support of testimony given to the Senate Committee on Aging on November 8, 1999.*

### **From Baby Boom to Age Wave**

In 1946, America experienced a demographic quake that would last eighteen years. After dropping for centuries, from nearly 7 births per woman in the late 1700s to 2.1 in the 1930s, the U.S. birth rate rose to 3.8 in a postwar fertility boom that produced 76 million children—nearly one third of the U.S. population—between 1946 and 1964. What began as a baby boom is now rising up into an “age wave” destined to crash across society’s shores – transforming everything in its path.

When the leading edge of the baby boom first arrived, America and its institutions were entirely unprepared. Waiting lists developed at hospitals across the country; facilities and staff were inadequate; and in some hospitals, hallways were used as labor rooms. Similarly, apartments and homes didn’t have enough bedrooms for rapidly expanding families; there was a shortage of baby food and diapers; and department stores couldn’t keep enough toys in stock to meet the multiplying demand. When the boomers took their first steps, the shoe, photo, and Band-Aid industries skyrocketed. Similarly, sales of tricycles, Slinkies, and Hula Hoops exploded as the marketplace was flooded with products for kids.

The boomers were born into a radically different world than that of their parents and grandparents, whose lives had been traumatized by World War I, the Depression, and then World War II. Struggling through decades of social and political uncertainty, often shadowed by the threat of poverty, the older generation was often forced to make peace with modest means and delayed gratification.

In response, these new parents hoped to give their own children a new level of stability and comfort—even luxury. “Gone, for the first time in history,” announced *Time Magazine* in 1955, “is the worry over whether a society can produce enough goods to take care of its people.” Notwithstanding their attempt to teach their children their own values of restraint and discipline, they also dreamed of showering them with abundance.

For example, while many parents of boomers were raised in the crowded confines of tenements or row houses, they envisioned a different environment for their children. In response, by the early 1950s, hundreds of thousands of new homes were built, in some cases resulting in the creation of new communities, such as Long Island’s Levittown—America’s first “suburb.” By the late 1950s, more than 45 million Americans would call suburbia home and millions of children would come to know a lifestyle of private bedrooms and backyards that their parents could only have dreamed of.

to stand for much of what made the '60s unique, the "yuppie," yet another version of the continually evolving, maturing boomer, came to stand for the '80s.

During the past decade, millions of boomers have been migrating into life's middle years, simultaneously juggling the responsibilities of increasingly powerful roles at work, child-rearing and providing long-term care to their parents. Perhaps the single biggest change compared with earlier generations is the complexity and multiplicity of roles that boomer women have courageously assumed. As careerists, moms, wives and "sandwiched" daughters, boomer women are truly a new breed of social pioneer.

### **The Coming Longevity Revolution**

On January 1, 1996, the first baby boomer turned 50. Now that members of this youth-oriented generation are within shouting distance of their maturity, they have begun to turn their attention toward the aging process itself. Most boomers would prefer to take their youth with them into old age. And, given impending breakthroughs in a wide range of scientific fields, this desire might actually be realized.

Currently, more than 100,000 anti-aging related research projects are underway in numerous disciplines in all corners of the world: *more resources have been deployed in the battle against aging in the past ten years than in the previous ten centuries.*

As a result, we could wake up a decade from now—or even a month from now—and find that there's a new medicine or genetic technology with which we can prevent cancer or Alzheimer's; a new generation of nutraceuticals and/or hormone cocktails that will fortify our aging immune systems and keep us youthful for decades; a new nanotechnology that can rid the vascular system of atherosclerotic buildup, thereby eliminating most heart disease. And what if scientists succeed in slowing cellular aging and elevate life expectancy as high as 120 or 150 years for those who can afford to buy the treatment? (Which raises other questions: If breakthroughs do occur, who will get them? Would a world in which some people lived to 200 and others died at 50 be dominated by a new politics of longevity?) While boomers might not find the "Fountain of Youth," there's a good chance that many will tap long, cool drinks of extended life. And because of the boomers' proclivity for experimentation with self-care and "alternative" treatments, the United States will almost certainly be "ground zero" for the mind-boggling longevity revolution to come.

### **Like a Pig Through a Python**

The boomers have dominated American culture for five decades. Every time they've taken a step, the spotlight of the media has swiveled to illuminate them. The massive numbers of this cohort have amplified the importance of whatever experiences they've had at each new moment in their lives. Just as surely as they learned to use a baby bottle, they learned to read, to play records, to buy cars, to vote, to buy and remodel homes, and to invest in the stock market.

When boomers reach any stage of life, the issues that concern them—whether financial, interpersonal, or even hormonal—become the dominant social, political, and marketplace themes of the time. And, as we have repeatedly seen, boomers don't just populate existing lifestyles or consumer trends, they *transform* them. Some examples:

- Boomers didn't just eat food—they transformed the snack, restaurant, and supermarket industries.
- Boomers didn't just wear clothes—they transformed the fashion industry.
- Boomers didn't just buy cars—they transformed the auto industry.
- They didn't just date—they transformed sex roles and practices.
- They didn't just go to work—they transformed the workplace.
- They didn't just get married—they transformed relationships and the institution of the family.
- They didn't just borrow money—they transformed the debt market.
- They didn't just go to the doctor—they transformed healthcare.
- They didn't just use computers—they transformed technology.
- They didn't just invest in stocks—they transformed the investment marketplace.

Yet the boomers' demographic weight has not always made things easier for them. While the group's large size consistently *benefits* others who sell them products and services, it is often a distinct *disadvantage* to individual boomers. Their vast numbers have created fierce competition for everything they've wanted throughout their lives: for school space as children, for team and club memberships as teen; for college entrance, and for homes and good careers as young adults. At every stage, they've had to fight their way through the demographic bottleneck that their own numbers have created. They may have received more attention as a group than any other, but as individuals, the odds of receiving satisfying benefits have always been—and *always will be*—a little less than theirs.

### The Rise of Age Power: America is Becoming a Gerontocracy

As boomers migrate into maturity, their vast influence over the economy, social policy and the culture in general will transform America into a "gerontocracy." Throughout 99 percent of human history, the average life expectancy at birth was less than 18 years. During this past century, the average life expectancy has been vaulting upwards from 47 years in 1900 to 76 years today. Currently there are 76 million Americans past the age of 50 (exactly the same amount of total Americans there were one century ago). By 2020, due primarily to the aging of the boomers, the U.S. Census Bureau projects that there will be more than 115 million U.S. adults over age 50—a staggering 50 percent increase. And while the number of older adults is multiplying, the size and strength of youth is declining as fertility rates in the U.S., Europe, Japan, and other modernized nations are dropping. In the United States, the fertility rate is hovering around 2.1—poised just on the edge of the minimum replacement level and down from 3.8 during the 1950s and early 1960s. Currently, there isn't a country in Europe where couples are having enough children to replace themselves.

In addition to their growing demographic heft, mature men and women have recently gone from being the poorest segment of society to the richest. Comprising 27 percent of the total population, and 36 percent of all adults, 50+ adults control more than \$7 trillion in wealth—70 percent of the total; own 77 percent of all financial assets; represent 66 percent of all stockholders; own 80 percent of all money in S&Ls; purchase 48 percent of all luxury cars; buy 74 percent of all pharmaceuticals; and represent a whopping 80 percent of all luxury travel. During the 1990s, the percentage of mature Americans with income of \$100,000 or more has tripled.

Concurrent with their growth in demographic and economic power, older adults have substantially strengthened their political influence. Nearly 70 percent of Americans 65 and over voted in 1996, compared with only 33 percent of those between the ages of 18 and 24. And while the elderly have recently tended to divide their votes 60/40 between Democrats and Republicans, they quickly become a unified power block whenever their interests are challenged. In addition, they have AARP, the country's largest – and perhaps, most formidable – special interest group to lobby for their interests.

*Whereas the 20th century belonged to the young, the 21st century will be ruled by the old – the "new old."* Are we prepared? Our nation is on the brink of unprecedented social and political challenges that pose new questions, requiring a host of new solutions:

- Can our country afford to have tens of millions of us living to 80? Or to 100?
- What will be the impact of four or five-generation families?
- Are we prepared to spend more years and dollars caring for our aging parents than for our children?
- Who will pay for the long-term care of tomorrow's "elder boomers"?
- With breakthroughs in longevity, at what age should we be considered "old" and therefore eligible to retire and receive old-age benefits?
- Will existing entitlement programs survive long enough for young generations to reap even part of what they have been paying in?
- Can our current healthcare system handle the onslaught of chronic degenerative diseases, such as Alzheimer's?
- How will we come to terms with "right-to-death" issues?
- Are our politicians capable of distributing limited government resources fairly among many generations, each with its own distinct needs, styles, fears, complaints, and expectations?
- How can the aging nations of the Americas, Europe, and Asia continue to be economically productive with so many dependent older citizens being supported by shrinking numbers of young workers?
- Can our political system restrain the demands that tens of millions of elder boomers will place on the social and economic infrastructure?

### Potential Crises Ahead

Just as society's institutions have been grossly unprepared for the baby boom, the teen boom, and the yuppie boom, we have—as yet—done far too little to prepare for the coming *elder boom*. Millions of new nursing-home beds will not appear overnight. Teacher shortages were patched over in the 1950s by occasionally pressing bright high school graduates into service, but it takes far longer to produce a neurosurgeon or oncologist. And, of course, so many boomers making demands on retirement benefits will place enormous strain on the Social Security and Medicare Trust Funds in the early decades of the 21st century. As a result of the unprecedented demographic, medical and lifestyle changes described above, a variety of aging-related societal crises could shake the foundation of our nation and rattle all aspects of our lives.

Based on 25 years of personal study, experience, dialogue and analysis, I have come to believe that of all the possible obstacles and opportunities, there are *five key aging-related crises* toward which boomers are currently heading—all of which are preventable – but only if we begin to take corrective action soon. They are:

- ***Elder Boomer Challenge # 1: Obsolete markers of aging.***
- ***Elder Boomer Challenge # 2: Tithonus' revenge or healthy aging?***
- ***Elder Boomer Challenge # 3: The coming caregiving crunch.***
- ***Elder Boomer Challenge # 4: Financial wake-up call.***
- ***Elder Boomer Challenge # 5: Shangri-La or "Gerassic" Park?***

### **Elder Boomer Challenge # 1: Obsolete markers of aging.**

Aging boomers will not only live longer than previous cohorts, they'll grow "old" much later as well. When Otto Von Bismarck picked 65 to be the marker of old age in the 1880's, in preparation for Germany's first pension plan, the average life expectancy was only 45. On the day that Social Security began, the average American could expect to live 63 years.

In 1997, former President George Bush celebrated his 72nd birthday by parachuting from a plane to commemorate his last parachute jump, when he'd escaped from a crippled airplane in World War II. U.S. Senator John Glenn, who in 1962 became the first American to orbit the earth, recently returned to space at 77 as a silver-haired "payload specialist." At 82, Lena Horne remains talented and beautiful, and 69-year-old Sean Connery is still considered one of the world's sexiest men.

The increasing longevity and youthfulness of today's seniors - who are serving as new role models for a vital maturity - are causing a dramatic redefinition of what it means to be "old." Today, Bush, Glenn, Horne, and Connery are just a few of the most prominent examples of an emerging wave of healthy, productive elders. Old simply isn't what it used to be. However, the marker of old age - 65, and its accompanying entitlements remains attached to an anachronistic model of aging. This makes no sense at all.

**Warning:** If life expectancy continues to elevate, without ongoing adjustments in the age of eligibility for "old age" entitlements, every intergenerational financing program, including Social Security and Medicare, could ultimately collapse.

In addition to their desire to postpone old age, the boomers' propensity for personal growth and new lifestyle challenges will also render obsolete the traditional "linear life" paradigm - in which people migrate in lockstep first through education, then work, then leisure/retirement. In its place, a new "cyclic life" paradigm in which education, work and leisure are interspersed repeatedly throughout the life span is emerging. It will become normal for 50 year olds to go back to school and for 70 year olds to re-invent themselves through new careers. Phased retirements, part-time and flex-time work and "rehirements" will become common options for elder boomers who'll either need to or want to continue working.

#### **Possible Solutions:**

1. Unhinge old age from the anachronistic marker of 65, and "index" entitlements to rising longevity.
2. Encourage and empower people to retire when they are ready and when they can afford to, instead of holding everyone to uniform standards.
3. Remove all economic disincentives for older adults who wish to keep working.
4. Smash the "silver ceiling" of age discrimination and make it easier for people to pursue meaningful employment in maturity.
5. Replace the "linear" life paradigm with a new "cyclic" one that takes maturity into account as a time of new life pursuits and interests and supports such late blooming with the necessary educational and career redirection services.

***Elder Boomer Challenge # 3: The coming caregiving crunch.***

Throughout the 1980s, childcare was one of the main issues of concern to working families. Just as the boomers' children are leaving the nest, however, a new concern is about to multiply: *eldercare*. The key social, economic, and healthcare trends that are creating a caregiving crunch are: increasing longevity of the chronically ill, insufficient financing for long-term care, the absence of integrated and accessible long-term care services and, the premature death of men. As a result, the overwhelming focus of family life in the new millennium will be the adults - two, three and even four generations of them. And, the average 21<sup>st</sup> century American will actually spend *more years caring for parents than for children*. Already, on any given day, an estimated 22 million American households are involved in eldercare, and within the next two decades the number is expected to double.

Are we prepared for the impact this caregiving crunch will have on our lives? What will our "modern" values be regarding care of our parents—and ultimately of ourselves? Just as most of our parents cared for us when we needed them, it is our duty to lovingly care for them. Yet, due to a variety of factors, however, this will become an increasingly difficult task.

**Warning:** Caring for elders and lovingly supporting them as they slowly succumb to chronic diseases could become the social and economic "sinkhole" of the 21st century.

Today, 80 percent of all long-term care is provided by friends and family members outside of hospitals, nursing homes, and other institutions. This caregiving might involve grocery shopping and housecleaning for a disabled parent several hours a week, helping a loved one who is recuperating from surgery to bathe and dress several days each week for a few months, or even providing 24-hour attention to a parent struggling with Alzheimer's—seven days a week for ten years. These kinds of needs will not be met by simply building more hospitals and nursing homes or tweaking Medicare's reimbursement parameters.

**Possible Solutions:**

1. Focus scientific efforts on eliminating or postponing the most problematic chronic diseases of aging and, thereby, much of the caregiving demand.
2. Expand and integrate disjointed long-term care programs and services, and hold them to acceptable standards of quality.
3. Encourage the financing of long term-care through private insurance or reverse mortgages.
4. Establish new tax-advantaged eldercare-oriented employee benefits for workers and their parents.
5. Develop health-related affirmative action programs for men, thereby creating more gender parity and greater likelihood of couples caring for each other as they age.

**Elder Boomer Challenge # 4: Financial wake-up call**

Approximately one third of all boomers are currently earning large salaries, have invested wisely, and will benefit from their share of the more than ten trillion dollars in inheritances their parents will leave behind. Another third will, in all likelihood, be forced to extend their worklives at least five years beyond current expectations before they might enjoy a satisfactory retirement. If they're fortunate enough to receive some inheritance, they might even live comfortably in maturity. Yet, a sizeable segment of boomers – as many as one third, and a group disproportionately female – have accumulated high levels of debt, have virtually no savings, no investments, no pensions and, in all likelihood, will receive no inheritance windfall. Today, these 25 million boomers have average household net assets of less than \$1,000.

Even though some boomers are now preparing for financial security, unfortunately the majority are caught in a dangerous state of “financial paralysis” with no established pattern of planning, investing, or saving. From an average of 11.7 percent in the 1950s, the U.S. household savings rate dipped to 10.8 percent in the 1970s and has plummeted to 4.9 percent in the 1990s. Excluding pensions, the personal savings rate is 1 to 2 percent—compared to 25 percent in South Korea, 12.15 percent in Japan, and 10 percent in Europe. At the same time, the vesting requirements of most pension plans are out of sync with boomers' frequent job changes and pensions are becoming less certain as employers replace guaranteed benefits with “do your own thing” defined-contribution programs.

**Warning:** If “live-for-today” boomers don't hear the wake-up call and start saving for tomorrow, they will find themselves struggling with a poverty-stricken old age, placing enormous burdens on the U.S. economy and on the children forced to care for them.

Given how well-educated and self-reliant they are, it is ironic that so many boomers are financially illiterate. And because so many purchases, especially those involving immediate gratification, have become easy and even mindless, many boomers are not balancing their current and *future* needs. Unless changes are made soon, millions – and conceivably tens of millions – could eventually find themselves old and broke.

**Possible Solutions:**

1. Upgrade financial literacy and financial empowerment through a national awareness and education campaign for boomers while instituting financial planning curricula in all levels of childhood education.
2. Increase personal savings rates, possibly through mandated, tax-advantaged savings programs.
3. Make pensions more portable and flexible to match the boomers' mobile workstyles and disincentivize boomers from “leaking” their 401(k) savings.
4. Affluence-test and target entitlements to match the diverse needs of tomorrow's elders.
5. Privatize portions of Social Security to generate better returns.



***Elder Boomer Challenge # 5: Shangri-La or "Gerassic" Park?***

Although medical science has focused on how to prolong life, political and community leaders have not yet created a compelling vision for what tens of millions of long-lived men and women might *do* with those additional years. Currently, 40 million retirees spend an average of 43 hours a week watching television and the elderly have the lowest volunteerism rate of all age groups. Unfortunately, mature-oriented affinity and advocacy organizations have become more concerned about what their constituency might *get* from society than what they might *give*. Unless we envision and mobilize a new, productive role and useful purpose to life's later years, an *elder wasteland* could emerge in which more than 70 million couch-potato retirees drift through their mature years watching TV, surfing the Internet, wandering through malls, and playing various games while siphoning off society's resources.

**Warning:** Without envisioning a new purpose for old age, we could be creating a "Gerassic" Park in which the young are pitted against the old.

In youth, boomers were self-indulgent in their priorities. In their late teens and twenties, many shared an idealistic commitment to bettering society. During the past several decades of career building and child-rearing, many of their early ideals have been submerged. In the decades ahead, the boomers will complete America's transformation into a gerontocracy, as they take control of the nation's social and economic power.

If they can step outside their generational tendency toward self-centeredness and wield this power with wisdom and generativity, they could rise to their greatest height and make a remarkable success of history's first multi-ethnic, multi-racial, and multi-generational melting pot. Or if, like silver-haired velociraptors, they use their size and influence to bully younger generations and gobble up all of the available resources, political "age wars" could erupt in which the young lash out in anger and frustration at the weighty demands placed on their increasingly strained resources.

However, if this generation can learn to exemplify a new kind of wise, mature leadership, when the boomers' time on earth is over, perhaps they will be remembered not just as the *largest* generation in history, but the *finest*.

***The choice is ours.***

**Possible Solutions:**

1. Envision and create a new purpose for elderhood that emphasizes the contributions of wisdom, generativity and mature leadership.
2. Forge a multigenerational melting pot through the encouragement of a wide range of intergenerational programs and activities – including "multigenerational tribunals."
3. Scale AARP down to size and establish appropriate checks and balances so that no generational group can dominate the others.
4. Create and mobilize a national "Elder Corps" in which millions of older adults are recruited to share their values, knowledge and skills with youth in need.

\*\*\* Sections of this paper were adapted from *Age Power: How the 21<sup>st</sup> Century Will be Ruled by the New Old* by Ken Dychtwald (Tarcher/Putnam: September, 1999). Note: All of the solutions identified in this paper are presented in greater detail in *Age Power*.

#### About Ken Dychtwald, Ph.D.

Over the past 25 years, Ken Dychtwald, Ph.D. has emerged as one of the nation's most original thinkers and leading authorities on the social, lifestyle and business implications of the aging of America. He is a psychologist, gerontologist and author of ten books on aging-related issues, including *Bodymind, Wellness and Health Promotion for the Elderly, The Role of the Hospital in an Aging Society, Millennium: Glimpses Into the 21st Century, New Directions in Eldercare Services, Implementing Eldercare Services, The Keys to a High Performance Lifestyle, Age Wave: The Challenges and Opportunities of an Aging America, Healthy Aging: Challenges and Solutions*, and his latest, *Age Power: How the 21<sup>st</sup> Century will be Ruled by the New Old* (9/99).

In the first half of his career, Dr. Dychtwald became known as the nation's leading proponent of "healthy aging" within the not-for-profit aging network. Then, in 1986, he became the founding President and CEO of Age Wave, an "idea lab" created to help corporations and associations prepare to meet the needs of an aging consumer marketplace.

Since 1998, Dr. Dychtwald has served as a fellow of the World Economic Forum and he recently received the distinguished American Society on Aging Award for outstanding national leadership in the field of aging. In 1998 the Society named Age Wave, LLC as the Small Business of the Year.

A 49-year old boomer himself, Dychtwald lives Northern California with his wife Maddy, daughter Casey (12) and son Zak (9).

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Senator BREAU. Fernando, it is good to have you, good to see you.

**STATEMENT OF FERNANDO M. TORRES-GIL, PH.D., ASSOCIATE DEAN, UCLA SCHOOL OF PUBLIC POLICY AND SOCIAL RESEARCH, LOS ANGELES, CA**

Mr. TORRES-GIL. Thank you, Senator Breau. It is good to be with you and the distinguished Members of the Committee. I, too, want to thank you and Senator Grassley for your bipartisan leadership on an issue that is about the future, as it is about the present.

I would like to also commend my distinguished colleagues to my right. Ken Dychtwald is probably our best known trend analyst and trend setter, and Mr. Peterson, who is a well known and respected economist. I think my role is to be your one policy wonk here at the hearing today, so if I can address some of the policy implications and demographic implications of aging. I also commend you for bringing Mrs. Gore, who is as good an example, I believe, of good and healthy aging as any person I know.

I do want to mention and also thank you for this boomer scorecard. It is an important and valued service you are doing for the American public. I hope that it will get wide distribution. I am a gerontologist. I have worked in this field for almost 20 years, and at best, I was only able to score seven. That is as good as I could do. [Laughter.]

If I cannot do better than that, I wonder how others, especially the younger members of your staff did on this scorecard. But it does bring out the critical steps that all of us should be taking.

I might respond to a question you posed to Mrs. Gore, how others might respond to this. In our surveys and focus group sessions of baby boomers, and one thing came across loud and clear, that for most persons in this category, in this cohort, they are in the midst of what we call the big denial, that they are still not admitting that they are going to live a long life and they are not looking at the consequences and the way that one can prepare. So what you are doing here, you and the Members of this Committee, will go a long ways toward addressing that situation.

Let me just make a couple of comments on my testimony, which I will submit for the record, both my testimony and an attached article that goes into my comments in much greater detail.

Two points to note about this group, this population cohort, in addition to what has been mentioned. The first is that we must be careful not to over-generalize. It is a heterogeneous group with many differences. Although there are 75 to 77 million persons, they do not all think alike or act alike or see the world in the same way.

One key difference in that group is that there are two waves, those born between 1946 and 1954, and I fall within that, and those born between 1955 and 1964. The first wave has much more in common. They are now in their 40's and early 50's, and when we talk about baby boomers as a group, we are probably talking about that group.

The one just below them, in their 30's and early 40's, in some respects are probably more like Generation X. They, too, feel somewhat insecure, especially with their older brothers and sisters and colleagues in the group. So we have differences there.

Ken has already mentioned the issues about economic differences. There are at least 18 million at risk within that 75 to 77 million cohort. These are individuals who are single women living alone, those with no college education, those who are not home owners, and if we know something about gerontology, it is this, that a poor younger or middle-age person is likely to grow up to be a poor older person. So, certainly to the extent we have that gap in terms of economic opportunities, we must look ahead.

Another issue about this cohort that needs to be brought out is the diversity based upon race and ethnicity. Already, 25 million persons in that cohort are Asian, Hispanics, Native Americans, African Americans. What I would like to point out is that this diversity will become even more important in the subsequent cohorts that will be reflected in other generations.

Before I get to that, I would like to say this, that the baby boomers have one thing in common. It has been voiced already. They are all getting old. It will be the great equalizer. It will bring them together, and to the extent they have a political consensus on issues, we can expect that this cohort will have similar demands.

I would say as one of my messages that we have a very short window of opportunity—maybe 5 years, 8 years at best—to make the changes, to educate this group, to do the tough decisions that may be necessary as this group grows older and lives longer.

I have in my testimony also presented you with a conceptual framework, if I can use that term, that identifies five generations, including the baby boomers. Those that are New Dealers today, those we call the silent generation, the baby boomers, and the Generation X, the baby boomlet, who Mrs. Gore referred to as Generation Y. One thing we will find between the years 2000 and 2010 is that all five cohorts will coexist. They will be alive at that same time.

Thus, my other message as we look at the future aging of baby boomers is that whatever decisions or actions we take for baby boomers, we must also note the implications, consequences, repercussions for younger cohorts, especially the baby boomlet and Generation X. If we look at their numbers, those last two generations, one born between 1965 and 1976, the other born between 1977 and 1994, together, they represent 110 million persons. Those two cohorts will be the workforce upon whose productivity and good will us baby boomers will depend upon for whatever benefits or taxes we may want or demand.

Therein brings the issue of diversity that I mentioned earlier. Another phenomenon as baby boomers get older is that by 2020, two-thirds of the workforce will be composed not of white males, but of women, minorities, and immigrants, supporting a largely white, older population, at least through the year 2030.

So one question I pose to all of us as we look to the future, are we investing in the education and training and good health of younger cohorts, which is a critical question if I expect to grow old and have a workforce that is able and willing and productive to support me.

So what should we do to prepare for the future? I will just list out a number of items and you can raise questions if you wish.

Certainly, we should prepare individuals for greater longevity. We should assume that all of us can live to be 100 years of age and plan accordingly. I believe we should bring issues of gerontology into the primary and secondary grades, into K through 12. Just like we educated baby boomers to be civically involved and to be careful not to start forest fires, certainly, we should educate young persons today that they might live to be 100 years of age and perhaps be a little more compassionate to those of us that will be older. We should invest in young persons and a diverse workforce.

We should also, if I can add, raise the issues of values and traditions. Today's generation of older persons, the New Dealers—the greatest generation, as Tom Brokaw has written about—has much they can give us—values and traditions of self-sacrifice, patriotism, church, family, postponing gratification, and I hope that some of us will be smart enough to listen to our grandparents and great-grandparents and ensure that we have those values as we get older.

There is a role for the private sector, for employers and the corporate sector. Government certainly cannot do it alone. As Ken mentioned earlier, there is much we can do with biomedical research. If we found magic bullets, for example, to just three problems of Alzheimer's, incontinence, and arthritis, we could have a better chance of not winding up in an expensive nursing home or long-term care facility.

So these are just examples of issues. If you ask me, what are the policy concerns that might go a long way toward preparing for the next 20 to 30 years, I would just mention three. My top three would be long-term care and caregiving—that has been mentioned, older women and transportation. Older women and the concerns of older women are paramount and as a proud member of the Older Women's League, I want to point out that women will be the dominant group in the older cohort. And a third concern is transportation. Nothing extinguishes the sense of independence and freedom than not being able to drive, get out of one's home, or be mobile. I think we will find that one of the greatest causes of depression and mental problems will be the diminished transportation and mobility abilities of older persons.

I might just throw one last piece of data that has been presented by the American Health Care Association. When we looked at this issue of denial that I mentioned earlier, 68 percent of boomers, for example, say that they are not financially prepared for long-term care. Half of all boomers have not given any thought to how they will pay for their long-term care.

When we look at the concerns of older women, female boomers are very concerned about saving enough for retirement and long-term care, but 7 out of 10 feel that they will not have enough saved for retirement, and when you add the fact that they earn less than men and will live longer, we certainly have a challenge there.

So I will end by simply saying that, notwithstanding these concerns and problems, I am optimistic about the future of this country and the aging of baby boomers. I do not take a worst-case scenario. If we have an advantage with this group, it is that they still have time to prepare. We do know more about the future and the

demographic projections than any other group. There is much we can do in educating them and there is much that the Members of the Senate and House of Representatives can do in preparing us and ensuring that we have a good safety net.

So I am optimistic, but we have a great deal of work, and I thank you for giving us this opportunity to provide insight.

Senator BREAUX. Dr. Torres-Gil, thank you very much.

[The prepared statement of Mr. Torres-Gil follows.]

**TESTIMONY PRESENTED TO THE  
UNITED STATES SENATE SPECIAL COMMITTEE ON AGING**

**November 8, 1999**

**by**

**Fernando M. Torres-Gil  
Director, UCLA Center for Policy Research on Aging**

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It gives me great pleasure to be before the members of the United States Senate Special Committee on Aging. Thank you for giving me the opportunity to speak on an issue of major importance to this nation as we enter the new millennium. I want to commend you and your staff for embarking on a visionary examination of the aging of the baby boomer cohort and the implications for the aging of this nation.

Much has been said for many years about that post-World War II generation, born between 1946 and 1964, and numbering roughly 77 million individuals. This generation, of which I am proud to be a member, having been born in 1948, has captured the public imagination in ways positive and unsettling. The current policy debates around Social Security, Medicare and how to use the budget surplus are, in large part, due to concerns about financing the retirement of Baby Boomers. Already we see dire predictions about the financial pressures on entitlement programs when Baby Boomers reach eligibility age for Social Security and Medicare and concerns about the lack of savings and pension coverage as this group moves toward retirement. These are important public policy matters and you and others in the United States Congress and the Executive branch are rightly addressing these issues. Notwithstanding the areas of disagreement about how best to prepare for what will be a doubling of the older population when Baby Boomers reach old age, you are all to be commended for acknowledging this demographic imperative.

My purpose in being with you, however, is to look further ahead than the next Congressional session or Presidential election. This hearing is about having a vision for the next century when Baby Boomers will be the dominant population group of older persons. There are times when we must have a long-term understanding of what the future holds in store for us, and looking at the aging of the baby boom cohort gives us that opportunity. Perhaps no generation has been so analyzed, studied, discussed, and dissected than this one. Therefore, we have much information to draw on. At today's hearing you have noted experts and advocates for this population cohort and they will be most helpful to you in your deliberations.

I would like to present a conceptual framework for understanding the issues likely to confront us as the Baby Boomers reach their "golden pond." I will present for the record a recent article I prepared on the "Politics of Intergenerational Relationships: A Conceptual

Framework" for the Journal of Aging and Social Policy. This paper raises several issues that may be useful to you as you develop your legislative agenda.

The paper presents a conceptual framework for looking at the generational and intergenerational issues likely to face us over the next fifty years. Admittedly, this is speculative, but it helps to look at the aging of the Baby Boomers as an ongoing process of societal aging and cohort relationships. Baby Boomers are the key generation that will redefine a politics of aging--their collective strength will come from their numbers: 75 million strong. To the extent that they have a collective sense of priorities and need, they will be an extraordinarily influential part of the electorate. On the other hand, we know that they are quite diverse: racially, economically, and generational. At least one quarter are non-white--African-American, Hispanic and Asian--and at least 18 million are considered to be economically "at risk:" non-home owners, single women, low education levels. Baby Boomers as a group have two distinct sub-cohorts: those born between 1946 and 1954 and those born between 1955 and 1964. The first wave tends to be our focus and they have a greater sense of themselves as a cohort. The second wave tends to share some of the insecurities about downsizing, technological advances and housing costs that affect younger groups such as Generation X. Thus we need to recognize this diversity in developing a long-term agenda for the aging of this group. And of course, we cannot overgeneralize about their views: some reflect the popular conception of a liberal and activist group while most others are like everyone else: struggling to build a life, take care of their families, and pay the bills.

What they all have in common, however, is that they will get old and will double the number of older persons from today's 33 million persons who are 65 years of age and over to tomorrow's 75 million elderly persons (assuming we continue to use today's age of eligibility for old-age programs). Thus my conceptual framework provides you with one tool to assess the likely issues, milestones, challenges, and opportunities for taking action. The paper I attach to my presentation describes a timeline where we may see the years 2000-2010 as the window of opportunity to make the decisions, choices, and political negotiations that will prepare our public benefits and programs for the retirement of the Baby Boomers. Absent those actions and hard decisions, we may find that 75 million elderly around 2020 may be unwilling to accept hard choices and unable to make up for a lack of planning and foresight in preparing for retirement and old age.

In addition, this conceptual framework highlights the intergenerational nature of the politics of aging. We cannot look at the aging of the baby boom cohort and develop legislative and policy agendas without taking into account all other generations--those who are older than Baby Boomers and those who are younger. Today we have five identifiable cohorts: the New Deal generation, the Silent Generation, Baby Boomers, Generation X, and the baby boomlet. The actions and inactions of other cohorts will affect each generation. What we do or don't do for aging Baby Boomers has repercussions for other cohorts. It is no surprise that Generation X feels they may not receive Social Security benefits because they fear that Baby Boomers will draw down the surplus. Today's elderly, the New Dealers, have a collective sense of their historical support for public entitlement programs and worry greatly when proposals are raised to "privatize" Social Security. The Baby boomlet represents the full diversity of this nation and



together with Generation X they will be the workforce upon which my generation of senior boomers will depend for the taxes that support whatever public benefits we demand of our government.

Thus, my hope is that you will take into account the diversity and intergenerational relationships that will be affected as we plan for the aging of the baby boomer. As a boomer, I applaud your leadership and vision in looking ahead, beyond the immediate concerns of today, to the long-term: the next fifty years. I like to say to my students and public audiences that the world I will find when I retire and grow older will be largely determined by the decisions and actions taken in the next two to five years. You have it within you to develop an agenda and a public dialogue that provides the American public with a vision of how they ought to plan for their retirement and secure a good quality of life in old-age. But we need to act now and over the next few years to educate all citizens that we cannot take for granted that government can do everything for us as we age. We need to encourage people to save, to plan for a long life expectancy, to incorporate gerontology in K-12 so that young people can internalize longevity. We need to invest in younger cohorts so that they are able and willing to be productive and support public benefits for future cohorts of older persons. We need to take advantage of the incredible resources and talents that older persons can give: as volunteers, as older workers, and as role models. We need to insure a social safety net that provides some measure of retirement, health and long-term care for older persons, their families, and caregivers.

This is a major challenge for this nation. Population aging, as symbolized by the baby boomer cohort, requires us to step above the fray and look ahead to what we will need five to fifty years from now. The aging of the Baby Boomers is a wonderful opportunity to reshape the legislative agenda, the politics of aging, and to take full advantage of the great gift destiny and God have given us: a chance for a good-long life.

Senator BREAUX. Now, we are pleased to hear from Secretary Pete Peterson.

**STATEMENT OF PETER G. PETERSON, CHAIRMAN, THE BLACKSTONE GROUP, AND AUTHOR, GRAY DAWN, NEW YORK, NY**

Mr. PETERSON. Thank you, sir. I appreciate, Mr. Chairman, you mentioning the book, Gray Dawn. I must say, though, I was scorched recently by a roast by Ted Sorenson, who said about this book the following. He said, "Let me tell you about Gray Dawn." He said, "This is a book that, once you put it down, you will not be able to pick it up." [Laughter.]

Now, occasionally, some blunt friend says to those of us in the Concord Coalition, "You fellows have done a great job. You have helped awaken the country to the yawning deficits. Now, there are huge surpluses as far as the eye can see. Why do you not just declare victory and go home?"

Now, if these assumptions were true, Mr. Chairman, then that would, indeed, be a relevant question. But I think those who assume that there are big surpluses as far as the eye can see should go to a fiscal optometrist, because they are suffering from advanced fiscal myopia.

There is a serious long-term economic fiscal problem here that no one has any idea how to pay for. So I do not think we should deceive ourselves or our children with the seductive fantasy that the only tough question you have to deal with now is how to divvy up large and growing surpluses and how to enjoy these seductive free lunches that are being offered. The truth is that we are soon to undergo an unprecedented demographic transformation that is projected to result in equally unprecedented costs over the next several decades, that, as I said, no one has any idea how to pay for.

Now, any chance we have of reforming Social Security, to begin with that, depends, it seems to me, Mr. Chairman, on speaking the truth to the American people, and by definition, not speaking mistruths. One of the major mistruths, I believe, is this seductive fantasy that the so-called trust fund will keep the system solvent until the year 2034. If the American people believe that, we have greatly reduced, in my opinion, any chance of reforming the system.

You referred to my being Secretary of Commerce. I have been collecting oxymorons since I was the Secretary of Commerce. Somebody once referred to me as a powerful Secretary of Commerce, and you and I know there has never been one, but I have collected them ever since.

I think the trust fund belongs well up there in the oxymorons of our time. It should more honestly be called a distrust fund because it is an accounting fiction and a very disingenuous one at that. It is nothing but a huge stack of IOUs, and as Alan Greenspan, I believe, has testified, he has reminded us that in a pay-as-you-go system, the only number to really focus on are the annual operating balances, the yearly difference between payroll tax benefits coming in and benefit payments going out.

In honest terms, Mr. Chairman, having a trust fund is exactly like not having a trust fund, because with or without a trust fund, you have the same three options. You can cut benefits, you can in-

crease taxes, or you can try to borrow the money. So let us see how much you would have to borrow. I have prepared some charts.

Chart 1, you will notice, shows the cash deficits that begin long before its technical bankruptcy in 2034. You will notice, Mr. Chairman, that between 2014 and 2034, when we are endlessly told the system is solvent, we would have to come up, just for Social Security, with over \$8 trillion. I remind you that in the year 2033, the year just before the system becomes solvent, the cash hemorrhage would be over \$800 billion a year that we would be adding to the publicly-held debt.

I am truly preaching to the choir to talk to you about Medicare, but as you know, we are already running cash deficits, as Chart 2 demonstrates.

Mr. Chairman, much is made about \$2.6 trillion in cumulative surpluses, including trust fund interest, and somehow putting this in the lock box and suggesting that, with some minor tax increases, this will keep everything solvent indefinitely for 75 years. Now, let us make the heroic assumption that you believe the happy trust fund accounting fiction and you invent a magic lock box that the Congress cannot pick. How far would this go in meeting the cumulative long-term deficits?

As Chart 3 shows, not very far, because the cumulative deficits, the surpluses, you can see, may be \$2.6 trillion, but if you add the two programs together until 2070, the official forecast is something like \$32 trillion, including Medicare, \$19.8, just covering Social Security. Now, can anyone seriously imagine the effects of trying to borrow this much money, this many trillions of dollars, on interest rates, on mortgage rates, and, indeed, the economy?

So let us examine the second option, tax increases that might be required to fund these deficits. Before doing so, Mr. Chairman, I would like to review the official assumptions that everyone uses.

The Concord Coalition takes a lot of heat that we are chronic Cassandras and that, if anything, the assumptions in the Social Security projections are too pessimistic. So let us look at the basic assumptions in the official so-called intermediate case that everyone uses, and I leave it to you and your fellow members on the panel to decide whether the intermediate case assumptions are pessimistic, or if, indeed, if anything, they might be optimistic, and the high-cost case, which I have not used, in my numbers to the point might be closer to reality.

Obviously, the longevity assumption is a very basic one, since it determines how long benefits are still to be paid. Chart 4 shows you what the official estimates are on longevity. It shows that the United States will not attain for 50 years what Japan has already attained today, and I remind you, Mr. Chairman, that this projection is in the face of some very serious biogenetic experts who believe that life expectancy will exceed 100 years, up to 120 years, and a few who would go even further, yet the official longevity estimate is about 80 years in 50 years.

Chart 5 shows that according to the officially used projection, longevity is projected to go less than half of its historic rate in spite of these historic biogenetic breakthroughs that are being widely predicted.

Again, Chart 6 shows the number of old-old that could far exceed the official projections. I am embarrassed to tell you less than you already know, Mr. Chairman, but you know why the number of old-old is a highly significant number. You not only have to pay the benefits much longer, but the health care costs of the old-old are 2.5 times higher than the younger elderly, and for the 20 percent who have long-term care, it is 20 times more.

I suggest you look at that chart on the projected numbers of "olds olds" and see that the official forecast is 14.6 million by 2050. The census predicts the number 25 percent higher, and some very distinguished gerontologists and demographers are predicting numbers much, much higher than these.

Now, let us look at a second basic assumption, which is productivity growth, which, as you know, is extremely important. There are a number of supply side enthusiasts who are once again telling us that we can just grow out of this problem and that productivity will grow much faster than the estimates.

If you look at Chart 7, you will see that the productivity growth that is now being projected is 25 percent faster than the historic average, and this, Mr. Chairman, I remind you, is supposed to happen in spite of declining savings and global capital shortages and huge budget deficits that I have just indicated. That is on Chart 7.

Now, if you look at Chart 8, many people say, Mr. Chairman, oh, but the projections for GDP growth are low and they can be much faster than that. I do not need to remind people as sophisticated as you that GDP growth is a function of labor force growth times productivity growth.

You will notice that the projected growth is not pessimistic. It is the inevitable result of a major slow-down in labor force growth that is expected in the next century. In the 2020 to 2050 period, we hardly grow at all in the labor force, and that is the major factor that is explaining those forecasts.

Chairman Greenspan, who obviously has a bit more credibility than I do, and I keep quoting him, reminds us that productivity growth would have to triple to eliminate Social Security's projected long-term deficits. If you look at Table 9, you will see that the required productivity growth would be nearly 3 percent, which is about a third higher than the halcyon period from 1951 to 1973, and I do not see many people projecting anything like that over the long term.

Again, I am preaching to the choir, particularly in your case, but as you certainly know, the official projection everybody uses assumes a permanent slow-down in health care cost growth, which is about a fifth of what it, in fact, has been for some period of time, or something under 1 percent growth. So I suggest, Mr. Chairman, that we should not just look at the optimistic assumptions. Let us look at the so-called high-cost projections and let us try not to flinch.

Chart 11 shows how much the cost of Social Security alone would have to grow in order to cover the costs of the system, to 18 to 22 percent, of payroll depending on which estimate you use. I find it a bit ironic, Mr. Chairman, that the one thing both the Democrats and the Republicans seem to agree on is the notion that the middle

class deserves tax cuts. I remind you that payroll taxes would fall most impactfully on the very middle class that we say needs a tax cut.

If you look at Chart 12, you will see what happens when Medicare is added to this and you end up with an unthinkable cost.

I asked Lee Kuan Yew, the Singapore senior minister, who has never been accused of excessive ambiguity, as you know, what he thought the reaction of young people would be to this. He said, "It is obvious, Pete. They will either emigrate or revolt." [Laughter.]

Now, there was a famous philosopher who said that the ultimate test of a moral society is the kind of world it leaves to its children, and I suggest that leaving our kids with this kind of an outlook on tax increases that would flatten their increase in income is hardly moral behavior.

I have focused on the U.S. situation, but what this book is about, frankly, is not just an American situation, it is the global one, and it is hitting the rest of the world, Mr. Chairman, as I am sure you know, the aging phenomenon much faster and much harder than it is hitting the United States.

Now, we should not feel good about that because we should be doubly concerned, since it means that before our age waves hit, enormous economic, fiscal, and geopolitical shock could be shaking the world as a whole. For example, by 2050, in Germany, the median age is expected to hit 53, in Japan, 54, and in Italy, a stunning 57.

On Chart 13, I use a Floridization image, since we have all been to Florida and we all know what Florida looks like. If we think of Florida in terms of the percent of elderly that are currently in Florida, notice that it takes us nearly a quarter of a century to get to where the Nation as a whole looks like Florida. Italy gets there in only 3 or 4 years, Japan in 5 or 6 years, Germany in 7 years, and so forth.

One of the big reasons for this is not only are they living long, but their birthrates have taken a totally unprecedented drop, which is shown on Chart 14. As you probably know, Mr. Chairman, it takes 2.1 babies for women during their lifetime for a population to remain stable. Every developed country except the United States is way below that rate, and look at the far right at Italy, that has a little bit over half of the replacement rate. I have been meaning to talk to the Pope about this, incidentally, but I have not had that opportunity. [Laughter.]

As a result of that, if you look at Chart 15, you will see there will be many, many fewer taxpayers in the future, and again, look at Germany and Italy, where you will face the stunning phenomenon of roughly one worker who, in addition to having to provide for his own retirement, will have to pay for some anonymous retiree.

In the book as shown, on Chart 16, what I do is to take the official estimates of each of the developed countries and I show how much they project their total cost of pensions to go up. Without getting into too much detail, just the extra cost, Mr. Chairman, is more than everything we now spend on defense, education, and R&D, and I do not see how we could have that kind of a crowding-out phenomenon without some very serious and tough choices being made on these other public priorities.

On Chart 17, for those who want to borrow their way out of the problem, I have totaled up the whole savings of the developed world. As you can see, if we try to borrow our way out of the problem before long, we would be consuming the savings of the world, which would leave nothing for critically needed investment, which is also unthinkable.

Finally, in addition to the fiscal challenge, let me just say a word about the population challenge. Mr. Chairman, what all this means is the developed world, in particular, is heading toward something that is unprecedented, which is a significant decline in population, with all of its many implications. Europe and Japan are now on track to lose half to two-thirds of their current population by the end of the next century. That is shown on Table 18, which shows, and most people think the low variant case closer to the truth, the stunning phenomenon of a drop in population.

Finally, as you probably know, Mr. Chairman, you have this dichotomy between birth rates that are way below the replacement rate in the developed world and birth rates way above the replacement rate in the developing world, though they have fallen significantly.

To dramatize that, I went back to 1950, when 7 out of the 12 leading populist nations were developed countries, and I went to 2050, using the U.N. official forecast. Notice that Russia, Japan, Germany, the United Kingdom, Italy, and France has been replaced by Pakistan, Nigeria, Ethiopia, Iran, Congo, and Mexico, which I think gives us a view of what the world is going to look like.

I would sum up in the following way. Every year that we delay reform, Mr. Chairman, we are squandering a remarkable demographic and economic window of opportunity, first, with the baby boom in its most productive work years; second, in an economy that is booming; third, of budgets in surplus; fourth, that a world is at peace. Now is the time to address this challenge.

Within the next 10 to 15 years, the choices are going to get much, much tougher. As boomers start retiring and disinvesting, financial markets may hit a downdraft. There may be a new wave of technology to inflate health spending, and national defense may face the need for a huge surge for new procurement. With time running out for funding personally owned alternatives, there may be no pleasant options left.

Who could doubt that this is the ideal time to face up to our long-term challenges? The stars will not again line up like this in our generation, perhaps, and certainly not in the next. Remember, Mr. Chairman, do not put my book down. You will not be able to pick it up. Thank you very much.

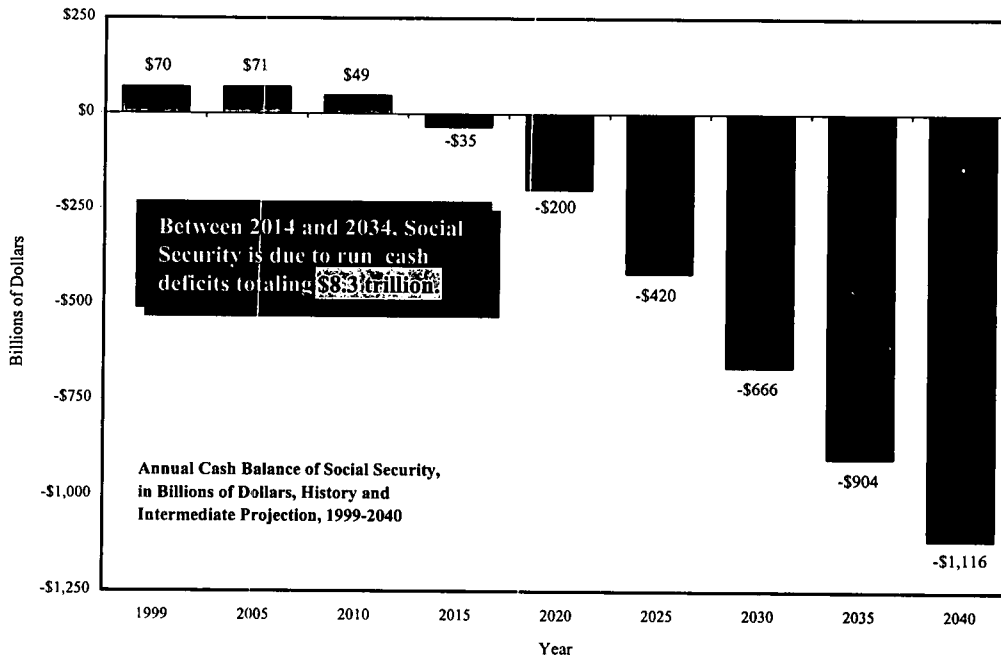
Senator BREAUX. Thank you, Mr. Secretary.

[The prepared charts of Mr. Peterson follow.]

***Presentation Charts for the  
United States Senate  
Special Committee on Aging***

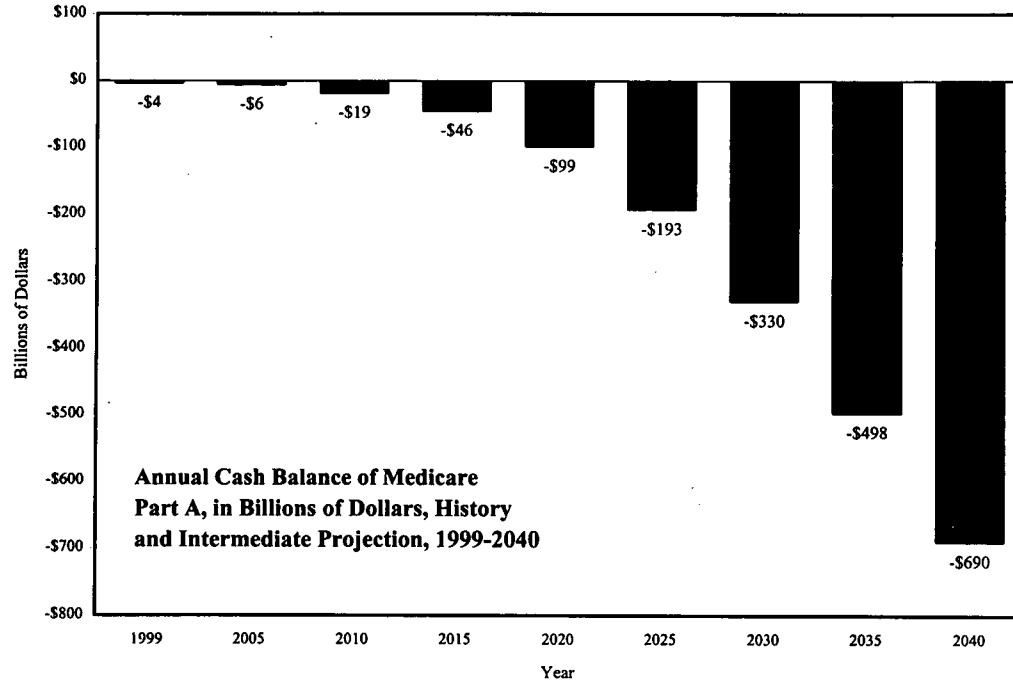
**November 8, 1999  
by  
Peter G. Peterson  
Chairman – The Blackstone Group  
President – The Concord Coalition**

## Social Security will start running widening cash deficits





## Medicare is already running cash deficits

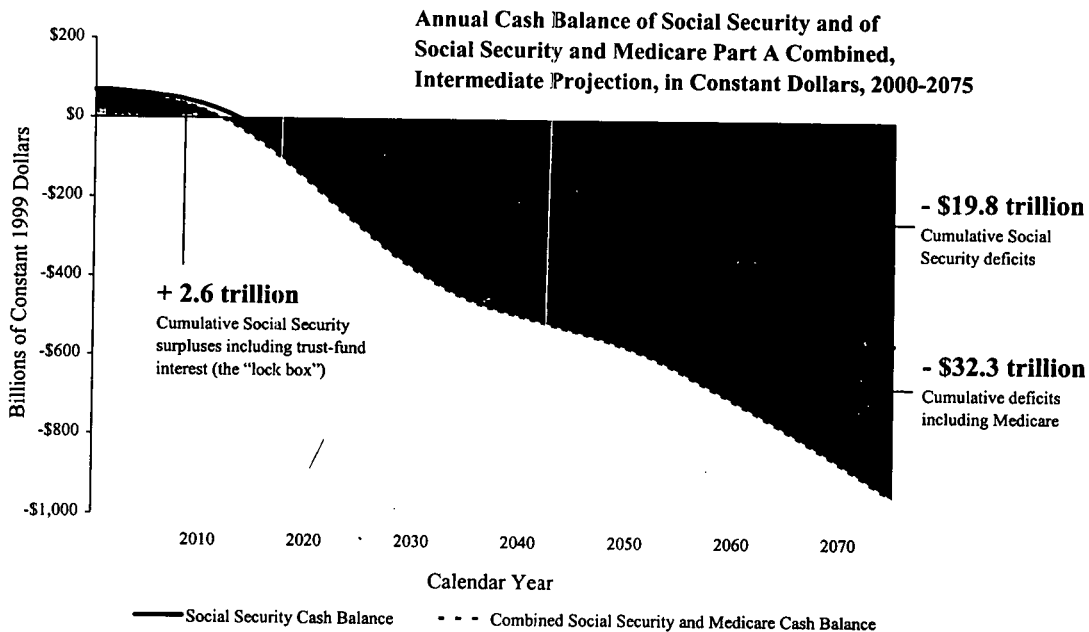


**Annual Cash Balance of Medicare Part A, in Billions of Dollars, History and Intermediate Projection, 1999-2040**



Source: SSA (1999)

# Social Security's surpluses: dwarfed by projected deficits

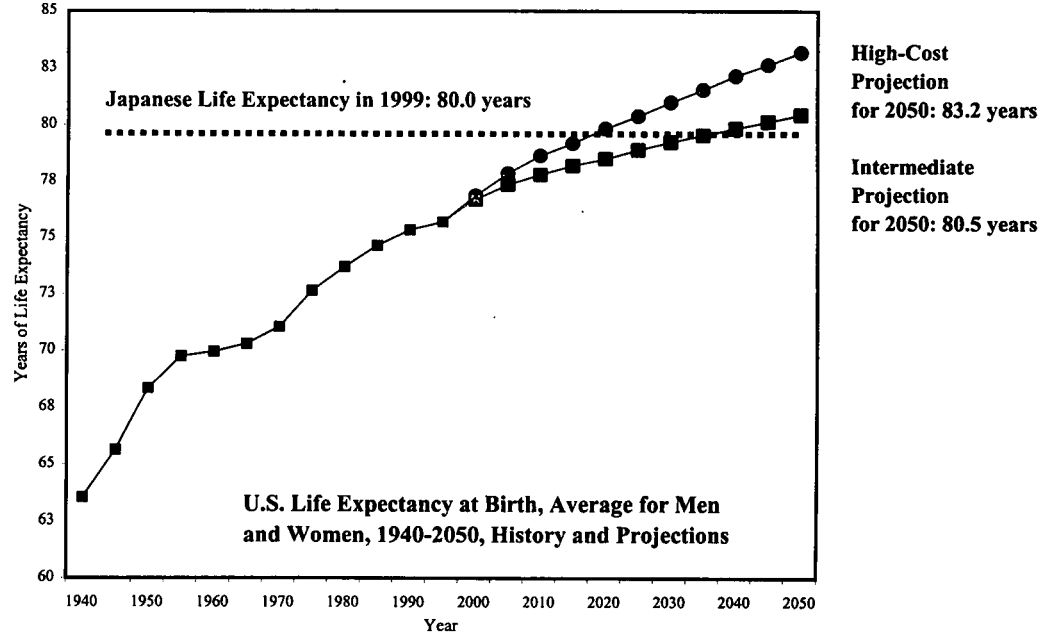


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Source: SSA (1999)

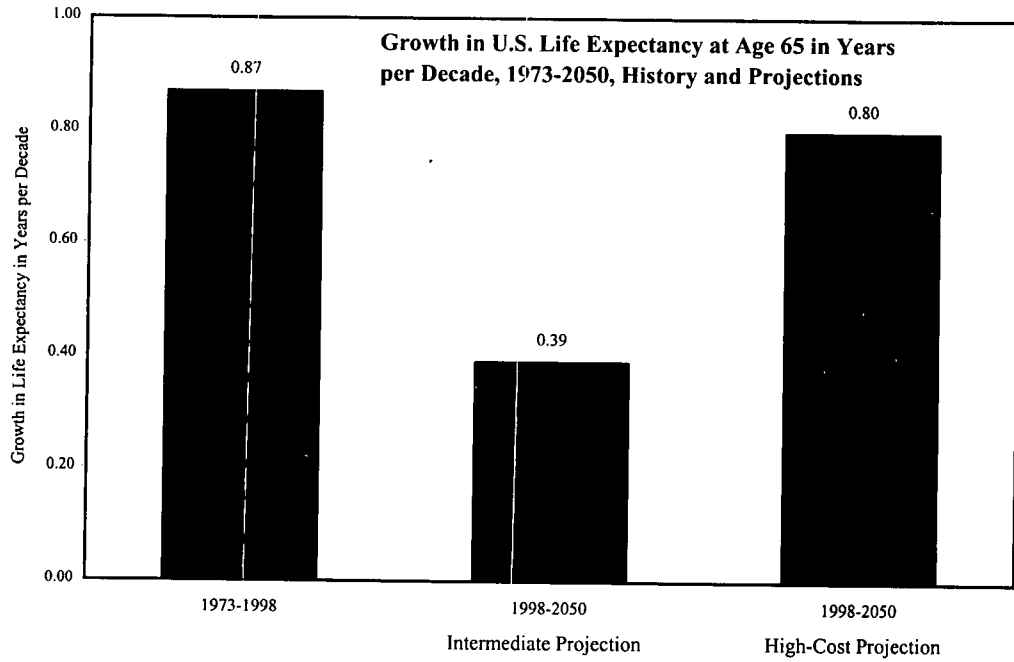
### According to the official intermediate projection, the U.S. won't attain Japan's current life expectancy until 2050



History
  Intermediate Projection
  High-Cost Projection

Source: SSA (1999)

### According to the official intermediate projection, elder life expectancy will grow at less than half of its historical rate

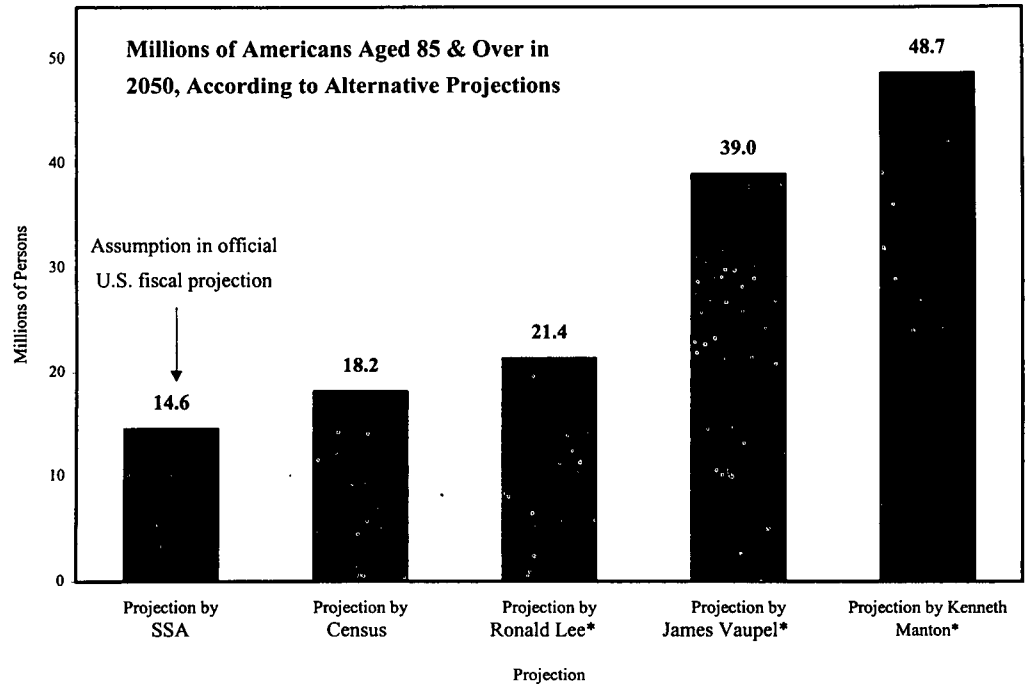


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Source: SSA (1999)

## The number of “old old” could far exceed the official projections

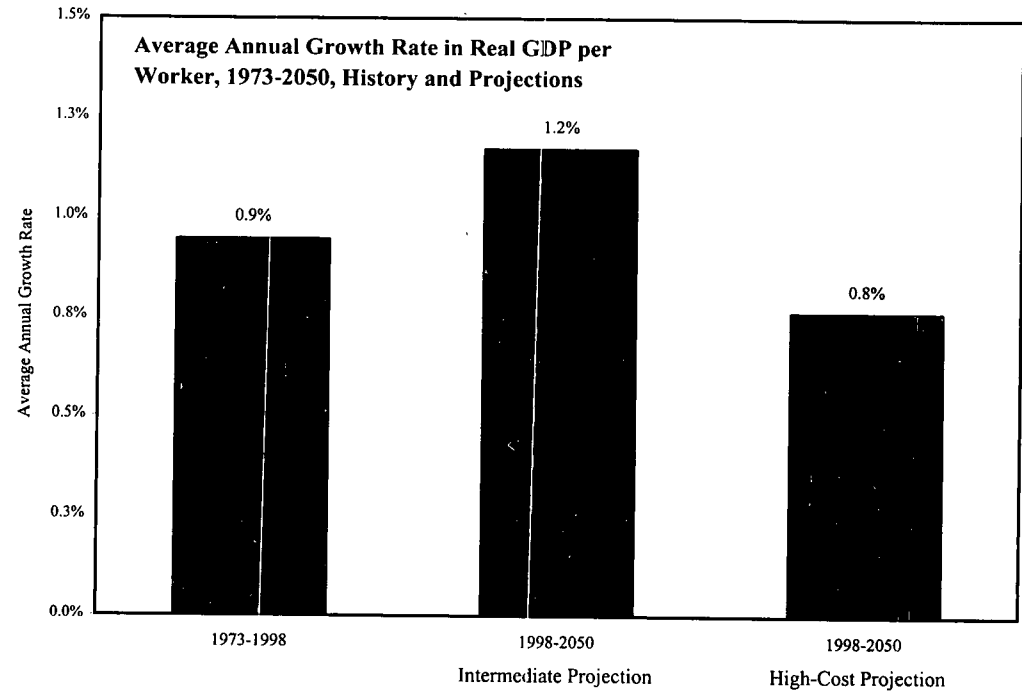


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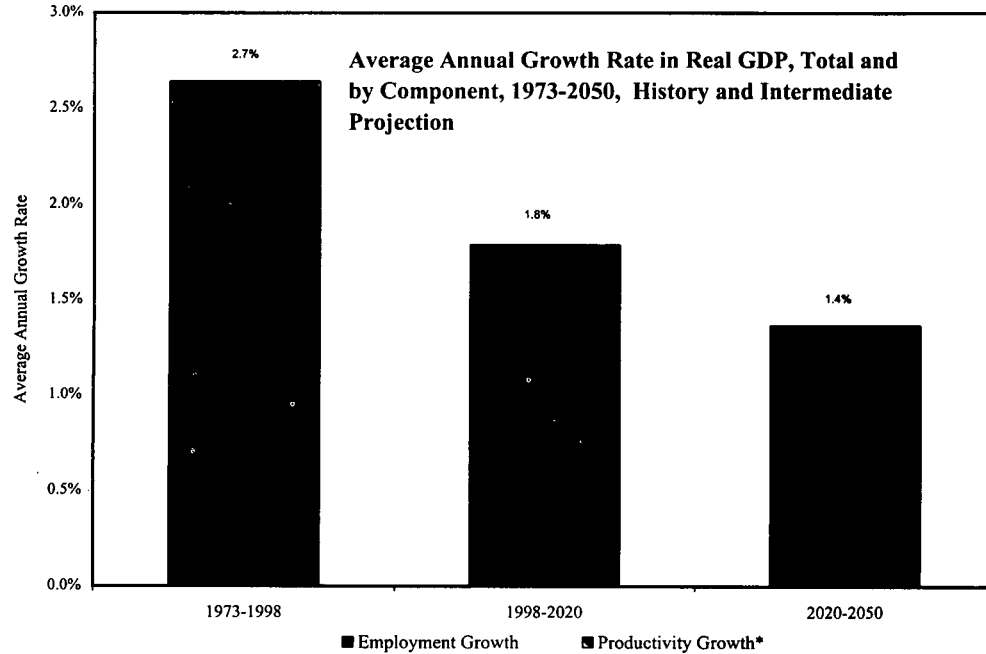
\*Research funded by the National Institute on Aging (NIA). Source: SSA (1996); Census (1996); and NIA (1996)

### The official intermediate projection assumes faster productivity growth



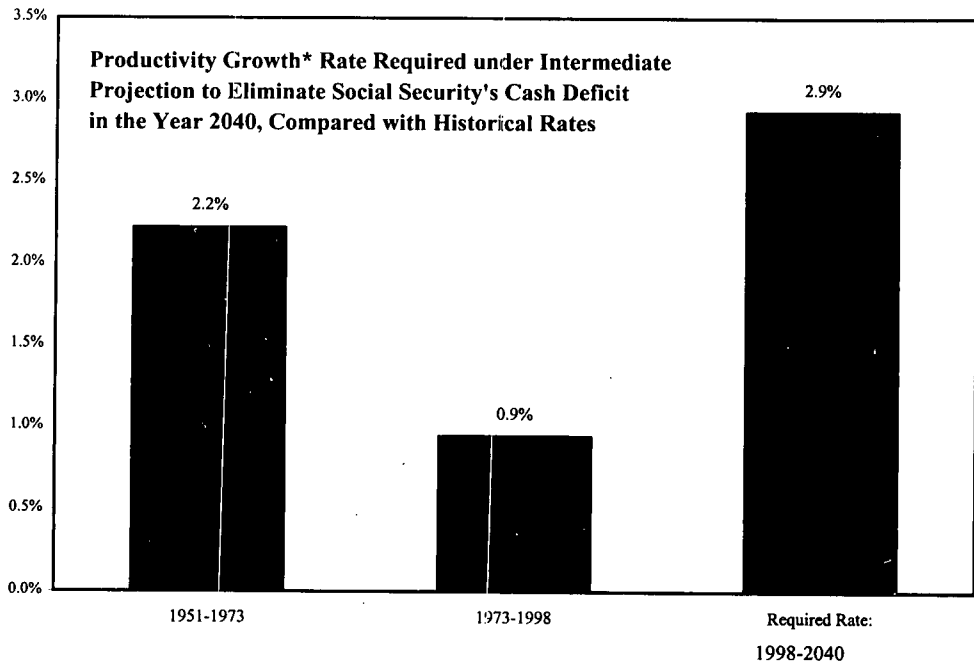
Source: SSA (1999)

### The projected slowdown in real GDP growth is not pessimism-- but the inevitable result of the slowdown in labor force growth



\*Defined as growth in real GDP per worker.  
Source: SSA (1999)

# Productivity growth would have to triple to eliminate Social Security's projected long-term cash deficits



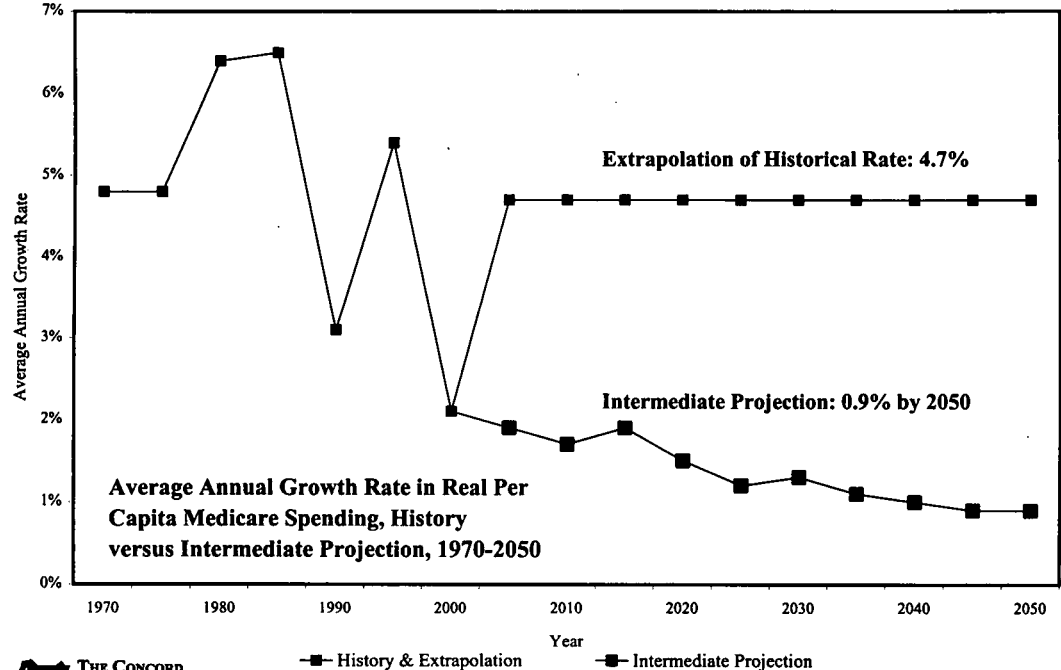
53



\*Defined as growth in real GDP per worker.  
Source: SSA (1994 & 1999)

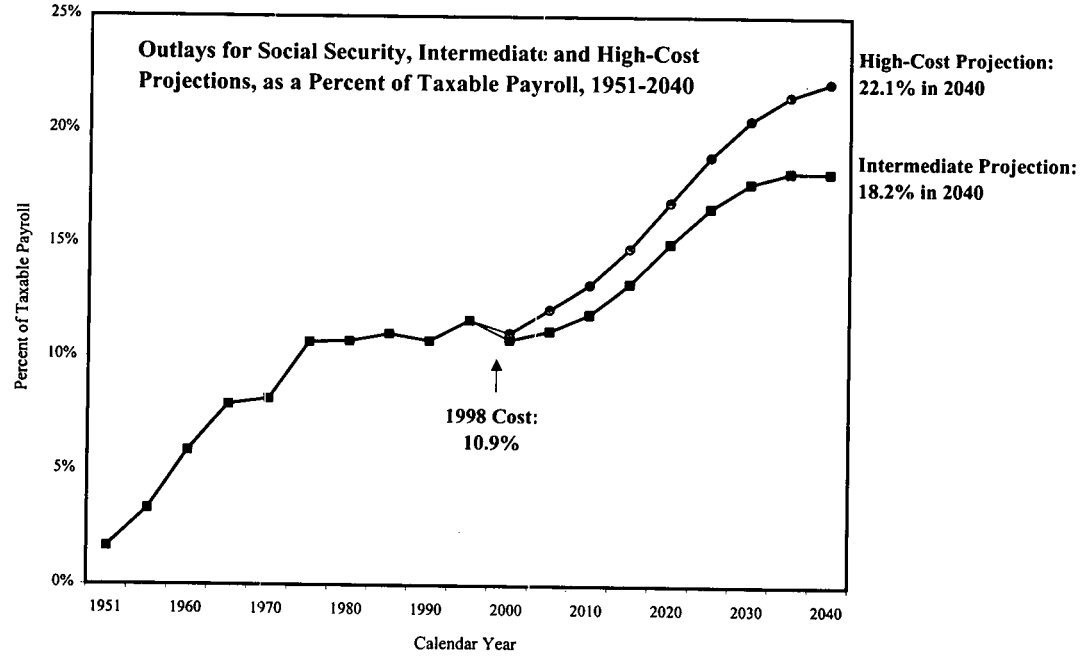


### The official intermediate projection already assumes a permanent slowdown in health-care cost growth



Source: HCFA (1999)

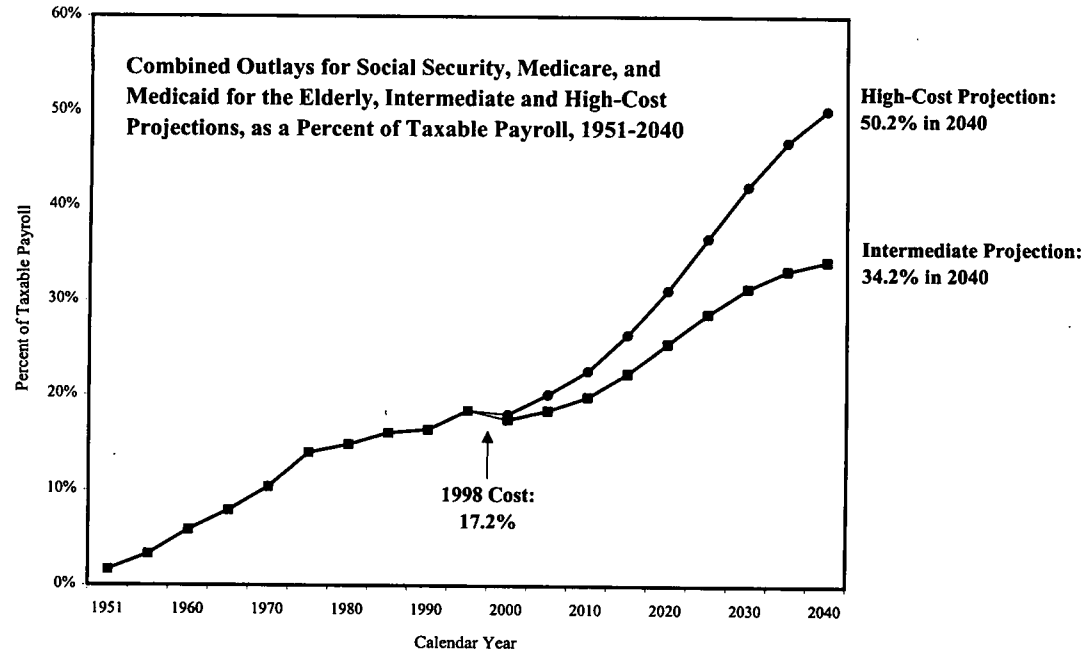
# The cost of Social Security alone is due to grow to between 18 and 22 percent of payroll by 2040



HISTORY
  INTERMEDIATE Projection
  HIGH-COST Projection

Source: SSA (1999)

## The cost of the major senior programs is due to grow to between 34 and 50 percent of payroll by 2040



56



■ HISTORY    ■ INTERMEDIATE Projection    ● HIGH-COST Projection

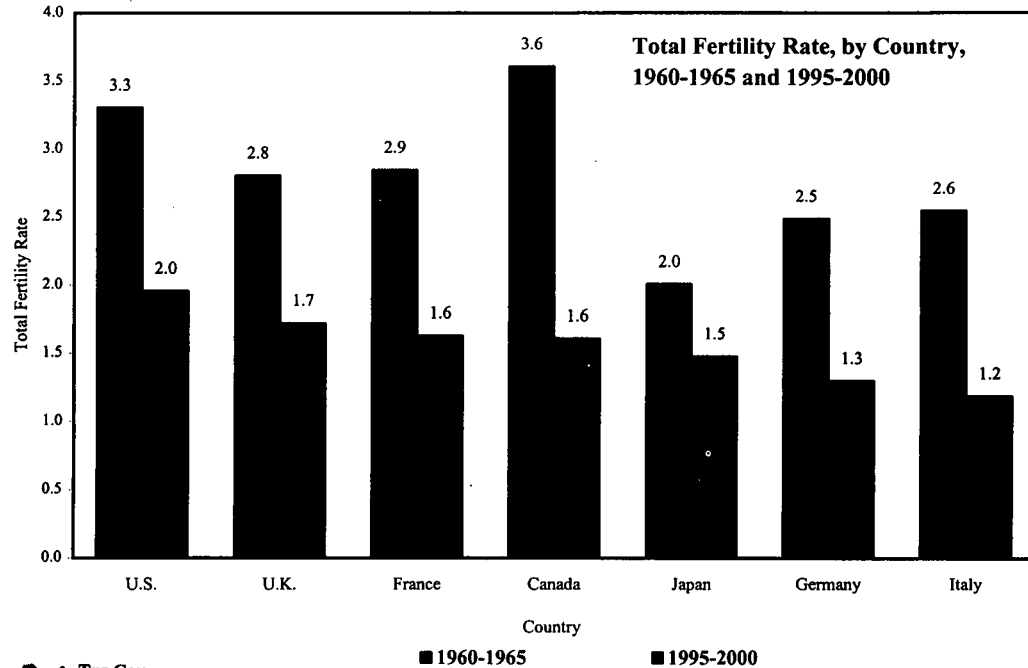
Source: SSA (1999)

## Florida: a demographic benchmark every developed nation will soon pass

| COUNTRY        | Year the Percentage of the<br>Population Age 65 & Over<br>Reaches 18.5 Percent—the Share<br>in Florida Today |
|----------------|--|
| ITALY          | 2003   |
| JAPAN          | 2005   |
| GERMANY        | 2006   |
| UNITED KINGDOM | 2016   |
| FRANCE         | 2016   |
| CANADA         | 2021   |
| UNITED STATES  | 2023   |

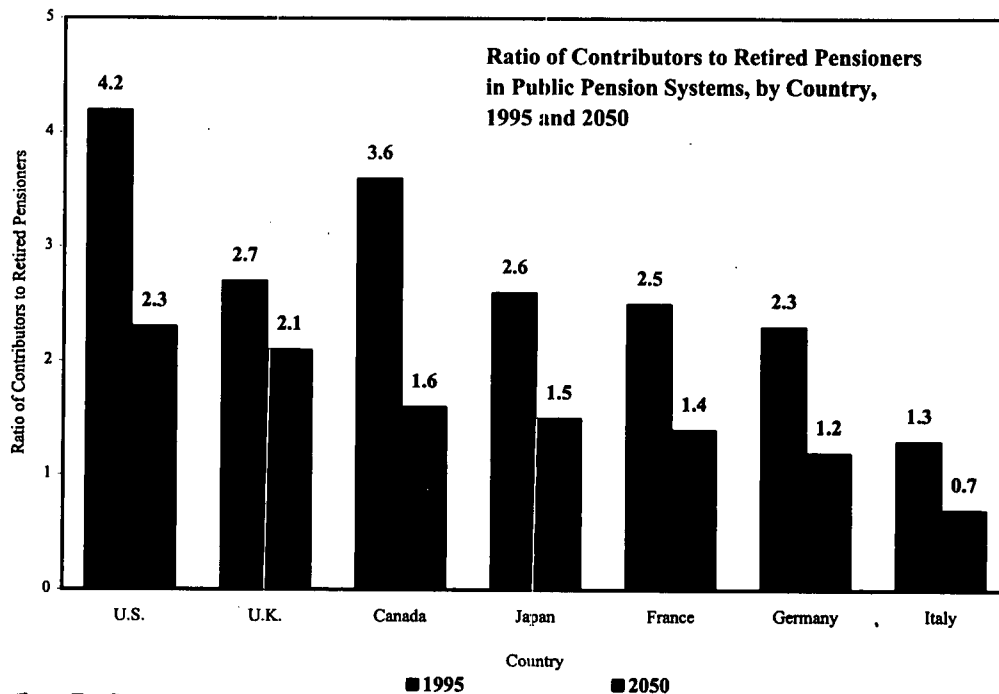
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### Fertility in every developed country has fallen beneath the “replacement” rate of 2.1

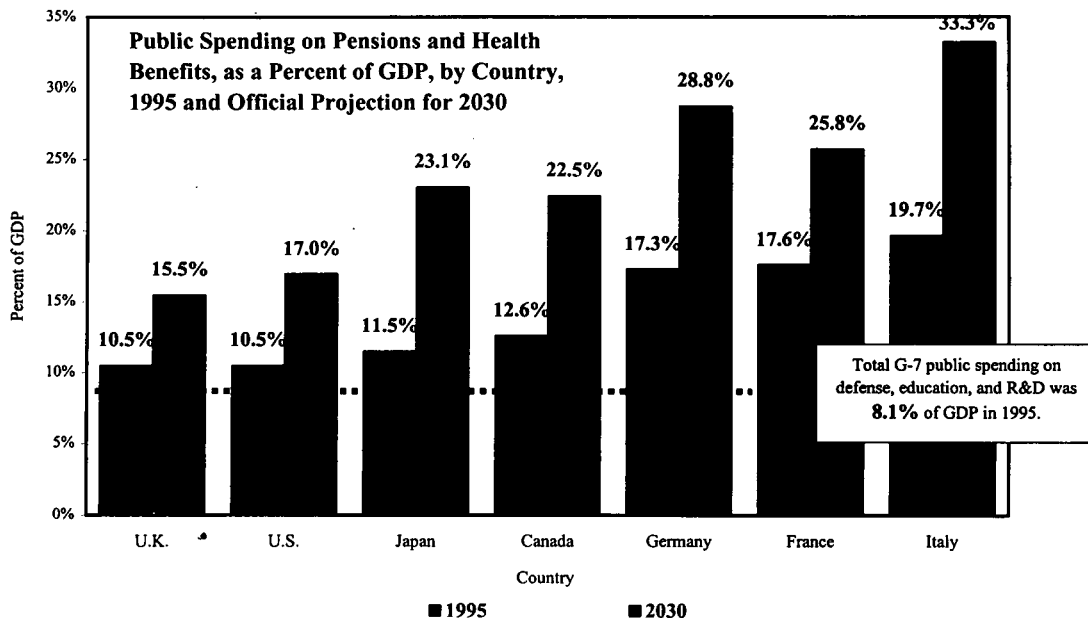


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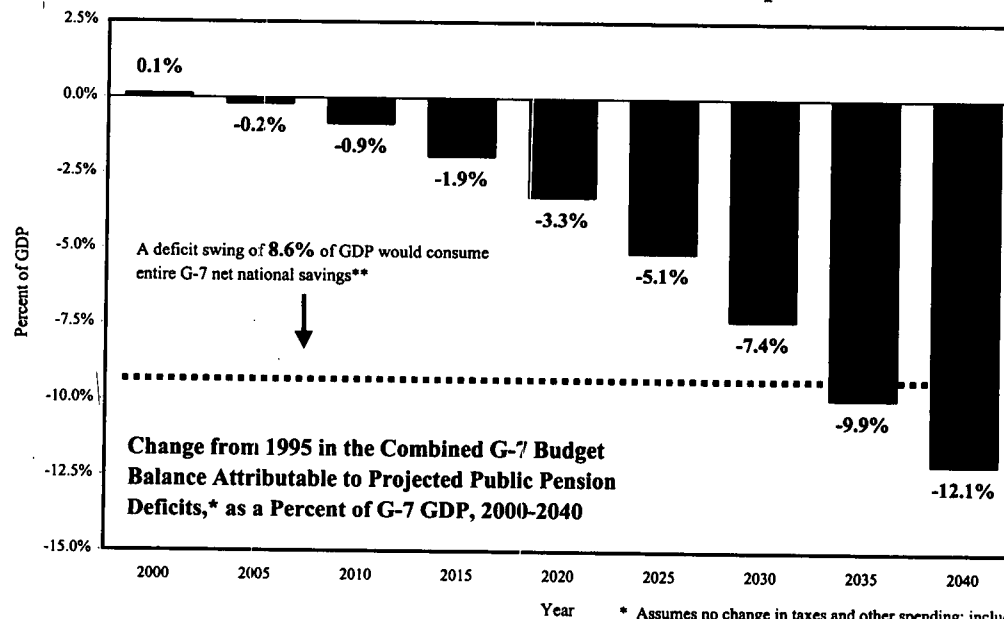
## There will be fewer taxpayers to support each retired pensioner



**Graying means paying: Just the extra cost of pensions and health care will be more than everything we now spend on defense, education, and R&D**



## Borrow our way out of the problem? Widening public pension deficits are on track to consume the savings of the developed world



\* Assumes no change in taxes and other spending; includes interest on prior-year pension deficits.

\*\* Assumes all other savings continues at 1985-94 annual rate.  
Source: OECD (1996); and author's calculations



Senator BREAUX. I thank all three members of the panel for what has truly been a remarkable presentation.

I recognize Senator Bryan.

Senator BRYAN. Mr. Chairman, let me commend you and Senator Grassley for inviting this distinguished panel. This is really an eye-opener.

I would only have one question. In America, we are subject to instant gratification and because our electoral process is biennial in focus, it is very, very difficult to get people to focus long-term on these issues, and because some of these demographics that you have outlined for us are more than just a little daunting. Secretary Peterson, yours actually are somewhat frightening in the sense of what the implications are for us.

How do we, as policymakers—and let me just make an aside. I am retiring from the Congress at the end of this next year and my sense is that this institution tends to be more reactive. That is, we respond to pressures. In some ways, I think that is what the framers contemplated, that we would respond in a very imperfect and imprecise way to public pressures. When the public gets sufficiently upset with us or at us, things tend to happen.

But so often, the very difficult, the tough decisions, and all three of you, I think, would acknowledge that these raise some very, very difficult policy questions, those do not really happen until we all feel the heat collectively. I am certainly not suggesting I am any different than any of my other colleagues over the years of my own public service, but how do we get this message out in a way in which we really build the kind of bipartisan consensus that makes this not just the kind of erudite discussion that the three of you have led us on, but the sort of thing that the American public can grasp, and insist, indeed, demand that those of us in the Congress make?

Dr. Dychtwald, you look like you have got an answer for me. I will give each one of you a shot at this. I know my colleague, Senator Lincoln, has been waiting a long time to ask questions, so I will limit myself to that question.

Dr. DYCHTWALD. Let me, if I might, also share a context and then an answer.

Senator BRYAN. Sure.

Dr. DYCHTWALD. Having spent 25 years of my life studying my parents' generation and then trying to contrast it with my own generation, one of the peculiar things that I have noticed is that today's elders, having grown up in the shadow of the depression, to some extent were traumatized by that. If you sit in on a focus group with 75-year-olds today and ask them, what really bothered you in your life, what really shook you, they will go right back to the depression. It is a real living moment for them.

Curiously enough, it has served them somewhat well. In response, they put aside a certain amount of their savings each week. There was always a fear that something serious could happen in the future, that one needed to save for a rainy day. If you did not have it, you did not spend it. And there was also a degree of long-term thinking.

As it turns out, my own generation grew up in a very different time. We grew up in a moment of prosperity, a time of abundance.

And so, in a strange way, we have not come to think in terms of preparing or saving for tomorrow, and I would argue that as long as we are in the "live for today" 30's or 40's of our life, you can get by with that.

But when you then begin to think about what you are going to do in the remaining 10 or 20 or 40 years of your life, when you will have to live off of what you have planned and prepared and invested, it is a danger zone of enormous proportion.

So here is my answer to your question. I think that our generation—many of us in the room here, I think, are baby boomers—we live in a world that is very immediate. It is very now. We are thinking about our next vacation or our next paycheck. We are modular, we are mobile. One of the peculiar idiosyncracies of that is that many of us have pensions that take 5 to 10 years to vest, but the average boomer changes jobs every 3 to 4 years. I mean, there is so much of who we are that is not reflected in today's pension policies.

On top of that, we have not really been led in public debate and discourse to consider our own future, and much of the discussion is so economically confusing that people just turn the channel. So when you talk to a 45-year-old or the idea of contemplating, are you preparing now for your long-term care needs? It is almost a question the average boomer mind cannot grasp.

I think what we need to do, is educate the public toward financial empowerment. When Jose Pinera was the 34- or 35-year-old minister of finance in Chile, after getting his doctorate at Harvard, he felt that before he could institute any kind of economic change, a massive education exercise was needed to be conducted, and it was the job of the Government to talk to people so that they understood in plain terms what might be happening in their lives, how long they might be living, what consequences might be there, and to begin to train a population into longer-term thinking.

We are battered every day by media messages, by credit card solicitations, by Club Med ads, by "do it now," "spend it now," "do not worry about tomorrow campaigns," and I think that type of thinking has got to be countered. We have got to begin to think in the longer view, and it is going to be a challenge for a generation for whom that will be an alien dynamic.

But I must say, I happen to agree with Pete Peterson that unless—I also happen to be an optimist, so I do think we will find a way out of this pile here by beginning to take more seriously what is in front of us and take those wonderful steps now to change the train tracks, to avert crises, to beat them before they explode.

I will add one other point here at the risk of offending another constituency. I am troubled by the fact that so many of the issues that confront my generation are now being held hostage by elderly advocacy groups who are well meaning, but I do not think that they perceive financial security or the future the way my own generation does. And just as I would not expect to sit down at a restaurant and be forced to eat a meal that my grandfather had ordered, I think it is extremely important that boomers and Xers be brought out more into the discussion, and those elder groups that have such enormous power and clout be restrained a bit. I think

that this issue has got to be allowed to breathe, and I do not see that happening at the level that I believe is necessary for my generation.

Thank you for your question.

Senator BRYAN. Thank you very much for your answer.

Dr. TORRES-GIL. My response to your question is, first, I no longer worry too much about whether or not at least middle-aged persons will start recognizing that these issues are important. I think it is just right around the corner when we will see a groundswell of concern, demand for action, although it may be a few more years.

But to get ahead of it, I would suggest we build on at least some immediate issues which are now very much alive and real for middle-aged persons, baby boomers, and perhaps the issue that hits them first and foremost is caregiving and the needs of their parents.

I come from a family of nine. I am the second oldest. My brothers and sisters, who could not even pronounce the word "gerontology" up until recently, are all now coming to me to say, what do we do about Mom? She cannot take care of herself. Will Medicare cover this? Can we shelter her house so that she can qualify for Medicaid? They are now taking an active interest in finding out how we take care of our mom who is getting older and more frail.

I use that as an opportunity to educate them to pronounce "gerontology" correctly and to get them to understand the demographics of aging. So perhaps we need to build first from what is relevant to their lives.

For young persons and my college students in their teens and 20's at UCLA, I am quite impressed with this group. If anything, they are further ahead than baby boomers in looking ahead. They are the ones that are more likely now to be investing in the stock market, to be using IRAs and KEOUGHS, and they are doing things in their 20's that few of us even thought about until we were in our 30's or 40's.

So we need to know each cohort. For baby boomers, the immediate concern is care giving, and for a growing number, the question will be, will I have a pension plan if I want to retire early, like in my 50's. For younger cohorts, they are more into investments and the market and they do not—unfortunately, many of them do not believe Social Security will be there for them, and I keep telling them that it will if that is what they want. So we do need to pick on the issues that are of daily relevance to different cohorts.

Mr. PETERSON. Thank you, Senator. I think the question you have raised is one of the deepest philosophic questions that are facing democracies. I raised the moral question earlier, and I know how convincingly that comes from an investment banker, so I will move to the philosophic question. [Laughter.]

I think the philosophic question is, can a democracy like ours respond in time to silent and slow motion and long-term crises, or does it take a Pearl Harbor to get us to do anything? That is really the question you are raising.

I asked Lady Thatcher that question, and as you perhaps know, if you look at the global picture, Great Britain is the only country

that took action 15, 20 years ago, and their situation is far better than any other developed country. I said, Lady Thatcher, what do you people talk about in your G7 meetings? Are you unaware of these long-term trends? She said, "Oh, no, they are all aware that there are very serious challenges." The general view seems to be, it is going to hit on somebody else's watch and why should I take the pain for somebody else's long-term gain.

Now, the reason I use Lady Thatcher as a model is, as able as you people are, and you can play a very important role, I think this problem takes Presidential leadership, probably.

I am reminded of Harry Truman, who faced odds a lot tougher than this, on the Marshall Plan, for example, on the setting up of global institutions, where there was total ignorance and apathy. Fourteen percent of the public supported the Marshall Plan when he started. And through leadership and coalitions and goading, it was brought about.

Now, another thing that I think is extremely important, and a role that all of you can play and perhaps a few of us, is to act soon enough so that we do not frighten the people about the solutions. I have had practical experience with that, because in a previous book I wrote, "60 Minutes" said, we will do an interview with you if you appear before a retirement village. So I went up in my suit of armor and appeared before them. I showed them pictures of my grandchildren. I showed them what the problem was. And then I showed them what kind of reforms might take care of this problem if we acted soon.

What I have found in talking to a large group of elderly, middle-class elderly, was they are, understandingly, very frightened and vulnerable about something untoward happening to them in their senior years and they want to be sure there is truly a safety net there to take care of them. But they are not greedy geezers. They love their children. They love their grandchildren. They are simply concerned about their situation, if some major personal problem were to develop.

When you explain to them that if you start soon, you can have reforms that are gradual, that are humane, are that, indeed, preserve the safety net, and as I pointed out to them, and I say this to my Democratic friends, and I have a few, like the Chairman, remember, nearly half of the people that get Social Security make less than \$20,000 a year, and about half or more of what they get comes from Social Security. Now, if you really care about the poor, you ought to care about preserving the system so you do not have a crisis where everybody is going to get hurt by it.

Now, there are reforms—we do not have a chance to go into all of them—gradually increase the retirement age over 20 years, a diet COLA when it is closer to reality, cutting the benefits gradually for fat cats like me, because I just think the concept of my getting Social Security is an immoral concept, you can solve this problem. And the minute that group of elderly saw that something was there to take care of them if they really needed it, it was amazing how they relaxed.

So I asked them, how many of them were members of the AARP, to take the position of my friend on the right. Ninety-eight percent of them were members of the AARP. Leslie Stahl asked them to

vote on my program, and all but two in the huge room said, "I could support a program like that." So I said, "How do you reconcile being members of the AARP and supporting a program like mine." They said, "Oh, we are not in that organization for the positions they take. We like discount drugs, we like discount travel, we like discount this, and we like discount that. We love our children and grandchildren. We could support a program."

So my long-winded answer to you, Senator, is some combination of major Presidential leadership handled on a bipartisan basis in which you act soon enough so that the reforms do not frighten people and you speak the truth to them, I have a lot of confidence that would work.

And one of the tragedies, if I may say so, and Senator, you are too graceful to say this, so I will say it, one of the tragedies of the last few years is this President who knows more about this subject than any President I have known since Richard Nixon, I think, passed up a historic opportunity with great loss to his legacy. It would have been one of the great things he could have done if, starting a year or two ago, not just on Medicare but Social Security, leadership was shown.

Senator BRYAN. I thank each of you for very thoughtful answers. I am sure there is much merit to what you are saying in terms of the need for a bipartisan approach and Presidential leadership. Senator Breaux and I are privileged to serve on the Finance Committee, and Secretary Peterson, with respect to some of those things that you talked about, that committee was prepared to take action. Indeed, the Senate actually voted with respect to raising the eligibility age for Medicare, and income-relating Medicare Part B benefits and things like that, but we lost momentum in the House.

My concluding observation would be that I agree we need to do this in a bipartisan way, Presidentially. What I find so frustrating is that when you look at the news nightly, when you look at the information sources, they are not terribly helpful in the sense that the focus has been entertainment, or crime and violence. If it bleeds, it leads. There is so much truth to that in almost every media market in the country.

The three of you have made just an extraordinary presentation. This is one of the most interesting committee hearings that I have had in the 11 years that I have been in Congress. But let me say, without in any way any derogation, this would not be prime time. That is what I find so frustrating, because I think if these kinds of conversations were heard by the American public—I agree with your observation, Mr. Secretary. I have seen in discussions of small groups where you review these options, you do tend to get that kind of response. But, these are groups of 25, 30, 40, 50, maybe at most 100 people at a time, and that does not have an enormous impact when you are talking about millions of Americans.

One last comment—

Dr. DYCHTWARD. I know you need to leave, sir, but if I might just add one caveat to this, I think our generation, and I, once again, cannot speak for all boomers, we would like to hear the good news, but I think we really respect the truth. And at the end of the day, we will know what was known about these issues. We will be the

recipients of our own and our own national leadership's right or wrong moves because we are growing into our future now.

If I would make one other minor suggestion, I think that we are in the midst of perhaps the most amazing evolutionary shift since humans went upright. The movement from being short-lived men and women to long-lived people is the dream of history. I would hope that when this issue gets revealed and discussed and talked about, a new agenda is constructed, a new way of describing it, a new way of thinking about it is constructed so that my generation can view the options and make smart choices.

I worry it sort of gets banged down into the corner of Social Security reform, and for most people, that is a "turn off the switch" discussion. We have to view it in its grandiosity, and I think that the theme will be embraced by the generation, if it could be presented correctly.

Senator BRYAN. Thank you very much. Thank you again, Mr. Chairman.

Senator BREAUX. Thank you, Senator.

I think one of the problems is that we, as politicians, are afraid of our own rhetoric. We have convinced ourselves these are areas we cannot go.

Senator Lincoln.

Senator LINCOLN. Thank you, Mr. Chairman.

I definitely want to thank the Chairman and our Ranking Member, Senator Breaux, for holding the last hearing of this year on what I think is an extremely important issue, and that may be because I am a boomer. It may be because I am in the "sandwich generation." It may be because of all of those things. But without a doubt, I think it is an issue that many people of my generation and of our Nation are really turning our eyes and ears away from and not devoting the kind of attention and thoughtful input into, and it is truly incredible.

I am a baby boomer. I am the youngest female serving on this committee. I am the youngest woman ever in the history of this country to serve in the Senate. And I am excited that we are ending this Senate session in this committee on such a high note and on such a thoughtful issue.

This issue, was very real for me this week. On Sunday, I was doing all that I could to get my two twin boys, that are 3½ years old, up and dressed, off to Sunday School and then to church. I went home so I could put together a turkey sandwich and make sure that there was fun time left in the day before the sun went down, and I thought back on my mother and I realized that she got four children up on Sunday morning, served us bacon, eggs, toast, the works, put us in starched outfits with polished shoes—my boys went to church in dirty tennis shoes—took us to church, got us to Sunday School, home to have a family sit-down meal of roast beef, homemade rolls, I mean, the works, with the china and the silver.

I realized the difference between my generation and my mother's. I was rushing on Sunday so that I could have time to call home and check on my mother, who has a caregiver now. I realize that I felt a certain guilt in my own self, because I am here, she is

there, my oldest sister is in California, we have another sister that lives 2½ hours away.

Understand, not only the physical part of it and the financial part of it, but the emotional well-being of all of us in different generations, wondering whether I am providing for my children the essentials that they need, recognizing I grew up within walking distance of both sets of my grandparents, aunts and uncles all around. I had no worries when there was a quabble at home between my sisters and brothers or my mother or whatever. Mother sent us up to my grandmother. She always had plenty. We could have lunch with her. If we did not like the tuna salad sandwich and the tomato soup that was being served at home, we went and had pork chops and mashed potatoes at my grandmother's.

But recognizing that that does not exist anymore, and that my sisters and my brother and I have to face that, not only, as I said, providing the financial stability as well as the physical, but also the emotional, providing in the quality of life for our elderly what they need to be happy.

We are one of the three States that you mentioned that actually does have a medical school that teaches gerontology, and I went to a meeting that Dr. Lipshitz provided in one of our rural communities to the elderly people of that community, and do you know the most important thing that he did in that meeting for the elderly? He made them dance out of the auditorium. He said, "Let me tell you, the most critical part of your aging process is to be involved, to get out in that community, don't sit at home watching the boob tube, but to be being a part of life in general in the community."

Dr. Torres-Gil's comment about our children and the diversity in our community, made me think about life after the integration in the South. I was in the public school system then, years later, after I had been away for quite some time. I called mother, and she could not even visit with me on the phone because she was running over to the elementary school to be a room mother.

I said, Mother, you have not had a child in the public schools in almost 20 years. I said, what—she said, "Let me tell you, those kids need more than just what those teachers can give. They need a cookie at Halloween. They need a valentine at Valentine's Day. And," she said, "your generation is busy, and," she said, "let me tell you, the emotional well-being of those children is important to me. It is my community, and," she said, "they may be the very people that are running the nursing home that you are going to put me in. So," she said, "I want them to be balanced." [Laughter.]

Those are the critical things that we do have to think of and that we have to encourage in some very inventive ways, because our generation is busy. We are feeding children. We are taking care of parents. We are taking care of our marriages. We are keeping our houses clean and fixing dinner, doing all of those kinds of things that are important.

I have to say, my husband has done a wonderful job. He fixes dinner 3 nights a week. I fix dinner 3 nights a week. I do the grocery shopping. But it is important that we recognize we cannot be our parents. And yet, we do have to provide many of those things that were provided in that very warm, and in my situation, a very perfect upbringing. It was wonderful. We have to look at a way we

can do that in concert with also preparing for the other needs that are so very important, emotional, physical, as well as the financial.

I think this is a very noteworthy hearing and I am proud that the leadership in this committee has chosen to focus on baby boomers.

I would just like to ask a couple of you a few pointed questions, and Mr. Chairman, bear with me.

Dr. Torres-Gil, you have conducted extensive research on the effects of government policies on older persons for minority populations, and I give the example of my mother's involvement with the younger generation, realizing the role they are going to play.

But 20 years from now, do you think that the needs of older minority persons will be significantly different from the needs of older minority persons today? I think of just the needs of my mother today, and probably mine being different with technology and others. Those older minorities, will they have adjusted to language barriers, to other things like that when they do become older?

Mr. TORRES-GIL. The quick response, Senator, and I want to thank you for sharing your mother's story and I would like to get her together with my mother. I think they have much in common.

Senator LINCOLN. Watch out. We have already nominated her to sainthood.

Mr. TORRES-GIL. My mother raised nine children on her own on public assistance and she is still involved in the schools and writing columns about how to raise children, so I hope to emulate her a little bit.

But in answer to your question, the answer is, over time, the next 20 to 30 years, as Hispanics, African Americans, and Asians grow older in this country, their interests and concerns will become similar to that of non-minorities in that they will be concerned about, who will take care of me as I get older? Do I have enough money to live on? Do I have a retirement plan? Are my streets safe?

So that is, I think, the short answer. Aging has a way of leveling the differences of race and ethnicity and language. However, we do have to look carefully at the variations among those groups. You do have a large proportion of first-generation Asians and Hispanics, in particular, who do not speak English, who more likely will come here even as middle-aged and older persons, whether from Mexico or Taiwan or other parts of the world, and so they do have special needs and special problems, such as not speaking the language. And they expect that they will grow old in an extended family.

But the beauty of the American political system is that children and grandchildren quickly assimilate, acculturate, and become American and want to live apart and have the opportunity to go away and go to school and do all the wonderful things. So many minority elderly come here and find that they cannot relate to their children and grandchildren, find themselves isolated, and then they will start seeking senior citizen centers where they can be with others like them.

But over time, yes, age will be a leveling effect and so there will be much in common among all groups, minority and non-minority. It is between now and then that we have to deal with the differences.



Senator LINCOLN. Our State, in Arkansas, proportionally, has the largest increase of Hispanics in the country. It has been very interesting for me to work with our multicultural groups and talk about some of these issues.

To Mr. Peterson, in your book, *Gray Dawn*, which I have not read, but I have a copy and I think I may sneak a few to send to my sisters, you mention that one of the ways to reduce the cost of Federal expenditures on the elderly is to increase the willingness of grown children to support their own elder parents through informal and family channels.

I, myself, am not the best, but luckily, I am married to the most wonderful man in the world who also has a type A personality and everything goes into savings. But as a financial expert, what policies would you recommend to us to begin to put into place to support this effort of encouraging those to save?

Mr. PETERSON. In my book, and trust me, I will not go through the strategies, I outlined six possible strategies to solve the problem, one of which is people working longer. Another is having more babies, which raises its own set of problems, called pronatalism.

Senator LINCOLN. Yes, it does.

Mr. PETERSON. And one is called a filial strategy, which is the one you are talking about. I think it is going to be a rather tough proposition in the United States, to be honest with you. That is much more a policy that is being considered very seriously in Asia, where with the Confucian ethic and the family identity, there are countries over there that either have or are about to inject laws that require the children to take care of their parents.

I wish I could tell you that I thought that would be an easy proposition in the United States. I think, given the way we live and the distances between kids and their parents, that is going to be a very tough proposition. Far better, I think, to put in plans now that get the personal savings of those people when they do retire adequate to take care of themselves.

You are a boomer, and I do not mean to put down boomers—certainly not you, Senator—

Senator LINCOLN. No.

Mr. PETERSON [continuing]. But the boomers are living in a kind of a fiscal Disneyland. A majority of them say, I expect to retire early. Second, I expect to live as well as I do now. Third, I am not going to get Social Security. And fourth, I do not have much savings. The typical 60-year-old has about \$10,000 in net financial assets. Now, if you can somehow reconcile those positions, you are more imaginative than I am.

One of the major things that needs to be done is to increase personal savings, and I personally think we are going to have to go to some form of personal retirement account because the democratic system all over the world has demonstrated that you cannot keep surpluses in a democracy in a government account without their getting spent. I mean, that is just the reality, and not only in America, but every country in the world.

So I think the best answer to that is, first, to be awfully sure that Social Security is secure for people that need it, that really need it, and second, to increase private savings soon enough so,

with compound interest, people have enough money that they can retire with dignity.

Senator LINCOLN. Dr. Dychtwald, in your white papers, you list the coming caregiver crunch as the third elder boomer challenge. The solutions you offer to caregiver crunch is long-term care private insurance. Now, I know I have not thought about that yet, but I am now wishing that my parents had thought about it. I am a cosponsor of two of the long-term care bills in the Senate, and I am also a cosponsor of tax credits for other things that are out there that can increase personal savings.

Since the average age of long-term care insurance buyers is 65, is it realistic to think that baby boomers will take this issue seriously? I know you talked about educating them, but we do not have that much time, when you think about it. That has been one of the frightening things about today's hearing.

Dr. DYCHT WALD. I would like to, if I might, answer your question in two ways.

We must institute the kinds of research agenda that could eliminate some of the more troublesome diseases of old age. This is not dissimilar from when one of our Presidents said we are going to put a man on the moon—I would love for one of our Presidents to say, "We are going to wipe out some of the diseases of old age." If we could even postpone Alzheimer's by 5 years, half of all the nursing home beds in America would empty. So the first issue is, can we eliminate some of the root cause of all this long-term suffering, and the resultant need for caregiving and those two parts of the puzzle do not get connected often enough.

But I am quite convinced that what is essential for baby boomers is to seriously consider long-term care insurance, and I think it would be a wise thing to do to have employer-initiated long-term care insurance for an employee and their parents that would have some tax advantages.

Second, I think we have got to halt the 401(k) leakage. I think if people, separate from Social Security and savings, are building up these accounts and then just tossing them out continually, they are going to find themselves short in every way when their mom or dad needs them.

I also feel that there is something increasingly disconcerting about Medicaid, that was initially set up to support those who are the very poor, increasingly being utilized by pretty well everybody, and then being used to put people into nursing homes, which we then cut the reimbursement down on, causing the nursing homes to go out of business. I am not a martial expert, but it seems to me that is a very peculiar way to fight a war.

In other words, I do believe we can eliminate some of the diseases of old age, therefore foreshorten the caregiving demand. I think we need to create more home-based care, which is less expensive. I think we have to eliminate the capitalistic feast around dying which is going on and making dying an explosive area of action, time, energy and money, which would save all of us, families and the Government, a great deal of expenditure. And I think we have got to shore up and build a private long-term care possibility for those for whom it would make sense, which, by the way, in my opinion, is most of us.

The last point I would like to make, if you would allow me is about leadership, I have not spent that much time with Presidents, but I did manage to spend a day with President Reagan 10 years ago on his birthday, February 11, I believe, and I asked him a question. I asked him if he had come to any conclusion about what made us special as Americans, and he had a very interesting answer which, I must say, moved me. I was not expecting to be moved, but I was moved.

He said something like, "Ken, if you were to move to France and spend the rest of your life there, you would never be accepted as a Frenchman. You would be an American living in France. If you moved to Japan and fell in love with the culture and the religions and the way of life, you would never be considered Japanese. The same if you moved to Brazil. But people from all over the world come to America and become Americans."

It occurred to me that perhaps the grandness of our country is the spirit of the American experiment, an attempt to build a culture of many different kinds of people with many different philosophies religions and ways of life. Now, here is the crowning challenge. We are about to become the first multi-racial, multi-ethnic, and multi-generational society in the history of the world. That is not a done deal, it is a living experiment.

And to your earlier point about what we do about it if we are so busy dealing with fires today, I think the question needs to be asked, do we as leaders, whether paid leaders or community leaders or family leaders, do we see ourselves as shepherds or do we see ourselves as visionary leaders?

We are embarking on perhaps the most amazing arc in human civilization, and I think the whole world looks to America to see the way we will handle this. And I would challenge you and all the people with whom you come in contact to realize that these issues we are facing are all avertable, preventable, manageable, but only if we look to the future and then back up and start taking steps now, and I think that is what leadership truly is.

Senator LINCOLN. Thank you, Mr. Chairman.

Senator BREAU. I would like to thank all three of the panelists. Many times, Congress spends so much of our time looking at the problems of the past or what is wrong with today. But this has given us an opportunity, I think, to look toward the future and to start doing some real serious planning for the next generation, the baby boom generation, and what is going to happen to them. I think that all three of you have just done an absolutely fantastic job, and our job is to let more Members know about your recommendations and the concerns that have been expressed here today.

So we thank all of you very sincerely for your contribution. This will adjourn this hearing and we will be adjourned for the call of the chair.

[Whereupon, at 4:01 p.m., the committee was adjourned.]