Income inequality will become more pronounced as US ages

By Haya El Nasser
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The wide economic disparity between minorities and white people and between men and women is likely to broaden as the nation’s increasingly diverse population ages.

Among Americans 65 or older, black people and Latinos are much more likely than white people to rely solely on Social Security for income. And older women are more likely to live alone than men and twice as likely to be poor.

The number of seniors in the U.S. will more than double, from 46 million today to more than 98 million by 2060, when they will make up almost a quarter of the U.S. population.
The gray tsunami of the aging baby boomer population is projected to fuel a 75 percent increase in the number of older Americans needing nursing home care, from 1.3 million in 2010 to 2.3 million by 2030.

Just 8 percent of non-Hispanic white people 65 or older lived in poverty in 2014, but 18 percent of older Latinos and 19 percent of African-Americans were poor.

“All the major demographic, economic and social changes that have been going on for decades are just starting to catch up with older adults,” said Mark Mather, the associate vice president for U.S. programs at the Population Reference Bureau and the lead author of the “Aging in the United States” report, out today.

White people will account for more than half of older Americans through 2060, but their share will plummet by 23 percentage points, to 55 percent. Latinos will go from 8 percent of the older population in 2014 to 11 percent by 2030 and 22 percent by 2060.

“There is a lot of talk about aging baby boomers but not that much attention to the diversity of baby boomers and how that’s going to affect” the aging population, he said.

Rising inequality, more divorces, fewer children and more minorities will carry over to the older population and is bound to put pressure on Social Security, Medicare and nursing home care.

With a higher divorce rate and a decline in fertility, there are more elderly who will find themselves alone. “Caregiving is one of the most critical issues,” Mather said. “Family caregivers provide a huge benefit to the federal government and to the health care system as a whole — kids caring for parents, spouses caring for their loved ones. The fact that family structure is changing may have a major impact.”

At the same time, life expectancy is rising, from 68 in 1950 to 79 this decade. Men are living longer, a reflection of a drop in smoking-related deaths, narrowing the gap between men and women.

Women lived seven years longer in 1990. Now the gap has narrowed to less than five years — 81.2 for women and 76.4 for men. If current trends continue, men’s life expectancy could be almost the same as women’s within a few decades.

“One potential effect is that more older women will have a spouse, but it’s possible that that could be offset by rising divorce rates,” Mather said.

And although health of the elderly is improving, rising obesity rates put older adults at higher risk of disability than their parents. “We have to add a huge number of people to the health care work force to keep up with the demand,” he said.

Black men and women still have lower life expectancies than their white counterparts.

“Policymakers and others need to pay attention to these gender and racial/ethnic gaps, which could undermine progress in advancing the well-being of older Americans in the coming decades,” according to the report.
Many older adults are working past the traditional retirement age. Almost a quarter of men and about 15 percent of women 65 or older were still working in 2014. Those numbers are projected to rise to 27 percent of men and 20 percent of women by 2022. “That’s really the best solution to reduce the strain on Social Security,” said Mather.

But those who are less educated and in blue-collar jobs have fewer options to keep working beyond 65, he said.

The approach to elderly care is changing, said Sandy Markwood, the chief executive officer of the National Association of Area Agencies on Aging. “People want to age at home and in their communities whether they’re alone or not,” she said.

Most people cannot afford the estimated $80,000-a-year cost of nursing homes, and that’s why there has been a growing push to create support systems for older people living at home. Planned communities where neighbors help neighbors and multigenerational homes where children can live with their parents are becoming more popular.

“We’re going to be looking at new models,” Markwood said. “What we need to do in society is help support the older populations. The numbers demand it.”

The graying of the population is a global challenge. More than a quarter of Japan’s population is older. In Germany and Italy, the share of older adults is projected to increase from one-fifth of the population to about a third by 2050.

“Other countries have been aging at a much more rapid clip, and they’re managing it,” Mather said. “There is evidence from other countries that this is not going to be a disaster for the economy and social system.”