

Older Americans impacting the economy

BY HERB WEISS

Sometime in your life you might have heard this comment – older people are a drain on the economy. A newly released AARP report shatters this myth once and for all by detailing a rise in spending and workforce contributions by aging baby boomers.

AARP's 28-page report, "The Longevity Economy: How People Over 50 Are Driving Economic and Social Value in the US," takes a hard look at how our nation's population of 111 million 50-plus consumers impacts the economy.

According to this report, released on Sept. 20, the 50-plus age group generates a whopping \$7.6 trillion in economic activity (a \$500 billion increase from 2013), including \$5 trillion in consumer spending.

The researchers say the increases reflects the nation's shifting demographic and spending patterns of this group due to longer life spans and prolonged employment.

Older Adults a Powerful Economic Force

The 50-plus cohort represents a powerful force that drives economic activity and the growth of this age group and has a transformative impact on the nation's products and services.

According to the report, produced by Oxford Economics for AARP, members of the "Longevity Economy" are employed longer and making contributions within the workforce. In addition, the economic activity that comprises the Longevity Economy generates \$1.8 trillion in federal, state and local taxes. As older people extend their work lives, they are fueling economic growth past the traditional retirement age of 65 as well as combating myths about how aging affects the economy.

"As the 50-plus demographic continues to grow, the market opportunities are too large to

ignore," said Jody Holtzman, senior vice president of market innovation, AARP. "With those in the 'longevity economy' wanting to maintain independence, employment and health for as long as possible, opportunities abound for companies to develop products and services to meet the demand. This report offers a strong roadmap for companies to address the needs of the 50-plus population."

Look for the nation's Longevity Economy to be more ethnically diverse. The report notes that by 2050, black, Hispanic, Asian, and other non-white groups will make up 45 percent of the 50-plus population, compared with 26 percent in 2015. Demographic changes will influence the types of goods and services that the 50-plus population consumes and invests in, say the researchers.

Aging baby boomers and seniors will be a "contributing force" in the workplace and heavily into entrepreneurship. The report's findings indicated that people age 50-plus are working longer, earning wages, spending more money, generating tax revenue, and producing economic value for an extended period of time. Those aged 55-64 have had the highest rate of entrepreneurial activity in the nation and over the last 10 years and one in three US businesses in that timeframe was started by an entrepreneur aged 50 or older.

The report's findings pierces the long-held stereotypes that as one ages they become less productive, not as quick and agile when compared to younger employees. Researchers say while these observations may be true in some occupations, however, the report's data suggests that in many instances productivity may increase in your later years. This may occur because older workers who are more highly educated are employed in more knowledge-

based professions and less physically active ones.

Researchers observed that the Longevity Economy supported job sustainability. The AARP report found that in 2015 alone, nationwide spending by people aged 50-plus supported more than 89.4 million jobs and more than \$4.7 trillion in the nation's labor income – 61 percent of all U.S. jobs and 43 percent of labor income was related to this groups' spending, impacting health services and education.

Meanwhile, the AARP report notes that The 50-plus population has a strong desire to stay independent and active while they age, resulting in businesses developing new technologies – such as remote monitoring, smartphone apps and ambient computing – that cater to them.

Finally, the AARP report found that baby boomers are not stingy. They donate at a larger rate than younger generations, with 80 percent of those 65-plus giving to charity in 2015. When not working boomers spend a lot of their time volunteering, too – individuals 55-64 spend 128 hours per year while those 65-plus spend 133 hours per year. In addition, 83 percent of the nation's household wealth is held by those over 50 years old, say researchers.

In the Ocean State...

"In Rhode Island, we know that the 50+ population is an economic driver," said AARP

Rhode Island State Director Kathleen Connell. "On the younger end, the demographic represents key leaders in business, education and government. Sometimes it seems as if the 'young innovators' get all the press, but this core of established, successful and still quite energetic Rhode Islanders is undeniable. At the other end of the spectrum, \$2.9 billion dollars in Social Security benefits are paid out to Rhode Islanders and a large portion of that spending is here in the state. Total economic output is estimated at \$4.98 billion. People also would be surprised to know that Rhode Islanders 65 and older comprise 18 percent of the workforce."

"They are caregivers and philanthropists as well," Connell added. "And their volunteer service is valued at \$148 million a year. However, this is not to deny that many older people have real and pressing needs. That will grow as a percentage of the state's population and we need to plan for those realities."

"Younger entrepreneurs are important to the state's future," Connell concluded. "But the brightest, in my opinion, recognize the 50+ population as both a market and a resource. Many are tapping the generation that came before them as an advantage as they grow their own successes. We want to see more of that. It's a win-win we can't pass up."

It is no surprise to economist Ed Mazze that consumers age 50-plus are the most important demographic group for businesses to target. He says there are over 120 million people in this group (the baby boomers (born 1946 to 1964) and the Silent Generation (born from 1925 through 1945).

Mazze, distinguished professor of business administration at the University of Rhode Island, notes that boomers are willing to spend on technology, use social media, purchase online and represent a good market for many luxury products. "Many new products have been created for the Silent Generation in areas of food and pharmaceuticals and other products have been redesigned and re-engineered such as appliances, automobiles and furniture for ease of operation," he says.

"There are many in both markets still willing to pay full price for the products and services they buy if they feel they are getting full value for these purchases. These are two important consumer market segments that should not be neglected," adds Mazze.

HERB WEISS, LRI '12, is Pawtucket writer who covers aging, health care and medical issues. He can be reached at hweissri@aol.com. This was originally published in the Woonsocket Call on Sept. 25, 2016. It is reprinted with permission.

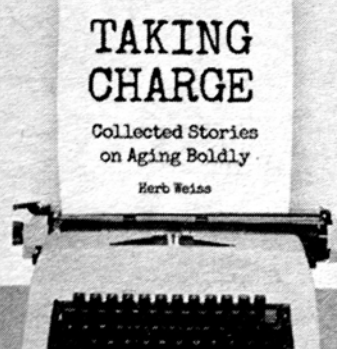
Take a minute for 'Taking Charge'

Herb Weiss has been an "age beat" journalist for more than 36 years, writing more than 600 stories on health care, aging and medical issues. These have appeared in national and state trade association publications as well as newspapers and blogs.

Now, the Pawtucket resident has published his first book, a collection of 79 newspaper commentaries that were originally published in the Pawtucket Times and The

Woonsocket Call. He describes "Taking Charge: Collected Stories on Aging Boldly," as "chock full of researched stories and insightful interviews with experts and everyday people who have shared their personal observations about growing older."

Published by Stillwater River Publications of Chepachet, the 291-page book is \$20 and is available in stores in the Rhode Island area and on Amazon.com.



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