

Income

- Householders aged 55 to 74 saw their median income climb 6 percent between 2000 and 2007, while those aged 75 or older experienced a 3 percent gain. This increase stands in contrast to the decline in median income of all households during those years.
- Household income falls as people age and retire from the labor force. While the \$57,386 median income of householders aged 55 to 64 exceeds that of the average household, the \$28,305 median income of householders aged 65 or older is well below average.
- The most affluent older householders are couples aged 55 to 59 because most are still in the labor force. Their median income was a lofty \$84,645 in 2007, and 40 percent had incomes of \$100,000 or more.
- Between 2000 and 2007 younger age groups experienced income reductions, but the median incomes of men and women aged 55 or older grew. Women aged 55 to 64 enjoyed the highest increase in median income, up 24 percent.
- Among Americans aged 65 or older, 88 percent of men and 90 percent of women received income from Social Security in 2007, making it the most common source of income for the age group.
- The poverty rate of older Americans is below average. Only 9.2 percent of people aged 55 or older are poor compared with a larger 12.5 percent of all Americans.

Incomes of Older Householders Have Increased

In younger age groups, median income has declined since 2000.

Householders aged 55 to 74 saw their median income climb 6 percent between 2000 and 2007, while those aged 75 or older experienced a 3 percent gain. This increase stands in contrast to the nearly 1 percent decline in the median income of householders of all ages. Measured against the 1990 value, the median income of householders aged 55 or older grew 15 percent versus a 9 percent gain for all households.

The median income of householders aged 55 to 64 is growing because fewer are opting for early retirement. The median income of householders aged 65 or older is growing because a more educated, affluent generation is entering the age group.

■ The incomes of households headed by 55-to-64-year-olds will continue to grow as Boomers entirely fill the age group and early retirement becomes less common.

Older householders have made income gains

(percent change in median income of total households and households headed by people aged 55 or older, by age, 2000–07; in 2007 dollars)

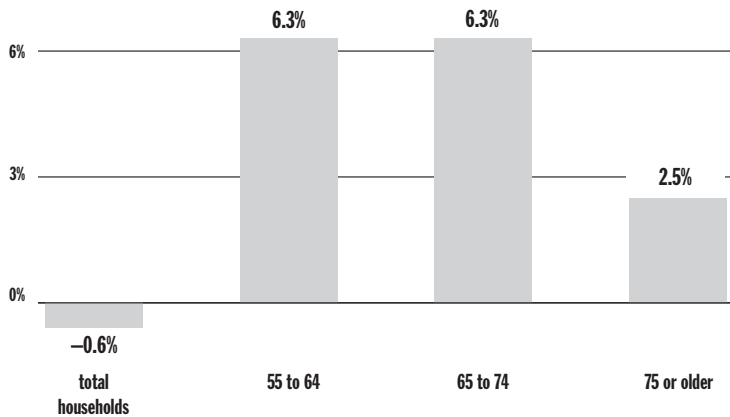


Table 5.1 Median Income of Households Headed by People Aged 55 or Older, 1990 to 2007

(median income of total households and households headed by people aged 55 or older, and index of age group to total, 1990 to 2007; percent change for selected years; in 2007 dollars)

	total		householders aged 65 or older		
	households	55 to 64	total	65 to 74	75 or older
2007	\$50,233	\$57,386	\$28,305	\$36,032	\$23,230
2006	49,568	56,141	28,587	34,916	23,462
2005	49,202	55,505	27,652	33,636	23,198
2004	48,665	55,315	26,911	33,899	22,463
2003	48,835	55,483	26,817	33,415	21,950
2002	48,878	54,403	26,684	32,470	22,244
2001	49,455	53,714	27,075	32,994	22,456
2000	50,557	54,005	27,793	33,895	22,653
1999	50,641	55,579	28,368	34,035	23,832
1998	49,397	54,837	27,603	33,171	22,720
1997	47,665	53,269	26,742	32,578	21,999
1996	46,704	52,393	25,592	30,807	21,048
1995	46,034	51,439	25,797	31,113	20,726
1994	44,636	48,742	25,034	29,637	20,380
1993	44,143	47,299	25,082	30,111	20,245
1992	44,359	49,220	24,810	29,496	19,721
1991	44,726	49,445	25,202	29,786	20,686
1990	46,049	49,773	25,921	31,207	20,223
Percent change					
2000 to 2007	-0.6%	6.3%	1.8%	6.3%	2.5%
1990 to 2007	9.1	15.3	9.2	15.5	14.9
INDEX					
2007	100	114	56	72	46
2006	100	113	58	70	47
2005	100	113	56	68	47
2004	100	114	55	70	46
2003	100	114	55	68	45
2002	100	111	55	66	46
2001	100	109	55	67	45
2000	100	107	55	67	45
1999	100	110	56	67	47
1998	100	111	56	67	46
1997	100	112	56	68	46
1996	100	112	55	66	45
1995	100	112	56	68	45
1994	100	109	56	66	46
1993	100	107	57	68	46
1992	100	111	56	66	44
1991	100	111	56	67	46
1990	100	108	56	68	44

Note: The index is calculated by dividing the median income of the age group by the national median and multiplying by 100.
Source: Bureau of the Census, Current Population Survey Annual Social and Economic Supplements, Internet site <http://www.census.gov/hhes/www/income/histinc/inchhtoc.html>; calculations by New Strategist

Older Americans Are Less Diverse than Younger Generations

Only one in five older Americans is black, Hispanic, or Asian.

Seventy-eight percent of U.S. residents aged 55 or older are non-Hispanic white, according to Census Bureau estimates for 2008. The figure peaks at 84 percent among the oldest Americans—aged 85 or older. Among children under age 5, only 53 percent are non-Hispanic white.

By generation, 80 percent of people in the generations that precede the Baby Boom (aged 63 or older in 2008) are non-Hispanic white. The figure is as low as 55 percent in the iGeneration (children under age 14). Only 7 percent of U.S. residents aged 63 or older are Hispanic compared with 23 percent of children under age 14.

■ The differences in the racial and ethnic composition of older and younger generations may create political problems in the years ahead.

Seventy-eight percent of the oldest Americans are non-Hispanic white

(percent distribution of people aged 55 or older by race and Hispanic origin, 2008)

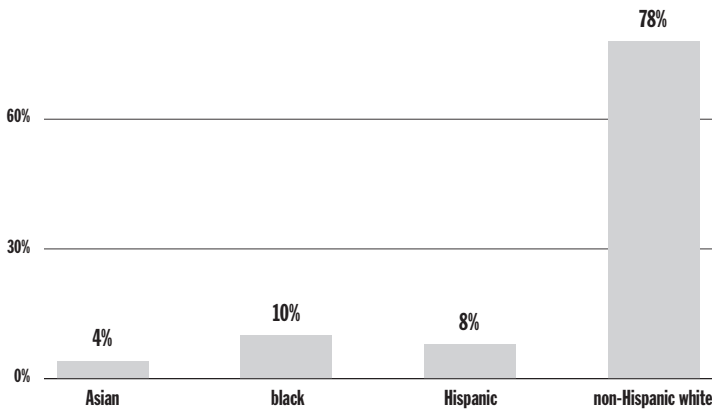


Table 8.6 Population by Age, Race, and Hispanic Origin, 2008*(number and percent distribution of people by age, race, and Hispanic origin, 2008; numbers in thousands)*

	total	Asian	black	Hispanic	non-Hispanic white
Total people	304,060	15,480	41,127	46,944	199,491
Under age 5	21,006	1,242	3,573	5,288	11,065
Aged 5 to 9	20,065	1,107	3,298	4,464	11,222
Aged 10 to 14	20,055	1,033	3,363	3,989	11,660
Aged 15 to 19	21,514	1,018	3,667	3,850	12,903
Aged 20 to 24	21,059	1,027	3,307	3,663	12,949
Aged 25 to 29	21,334	1,206	3,166	4,141	12,740
Aged 30 to 34	19,598	1,334	2,724	4,041	11,456
Aged 35 to 39	20,994	1,404	2,823	3,730	12,981
Aged 40 to 44	21,507	1,210	2,847	3,279	14,085
Aged 45 to 49	22,880	1,107	2,882	2,795	15,964
Aged 50 to 54	21,492	986	2,563	2,187	15,615
Aged 55 or older	72,556	2,808	6,914	5,515	56,851
Aged 55 to 59	18,583	829	2,068	1,650	13,907
Aged 60 to 64	15,103	612	1,471	1,204	11,706
Aged 65 or older	38,870	1,367	3,375	2,661	31,238
Aged 65 to 69	11,349	443	1,075	853	8,899
Aged 70 to 74	8,774	339	829	653	6,899
Aged 75 to 79	7,275	255	614	496	5,871
Aged 80 to 84	5,750	176	438	346	4,763
Aged 85 or older	5,722	154	419	313	4,807
PERCENT DISTRIBUTION BY RACE AND HISPANIC ORIGIN					
Total people	100.0%	5.1%	13.5%	15.4%	65.6%
Under age 5	100.0	5.9	17.0	25.2	52.7
Aged 5 to 9	100.0	5.5	16.4	22.2	55.9
Aged 10 to 14	100.0	5.1	16.8	19.9	58.1
Aged 15 to 19	100.0	4.7	17.0	17.9	60.0
Aged 20 to 24	100.0	4.9	15.7	17.4	61.5
Aged 25 to 29	100.0	5.7	14.8	19.4	59.7
Aged 30 to 34	100.0	6.8	13.9	20.6	58.5
Aged 35 to 39	100.0	6.7	13.4	17.8	61.8
Aged 40 to 44	100.0	5.6	13.2	15.2	65.5
Aged 45 to 49	100.0	4.8	12.6	12.2	69.8
Aged 50 to 54	100.0	4.6	11.9	10.2	72.7
Aged 55 or older	100.0	3.9	9.5	7.6	78.4
Aged 55 to 59	100.0	4.5	11.1	8.9	74.8
Aged 60 to 64	100.0	4.1	9.7	8.0	77.5
Aged 65 or older	100.0	3.5	8.7	6.8	80.4
Aged 65 to 69	100.0	3.9	9.5	7.5	78.4
Aged 70 to 74	100.0	3.9	9.5	7.4	78.6
Aged 75 to 79	100.0	3.5	8.4	6.8	80.7
Aged 80 to 84	100.0	3.1	7.6	6.0	82.8
Aged 85 or older	100.0	2.7	7.3	5.5	84.0

Note: Numbers do not add to total because Asians and blacks include those who identified themselves as being of the race alone and those who identified themselves as being of the race in combination with other races, and because Hispanics may be of any race. Non-Hispanic whites include those who identified themselves as being white alone and not Hispanic.

Source: Bureau of the Census, Population Estimates, Internet site <http://www.census.gov/popest/national/asrh/NC-EST2008-sa.html>; calculations by New Strategist

Retirees Are Spending More

The spending of retirees grew substantially between 2000 and 2007.

The average household headed by a retiree spent \$35,424 in 2007—13 percent more than in 2000, after adjusting for inflation. This spending gain was greater than the 8 percent increase in spending by the average household.

Retirees spent more in 2007 than in 2000 on many discretionary items. Their spending on food away from home rose 8 percent during those years. Spending on alcoholic beverages increased 11 percent, and spending on entertainment climbed by 39 percent. They boosted their spending on education by 88 percent, many helping to pay for their grandchildren’s college costs.

Retirees spent only 71 percent as much as the average household in 2007 because their households are relatively small. On most products and services, retirees spend less than the average household, but they spend more on some products and services such as health care, reading material, cash contributions, and postage and stationery.

■ As Baby Boomers begin to retire, the spending patterns of retirees are likely to change.

Retirees boosted their spending on many items between 2000 and 2007

(percent change in spending by retirees on selected items, 2000 to 2007; in 2007 dollars)

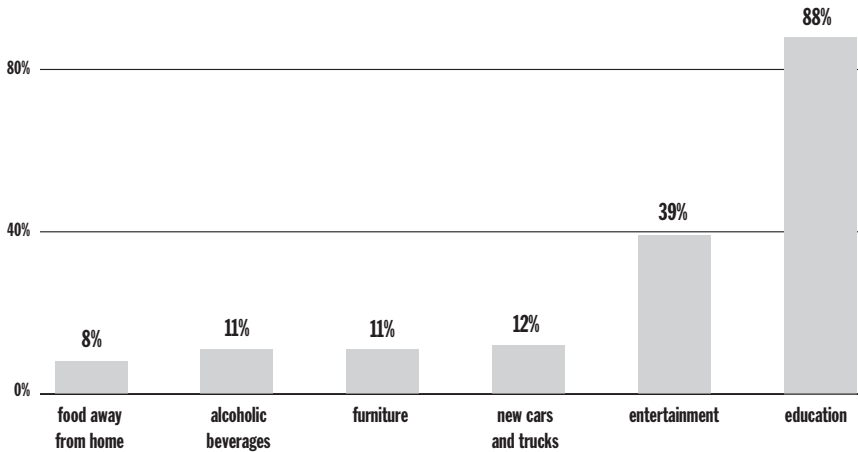


Table 9.12 Average Spending of Retirees, 2000 and 2007

(average annual spending of consumer units headed by retirees, 2000 and 2007; percent change, 2000–07; in 2007 dollars)

	2007	2000	percent change 2000–07
Number of consumer units (in 000s)	20,658	19,499	5.9%
Average annual spending	\$35,424	\$31,231	13.4
FOOD	4,420	4,438	-0.4
Food at home	2,813	2,954	-4.8
Cereals and bakery products	382	450	-15.2
Cereals and cereal products	110	144	-23.9
Bakery products	272	306	-11.1
Meats, poultry, fish, and eggs	629	766	-17.9
Beef	171	223	-23.2
Pork	138	175	-21.0
Other meats	79	95	-16.9
Poultry	101	130	-22.3
Fish and seafood	100	105	-4.5
Eggs	39	37	4.5
Dairy products	315	334	-5.6
Fresh milk and cream	123	136	-9.6
Other dairy products	192	197	-2.8
Fruits and vegetables	537	586	-8.4
Fresh fruits	187	196	-4.7
Fresh vegetables	170	176	-3.3
Processed fruits	101	129	-21.6
Processed vegetables	80	83	-3.7
Other food at home	950	819	16.0
Sugar and other sweets	105	116	-9.2
Fats and oils	88	88	0.1
Miscellaneous foods	470	365	28.8
Nonalcoholic beverages	251	213	17.8
Food prepared by household on trips	37	36	2.4
Food away from home	1,607	1,485	8.2
ALCOHOLIC BEVERAGES	303	272	11.3
HOUSING	12,274	10,431	17.7
Shelter	6,455	5,314	21.5
Owned dwellings	4,277	3,536	20.9
Mortgage interest and charges	1,179	908	29.9
Property taxes	1,622	1,368	18.6
Maintenance, repairs, insurance, other expenses	1,476	1,261	17.1
Rented dwellings	1,635	1,322	23.7
Other lodging	543	456	19.0