Socio-Economic Effects of The Aging Population

Eric Grosso
2014 Wisconsin Healthy Aging Summit
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Bureau of Aging and Disability Resources
Session Topics:

- Aging Population Dynamics – Historical and Projected.

- Various Characteristics of Today’s Older Population.

- Older Labor Force Participation and Recent Economic Effects on Retirees.

- Income Derivation by Age.

- Ages 65+ Consumer Spending.
Ages 65 and Older

- One in eight people in 2010; one in five by 2025; one in four by 2040.

- One in 25 working and seeking work in 2010; one in 14 by 2025.

- The Western Hemisphere is in the midst of aging imperatives now. It’s no longer “down the road”.

- The nation’s economy is following, not leading, aging population.
Wisconsin 30-year Population Growth Rates, 1890 - 2040

Source: U.S. Census, WI DOA Demographic Services Center, and Minnesota Population Center National Historical Geographic Information System: Version 2.0.
Minneapolis, MN: University of Minnesota 2011

Total Population

Ages 65 +
Wisconsin - Ages 65+ as Share of Total Population

Wisconsin Domestic One-Year Net Migration Across 48 Contiguous States – Ages 65+

Source: iPUMS USA and U.S. Census, American Community Survey, 2008-12, PUMS extract

- 37,000 moved within Wisconsin
- Overall Slight Net Out-migration
- Seasonal Property Conversion = WI Advantage
Non-White Shares of Total Population Ages 65+, U.S. and Wisconsin, 2012

Source: U.S. Census, Annual Estimates Program, 2013

White share:
U.S. = 86%
WI = 96%

<table>
<thead>
<tr>
<th>Race</th>
<th>U.S.</th>
<th>Wisconsin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black/African American</td>
<td>8.8%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>0.6%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Asian</td>
<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>Hawaiian/Pacific Islander</td>
<td>0.1%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>0.8%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Hispanic/Latino (Any Race)</td>
<td>7.3%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

2008-2012 Highest Educational Attainment - Ages 65 +
Source: iPUMS USA, ACS 2008-12 PUMS file

- **Less Than High School Diploma**
  - U.S.: 19.6%
  - Wisconsin: 15.5%

- **High School Diploma**
  - U.S.: 42.7%
  - Wisconsin: 51.8%

- **Some College, no degree**
  - U.S.: 16.2%
  - Wisconsin: 14.3%

- **Bachelor's Degree**
  - U.S.: 12.0%
  - Wisconsin: 10.7%

- **Masters, Ph.D., or Professional Degree**
  - U.S.: 9.5%
  - Wisconsin: 7.7%

**Source:** iPUMS USA, ACS 2008-12 PUMS file
Net Change x Educational Attainment Since 2000, Ages 65+, Wisconsin

Source: iPUMS USA, 2000 PUMS 5% file and 2008-12 PUMS file

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Net Change</th>
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<tbody>
<tr>
<td>Less Than High School Diploma</td>
<td>-88,123</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>76,370</td>
</tr>
<tr>
<td>Some College, no degree</td>
<td>36,137</td>
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<tr>
<td>Bachelor's Degree</td>
<td>29,990</td>
</tr>
<tr>
<td>Masters, Ph.D., or Professional Degree</td>
<td>24,566</td>
</tr>
<tr>
<td>Total</td>
<td>78,940</td>
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</tbody>
</table>
Net Change x Educational Attainment Since 2000, Ages 65+, Wisconsin

Source: iPUMS USA, 2000 PUMS 5% file and 2008-12 PUMS file

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than High School Diploma</td>
<td>-42.1%</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>23.2%</td>
</tr>
<tr>
<td>Some College, no degree</td>
<td>47.7%</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>55.7%</td>
</tr>
<tr>
<td>Masters, Ph.D., or Professional Degree</td>
<td>68.6%</td>
</tr>
<tr>
<td>Total</td>
<td>11.2%</td>
</tr>
</tbody>
</table>
Percent of the Population Age 65+

2015

Source: WI DOA Demographic Services, Population Projections, Vintage 2013
Prepared by Eric Grosso, WI DHS Bureau of Aging and Disability Resources
Percent of the Population Age 65+

2020

Source: WI DOA Demographic Services, Population Projections, Vintage 2013
Prepared by Eric Grosso, WI DHS Bureau of Aging and Disability Resources
Percent of the Population Age 65+

2025

Source: WI DOA Demographic Services, Population Projections, Vintage 2013
Prepared by Eric Grosso, WI DHS Bureau of Aging and Disability Resources
Percent of the Population Age 65+

2030

Source: WI DOA Demographic Services, Population Projections, Vintage 2013
Prepared by Eric Grosso, WI DHS Bureau of Aging and Disability Resources
Percent of the Population Age 65+

2035

Source: WI DOA Demographic Services, Population Projections, Vintage 2013
Prepared by Eric Grosso, WI DHS Bureau of Aging and Disability Resources
Percent of the Population Age 65+

2040

Source: WI DOA Demographic Services, Population Projections, Vintage 2013
Prepared by Eric Grosso, WI DHS Bureau of Aging and Disability Resources
Wisconsin Proxies of Entrants and Retirees - 2010 to 2040
Source: WI DOA, Demographic Services and E. Grosso

18 Year-Olds  65 Year-Olds
Projected Ages 65-plus a % Share of State's Total Labor Force

Source: WI DOA Demographic Services, E. Grosso
Wisconsin - Share of Jobs Held by Persons Ages 55 +, Select Industries

Source: U.S. Census, LEHD Program, QWI
Change in Age Distribution of LPNs and Aides, Orderlies and Attendants - Wisconsin (LT Care Workers)

Source: iPUMS USA, U.S. Census, 1990 SF-3 and 2008-12 ACS

1990 (n= 54K)

2008-12 (n=91K)
Wisconsin Annual Average Unemployment Rate x Select Age


Ages 65+

Ages 16-64
Wisconsin - Median Hours Worked per Week x Select Age

Source: iPUMS USA extract per U.S. Census, 2008-12 ACS
OASDI Beneficiaries as a Percentage of the Total Resident Population Aged 65 or Older, by State, Dec. 2012 (U.S. Social Security Administration, Table 1)

- **Wisconsin**: 95.8%
- **Michigan**: 95.2%
- **Indiana**: 94.9%
- **Iowa**: 94.6%
- **Minnesota**: 92.9%
- **United States**: 91.8%
- **Ohio**: 90.2%
- **Illinois**: 89.3%
(Source U.S. Social Security Administration, Table 5.J6)
Statewide
Select 10-Year Inflation Rates - U.S. City Average


- Fuels and Utilities (excl. gasoline): 48.2%
- All Medical Care: 40.8%
- Private Transportation (autos, fuel): 37.4%
- Public Transportation: 33.6%
- Rent of Primary Residence: 30.7%
- Food and Beverages: 30.3%
- Owners' Equivalent Rent of Residences: 23.4%
- Recreation: 6.5%
- All Items: 26.1%
United States - Share of Total Consumer Expenditures x Householder Age


- Housing
- Transportation
- Healthcare
- Food
- Cash contributions
- Entertainment
- Personal insurance and pensions
- Apparel and services
- Miscellaneous
- Personal care products and services
- Alcoholic beverages
- Education
- Tobacco products and smoking supplies
- Reading

Under 65 years
65 and older

5.7% 12.7%
Per capita health care spending skyrockets with age.

Per capita health care spending, by age group and source of payment, 2004

0-18: $2,650
19-64: $4,511
65+: $14,797

$25,691

Medicare

Medicaid

Other public
Other private
Pvt health ins.

Out of pocket

Note: Other public: e.g. workers compensation. Other private: e.g. philanthropy.
Source: Centers for Medicare and Medicaid Services, 2009.
United States - Ages 65+ Share of All Ages Expenditures x Category

- Health care: 31.4%
- Reading: 28.4%
- Cash contributions: 28.0%
- Miscellaneous: 23.7%
- Personal care products and services: 19.6%
- Housing: 17.8%
- Entertainment: 16.8%
- Food: 16.4%
- Transportation: 15.8%
- Alcoholic beverages: 15.0%
- Tobacco products and smoking: 12.7%
- Apparel and services: 12.6%
- Personal insurance and pensions: 7.8%
- Education: 4.2%

65+ share of total consumer units: 21.8%
What else would you like to know about aging population?

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