CHANGING DEMOGRAPHICS WILL DRIVE INNOVATION

Susan C. Reinhard, PhD, RN, FAAN
Senior Vice President and Director,
AARP Public Policy Institute
Chief Strategist, Center to Champion Nursing in America
We’re living longer.
AVERAGE LIFESPAN IN 1900:

47

National Center for Health Statistics, 2016
AVERAGE LIFESPAN IN 1950:

68

National Center for Health Statistics, 2016
AVERAGE LIFESPAN IN 2015:

79

National Center for Health Statistics, 2016
Every day

10,000

in the U.S. are turning 65.

BY 2030

the first Boomers will turn 85
the first Gen Xers will turn 65
the first Millennials will turn 50

Pew Research Center, 2014
2050 the 65+ population in the US will DOUBLE.

85+ is fastest growing population.

100+ is second fastest growing population.

Source: U.S. Census Bureau (2010)
The way people are aging is changing.
80% of Boomers plan to work past 65

87% of adults 65+ want to stay in their home as they age.

Source: “What is Livable? Community Preferences of Older Adults” AARP Public Policy Institute (April 2014)
$7.8 TRILLION

# Economic Impact of the Longevity Economy

<table>
<thead>
<tr>
<th>Impact</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. GDP</strong></td>
<td>$7.8375 trillion</td>
</tr>
<tr>
<td>Employment</td>
<td>93,992,000</td>
</tr>
<tr>
<td>Labor income</td>
<td>$4.9252 trillion</td>
</tr>
<tr>
<td>State &amp; local tax</td>
<td>$700.1 billion</td>
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</table>
The Longevity Economy is the sum of all economic activity in California that is supported by the consumer spending of households headed by someone age 50 or older—both in California, as well as spending on exports from California to other states and DC. This includes the direct, indirect (supply chain), and induced economic effects of this spending. (The induced impact involves the ripple effects from the spending of those employed either directly or indirectly.)

People over 50 contribute to the economy in a positive, outsized proportion to their share of the population. Despite being 32% of California’s population in 2015 (expected to be 31% in 2040), the total economic contribution of the Longevity Economy accounted for 42% of California’s GDP ($1,032.3 billion). This supported 43% of California’s jobs (11,156,800), 43% of labor income ($636.4 billion), and 42% of state and local taxes ($100.8 billion). The greatest number of jobs supported by the Longevity Economy were in Education & Healthcare services (2,685,000), trade, transportation & utilities (2,121,000), and leisure & hospitality (1,527,000).

This $1,032.3 billion impact of the Longevity Economy was driven by $636.4 billion in consumer spending by over-50 households in California, or 53% of total comparable consumer spending. The categories where Longevity Economy spending accounted for the largest share of total consumer spending were health care (52%), entertainment (53%), and trade margins & personal transport services (52%).

People over 50 also make a significant contribution to California’s workforce, with 65% of people 50-64 employed, compared to 76% of people 25-49. Overall, people over 50 represent 31% of California’s workforce. Among employed people, 17% of those 50-64 are self-employed entrepreneurs, compared with 10% of those 25-49. Additionally, 44% of those 50-64 work in professional occupations, compared to 44% of those 25-49.
AARP Innovation Labs
Fig. 15. Changes in composition of new entrepreneurs by age

1996 | 2014
---|---
20–34 | 35–44 | 45–54 | 55–64

Source: Kauffman Foundation
Fig. 17. Average amount given to charities annually by age, 2015

<table>
<thead>
<tr>
<th>Age</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>25-34</td>
<td>$555</td>
</tr>
<tr>
<td>35-44</td>
<td>$949</td>
</tr>
<tr>
<td>45-54</td>
<td>$1,307</td>
</tr>
<tr>
<td>55-64</td>
<td>$1,462</td>
</tr>
<tr>
<td>65+</td>
<td>$1,672</td>
</tr>
</tbody>
</table>

Source: Merrill Lynch
Technology is changing everything.
More older people.

Living longer.

Doing more.

Spending more.
How Can Public Policies Support a 100-Year Life?
Wealth
Challenge outdated beliefs and spark new solutions so more people can choose how they live and age.
What outdated beliefs will we challenge?

FROM...

Aging is only about decline

Aging presents only challenges

Older people are burdens

TO...

Aging is about growth

Aging creates new opportunities

Older people are contributors
### What new solutions could we spark?

<table>
<thead>
<tr>
<th><strong>FROM...</strong></th>
<th><strong>TO...</strong></th>
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</thead>
<tbody>
<tr>
<td>HEALTH</td>
<td></td>
</tr>
<tr>
<td>Treatment</td>
<td>Physical and mental well-being</td>
</tr>
<tr>
<td>Dependent patients</td>
<td>Empowered users</td>
</tr>
<tr>
<td>Uncertain access to care</td>
<td>Dependable access to care</td>
</tr>
<tr>
<td>Planning for linear paths</td>
<td>Planning for reinvention</td>
</tr>
<tr>
<td>Drawing down assets</td>
<td>Building renewable resources</td>
</tr>
<tr>
<td>Limited savings options</td>
<td>Expanded savings options</td>
</tr>
<tr>
<td>FINANCE</td>
<td></td>
</tr>
<tr>
<td>WORK</td>
<td></td>
</tr>
<tr>
<td>FROM...</td>
<td>TO...</td>
</tr>
<tr>
<td>Working in age silos</td>
<td>Intergenerational workforces</td>
</tr>
<tr>
<td>Fixed retirement</td>
<td>Flexible work models</td>
</tr>
<tr>
<td>Workplace contributors</td>
<td>Lifelong contributors</td>
</tr>
<tr>
<td>Nursing home inevitability</td>
<td>Multiple models for living</td>
</tr>
<tr>
<td>Social isolation</td>
<td>Communities of connection</td>
</tr>
<tr>
<td>Age segregation</td>
<td>Intergenerational communities</td>
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Live to 100. Plan on It.
Susan C. Reinhard, PhD, RN, FAAN

AARP Public Policy Institute
Sreinhard@aarp.org

@susanpolicy