

# Aging Population: From Perceived Burden to Economic Engine

By Jean Accius and Joo Yeoun Suh

**C**OVID-19 is a dreadful and unprecedented health crisis that is changing our lives. Since the economic downturn is directly related to the global pandemic, our efforts to rebuild the economy must likewise be multifaceted. While a quick recovery from the combined public health and economic crisis is out of the question, the coronavirus crisis represents a temporary economic shock. Orchestrating the recovery will require unprecedented coordination and collaboration across governments, organizations, markets, and the broader economy. Within this context, the highly valuable role played by older adults deserves attention.

America is experiencing an unprecedented aging trend. Life expectancy has increased by more than 30 years in the past century,<sup>1</sup> and for the first time in US history, adults ages 65 and older are projected to outnumber individuals under age 18.<sup>2</sup>

This trend brings with it much good news. In addition to living longer, many people are also living healthier. In many ways, the way we are aging is changing — mostly for the better. We have opportunities that generations before us never had. Our ability to live longer, healthier, and more productive lives is one of humankind's greatest accomplishments.

But the trend also comes with bad news: attitudes and stereotypes about aging have not changed. Too often, people older than the traditional retirement age are still seen as non-productive, dependent on their savings, and in need of care.

AARP's Longevity Economy® outlook<sup>3</sup> debunks those assumptions by providing empirical evidence of older Americans' substantial contributions to the economy — as well as to the fiscal health of government and society's overall wellbeing. The report's research challenges us to cast aside tired misconceptions about older workers and to recognize both their current value and the opportunity for all to benefit if we take action to support people who want to work

longer — particularly given the need for a strong workforce. In addition, the older demographic represents growing consumer demand. The report further provides actionable insights for industry leaders across sectors to create a new vision for the aging population. And, of course, it describes older individuals as the economically valuable resources to their families and friends that they are.

Something is transforming our markets and our world. It is the economic and societal contribution of Americans ages 50-plus, worth over \$9 trillion in 2018 and projected to grow through 2050.<sup>4</sup>

Here are five insights from the report you need to know:

- **Older adults' economic contributions will keep growing, benefiting all.** The report found that the 50-plus age cohort contributes \$8.3 trillion to the US economy each year, or 40 percent of the US gross domestic product. In 2031, when the first of the millennials will start turning 50, the 50-plus age group will contribute \$12.9 trillion to the US economy. By 2050, when Generation Z starts turning 50, the 50-plus age group will contribute \$28.2 trillion to the US economy.
- **A sizable portion of consumer demand comes from aging populations.** In the United States, 56 cents of every dollar spent in 2018 was attributable to the 50-plus population. This share is set to increase to 61 cents by 2050.
- **Older adults make American families and communities stronger.** People ages 50-plus contributed \$745 billion worth of unpaid activities, such as volunteering and caregiving, across the country. In addition, people ages 50-plus made \$97 billion in charitable contributions in 2018. They spent \$135 billion on educational services, including for their

children and grandchildren, and donated \$4 billion to educational institutions across the United States.

- **Age 50-plus tax dollars fuel government.** In 2018, the 50-plus age demographic was responsible for \$2.1 trillion in federal, state, and local tax revenue. That figure will quadruple by 2050. (Tax contribution amounts include both those directly paid by people 50-plus and the ripple effects of all their economic activities.)
- **The 50-plus age group will underpin the workforce for decades.** People ages 50 and older supported 88.6 million US jobs in 2018, through jobs they held or created, directly or indirectly. This figure is projected to grow to 102.8 million jobs in 2050.

Older Americans' contributions, already massive, only stand to grow, playing critical roles in the effort to rebuild the economy. But to maximize the longevity dividend and create opportunity for all, we must act now to support their ongoing engagement in the economy. Action is needed from all sectors — government, business, and nonprofit. Public- and private-sector leaders must embrace a multigenerational workforce. An age-diverse workforce can provide insights that inform market innovations that better align with consumer demands. Private-sector leaders and product developers must think past stereotypes and develop products and services that account for the needs and preferences of the 50-plus population as it makes the most of a longer, healthier life. Advertisers must tailor marketing to represent the full age spectrum. And we, as individuals, must demand these changes — even as we consciously shift our own thinking.

We must all work together to test and develop new approaches to learning, earning, living, and connecting with one another as we live longer lives. By leveraging the asset that is the aging

population in this era of longevity, we can create economic growth and societal benefits — now and for the future.

Demography is not destiny; the way we respond to an aging society will determine the future. ●

<sup>1</sup> "Trend Tables," Centers for Disease Control and Prevention, 2017, <https://www.cdc.gov/nchs/data/hus/2017/015.pdf>.

<sup>2</sup> "Census Population Reports," US Census, 2020, <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1145.pdf>.

<sup>3</sup> Jean Accius and Joo Yeoun Suh, *The Longevity Economy Outlook: How People Ages 50 and Older Are Fueling Economic Growth, Stimulating Jobs, and Creating Opportunities for All* (Washington, DC: AARP Thought Leadership, December 2019), <https://doi.org/10.26419/int.00042.001>

<sup>4</sup> All projection statistics cited from the Longevity Economy outlook in this article came from modeling conducted before the COVID-19 outbreak. AARP's Thought Leadership team is currently revising the projections given that we now expect U.S. GDP overall will be about 7-8 percent lower for each of the three key years of future measurement, namely 2030, 2040, and 2050. Within the overall economy, however, we expect the *relative* contributions of the 50-plus population to be substantially similar to our current projections.



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