



Impact of the Economic Downturn on Middle-Age and Older Americans

FORECLOSURES

Despite the common belief that older Americans are financially secure in their homes, the reality is much harsher, according to a first-of-its-kind study released by AARP's Public Policy Institute (PPI) in September 2008.

- > More than 1 of every 4 foreclosures and delinquencies – 684,000 in all – involved Americans age 50 or older during the last six months of 2007. Older African Americans and Hispanics were hit harder than whites.

BANKRUPTCY

The rate of bankruptcy filings among those 55 and older more than doubled since 1991, according to a study for PPI that was co-authored by Harvard Law School professor and consumer finance expert Elizabeth Warren.

- > The sharpest increase in bankruptcy filings was among people aged 55 and older (jumping from 8.2% of debtors in 1991 to 22.3% in 2007). Medical costs were a factor in many bankruptcies, others' research found.

WORKING LONGER

Dreams of easing back to enjoy life faded for many as the economic downturn worsened.

- > More than 6 in 10 workers aged 45 and older said they planned to work longer and spend less in retirement if the economy does not improve significantly. Nearly 1 in 4 increased the number of hours they worked, and 1 in 5 stopped putting money into a 401(k), IRA or other retirement account.

HEALTH CARE

The impact of rising health care costs is alarming.

- > Nearly 1 of 5 people age 45 and older worried that they would not be able to afford medical care in 2009, and 15 percent said they had cut back on medications or decided not to fill a prescription because they could not afford it.

ENERGY COSTS

With the home heating and cooling costs on the rise, many cut back on energy use.

- > Most tried to use less energy by adjusting the thermostat, modifying their homes to be more energy efficient and heating/cooling only certain parts of their homes.



Sources for Additional Information:

FORECLOSURES:

“The Foreclosure Crisis and Older Americans,” AARP Public Policy Institute (September 2008). The study was based on a random sample totaling 2.5 million mortgage holders, including about one million 50 or older. The sample is from the database of Experian, a major U.S. credit bureau.

http://assets.aarp.org/rgcenter/econ/i9_mortgage.pdf.

BANKRUPTCY:

“Generations of Struggle,” AARP Public Policy Institute (June 2008). Funding for this report was provided by AARP, the Robert Wood Johnson Foundation, the Federal Deposit Insurance Corporation, the University of Michigan Research Initiative Grant Program and the Harvard Law School Dean’s Fund. A full copy of it is available at:

http://assets.aarp.org/rgcenter/consume/2008_11_debt.pdf.

WORKING LONGER, CRIMPING SAVINGS

“Retirement Security or Insecurity: The Experience of Workers Age 45 and Older,” AARP Public Policy Institute (October 2008).

http://www.aarp.org/research/work/retirement/retirement_survey_08.html

HEALTH CARE

“Prescription for the Future: Medications, Medicare Part D and Managing Expenses in a Difficult Economy,” AARP (December 2008). http://www.aarp.org/research/health/drugs/rx_future_08.html

ENERGY COSTS:

“AARP Survey on Home Energy Costs,” AARP Knowledge Management (August 2008)

http://www.aarp.org/research/economy/trends/energy_costs.html