In 2001, AARP released a report entitled *Global Aging: Achieving Its Potential*. It argued that the increase in life expectancy over the past century represents a remarkable success story. Although an aging world poses real challenges to income security, health, and long-term care programs, the report argued that the challenges are manageable if institutions and individuals act in a timely fashion to deal with them. The report suggested a number of strategies to help governments, employers, and individuals adjust to an aging world.

This study builds on that analysis. It reviews new and emerging research that bears on the likely dimensions and consequences of population aging. The report focuses on research dealing with demographic, health, and economic issues surrounding population aging.

The analysis concentrates primarily on research dealing with the United States, but it also touches on other countries relevant to what America is experiencing now or is likely to experience in the future. It concludes with a discussion of implications for the way both individuals and policymakers think about retirement planning for an aging population.

The simple arithmetic of demographic change is clear. More people are surviving to age 65, and living longer after 65, than in the past. Some believe that the needs of the elderly will result in a massive shift of both public and private resources from such purposes as education and investment in productive capacity to nursing homes and health care.

Yet researchers by no means agree that population aging represents a crisis. Many argue that the aging of the world’s population is just as manageable as the youth explosion of the 1950s and 1960s turned out to be.

**Purpose and Methodology of the Report**

The report reviews and compares the results of new and published research dealing with the demographic, health, and economic aspects of an aging population, with a primary focus on aging in the U.S. This literature affects forecasts of the likely numbers of the elderly, their needs, and what they will be able to contribute to society.

**Empirical Results**

Key issues examined in the report include the following:

**Forecasting Mortality.** Mortality rates declined throughout the 20th century, both in the United States and in other developed countries. There is some disagreement, however, on what this decline means for the future. Some observers believe that America is
approaching the biological limits on longevity, while others believe those limits are still far away.

**Health at Retirement, Beyond, and Before.** Today’s retirees are not just living longer; many are also living healthier. As a result, their chances of entering nursing homes have declined for several decades. But some of these trends may not apply to today’s working-age adults.

**Health Care Spending.** Researchers are finding that aging alone does not increase the elderly’s health care needs or spending on them. Health status independently influences health care spending on the aged.

### Conclusions

The report draws three major conclusions from the literature review:

- Today’s elderly Americans are healthier, will live longer, and are better able to live independently than recent generations.

- Population aging alone does not mean much for the rest of society. It does not determine economic growth, the allocation of gross domestic product (GDP) among goods and services, or the distribution of these goods and services among different age and income groups. Rather, the allocational and distributional effects of an aging population depend critically on both the characteristics of the elderly and public policy choices affecting the whole society.

- Neither the dimensions nor the consequences of population aging are predictable, especially when forecasting over a horizon of more than one or two decades.

Although the future is certainly not clear, research does suggest what will matter as the United States and other countries devise policies for dealing with population aging. Several trends and decisions seem to count the most. Continued improvements in health and mortality will reduce both the personal and social costs of population aging. Increasing disability rates among working-age adults, resulting in part from higher rates of obesity, can threaten such improvements. Finally, public policy choices concerning health care coverage, occupational and public safety, and public health education will reduce the cost of aging and improve the quality of life at all ages.