Chapter VII

"I'M SPENDING MY CHILDREN'S INHERITANCE" SENIORS STRUGGLE TO ENJOY RETIREMENT AND THEIR GRANDCHILDREN

The Senior life stage (typically 65 years and older) features the transition from full-time employment and a professional career/job to a much less structured lifestyle of part-time work, volunteer programs, and leisure/family activities. For most, their home is their primary asset, and it has appreciated dramatically over the past decade. Moreover, as a generation, Seniors are more likely to receive public and private pensions than their Baby Boomer children. However, Seniors are much more likely to have debts (such as mortgage, home equity, credit cards) in retirement than their parents were, and are concerned that their retirement income may not be adequate for their needs. This explains why increasing numbers of Seniors are working part time and are moving to lower-cost retirement areas such as Central Florida. Finally, as Seniors move from their 60s into their 70s and 80s, they are seeking to simplify their lifestyles by moving into condominiums, retirement developments, and assisted-living complexes. For many, cost-cutting is an important strategy for coping with higher medical expenses as well as the financial reality that many of their children and grandchildren will remain economically dependent upon them.

Overall, the Senior participants range in age from 62 to 74 years old (median age of 67) and were randomly selected from the Orlando, Florida Metropolitan area. The sample was evenly distributed between men (50 percent) and women (50 percent) with one-fourth racial/ethnic minorities (Latinos, African-Americans).[1] The Orlando, Florida Metropolitan area was selected based on the following criteria: geographic location in the southeastern "Sun Belt," dynamic regional economy (high-tech, entertainment, services), moderately priced yet rapidly appreciating housing market, and its popularity as a destination for retirement (low taxes and extensive medical facilities).[2] Like Empty Nesters, since many Seniors have moved to Central Florida during their work careers (from places such as Alabama, Georgia and Tennessee), this setting provides insights into the social and economic strains of geographically-dispersed families. About three-fourths of the participants earned a high school degree and about one-fifth earned a college degree. This is generally consistent with the regional profile and educational attainment of this age cohort. For income, about half of the participants rely on a combination of Social Security payments and a company pension; one-third report investment income and about one-third work part time. The median household income of the participants is between $50,000 and $59,999. Almost all (95 percent) own their own residences (condos, houses) and long-time residents have experienced enormous appreciation of their homes—particularly since 1999.

The attitudes and behaviors of Seniors toward saving and consuming are profoundly shaped by personal experiences with economic scarcity and macro-economic fluctuations such as recessions and booming business cycles. In this chapter, four key factors are examined. First, historical and social forces that shaped the cultural values underlying "good" versus "bad" debt and the importance of personal responsibility in fulfilling financial obligations. Second, concern over the "modern" financial services system and its perceived role in eroding social values that affirm traditional attitudes toward saving, spending, and investing. Third, the failure of Seniors in particular and society in general to effectively pass on to their children and grandchildren the "old school" cultural attitudes that value work over leisure and saving over spending. Lastly, we explore the challenges of managing household finances in retirement, where medical costs continue to climb, children and grandchildren remain a financial drain, inheritance provides little help, consumer debt is growing, and rising home values offer an unexpected economic windfall.

The Society of Abundance Collides with the Economics of Retirement:

The Perilous Financial Safety Net of America's Seniors

The aging of the U.S. population is one of the most important social and demographic trends of the 21st Century. This graying of American society reflects recent advances in preventive health and geriatric medical care as well as declining U.S. fertility rates.[3] Over the next 25 years, the portion of the population 65 years and older will increase sharply—from about 13 percent of the U.S. population to more than 20 percent, peaking at about 21 percent in 2070. Furthermore, these trends will dramatically increase the 85 and older group—tripling to five percent of the U.S. population by 2070.[4] The latter reflects the significant increase in U.S. life expectancy. For example, Americans born in 1950 are expected to live an average of 68.2 years, and those born in 2000 are expected to live an average of 76.9 years. There are, moreover, significant mortality rate differences by gender. Men born in 1950 can expect to live an average of 65.6 years and women 71.1 years. In 2000, the life expectancy gap remains stable at 74.1 years for men and 79.5 years for women with notable differences by race, ethnicity, and socio-economic background.[5]

The aging of the U.S. population profoundly impacts the workplace, residential communities, leisure and entertainment industries, older lifestyle activities, and the very nature of "retirement." In terms of the latter, millions of Americans will enjoy many healthy and productive years after retiring from full-time work. For Americans who were 65 years old in 2000, women can expect to live an additional 19.2 years and men 16.3 years.[6] In addition, the median age at retirement has fallen, leveling off at 63 years.[7] The combination of longer life expectancy and fewer working years underlies the financial predicament in current planning for retirement. For most Americans, the lack of financial preparedness for retirement is due to lack of focus on retirement planning and misconceptions about the cost of retirement.[8] For instance, an analysis of 2000 Census Bureau data found that the median value of retirement accounts (IRA, 401(k), Keogh) for workers age 55 to 64 (50 percent had at least one account) was only $56,000 and for workers age 45 to 54 (48 percent had at least one account) only $48,000.[9] These trends have long-term societal consequences since Americans are living longer and enjoying a much higher standard of living in their late 60s, 70s, and 80s.

Significantly, rather than responding to this future reality with higher asset formation rates, most Americans (as explained in previous chapters) are facing asset shortfalls through lower household savings rates, erosion of employer-sponsored pension programs, and low returns in the equity and bond markets. Fortunately, for older Americans, the recent rise in national home ownership rates (which increased to more than 66 percent in 2005) has been associated with the sharp appreciation of home values. For example, the total value of all non-stock assets—comprised primarily of housing equity—held by the middle 20 percent of U.S. households was $113,500 in 2001. This is more than nine times larger than the average stock holdings ($12,000) for the same group in 2001.[10] Nevertheless, while more households meet the government's minimum level of financial adequacy upon retirement (defined as one-half of pre-retirement income),[11] net asset retirement wealth rates have been lowest among middle income households ($50,000 to $74,999) in the early 2000s[12] as Americans are increasingly likely to retire with debt rather than with savings.[13]

Traditionally, most Americans' retirement was based on a three-legged stool: Social Security benefits, asset/saving yields, and pension income. For many Seniors, the past decade has been financially difficult. As reported in Table 1, the 2002 income of Americans 65 years and older ($34,536 in 2003 dollars) is only 56.7 percent of the 55-64 year old cohort ($60,885 in 2003 dollars). This is a decline from 62.5 percent in 1995.[14] The complicated patchwork of income sources that underlie the income of Americans in retirement is reported in Table 2 by income level. The data shows the wide range of income sources of retirees. For example, Social Security benefits contribute a high of 82.1 percent of income of the poorest retirees and only 19 percent of the most affluent. Similarly, asset-related revenue accounts for 22.5 percent of the income of the top 20 percent of retirees and only 2.4 percent of the lowest 20 percent, whereas pensions account for 19.8 percent of income for the richest and 3.2 percent of the poorest retirees.[15]

A striking aspect of Table 2 is the contribution of employment earnings to the incomes of the most affluent retiree groups.[16] Clearly, retirement is no longer a life stage that is without paid employment. Instead, working has become an increasingly important "fourth leg" of the retirement stool. At the same time, another trend has emerged over the past two decades: consumer debt. According to a recent analysis of the Survey of Consumer Finances, the sharpest increase in credit card debt accumulated by U.S. households during the 1990s was among the 65 and older population: from a household average of $1,626 in 1989 to $4,041 in 2001.[17] This is consistent with a study by SRI Consulting Business Intelligence. Between 1992 and 2000, SRI found that debt levels among households under 65 years old increased 95 percent compared to a 164 percent increase among households over 65 years old.[18]

'If You Get Enough Holes in Your Ship, You're Going to Sink' The Society of Scarcity Still Shapes 'Old School' Values

The attitudes of Seniors toward consumption and debt are largely influenced by traditional religious and secular (*Poor Richard's Almanac*) moral tenets. These beliefs have been reinforced and affirmed through personal and family experiences including the negative consequences of economic deprivation and material scarcity (such as farm foreclosures) during the Great Depression and rationing programs during World War II. As a result, fiscal conservatism and self-discipline are the hallmarks of this generation and its adherents to Benjamin Franklin's *"A Penny Saved is a Penny Earned."*

For Seniors, prudent use of credit is emblematic of an honorable personal character, as borrowing reflected the trust that was earned through responsible repayment histories. Conversely, persistent debt reflected imprudent behavior and the loss of trust and social respect. Again, the personal nature of the community banking system served the social function of restraining impulsive household consumption. In the process, the local system of lending institutions clarified notions of "good" versus "bad" forms of debt as well as clearly differentiating household needs, wants and desires. As 62-year-old Helen, a retired cosmetologist, remarked: "*Being in debt meant that you couldn't manage your money… you were irresponsible or had a drinking habit or something else [bad].*"

This cohort makes a very clear association between indebtedness and irresponsibility. In this sense, management of the household budget – consumption habits, saving and borrowing practices – became one of the foremost measures of defining social identity. Betty, 69, has two daughters – both described as spenders. After retiring from a naval hospital, she moved to Florida about 11 years ago. She notes: *"I feel like if you are 70 years old and haven't paid off your house, then you've got problems."* For Seniors, the expectation is that retirement implies freedom from debt, which ultimately serves as the final report card or assessment of a person's ability to effectively manage a lifetime of household earnings and expenses. Lillian, who retired after working for 40 years in the consumer financial service industry comments: *"If you couldn't manage your money there was a stigma that you were irresponsible."*

> ***I feel like if you are 70-years-old and haven't paid off your house, then you've got problems.***
> ***-Betty, 69***

Their experiences with scarcity dictated that limited household resources had to be meticulously allocated and necessitated moderate levels of savings in order to be prepared for unexpected events such as job loss or medical emergency. Foy, a 68-year-old retiree from a telephone company, adds: *"The Depression influenced us and* *[helped us determine] what we wanted versus what we needed. Kids today are not influenced by that dynamic."* In 1956, Foy moved to Florida from Georgia and bought a pest control company. He continues: *"If you have what you need, and you go into debt for what you want, in my mind that is foolish."* Indeed, the cultural dynamic of "scarcity" is the leading *psychological* factor in forming basic attitudes toward consumption and debt among this age cohort. For this life stage, the prevalence or trappings of wealth were less overtly employed in status competition and thus essentially reduced competitive pressures among families from the Depression era. According to Daliah, a 67-year-old homemaker from the Florida Panhandle: *"Years ago, if a family was poor, the children didn't know they were poor. It was just a way of life. You didn't even think about it. If you had money to do [things]… you just accepted what your parents gave you. Everyone was in the same situation so no one realized that they were poor.*" Fred B., a 20-year military serviceman and small businessman, affirmed this view: *"I didn't spend on anything frivolous because the people around us had so little; and the people further from us even had less."*

The Depression influenced us and [helped us determine] what we wanted versus what we needed. Kids today are not influenced by that dynamic. -Foy, 68

Overall, two-thirds of the participants report that they are either *"More Liberal"* or *"Much More Liberal"* in their spending patterns than their parents at a similar age. Yet, almost three-fourths describe themselves as financial *"Savers."* About two-thirds still adhere to a household budget and the same proportion attempted to instill in their children the basic skills of personal finance management. One of the key issues related to budgeting concerns the careful monitoring of household cash flows. This is summarized by 72-year-old Harold, a blue-collar tradesman and Florida native: *"[Being in debt] is like bleeding to death, if you don't stop the flow of blood you're eventually going to die."* Said differently, 'If you get enough holes in your ship, you're going to sink.' Indeed, Harold was flabbergasted by the escalating cost of common purchases such as coffee: *"I don't really like spending a buck and a half for a cup of coffee, regular coffee. And, if you get a latte at Starbucks, it's $3.50… I can go to McDonald's and get a senior cup of coffee* *that tastes just as good for a quarter."* When asked how consumer credit influenced his budgetary decisions, 74-year-old Ken, a retired airline pilot, responded tersely, *"Only if I have the money in the bank!"*

Establishing a budget is necessary but pointless if not followed. David, a native of Puerto Rico who moved to Central Florida more than 30 years ago, explained: *"I had to figure out the payments for the house, 25 percent of my income is going to be for the mortgage, so if it was more than that, I couldn't afford it. That was my line, when I crossed the line I got into trouble."* Some Seniors acknowledge the direct impact that social values played in developing their own conservative fiscal attitudes. For example, 63-year-old Jane, who is ten years into retirement, was a career employee for a regional telephone company. She explained:

> *I remember when we first married and lived in a mobile home… then we bought our first house. For years we had no furniture, we ate on a card table and our first furniture was a bedroom set. As time went on we'd save money and I budgeted our money. I wanted to take a year off [from working] the year our daughter was born, and I knew that was going to be a difficult year. I had budgeted exactly how much I could spend on groceries a week, and I never went over the $20 a week, and I never bought, you know impulse items because we wanted to save and buy furniture for the house. It took a long time.*

For some, needs are so narrowly defined that there is an adamant refusal to pay finance charges for any expenses (except for housing), regardless of their functional value. Robert, who retired from the Boston police force five years ago, describes what most would agree is an extreme case involving his first-born son. After a bitter dispute with the hospital, which argued that Robert had to take out a loan with a local bank and pay the medical expenses, Robert refused: *"I couldn't get my son out of the hospital because I refused to pay any finance [costs]."* Robert's situation is unusual but illuminates the depth of his generation's psychological opposition to consumer debt – even unquestionably "good" or necessary debt. Even so, others noted that debt outside of a budget, if it was "good" debt, was sometimes necessary and even desirable. Victoria, a 67-year-old seamstress from Springfield, Mass., was insistent:

Good debt is like a business, [such as] buying a sewing machine… to make clothes, draperies, everything for the house… it's necessary for employment, to live and generate some income… If you're sick, even if you didn't have the money but you needed medical attention, that was still a good debt – or buying a car. Maybe not a new car. We don't have those limitations on people anymore, do we?

The Modern Banking System: Enforcing or Eroding Personal Responsibility?

In the past, household consumption patterns were molded by the personal nature of banking, which delegated considerable authority to community bankers in terms of deciding which applicants were worthy of a loan.[19] Without assurances that a loan would be approved, regardless of the economic condition of the prospective borrower, Seniors were forced early in adulthood to demonstrate their trustworthiness to lenders. As John, a retired local retailer explained: "*Your local banker could literally say 'I think that car is too expensive for you' … even if you could actually make the payment – that doesn't mean he'll give you the loan.*" This subjective evaluation process served to maintain community standards for borrowing that underlay the social and cultural foundation of the local lending system. Although fraught with interpersonal conflicts of interest, community banks established broad guidelines for loan approval that included non-economic criteria. They also provided tacit guidelines for Seniors to ascertain more generalized definitions of good vs. bad debt.

> ***Your local banker could literally say 'I think that car is too expensive for you' … even if you could actually make the payment – that doesn't mean he'll give you the loan.***
> ***-John***

Seniors profess a disdain for the consequences of greater access to consumer credit, which they attribute mostly to what they see as irresponsible lending practices. The topic of easy credit provoked a heated exchange among Seniors. Is soaring credit card debt a result of minimal lending standards or lack of personal responsibility? As Helen remarked, *"Maybe 20 years ago we would have started doing the same thing if it was available. It is not the people buying the cars, it is the people loaning the money – it is too easy… Of course, it's possible that if we were to have all these temptations that people would be begging us on TV to take their credit cards, we would have done this 20 years or more ago… "* Hence, it is not surprising that Seniors, like Mature Families, are disdainful of what they perceive as overly liberal lending practices of modern financial institutions. This is exemplified by the aggressive marketing of unsecured loans to young adults before demonstrating financial responsibility. Neva, a lifelong stay-at-home mom who describes her two daughters as spenders, remarks:

> *That's what they do at colleges, they try to give all their credit to kids and they know they don't have a job and…I think the [finance] companies should have to eat all of it. I think that if they're that irresponsible that they give people credit cards knowing that they have no income, then they should have to be held responsible.*

Explains Barbara, rather than seeing your local banker, now *"It all goes to credit cards. You didn't have to explain why you wanted it; it is just like it was put out there on a platter and here it is. You deserve it, help yourself and the attitude is yeah I work hard."*

That's what they do at colleges, they try to give all their credit to kids and they know they don't have a job and…I think the [finance] companies should have to eat all of it.
-Neva

In response, Helen declared: "*It's usually the younger ones [who don't understand]. It is like my nephew says 'why don't you go and buy a new car'… they cannot understand why, if you have the money, you don't go out and buy a new car."* Furthermore, Fred B. explained, affordability for young adults is no longer defined by the ability to repay but by the ability to buy: *"When you sell somebody a house now, the young ones, they don't ask what the price of the house is; they ask what the monthly payment is. That is all they are interested in – they don't care what the price of the house is.*"

These comments illuminate the moral dimensions of Senior's attitudes toward consumer credit and debt. In particular, what they view as the irresponsible use and accumulation of debt is associated with unethical behavior. Furthermore, Seniors question the intent of more objective lending policies that have revolutionized the consumer financial services industry. That is, how can objective lending systems rate retired Seniors without debts and with considerable assets such as homes as less qualified or worthy of a consumer loan than their grandchildren, many of whom have yet to work a full-time job?

This distrust of financial institutions spills over into financial planning. Seniors were also wary of financial planning professionals, who they see as simply being after their money. This has repercussions, as only about one-fifth has ever seen a personal financial advisor, despite having a large amount of equity amassed in their homes. Instead, most prefer to obtain investing and financial management information from financial publications, and about half rely on family and friends for specific financial planning advice.

Save the Children!

The Failure to Pass on Traditional Values toward Saving and Spending

Like Empty Nesters, Seniors acknowledge their shared personal responsibility for enabling the "generation of debt," though they believe that part of their failure to transfer saving attitudes to the new generation is due to changes in the financial system. Despite also assigning some blame to marketing, television and competitive consumption, Seniors are more candid than other groups in accepting responsibility for what they view as their own failure to transfer fiscal values to their children. *"I blame myself for the way my kids are today,"* says Helen. *"We never denied them anything. It's my fault that they are the way that they are by giving them too much."* This insight integrates symmetrically with some of the expressed goals of Young Families, which mainly involved providing their children with a standard of living that was better than their own childhood, without realizing the potential that such actions could have on the development of their children's own personal finance habits.

> ***I blame myself for the way my kids are today. We never denied them anything. It's my fault that they are the way that they are by giving them too much.***
> **-Helen, 62**

Seniors now realize the subtle instruction that this parenting practice provided to their children and the role that it played in corroding the values that they themselves so firmly clung too. Fred S. echoes earlier sentiments expressed by younger families: *"I think that parents want their children to have more opportunity and material things than they have."* This phenomenon of generational competition adds high-octane fuel to the pursuit of the American Dream. That is, the dimensions of social competition assume a relative rather than an absolute standard in shaping the expectations that every generation should exceed their parents' material achievements in terms of evaluating their success or failure.

Needs are less liberally defined among Seniors when compared with younger groups, which is a psychological construct that greatly influences the consumption and debt practices this group has developed. As Ken remarked: *"Just because you can afford to buy it doesn't mean you should."* This is demonstrated by Seniors' perception of good versus bad debt. In many respects, Seniors had what some would likely call the stripped-down version of the American Dream–characterized by the mere necessities for survival. Bernice, 70, a career social worker who retired to part-time work, comments:

> *To me my needs [were] more important than what I wanted. All I wanted to do was raise the kids properly and get them an education, which I did. We could have had more money coming in and we could have been more financially [stable], you know had more finances.*

Household Finances in Retirement: The Challenge of Budgeting for Unexpected Costs

Few Seniors involved in this study have received or expected to receive any inheritance from their parents. Fred S. notes: *"When my dad passed, my mother sold the house and used that money for long-term care so there was nothing left."* For many study participants, money that was planned for inheritance was quickly depleted to pay for medical care or burial expenses and was not available to substantially impact their financial health. In some cases, Seniors had to absorb the cost of their parents' or elderly relatives' final expenses. *"I had to bury my mother and father and pay all the expenses. The same for my wife's parents,"* said John. Daliah adds, *"Neither one of my parents or my husband's parents had anything. We actually wound up having to bury them. [Furthermore] we just had to pay the funeral expenses of someone else in my family."* This further illustrates that intergenerational wealth is not only scarce; but that it can also be negative. For John, as a lifetime of material scarcity and financial struggle flashed before him, he remarked: "*I think about inheritance often. I am thinking about spending for that new car and I think I'm spending my kids' inheritance… I'm planning to come exactly even so I'm going to spend everything.*" As John's comment shows, few Seniors expect to transfer wealth to their children and grandchildren.

> ***I think about inheritance often. I am thinking about spending for that new car and I think I'm spending my kids' inheritance… I'm planning to come exactly even so I'm going to spend everything.***
> **-John**

To understand the financial health of today's Seniors, we simply look at the common career and retirement paths that were pursued by many of the study participants. A primary observation is that many spent their entire career with a single company, sometimes two or three. Notes David: *"My future was my company. There was a time when you worked for a company for life. That was my main thing that I was relying on the company to do for me. When that was cut off – there was a big downside."*

This meant retirement planning for many Seniors was tied to whatever company benefits were available or to government-based benefits such as Social Security or veteran's benefits. Although he doesn't represent the voice of a majority of Seniors, we hear this position articulated in Harold, who retired seven years ago from a purchasing company: *"I live strictly off of Social Security and that's not easy for a lot of people."*

For many, inadequate retirement resources have forced some to seek out areas where the cost of living is moderately cheaper. Some participants believed that the decision to move to the Florida area likely reduced their retirement expenses by as much as 50 percent. This is a common roadmap that will likely be followed by retirees in areas with higher housing costs. In fact, home values are a bright spot for many Seniors, as their most important asset has appreciated greatly after their retirement. Nearly all participants are home owners and the median period of owning their homes is 16 years.

In contrast to other cohort groups, who view housing primarily as an investment, Seniors tend to view their homes in terms of functionality first, followed by investment potential. Indeed, 33 percent reported that they perceived their homes primarily as shelter, whereas only 14 percent responded that their homes were primarily investment vehicles; the remaining 53 percent responded that they perceived their homes as a combination of shelter/investment. For the participants who have owned their homes for more than 20 years, they indicated that their homes have appreciated at least 100 percent over the last decade, nearly tripled over the last 20 years, and quadrupled over the last 30 years. Many have either paid off their mortgages or will finish paying them off within the next five years. Although nearly one-half have taken home equity loans, only one-fifth responded that they would consider a reverse mortgage.

Compounding the problem for Seniors is that some still have not severed financial ties with their kids. Fred B. jokingly notes: "*When I hit 70 I am going to say no to all my* *kids*." Fred had the same goal at 65, at 60, and of course, at 55. And Fred's is not an isolated situation. After health care costs, the most important concern of Seniors is the ability to maintain their financial ties to their children and grandchildren. Almost half of Seniors reported that they expected that they would have to financially support an immediate family member.

TABLE 1

Median Family Income by Age of Household Head: 1979-2002

(2003 Dollars)

	Under 25	25-34	35-44	45-54	55-64	Over 65
1979	$30,549	$45,334	$53,801	$59,403	$51,455	$25,583
1989	$24,446	$44,229	$57,594	$66,045	$53,928	$33,069
1995	$22,482	$43,176	$55,770	$65,961	$54,256	$33,923
2000	$28,345	$49,019	$62,044	$72,724	$59,517	$35,092
2002	$27,248	$47,622	$58,875	$70,765	$60,885	$34,536
Growth Rate						
79-89	-2.2%	0.2%	0.7%	1.1%	0.5%	2.5%
89-00	1.4%	0.9%	0.7%	0.9%	0.9%	0.5%
95-00	4.7%	2.6%	2.2%	2.0%	1.9%	0.7%
00-02	-2.0%	-1.4%	-2.6%	-1.4%	1.1%	-0.8%

Source: Laurence Mishel, Jared Bernstein, and Sylvia Allegretto, The State of Working America, (Ithaca: Cornell University Press, 2005), page 51.

TABLE 2

Sources of Income Among Persons Age 65 and Older by Income Level, 2001

	LOWEST FIFTH	SECOND FIFTH	THIRD FIFTH	FOURTH FIFTH	HIGHEST FIFTH
TOTAL	100.0	100.0	100.0	100.0	100.0
SOCIAL SECURITY	82.1	81.4	65.4	45.8	19.0
ASSET INCOME	2.4	4.6	8.6	11.8	22.5
PENSIONS	3.2	7.1	14.9	23.2	19.8
EARNINGS	1.4	3.2	7.8	15.8	36.3
PUBLIC ASSISTANCE	9.2	1.8	0.8	0.3	0.0
OTHER	1.7	1.8	2.5	3.1	2.3

Reference population: These data refer to the civilian non-institutional population.
Source: U.S. Bureau of the Census, March 2002 Current Population Survey.

ENDNOTES

[1] The selection protocol excluded Non-English speaking, recent immigrants. This sampling restriction was based on the decision that the small number of project participants would not adequately reflect the diversity of the region's immigrant population.

[2] Over the last two decades, Florida ranks as the state with the largest proportion of Seniors at about 18 percent. See Linda Hetzel and Adam Smith, *The 65 Years and Older Population:2000,* Washington, D.C.: U.S. Bureau of the Census, 2001.

[3] The immigration of younger age cohorts to the United States is an important countertrend to the aging of American society. This source of younger workers is especially important to the future solvency of the U.S. Social Security system since they have many years of contributing to the program before becoming eligible for financial benefits. See George J. Borjas, *Heaven's Door: Immigration Policy and the American Economy,* Princeton, Princeton University Press, 2001.

[4] U.S. Census Bureau, "Populations Projections Program," Population Division, available at http://www.census.gov/population/www/projections/natsum-T3.hyml.

[5] Carl L. Himes, "Elderly Americans, *Population Bulletin*, 56, No. 4, Washington, D.C.: Population Reference Bureau, 2001.

[6] Carl L. Himes, "Elderly Americans, *Population Bulletin*, 56, No. 4, Washington, D.C.: Population Reference Bureau, 2001.

[7] Gary Burtless and Joseph F. Quinn, "Is Working Longer the Answer for an Aging Workforce?" Center for Retirement Research, Boston College, December 2002.

[8] Matthew Greenwald & Associates, *2003 Retirement Survey*, Employee Benefit Research Institute and American Savings Council, Washington, D.C: Employee Benefit Research Institute, 2003.

[9] Patrick Purcell, *Retirement Savings and Household Wealth in 2000: Analysis of Census Bureau Data*, Washington, D.C.: Congressional Research Service, 2002 and Edward Wolff, *Retirement Insecurity: The Income Shortfalls Awaiting the Soon To Retire*, Washington, D.C.: Economic Policy Institute, 2002.

[10] Edward Wolff cited in Laurence Mishel, Jared Bernstein, and Sylvia Allegretto, "Average Household Assets and Liabilities by Wealth Class, 1962-2001," *The State of Working America,* Ithaca: Cornell University Press, 2005, page 289.

[11] Edward Wolff cited in Laurence Mishel, Jared Bernstein, and Sylvia Allegretto, "Retirement Adequacy, 1989-2001," *The State of Working America,* Ithaca: Cornell University Press, 2005, page 297.

[12] Between 1998 and 2001, the income group with an annual earning of over $100,000 gained more than 10 percent while those in the $75,000 to $99,000 income range had only slight gains in mean retirement wealth. The income cohort of $50,000 to $74,999, on average, lost retirement wealth from 1998 to 2001. The largest gain of nearly 24 percent was for those in the $35,000 to $49,999 income group while those with incomes less than $35,000 had very modest gains. Laurence Mishel, Jared Bernstein, and Sylvia Allegretto, "Retirement Adequacy, 1989-2001," *The State of Working America,* Ithaca: Cornell University Press, 2005, pages 296-298.

[13] Robert D. Manning, "Aging Into Debt," in Lois A. Vitt (ed.), *Encyclopedia of Retirement and Finance,* Westport, Conn: Greenwood Press, 2003, pages 679-685 and Robert D. Manning, *Credit Card Nation*, New York, Basic Books, 2000, Chapter 9.

[14] Laurence Mishel, Jared Bernstein, and Sylvia Allegretto, *The State of Working America,* Ithaca: Cornell University Press, 2005, page 51.

[15] U.S. Federal Interagency Forum on Aging-Related Statistics, "Distribution of Sources of Income for the Population Age 65 and Older, 1974 to 2001," *Older Americans 2000: Key Indicators of Well-Being* available at
http://www.agingstats.gov/tables%202001/tables-economics.html#Indicator%208

[16] U.S. Federal Interagency Forum on Aging-Related Statistics, "Distribution of Sources of Income for the Population Age 65 and Older, 1974 to 2001," *Older Americans 2000: Key Indicators of Well-Being* available at
http://www.agingstats.gov/tables%202001/tables-economics.html#Indicator%208

[17] Tamara Draut and Javier Silva, *Borrowing to Make Ends Meet: The Growth of Credit Card Debt in the 90s,* New York: Demos, 2004, page 25.

[18] SRI Consulting Business Intelligence, "Do You Have Too Much Debt?," available online at http://www.SmartMoney.com/debt/calculator/index.cfm?story+debt-toomuch.

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