

New economic woes hit boomers, seniors hardest

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Millions of older Americans stand at the epicenter of the current financial crisis and the implications must be confronted, said experts today during a symposium at The Gerontological Society of America's (GSA) 61st Annual Scientific Meeting.

"The slumping stock market, falling housing prices, and weakening economy have serious repercussions for the 94 million Americans age 50 and older who are approaching retirement or already retired," said Richard W. Johnson, PhD, principal research associate at the Urban Institute. "Retirement accounts lost about 18 percent of their value between September 2007 and September 2008, and housing prices fell from 4 to 20 percent between January 2007 and May 2008, depending on where seniors live."

He added that the clock is ticking for people trying to salvage their fiscal futures.

"Older Americans have little time to recoup the values of their homes, 401(k) plans, and individual retirement accounts — all important parts of their retirement nest eggs. More and more older Americans are working to bolster their retirement incomes, but the rising unemployment rate, now 6.5 percent, limits their prospects," Johnson said.

Peter G. Peterson Foundation Vice President C. Eugene Steuerle, PhD, another speaker at the session, confirmed the magnitude of the situation.

"The current financial crisis has involved a loss in the U.S. of perhaps \$15 trillion and a world-wide loss several-fold larger; these are numbers that vary widely from week to week. Among those most affected are those who were planning on spending down their assets in retirement or as they move toward retirement," he said.

Steuerle also noted that these problems raise a set of related questions.

"Who should government help if it can only cover a tiny portion of the losses? Did the bubble market mislead people as to what was affordable? What are the consequences for the nation of saving very little when times were good? Can we set out on a course now to avoid some of these problems in the future?" he asked.

Source: The Gerontological Society of America

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