

Older Americans: How they are faring in the recession

September 16 2009

(PhysOrg.com) -- Older Americans have weathered the financial crisis relatively well, although many now expect to work longer than they did just a year ago, according to a University of Michigan study released on Capitol Hill today (Sept. 16)

The study is based on data from 4,412 older Americans collected in April and May of this year in a special Internet survey of respondents of the Health and Retirement Study, a nationally [representative sample](#) of Americans age 51 and older conducted by the U-M Institute for Social Research (ISR) and funded by the National Institute on Aging.

"We asked the same older workers what the chances were that they would still be working full time after age 65, and they went up from 47 percent to 57 percent between 2008 and 2009—a very rapid change after a long period of stability," said ISR economist David Weir, director of the Health and Retirement Study. The chances of working past 62 went up from 60 percent to 65 percent.

Weir presented the findings today (Sept. 16) at a breakfast on Capitol Hill held to mark the 60th Anniversary of the Institute, the largest academic social research and survey organization in the world.

"This study is the first to show a clear change in work expectations among the same group of older Americans," Weir said. "The findings provide compelling evidence that people have changed their [retirement plans](#) as a result of the [financial crisis](#)."

The survey found what Weir called an "historically unprecedented" exposure to the stock market, with 62 percent reporting stock holdings in 401(k)s, IRAs, mutual funds, or other vehicles. Reported losses ranged from 20 percent in IRAs and 401(k)s to 25 percent in mutual funds, and 30 percent in stock in single companies.

The survey also found that nearly a quarter of older Americans reported a decline in the value of their home. Slightly less than half still have home mortgages, and about 7 percent of these reported that they are "under water," owing more on their home than it is worth. About 3 percent of those with a mortgage said they had fallen behind on payments, but just three-tenths of one percent reported they had entered foreclosure.

"Many more older Americans are experiencing the financial crisis through the housing troubles of their children than through their own difficulties," Weir said. "Nearly 10 percent said someone else in their family had fallen behind on a mortgage."

Nearly 24 percent surveyed after the crisis said they were not satisfied with their financial situation, compared to about 17 percent when they were surveyed in 2008.

Weir found that the recession and the resulting financial losses were taking a psychological toll on older Americans as well. About 53 percent surveyed before the crisis reported experiencing no symptoms of depression, such as restless sleep, feeling sad, or feeling that everything was an effort. After the crisis, that percentage dropped by 9 percentage points, to about 44 percent. Those reporting four or more symptoms of depression—a level consistent with a diagnosis of clinically significant depression—increased from 11 percent before the crisis to 18 percent after the crisis.

"Anxiety produced by the financial crisis, whether about their own situation, their children's or the nation's, is having an impact on the mental health of older Americans that, if it persists, could have effects on physical health, as well, given what we know about the influence of depression on physical health," he said.

However, Weir found no differences in alcohol consumption among older Americans surveyed before and after the crisis, suggesting that while people may be feeling more depressed, they are not changing their core behaviors.

But, Weir said, while older Americans have been affected by the economic crisis that began last fall, and continue to feel the effects, they are coping relatively well.

Provided by University of Michigan ([news](#) : [web](#))

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