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# LATINO BABY BOOMERS A Hidden Population

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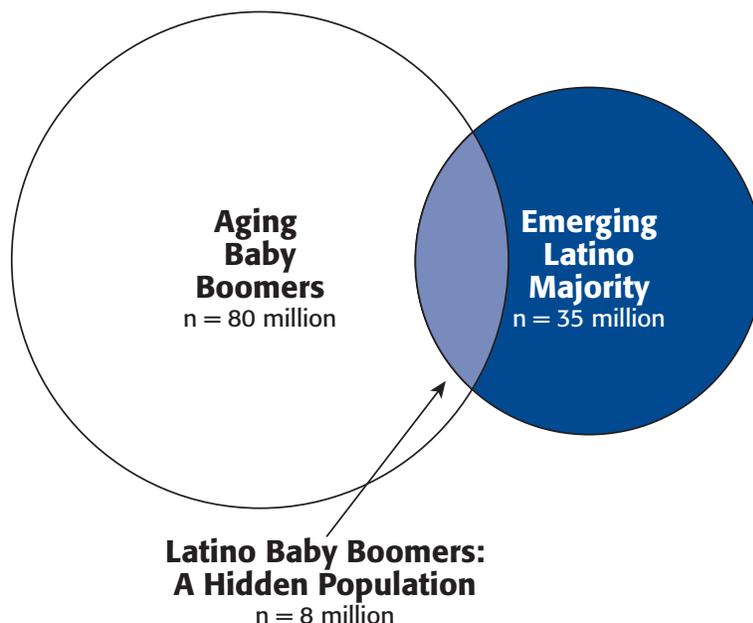
The United States stands on the threshold of a dramatic increase in its older adult population, which is expected to reach over 20 percent of the U.S. population by 2035 (Social Security Administration 2007). At the same time, U.S. society is also becoming more culturally diverse, with the proportion of Latinos expected to grow to 24 percent by 2050 (Hendley and Bilimoria 1999). Latino baby boomers numbered 8 million in 2000 (fig. 1)—10 percent of baby boomers in the United States—and as such are an important bellwether of demographic change. Yet Latino baby boomers remain a largely hidden population, and little is understood about their sociodemographic and economic characteristics.

## THE LATINO POPULATION

As a whole, the Latino population scores poorly on the primary indicators of socioeconomic status. This results in the accumulation of a “cumulative disadvantage” across the lifespan. For example, compared with the other major racial/ethnic groups, Latinos have the lowest education levels. In 2006, only 59 percent of Latinos over age twenty-five had obtained a high school degree or higher, compared to 81 percent of non-Latino blacks and 90 percent of non-Latino whites (Snyder, Dillow, and Hoffman 2007).

Such low education levels lead Latinos into jobs with lower incomes. A recent report showed median Latino personal earnings as \$20,124, compared to

FIGURE 1. THE CONFLUENCE OF TWO IMPORTANT DEMOGRAPHIC GROUPS





\$22,941 for non-Latino blacks and \$30,186 for non-Latino whites (Pew Hispanic Center 2008).

Latinos also tend to have lower rates of health insurance coverage. Between 1987 and 2004, the proportion of Latinos who were uninsured ranged from 30 percent to 35 percent, compared with 10 percent to 12 percent for non-Latino whites (Reschovsky, Hadley, and Nichols 2007).

Nonetheless, Latinos exhibit a longer life expectancy than the general population does. Latino men aged sixty-five in 2004 were expected to live four years longer than the average, and their female counterparts could expect an additional three years of life compared with the average sixty-five-year-old woman (Social Security Administration 2004). These years of increased life place additional financial burdens on Latino older adults. In addition, over a quarter of Latino households have historically exhibited zero or negative net worth (Kochhar 2004), leaving them highly vulnerable to economic downturns. According to the Social Security Administration (2004), 58 percent of unmarried older Latinos and 39 percent of older Latino couples rely on Social Security for 90 percent of their income. This predictably leads to aggravated economic problems in old age.

### CHARACTERISTICS OF BABY BOOMERS

Baby boomers appear to be better off economically than were previous generations, and one might expect younger baby boomers (a.k.a. "late boomers," born from 1956 through 1964) to have higher levels of economic status than older baby boomers (a.k.a. "early boomers," born from 1946 through 1955) when they retire (fig. 2). Research indicates, however, that younger boomers will fare no better than older boomers in terms of retirement wealth and financial security.

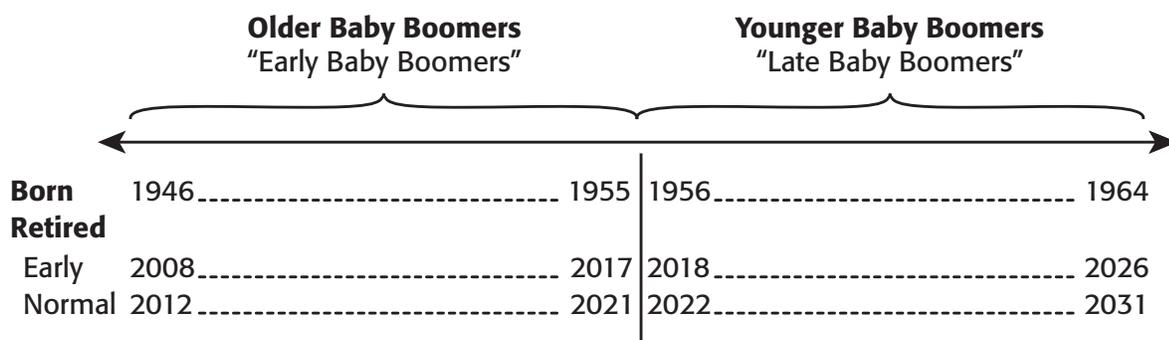
Compared to older boomers, younger boomers are projected to have a slightly lower mean wealth at age sixty-seven. When the median statistic is used, however, younger boomers show an increase. Low financial and housing wealth play the most important roles in this reversal, suggesting that relatively few of the younger baby boomers have housing wealth in the uppermost ranges, a characteristic that could have a negative impact on their retirement security (Butrica and Uccello 2004).

The real mean household income will increase from \$44,000 for the group of current retirees (born 1926–1935) to \$55,000 for near retirees (born 1936–

1945), and it will plateau at \$65,000 for both older and younger baby boomers (Butrica and Uccello 2004). However, the median replacement rate, or proportion of total retirement income compared to pre-retirement income, achieved by younger baby boomers is expected to be lower than that of current retirees, near retirees, and older baby boomers. Younger baby boomers will achieve only an 80 percent median replacement rate, compared with rates between 86 percent and 88 percent for the other three groups. Moreover, when earnings income and Supplemental Security Income (SSI) are excluded, median replacement rates are projected to shrink further still (Butrica and Uccello 2004). This indicates that successive generations of retirees will have retirement income that is lower than the high levels of pre-retirement income to which they are accustomed.

Surprisingly, the poverty rates for these four groups decrease steadily from current retirees (8 percent) to younger boomers (2 percent). Due to a broader and more accurate definition of income, these figures are lower than the typically generated poverty rates (Butrica and Uccello 2004). Nevertheless, the downward slope is clear, indicating better financial security in retirement.

FIGURE 2. YEARS OF BIRTH AND RETIREMENT FOR OLDER AND YOUNGER BABY BOOMERS



Source: Social Security Administration 2007.

## CHARACTERISTICS OF LATINO BABY BOOMERS

Specific, targeted information on Latino baby boomers does not exist, and in-depth analyses have not been done for this important population. It is possible, however, to extract a few key snippets of information from the current literature and to make inferences about some of their characteristics.

Although Latino baby boomers and the general population of baby boomers follow similar patterns in terms of wealth, income, replacement rates, and poverty, Latino wealth and income averages as well as income replacement rates fall below those of the general population (Butrica and Uccello 2004). Poverty rates for Latino boomers are slightly above those seen for boomers in general, but this disparity appears to be considerably less for baby boomers than for previous generations of Latinos. Nevertheless, Latino members of the older baby boom group are less likely to think about retirement than their white, non-Latino contemporaries. This may prove to be an important factor, since it has been suggested that “planners”—people who have given considerable thought to retirement—will accumulate higher levels of wealth as they near retirement (Lusardi and Mitchell 2007).

## UNDERSTANDING LATINO BABY BOOMERS

A number of important questions need to be answered to improve our knowledge of Latino baby boomers. How much do Latino baby boomers have in assets, and how are these assets allocated? What are their savings rates, and where do they put these savings? What is the rate of home ownership, and how much mortgage debt has been accrued? What will be the effect of their

retirement on public benefits such as Social Security and Medicare?

In addition, social indicators that affect retirement must be better understood. What family resources will be available, and how will they compare to levels of social support that have been historically accessible to this population? What implications will this have for caregiving needs and, consequently, economic security?

Another important area to examine surrounds the effects of immigration and assimilation. What are the differences in economic indicators among Latino baby boomers who are recent immigrants, those who immigrated at young ages, and those who are native-born? How do these characteristics affect social networks and economic well-being?

The U.S. population as a whole faces critical questions raised by the retirement of the baby boomers and the growth of the Latino population—the two great demographic shifts that the nation is currently experiencing. Well-researched, data-driven answers will help policy makers properly prepare for the retirement of the baby boom generation, including its Latino members.

### NOTE

This policy brief was produced for “A New Latino Agenda: Realities on Aging, Diversity, and Latino Financial Security,” a research project of the UCLA Center for Policy Research on Aging. The full report, *Who Are the Latino Baby Boomers: Examining the Demographic and Economic Characteristics of a Hidden Population*, Latinos and Social Security Research Report No. 3, is available as a PDF document at the project’s website, [www.spa.ucla.edu/lss](http://www.spa.ucla.edu/lss), and at [www.chicano.ucla.edu/press/default.asp](http://www.chicano.ucla.edu/press/default.asp).

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# LATINOS & SOCIAL SECURITY

## POLICY BRIEF

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## LATINO BABY BOOMERS

Latinos comprise 10 percent of the baby boom generation as well as a steadily increasing proportion of the U.S. population, making Latino baby boomers an important bellwether of demographic and economic change. Despite their importance, little research has explored the impact that Latino boomers are likely to have on families and communities and the policies that affect them. This policy brief summarizes what is known and not known about this hidden population.

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