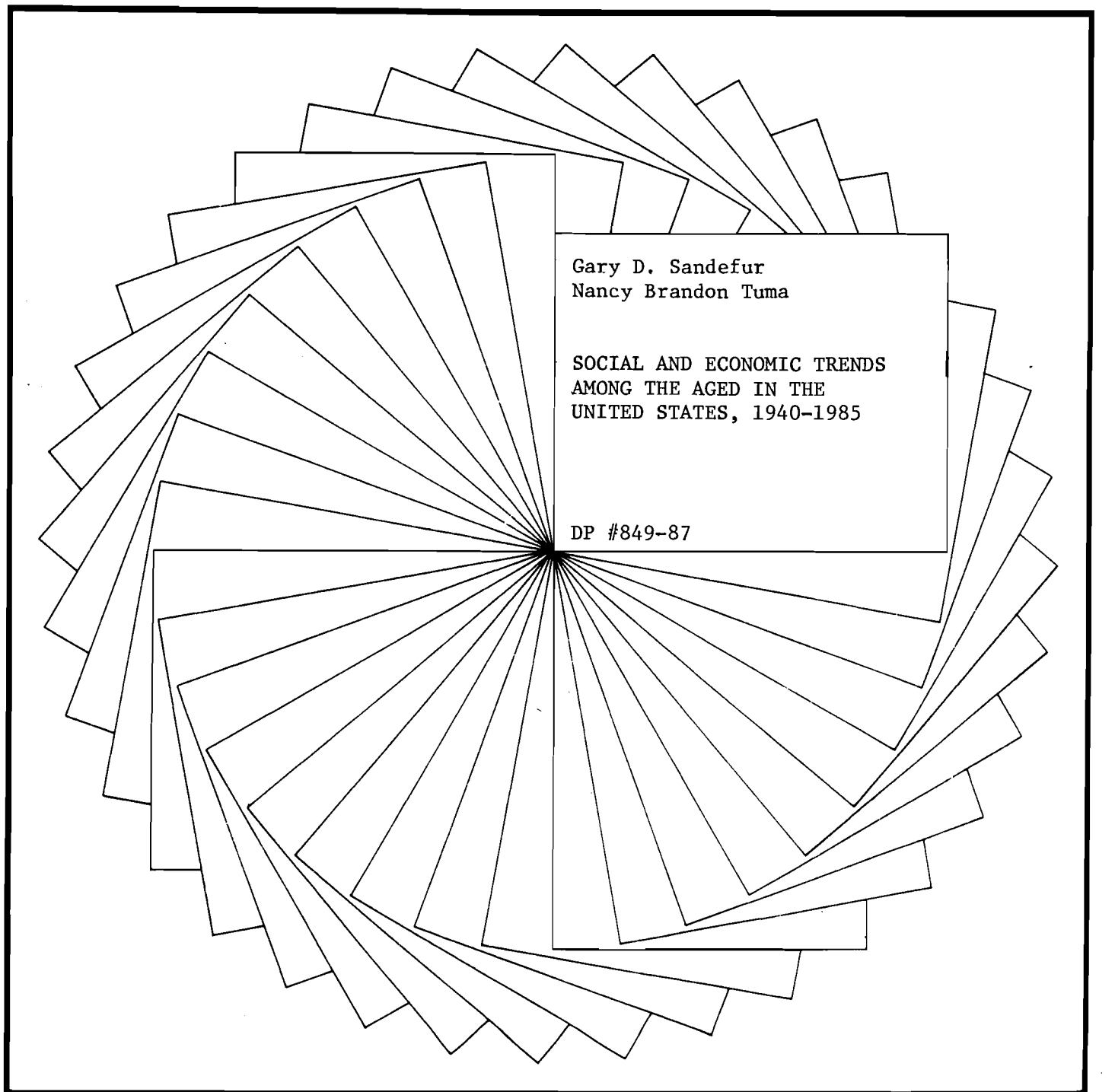




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SOCIAL AND ECONOMIC TRENDS
AMONG THE AGED IN THE
UNITED STATES, 1940-1985

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Social and Economic Trends
among the Aged in the United States, 1940-1985

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Abstract

This paper reports some important trends in the demographic characteristics, behavior, and living conditions of aged individuals in the United States from 1940 to 1985. (The aged are defined as those 55 years old and older.) In particular, the paper covers four main areas pertaining to the aged: demographics, living arrangements, employment status, and economic well-being. The data reveal a number of major changes over this period in the aged population, which has become much more numerous and a considerably larger fraction of the total U.S. population. A marked gender imbalance among the elderly (namely, an increase in the ratio of women to men) has become increasingly evident and at increasingly younger ages, due mainly to greater declines in mortality rates of women than of men. As a result, the percentage of the very old who are married is surprisingly high for men but very low for women. The fraction of the aged living in institutions has risen dramatically, especially for white women age 85+; to a considerable extent, this appears to be due to their small chance of being married. Among the aged not living in institutions, those married almost always live with their spouses, but those not married have been increasingly likely to live alone rather than with family members or other unrelated individuals. The fraction of the aged who are employed has declined for men but has risen for women, declining only slightly among the oldest groups of women since 1970. Family income of those in a given age group has improved considerably since 1960; however, for a synthetic cohort, family income has declined somewhat for whites but been fairly stable for nonwhites. Home ownership has increased over this period for all groups, but the white-nonwhite gap has not closed. Still, the economic well-being of the aged has improved considerably since 1940, with gains between 1950 and 1970 that are especially impressive.

Social and Economic Trends
among the Aged in the United States, 1940-1985

In recent years there has been considerable research on the social and economic circumstances of elderly or retired Americans in selected years, but much less research on how these conditions have changed over time. In this paper we describe basic trends involving aged individuals in the United States for the period 1940 to 1985. We focus on aged individuals (those over 54 years old) rather than on the retired, because it is difficult to define retirement, especially when analyzing data from widely differing time points.¹ We include the "young" aged, those 55-64 years old, because important behaviors associated with aging (especially withdrawal from the labor force) are increasingly occurring in this age group. We begin with 1940 primarily because the initial federal social legislation directed toward the elderly was formulated and enacted in the 1930s; hence, 1940 serves as a good point to begin a study of social and economic changes pertaining to aged Americans.

We concentrate on four types of trends. First, we consider changes in the aged population in relation to the total U.S. population as well as trends in the composition of the aged in terms of basic demographic characteristics (e.g., age group, race, sex, and marital status). Second, we examine changes in the living arrangements of the elderly. More specifically, we discuss the proportion of the aged living in institutions or, if not in institutions, the proportion living with a spouse, with other family members, with unrelated individuals, or alone. Third, we consider employment and earnings patterns of the aged. Finally, we discuss the economic well-being of elderly Americans and the social programs that contribute to it.

SOURCES OF INFORMATION ON THE AGED

Initially we had expected to find that others had already reviewed basic trends pertaining to the U.S. aged population for the period of interest to us. But we found that most previous research on the elderly in the United States either has been cross-sectional or has concentrated on a single decade, usually 1970-1980. We decided, therefore, primarily to analyze original sources of data and only secondarily to review the previous literature.

We analyze two main sources of data. One is the Public Use Microdata Samples (PUMS) for 1940, 1950, 1960, 1970, and 1980, which are based on the U.S. Censuses of Population for those years. Since 1980 is the most recent year for which PUMS data exist, we also use a second source of data, the March 1985 Current Population Survey (CPS). Including the 1985 CPS data lets us report more recent trends. Unlike the PUMS data, however, the CPS samples only the noninstitutionalized population; consequently, it is necessary either to adjust figures for 1985 to compensate for the CPS sampling design or to analyze only data on those not living in institutions. Sometimes we do one and sometimes the other, depending on which seems more informative.

As one might imagine, several other technical issues arise when comparing data collected at six different time points. One issue is variability in the questions asked; of particular relevance to our study is the fact that income data in the 1940 U.S. Census are based only on earnings and that the 1950 U.S. Census obtained income data only for a selected individual in each household and not families (as did the other censuses). Another is variability in U.S. Census definitions of various population characteristics. Still another issue is variation in the fraction of the population sampled for each of these data sets. In the PUMS, the fraction varies from 1/330 in 1950 to 1/100 for 1960,

1970, and 1980; it is .98/100 in 1940. In contrast, the March 1985 CPS data give estimates of the total counts for the noninstitutionalized U.S. population, based on data from 161,362 individuals who are upwardly weighted to a population of 234,066,000. Hence, the March 1985 CPS sampling fraction is approximately .07/100. As a consequence of the smaller sample, results for 1985 reported below are considerably less precise than those for the other years; this fact is especially important to keep in mind when examining results for relatively small groups, such as very old nonwhites. While these issues are not unimportant, detailed comments on them are given in technical appendices so that our discussion can focus on the main point of our paper---trends in the U.S. aged population between 1940 and 1985.

DEMOGRAPHIC COMPOSITION OF THE AGED POPULATION

Preston (1984) pointed out that the number of people aged 65 and older increased by 54 percent between 1960 and 1980. Indeed, between 1971 and 1981, the population of Americans aged 65 and older grew faster than the population of India (Preston, 1984). Although part of this increase resulted from increases in the number of births around the turn of the century, much of it is due to a very rapid decline in mortality at older ages (U.S. Bureau of the Census, 1986). Since the elderly population has been growing faster than the nonelderly population, the fraction of the total U.S. population that is elderly has naturally been increasing.

Table 1, which is based largely on figures in the 1980 U.S. Census of Population (supplemented by data from the 1940, 1950, and 1980 PUMS and the March 1985 CPS), describes the age composition of the U.S. population for a longer period than Preston considered, 1910 to 1985. Panel A gives the

Table 1
Age Composition of the U.S. Population, 1910-1985

	1910	1920	1930	1940	1950	1960	1970	1980	1985
A. Percentages									
All Ages	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-
< 20	41.9	40.7	38.8	34.4	33.9	38.5	37.9	32.0	-
20-54	48.1	48.3	48.9	50.7	49.1	43.6	43.1	47.2	-
55+	10.0	11.0	12.3	14.9	16.9	17.9	19.0	20.9	-
55-59	3.0	3.4	3.8	4.4	4.8	4.7	4.9	5.1	-
60-64	2.5	2.8	3.1	3.6	4.0	4.0	4.2	4.5	-
65-69	1.8	2.0	2.3	2.9	3.3	3.5	3.4	3.9	-
70-74	1.2	1.3	1.6	1.9	2.3	2.6	2.7	3.0	-
75-79	0.7	0.8	0.9	1.1	1.4	1.7	1.9	2.1	-
80-84	0.3	0.4	0.4	0.6	0.8	0.9	1.1	1.3	-
85+	0.2	0.2	0.2	0.3	0.4	0.5	0.7	1.0	-
B. Counts (in millions)									
All Ages	92.2	106.0	123.2	132.2	151.3	179.3	203.2	226.5	-
< 20	38.6	43.2	47.8	45.5	51.3	69.0	77.0	72.5	-
20-54	44.4	51.2	60.2	67.0	74.4	78.2	87.6	106.8	-
55+	9.2	11.6	15.2	19.6	25.6	32.1	38.7	47.3	50.3
55-59	2.8	3.6	4.7	5.9	7.3	8.4	10.0	11.6	11.5
60-64	2.3	3.0	3.8	4.7	6.1	7.1	8.6	10.1	10.8
65-69	1.7	2.1	2.8	3.8	5.0	6.3	7.0	8.8	9.3
70-74	1.1	1.4	2.0	2.6	3.4	4.7	5.4	6.8	7.5
75-79	0.7	0.9	1.1	1.5	2.1	3.1	3.8	4.8	5.4
80-84	0.3	0.4	0.5	0.8	1.1	1.6	2.3	2.9	3.4
85+	0.2	0.2	0.3	0.4	0.6	0.9	1.5	2.2	2.6

Note: Counts in this table are based on three main sources: (1) Table 45 in the 1980 U.S. Census of Population, U.S. Summary, Characteristics of the Population (U.S. Bureau of the Census, 1983), (2) the March 1985 Current Population Survey, and (3) the 1940, 1950, and 1980 Public Use Microdata Samples. The 1940 and 1950 PUMS were used to allocate counts in aggregated age categories given in source (1) into five-year age categories. The aggregated counts for ages 75+ given in source (1) for 1930 were then broken into five-year age groups by interpolating between 1920 and 1940. Counts for 1985 are based on the 1985 March CPS but are weighted upwardly using 1980 PUMS figures on the fraction of individuals in a detailed category who live in an institution to adjust for exclusion of those living in institutions from the CPS sample. Counts in the March 1985 CPS were implausibly low for certain groups (especially young black males); consequently, we did not attempt to estimate counts for all age groups in 1985, as indicated by a dash.

percentage age composition; panel B gives counts in various age groups. We focus mainly on panel A; panel B is included because trends in actual counts may be of interest to those who provide services to the aged.

The first three rows of panel A give the percentages for three exhaustive and mutually exclusive age categories, under 20, 20-54, and over 54. Reading across the yearly columns, one sees that the percentage of the population that is 0-19 years old fell from 41.9 percent in 1910 to 33.9 percent in 1950, then rose to 38.5 percent in 1960, and then again declined to 32.0 percent in 1980; these changes are largely due to variations in fertility rates during this period. In contrast, the percentage of the total U.S. population over 54 years of age has increased steadily from 10.0 percent in 1910 to 14.9 percent in 1940 to 20.9 percent in 1980. Another way to think of these figures is in terms of the ratio of aged individuals to youths; this ratio was about 1 to 4 in 1910, about 1 to 2 in 1940, and about 2 to 3 in 1980. The percentage of the population that is 20-54 years old, which is usually regarded as the bulk of the potential workforce, has varied much less, ranging from a low of 43.1 percent in 1970 to a high of 50.7 percent in 1940. This percentage continues to rise in the 1980s as the Baby Boomers enter adulthood.

The remaining rows of panel A of Table 1 provide a more detailed breakdown of the age composition of older Americans. The percentage of the total U.S. population in each five-year age group of the aged has increased steadily over this period. The increase is more pronounced for older age groups. For example, the percentage of the total U.S. population 85 and older grew from 0.2 percent in 1910 to 0.3 percent in 1940 to 1.0 percent in 1980: a fivefold increase in 70 years, and over a threefold increase in the last 40 years. Although 1.0 percent may seem tiny, it is not negligible. For comparative purposes, in 1980 American Indians constituted 0.6 percent of the

U.S. population; hence, in that year the number of Americans 85 and older exceeded the number who are American Indians by nearly 50 percent.

The population counts for the various age groups, given in Panel B of Table 1, provide another indication of the rapid growth in the aged population that has taken place. For example, between 1940 and 1980, the total U.S. population increased by 71 percent, but the population aged 55 and older grew by 141 percent and the population aged 85 and older increased by 450 percent.

Lichter et al. (1981) pointed out that populations of some geographical areas have aged more rapidly than others. Their analysis, which focused on metropolitan and nonmetropolitan areas, found that "aging in place" was the dominant component of the changes in the percentage of elderly residents, but that migration has been an increasingly important component of the absolute growth of the elderly population in nonmetropolitan areas and absolute decline in metropolitan areas during the 1970s. Heaton et al. (1980) concluded that the migration of the elderly increased over the period 1955-1975, perhaps because the aged are tending to retire at younger ages than formerly.

The basic demographic composition of the aged (e.g., in terms of race and gender) differs from that of the total U.S. population. Table 2 gives the percentage of nonwhites in various age groups of the U.S. population for the period 1910-1985. In 1910, approximately 8.4 percent of the aged population was nonwhite, in contrast to 11.3 percent of the total population. Both percentages fell for the next few decades, so that by 1930, 6.7 percent of the aged were nonwhite, in contrast to 10.4 percent of the total population. By 1980, 10.8 percent of the aged population was nonwhite, while 16.9 percent of the total population was nonwhite. For any given year, the difference in the percentage of nonwhites among the aged and in the total population is due both to the higher fertility of the most numerous nonwhite groups (blacks and

Table 2
 Percentage of Nonwhites in the U.S. Population,
 by Year and Age Group, 1940-1985

	1910	1920	1930	1940	1950	1960	1970	1980	1985
All Ages	11.3	10.5	10.4	10.4	10.7	11.4	12.5	16.9	-
< 20	12.8	11.6	11.5	12.3	12.6	13.5	15.1	21.2	-
20-54	10.6	10.3	10.4	10.2	10.5	10.9	11.8	16.6	-
55+	8.4	7.2	6.7	7.1	7.3	8.3	9.1	10.8	10.1
55-59	8.1	7.0	7.2	7.3	7.6	9.5	9.7	11.9	11.5
60-64	8.8	7.2	6.9	6.7	6.9	8.3	9.4	11.0	10.6
65-69	7.8	7.1	6.0	8.2	8.5	8.3	9.9	11.0	10.4
70-74	7.5	7.0	5.4	6.7	6.9	7.3	8.5	10.3	9.3
75-79	7.0	6.4	5.8	5.7	6.5	7.1	7.4	10.1	8.2
80-84	8.5	7.4	6.3	5.7	6.0	6.3	7.2	8.5	9.1
85+	14.2	12.0	10.5	9.7	7.9	7.7	8.9	8.7	9.1

Note: See note to Table 1 for sources of information.

Hispanics) and also to the higher mortality of their aged (U.S. Bureau of the Census, 1986). Variations in fertility and mortality rates across racial and ethnic groups mean that the percentage of aged individuals in a given racial/ethnic group varies considerably. In 1982, 12 percent of whites, 8 percent of blacks, 6 percent of Asians, 5 percent of Hispanics, and 5 percent of American Indians were 65 and older (Family Planning Perspectives, 1984).

Note that the percentage of nonwhites in the group aged 85+ is highest in 1910 (14.2 percent), falls until 1960 when it is only 7.7 percent, and then again rises to 9.1 percent in 1985. The very high percentages of nonwhites in the 85+ group in the early decades of this century are probably due to a tendency of very old nonwhites to exaggerate their age, perhaps because they did not know their exact birthdates.

The fraction of the aged population who are female has also changed over the period from 1910 to 1985. Panel A of Table 3 tells the percentage of various age groups in the total population who are female. Not surprisingly, the proportion of females in the total population has changed very little over the period in question, ranging from 48.5 percent in 1910 to 51.4 percent in 1980. However, the fraction of females in the aged population has risen markedly:² from 47.9 percent in 1910 to 49.9 percent in 1940 to 56.8 percent in 1985. Changes in the gender composition of the aged have occurred among both whites and nonwhites.

The predominance of women has risen fastest for older age groups, owing largely to the increasing differences in mortality rates of men and women at older ages (U.S. Bureau of the Census, 1986). Among the oldest of the aged, those 85 and older, the percentage who are female rose from 54.9 percent in 1910 to 69.1 percent in 1985. Moreover, the gender imbalance is becoming noticeable at increasingly younger ages. The excess of females in the 75-79

Table 3
 Percentage of Females in the U.S. Population,
 by Year, Age Group, and Race, 1910-1985

	1910	1920	1930	1940	1950	1960	1970	1980	1985
A. Total Population									
All Ages	48.5	49.0	49.4	49.8	50.3	50.7	51.3	51.4	-
< 20	49.6	49.7	49.6	49.4	49.3	49.3	49.2	49.0	-
20-54	47.7	48.6	49.4	50.0	50.7	51.0	51.4	50.7	-
55+	47.9	48.0	48.7	49.9	51.2	53.2	55.5	56.7	56.8
55-59	46.6	47.0	47.7	48.4	49.8	51.0	52.2	52.8	52.1
60-64	47.6	46.9	48.2	49.2	49.8	52.3	53.3	53.7	54.1
65-69	48.5	47.8	48.8	50.1	51.5	53.2	55.3	55.6	55.3
70-74	49.6	49.4	49.1	50.5	52.2	53.9	57.5	58.0	57.7
75-79	50.3	51.0	50.8	52.0	53.0	55.5	59.3	61.5	61.2
80-84	52.2	53.8	53.2	53.9	55.9	57.9	61.7	65.3	66.6
85+	54.9	56.7	55.5	55.6	58.9	61.0	64.1	69.6	69.1
B. White Population									
All Ages	48.4	48.9	49.3	49.7	50.2	50.7	51.2	51.3	-
< 20	49.5	49.6	49.4	49.3	49.1	49.2	49.0	48.8	-
20-54	47.5	48.5	49.2	49.9	50.6	50.8	51.1	50.4	-
55+	48.1	48.2	49.0	50.0	51.3	53.3	55.6	56.7	56.7
55-59	46.8	47.3	48.1	48.6	49.9	51.1	52.1	52.6	51.7
60-64	47.9	47.2	48.5	49.4	49.9	52.3	53.3	53.5	54.0
65-69	48.9	48.1	49.0	50.3	51.5	53.2	55.4	55.4	55.2
70-74	49.7	49.5	49.2	50.7	52.4	54.0	57.7	58.1	57.6
75-79	50.5	51.2	50.8	52.1	53.4	55.7	59.5	61.7	61.1
80-84	52.0	53.9	53.2	54.2	55.9	58.2	62.0	65.6	67.2
85+	54.7	56.6	55.2	55.3	59.0	61.4	64.6	70.0	69.4
C. Nonwhite Population									
All Ages	49.4	49.6	50.0	50.7	51.0	51.4	52.1	51.9	-
< 20	50.5	50.6	50.6	50.5	50.2	50.1	49.9	49.5	-
20-54	49.0	49.4	50.2	51.4	51.9	52.7	53.8	52.6	-
55+	45.5	44.4	45.2	47.8	49.6	51.7	54.3	56.6	57.3
55-59	43.8	42.3	42.5	46.7	48.2	50.4	52.9	54.3	55.5
60-64	44.5	42.6	43.8	46.6	48.5	51.4	53.2	55.3	55.4
65-69	44.5	43.5	45.6	47.9	51.5	52.4	54.6	56.6	56.1
70-74	48.3	47.5	47.7	47.8	49.6	52.0	55.1	57.1	58.6
75-79	48.4	47.8	49.7	51.1	47.3	52.3	56.4	59.2	62.3
80-84	54.2	53.4	51.9	49.9	55.6	53.9	57.4	61.6	59.8
85+	56.5	57.1	58.3	59.0	57.9	56.2	58.7	65.6	65.4

Note: See note to Table 1 for sources of information.

age group was slight as recently as 1950 (53.0 percent), but quite marked by 1980 (61.5 percent). Indeed, the percentage of women in the group aged 85+ in 1940 is about the same as the percentage of women in the group aged 65-69 in 1980. So it seems likely that the percentages of females in the oldest age groups will continue to rise, at least for the next few decades. The gender imbalance of the aged has consequences for several important aspects of social and economic conditions of the aged, but especially their marital status and living arrangements.

Table 4 shows the percentage of aged Americans who are married for the period 1940-1980. For each age category of the four race-sex groups, the percentage of individuals who are married has tended to increase over this historical period. Naturally, for any given year, the percentage who are married declines as age increases, primarily because the likelihood of being widowed increases with age. The difference between men and women in the percentage who are married is striking, especially at the oldest ages. Of those 85+, the percentage who are married is 49.2 for white men in 1980, but only 8.6 for white women in the same year; in contrast, in 1940 this percentage is 33.0 for white men and 7.8 for white women. Thus, very old white men are increasingly likely to be married (owing presumably to declines in mortality rates of elderly white women), but very old white women are only slightly more likely to be married in 1980 than in 1940. Patterns for nonwhites are somewhat different. Like whites, elderly nonwhite men in a given age group are much more likely to be married than elderly nonwhite women. But, in contrast to white men, nonwhite men in a given age group are not much more likely to be married in 1980 than in 1940. The percentage of nonwhite women who are married is also relatively constant over this period, although it has increased slightly for age groups under 75.

Table 4
 Percentage of Married Persons in the U.S. Aged Population,
 by Year, Age Group, Race, and Sex, 1940-1980

	1940	1950	1960	1970	1980
A. White Men					
55+	72.1	73.9	78.1	79.7	82.0
55-59	80.4	82.8	85.7	86.9	87.0
60-64	76.4	79.4	83.4	85.1	86.3
65-69	72.7	74.2	79.9	81.6	84.1
70-74	65.3	66.9	73.3	76.7	81.1
75-79	56.5	59.7	65.4	70.1	74.8
80-84	46.5	49.5	53.5	58.2	66.0
85+	33.0	30.4	39.0	42.5	49.2
B. White Women					
55+	50.4	51.0	51.7	51.2	52.3
55-59	68.0	70.3	71.0	72.9	75.1
60-64	59.3	60.2	62.2	63.8	67.1
65-69	47.6	49.3	52.4	52.7	56.1
70-74	34.8	37.8	39.7	40.5	43.5
75-79	23.8	24.2	27.7	28.4	30.2
80-84	14.3	15.0	16.8	17.0	17.8
85+	7.8	6.1	7.6	10.8	8.6
C. Nonwhite Men					
55+	70.7	71.7	72.4	71.1	71.2
55-59	77.1	82.2	78.7	79.3	77.0
60-64	75.1	74.1	76.5	76.9	75.3
65-69	70.0	70.1	71.1	69.0	72.5
70-74	63.6	67.8	69.1	64.1	67.7
75-79	57.3	57.2	61.1	60.7	63.2
80-84	50.0	47.2	56.3	55.6	54.1
85+	45.9	41.0	39.2	45.4	44.0
D. Nonwhite Women					
55+	41.7	41.1	45.2	45.0	43.8
55-59	57.4	56.3	61.0	61.6	61.0
60-64	48.9	48.5	52.1	52.8	53.1
65-69	37.3	37.7	42.3	43.9	43.7
70-74	26.2	27.4	31.8	34.5	33.6
75-79	21.0	19.1	22.1	23.7	22.9
80-84	14.2	13.4	15.6	16.9	14.7
85+	6.5	8.1	9.4	11.0	9.2

--table continued--

Table 4, continued

	1940	1950	1960	1970	1980
E. Total Population					
55+	60.9	61.5	63.5	63.2	64.2
55-59	73.9	75.9	77.3	78.7	79.3
60-64	67.6	69.1	71.6	72.8	74.6
65-69	59.5	60.5	64.4	64.6	67.2
70-74	49.6	51.1	54.6	55.3	58.2
75-79	39.5	40.4	44.1	45.1	46.5
80-84	29.4	29.8	32.2	32.9	33.9
85+	19.5	17.0	19.8	22.3	21.1

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples.

LIVING ARRANGEMENTS AMONG THE AGED

Tables 5 through 9 let us examine living arrangements of the elderly in some detail.³ Living arrangements are divided into five mutually exclusive categories: Institutionalized (which includes Living in Group Quarters), Living Alone, Living with a Spouse, Living with Other Family Members (but not the Spouse), and Living with Unrelated Individuals. Since the CPS samples only the noninstitutionalized population, the data for 1985 have only the last four categories of living arrangements. Consequently, we first examine trends in institutionalization for 1940-1980, and then examine the prevalence of the other types of living arrangements among the noninstitutionalized aged.

As one expects, Table 5 shows that the percentage of the aged population who live in institutions⁴ almost always increases with age for any given year and for each segment of the population when categorized by race and sex. Not surprisingly, those 85+ years old are considerably more likely to live in institutions than those 55-59. For example, in 1980 the odds of living in an institution for those 85+ are nearly 25 times greater than the odds for persons 55-59. Still, the tendency to live in an institution as one ages varies dramatically over this historical period. So, for example, in 1940 the odds of living in an institution for those 85+ are less than twice the odds for those 55-59.

We hasten to add that not all of the aged are more likely to live in institutions now than in the past. In fact, between 1940 and 1980, the percentage of individuals who live in institutions declined for those 55-74 and was fairly constant for those 75-79. This may be due partly to the improved health of individuals surviving at these ages, which makes it possible for them to remain outside hospitals and nursing homes. But probably

Table 5
 Percentage of the U.S. Aged Population
 Who Live in an Institution, by Year,
 Age Group, Race, and Sex, 1940-1980

	1940	1950	1960	1970	1980
A. White Men					
55+	5.2	5.7	3.6	3.0	2.6
55-59	4.7	4.9	2.4	1.6	1.1
60-64	5.0	5.5	2.9	1.9	1.2
65-69	5.1	5.7	3.0	2.2	1.7
70-74	5.4	5.6	3.7	2.9	2.4
75-79	5.9	6.1	5.0	4.5	4.2
80-84	6.6	8.1	8.4	8.2	7.9
85+	8.1	12.0	13.6	15.7	18.3
B. White Women					
55+	3.8	4.3	3.7	4.2	4.5
55-59	3.2	2.9	1.8	1.2	0.8
60-64	3.5	3.4	2.2	1.6	1.1
65-69	3.4	3.7	2.5	2.1	1.7
70-74	3.9	4.6	3.6	3.5	3.3
75-79	5.3	6.4	5.9	6.8	6.3
80-84	6.5	9.2	10.9	13.4	13.0
85+	6.7	13.7	18.8	23.4	28.8
C. Nonwhite Men					
55+	4.3	6.4	3.8	3.4	2.9
55-59	4.6	7.2	4.3	3.1	2.2
60-64	4.3	6.8	3.3	2.5	1.7
65-69	3.8	5.7	3.3	3.4	2.5
70-74	3.9	4.0	3.5	3.2	2.8
75-79	6.4	8.8	4.5	4.6	4.5
80-84	3.7	7.9	4.4	6.1	6.2
85+	4.1	2.6	6.0	7.2	10.9
D. Nonwhite Women					
55+	2.8	4.0	2.6	2.4	2.5
55-59	3.1	3.9	2.2	1.4	0.9
60-64	2.7	3.2	2.3	1.5	1.1
65-69	2.6	2.9	2.1	1.6	1.9
70-74	3.1	6.3	2.2	2.7	2.5
75-79	1.6	1.5	3.4	4.0	3.7
80-84	3.2	4.5	6.0	6.4	7.4
85+	2.3	14.0	6.4	8.9	14.1

--table continued--

Table 5, continued

	1940	1950	1960	1970	1980
E. Total Population					
55+	4.4	5.0	3.6	3.6	3.6
55-59	4.0	4.0	2.2	1.5	1.0
60-64	4.2	4.5	2.5	1.7	1.2
65-69	4.2	4.6	2.7	2.1	1.8
70-74	4.6	5.1	3.6	3.2	2.9
75-79	5.5	6.2	5.4	5.7	5.3
80-84	6.4	8.6	9.6	11.1	10.9
85+	6.9	12.6	15.9	19.6	24.5

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples.

another factor, especially relevant for whites, is the increasing fraction in a given age group who are still married, since elderly individuals with only minor disabilities can often handle their needs for personal assistance with a spouse's help (Manton and Soldo, 1985).

Still, the trend that stands out most strikingly is the increase in the fraction of elderly Americans who live in institutions. This trend is quite apparent for individuals 80-84, but especially for those 85 and older. Thus, the percentage of those aged 85+ living in institutions was 6.9 in 1940, but had risen to 24.5 by 1980, nearly a fourfold increase.

For any given year and age group, the fraction living in an institution varies considerably across race and gender groups. Among those aged 85+ in 1980, those most likely to live in an institution are white women (28.8%), followed by white men (18.3%), nonwhite women (14.1%), and nonwhite men (10.9%). This pattern strongly suggests that living in an institution for the very old is not primarily the result of infirmity, since it is unlikely that white women are so much more infirm than the other groups.

The fact that women are more likely than men to live in institutions is partly because fewer women than men of a given age have a surviving spouse. Thus, Table 6 shows the percentage of individuals age 75 and over who live in an institution by marital status, as well as race and sex. For unmarried individuals of a given race and age, the percentage who live in an institution is about the same for men as for women. Thus, it seems that to a considerable extent, very old men are found in institutions so much less often than very old women because the men are so much more likely than the women to have a surviving spouse, who can help to care for them. The predominance of elderly women in institutions is, therefore, partly a consequence of the gender imbalance among the aged, which we noted earlier, and partly a consequence of

Table 6
 Percentage of the U.S. Aged Population Who Live in
 an Institution, by Year, Age Group, Race, Sex, and
 Marital Status, 1940-1980

	1940	1950	1960	1970	1980
A . Married White Men					
75-79	2.3	1.7	1.8	1.8	1.7
80-84	2.1	3.1	3.1	3.2	3.6
85+	2.8	3.4	4.4	6.4	9.5
B. Married White Women					
75-79	2.4	3.6	2.7	2.1	2.6
80-84	3.2	3.2	5.9	5.5	7.1
85+	8.3	12.3	10.4	10.8	17.9
C. Unmarried White Men					
75-79	10.7	12.7	11.2	10.9	11.4
80-84	10.5	13.1	14.5	15.3	16.2
85+	10.8	15.8	19.4	22.5	26.8
D. Unmarried White Women					
75-79	6.2	7.3	7.1	8.7	7.8
80-84	7.1	10.2	11.9	15.0	14.3
85+	6.5	13.8	19.5	25.0	29.8
E. Married Nonwhite Men					
75-79	3.0	6.5	2.6	1.6	2.2
80-84	0.0	0.0	3.1	3.6	2.2
85+	1.5	0.0	2.9	3.0	6.3
F. Married Nonwhite Women					
75-79	1.1	0.0	2.1	3.2	1.9
80-84	0.0	0.0	8.0	1.9	5.0
85+	0.0	14.3	15.8	5.8	11.7
G. Unmarried Nonwhite Men					
75-79	11.0	12.0	7.5	9.4	8.4
80-84	7.4	14.9	6.1	9.2	11.0
85+	6.3	4.3	8.0	10.7	14.6
H. Unmarried Nonwhite Women					
75-79	1.8	1.9	3.8	4.3	4.3
80-84	3.7	5.2	5.7	7.3	7.9
85+	2.5	13.9	5.4	9.3	14.4

gender differences in marriage patterns (i.e., that men tend to marry women younger than themselves and are more likely than women to remarry).

The fact that elderly whites are so much more likely than nonwhites to live in institutions, even though whites are more likely to be married, suggests that the whites are less likely than the nonwhites to find the support services that they need from children and other relatives. This could be because nonwhites have more children and other relatives, because family ties are stronger among nonwhites than among whites, because whites are more likely than nonwhites to have the financial resources to afford institutional care, or for some other reason. The data available cannot tell us this with any degree of certainty. But, in our opinion, greater financial resources for elderly whites than for elderly nonwhites is not the primary reason since, according to tables not included here, family income of very old individuals who live in institutions is very low, varies relatively little with race and sex, and has increased rather little over the 1940-1980 period. Moreover, married individuals, whose financial resources tend to be greater than unmarried individuals, are consistently less likely to live in institutions than unmarried individuals. Changes in family relationships seem a more plausible explanation for the increasing tendency of whites over 85 to live in institutions.

Next we turn to the living arrangements of aged Americans who do not live in an institution. First, for the subset of this population who is married, living arrangements are remarkably uninteresting and unvarying: roughly 95 percent live with their spouses, whatever their age or the year. There is not much more to be said about this group. But a fact that elderly Americans need to face, especially if they are women, is that they are likely to be unmarried in their final years. With whom do these unmarried elderly women who are not

in institutions live? The options distinguished in the available data are the following: living with other family members, living with unrelated individuals, and living alone. The percentages corresponding to these options are given in Tables 7 through 9, respectively.

For unmarried aged Americans in 1940, the majority lived with family members, except in the case of nonwhite men under 75 (see Table 7). But even for these men, living with family members was more common in 1940 than any other option, as can be seen by comparing the figures for nonwhite men in Table 7 with those in Tables 8 and 9. For almost every segment of the population categorized by race, sex, and age, the tendency to live with family members (other than a spouse) has declined markedly between 1940 and 1980. The decline is especially large for white men and women who are 65+, but it is also large for nonwhite men and women 65+. In 1980, the individuals least likely to live with family members (other than a spouse) are those aged 70-74; probably some of the younger aged still have either children or their own aged parents living with them, whereas some of the very old are cared for by their adult children and other relatives.

Table 8 gives the percentage of the unmarried noninstitutionalized aged who live with unrelated individuals. This living arrangement is not common for any group in the period we examine, although roughly one-third of the nonwhite men aged 55-59 reported this living arrangement in 1940. For every group except nonwhite men over 80, the percentage reporting this living arrangement has declined over this period. For both white and nonwhite women, fewer than 5 percent live with unrelated individuals in 1985. Roughly 5 percent of older white men also live with unrelated individuals in 1985, though 16 percent of white men 55-59 live with unrelated individuals; probably several percent of these are cohabitations that would have been marriages in

Table 7
 Percentage of the U.S. Unmarried Noninstitutionalized
 Aged Population Who Live with Other Family Members,
 by Year, Age Group, Race, and Sex, 1940-1985

	1940	1950	1960	1970	1980	1985
A. White Men						
55+	56.8	52.7	46.5	37.4	30.9	31.3
55-59	52.0	48.5	48.4	41.3	35.2	40.1
60-64	53.3	48.2	41.9	36.4	31.0	28.8
65-69	54.0	47.0	41.2	32.3	27.7	30.6
70-74	58.3	52.5	43.7	32.8	26.7	24.9
75-79	61.0	59.7	46.8	34.6	27.4	27.9
80-84	66.4	61.2	56.9	41.3	30.5	26.6
85+	74.2	73.7	63.5	51.2	40.3	38.5
B. White Women						
55+	69.6	62.5	52.2	40.7	32.5	29.9
55-59	70.2	61.3	52.5	46.9	42.9	40.6
60-64	68.8	61.9	49.1	38.6	34.3	32.3
65-69	66.5	59.1	48.3	35.0	28.0	27.1
70-74	68.9	60.4	49.9	35.7	26.8	23.5
75-79	70.5	63.3	54.0	39.0	28.3	24.0
80-84	74.0	70.8	59.5	46.4	32.2	29.4
85+	79.8	75.6	68.9	57.9	44.4	42.5
C. Nonwhite Men						
55+	44.3	41.4	41.8	34.0	35.8	37.1
55-59	36.9	26.6	47.5	37.3	35.2	49.5
60-64	40.4	37.9	36.9	31.2	37.4	24.7
65-69	44.6	39.3	35.7	29.9	30.6	39.0
70-74	41.1	39.6	38.2	30.2	34.0	21.5
75-79	52.6	58.0	40.7	36.3	35.7	34.8
80-84	62.0	45.0	52.4	37.4	37.6	37.2
85+	76.0	72.7	59.3	49.4	51.5	49.3
D. Nonwhite Women						
55+	72.5	68.5	62.2	52.6	50.4	49.7
55-59	70.7	69.3	60.2	55.8	60.5	65.1
60-64	68.4	66.8	61.2	52.3	52.9	45.6
65-69	73.8	68.0	59.1	47.2	45.7	45.3
70-74	70.2	65.1	61.8	49.4	44.1	38.8
75-79	76.0	70.8	64.4	51.5	44.8	56.0
80-84	78.9	72.8	68.8	57.3	49.4	44.0
85+	83.2	76.5	78.4	66.3	57.3	53.1

--table continued--

Table 7, continued

	1940	1950	1960	1970	1980	1985
E. Total Population						
55+	65.1	59.6	51.2	40.7	34.1	32.4
55-59	63.1	57.3	51.9	45.9	42.6	44.0
60-64	63.1	57.8	47.9	39.1	35.8	32.7
65-69	62.7	56.0	47.1	35.3	30.0	30.2
70-74	65.0	58.0	48.9	35.9	28.6	25.1
75-79	67.4	62.5	52.4	38.8	29.8	27.4
80-84	71.5	67.6	59.1	45.7	33.2	30.4
85+	78.1	75.0	67.8	56.6	44.8	43.0

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

Table 8
 Percentage of the U.S. Unmarried Noninstitutionalized
 Aged Population Who Live with Unrelated Individuals,
 by Year, Age Group, Race, and Sex, 1940-1985

	1940	1950	1960	1970	1980	1985
A. White Men						
55+	19.6	18.3	12.3	9.1	8.7	10.4
55-59	24.1	21.8	13.0	10.6	11.7	15.9
60-64	22.2	22.7	14.0	10.6	10.5	11.1
65-69	20.6	20.6	13.4	10.1	9.2	11.9
70-74	16.4	16.0	11.7	8.1	7.6	10.0
75-79	15.6	13.1	11.4	8.0	6.2	6.2
80-84	14.1	12.6	9.6	6.7	5.6	4.0
85+	13.3	11.6	9.7	7.4	4.9	4.7
B. White Women						
55+	11.8	12.2	8.1	5.2	4.0	3.4
55-59	14.3	13.7	8.3	5.6	6.0	6.3
60-64	13.6	13.1	8.7	5.7	4.9	5.1
65-69	11.6	14.1	8.2	5.4	4.1	2.7
70-74	10.2	10.9	7.8	5.0	3.6	3.5
75-79	10.4	9.7	7.4	4.4	3.0	1.8
80-84	9.1	9.5	7.6	4.7	3.0	2.4
85+	9.8	11.5	9.0	5.5	3.2	2.7
C. Nonwhite Men						
55+	28.4	28.6	21.9	18.5	15.8	17.9
55-59	34.2	41.1	20.3	22.0	19.5	20.8
60-64	32.8	29.5	26.4	21.1	17.5	18.7
65-69	29.8	28.6	24.6	17.1	16.0	21.9
70-74	26.5	26.7	22.5	19.9	14.0	0.8
75-79	19.5	18.5	20.9	12.1	14.2	19.4
80-84	14.0	27.5	13.5	14.0	11.3	16.6
85+	10.7	13.6	11.3	16.7	8.5	19.0
D. Nonwhite Women						
55+	14.1	12.7	11.5	8.9	6.1	4.8
55-59	17.5	14.1	15.0	10.3	8.1	3.8
60-64	17.4	15.6	12.8	10.4	6.6	5.1
65-69	12.3	10.4	11.9	9.1	6.3	7.7
70-74	12.7	13.0	10.0	8.2	5.3	4.4
75-79	13.2	11.7	7.8	6.8	5.0	3.3
80-84	8.3	10.9	8.3	5.4	4.4	6.1
85+	7.6	8.8	5.2	8.4	4.6	1.6

--table continued--

Table 8, continued

	1940	1950	1960	1970	1980	1985
E. Total Population						
55+	14.8	14.3	9.7	6.7	5.5	5.5
55-59	18.4	16.8	10.6	8.0	8.5	9.8
60-64	17.1	16.3	10.8	7.8	6.9	7.1
65-69	14.8	16.0	10.2	7.1	5.7	5.9
70-74	12.6	12.8	9.2	6.3	4.7	4.7
75-79	12.3	10.9	8.7	5.4	4.0	3.2
80-84	10.8	10.8	8.2	5.4	3.7	3.3
85+	10.8	11.4	9.0	6.5	3.7	3.5

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

previous decades. Still, the general picture is clear. The unmarried aged are not only less likely to live with family members, they are also less likely to live with unrelated individuals than in former decades.

Table 9 shows the other side of these trends: noninstitutionalized unmarried aged Americans are increasingly likely to live alone. The trend is especially marked for white women, and to a lesser extent for white men. The patterns for nonwhites are generally similar, though in recent years the percentage of the aged who live alone tends to be smaller for nonwhites than for whites. In most years and for almost every group, age variation in the percentage of individuals who live alone is U-shaped, with the peak usually occurring at age 70-74. Presumably, most individuals in this age range can care for themselves and hence live alone, in contrast to many who are older. And, in contrast to those younger, they are less likely to live with family members---either their very old parents are no longer living or their adult children have finally flown the nest. The increasing tendency of unmarried aged Americans to live alone may result from increased financial resources lessening their need to live with relatives, from an increasing reluctance of relatives to invite the elderly to live with them, or from other factors. Other data are necessary to explain the trend we report.

A number of changes in attitudes and values, behavior, and social policies have contributed to these changes in living arrangements among the aged. Changes over time in attitudes and values, though surely important, are difficult to measure; consequently, we concentrate on other types of changes. One major change is that the life expectancy of both men and women---but especially of women---has increased substantially during this period. This helps to explain both the increase in the fraction living with a spouse and the increase in the fraction living in an institution, as we mentioned above.

Table 9
 Percentage of the U.S. Unmarried Noninstitutionalized
 Aged Population Who Live Alone, by Year, Age Group,
 Race, and Sex, 1940-1985

	1940	1950	1960	1970	1980	1985
A. White Men						
55+	23.7	29.0	41.2	53.5	60.5	58.2
55-59	23.9	29.7	38.5	48.1	53.1	44.0
60-64	24.5	29.1	44.1	53.0	58.5	60.1
65-69	25.4	32.3	45.4	57.7	63.1	57.5
70-74	25.3	31.4	44.6	59.1	65.7	65.2
75-79	23.4	27.2	41.8	57.3	66.4	66.0
80-84	19.5	26.3	33.5	52.0	64.0	69.4
85+	12.6	14.7	26.8	41.4	54.8	56.8
B. White Women						
55+	18.5	25.3	39.7	54.1	63.5	66.7
55-59	15.5	25.0	39.2	47.5	51.1	53.1
60-64	17.6	25.0	42.2	55.7	60.8	62.6
65-69	21.9	26.8	43.5	59.6	67.9	70.2
70-74	20.9	28.7	42.4	59.3	69.7	73.1
75-79	19.1	27.0	38.7	56.7	68.8	74.2
80-84	16.9	19.7	32.9	48.9	64.8	68.2
85+	10.4	12.9	22.1	36.6	52.4	54.8
C. Nonwhite Men						
55+	27.3	30.0	36.3	47.5	48.4	45.0
55-59	28.9	32.3	32.2	40.8	45.4	29.8
60-64	26.8	32.6	36.7	47.8	45.1	56.7
65-69	25.6	32.1	39.7	52.9	53.5	39.2
70-74	32.5	33.7	39.3	49.9	52.0	77.7
75-79	27.9	23.5	38.4	51.5	50.1	45.8
80-84	24.0	27.5	34.1	48.7	51.1	46.2
85+	13.3	13.6	29.3	33.9	39.9	31.7
D. Nonwhite Women						
55+	13.4	18.8	26.3	38.5	43.5	45.5
55-59	11.8	16.7	24.8	33.9	31.4	31.1
60-64	14.1	17.6	26.0	37.3	40.5	49.3
65-69	13.9	21.5	29.0	43.6	48.0	47.0
70-74	17.1	21.8	28.2	42.4	50.5	56.8
75-79	10.8	17.5	27.8	41.7	50.2	40.7
80-84	12.8	16.3	22.9	37.3	46.3	49.9
85+	9.1	14.7	16.4	25.3	38.1	45.3

--table continued--

Table 9, continued

	1940	1950	1960	1970	1980	1985
E. Total Population						
55+	20.1	26.1	39.1	52.6	60.4	62.1
55-59	18.5	25.9	37.5	46.1	48.9	46.2
60-64	19.9	25.9	41.3	53.2	57.3	60.2
65-69	22.5	28.0	42.7	57.6	64.3	63.9
70-74	22.4	29.2	42.0	57.8	66.7	70.3
75-79	20.3	26.6	38.9	55.8	66.2	69.5
80-84	17.7	21.6	32.7	48.9	63.1	66.2
85+	11.1	13.6	23.2	36.9	51.4	53.6

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

The major changes in social policies since 1940 are the many new programs providing financial resources and services to the aged, including Social Security (instituted in the Social Security Act of 1935), Medicare, Medicaid, Supplemental Security Income, and subsidized housing. These programs have made it possible for many unmarried aged Americans to live alone while they are healthy. Thus, social programs have probably contributed to the decline in the proportion of aged individuals living with other family members and with unrelated individuals.

EMPLOYMENT STATUS AND EARNINGS

Previous research has reported that the proportion of the aged who work has declined dramatically in recent years. This decline is mainly attributed to the social programs we mentioned above---Social Security, Supplemental Security Income, Medicare, and Medicaid---which have reduced the dependency of the elderly on their current earnings (Duggan, 1984; Parsons, 1980). The labor force nonparticipation rate of the "young" aged (55-64) grew from 11 percent in 1948 to 26 percent in 1976 (Parsons, 1980). Duggan (1984) claims that the effects of social programs on labor force participation has been greater for men than for women. Still other research has indicated that the fraction of the income of the elderly that is earned has declined (Hurd and Shoven, 1982), and that retirement decisions of the elderly are responsive to incentives other than social programs: those with greater wealth retire earlier, and those who expect to gain more by deferring retirement do, in fact, retire later (Fields and Mitchell, 1984).

The general decline in labor force participation among the aged and the decline in the percentage of income due to earnings suggest a somewhat

misleading picture of the labor force activities of the aged and those who consider themselves retired. Research on new beneficiaries of Social Security has found that a sizeable fraction continue some involvement in the labor force. Overall, approximately one-half of individuals who entered the Social Security rolls in recent years continued to work some (Fox, 1984). Roughly one-fifth of women are still working 18-30 months after they first received retirement-worker benefits from Social Security, based on data collected in 1982 (Iams, 1986). Partial retirement is relatively common among white men aged 58-69, particularly partial retirement into a job different from the full-time job held at age 55 (Gustman and Steinmeier, 1984). Self-employed individuals postpone labor force withdrawal and are more likely to opt for slow withdrawal from the labor force (Quinn, 1980).

Table 10 gives the percentages of the noninstitutionalized aged who are employed in the survey week. To simplify our analyses, we combined those who were out of the labor force with those who were unemployed. Usually those regarded as "retired" are mainly among those out of the labor force. Still, looking at the fraction employed lets us compare a large number of groups with one another and solves the problems of measuring retirement that we noted at the outset.

Within each year, and for each group categorized by race and gender, the percentage who are employed declines as age increases, as anticipated. The decline is sharpest between ages 60-64 and 65-69, but beginning with 1980, the decline between 55-59 and 60-64 has grown, especially for men. Over the period 1940-1985, the employment rate for the "young" aged (those 55-64) has increased for women, but decreased for men. Among those aged 65-74, the employment rate of men has declined over time, but risen (or risen and then declined slightly) for women. Similar patterns in the employment rate are

Table 10
 Percentage of the U.S. Noninstitutionalized Aged
 Who are Employed, by Year, Age Group, Race, and Sex, 1940-1985

	1940	1950	1960	1970	1980	1985
A. White Men						
55+	61.1	63.3	56.6	53.2	44.8	40.2
55-59	81.5	86.1	85.7	86.3	79.8	77.4
60-64	73.7	78.5	76.2	72.4	59.0	53.9
65-69	56.2	58.6	43.0	39.0	27.9	24.2
70-74	37.2	36.9	28.4	22.5	18.2	14.8
75-79	24.4	26.0	19.9	14.2	11.9	10.3
80-84	13.7	14.5	11.7	9.4	7.6	5.6
85+	9.8	8.4	7.7	10.4	5.2	2.9
B. White Women						
55+	9.7	14.5	21.2	24.1	22.1	21.2
55-59	15.2	23.5	38.0	46.1	46.5	48.8
60-64	12.4	18.7	27.7	35.0	32.4	32.4
65-69	7.6	11.9	15.2	16.1	14.2	12.5
70-74	4.2	6.3	8.9	8.3	7.1	8.1
75-79	2.7	3.8	5.5	4.9	4.2	2.7
80-84	1.6	1.5	3.3	3.2	2.5	1.4
85+	1.8	1.0	2.3	4.7	1.8	0.5
C. Nonwhite Men						
55+	64.9	60.3	51.5	47.8	39.5	33.5
55-59	82.2	80.8	76.2	76.8	66.8	55.2
60-64	77.6	73.3	63.6	64.2	51.5	47.4
65-69	59.3	55.7	39.1	34.5	25.8	19.7
70-74	43.6	40.1	26.5	20.3	15.3	19.6
75-79	33.2	28.6	17.9	13.3	10.4	6.8
80-84	19.2	14.6	11.6	7.9	7.2	3.5
85+	17.6	11.8	11.5	10.9	6.4	0.0
D. Nonwhite Women						
55+	20.5	21.1	26.1	27.6	24.6	26.0
55-59	29.3	34.1	42.4	47.4	46.2	51.9
60-64	26.1	25.5	32.9	38.3	35.0	34.6
65-69	18.6	16.4	19.2	17.6	14.4	14.3
70-74	9.4	7.9	11.1	11.1	7.8	13.1
75-79	5.0	6.8	6.3	6.6	5.7	5.8
80-84	4.7	3.7	2.9	5.1	3.0	1.1
85+	3.3	4.1	4.0	5.6	4.0	2.0

--table continued--

Table 10, continued

	1940	1950	1960	1970	1980	1985
E. Total Population						
55+	35.8	37.8	37.7	37.1	31.9	29.4
55-59	49.5	54.1	60.9	64.9	61.4	61.5
60-64	43.7	47.9	50.5	52.3	44.5	42.1
65-69	32.2	34.0	28.1	26.2	20.2	17.6
70-74	20.9	20.8	17.8	14.5	11.7	11.4
75-79	13.4	14.2	11.9	8.8	7.2	5.7
80-84	7.4	7.2	6.9	5.7	4.3	2.7
85+	5.8	4.5	4.7	6.9	3.1	1.3

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

observed over this period for those 75 and over; the employment rate has declined for men but has risen (peaking around 1960 or 1970) and then declined for women. These time trends in employment rates reflect changes in social policies and changes in the expected and accepted roles of women in American society. For women in younger age groups, social policy changes appear to have been less important than changes in norms about women working, since employment rates have risen over much of this period. Therefore, the common statement about the substantial postwar decline in the employment rate of aged Americans needs to be qualified. It is accurate for men, but not for younger aged women.

The relative employment status of racial groups has also changed over time. In 1940, elderly nonwhite men were the most likely to be employed for any given age group. For example, in 1940, 78 percent of nonwhite men aged 60-64 were employed, in contrast to 74 percent of white men. However, in 1985, only 47 percent of nonwhite men aged 60-64 were employed in contrast to 54 percent of white men aged 60-64. Still, the difference in the employment rates of white and nonwhite aged men are not very large for most years and age groups, at least relative to the much larger differences in employment rates of young white and nonwhite men (see, for example, Parsons, 1980). In general, the gap between the employment rates of white and nonwhite women, which was very large in 1940, declined up to 1970 and has been fairly constant thereafter.

When we began examining earnings of the aged, we discovered that the percentage who are employed probably underestimates employment activities. The percentage of the aged with some earnings (see Table 11) is substantially greater than the percentage who are employed (cf. Table 10). Being employed refers to the activities of the individual in the week of the survey, whereas

Table 11
 Percentage of the U.S. Noninstitutionalized Aged with
 Nonzero Earnings, by Year, Age Group, Race, and Sex, 1940-1985

	1940	1950	1960	1970	1980	1985
A. White Men						
55+	41.6	49.7	64.9	62.5	54.9	47.5
55-59	59.4	67.1	90.9	91.6	85.9	83.8
60-64	51.6	62.5	83.8	82.5	71.2	65.3
65-69	35.4	47.9	58.5	55.3	42.5	33.3
70-74	20.9	28.0	37.4	32.9	29.1	19.7
75-79	12.9	18.8	26.1	21.8	20.8	14.6
80-84	7.4	7.7	16.1	15.6	14.9	7.9
85+	5.2	5.2	10.4	14.3	11.3	5.3
B. White Women						
55+	8.7	14.7	24.7	29.1	27.7	25.7
55-59	13.7	23.7	41.7	51.2	51.8	55.0
60-64	10.8	19.2	32.3	41.6	40.0	39.0
65-69	6.8	12.3	20.0	23.0	21.0	18.0
70-74	3.7	6.2	11.7	12.3	11.9	11.6
75-79	2.8	3.4	7.1	7.9	8.2	4.4
80-84	2.1	1.7	4.4	5.3	5.8	2.6
85+	2.0	0.5	2.9	6.6	5.1	1.2
C. Nonwhite Men						
55+	41.3	50.5	60.7	56.1	46.1	41.1
55-59	57.1	71.2	84.6	83.1	72.8	65.7
60-64	49.4	64.7	74.6	73.2	60.1	55.8
65-69	34.9	42.8	49.8	46.7	33.9	29.0
70-74	23.7	29.9	35.0	29.0	21.0	24.9
75-79	17.7	18.9	26.1	19.6	14.7	10.6
80-84	12.5	15.9	16.5	12.0	10.2	2.8
85+	8.5	5.3	11.9	16.1	9.3	0.0
D. Nonwhite Women						
55+	17.5	23.5	32.5	33.5	28.5	30.7
55-59	26.1	35.6	50.0	55.2	50.3	56.9
60-64	21.8	29.8	40.1	45.3	39.5	43.3
65-69	14.1	20.2	26.7	24.5	19.9	19.4
70-74	8.8	8.8	15.7	14.9	10.9	15.9
75-79	5.2	7.9	9.5	9.2	8.2	7.0
80-84	4.7	4.7	6.0	6.0	5.3	1.7
85+	2.8	2.7	5.0	7.3	4.2	2.0

--table continued--

Table 11, continued

	1940	1950	1960	1970	1980	1985
E. Total Population						
55+	25.4	31.7	43.7	44.1	39.2	35.3
55-59	37.4	45.4	65.6	70.2	67.0	68.0
60-64	31.6	40.7	56.8	60.5	53.9	50.9
65-69	21.2	29.2	37.9	37.1	30.0	24.7
70-74	12.4	16.6	23.5	21.1	18.8	15.5
75-79	7.9	10.6	15.7	13.7	12.9	8.4
80-84	4.8	4.7	9.5	9.3	8.9	4.2
85+	3.6	2.7	6.1	9.6	7.1	2.5

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

earnings are for the previous year. The percentage with some earnings (and its complement, the percentage with no earnings) may be a better indicator of retirement than the percentage who are employed. The patterns of variation over time and with age for the different groups that one sees in Table 11 naturally parallel those in Table 10, which we have already discussed. The main point is simply that roughly 5-10 percent more of the younger aged report earnings than report being employed. A second point that needs to be kept in mind when considering earnings reported by the aged below is that in 1940 and 1950, considerably fewer of the younger aged men reported earnings than said they were employed; this may be due to missing data on earnings in 1940 and 1950.

Table 12 gives the mean annual earnings (in thousands of 1984 dollars) of the noninstitutionalized aged with nonzero earnings by year, age group, race, and sex. Not surprisingly, for all groups and in most years, mean earnings are considerably higher for those aged 55-64 than for those aged 65 and over. This difference is less pronounced in 1940, 1950, and 1960 than in later years; by 1985 it is quite pronounced. For example, among white men, in 1950 mean earnings of those aged 60-64 (\$12,200) was 1.2 times that of those aged 65-69, whereas in 1985, the mean earnings of those aged 60-64 (\$23,500) was 1.5 times that of those aged 65-69. This suggests that since 1940, partial withdrawal from the labor force (i.e., part-year or part-time work) has become more common. One oddity apparent in Table 12 is the relatively high earnings of white men over 85, especially in 1970 and 1985. This may be because there are so few men in this category (i.e., sampling variability) or because only economically successful men continue to have earnings at this age.

The figures in Table 12 also show that earnings grew considerably between 1940 and 1985. Although earnings were unusually low in 1940, perhaps because

Table 12
 Mean Annual Earnings (in thousands of 1984 dollars) of
 U.S. Noninstitutionalized Aged Persons with Nonzero
 Earnings, by Year, Age Group, Race and Sex, 1940-1985

	1940	1950	1960	1970	1980	1985
A. White Men						
55+	9.3	11.8	17.2	22.9	23.9	22.5
55-59	9.9	13.4	19.7	26.8	29.1	26.8
60-64	9.4	12.2	18.5	24.3	25.3	23.5
65-69	8.5	10.2	14.3	17.4	16.4	15.6
70-74	8.1	8.2	11.1	14.0	12.4	9.8
75-79	7.7	7.5	10.4	12.9	11.4	8.9
80-84	8.3	7.5	10.5	12.7	11.3	9.1
85+	8.5	8.5	11.0	16.3	11.6	13.9
B. White Women						
55+	5.4	6.5	8.6	11.4	11.2	10.1
55-59	5.8	7.1	9.6	12.5	12.8	11.5
60-64	5.2	6.5	9.0	12.2	11.8	11.2
65-69	5.1	5.4	7.1	9.4	8.4	6.7
70-74	4.2	5.2	5.5	7.4	7.1	5.0
75-79	4.6	5.5	5.5	7.0	6.9	3.6
80-84	4.5	7.5	5.6	7.3	7.9	2.9
85+	3.2	5.3	7.1	8.8	8.3	1.6
C. Nonwhite Men						
55+	3.8	6.2	8.5	13.1	16.3	14.1
55-59	4.3	7.1	9.9	15.5	19.1	15.9
60-64	3.8	6.5	8.8	13.8	17.1	15.5
65-69	3.2	4.8	6.8	9.9	11.4	9.7
70-74	2.8	4.1	5.4	7.3	8.0	8.1
75-79	3.2	3.3	4.4	8.0	7.2	7.9
80-84	2.1	7.3	5.4	6.5	8.7	1.2
85+	2.8	6.0	4.7	10.0	8.9	-
D. Nonwhite Women						
55+	2.0	3.1	4.0	7.1	9.8	9.1
55-59	2.1	3.4	4.5	8.0	11.4	10.7
60-64	2.0	3.3	4.2	7.4	10.1	10.4
65-69	1.8	2.3	3.1	5.5	6.8	4.0
70-74	1.6	2.4	2.5	4.0	4.4	2.8
75-79	1.8	2.6	3.7	4.1	6.2	5.4
80-84	1.5	2.9	5.4	3.7	7.1	5.8
85+	0.8	1.1	5.5	7.8	6.5	20.2 ^a

--table continued--

Table 12, continued

	1940	1950	1960	1970	1980	1985
E. Total Population						
55+	8.2	10.1	13.9	18.0	18.4	16.8
55-59	8.7	11.2	15.6	20.5	21.8	19.7
60-64	8.2	10.4	15.0	19.1	19.4	17.9
65-69	7.5	8.7	11.7	14.1	13.0	11.6
70-74	7.1	7.2	9.2	11.3	10.2	7.4
75-79	6.8	6.9	8.8	10.6	9.4	7.2
80-84	6.8	7.3	8.9	10.5	9.8	6.6
85+	6.1	7.6	9.3	12.6	9.9	10.5

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

Note: A dash indicates that no one in the category reported any earnings.

^aSample size in this category is very small.

the adverse effects of the Great Depression were still being felt, mean annual earnings still roughly doubled between 1950 and 1985 for aged men and women under 65 years of age, whether white or nonwhite. They have been fairly flat for aged whites 55-64 between 1970 and 1985, probably because of low economic growth in the U.S. during this period. For nonwhites, average earnings did grow appreciably between 1970 and 1980. But since 1980, earnings of aged nonwhites have been flat or even declined for some age groups. This pattern parallels that found among the general working population (Smith and Welch, 1986).

As in the general working population, the mean earnings of whites and nonwhites have converged over time (Smith and Welch, 1986). This convergence has been most dramatic among women in the pre-retirement age groups. For example, in 1950 the average earnings of women aged 60-64 was \$3,300 for nonwhites as compared to \$6,500 for whites; in 1985 the average earnings of women aged 60-64 was \$10,400 for nonwhites as compared to \$11,200 for whites. The average earnings of nonwhite women 65+ are lower than those of white women 65+ throughout the 1940-1985 period, but the differences are not nearly as large as for men. Although the earnings of employed white and nonwhite men have also tended to converge, the mean annual earnings of aged nonwhite men in 1985 were still substantially below those of aged white men in every age group.

ECONOMIC WELL-BEING

By far the most research on trends pertaining to the aged population has examined various measures of the economic well-being of the aged. The major conclusion of all of this research is that the economic situation of the aged

has improved dramatically in recent years, both in absolute terms and relative to that of the nonaged (Bridges and Packard, 1981; Crystal, 1986; Harris, 1986; Hurd and Shoven, 1982).

Ross et al. (1985) reported that in 1949 incomes of individuals living in households headed by persons over 64 were below the poverty line in 52.9 percent of the cases where the head was a white male, 67.9 percent of the cases where the head was a nonwhite male, 85.9 percent of the cases where the head was a white female, and 91.5 percent of the cases where the head was a nonwhite female. By 1979, these percentages had declined to 8.1, 22.1, 25.9, and 42.3, respectively. Still, these figures are large, except for white men.

The gains made by the elderly during the 1970s have been termed "remarkable" by Hurd and Shoven (1982). Between 1970 and 1978, elderly disposable income rose from 52 percent of average household income in 1970 to 58 percent in 1978; the ratio of elderly disposable per capita income rose from 104 percent of average household per capita income in 1970 to 106 percent in 1978. While some groups who depend on federal programs have suffered during the 1980s, the aged have fared relatively well, since lower rates of inflation and income tax reductions more than offset the negative effects of greater unemployment and cuts in federal social programs (Moon, 1986). In spite of this generally rosy economic picture, the aged usually lack the resources needed to maintain their pre-retirement standard of living, and therefore tend to reduce their standard of living as they age (Hamermesh, 1984). The adverse effects of retirement are most pronounced on individuals with marginal economic status rather than on the poor or the well-off according to Fillenbaum et al. (1985).

In our analysis of the 1940-1985 period, we focus on two indicators of economic well-being: family income and home ownership. Table 13 gives mean

family income (in thousands of 1984 dollars) of the aged for the period from 1940 to 1985. Unlike the table on earnings, which refers to the individual, the table on income reflects the income of the family with which the aged individual resides. Consequently, for older age groups, these incomes are almost certainly higher than for household heads in these age categories. We focus on family income because we think it gives a better picture of the economic well-being of the elderly than does individual income. It is important to note that figures for 1940 are based on earnings only and are therefore unusually low and cannot be compared directly to the other years. The income figures for 1950 are also not comparable because the U.S. Census of Population did not collect information on income from all household members in that year, only from one individual in each household.

Table 13 indicates that in each year and for each of the four race-gender groups, family income of aged individuals decreases as age increases. This decrease is, of course, not as dramatic as the decrease in earnings. These figures reflect access to income in addition to the individual's own earnings, including other family members' earnings, Social Security benefits, and income from private pensions. The results also show that for all age, race, and gender groups, family income has risen over time. For example, estimated family income of white men aged 65-69 was \$26,600 in 1985, nearly 50 percent higher than in 1960, when it was \$18,200. Family income grew appreciably between 1960 and 1970, some between 1970 and 1980, but has remained relatively constant since 1980; indeed, except for the very old, even the unadjusted "CPS" family income in 1985 shows little growth since 1980. In fact, the growth in family income of the aged during the 1960s far outpaced the "remarkable" growth during the 1970s noted by Hurd and Shoven (1982).

Table 13
 Mean Annual Family Income (in thousands of 1984 dollars) of the
 U.S. Aged Population, by Year, Age Group, Race, and Sex, 1940-1985

	1940 ^a	1950 ^b	1960	1970	1980	Est. 1985	CPS 1985	Percentage ^c
A. White Men								
55+	7.0	11.1	20.0	26.4	29.0	28.9	29.5	97.8
55-59	8.9	14.9	25.2	34.9	38.6	37.9	38.2	99.1
60-64	8.0	13.0	22.7	30.9	33.0	33.1	33.4	99.0
65-69	6.0	9.9	18.2	23.1	25.1	26.6	27.0	98.6
70-74	4.8	7.2	14.9	18.9	21.9	22.7	23.1	98.1
75-79	4.2	6.0	13.5	17.2	19.9	20.0	20.7	96.7
80-84	4.1	4.5	13.5	16.1	18.6	17.0	18.1	93.9
85+	4.3	3.6	13.7	16.7	17.1	18.6	21.7	85.6
B. White Women								
55+	6.6	2.0	17.2	21.6	22.9	22.8	23.7	96.1
55-59	8.2	2.1	22.0	29.9	32.7	32.6	32.8	99.3
60-64	7.0	2.1	18.8	24.5	26.3	26.4	26.6	99.1
65-69	5.7	2.0	15.7	19.0	20.9	21.8	22.1	98.6
70-74	5.1	2.0	13.7	16.2	18.0	18.7	19.2	97.3
75-79	5.1	2.0	13.3	15.4	16.5	15.8	16.6	95.0
80-84	5.0	1.9	13.2	15.4	15.4	14.8	16.5	89.5
85+	5.7	1.5	13.6	15.6	14.3	15.2	19.9	76.1
C. Nonwhite Men								
55+	2.8	5.2	10.9	15.8	20.2	19.7	20.2	97.6
55-59	3.7	7.3	13.2	20.7	26.1	23.4	23.8	98.3
60-64	3.1	6.2	11.8	18.0	22.8	21.7	22.0	98.6
65-69	2.3	4.2	9.7	13.1	17.9	20.6	21.1	97.9
70-74	1.9	3.4	8.7	11.6	15.0	15.6	16.0	97.8
75-79	1.8	2.9	8.1	11.0	13.2	14.5	15.0	96.5
80-84	2.0	2.9	7.6	9.9	12.6	11.8	12.5	94.5
85+	1.4	1.8	7.7	10.8	13.2	11.6	12.8	90.5
D. Nonwhite Women								
55+	2.8	1.4	9.7	13.5	16.8	16.4	16.8	97.8
55-59	3.3	1.7	11.2	17.0	22.3	21.5	21.7	99.3
60-64	3.0	1.3	10.1	14.5	18.4	16.9	17.1	99.1
65-69	2.4	1.4	8.7	11.6	14.6	15.2	15.5	98.4
70-74	2.3	1.0	8.1	10.8	13.2	13.5	13.8	97.9
75-79	2.3	1.1	8.7	11.3	12.7	13.6	14.0	96.9
80-84	2.0	1.0	8.5	10.8	12.6	11.3	12.1	93.6
85+	2.5	0.9	9.3	11.6	12.1	12.8	14.5	88.0

--table continued--

Table 13, continued

	1940 ^a	1950 ^b	1960	1970	1980	Est. 1985	CPS 1985	Percentage ^c
E. Total Population								
55+	6.5	6.1	17.8	22.9	24.8	24.6	25.4	96.9
55-59	8.2	8.1	22.5	31.0	34.1	33.7	34.0	99.2
60-64	7.2	7.2	19.9	26.4	28.4	28.4	28.7	99.0
65-69	5.6	5.5	16.2	20.0	22.0	23.2	23.6	98.5
70-74	4.8	4.3	13.8	16.8	19.1	19.8	20.3	97.7
75-79	4.5	3.7	13.0	15.8	17.3	17.1	17.9	95.7
80-84	4.4	2.9	13.0	15.3	16.1	15.2	16.6	91.3
85+	4.8	2.3	13.2	15.6	14.9	15.9	19.9	80.0

Sources: Computations with the 1940, 1950, 1960, 1970, and 1980 Public Use Microdata Samples and the March 1985 Current Population Survey.

^aFamily income in 1940 is based only on earnings of family members.

^bFamily income in 1950 is based on income of the individual only.

^cCPS 1985 family income is calculated from the March 1985 CPS sample, which excludes individuals living in institutions and therefore tends to overestimate family income in the total population. To obtain the "estimated" 1985 family income, we first calculated 1980 family income of the total population as a percentage of 1980 family income for the noninstitutionalized population; we report this as "Percentage." "Estimated" 1985 family income equals this percentage of the CPS family income.

Another way to examine changes in family income over time is to consider the family income of synthetic cohorts of aged individuals over time. For illustrative purposes, we concentrate on white men and compare individuals who are just before the usual retirement age (those aged 60-64) in 1960 with their cohort ten years later (70-74) via a 1960-1970 comparison, twenty years later (80-84) via a 1960-1980 comparison, and twenty-five years later (85+) via a 1960-1985 comparison. Average family income of white men aged 85+ in 1985 and of white men 80-84 in 1980 was \$18,600, about 20 percent lower than that of white men aged 60-64 in 1960 (\$22,700). Even average family income of white men aged 70-74 in 1970 was \$18,900, over 15 percent lower than that of white men aged 60-64 in 1960. Since more affluent individuals tend to live longer, white men aged 80-84 in 1980 probably contain a disproportionate number of those with above average incomes in 1960. Therefore, these synthetic cohort comparisons probably underestimate the decline in family income for individuals. Of course, these figures are for a household; it is possible that per capita family income has not declined for such synthetic cohorts.

Nonwhite men have had a somewhat different experience. The average family income of nonwhite men who are aged 60-64 in 1960, 70-74 in 1970 and 80-84 in 1980 and 85+ in 1985 is fairly flat; for a slightly older age group, those 65-69 in 1960, the income profile has actually increased over time. Thus, it appears that the family income of cohorts of aged men has been protected against declines to a greater extent in the case of nonwhites than in the case of whites. This may be a consequence of the fact that white men are much more likely than nonwhite men to have had earnings above the ceiling for paying Social Security taxes; consequently, relying on Social Security and pensions during retirement may reduce income for whites more than nonwhites.

As one might expect, based on other features of American society, at most ages and in most years, economic well-being is highest for white men, followed by white women, nonwhite men, and nonwhite women. Family incomes of different racial groups have not converged nearly as much as individual earnings.

Other research shows that recent retirees are more likely to have participated in a pension program than earlier cohorts of retirees. Among new Social Security beneficiaries in 1982, 56 percent of married and 42 percent of unmarried individuals had some pension income (Maxfield and Reno, 1985). Among private-sector workers in 1979, 55 percent of men and 40 percent of women were covered by pension programs (Beller, 1981). Furthermore, the proportion of pension-plan participants who were vested rose substantially between 1972 and 1979 (Rogers, 1981). However, most pension plans, unlike Social Security, are not indexed to inflation. Between 1973 and 1979, most retirees received at least one nominal increase in pension benefits; however, real pension benefits declined during this period (Allen et al., 1984).

Those retirees who have high incomes from one source tend to have high incomes from other sources, for example, retired workers with high Social Security benefits tend to have relatively high benefits from private pensions and high asset income as well (Irick, 1985). Furthermore, advantages which individuals have prior to retirement tend to carry over into retirement. Higher-status jobs, higher wages, and employment in economically healthy industries are the most important predictors of retirement income (O'Rand and Landerman, 1984).

Recent retirees are also more likely to have assets than earlier cohorts. Among new Social Security beneficiaries in 1982, 83 percent of those married and 69 percent of those unmarried had some asset income (Maxfield and Reno, 1985). But equity in a home is usually the most important asset of the aged

(Friedman and Sjogren, 1981). Until equity home loans became common a few years ago, a home rarely generated current income unless it was sold.

Another measure of social and economic well-being on which we have data is home ownership, as we mentioned earlier. Table 14 gives the percentage of the noninstitutionalized aged who live in a household that owns its current residence, which we term "home ownership" for short, even though the aged individual may not be the actual owner. Living in a dwelling that is owned is usually associated with a higher quality of life, even when the dwelling is not an asset that the aged individual has the right to liquidate.

In general, the likelihood of home ownership has increased over this period, is more likely for whites than for nonwhites, and is somewhat more likely for men than for women.⁵ In 1940, home ownership tended to increase with age, perhaps because non-home owners were more likely than home owners to move into institutions. In more recent years, home ownership has tended to decrease as age increases, at least for white men and women. Variation in home ownership with age is less consistent for nonwhite men and women. The differential between white and nonwhite aged Americans in home ownership narrowed somewhat, but did not disappear between 1940 and 1985. Thus, based on this indicator of economic well-being, the nonwhite aged are still disadvantaged relative to the white aged.

SUMMARY AND CONCLUSIONS

Our results indicate that a number of significant changes involving aged Americans have occurred since 1940. First, the aged population has grown very rapidly---far more rapidly than the population in general. Within the aged population, the racial composition has changed somewhat. The percentage of

Table 14
 Percentage of the U.S. Noninstitutionalized Aged
 Who are "Home Owners" by Year, Age Group, Race,
 and Sex, 1940-1985

	1940	1950 ^a	1960	1970	1980	1985
A. White Men						
55+	63.2	-	74.1	76.6	82.6	84.9
55-59	58.9	-	72.7	78.6	84.9	85.4
60-64	62.8	-	73.2	77.2	84.5	85.1
65-69	64.4	-	74.9	75.8	83.1	87.5
70-74	66.7	-	75.2	75.2	80.9	84.5
75-79	68.2	-	75.3	75.2	78.3	81.9
80-84	68.9	-	76.6	74.0	75.7	82.3
85+	70.5	-	74.9	72.9	75.6	78.5
B. White Women						
55+	63.8	-	72.3	72.4	76.7	79.5
55-59	61.2	-	72.1	75.5	83.1	83.9
60-64	64.1	-	72.9	74.3	80.8	83.6
65-69	64.2	-	72.3	71.9	77.0	81.1
70-74	64.9	-	72.2	70.0	72.9	77.1
75-79	66.2	-	71.4	68.8	69.6	73.1
80-84	68.0	-	71.6	68.2	66.3	72.1
85+	68.6	-	73.8	69.2	68.5	70.8
C. Nonwhite Men						
55+	38.8	-	53.9	57.4	64.7	68.3
55-59	34.2	-	50.3	58.4	64.6	65.9
60-64	39.9	-	54.2	56.4	65.3	68.2
65-69	39.5	-	53.7	56.9	64.6	69.5
70-74	41.8	-	57.1	56.7	63.8	72.5
75-79	43.5	-	59.6	56.8	62.8	75.6
80-84	41.3	-	60.1	60.8	64.9	59.2
85+	50.0	-	55.2	59.4	72.0	61.3
D. Nonwhite Women						
55+	41.5	-	55.1	56.1	60.8	67.4
55-59	38.8	-	53.0	55.6	62.8	70.2
60-64	44.3	-	56.1	56.2	61.4	67.4
65-69	41.1	-	55.8	55.1	59.9	64.9
70-74	39.8	-	55.9	56.5	59.8	65.6
75-79	44.8	-	57.9	58.4	56.9	65.6
80-84	43.1	-	56.1	55.9	60.5	70.6
85+	46.9	-	52.5	57.5	62.9	66.0

--table continued--

Table 14, continued

	1940	1950 ^a	1960	1970	1980	1985
E. Total Population						
55+	61.8	-	71.6	72.7	77.5	80.4
55-59	58.4	-	70.5	75.1	81.6	82.7
60-64	62.0	-	71.6	73.9	80.4	82.6
65-69	62.3	-	72.0	71.9	77.8	82.2
70-74	64.1	-	72.3	70.9	74.8	79.2
75-79	65.8	-	72.1	70.4	71.6	76.0
80-84	66.9	-	72.7	69.6	69.0	74.7
85+	67.3	-	72.4	69.4	70.4	72.5

Note: "Home owner" means living in a place that is owned (rather than rented). The aged person may not be the actual owner of the home.

^aInformation on homeownership was not collected in 1950.

the aged that is nonwhite has increased, though it is still only about two-thirds that of the percentage in the total population. Of even greater consequence is the change in the gender composition of the aged. The predominance of women among each five-year age group of the elderly has been growing, and at older ages it has become very striking. Over this period, the proportion who are married has increased appreciably for elderly white men, but not for women and nonwhite men. Though marital status is considered by some to be a private matter of no public interest, it cannot be ignored for the elderly since being married is such an important predictor of living arrangements and economic well-being.

Second, the living arrangements of the aged have changed considerably during this period. Institutionalization has increased for the older aged (especially white women), but decreased for the younger aged. To a large extent, the high degree of institutionalization of very old white women is due to the small fraction who are married, as we have shown. Yet, this is not the whole story, since the percentage of very old women who live in institutions is much greater for whites than nonwhites, even though the latter are less likely to be married. Among those who are not institutionalized, the aged who are married almost always live with their spouse whereas those who are unmarried have been increasingly likely to live alone. The likelihood of the unmarried aged residing with other family members and unrelated individuals has fallen. Nonwhites, especially women, are much more likely to live with other family members than are whites.

Third, over the period we studied, employment rates of the aged have declined for men, but increased for women. Employment rates of nonwhite men have fallen more than those of white men. The earnings of those employed grew rapidly during the 1940-1970 period, but have been fairly constant or declined

since 1980. Among those who work, both racial and gender differences in earnings have declined over time. These trends among the aged population parallel similar trends among the nonaged.

Fourth, our indicators of economic well-being (family income and home ownership) suggest that the aged are substantially better off now than in 1960. Racial and gender differences in family income and home ownership have narrowed somewhat over time, but a substantial gap still remains.

There are a number of reasons for these changes. Like other Americans, the aged have benefited from the growth of the U.S. economy over this period. From 1940 to 1970, increased prosperity led to improvements in well-being for all sectors of American society. Between 1970 and 1980, the economic position of aged nonwhites continued to improve, but not that of whites. Neither white nor nonwhite elderly Americans have improved much economically since 1980. In addition, improved health care and treatment have made it possible for the aged (especially women) to live longer, though it is not clear that reductions in mortality have been accompanied by improved health (Verbrugge, 1984). To some this presents a rather dismal picture of more years in poorer health.

The high degree of residential mobility and migration, and increased divorce rates, have made the adult children of the aged a less likely source of housing and financial and emotional support for elderly Americans. Decline in the support of the elderly by their children has undoubtedly helped to increase the fraction institutionalized and the fraction living alone of those not institutionalized.

A source of improved living conditions of aged Americans is the vast array of social programs designed to meet their needs. These programs include Social Security (enacted in 1935), Supplemental Security Income (enacted at the federal level in 1972), Medicare, and Medicaid. Burtless (1986)

demonstrates that Social Security, Medicare, and Medicaid have been far more important than other public transfers in reducing poverty among the elderly. Spending on these programs has increased dramatically over the past two and one-half decades. Real outlays on Social Security (Old Age and Survivors' Insurance) have increased by over 350 percent since 1960; Medicare expenditures more than tripled in the eleven years after 1973; and, Medicaid, which in 1966 accounted for 5 percent of outlays for means-tested programs, accounted for 40 percent in 1985 (Burtless, 1986). Although Medicaid is not directed specifically at the elderly, a substantial proportion of its expenditures go to the aged. In recent years, roughly 40 percent of Medicaid expenditures have been for nursing home care (Burtless, 1986). Danziger et al. (1984) note that the aged are the largest group of recipients of government transfer payments in this country.

Most discussions of ways to further improve the well-being of aged Americans have focused on new or expanded policies involving income support or services for the elderly. Our data analyses have led us to be impressed by two facts: the gender imbalance of the aged, and the rising fraction of the very old living in institutions. We suggest that policies aimed at extending the life expectancy of adult men would be at least as beneficial to the average aged American. The benefit to the men whose lives would be lengthened is clear. The benefit for elderly women would be more years living with someone who cares for them and fewer years living in an institution.

NOTES

¹According to Palmore et al. (1982), the way retirement is defined is a major problem that affects conclusions. They note that three different types of definitions are common. Some studies (e.g., Ekerdt et al., 1983) have used a subjective definition (i.e., a self-report). Others have defined retirement categorically based on objective measures of labor force activities; usually there are only two categories, retired and not retired. For example, McConnel and Deljavan (1983) defined a household as retired if the head had not worked either full- or part-time during the preceding two years. In contrast, George et al. (1984) and Palmore et al. (1984) defined people as retired if they were employed under 35 hours a week and received public or private pensions. Finally, still others have used a continuous measure; a common one is the number of hours worked during the previous one or two years (Palmore et al., 1984).

Identifying retired persons is especially difficult in the Public Use Microdata Samples (PUMS) because information on work-related activities is very limited and often varies across years. The self-reported labor force status question in 1940, for example, did not distinguish between retired individuals and others who were out of the labor force. Also, the self-reported labor force status question in the PUMS refers to the survey week, but the question on hours worked (when available) refers to the previous year. Further, the 1940-1960 PUMS have no information on the receipt of pensions. Given these problems, we have concentrated on aged individuals (those 55+), though we do examine employment status and earnings, as well as other variables.

²The trend toward an increasing predominance of women in the aged population has been noted by a number of previous authors (e.g., Rosenwaike, 1985).

³In a previous study that also analyzed data from the U.S. Census, Sweet and Bumpass (1984) examined trends in living arrangements among the population aged 60 and over in the United States during this century. They reported that the percentage of the aged who live in institutions has risen. In addition, they found an increase in the fraction of those aged 60 and over living in their own households and a corresponding decrease in the fraction living with relatives.

⁴The institutionalized population consists of those individuals who do not live in a "housing unit." Although the definition of housing units and group quarters varies somewhat across censuses, the basic definition of a housing unit is a situation in which occupants live and eat separately from any other persons in the structure. An institution may be a hospital, nursing home, home for the aged, boardinghouse, prison, or other type of group quarters. For youths living in institutions, college dormitories and military quarters are the most common; for the aged living in institutions, homes for the aged are by far the most prevalent (U.S. Bureau of the Census, 1983).

⁵Sweet and Bumpass (1984) also found that the rate of home ownership among the population aged 60 and over has increased in this century. As one might expect, the probability of owning a home varies across groups. Married men have been found to be much more likely to own homes than unmarried men or women (Friedman and Sjogren, 1981).

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