

Regional Outlook on

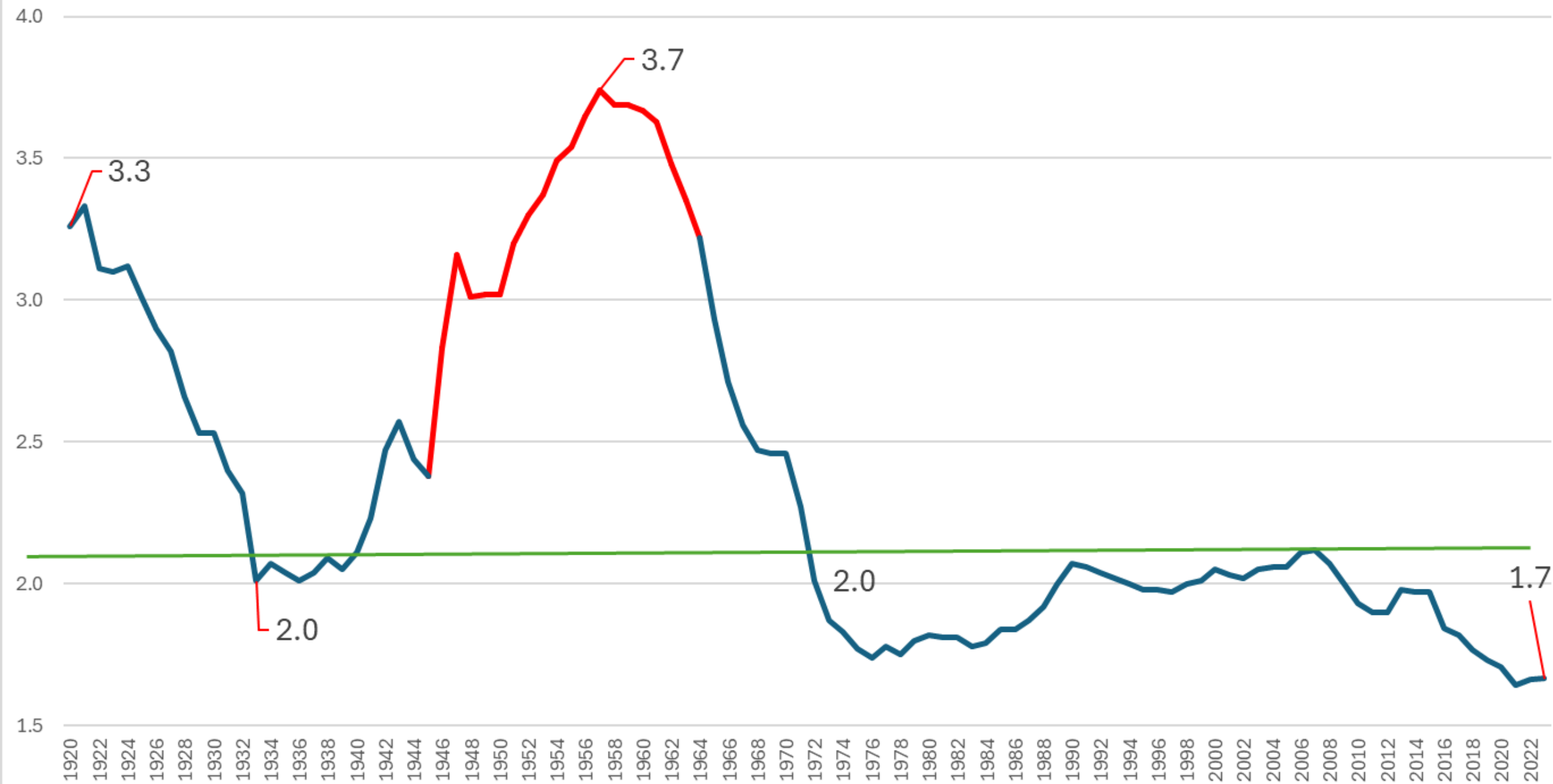
AGING IN SOUTH FLORIDA & TREASURE COAST



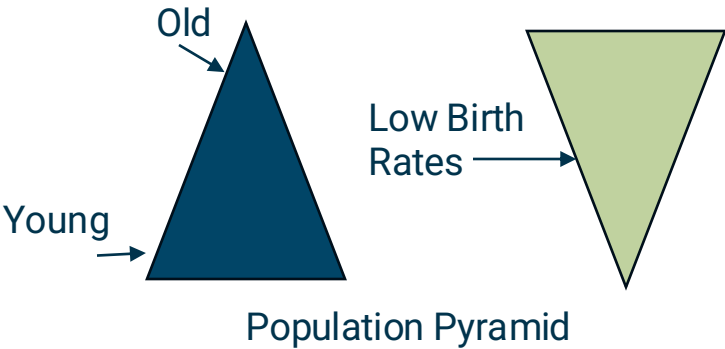
Randy Deshazo

Deputy Director and Director of Economic Development and Research
South Florida Regional Planning Council

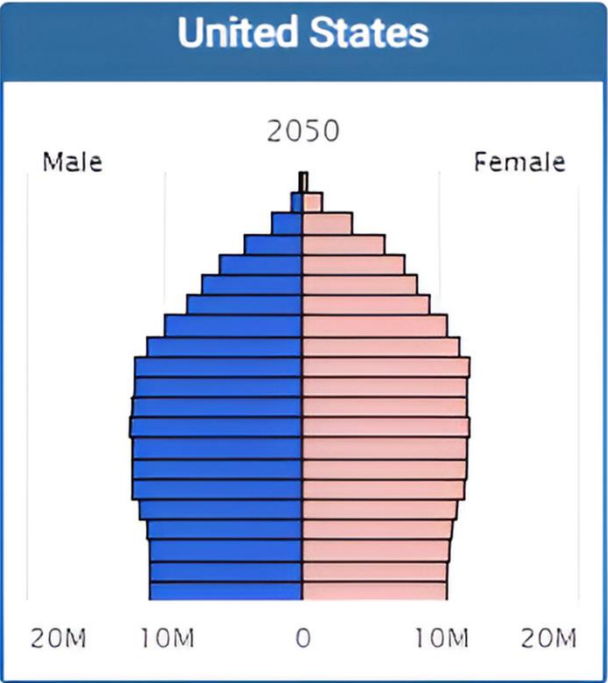
Total Fertility Rate (Births per Woman)



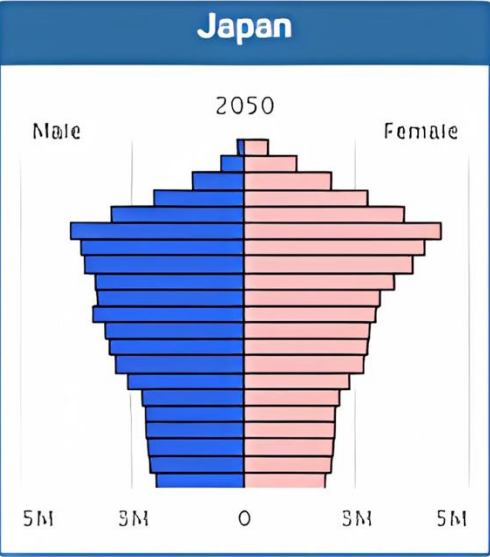
An Unprecedented Global Demographic Transition



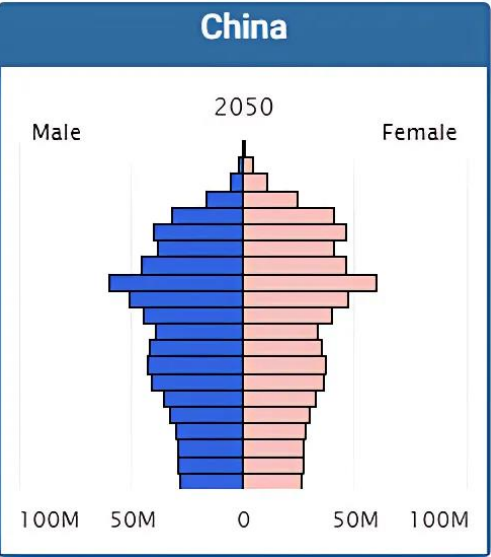
Median Age: **43 in 2050**
65+ Dependency Ratio: 36



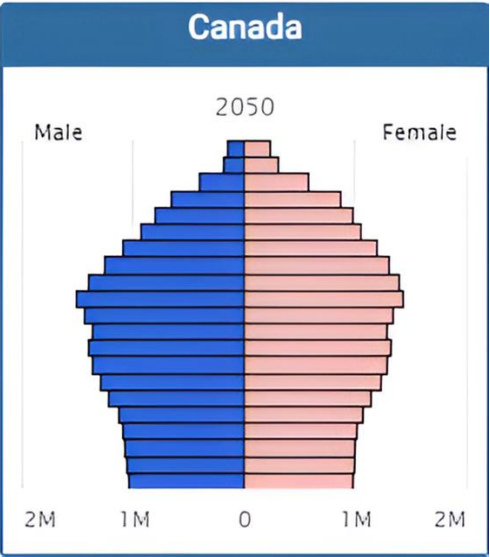
Median Age: **54.9 in 2050**
Dependency Ratio: 73.7



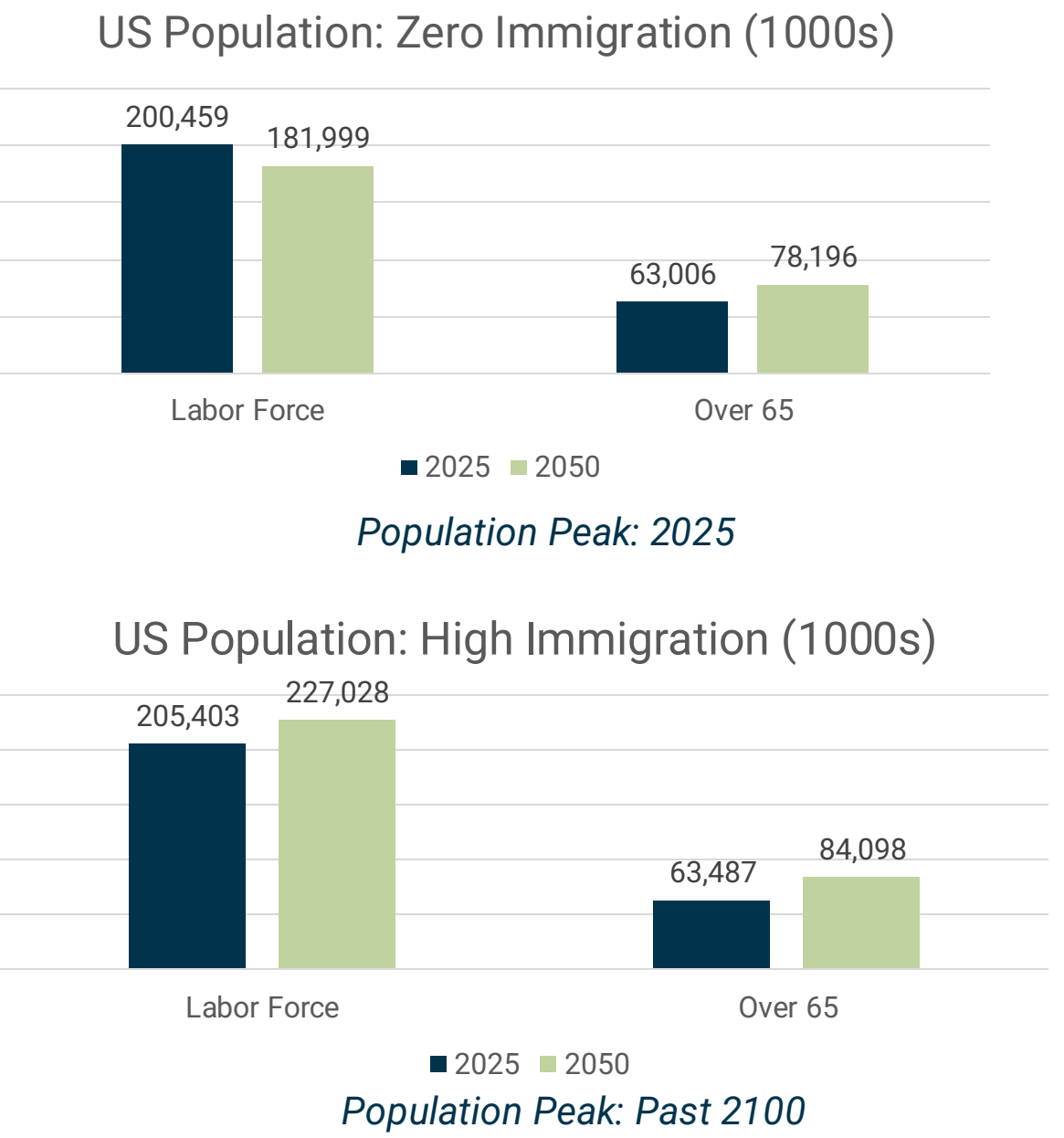
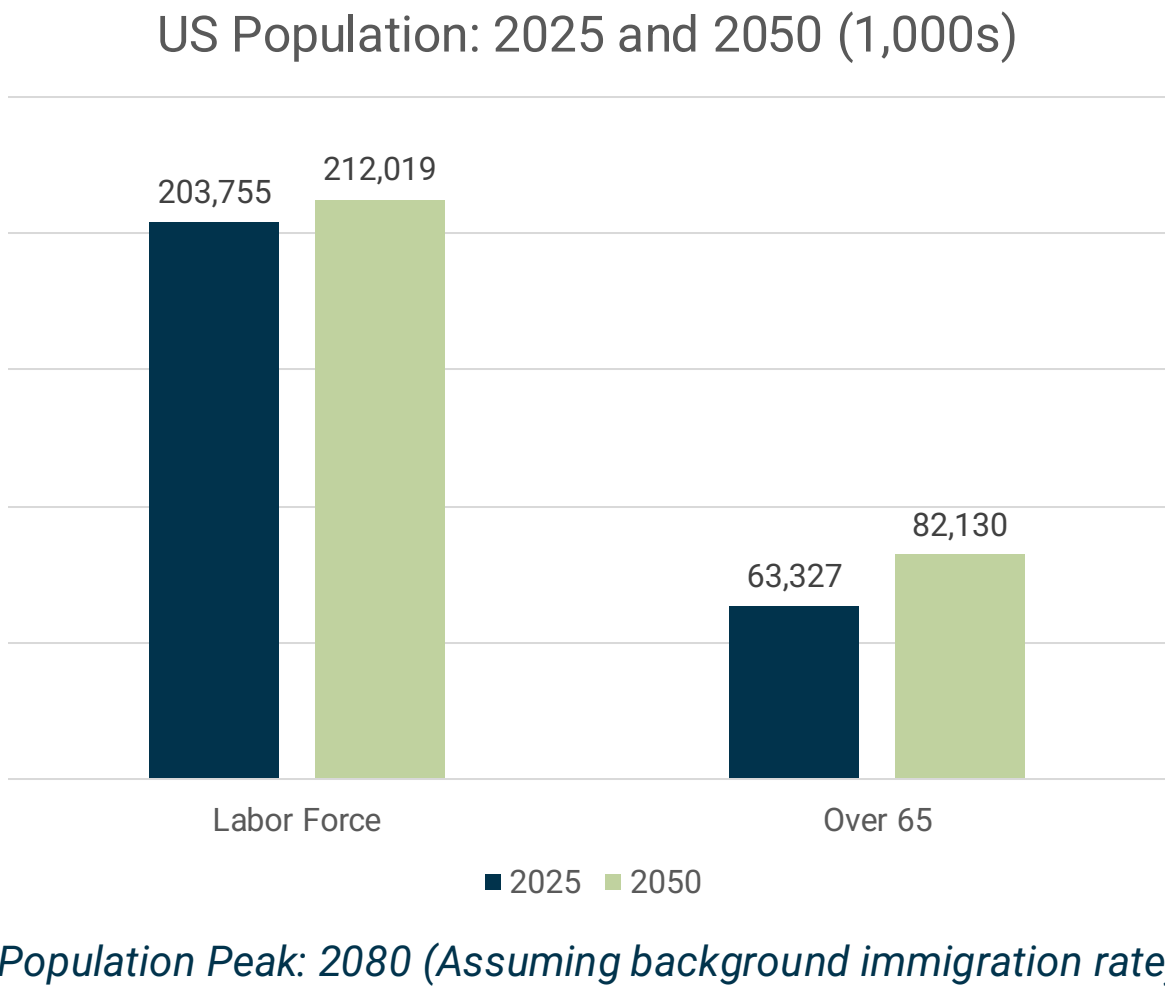
Median Age: **51.1 in 2050**
Dependency Ratio: 49.5



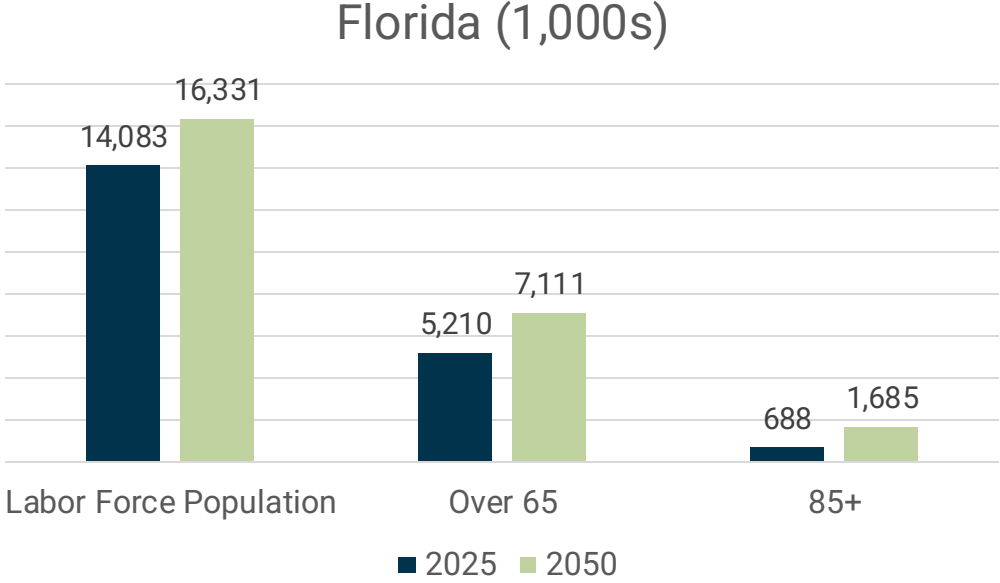
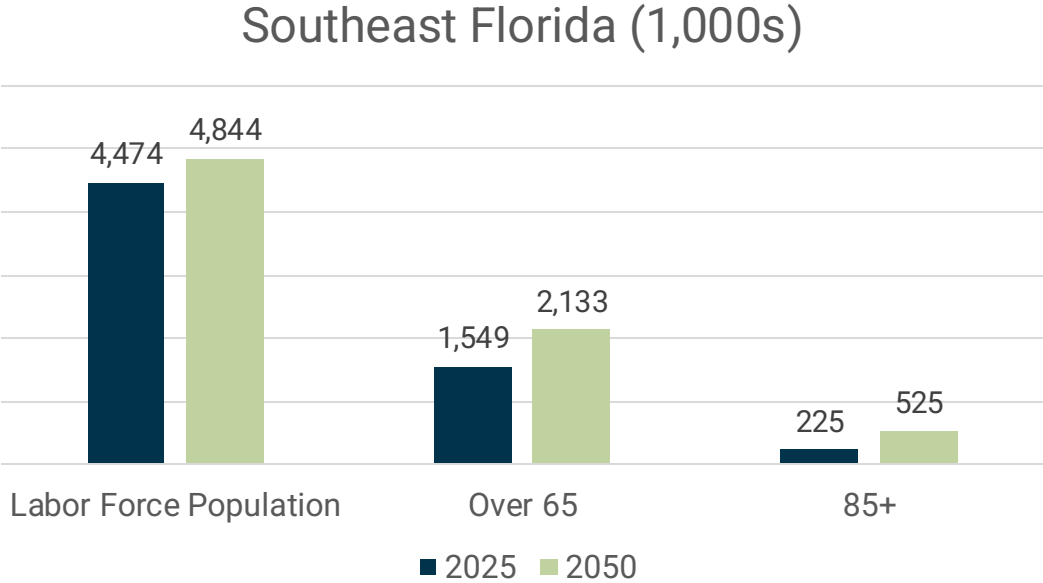
Median Age: **47.3 in 2050**
Dependency Ratio: 46.6



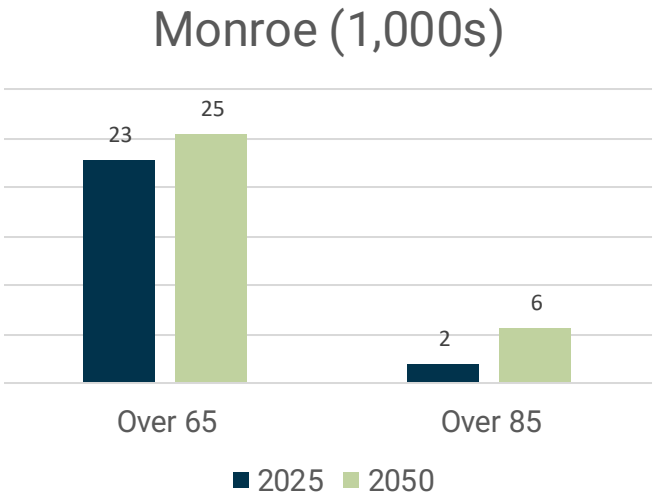
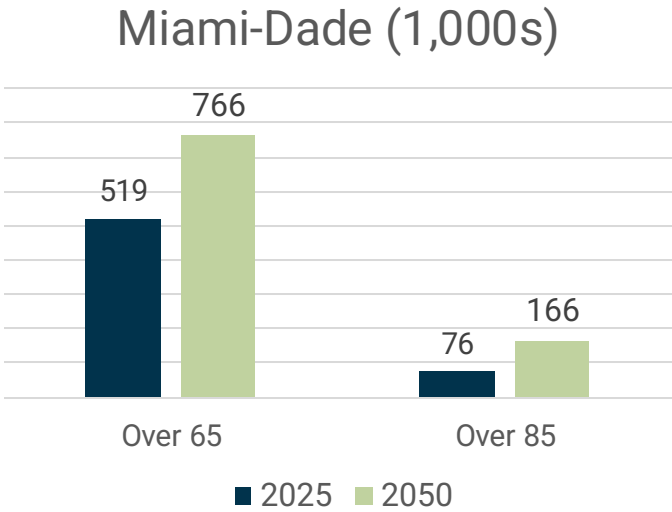
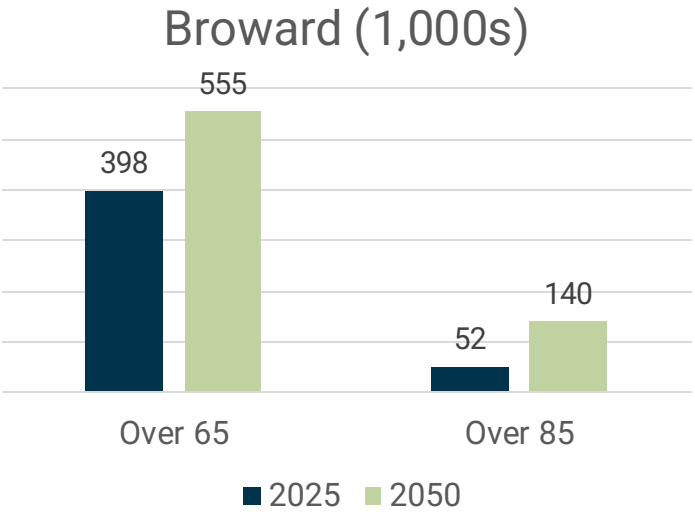
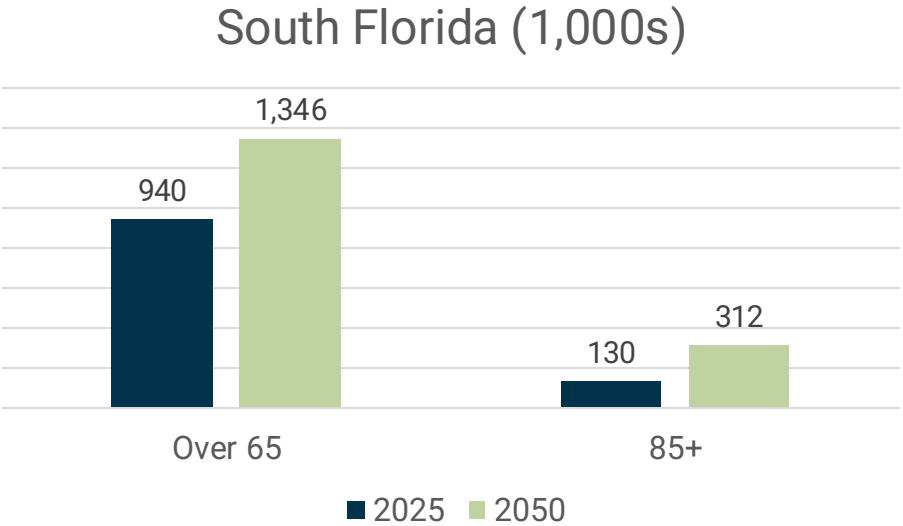
US Census: Population Growth by Immigration Scenario to 2050



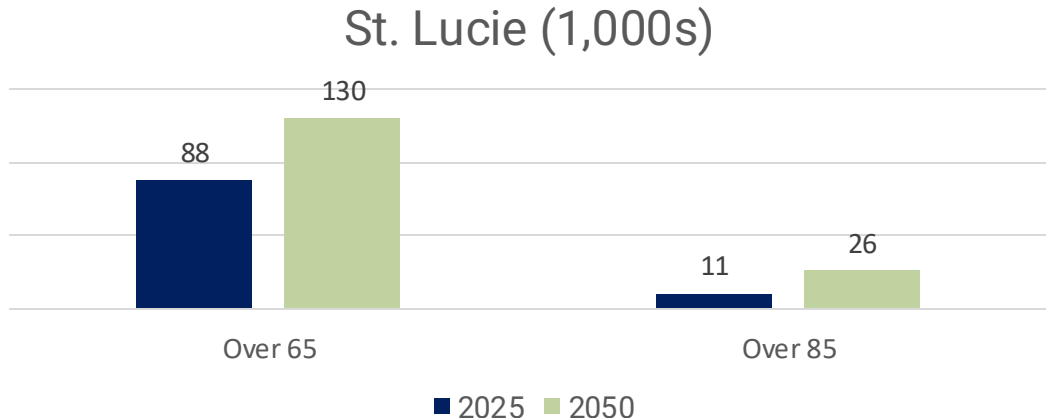
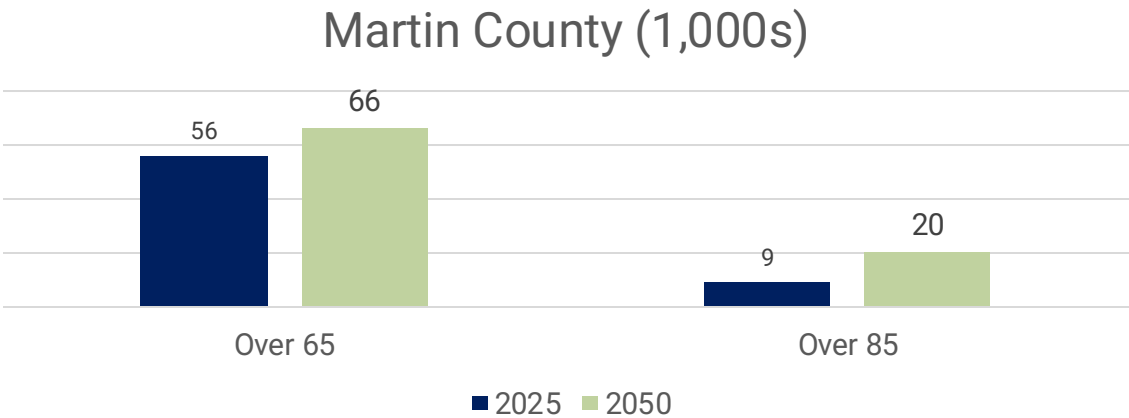
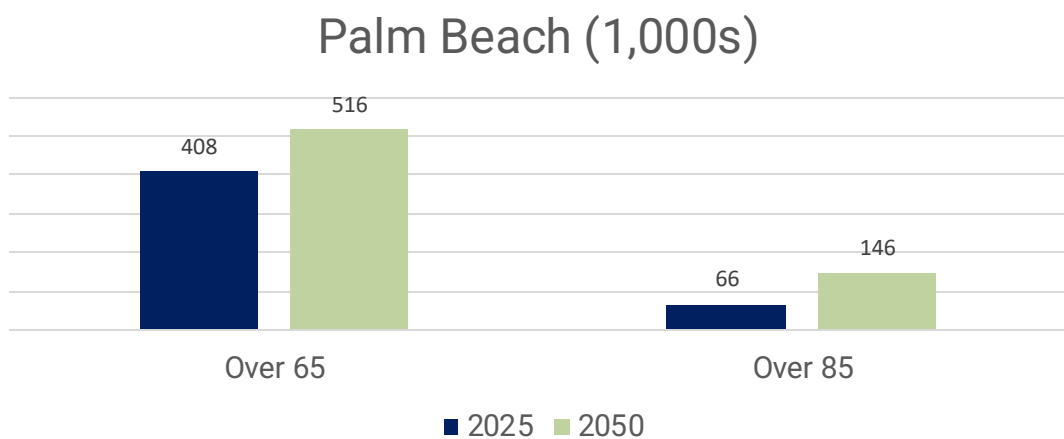
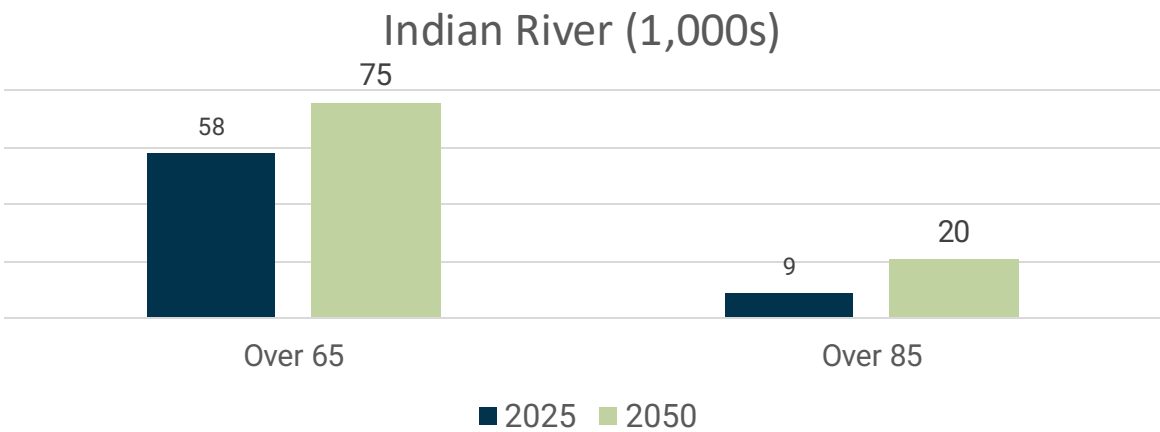
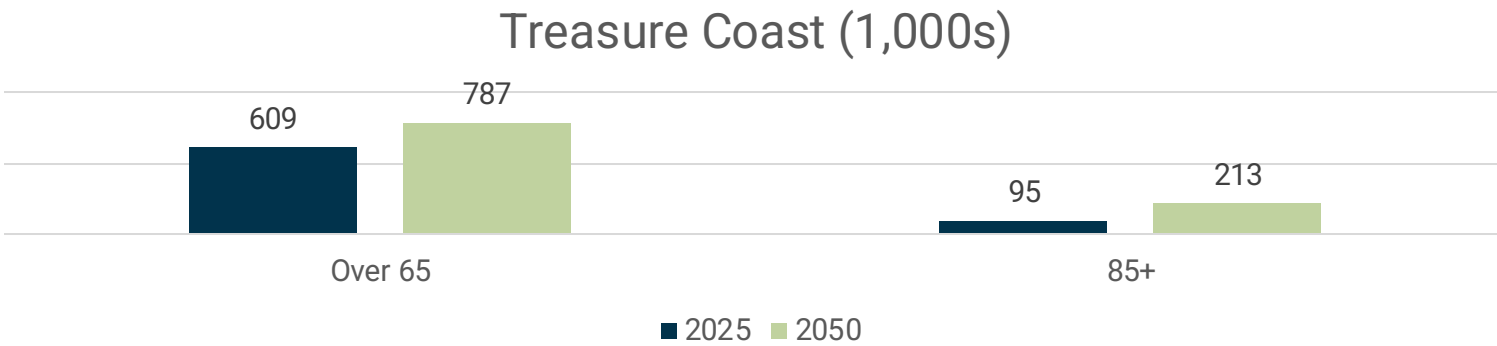
BEBR: Southeast Florida (All 7 Counties) Population 2025-2050



BEBR: South Florida 2025-2050 (Broward, Miami-Dade, Monroe)



Treasure Coast 2025-2050 (Indian River, Martin, Palm Beach, St. Lucie)



US Labor Force Participation Continues to Drop



Recession

US labor force participation rates have declined steadily since 2000, and faster after 2011. Employment still grows because of underlying population growth.

Drivers are

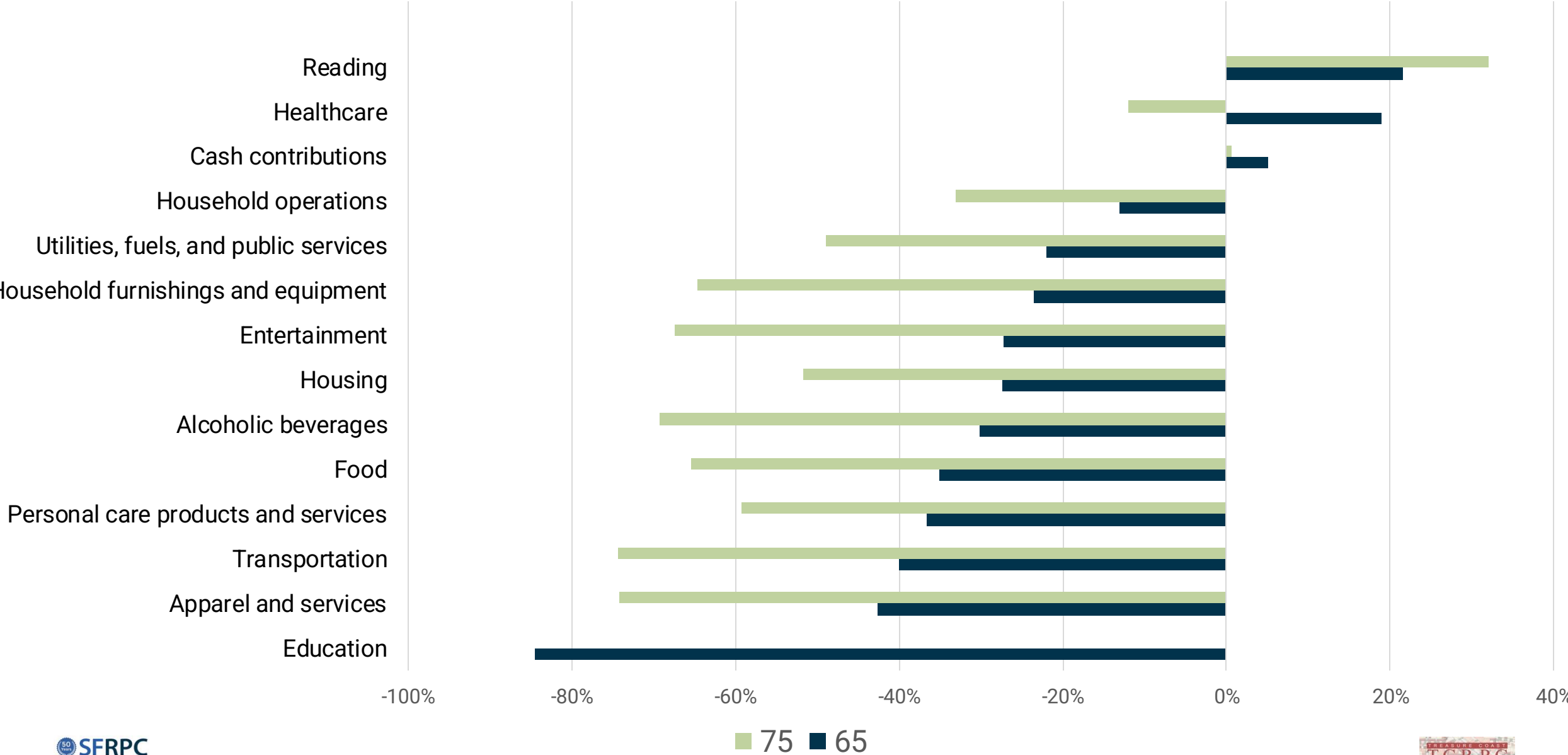
- Baby Boomers (55-60% of decline)
- Declining Prime Male Participation Rate (25-54YO)
 - 57% cited disability
 - Not only labor scarcity, but also a growing skill gap
 - Automation, each additional robot per thousand workers reduced the employment-to-population ratio by up to 0.34%

Productivity Losses and Labor Shortages most acute in:

- Healthcare
- Education
- Technical and Construction
- Knowledge Economy

Ask me to show you more charts to explain these trends!

Seniors Spend Less Compared to Prime Age Consumers



Macroeconomic Impacts



US Gross Domestic Product (GDP) May Shrink

Every 10% increase in the fraction of the population aged 60+ could result in a 5.5% reduction in GDP per capita due to slower employment growth and dropping labor productivity

Silver Lining automation can stem some decline



Consumer Spending = Jobs

More healthcare workers, legal and financial services

Fewer retail sector jobs, food service, some manufacturing jobs



Possible shift in investments from equities to more conservative, income-generating assets such as bonds.

Costs of Aging



Over 2023-32 average National Health Expenditure growth is projected to outpace average GDP growth, health spending share of GDP growing from 17.3% in 2022 to 19.7% in 2032. Medicare costs of dialysis alone account for 0.8% of the Federal Budget.



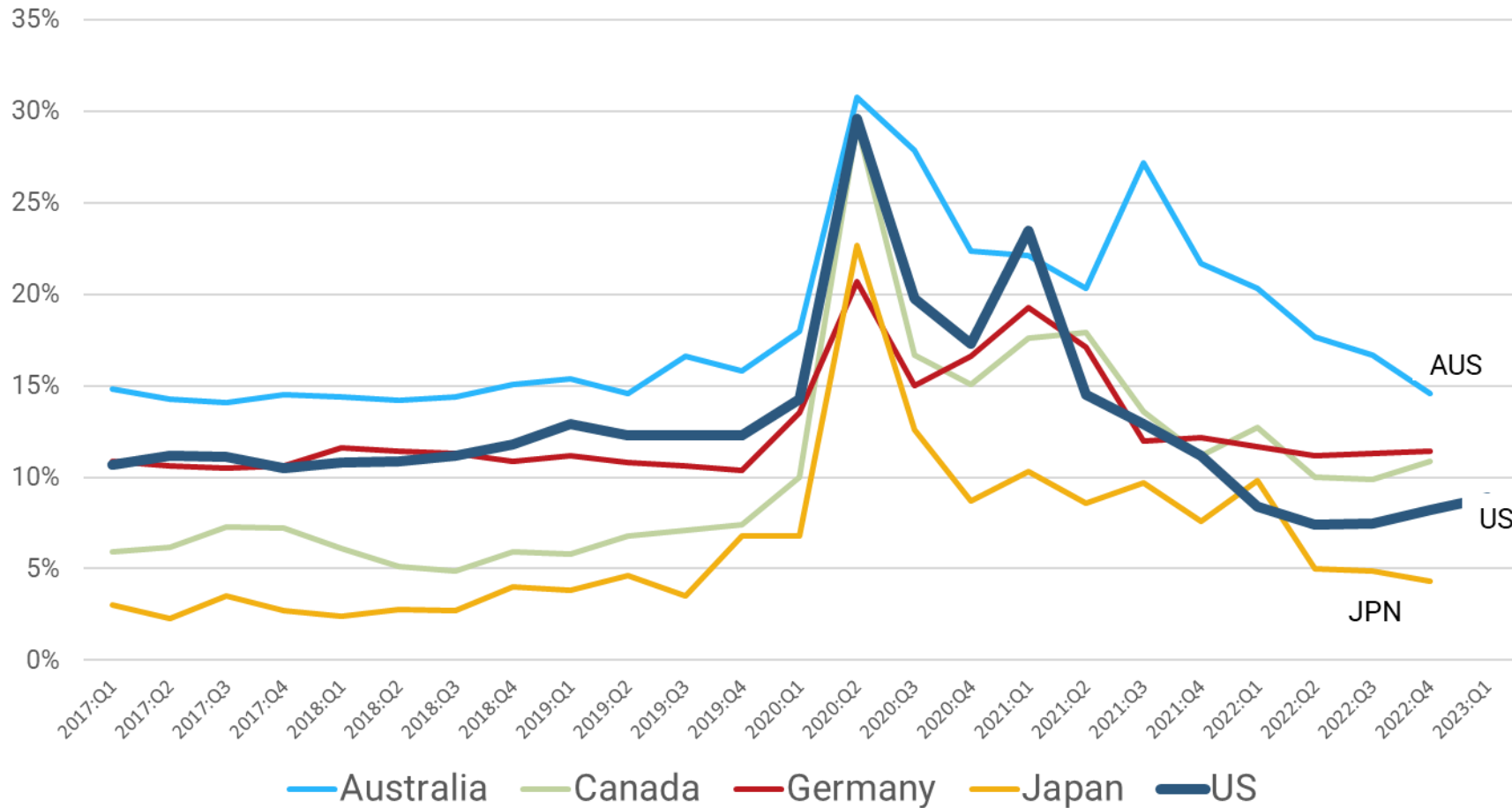
The median income for U.S. adults 65 and older is \$50,290 while average annual expenses are \$57,818. The average monthly (2024) Social Security benefit for retired workers is \$1,907.



Assisted Living costs in Florida average \$4,750/mo. In Miami, around \$5,250/Mo. Hourly Home Care is \$23.50.
Adult Day Care statewide average of \$15,600/year. Larger elderly population areas pay **more per person**.

Can We Afford to Retire? Savings Rate Comparison

Compared to Advanced Economies, US Household Saving Rate is Low



US savings rate is one of the lowest in the industrialized world (OECD countries).

Why?

Later Retirement Ages and Spending Patterns:

Americans generally retire later than Europeans, which contributes to a lower saving rate

Consumption Culture: The US has a strong consumption-oriented culture, which promotes immediate consumption over saving.

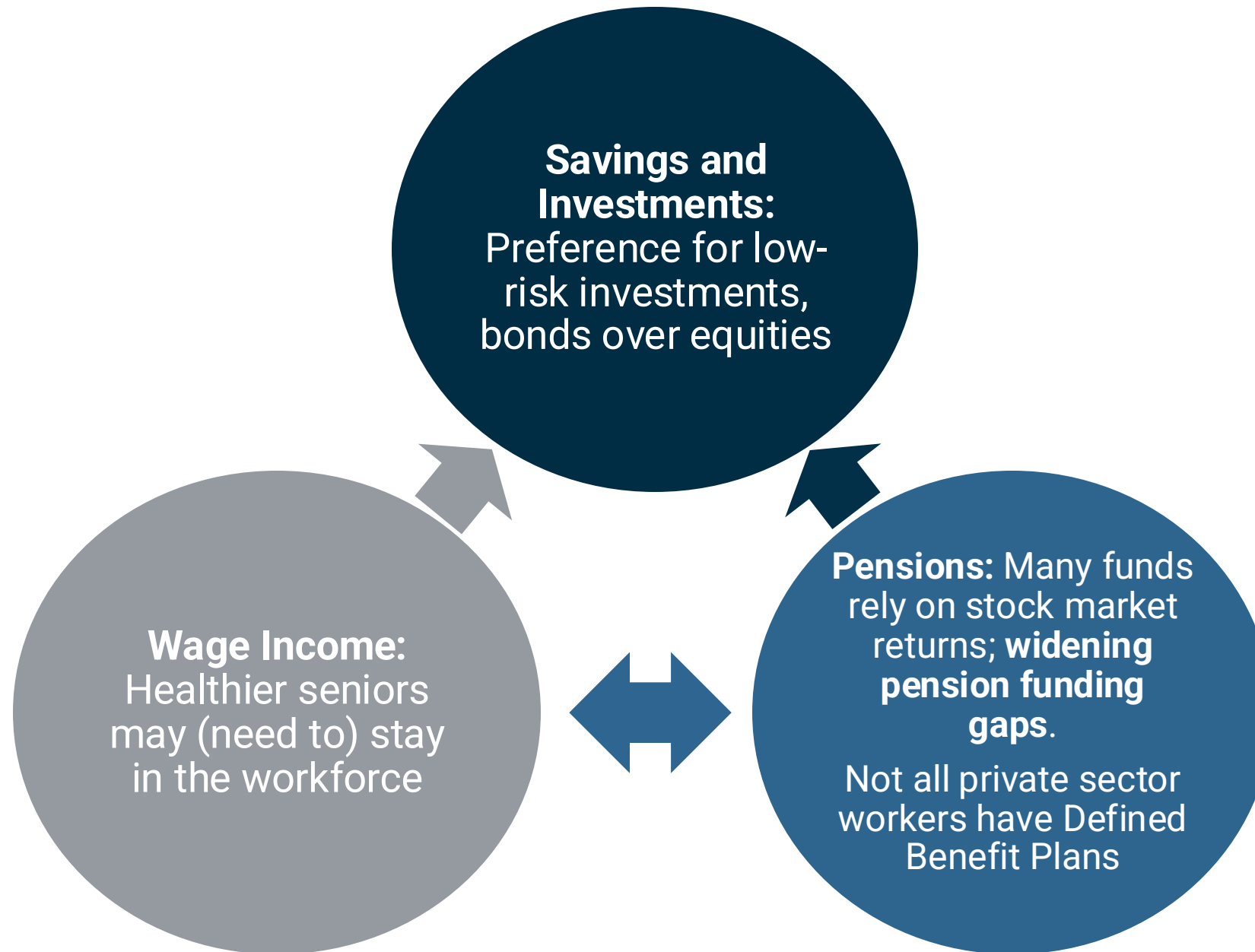
•The "Wealth Effect" from Asset

Appreciation: As housing and stock prices rise, households often feel wealthier and reduce their savings.

•Tax Incentives and Credit Accessibility:

Tax policies and readily available credit in the US allow for higher consumption relative to disposable income.

Retirement Income Versus Wages



Social Security and SSI

- Share of US Personal Income from Social Security will rise from 9% to 11% by 2035
- Old-Age and Survivors Insurance (OASI) will restrict payments to 79% in 2035. Hospital Insurance (HI) is fully funded until 2036



Social Security: Looming Trust Fund Insolvency?

- Insolvency depends on **future workers: retirees ratio**, Fed action
- Could occur **2033-2035**
- To prevent insolvency, benefits would be cut 21-23% and Full Retirement Age be deferred to 70/71.



In Southeast Florida

SS Transfers are ~9-10% of Personal Income (+Earnings, Property Income) in Southeast Florida.

A cut in SS and SSI benefits would cost:

\$11 Billion in Sales and \$10 Billion in Personal Income (-1.3% income, -1.0% of sales) per Year.

-\$1,000/Person



Southeast Florida Job losses in construction, retail trade, health care, real estate, personal services

(-50,000 jobs, under baseline per year in Southeast Florida)

State and Local Fiscal Cascades

Potential for Reduced Social Security Payments, Coupled with Low Savings Rate, means Less Local Spending on Goods and Services (~10%)

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Local Employment Shock

State pension funds already struggle to meet obligations, pension reform may lower payouts

Exacerbating the local employment shock.

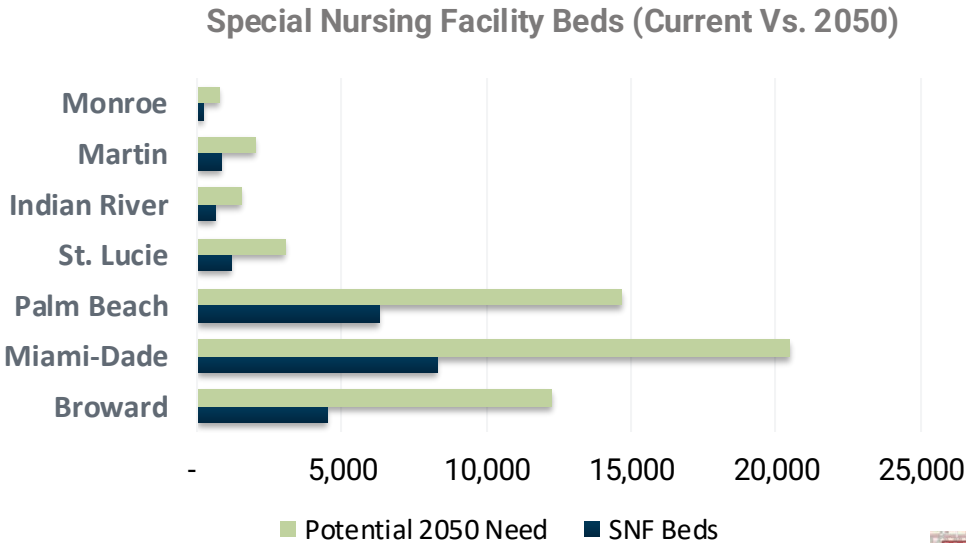
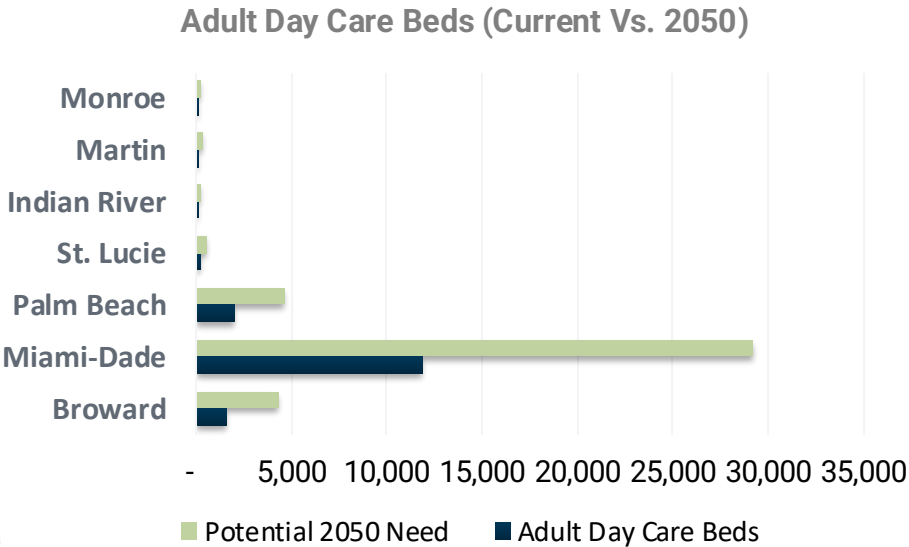
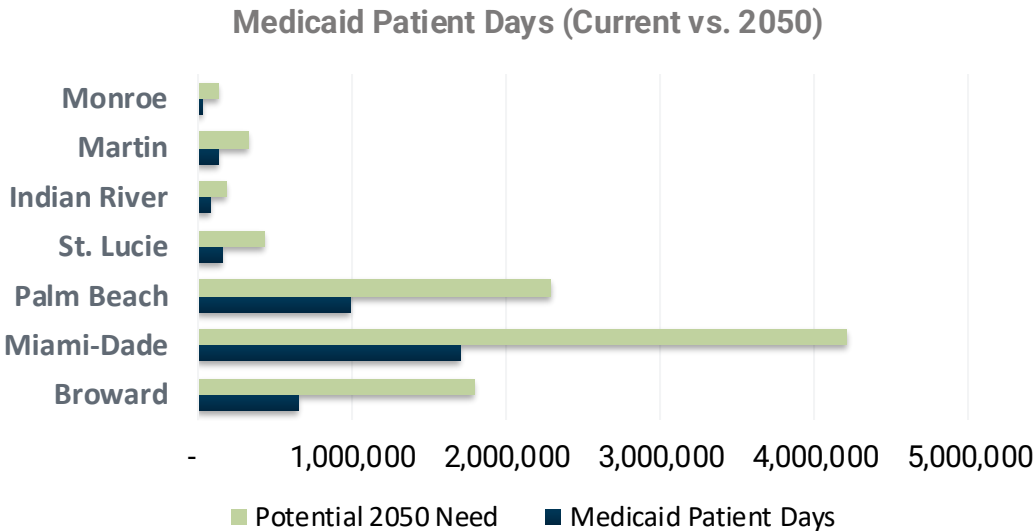
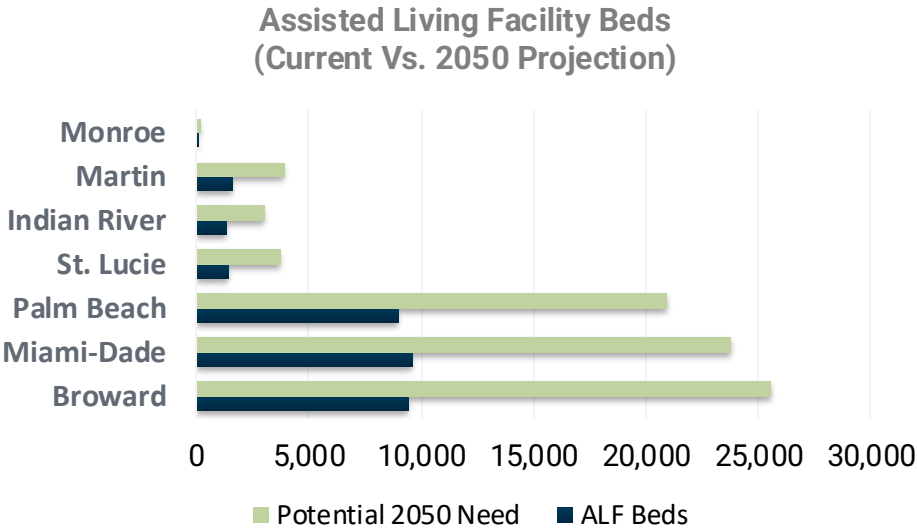
FS196.075 Additional homestead exemption for persons 65+. Shifts tax burden to younger homeowners paying for more senior services. Reduces starter home inventory.

Medicaid and Other Factors Squeezes State and Local Government, Produce Shift in Size and Scope of Public Services

Need for (Regional?) Pension Solutions?

Tough Local Choices ahead:
Climate Resilient Investment;
Accommodations for Older Users of Public Services,
Potential for School Consolidation

Proportional Projection of Current Elder Care Needs to 2050



Emergency and Lifeline Capacity

Aging national electric grid needs significant investment

County	Electricity Dependent Residents	Special Needs Shelters	Special Needs Shelter Max Capacity
Broward	11,274	5	2,068
Miami-Dade	18,927	8	2,842
Palm Beach	9,708	2	858
St. Lucie	2,975	3	825
Indian River	1,624	1	47
Martin	1,509	5	2,233
Monroe	396	1	91
Total	46,413	25	8,964

Challenges = Opportunity

Beware of Wishful Thinking

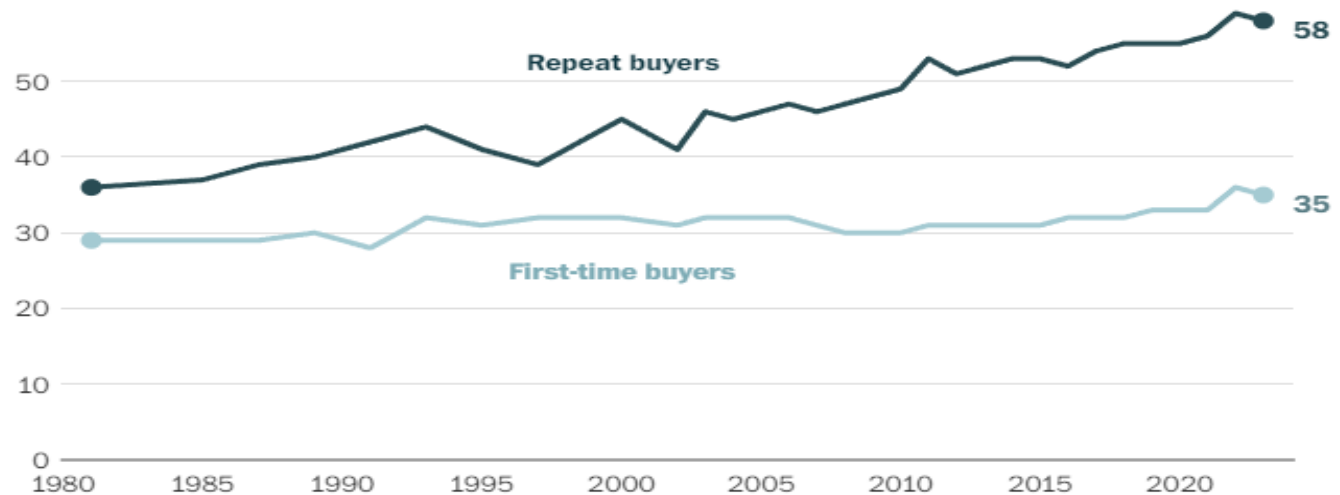
"You'll see a supply-demand dynamic shift [toward retirement downsizing]" -- Meredith Whitney, founder and CEO of Whitney Advisory Group, Yahoo Finance's Invest Conference, Nov. 2023.

Whitney cited data from the AARP stating that 51 percent of people over 50 — **a group that owns more than 70 percent of U.S. homes** — are set to downsize to smaller homes.

- Baby Boomer Retirement Decisions Point to **Gradual**, Not Sudden Change
 - Large-scale housing downsizing not occurring. 65% want to age in place (49% want to upsize).
- Opportunities to Rethink Policy
 - Retreat from the Childcare Fiscal Cliff
 - *Child Care Stabilization Grants* ended September 2023.
 - Tradeoffs between automation and immigration
- Increased demand for workers in healthcare, manufacturing, and the knowledge economy

Home buyers are getting older

This year, the median age for a repeat buyer was 58, down just slightly from last year's record of 59.



Source: National Association of Realtors

RACHEL SIEGEL / THE WASHINGTON POST

Facts and Figures Round-Up

- 73% of Baby Boomers are already older than 65, 20% older than 75, Half will be older than 75 in 2030
- Percent of 65+ in the US will rise from 16% now to 22% by 2050
- 85+ population in Southeast Florida will more than double in 25 years: increased elder care
- If you were born in 1925, you have an average of 6-12 grandchildren; born in 1975, you would expect 2-4: decreased family support
- 70% of US Homes are owned by 50+ population: +slow housing production will constrain starter home stock
- 65% of 65+ want to age in place and Median age of home buyer is 58
- Only 15% of private sector workers have a defined benefit pension plan
- Assisted Living costs in Florida average \$4,750/mo. In Miami, around \$5,250/Mo. Hourly Home Care is \$23.50. Adult Day Care statewide average of \$15,600/year.



Thank You!

Questions? Randy Deshazo SFRPC

rdeshazo@sfrpc.com

“Barreling toward us are three epochal changes poised to reshape the U.S. economy in coming years: **an aging population**, the rise of artificial intelligence and the rewiring of the global economy” – Daron Acemoglu, Harvard; (“America is Sleepwalking into an Economic Storm” NYT, Oct 17, 2024)

Sources

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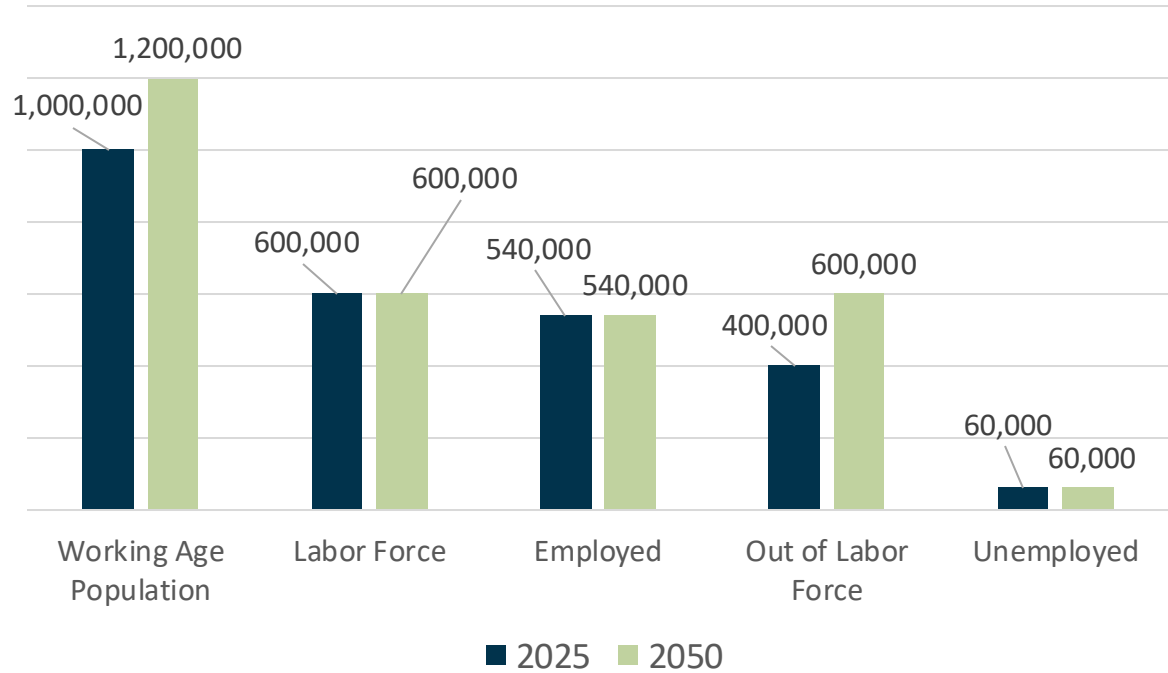
Projection of Elder Care Needs: Florida Department of Elder Affairs, 2023 Profile of Older Floridians. SFRPC staff proportionate projection to 2050, 2024.

Emergencies, Lifeline Services, and Evacuations: Florida Department of Elder Affairs, 2023 Profile of Older Floridians. SFRPC staff analysis, 2024.

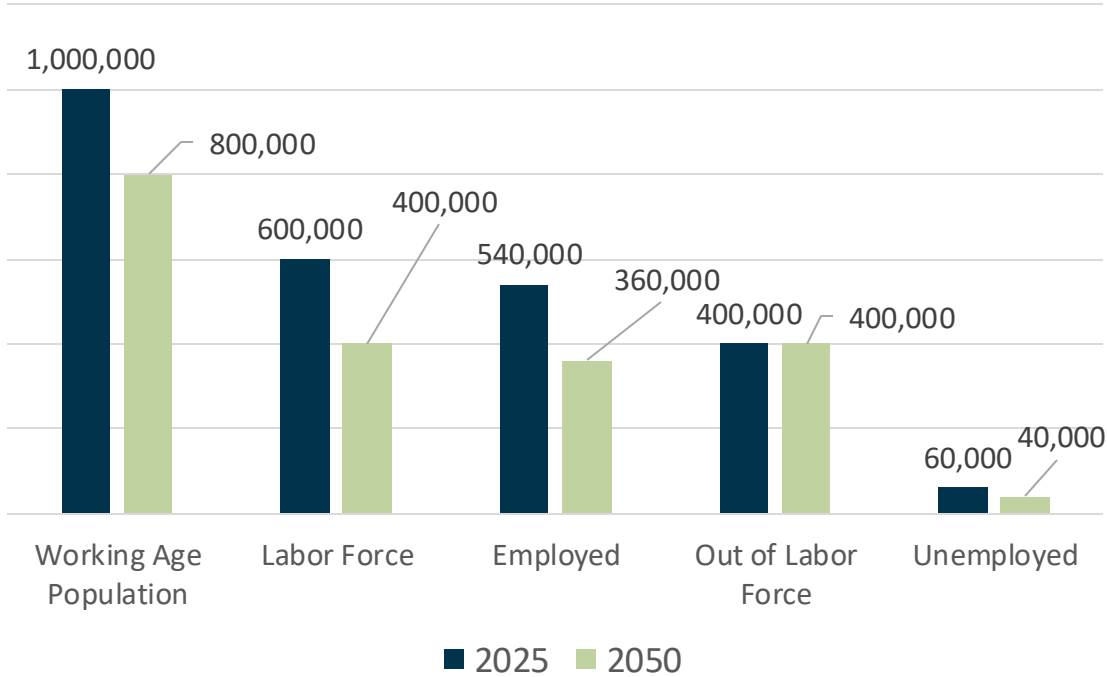
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Working Age Population, Labor Force, Jobs (Example)

Labor Participation Falls from 60% to 50%
But Population Growth Compensates



Labor Participation Falls from 60% to 50%
And Working Age Population Falls



Poverty Rate of Individuals 65 and Older

Poverty Rate of 65+

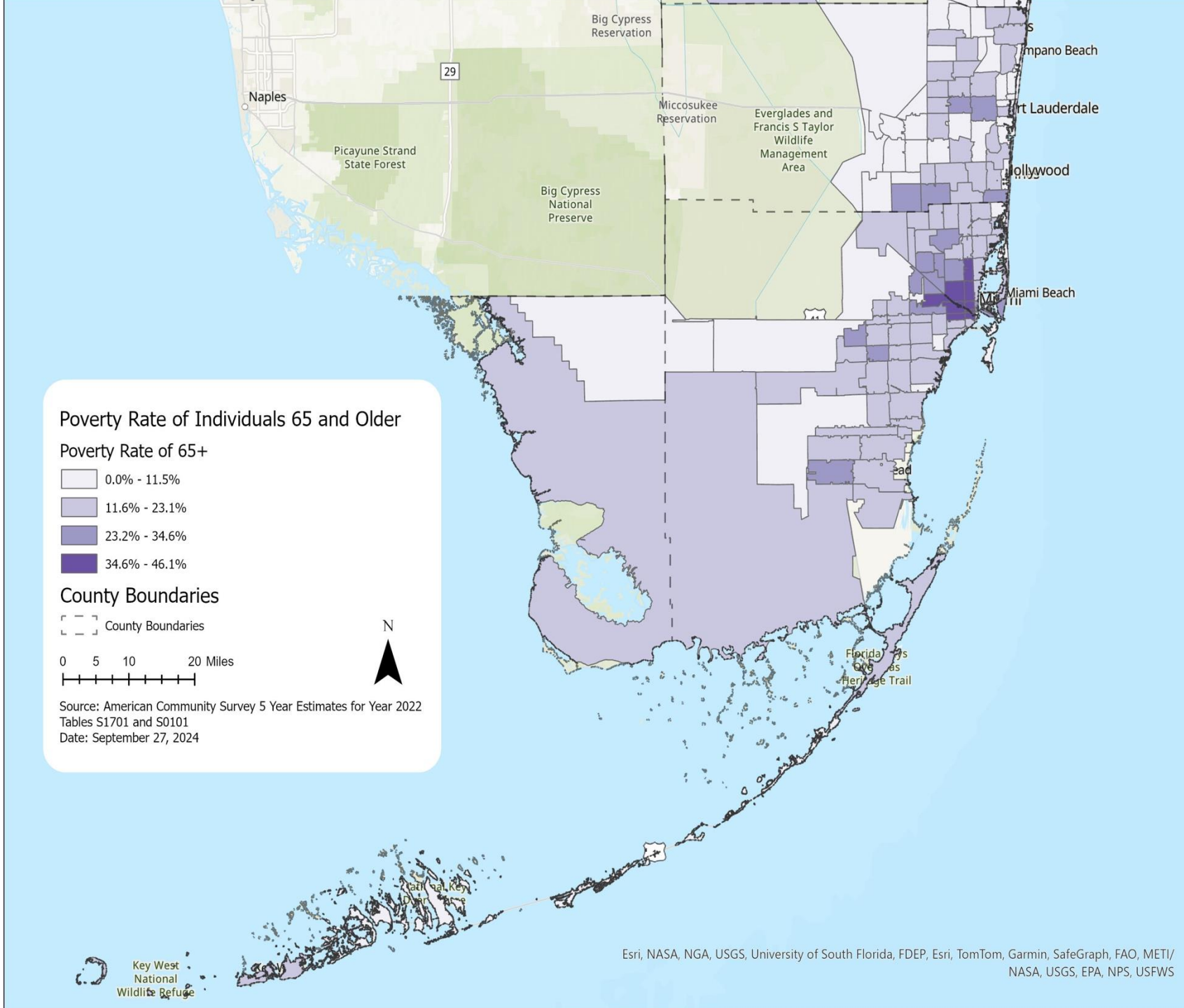
- 0.0% - 11.5%
- 11.6% - 23.1%
- 23.2% - 34.6%
- 34.6% - 46.1%

County Boundaries

County Boundaries

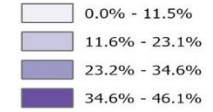
0 5 10 20 Miles

Source: American Community Survey 5 Year Estimates for Year 2022
Tables S1701 and S0101
Date: September 27, 2024

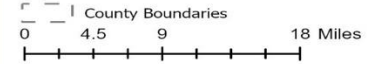


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Source: American Community Survey 5 Year Estimates for Year 2022 Tables S1701 and S0101
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