

## Why Baby Boomers Are Bummed Out



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The economy's finally bouncing back, and many Americans are starting to feel a bit more optimistic. But the nation's biggest population group remains in a recessionary funk.

The first of the baby boomers--the post-war Americans born between 1946 and 1965--start to hit retirement age in 2011. And they're not coasting gracefully into the golden years. The entire nation, of course, lost its spunk during the recession that lasted from 2007 to 2009. **But the once-upbeat baby boomers seem to be taking the longest to shake off the blues. According to surveys by the Pew Research Center, 80 percent of boomers say they're dissatisfied with the way things are going in the country, a higher proportion than any other age group, younger or older.** Part of that may be natural, since people in their 50s tend to deal with the highest amounts of stress and show the lowest satisfaction levels. But the boomer bummer may also reflect the changing fortunes of America itself, and widespread unease about the nation's future.

[See what will happen when the [baby boomers turn 65 in 2011](#).]

**The Great Recession clearly hit baby boomers at a vulnerable time, when they were close to retirement or at least should have been preparing for it.** But it also seemed to shake their faith in their ability to get ahead and in the opportunity America provides for its people. Baby boomers account for more than one-fourth of the nation's population, and they're sure to have a loud voice in future decisions about taxes, government spending, the huge national debt, and many other matters that will determine if America as a whole prospers or declines. So their views will ultimately affect policies that most Americans will feel. Here's why boomers are so dyspeptic, according to data from Pew and other sources:

**They got hammered by the recession.** **More than any other age group, baby boomers feel their long-term prospects were damaged by the recession. More baby boomers, for instance, say they've lost money on investments and endured damage to their household finances than any other group.** The Federal Reserve has been working hard to fix some of that, through policies meant to goose the stock market and help investors regain some of the wealth they've lost since 2006. But household net worth is still down about \$9 trillion from peak levels of 2007, thanks to huge losses in home equity and stock markets still down about 20 percent from the 2007 high.

[See [who will prosper in 2011](#).]

Unemployment is lower among baby boomers than other groups, but it can be particularly grueling on the unlucky boomers who lost their jobs--especially those without a college education. Unemployment, on average, lasts about 45 weeks for those 55 and older, which is 12 weeks longer than for younger job seekers. And unemployed boomers in declining industries like manufacturing or construction may never find work again in the fields where they spent their careers. Younger workers in that kind of predicament have an easier time getting new training, moving if necessary, and convincing employers to hire them. Doing that when you're 55 or 60 is daunting.

**They're poorly prepared for retirement.** **Many baby boomers thought rising home values would anchor their retirement plans, one reason the savings rate plummeted over the last decade.** The housing bust--which has driven home values down by more than 30 percent nationwide--wrecked that idea. And far fewer boomers have a guaranteed pension plan than in prior generations, which is likely to leave millions of Americans on the cusp of retirement in a huge hole.

The Center for Retirement Research at Boston College estimates that 51 percent of people between 55 and 64 will face lower living standards once they retire, mainly because they lack the financial resources to maintain their current habits. Many boomers will keep working well past retirement age, if they can find jobs. About 60 percent of Americans between 50 and 61 say they plan to retire later than they planned, according to Pew. And 35 percent of those 62 and older say they've already delayed retirement.

[See [who will struggle in 2011.](#)]

**They sense national decline.** America was still on the rise when boomers came of age in the 1960s and '70s. It doesn't feel that way any more. Washington politicians mount loud arguments but seem incapable of solving big problems. The huge national debt looms like a black cloud over the nation's economic future. China and India, meanwhile, are growing much faster and taking millions of jobs that used to reside in the United States. Headlines about America's decline may be overblown, since the United States still produces much of the world's innovation (think Facebook, Twitter, Groupon, and the iPad), and still has some of the highest living standards in the world. But boomers feel that progress has slowed, and they may be right about that.

With real incomes stagnant over the last decade, 21 percent of boomers say their standard of living is already lower than their parents' was at the same age. That's a much higher proportion than among younger or older Americans. Boomers are more pessimistic about the future, as well, with just 35 percent of those 50 and older feeling their children will enjoy a higher standard of living than they do. And only 59 percent of those between 50 and 64 feel that America remains a "land of opportunity." Among 18- to 29-year-olds--who suffered far higher unemployment during the recession than baby boomers--70 percent still regard America as a land of opportunity.

[See [10 key retirement ages to plan for.](#)]

**They're reluctant to sacrifice.** Boomers are well aware of the problems facing America, especially in Washington. But they're nervous about doing anything different, perhaps because they've got so much invested in the system the way it is. One way to raise more government revenue and pay down the national debt is a federal sales tax, for instance, but 54 percent of boomers oppose that idea--a higher proportion than among those both younger and older. Boomers also oppose two other ideas to help balance the government's books--eliminating the tax deduction for mortgage interest, and taxing company-provided healthcare benefits as if it were income--by much higher margins than other population groups.

Boomer opposition to higher taxes is no surprise, since boomers would probably face a bigger hit than other groups with less disposable income. But some of the nation's biggest looming problems--like an underfunded Social Security system and a Medicare program that's on track to run out of money--will also affect baby boomers directly if they're not fixed. Something's got to give. And the baby boomers know it.

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