A SPECIAL SUPPLEMENT TO *THE ATLANTIC*

the Next Economy

WINTER 2011-12 A JOINT PROJECT WITH *NATIONAL JOURNAL*

LONG LIVE ... US!

AN OLDER AMERICA CAN BE A RICHER AMERICA
BY PAUL STAROBIN

PLUS:

NEST-EGG RISKS
BY RUSSELL PEARLMAN

GRACE AT THE END OF LIFE
BY JONATHAN RAUCH

President Reagan didn't take sides on helping save teen lives.

NEITHER SHOULD WE. PASS A NATIONAL GDL LAW NOW.

In 1984, President Reagan did something bold and unexpected. He rose above traditional politics and signed into law a bill that established the national minimum drinking age as 21. A single law that to this day has helped save thousands of teen lives.

Once again, our country needs to put political affiliations aside and band together to help protect our children.

Every day, an average of 11 teen drivers are killed while driving. The national Graduated Driver Licensing (GDL) law is designed to help stop this devastating loss of life.

WHAT ARE GDL LAWS?
GDL laws help novice drivers gain on-the-road experience gradually and avoid risky driving conditions. States with strong GDL laws have reduced the number of fatal crashes among 16-year-old drivers by almost 40%. Currently key national GDL provisions from the STANDUP Act are part of pending legislation in Congress.

Everything you need to know to get started is at Allstate.com/STANDUP.

Your help is a step in the right direction.

Now is the time to make the world a safer place for teen drivers. That's Allstate's Stand.

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Allstate. You're in good hands.
Auto
Home
Life
Retirement

The STANDUP Act is the Safe Teen And Novice Driver Uniform Protection Act. Sources: The National Minimum Drinking Age Act of 1984; *An Examination of the Criticisms of the Minimum Legal Drinking Age 21 Laws in the United States from a Traffic-Safety Perspective*, Pacific Institute for Research and Evaluation, Fall 2008; Insurance Institute for Highway Safety Fatality Facts, 2007-2009; Centers for Disease Control and Prevention, 2008.

WINTER 2011-12

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A SPECIAL SUPPLEMENT AND JOINT PROJECT OF *THE ATLANTIC* AND *NATIONAL JOURNAL*

THEATLANTIC.COM
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JASON GROW

From the Editors

EIGHTY AS THE new 60. Sixty as the new 40. There's truth to the clichés (as there usually is). From Barbara Walters's presumed facelifts to Willie Nelson's illegal smoke, growing old isn't what it was. For one thing, it lasts a lot longer, which means that the ranks of seniors will continue to swell. Baby boomers are fast becoming elderly boomers, a demographic change that will shape the nation's society—and its economy—for decades to come.

This edition of *The Next Economy*, a quarterly supplement produced jointly by *The Atlantic* and *National Journal*, explores the effects of this demographic certainty. Will baby boomers and their entitlements crush their children by weighing them down with debt? Will boomers put off retirement and take up jobs that younger folks want, touching off generational warfare? Scariest, was Malthus right? If Americans live longer and longer—for an individual, there's no happier news—will society inevitably outrun its resources?

The fashionable answer to such questions is the ugly one. But even in these days of economic unease, the glass-half-empty rejoinder isn't always correct. In the cover story, Paul Starobin finds that Americans' increasing longevity can prove beneficial to society as a whole, adding to its wealth, *if*—if older Americans can stay healthy, and if the federal government can succeed in defusing the fiscal threats. Even better, longevity promises additional years of health and vigor, which is why Marc Freedman expects more Americans in midlife to launch fulfilling "encore" careers (nearly one-tenth of them have already done so).

Still, old age isn't for sissies. Saving for retirement, which used to be straightforward, has become a minefield of contingencies, as Russell Pearlman outlines in disturbing detail. The end of life, as Jonathan Rauch describes, is the hardest of all. Should we take extraordinary steps—at extraordinary cost—to fend off death for a few extra months? People who are given an informed choice often decide that less is more.

Nothing about getting old is simple. Whether it's building a nest egg or surviving long enough to spend it—check out Alina Tugend's advice for achieving longevity—most of it is on *you*. Not fun. To misquote Kermit the Frog, it's not easy being gray. But it still beats the alternative.

Burt Solomon

COVER: JASON GROW

Between Main Street and Pennsylvania Avenue

A SURVEY *of* MIDDLE-CLASS AMERICANS

ALLSTATE BELIEVES that there are no challenges we cannot meet if all Americans work together, if we listen to each other, and if we compromise for the common good. But no one can stay on the sidelines. Everyone must take ownership and provide leadership in these challenging times. Major corporations are no exception.

That's why Allstate commissioned a survey aimed at bridging the gap between Main Street and Pennsylvania Avenue. Our goal is to show how ordinary Americans are navigating this very demanding economy and to demonstrate the great pragmatism and optimism that lie at the heart of the American people.

As a company that is in the business of helping American families better manage their risks and create more secure economic futures, Allstate wants to shape the kind of change and innovation that will help people survive and thrive in today's unpredictable world.

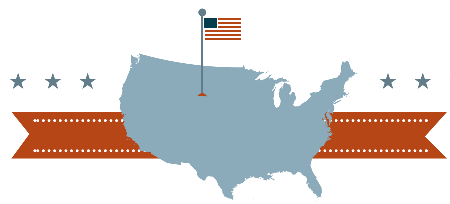
THE VOICE OF OUR NATION
— COMES FROM —
THE HEART OF OUR PEOPLE

ALLSTATE AND *NATIONAL JOURNAL* HEARTLAND MONITOR POLL SERIES

64% OF AMERICANS

feel they face more economic risks today than their parents faced at the same age.

AMERICA IS THE LAND OF OPPORTUNITY



87% Agree

11% Disagree

2% Don't Know

CONFIDENCE IS DROPPING

According to survey findings, confidence in several major institutions has dropped off from 12 months ago.

CONFIDENCE

	MORE	LESS	SAME	DON'T KNOW/ REFUSED
ELECTED OFFICIALS IN WASHINGTON, D.C.	21%	23%	53%	3%
MAJOR CORPORATIONS	12%	28%	58%	3%
NATIONAL BANKS	15%	25%	56%	4%
INVESTMENT BANKS	11%	23%	61%	5%
LABOR UNIONS	15%	31%	46%	9%
THE AMERICAN CONSUMER	33%	32%	31%	5%

ADVERTISEMENT

AMERICANS ARE TAKING CONTROL

of their financial lives in the face of continued economic uncertainty and concern over the country's direction. Over the past 12 months, Americans have...

MADE SIGNIFICANT REDUCTIONS IN SPENDING, INCLUDING PUTTING OFF MAJOR PURCHASES	48%
WITHDRAWN MONEY FROM SAVINGS OR PENSION FUNDS TO MAKE ENDS MEET	32%
LOST A JOB OR BEEN UNEMPLOYED FOR A SUSTAINED PERIOD	31%
REDUCED CONTRIBUTIONS TO A 401(K) OR OTHER PENSION/RETIREMENT FUND	27%
NOT EXPERIENCED ANY SIGNIFICANT CHANGES IN LIFESTYLE OR FINANCIAL SECURITY	23%
GONE WITHOUT HEALTH INSURANCE FOR A SUSTAINED PERIOD	22%
FALLEN BEHIND ON PAYING MORTGAGE OR RENT	14%

MOST MILLENNIALS

would prefer to work for a single employer for many years.

55%

PREFER LONG-TERM EMPLOYMENT WITH A SINGLE EMPLOYER

34%

PREFER THE OPPORTUNITY TO CHANGE EMPLOYERS/ PROFESSIONS

11%

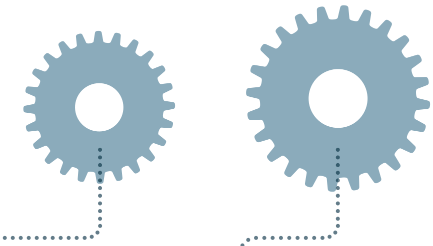
DON'T KNOW

THE AMERICAN DREAM

73%

believe that owning a home helps, rather than prevents, living the American Dream.

AMERICANS WANT ACTION ON JOBS



52% SUPPORT TAX INCENTIVES FOR BUSINESSES TO HIRE MORE WORKERS

61% SAY GOVERNMENT SHOULD PLAY AN ACTIVE ROLE IN THE ECONOMY

RENEWED OPTIMISM

2/3 of Americans (69%) say they're optimistic that the United States can successfully grow its manufacturing industry to remain the international leader.

MOVING FORWARD

When asked to choose the most important factor in determining a person's ability to get ahead, Americans cite **EDUCATION** most often **(39%)**, followed by the state of the **ECONOMY (23%)**, a person's own **SKILLS (22%)**, and a person's **INCOME LEVEL (9%)**.

56% OF AMERICANS

think personal debt creates an obstacle to achieving the American Dream by encouraging people to over-spend. And government should keep within its budget as well—the same majority said reducing the national debt should take priority over spending to spark the economy.

For more survey findings, visit www.allstate.com/heartland-monitor.

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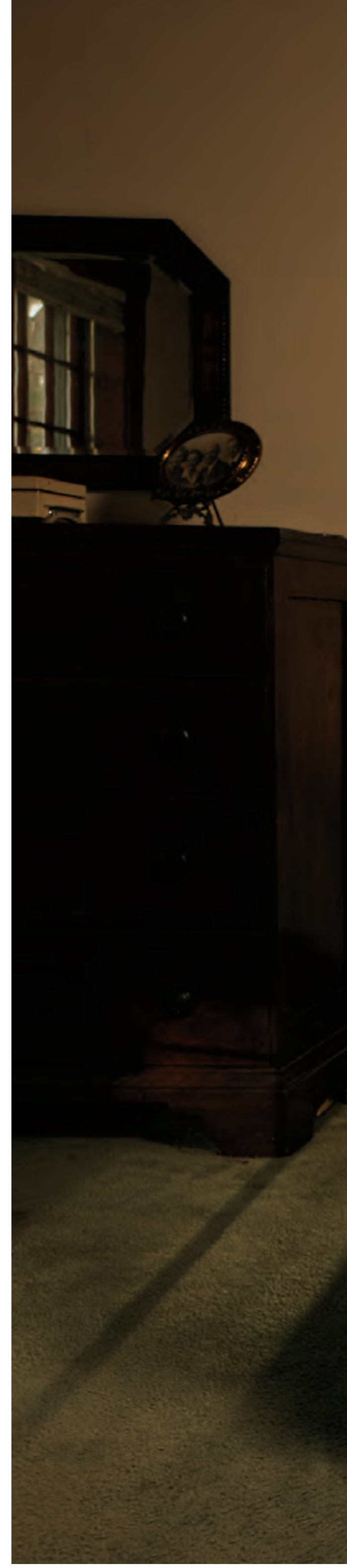
SOURCE: ALLSTATE/*NATIONAL JOURNAL* HEARTLAND MONITOR POLL

Cover Story

AMERICANS' RISING LONGEVITY *threatens fiscal calamity and generational warfare. But with improvements in health and political courage, a grayer society will grow in wealth.*

No, Malthus, No: Living Longer Is a Blessing, Not a Curse



By PAUL STAROBIN

WEST BRIDGEWATER, Mass.—It's noontime on a Wednesday at the town dump in this small (population: 6,600), middle-class community 30 miles south of Boston. This means that Bill Weleck, a 64-year-old retired mail carrier, is due for his four-and-a-half-hour work shift. He bicycles in, as usual, and dons a town-issued, fluorescent-green vest and a pair of gloves, then starts sorting through bags of plastic bottles in search of recyclables. The air is a tad pungent, but that doesn't bother Weleck, who looks forward to the work. As he puts it, "What would I be doing at home? This gets me out into the community."

Weleck isn't working for wages. He is compensated for his time by an abatement on his property taxes worth up to $750 per year. The state's "senior property tax work-off program" is popular with fiscally strapped Massachusetts towns that can't afford to pay union-scale wages for needed work. Some 30 residents in West Bridgewater, ranging in age from their mid-60s to mid-80s, can be found not only at the dump (a much-desired worksite among the men) but also at the library, the forestry and maintenance departments, and the warrens of town hall. "The girls I have—and I call them girls—want to learn," said Karen Lavin, a Building Department supervisor for a rotating crew of seniors who greet customers at the window, answer the phones, and help to process permits. "In my opinion, they're worth every penny."

Americans, it's no secret, are living longer than ever. Life expectancy at birth, currently about 78 years, is increasing at the rate of roughly 1.5 years per decade. Baby boomers, born between 1946 and 1964, are turning 65 at the rate of 10,000 per day. The number of Americans age 65 or older, a mere 20 million in 1970, is on track to rise from about 40 million today to some 70 million by 2030. The share of seniors in the population, now about 13 percent, will reach 18 percent by 2030. The ranks of Americans who survive into their 90s are expected to soar from 1.9 million in 2010 to 9 million in 2050.

Long life may well be a blessing for the individual. But is it also a blessing for society? The fashionable answer is an increasingly anxious no. Choose your apocalyptic metaphor. The aging of America represents a "financial time bomb," *The New York Times* has proclaimed—with the solvency of Social Security, Medicare, and Medicaid (the last in line for nursing-home payments for patients who have depleted their assets) all at risk. *Foreign Policy* magazine has warned that a "gray tsunami is sweeping the planet," the United States included.

Signy Moen, vibrant and free of pain at age 106, poses no financial burden for society or for anyone else.

And yet the forecast that Americans' increased longevity is a collective downer for the nation ain't necessarily so. The fiscal threat, while real, provides too narrow a prism for understanding a question so complex. History suggests that the size of the total economic pie tends to grow larger as life expectancy rises. From 1950 to 2010, Americans' life expectancy at birth grew by 15 percent and, at age 65, by more than 30

JASON GROW

percent—even as household incomes and the gross domestic product increased sixfold.

So, as counterintuitive as this may sound, it is possible, even likely—listen up, worrywarts!—for Americans to live longer *and* grow richer.

Everything depends on two variables. The first is the health of older Americans, now and in decades to come. Will we have a population of bedridden elders subsisting in nursing homes as wards of the state, or will seniors be relatively able-bodied contributors to the economy, whether by working or by spending money on golf outings or gifts for the grandchildren? The difference for society is huge.

The second crucial factor is public policy. Will government take an imaginative and flexible approach to contributions that seniors can make—as exemplified by West Bridgewater's tax work-off program? Will Washington relieve the fiscal stress on entitlement programs by, perhaps, raising the age of eligibility for Social Security and Medicare commensurate with the increase in life expectancy?

Nobody can say. But experts cite grounds for optimism, especially in regard to improvements in health. Medical advances make it likelier that seniors will spend a diminishing portion of their remaining days in pricy nursing homes. "People are staying healthier longer—we're not producing a

An 'Encore' Life Beckons ...

By Marc Freedman

Marion Jackson's airy, light-filled studio is filled with Brazilian art and sculpture. It sits on the third floor of a five-story, 100,000-square-foot industrial building in downtown Detroit that opened in 1927 to house the service department for Pontiac. The Corvette was later designed there. But that was before the U.S. auto industry declined, and the neighborhood became a wasteland of abandoned buildings.

Not anymore. Today, 250 start-up companies inhabit the renovated building, which is the centerpiece of a business incubator called TechTown. Jackson's venture, Con/Vida—in Spanish, "with life"—sells indigenous art from Latin America and curates exhibitions for galleries and museums. Jackson, 70, retired as an art-history professor at Detroit's Wayne State University last year and applied her knowledge of northeastern Brazil to the pursuit of a second career as Con/Vida's codirector.

This new chapter in Jackson's work life, much like the building the studio inhabits, amounts to a kind of adaptive reuse—of skills instead of space. In this, she has company. TechTown is run by Randal Charlton, a 71-year-old former jazz impresario and serial entrepreneur, whose human-tissue company was the resurrected building's first tenant. TechTown, an independent nonprofit, was launched a decade ago by Wayne State—which recently hired 77-year-old Allan Gilmour, a former Ford Motor chief financial officer, as its president.

By the prevailing definitions, all three of them are in old age—often portrayed as a wasteland of its own. We're set to become "a planet that's a whole lot more crowded—with old people," Phillip Longman, a senior research fellow on health policy at the New America Foundation, lamented in the September/October issue of *Foreign Policy*. He and other scholars who predict the "hyper-aging" of the developed world—when walkers will outnumber strollers—worry about too few working-age adults having to support too many children and retirees.

But economists such as Stanford University's John Shoven find these gloomy forecasts "deeply flawed" because, he has written, of "the misleading way in which we measure age" as longevity becomes reality for more and more Americans. Our notions of old age are themselves old-fashioned, reflecting a time when the typical 60-something was physically worn out from laboring in an auto plant or some other factory. In recent years, scholars in a range of academic disciplines report seeing signs of a new stage of life between the prime working years and full retirement. Sara Lawrence-Lightfoot, a Harvard education professor, calls this phase the "third chapter," after childhood and younger adulthood, defining it as "the generative space" between 50 and 75 years old. Cultural anthropologist Mary Catherine Bateson—Margaret Mead's daughter—labels the period "Adulthood II."

The creation of a new stage of life may seem counterintuitive. However, phases of life aren't natural phenomena, like the seasons of the year, but rather social constructions. Consider adolescence. The concept didn't exist until 1904, when G. Stanley Hall, a 60-year-old psychologist emerging from his own midlife crisis, wrote a book of more than 1,000 pages titled *Adolescence*. He was describing an extended period between childhood and adulthood free from grown-up responsibilities. The concept had a romantic tinge, but it grew out of fears that in a period of rapid industrialization, urbanization, and immigration, these minors would be running wild—anxieties that inspired laws requiring high school attendance and banning child labor. Adolescents began to be called "teenagers" after *Seventeen* magazine began publishing in 1944.

Hall, as it happens, also introduced the idea of a new stage on the other side of midlife. In a book published in 1922, he described an "Indian summer" between the middle years and old age. Humans, he reflected, "rarely come to anything like a masterly grip til the shadows begin to slant eastward." The book's title, *Senescence*, may help explain why the concept didn't catch on.

But will it now? That's hard to say. Before the Great Recession struck, the Bureau of Labor Statistics predicted a more than fivefold gain in labor-force participation by Americans over 55, compared with younger age groups. The economic downturn has intensified this pressure to extend working lives, while in other ways it has hurt.

generation of really sick old people," said David Canning, a professor of population science, economics, and international health at Harvard's School of Public Health. "From the individual's point of view, this is good news. From society's perspective, this is also good news."

How rare.

"NEVER ACT YOUR AGE"

The fancy term for what Canning described is "compression of morbidity"—the squeezing of serious illness, of all "morbid" conditions that cause death, into as short a time as possible at life's end. Maximize the living, minimize the suffering, is one way to think about it. A personification of this principle is 106-year-old Signy Moen of West Barnstable on Cape Cod. Born in 1905, she tells of a childhood on a Norwegian farm with no electricity, of hopping on a ship to America by herself at age 18 ("I wanted to go places"), and of working as a Rosie the Riveter in a factory in Chicago making airplanes during World War II. And she recounts stories of her husband, who died in 1974—"a good man; I miss him," she says, gently rocking in a parlor chair, a red blanket on her lap.

A wonderful life. But from society's point of view, maybe the most remarkable thing about it is how slight a financial

... on the Far Side of Midlife

The unemployment rate for Americans age 55 and older was only 6.4 percent in November. But those who do lose their jobs tend to be unemployed far longer than younger workers. Fewer than a quarter of workers over 50 who lost their jobs from mid-2008 through 2009, the Urban Institute reported, found work within a year.

Even so, older Americans appear to be trying to fashion a working life beyond the middle years—and often succeeding. Entrepreneurship, for one thing, is rising. For 11 of the 15 years from 1996 to 2010, Americans between the ages of 55 and 64 had the highest rate of entrepreneurial activity of any age group, according to the Ewing Marion Kauffman Foundation. Twice as many founders of U.S. technology companies were over age 50 as were under 25.

Across the socioeconomic spectrum, 9 percent of Americans ages 44 to 70 have launched "encore" careers, according to a 2011 study by Penn Schoen Berland. Their paying jobs, part- or full-time, are often in the public sector—as teachers, nurses, home health aides, and the like—or with nonprofit groups.

The practical idealism of these late careers may reflect a shift in values as people mature and focus more on activities meant to contribute to society's greater good. Such late-stage jobs fit nicely within the socially beneficial lines of work that Northeastern University economist Barry Bluestone has predicted will need more labor: education, health care, nonprofit community groups, religious organizations, and government.

An encore career may entail some preparation. The number of over-50 Americans entering divinity school has doubled since 1990. A Catholic seminary near Milwaukee, the Sacred Heart School of Theology, specializes in training second-career priests—widowers, mainly. This past fall, high-tech billionaire Steve Poizner and former Hollywood studio executive Sherry Lansing announced a $15 million partnership with the University of California (Los Angeles) to launch the Encore Career Institute, a program of continuing education aimed at baby boomers. The American Association of Community Colleges has started an initiative to accommodate the growth of the over-50 student population, which increased by 17 percent from 2007 to 2009.

These things are happening without much of a push from Washington. After World War II, the GI Bill helped ex-soldiers gain an education and thrive. Nowadays, the federal Troops to Teachers initiative helps military personnel, many of them retired, earn a degree in education. But aspiring encore careerists can't look to the government for much more help. A 2009 law promoting national service established Encore Fellowships for adults who want to move into nonprofit or public-sector employment, but Congress hasn't appropriated a cent to fund them.

Unless Washington summons up the desire—and money—to urge this transition along, the future of encore careers will depend on the private sector. And on a generation's entrenched culture. As baby boomers live longer and wrestle with retirement, they won't accede easily. The willful generation that *Time* magazine named as its Man of the Year—"25 and Under," in 1966—never has.

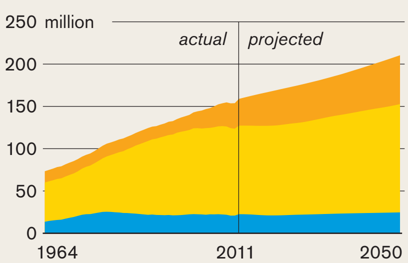
The writer is founder and CEO of Civic Ventures, a San Francisco think tank on baby boomers, and the author of The Big Shift: Navigating the New Stage Beyond Midlife.

Fading Away? Not Likely

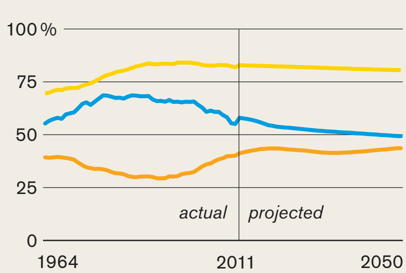
The sheer size of the baby-boom generation is one reason older people will make up a growing share of the workforce. Another is that Americans are working later in life.

55+ years · 25-54 years · 16-24 years

Labor force by age, 1964-2010



Labor force participation by age, 1964-2050



Source: Bureau of Labor Statistics

burden Signy Moen represents. She lives not in a nursing home but in a house on grounds that her family owns. She doesn't take any prescription medicines—"I don't have any pains." (Her drug of choice is a nip of Baileys Irish Cream at day's end.) She fixes her own peanut butter and jelly sandwich for breakfast.

The United States is undergoing a cultural revolution— **60 is the new 40,** and all of that.

The future promises more of these healthy, vibrant centenarians, according to Thomas T. Perls, a geriatric physician at Boston University's medical school and the director of the New England Centenarian Survey, the world's largest such database (which includes Signy Moen). The number of centenarians in the U.S. grew from 2,300 in 1950 to 79,000 in 2010—and may top 600,000 by 2050. Research could spur a new wave of age-delaying drugs; scientists are experimenting on removing "senescent cells," believed to accelerate the aging process, from mice.

Already, the United States is undergoing a sort of cultural revolution on aging—60 is the new 40, and all of that. The subject has spurred a burgeoning literature, stocked with recent titles such as *100: How the Coming Age of Longevity Will Change Everything, From Careers and Relationships to Family and Faith* by Sonia Arrison (really, everything?) and Susan Jacoby's *Never Say Die: The Myth and Marketing of the New Old Age.*

Proselytizing for the revolution are the likes of "Dr. Roger"—Roger Landry, a physician who promotes "a culture of successful aging" in rousing speeches at senior centers nationwide. "Never act your age," he told a recent gathering at the Chatham Senior Center on Cape Cod. Why? "When you buy into that, it is buying into age as decline." The good news, Landry went on, is: "Your purpose doesn't end after you retire, your kids are gone, and the dog dies. You are now at a point of being unencumbered." Check any thoughts of moving in with the obliging daughter or son: "You never want to live with your kids," Dr. Roger advised, because "they want to make your life risk-free." On the slide screen flashed a quotation from the 19th-century novelist George Eliot: "It's never too late to become what you might have been."

Asked afterward if he agreed with this inspirational message, 76-year-old Stu Tuchinsky shot his questioner an even look and replied, "I live it." Mary Chesnut, 77, said of Dr. Roger, "He was right on." Two years a widow, she has joined a group of "wild women" who regularly play canasta and the like. (American women at 65 are apt to live an average of about 20 more years, nearly three years longer than men of that certain age—although this gender gap is narrowing.) Opinion polls suggest

For Aging Entrepreneurs, Mom-and-Pop Shops ...

By Darren Dahl

It's rare for couples these days to stick together for as long as John and Patsy McArthur have. Both now 63, they met in high school in rural Red Springs, N.C., and never ventured far. In their 45 years together, they have run a farm and, since 1987, a contracting business. As recently as 2008, when the housing market was booming, annual revenues of their 60-employee McArthur Construction topped $14 million. This got the McArthurs thinking about selling their company and using the proceeds to ease into retirement, figuring to travel and spend more time with their grandchildren.

Oops. That was before the bottom fell out of the real-estate market. When it did, the McArthurs quickly sold some equipment, paid down debt, and scaled back their payroll by cutting the staff to 45. They closed their office in Charlotte, where the building boom had gone bust, and moved the business back near home, where rent and land cost less. "We kept bidding all the time on new projects, but we had to cut our profit margin to the bone," John McArthur said.

While many of their peers in construction were forced out of business, the McArthurs were fortunate to weather the Great Recession better than most. But not without cost: Their dream of selling their business and retiring has been put off. Indefinitely.

"When you put every penny you have into building a business whose value then disappears, living on a beach doesn't seem as important anymore," Patsy McArthur explained. "That's the tragedy of what's happened in small-business America. So many business owners don't have dreams—about retirement or otherwise—anymore."

It's not news that the collapse of the stock and real-estate markets starting in 2008 played havoc with the financial wherewithal of most Americans. Not that Americans have typically been all that good at saving anyway. According to a 2010 study by Boston College's Center for Retirement Research, the shortfall between what 32-to-64-year-olds need to retire and what they'll actually have when they reach the traditional retirement age of 65 amounts to some $6.6 trillion. That's an average of $90,000 per household.

Baby boomers who thought they were on the cusp of retirement have probably suffered the worst. A survey conducted recently by AARP of people age 50 and older found that a third of them planned to delay their retirement and another 44 percent expected to work at least part-time past age 65.

"Certainly my views on retirement have changed, especially since the economic downturn," said Linda Rink, 60, a self-employed market-research analyst in Philadelphia. "I will not receive large pensions from former employers, and my expectations from Social Security are not large either, given my erratic pay history. So retirement seems like a joke these days. In fact, I joke to my fellow baby-boomer friends that I expect to be working 'in my walker.' "

Yet, the prospect of landing a job

that baby boomers, ages 47 to 65, are receptive to an anthem of independence. A recent survey by the Associated Press/*LifeGoesStrong.com* found that 73 percent of them expect to continue to work past age 65. *(See sidebar, p. 8.)*

AN ELDER ECONOMY

In the short run, in an economy stuck at close to 9 percent unemployment, a decision by baby boomers to keep working past 65 (or once retired, to return to the job market) may well restrict younger workers' job prospects. "In a slack job market, certainly, people postponing retirement does mean fewer job openings for prime-age and younger workers," said Monique Morrissey, an economist at the Economic Policy Institute in Washington. Moreover, the temporary "surplus of labor" partly created by the big labor pool of seniors also exerts downward pressure on wages, according to Dean Baker, codirector of the Center for Economic and Policy Research in Washington. That's especially true for jobs—in retail, say—for which a senior and a young person may compete directly.

But in a healthier economy, and presumably in the long run, the presence of more seniors in the labor force would likely be a plus: Instead of displacing younger workers (or anyone else), they would add to the total economic output. There's precedent. The entry of more women into the workforce in recent decades hasn't meant fewer jobs for men, Morrissey noted, but rather a stronger and wealthier economy overall.

The economy, like the culture, is finding some benefit in Americans' ever-longer life spans. The business of caring for the elderly has changed seismically in recent decades and now ranks among the economy's most dynamic sectors. Starting in the 1970s, "elder care" expanded beyond nursing homes to include so-called assisted-living institutions that provide services (meals, laundry) in apartment-like settings. The business of delivering health-related services to seniors at home is booming. The size of this market more than quadrupled, to $46 billion, from 1999 to 2007. Even in a sluggish economy, industry executives expect the sector to add 100,000 jobs in 2011.

Technology is driving this growth. Cutting-edge products such as "companion robots," designed to resemble dogs or baby seals, can make it easier for seniors to stay in their homes. Techno-savvy baby boomers, accustomed to using baby monitors and other gizmos in raising their children, may employ the latest devices to manage their own well-being. America's grayest places—in the 2010 census, Scottsdale, Ariz., ranked No. 1 in median age, at 45.4 years—could serve as frontiers in an elder-care economy. An aging population might act as a spur to entrepreneurs.

... May (or May Not) Finance Their Retirement

in late middle age can be daunting, especially in a tight labor market. A popular solution: turning to entrepreneurship as a way to pay the bills. Americans ages 55 to 64 started some 10,000 businesses a month in 2007-08, more than any other age group, according to the entrepreneurship-focused Ewing Marion Kauffman Foundation, based in Kansas City, Mo. Altogether, an estimated 9 million of the nation's 15 million small-business owners were born before 1965. But even they aren't necessarily any closer to retiring. A perfect storm of sorts—a lack of credit, a depressed economy, and a glut of small businesses up for sale—has made it harder than ever for aging entrepreneurs to sell their companies to finance their post-employment years.

"I can tell you that, from my perspective, business owners who may have hoped to be out from under the grind—and risk—associated with ownership are indeed holding on to their businesses right now," said Barbara Taylor, cofounder of Synergy Business Services, a brokerage and valuation firm in Rogers, Ark. "Valuations are down, and credit markets remain tight. For many business owners, that means it's a bad time to sell, which means we may have business owners delaying retirement for quite some time."

A case in point: 60-year-old Douglas Wamsley, a self-employed accountant in Athens, Ga. For years now, he has planned to sell Wamsley Accounting when he turned 65. But, he lamented, "simply nobody, nobody, nobody is looking to buy. OK, there are some players looking to steal your business by offering 50 percent of a normal selling price. And nobody can get cash anywhere to purchase a business. And now with [a] slip in [the] overall financial market, I'm concerned if I have enough to retire anyway. So, for now, I'm revamping my plans and will probably work another 10 years at least."

Of course, even if seniors are able to sock enough away, retiring to a beach or a golf course isn't for everyone. Consider the story of Jim Smith, a former information-technology executive who spent most of his career working for big companies. After he retired six years ago at 55, he and his wife bought a house in Seattle with plenty of room for him to throw himself into his hobby of woodworking. "I thought I would have a blast making furniture for my kids and grandkids," Smith recounted. "After doing that for a few years, nobody needs anything anymore."

But the recession brought a remedy for his boredom. Smith realized that his wealth of IT knowledge could help businesses struggling through the economic downturn. So last January, he opened a consultancy, Enterprise Management Group, to help *Fortune* 500 companies cut their IT costs.

"If you are an entrepreneur, you'd better think long and hard about whether you really want to stop," Smith advised. "I was dumbfounded by how fast I got bored and how much I missed my work." He's a lucky man, one with options, delaying retirement by choice, not out of necessity. But delaying it.

The author, a contributing editor to Inc. *magazine, is a business writer in North Carolina.*

HIGH COST OF LONG LIVES

Even so, revolutions in technology and culture have their limits. Sadly, many seniors are cognitively impaired, no longer capable of using a cell phone or a computer, much less of reinventing themselves to become what they "might have been." Debilitating, slow-killing diseases such as Alzheimer's—which afflicts more than 5 million Americans and costs Medicare and Medicaid $130 billion annually for treatment—confine many older people to years in a helpless twilight.

In this context, the fiscal worrywarts certainly have a point. Absent changes in public policy, a financial time bomb could well explode. The most pressing concern is Medicare. Federal spending on the program grew from 1.7 percent of GDP in 1985 to 3.6 percent in 2010, totaling $520 billion for the 48 million participants. If nothing changes, the Congressional Budget Office predicts, Medicare spending will nearly double its share, approaching 7 percent of GDP, by 2035.

Social Security is in better shape, despite a published report that its trust fund is paying out more than it is taking in. The program disburses an average lifetime benefit of $300,492 to 44 million retirees and is running a $2.6 trillion surplus. But the surplus will be gone, the trustees say, by 2037. By 2050, Medicare is on track to pay 83 million retirees—nearly twice as many as now—an average lifetime benefit (in 2010 dollars) of $554,942.

These twin entitlement burdens, if left unaddressed, could provoke not only a fiscal calamity but also a political firestorm. Regressive payroll taxes, after all, finance all of Social Security and 35 percent of total spending on Medicare. (Beneficiaries' premiums account for only 12 percent of Medicare expenditures.) This wasn't a problem in 1960, when five Americans were in the workforce for each retiree. But this ratio has declined to 3-to-1 and is expected to shrink to 2-to-1 by 2030.

> The political climate is ripe for **generational warfare** between young workers and the elderly.

The political climate is ripe for generational warfare between the workers who pay for Medicare and Social Security and the elderly who benefit. Demagoguery is one result, as in Texas Gov. Rick Perry's likening of Social Security to a Ponzi scheme. (A true Ponzi scheme requires secrecy.) Cynicism is another. A Gallup Poll in 2010 found that six in 10 workers held no hope of receiving Social Security. Among Americans ages 18 to 34, the proportion of pessimists ballooned to three-fourths.

DEATH AND TAXES

Fortunately, a politics of bitterness isn't foreordained. Two main public-policy remedies could help the nation prepare for a future in which people live longer. The first: taking steps to stretch out the years of a healthy life—that is, to accelerate the compression of morbidity. America has made remarkable progress over the decades; life expectancy at birth has increased by nearly 30 percent since 1933, when it stood at 61 years. Still, considerable room for improvement remains. The onetime East Germany—yes, the former Communist state that's now part of the unified German republic—has attained a longer life expectancy at birth, of nearly 80 years, than America's 78. Among the United Nations' member countries, the U.S. ranks a middling 34th in life expectancy at birth, just above Albania. Japan is first among major nations, at over 82 years.

What to do? The government could try to improve public health by taking steps—using the tax code, for example—to alleviate conditions such as obesity, which lengthens morbidity by raising the risks of heart disease, stroke, and diabetes. Since 1980, the rate of obesity has more than doubled (to 35 percent) among Americans 20 and older and nearly tripled (to 17 percent) among children ages 2 to 19. The Center for Science in the Public Interest has proposed that the government levy a stiff tax on soda, as it does on tobacco.

Boston geriatrician Perls goes so far as to suggest taxes on meat—yes, the T-bones and ribs that Americans savor—to curtail consumption of those cholesterol-suffused, artery-clogging instigators of heart disease and stroke. It isn't a coincidence, he said, that Seventh-day Adventists live to 88, on average, a decade longer than the populace as a whole: For more than a century, the church has defined a godly lifestyle as including a diet that favors fresh vegetables and fruits, whole-grain breads, and low-fat dairy products but avoids beef, lamb, pork, and chicken as well as coffee, tea, and alcohol.

The certainty that retiring baby boomers will add to the strains on Medicare and Medicaid may or may not nudge a financially strapped government to spend more on research to cure Alzheimer's and other lingering diseases. The National Institutes of Health devotes $469 million of its annual $31 billion budget to Alzheimer's research—a pittance, critics say, considering that annual treatment costs may reach $1 trillion by 2050. NIH's director, Francis Collins, told Congress earlier this year that the projected tab could be reduced by half if improved detection and treatment could delay the onset of Alzheimer's by five years. He noted that a massive research effort into heart disease had contributed to a 60 percent reduction in coronary-related deaths.

LESS-ENTITLED ENTITLEMENTS

Washington could also help to curb the financial dangers posed by an aging population by overhauling the entitlement programs that pay benefits to the elderly. This would entail renegotiating, in effect, the bargain between the country and its growing ranks of seniors. A big step, as suggested by Nicholas Eberstadt, a demographer at the American Enterprise Institute, would be to raise the age of eligibility in line with longer life spans.

Today, workers born before 1938 can receive full Social Security benefits at age 65; the eligibility ages rises gradually for those born later, so that workers born after 1959 must wait until they're 67—starting in 2027—for full benefits. (Any worker may take reduced benefits at age 62.) Even as Americans' life expectancy keeps rising, current law has no provision to raise the retirement age beyond 67. Third Way, a centrist Democratic think tank in Washington, has proposed gradually increasing the retirement age to keep pace with life

NEWSCOM/PICTURE-ALLIANCE/DPA/VICTORIA BONN-MEUSER

"Companion robots" can make it easier for the eldery to stay in their homes.

expectancy, thereby lopping a cumulative $1 trillion from the trust fund's payments by 2040.

Similarly, postponing eligibility for Medicare could yield substantial savings—of 7 percent by 2035, according to CBO, if Americans must wait until they're 67 to receive benefits. "Raising the eligibility age to track with increased life expectancy is the best way to preserve Medicare while reducing the cost to taxpayers," said Veronique de Rugy, a senior research fellow at George Mason University's market-oriented Mercatus Center.

Another oft-proposed solution is to reduce or eliminate entitlement benefits for high-earning seniors. Such means-testing seems in line with the progressive taxation of income, a cornerstone of the federal tax code, but it would save far less than raising the eligibility age. Third Way's proposal for Social Security would save a half-trillion dollars by 2040 by phasing out benefits for seniors with individual incomes of $150,000 (for couples, $200,000), but twice as much by indexing the retirement age to life expectancy.

These prescriptions have the advantage of political plausibility. Republican presidential candidate Mitt Romney, often cautious to a fault, recently called for raising the retirement age for Social Security and the eligibility age for Medicare in step with increases in longevity. He also backed means-testing for Social Security. President Obama and House Speaker John Boehner agreed on raising the eligibility age for Medicare before their talks about a grand bargain on the federal debt fell apart last summer.

Washington could also rescind the active disincentives—punishments, really—it metes out to Americans who choose to work past 65. The seniors who sign up for West Bridgewater's program must declare the value of any property-tax abatement as income in their federal tax filings (though not their state filings). The town must also pay for participating seniors' contributions to Medicare. Mary Harrington Graf, director of elder services for the West Bridgewater Council on Aging, declared, "The big nonsupporter of this program is the federal government."

HEALTH = WEALTH

Thomas Malthus was wrong. The 18th-century British philosopher famously predicted that life on Earth was doomed because the planet's food supply grows arithmetically while its population expands exponentially. The only thing that could save humankind, he warned, was multitudes of deaths—caused by war, pestilence, or some other catastrophe. To put the Malthusian proposition in economic terms (as many economists have done), a shorter life span is a plus, allowing a nation to spread its wealth more generously among a smaller population.

Malthus failed to anticipate, however, the productivity of the Industrial Revolution or the spectacular improvements in public health (springing from the mid-19th-century discovery of germs) that would ease his grim equation. Science and machinery extracted greater crop yields from the same acreage. From 1820 to 2001, the world's population increased by nearly six times while per capita income increased ninefold. Over the same period, life expectancy in the West shot up from 36 to 79 years; in the rest of the world, from 24 to 64.

The essential lesson, for Americans and everyone else, is that improved health (for which increased life expectancy is a gauge) is itself a driver of wealth. Harvard's Canning is fond of noting that the causal arrow runs in both directions. When a society is growing in wealth, it can devote more resources to improving the health of its people. So, more wealth, better health. It is also true that when a society is healthier, its workers are likely to be more industrious and productive, creating more wealth. So, better health, more wealth.

Think of a flu epidemic threatening to wipe out a city, confining workers to bed. If a vaccine can restore everyone's health, wage earners go back to work. Wealthier societies are healthier, and healthier societies are wealthier. Evidence: The United States circa 1900, when just 4 percent of the population was 65 or older, was far poorer than today's America, with more than triple that share.

As the numbers of the aged grow, societies as diverse as China's and America's will grapple with the challenge, following starkly different cultural and political norms. A nation such as this one, that prides itself on personal reinvention, is apt to do just fine in rethinking the culture of aging. The U.S. economy, still one of the world's most flexible and innovative, is also bound to adapt.

The hardest challenge may be the political one. As the baby boom turns into an elderly boom, the federal government has no choice but to be deeply involved. Even privatized solutions to the ever-costlier federal entitlement programs, favored by conservatives who want Washington out of the way, would require landmark legislation to repeal chunks of the New Deal and the Great Society. That would take government action.

All of this suggests that the current political paralysis includes among its victims any hope of a coherent strategy for handling the demographic certainties of a graying population. Since this nation began, Americans have been living longer and enjoying greater prosperity. There is no defensible reason the 21st century should be any different.

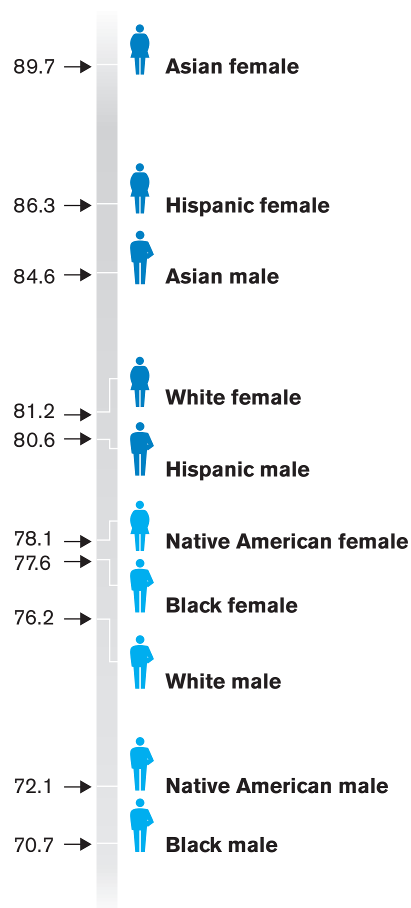
The writer is a contributing editor to National Journal *and the author of* After America: Narratives for the Next Global Age.

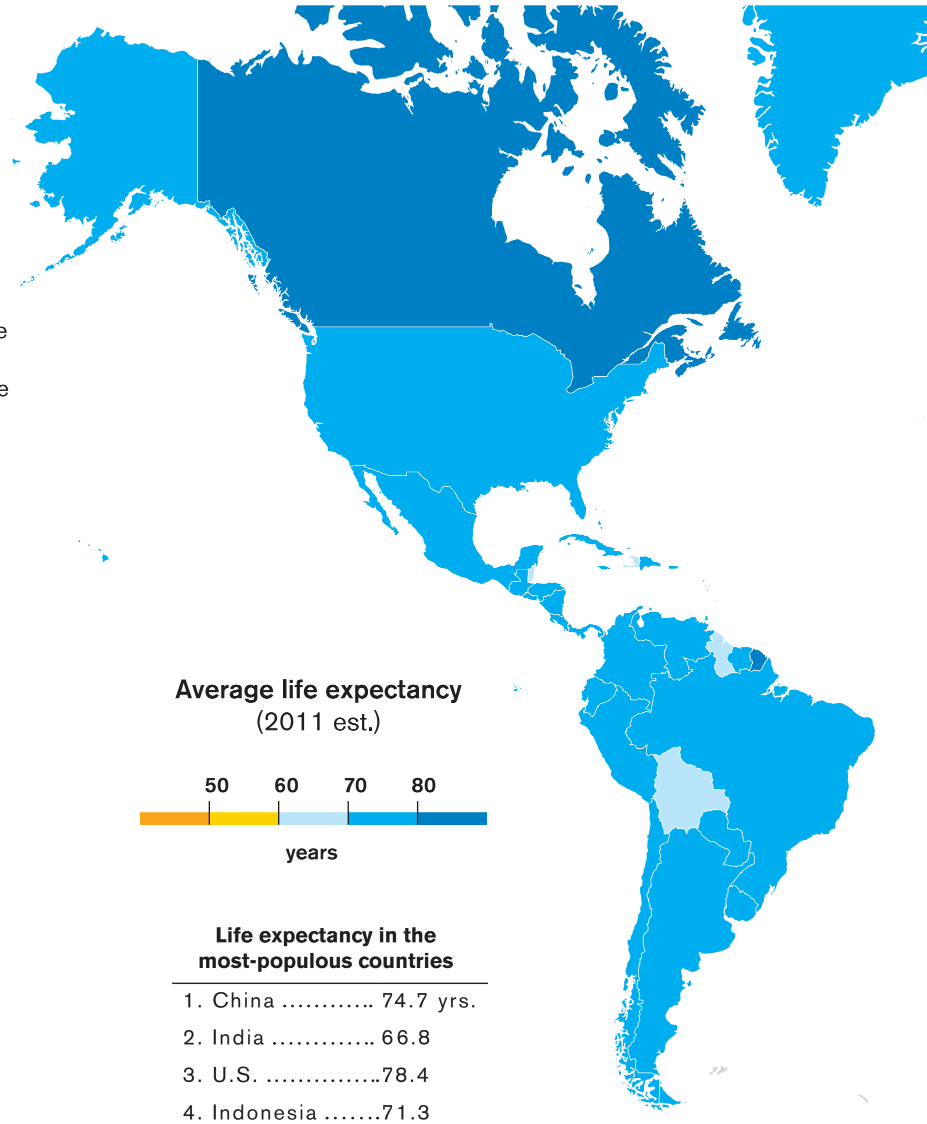
The Big Picture

Living Longer Than Ever

With an average life expectancy of 78 years, the United States is comparable to Mexico and Morocco. But the U.S. is on track to soon join the ranks of elder societies, such as Japan and Italy, where life expectancy exceeds 80 years. As more Americans live longer, the individual benefits and collective challenges of increased longevity are poised to take center stage.

U.S. average life expectancy at birth, by race and ethnicity

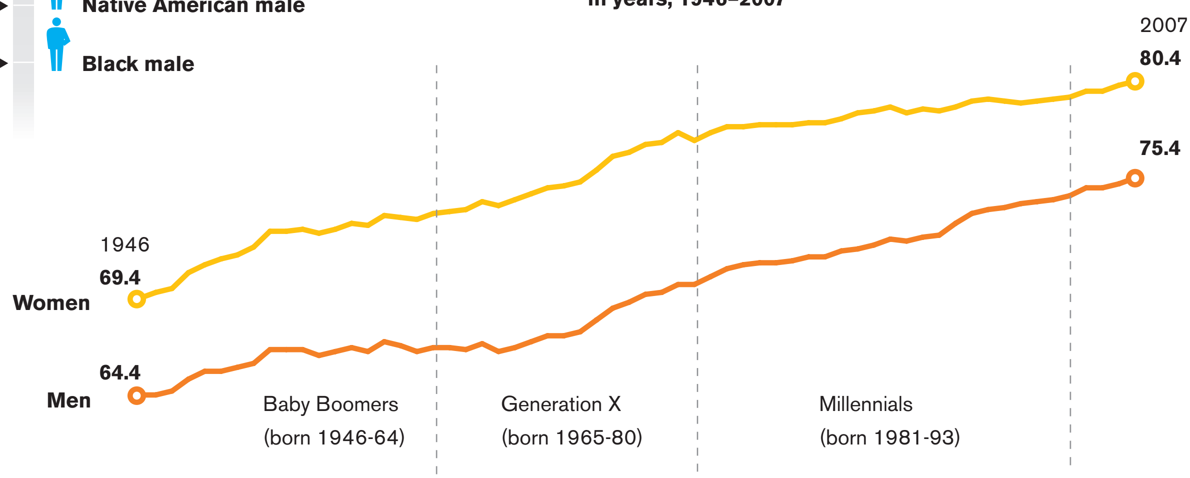




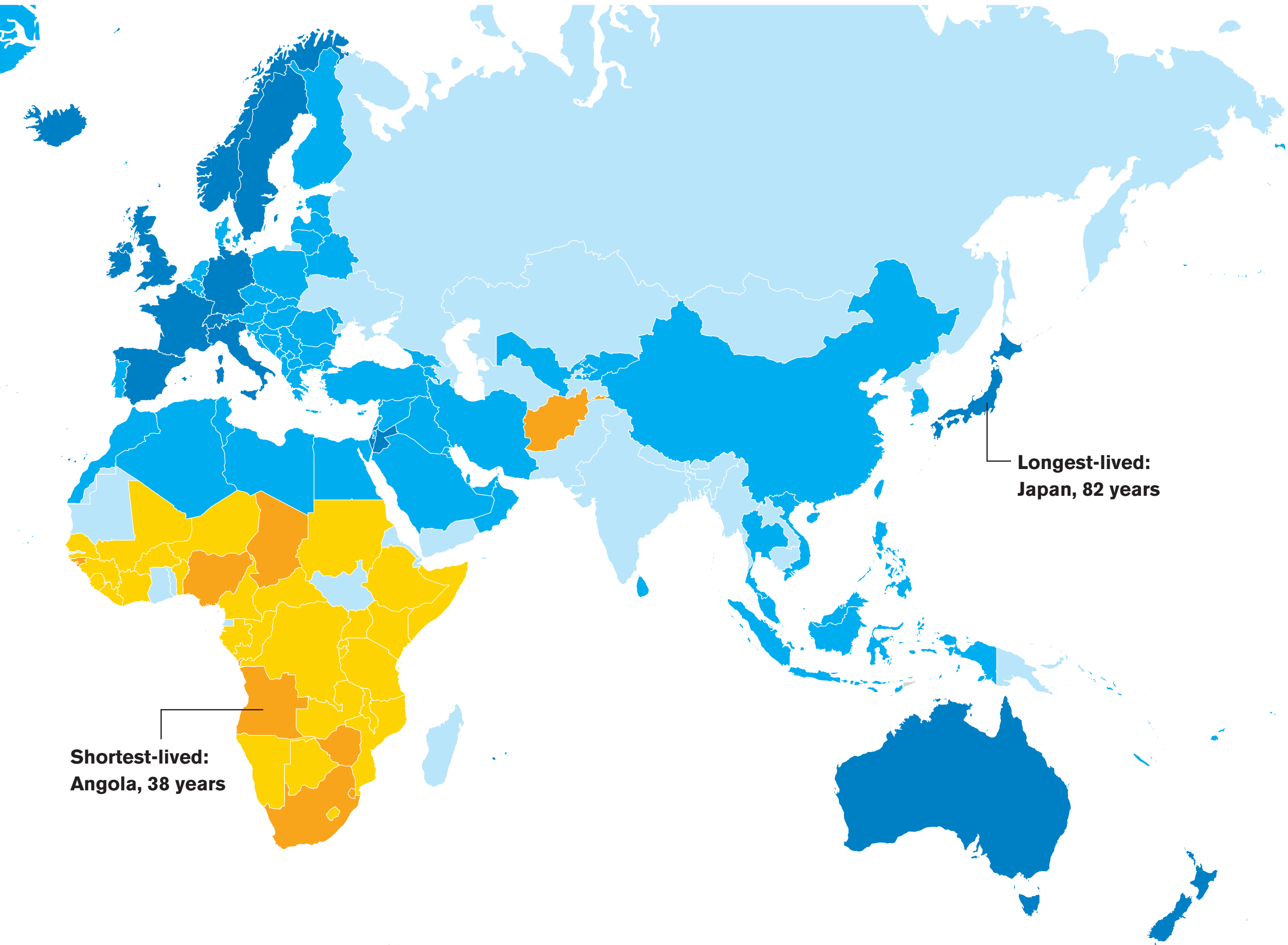
Life expectancy in the most-populous countries

1. China	74.7 yrs.
2. India	66.8
3. U.S.	78.4
4. Indonesia	71.3
5. Brazil	72.5

U.S. average life expectancy in years, 1946–2007

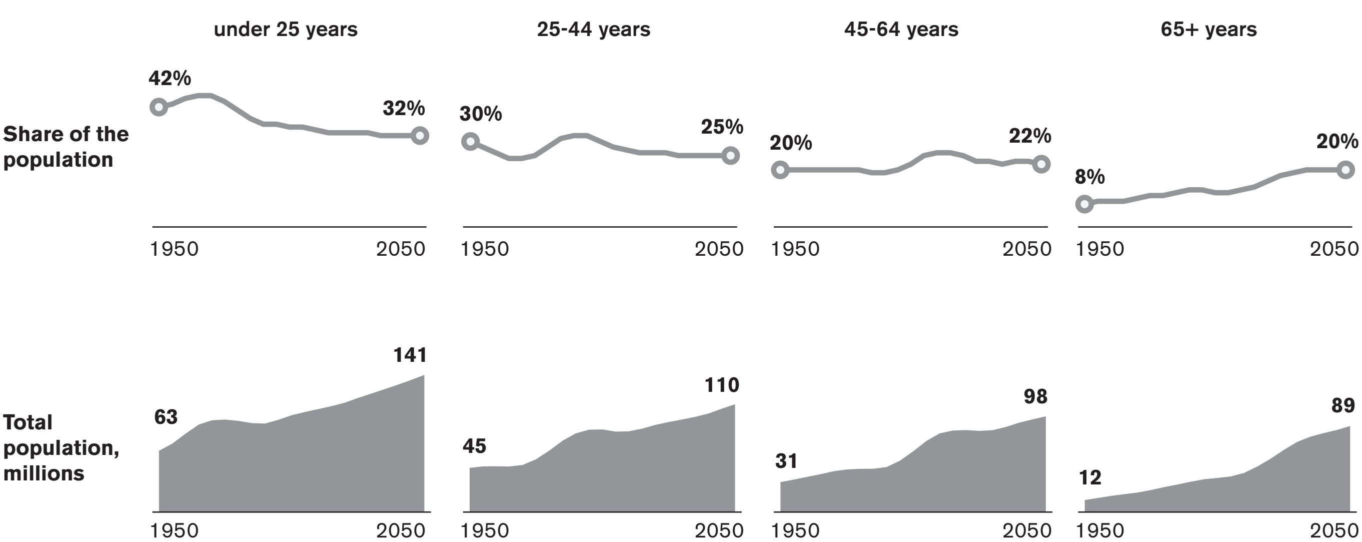


Sources: CIA World Factbook; Census Bureau; American Human Development Index; Centers for Disease Control and Prevention; Natural Earth



The Gray Tsunami

The aged's share of the U.S. population is growing as longevity increases. Magnifying the shift is the large baby-boom generation born after WWII, the first of whom turned 65 this year. By 2030, the youngest boomers, born in 1964, will have crossed that threshold. By 2050, almost 90 million Americans—20 percent of the population—will be 65 or older.



Graphic by PETER BELL and RYAN MORRIS


GETTY IMAGES/TOM KELLEY ARCHIVE

Retirement Roulette

Saving for retirement used to be as simple as showing up for work. Now it's rife with contingencies—and success is all on *you*.

By RUSSELL PEARLMAN

THESE DAYS, WILLIAM DROMS can shock people in two different ways. When he's in his classroom at Georgetown University, the finance professor tells his students how much they'll need to save on their own, year by year, to retire. Start saving early enough, he says, and you could sock away a million bucks by putting away just 4 percent annually. They're pretty confident they can do it, he says, until they see how fast inflation eats away at their nest egg.

Outside the classroom, Droms runs a financial-planning firm. Many of his clients lost 40 percent or more in the stock market during the 2008 crash.

"You heard of the thousand-yard stare?" Droms asked. "I'd never seen it until some of the people came in and we went through their finances." What made it worse, he recalled, was telling them that—even after all those losses—the only way they could rebuild their retirement savings was to go right back into the roller-coaster stock market.

It's part of the American Dream:

the ability to relax during your supposed golden years. Maybe your particular dream involves golf or grandkids or skydiving. Any of these requires money—a lot of money. Baby boomers reaching age 65 can now expect, on average, to live another 12 to 15 years, and the members of Gen X and Gen Y likely will live well into their 80s and 90s. To afford a reasonably comfortable lifestyle, by Droms's calculations, a single person will probably need to have saved up at least $1 million by the time they are 65.

That's a daunting enough task already. Traditionally, there have been some easy, almost carefree ways to build up that much money. However, thanks to a combination of factors, those options are pretty much gone. To save for retirement, Americans must take on risks that they've never faced before. In making sure that we don't outlive our money, we are essentially on our own.

The problem is that there's no safe-yet-lucrative way to save anymore. The broad stock market has had several epic rallies and nosedives in the past decade, and many experts say that wild swings are here to stay. All the while, inflation will inevitably eat away at the value of people's savings. What's more, the safe, fixed-income investments—from bank CDs to government bonds—are paying next to nothing these days. During the past few years, the federal government has tried to alleviate some risk and, in some cases, to save us from temptation.

Ultimately, though, all the pressure to build a nest egg doesn't rest on an employer's magnanimity, a financial planner's shrewdness, or a hotshot broker's daring. It's on you. And that may be the riskiest thing of all.

PENSIONS—REMEMBER THOSE?

There are plenty of reasons why saving for retirement has become so much tougher. But for most people, it starts with the fact that, until recently, the need to build your own retirement money was a hypothetical. For decades, tens of millions of Americans assured themselves of a comfortable retirement just by showing up at work. Companies big and small, along with nearly every government employer, offered defined-benefit plans.

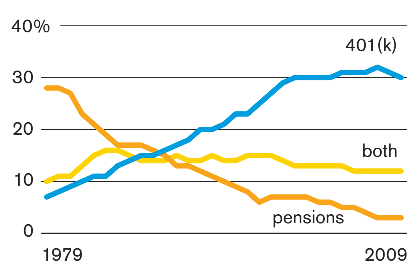
After a couple of decades on the job, employees were entitled to a pension, which paid them a set amount of money each year after retiring. That amount was often enough to live on, and if it wasn't, Social Security took up the slack. For the most part, it was a risk-free way to save. You didn't have to worry about the stock or bond markets, European debt crises, the price of gold, the yuan-to-dollar exchange rate, or anything else. Your employer saved for you while you worked, and when you retired, money appeared in your mailbox each month; you deposited the check on the way to the golf course.

As anyone under age 40 knows, though, pensions are something that your parents talk about wistfully and that you'll probably never see. For most people in the corporate world, pensions have been replaced by defined-contribution plans to which the company commits a promised amount of money during your working years—but once you leave, that's it. A 401(k) account, for instance, is a defined-contribution plan. So now, while you spend your 20s through your 60s building a career, getting married, and raising kids, you must also learn how to invest like a pro—watching the stock market, learning what a bond is—all to ensure that you don't wind up in dire fiscal straits if or when you decide to stop working. Employers may offer "default" options for 401(k) plans—hodgepodge mutual funds—but many of those fared worse during the 2008 financial crisis than the broader stock market did.

Reversal of Fortune

Their parents received pensions, but baby boomers' retirement savings are held in riskier 401(k) accounts.

Private-sector workers participating in an employment-based retirement plan, by type



Sources: Employee Benefits Research Institute, Labor Dept.

Consider the transformation in progress at General Electric, the 120-year-old-plus company that still ranks sixth among the *Fortune* 500. Even as GE helped to supply the world with lightbulbs and aircraft engines, it also supplied its workers—starting in 1912—with a retirement plan. If you worked a certain stretch at GE, the company promised to pay you a percentage of your salary after you left. GE set aside tens of billions of dollars to live up to that promise; indeed, the company put aside so much money in the 1970s and 1980s, vastly overfunding its pension plan, that it hasn't contributed anything to it since 1987. Each year, GE pays a few hundred to several thousand dollars a month, typically, to about 500,000 pension beneficiaries. Retirees were assured of a monthly check for the rest of their lives, amounting possibly to 50 percent or more of their salary, depending on when they retired. If inflation went up, pensions rose to compensate.

Those days are gone. GE will continue to pay pensions to its existing retirees, and it will send a check to current employees once they retire. However, in contract negotiations last spring with two of its largest labor unions, GE sought to end pensions for new employees. In exchange for an up-front cash bonus of $500 and a guarantee of periodic raises, the unions agreed.

Starting in 2012, most of GE's newly hired unionized employees—electricians and the like—will receive no pensions. Instead, a lump sum equal to 3 percent of their salaries will be put annually into a 401(k), and the company will match up to 4 percent of workers' contributions. Compared to other employers nowadays, that's generous; the average corporate match is 2.1 percent, according to the Profit Sharing/401(k) Council of America. Even so, it means that GE's own savvy financiers will no longer handle the employees' retirement savings. (This is the company, after all, that made $14 billion profit in 2010 and reportedly paid almost no federal income taxes.) Instead, the company's newly hired welders, electricians, engineers, and other recruits will be on their own.

In the public sector, most jobs still provide pensions. Even so, the deep fiscal problems that many states and localities face are forcing major changes. As of last April, the pension system for California's teachers held $56 billion less than it will need to cover the benefits of more than 200,000 former teachers. With the state itself already more than $140 billion in debt, it's no surprise that Gov. Jerry Brown, a think-outside-the-box Democrat, has proposed a new system of benefits that relies on a 401(k) plan and caps the size of the pensions that state workers can receive. Illinois, too, is looking to switch nearly all current state workers to 401(k) plans. State governments across the country will be lucky to pay their current obligations to retirees, experts say—leaving few, if any, guarantees for those still on the job.

THE THIRD RAIL

This leaves the one defined-benefit program to which nearly all Americans are entitled: Social Security. The venerable program, however, faces problems similar to those of many state governments: an insufficiency of money to cover the promised benefits. There's an easy fix: Raise the retirement age and phase out payments to affluent beneficiaries. "Simple math," as Droms put it.

But the politics are daunting, because it means that workers would have to wait longer for less-generous checks. Older people are the most reliable of voters; some 63 percent of Americans 60 and older went to the polls in 2008, a larger share than of any other age group. This has famously made Social Security the third rail of American politics, and there's no reason to think that this has changed. Seniors' intransigence and voting power have prompted younger workers to wonder if Social Security will still be solvent when they retire.

Even if Social Security remains in the black, for most people it won't be enough to live on. Saving anything more is, increasingly, up to us. Yet few of us are investment experts or even want to be. So, isn't there a single investment that we can buy, then forget about for a few decades, and count on to yield enough for a comfortable retirement?

As anyone under 40 knows, pensions are something your parents talk about wistfully.

Well, there was: the U.S. Treasury bond, backed by the full faith and credit of the U.S. government. Despite all the handwringing over a government default or downgrades of the nation's credit rating, there is no surer bet than that the United States will pay off investors who buy its bonds. This is why many professional investors describe the interest earned on a Treasury bond as the "risk-free" rate.

Since late in the Carter administration, investments in U.S. bonds have paid handsomely. If you invested $10,000 in a 30-year Treasury bond in 1980, when its interest rate was around 10 percent, the feds would have paid you $1,000 a year for the past 30 years; then in 2010, you'd have gotten back your 10 grand. That's a 300 percent return. The only real risk was in tying up your money for three decades—the opportunity cost, in economists' jargon. Anytime from 1980 to 2000, buying 30-year bonds was a pretty good deal; they never paid less than 5 percent a year.

Not anymore. These days, Treasury bonds look like a terrible long-term investment. The rate on the 30-year Treasury is about 3 percent; that's roughly the same as the annual rate of inflation over the past 100 years. Investing in the "risk-free" 30-year Treasury bond now means tying up your money until the 2040s while inflation keeps eating away at the buying power of the interest you earn. You could wait for rates to rise, but that could take another two years or more. (The Federal Reserve Board intends to keep interest rates low until at least 2013 in hopes of goosing the economy.) "Three percent [earned interest] will be nowhere near enough to retire on," cautioned Jim Swanson, chief investment strategist for MFS Investment Management, which oversees more than $220 billion in assets.

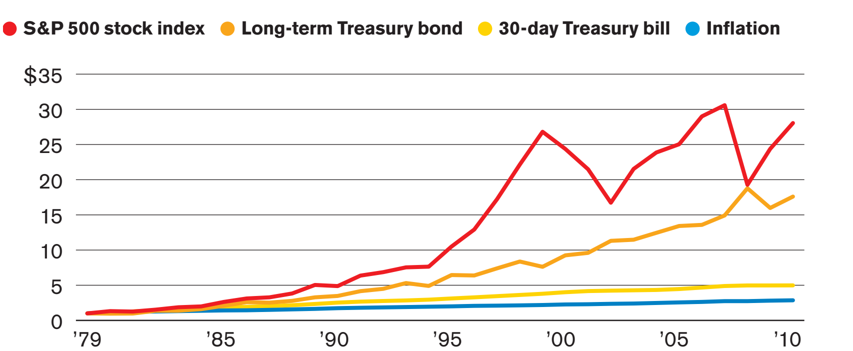
Ironically, as topsy-turvy as the stock market has been—and surely will continue to be—it just might be the least-risky way to save for retirement. Publicly traded companies, as a group, are more profitable than ever, yet their market valuations are about the same as in 1990. Many are spending their hoards of profits on dividends to stockholders—so much so that the average dividend yield on the Standard & Poor's 500 is about 2.2 percent, higher than what the government will pay you on a 10-year Treasury bond.

The danger with investing in stocks, of course, is that your portfolio shrivels and grows from hour to hour. Sometimes there are crashes. But these days, the risks of losing your retirement savings in the market are lower than the risk of never being able to build up enough money for retirement in the first place.

Stocks: A Safer Bet

Despite two recessions since 1979, stocks have yielded the best return on investment over the long term.

Compound annual return on a $1 investment



Source: Morningstar/Ibbotson Associates

The author is senior markets editor at SmartMoney, *the personal-finance magazine of* The Wall Street Journal.

CORBIS/SYGMA/PASCAL PARROT

Longevity: A Manual

Good genes are a blessing, but they can help only so much. The rest, for better or worse, is up to you.

By ALINA TUGEND

BACK IN 1946, when the first baby boomers were born, it was easy to imagine some sort of magic pill that would promise, if not immortality, at least a very long, happy, and healthy life.

Darn, another hoped dashed. We are living longer, but not always healthier and happier. Given that the ranks of Americans age 65 and older are soon to swell—from 13 percent to 18 percent by 2030—geneticists, physicians, and psychologists are hard at work figuring out what it takes to thrive into old age.

Maybe the wisest thing you can do is choose your parents—be born into a long-living family. That helps, especially if you hope to live past 100, a happy achievement that seems to run in families. Paola Sebastiani, a professor of biostatistics at Boston University, says that researchers have found that centenarians "seem to have something in their genes" that allows them to live long and to stay relatively healthy until nearly the end. Centenarians present "an extremely complex problem involving many genes," she said. By studying these survivors' biology, scientists are trying to develop drugs—some already being tested on mice—to delay conditions that plague people in old age, such as heart disease, diabetes, high blood pressure, and arthritis, according to Judith Campisi, a biochemist at the California-based Buck Institute for Research on Aging. The goal is to help people age in a healthier way.

However, don't get your hopes up about living past 100, should you lack the right genes. Demographic experts had predicted that the proportion of

U.S. centenarians would grow over the past decade, but they were wrong. Instead, from 2000 to 2010, the figure held steady: Only about one in 5,000 Americans reached age 100 or above.

For the other 99-plus percent of us, even the best genes will get you only so far. "Genes account for one-fourth to one-third of longevity," estimated Howard Friedman, a professor of psychology at the University of California (Riverside) and the coauthor of *The Longevity Project*, published this year. "That leaves well over half not accounted for."

Most of the rest, for better or worse, is up to you. "The importance of choices people make is in so many ways responsible for the quality of life in old age," said Charles Reynolds III, a professor of geriatric psychiatry, neurology, and neuroscience at the University of Pittsburgh medical school. "Many people think they should be entitled to a good-quality 25 years after age 60. Well, they're not necessarily entitled, but they can put the odds in their favor."

One way—"the least speculative and the most obvious"—is with exercise, according to Simon Melov, a Buck Institute biochemist. "More activity is better than no activity, and most people are not doing anything. They're just sitting there." Exercise, he said, reduces the risk of cardiovascular disease and perhaps even a decline in cognition. One needn't run a marathon. Gardening, walking, swimming, woodworking—all of these are more active than just sitting.

OK, what else? "If people live in a healthy way, they can extend [their lives into] the late 80s," Sebastiani said. This includes a familiar list of don'ts—notably tobacco, fatty foods, and sweets. Indeed, "some have suggested that diet can be helpful" in avoiding a deterioration in memory due to vascular disease, said Marie Bernard, deputy director of the National Institute on Aging, part of the National Institutes of Health.

The Institute on Aging is also exploring the possible benefits of a radically reduced intake of calories, which research has shown to cause many animals to live longer; a long-term research project has 218 human volunteers ingesting 25 percent fewer calories a day than usual for two years to study the impact on longevity.

Everyone is aware that they'll probably live longer if they exercise, eat right, and don't smoke. The trick is to get people to do what they know they should. The Buck Institute's Melov suggests mounting a government-sponsored campaign to get the message across, sort of an adult version of first lady Michelle Obama's "Let's Move" campaign for kids. This could include subsidies for gym memberships and certain types of healthy food as well as a publicity campaign similar to one that Australia waged in the 1970s. With heart disease rampant, its government plastered the country with the slogan "Don't be a Norm," using a cartoon showing an Aussie watching TV while balancing a beer on his belly. "There was saturation—television, radio," Melov recounted. "It was akin to launching a war on a lifestyle. And the country saw a dramatic reversal of fitness over 10 years."

Wedded bliss tends to lengthen the lives of men—**but not women.**

Although physical fitness is important, so is psychological fitness. "The word I like to describe successful aging is *active* aging," said geriatric psychiatrist Reynolds. "That means socially, intellectually, and spiritually." Research has shown that people who maintain connections to others—whether through family, friends, or work—remain healthier in old age. A study of centenarians found that they had a purpose to their lives—volunteer work or taking care of grandchildren and great-grandchildren.

But these rules aren't universal. "Everyone ages differently," the National Institute on Aging's Bernard pointed out. "If people who have been lonely and isolated their whole lives, and we say they need to be out and socializing—but it's not in their nature—it could be more stress than benefit."

She touts the advantage of preventive care as a larger part of the U.S. medical system, noting studies that show a greater incidence of cancer, heart attacks, strokes, diabetes, and lung disease in older Americans compared with Europeans. Preventive care can even ease depression, a serious problem among the elderly, albeit one that medical professionals often dismiss as natural and not worth treating. Not so, according to Reynolds. Depression can be treated with medication or psychotherapy, thereby improving a patient's physical health. The benefits—and the downsides—flow in both directions. "Disability can beget depression," Reynolds said, "and depression can beget disability."

But depression should be distinguished from garden-variety worrying—and here's a provocative finding: People who fret about things may live longer. "[A] moderate amount of worrying can be good," particularly for men, said Leslie Martin, a psychology professor at La Sierra University in Riverside, Calif. Research has shown that men who think ahead and plan—and, yes, worry—tend to fare better after their wives die. In fact, men who were worriers faced a 50 percent lower risk of dying within the next few years after becoming widowers than men who weren't worriers, Martin reported.

Possibly the reason is that, in many marriages, "the wife is the protector—telling the husband to get the doctor's checkup, to eat healthier, to wear a seat belt," she explained. "If a guy does more on his own, it may serve him well." This could also explain why men who are happily married tend to live longer than men who aren't, while wedded bliss seems to have no effect on women's longevity.

But for children, surprisingly, happiness can be a curse. Cheerful and optimistic kids lead shorter lives, Martin said. That's often because they participate in riskier hobbies and sports, and are more likely to smoke and to drink too much. "They think, 'Nothing bad will ever happen to me,' " she said.

It's good news, then, that whether people—even teenagers—will age with grace lies in many ways within their control. Of course, one always has the chance of getting hit by a truck. The role of dumb luck inspires experts to counsel: Don't be too hard on yourself. As federal administrator Bernard put it, "People shouldn't blame themselves if their aging isn't going exactly as they want."

Hey, relax (but not too much). Maybe you'll live longer. ■

The writer pens the ShortCuts column for The New York Times *and is the author of* Better by Mistake.

Escaping ICU Hell

Gobs of Medicare dollars are spent at the very end of life. But often, less is more.

By JONATHAN RAUCH

CRUEL. NOT A WORD one expects to hear a doctor use about the health care system.

Brad Stuart is the chief medical officer with Sutter Care at Home, an affiliate of a nonprofit hospital chain in California. At first, he is reluctant to be quoted speaking starkly. Drawn out, he explains: "I use the word 'cruel' because I've been there. For a lot of years, I did a lot of work in the [intensive-care units] and on the wards, and I've seen it.

"Our medical training tends to desensitize clinicians—some might say dehumanize us—so we might fail to notice how cruel our treatment might seem to, say, someone who's elderly and demented and can't understand why they're being subjected to it. If you care about people, it really is not right."

Late-life care is arguably the most flawed precinct of a troubled medical system. It is also a sector that growing numbers of Americans will encounter, as more of us live longer. Longevity, of course, is good. But for how many of us will it mean additional years of sickness, frailty, decline? For how many will it mean more medical care than we need or want?

Experts are divided on how longevity and health intersect. One theory, and everyone's hope, is that our healthy years will stretch with our life spans. A more pessimistic view is that longevity will outpace health, so we'll have more ailing years. An interesting hybrid suggests we will live through more years of chronic disease, but we'll also experience fewer years of disability, as medical advances help us stay independent. No one really knows.

What we do know is that more people will live to join the ranks of the "old old." By 2050, the number of Americans who are 85 and older will more than triple. These folks consume a lot of health care, which is expensive, especially at the very end. More than a fourth of all Medicare spending occurs in the last year of life. Of that, a large share is spent in the final month, often keeping people alive just a bit longer in intensive care. That's not a nice place to be—and it brings us back to Stuart's challenge: At least as important as paying for longevity is humanizing it.

When patients see what life **on a ventilator looks like,** they usually don't want one.

Studies find repeatedly, for instance, that patients' wishes for minimal medical intervention near the end are often overlooked by doctors or overridden by relatives. Very often, too, patients do not understand the choices that doctors throw at them. Do you want CPR? A ventilator? When confronted with jargon, many people say "yes." But when Angelo Volandes, an innovative physician at Massachusetts General Hospital, shows advanced-care patients videos of what life on a ventilator actually looks like, they usually don't want it. "There's a huge misalignment between what patients want and what they get," he says.

Quietly, but gathering force, reform is rising from the grassroots. A movement for what's called "shared decision-making" gives patients specially prepared brochures and presentations to make sure they understand their choices. It turns out that patients choose major interventions less often when they're given more information in plainer language, and the results tend to make them happier and, often, healthier. Overtreatment is bad for you.

Another reform is called "advanced-illness management"; Stuart is a proponent and a leader in the field. It provides patients who have multiple late-life illnesses with extensive care at home. In one study, the result was to reduce hospital admissions by more than 50 percent. Costs are lower; patients are spared the ICU's fluorescent-lit hell.

Perversely, however, federal incentives are rigged against such innovations. Medicare pays for procedures and hospital stays but generally not for programs that forestall procedures and hospital stays. No wonder old age and hospitalization have become, in some places, all but synonymous. "Unless there are federal regulations," Volandes says, "you're not going to get this out there."

Medicare, of course, has proven notoriously hard to change. But baby boomers are equally notorious for bending the world to their will. Here's a prediction: Their numbers and longevity will transform advanced care. They will demand, and get, freedom from the clammy grip of the ICU. ■

The author is a contributing editor to The Atlantic *and* National Journal.