



# The Demographics of Aging in North Carolina

by John Quinterno

## Executive Summary

**F**earrington Village, an active community primarily for older adults just south of Chapel Hill, blends metropolitan sensibilities and rural aesthetics into a high-end version of the good life. Eighty miles to the northeast of Fearington sits Warrenton, an authentic, antebellum tobacco town. Like Fearington, Warrenton has an older population (older in this article is generally used to refer to those 65 and over). Unlike Fearington, the population is likely to be more African American, less affluent, less educated, and even older. Taken together, Fearington and Warrenton illustrate different aspects of North Carolina's aging population. Wise responses to the age-related issues facing the state will require public leaders to assess the demographic changes and their implications, understand the ability of older adults to contribute in meaningful ways, and meet service needs in communities as diverse as Fearington and Warrenton.

### The Demographic and Social Dimensions of Population Aging

*Natural change* measures the difference between the number of births and deaths that occur within a population, and *net migration* captures the difference between the number of people moving into and out of a population. The interplay between natural change and net migration alter the size and structure of the American population. In 1900, older adults in the United States accounted for just 4 percent of the population. Over time, multiple

factors—declining fertility, a reduction in infant mortality, increasing life expectancies, and a surge in immigration—resulted in older adults comprising 12 percent of the population in 2000.

Health advances nationwide have allowed more people to reach age 65, and those who do so are apt to live even longer—19 years more on average. Furthermore, older adults overall are more secure financially and able to live independently. Altogether, these factors have created retirement, a phase of life that, largely unknown a century ago, now constitutes almost a quarter of a lifetime.

### Population Aging in North Carolina, 1900–2000

At the beginning of the 20<sup>th</sup> century, North Carolina had one of the nation's youngest populations. Just 3.5 percent of all Tar Heels were 65 or older. The state's economic growth in metropolitan areas during the 1970s and the influx of domestic and international migrants in the 1990s produced a North Carolina with an age structure virtually identical to that of the nation. By 2000, some 12 percent of all North Carolinians were 65 or older.

### A Portrait of Today's Older Tar Heels

Today's aging population can be divided into three groups: the "young old" (ages 65–74), the "older old" (ages 75–84), and the "oldest old" (ages 85+). The young old account for 53 percent of the state's older adults. Such a relatively young older population is more likely to be healthy and self-sufficient.

In North Carolina, there are 1.2 women per man among the young old, 1.4 women per man among the older old, and 2.4 women per man among the oldest old. The **gender** composition of the oldest old is especially important since women over age 85 not only are more likely to be frail physically, but they also are frequently widows who are financially vulnerable. In terms of **race and ethnicity**, whites comprise a disproportionately larger share of North Carolina's older population: 81 percent of the older population versus 68 percent of the overall population.

In 2006, 86 percent of Tar Heels 65 and over were not in the **labor force**. For most, the reason is simple: They choose not to work. They make that choice because they can afford it, thanks largely to the federal government's Social Security program. In North Carolina, 95 percent of older residents drew Social Security benefits in 2006, with the average benefit totaling \$1,225 per month or \$14,702 annually.

Conventional wisdom holds that retired Americans derive their **incomes** from a three-legged stool of Social Security, pension benefits, and personal assets, but for some—especially older women—Social Security is their sole source of income. The other parts of the three-legged stool are concentrated among high-income households.

In terms of **geography**, North Carolina's 85 rural counties contained 57 percent of the older population—some 611,720 residents—in 2006. Rural counties have more older residents in terms of sheer numbers and as a proportion of the county population. A study by Jim Mitchell at East

Carolina University found that older rural adults in Eastern North Carolina have “higher rates of disability, lower incomes, less education, and lower reading ability than their counterparts in small and larger towns.” Rural communities also typically lack the supportive health, transportation, and housing services that older residents need to live independently.

### **The Aging of the Population, 2000–2030**

North Carolina's older population is expected to double by 2030, rising from 1.1 million to 2.2 million. If projections hold, North Carolina's future older population will differ demographically from the current population in three respects. First, there will be 2.5 times more Tar Heels age 85 and older. Second, the ratio of older men to older women is expected to rise from 67 men per 100 women to 77 men per 100 women. Third, non-whites are expected to form a larger share of the older population—21 percent in 2030 compared to 19 percent in 2006.

Also, between 2000 and 2030, the Old North State's overall population is expected to expand by 52 percent—jumping from 8 million to 12.2 million—owing primarily to net migration. Older Tar Heels' share of the population is expected to rise from 12 percent to 18 percent.

### **Financial Well-Being, Location, Work Force, and Public Finance**

The changes in aging demographics will force North Carolina to deal with several public policy issues, including those related to financial well-being, the concentration of elderly in rural counties, work force

challenges, and state budget implications. In terms of **financial well-being**, compared to previous ones, the Baby Boom generation should reach older age having earned more money, having built more wealth, and anticipating higher retirement incomes. This overall prosperity, however, clouds important differences in the distribution of income and wealth, which likely will be much more unequal than has been true in the past.

In terms of **geographic location**, rural counties should have the highest proportions of older residents by 2030. Older adults in such communities are more apt to be single, poor, and ill, yet those places often lack needed services. Providing those services may emerge as a critical challenge for local governments.

As the North Carolina Commission on Workforce Development warned in a 2007 report, the retirement of one-quarter of the state's work force may decrease the **supply of workers** over the next two decades. Nonetheless, the overall population growth should produce a state in 2030 in which working-age people still account for 57 percent of the population. But, perhaps work force shortages will encourage Baby Boomers to stay in the work force longer, and employment earnings will become another source of income for those 65 and over.

**State budget issues** will include the escalating cost of medical care. Not only have medical costs consistently outstripped the rate of inflation in recent decades, but older adults also are bearing more of the costs, due in part to the reduction of employer-sponsored health care coverage for retirees.

While most older adults receive health insurance through federal Medicare or Medicaid programs, these programs are struggling to keep pace with the increasing cost of medical treatment, especially as it relates to end-of-life care. Left unaddressed, the financial costs associated with medical care likely will surge alongside the growth in the older population. Older adults therefore may turn to the public sector for help in affording insurance that supplements Medicare and helps with out-of-pocket expenses. Additionally, because states pay for part of the cost of Medicaid, North Carolina's state budget will be affected directly if Medicaid continues to function as the main source of long-term care coverage. Absent fundamental reform, North Carolina likely will face state budget challenges as it strives to help older citizens afford health care.

\*\*\*

The doubling of North Carolina's older population within a quarter of a century will affect many aspects of Tar Heel life. Changes in aging demographics will impact communities as diverse as Fearington Village and Warrenton in different ways. The potential policy implications of these changes, which are only beginning to manifest themselves, include the financial well-being of older adults, work force shortages, the need for services, and the costs of health care. Policy responses will need to tap the talents of older North Carolinians, consider the diversity within the aging community itself, and respond to the changes in demographic patterns and well-being expected between now and 2030.