

ILC Policy Report

Longevity News and Trends in the U.S. and abroad

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New ILC Annual Report Asks “Who Cares?” About the Longevity Revolution

The ILC has published its 2007 Annual Report, entitled “Who Cares?” which discusses how the recent gains in longevity are generally welcomed, however, this accomplishment is frequently complicated by questions about whether the extension of life is affordable. This has resulted in ideological and often contradictory responses that might best be summarized with the question “Who cares?” The Annual Report then answers the question by reviewing the ILC’s work in numerous areas, such as fighting ageism, supporting healthy and productive aging, and promoting numerous efforts to enhance the field of

caregiving, among other initiatives. The report also profiles six leading advocates for aging issues, Marie Bernard, Hugh Downs, Jane Fonda, Bill Novelli, Lawrence Schmieding and Phyllis Zee, all of whom work tirelessly to bring focus and clarity to issues of aging and longevity. The report also notes that the true answer to the question “Who cares?” must be found in the larger community. As such, the 2007 ILC Annual Report is intended to encourage everyone to understand and care about the opportunities offered to society by increased longevity. It can be found at www.ilcusa.org/pages/publications/annual-reports.php.

News from the U.S. Government

Department of Labor: The Department of Labor has published the summary report from an inter-agency Taskforce on the Aging of the American Workforce, which identifies key issues associated with the aging of the American workforce and the retirement of the Baby Boom generation, and outlines strategies to respond to this demographic challenge and forestall any worker and skill

shortages. The report initially notes encouraging signs that most Americans indicate a desire to remain connected to the workplace even after retirement age, for reasons such as financial security and the desire to remain productive and engaged. However, many older workers face barriers to continued employment, such as the need to increase skills to keep pace with technological and organizational change

News from the U.S. Government (cont'd)

and limited access to training to update such skills; age discrimination in the workplace; limited opportunities for flexible work arrangements; lack of knowledge on how to start one's own business; and lack of skills and confidence to search for a new job. The report then presents strategies in seven areas to address these issues: Legal and Regulatory Issues (e.g. pension plans, tax policies, etc.); Expanding Knowledge of Older Workers (both strategies for serving older workers and better data collection on older workers); Outreach and Education Efforts (activities to promote opportunities and requirements related to older workers); Facilitating Self-Employment for Older Workers; Flexible Work Arrangements and Customized Employment for Older Workers; Tools and Technical Assistance to Support Older Worker Employment; and Retirement and Financial Literacy Education. The report is at www.doleta.gov/reports/FINAL_Taskforce_Report_2-11-08.pdf.

Government Accountability Office (GAO): The GAO has released the following reports and testimonies: “Medicare Advantage: Higher Spending Relative to Medicare Fee-for-Service May Not Ensure Lower Out-of-Pocket Costs for Beneficiaries”; and

“Medicare Physician Payment: Care Coordination Programs Used in Demonstration Show Promise, but Wider Use of Payment Approach May Be Limited.” These are at www.gao.gov.

Hearings: The Senate Special Committee on Aging held a hearing on “Surgeons for Sale: Conflicts and Consultant Payments in the Medical Device Industry,” on February 27th. Another hearing on “Seniors Going Hungry in America: A Call to Action and Warning for the Future,” was held on March 5th. A hearing entitled “Under the Influence: Can We Provide Doctors an Alternative to Biased Drug Reviews,” was held on March 12th. Hearing information is at <http://aging.senate.gov/hearings.cfm>. The Senate Finance Committee held a hearing on “Alternatives to the Current Federal Estate Tax System,” on March 12th. Hearing information is at www.senate.gov/~finance/sitepages/hearing031208.htm. The House Ways and Means Committee, Subcommittee on Health held a hearing on Medicare Advantage on February 28th. Another hearing was held on “MedPAC’s Annual March Report” on March 11th. Hearing information is at <http://waysandmeans.house.gov/hearings.asp>.

International News

Canada: Fidelity Investments Canada has issued a report, “The Changing State of Retirement in Canada: New Solutions for New Times,” which discusses how economic, demographic, and social forces are changing retirement, with Canadians living longer, retiring earlier, and leading more active lives in retirement. It then notes that the national savings rate is low, and that Canadians are on track to replace only 50 percent of their pre-retirement income upon retirement, lower than the recommended replacement rate of 80 percent. The report presents the Fidelity Retirement Index, which is intended to spark Canadians to take action by recognizing their growing responsibility for financial security in retirement, and enhancing coordination

between government, employers, and the financial services industry to provide appropriate policies, education, and savings vehicles. The report makes numerous recommendations for these segments to help solve the retirement challenge. More information is at www.fidelity.ca/fidelity/cda/live/1..6108.00.html.

European Centre for Social Welfare Policy and Research: This organization has published a policy brief entitled “Features and Challenges of Population Ageing: The European Perspective,” which reviews the issue of population aging and its implications, and discusses public policies that are required to address the challenges of aging. The brief emphasizes that

International News (cont'd)

population aging, if prepared for adequately, could offer new opportunities for society by enhancing development and social cohesion. It also notes that not only do public policies need to be reformed, the private sector, civil society, and individuals will also be key factors in adapting to the new demographic situation and developing innovative solution. The brief is at www.euro.centre.org/detail.php?xml_id=1143.

New Zealand: The Families Commission, a New Zealand-based agency that advocates for the needs of families, has issued a study “Elder Abuse and Neglect – Exploration of Risk and Protective Factors,” which finds that older people are less likely to be abused or neglected if they understand their rights, have a strong sense of their self worth, and positive relationships with their families. The report also highlights that isolation, poor mental or physical health and stressed families can all contribute to elder abuse and neglect. Other risk factors include family members with mental health or substance abuse issues, and greed. The study is intended to highlight the problem of elder abuse and neglect, emphasize the importance of society supporting and valuing older people, and furthering efforts to empower people to speak out and seek help and support. More information is at www.familiescommission.govt.nz/20080226.php.

Social Security Administration (SSA): The SSA has issued its latest “International Update,” which covers recent developments in public and private pensions around the world. This issue includes news from France, Belize, Chile, Panama, and Israel. It can be found at www.ssa.gov/policy/docs/progdesc/intl_update/2008-02/2008-02.html.

United Kingdom (UK): Age Concern, a UK voluntary organization, has issued its annual report on public policy and older people, “Age Agenda.” The

report observes that some progress has been made in recent years, including state pension reform, measures to promote pensions, a new national system of free bus travel for pensioners, and a new national housing strategy for older people. The report also focuses on social care, and expresses concern that unless a significant spending commitment is made, the current system will go from bad to worse. It calls on the Government to review spending on social care annually and provide emergency top-up funding where necessary. The report establishes Age Concern’s key priorities for 2008: Radical reform of social care; Action on social exclusion among older people; Comprehensive age equality legislation; A joined-up strategy on information and advice services; and the ‘age-proofing’ of employment and skills policy. The report also includes several ‘in focus’ articles on various topics such as equality, older voters, retirement migration, long term public spending, devolution, advice, prevention and inter-generational understanding. The report is at www.ageconcern.org.uk/AgeConcern/Documents/Age_Agenda_2008.pdf.

United Kingdom (UK): The International Longevity Centre – UK (ILC-UK) has issued a report “A National Care Fund for Long-term Care,” which proposes a radical new plan to address the challenge of paying for long term care in the UK by establishing a National Care Fund. The proposed Fund would involve several key features: A risk-pool limited to older cohorts only; Auto-enrollment to achieve high levels of participation; total flexibility for older people in when and how they pay their contribution, including the option to defer until after death in the form of a charge levied on their estate; poorer individuals would have their contribution paid for by the state; and a fully-fledged market in complementary long-term care insurance products from the private sector. More information is at www.ilcuk.org.uk/record.jsp?type=publication&ID=27.

Special Interest to the ILC

News from the Corporate Sector: Fidelity Investments has issued a report finding that a 65-year-old couple retiring in 2008 will need approximately \$225,000 to cover medical costs in retirement, a 4.7 percent increase over the 2007 estimate of \$215,000. The estimate assumes individuals do not have employer-sponsored retiree health care coverage and includes expenses associated with Medicare Part B and D premiums, co-payments, co-insurance, deductibles and excluded benefits, as well as prescription drug out-of-pocket costs. It does not include any long term care costs. The report includes several suggestions for individuals to prepare for health care costs in retirement, including the need to create an individual retirement plan, start saving early and as much as possible, assess health status and be a smarter consumer of health care, determine details of any employer-sponsored coverage, and understand the effects of health care costs on Social Security income.

The report is at http://personal.fidelity.com/myfidelity/InsideFidelity/index_NewsCenter.shtml?refhp=pr.

Healthy Aging: A study in the February 20th issue of *Alzheimer's and Dementia* has found a decline in cognitive impairment among the older population. The researchers tested memory and judgment in two groups of people, those age 70 and older in 1993 and in 2002 and found that cognitive impairment dropped from 12.2 percent in 1993 to 8.7 percent in 2002. It also found that cognitive impairment was associated with a significantly higher risk of death in both cohorts; and that education and financial status appeared overall to protect against developing cognitive impairment. Possible factors for the decline in cognitive impairment could include improved treatment for stroke, heart disease, and vascular conditions. More information is at www.nih.gov/news/health/feb2008/nia-25.htm.

News from the Not-for-Profit Sector and Beyond

AARP: AARP has published a report, "From Work to Retirement: Tracking Changes in Women's Poverty Status," which notes that poverty is twice as high among older women as among older men, and three times as high among older African American women as among older white women. It discusses the factors behind the high rates, including widowhood, withdrawing from the labor force, and deteriorating health. The report further notes that without policy measures to provide improved bases for women's economic well-being over their life course, even greater economic vulnerabilities could face women in old age. More information is at www.aarp.org/research/assistance/lowincome/inb156_poverty.html.

The Center for Retirement Research at Boston College: The Center has released a new *Issue in Brief* "What Do We Know About the Universe of State and Local Plans" which presents the results from a comprehensive census of over 2,000 state and

local retirement plans. The brief finds that state-administered retirement plans account for only 8 percent of the total plans, but 88 percent of the active members and 82 percent of the assets. It also finds that local plans tend to have more assets per worker, probably because they often cover police and firefighters. The brief's analysis indicates that overall, returns in public plans are higher than private plans because they are larger and invest more of their assets in equities. It can be found at http://crr.bc.edu/images/stories/Briefs/slp_4.pdf. Another brief is entitled "Health Care Costs Drive Up the National Retirement Risk Index," and highlights that a typical couple needs about \$200,000 to cover health costs in retirement, a figure that will more than double by 2040. It also discusses how factoring health care costs into retirement security projections increases the share of working-age households 'at risk' financially from 44 to 61 percent. Yet the brief concludes that despite the dire outlook, more work, more saving, and more exercise

News from the Not-for-Profit Sector and Beyond (cont'd)

could go a long way toward improving the picture. The brief is at http://crr.bc.edu/images/stories/Briefs/IB_8-3.pdf.

Urban Institute: The Urban Institute has published a brief “Do Assets Change the Racial Profile of Poverty among Older Adults?” which notes that poverty rates for the older black population are triple that of the white population, and the rate among the Hispanic population is double. It then explores how assets, which are excluded from the official poverty measure, affect poverty rates and the racial disparities. It finds that adding assets reduced overall poverty rates by 1.8 percent, but increased racial disparities because blacks and Hispanics have relatively little housing equity or

financial assets. The brief can be found at www.urban.org/publications/411620.html. Another fact sheet, “Typical Wealth Held by Those at the Verge of Retirement,” assesses the finances of middle income quintile households with someone aged 57 to 61 in the years shortly before they retire. It examines financial assets, home equity, retirement accounts, vehicles, property, and businesses as well as the present value of individuals’ future Social Security and pension benefits, and estimates the total wealth of such households to be \$361,000. The report finds that Social Security and traditional private pensions account for nearly two-thirds of this wealth (\$223,000), followed by housing assets, (\$61,000) and 401(k) type plans \$33,000). The fact sheet is at www.urban.org/publications/411618.html.

More information and reports available on the ILC website!

Check out the **ILC Update** for news about the ILC, as well as past issues of the **ILC Policy Report** at www.ilcusa.org/pages/newsroom/newsletters.php

See the wide range of ILC reports and other documents at www.ilcusa.org/pages/publications.php.

See the ILC in the news at www.ilcusa.org/pages/newsroom/ilc-in-the-news.php

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