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### Aging baby boomers mean economic changes for Montana

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The University of  
**Montana**

UNIVERSITY RELATIONS • MISSOULA, MT 59812 • 406-243-2522 • FAX: 406-243-4520

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**NEWS RELEASE**

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Jan. 24, 2000

**Contact:** Shannon Jahrig, Bureau of Business and Economic Research, (406) 243-5113.

**AGING BABY BOOMERS MEAN ECONOMIC CHANGES FOR MONTANA**

**MISSOULA —**

During the next decade, baby boomers and those older than 65 will represent nearly 44 percent of Montana's population, triggering economic changes throughout the state, according to a University of Montana economist.

Baby boomers – those born between 1946 and 1964 – will have a major demographic impact in the 21st century, dramatically affecting consumer spending and markets, Medicare, Social Security, taxes, employment and the workforce, said Steve Seninger, director of economic analysis at UM's Bureau of Business and Economic Research.

Seninger and other economists and experts will discuss the state's changing demographics at the 25th annual Montana Economic Outlook Seminars, which will be held in nine Montana cities starting the last week of January. This year's theme is "Winnebagos, Funeral Homes and Cruise Ships: The Graying of Baby Boomers in the New Millennium." The series is co-sponsored by the bureau and First Interstate Bank.

"With the graying of our society comes images of retirees traveling in Winnebagos, spending their pensions on hearing aids and large-type magazines, and threatening the future of our Social Security System," Seninger said.

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With improved health care and longer life expectancies, older Americans will shape the economy, he said.

The economic wealth and income clout of older Americans is enormous, Seninger said, adding that the over-50 demographic segment accounts for more than \$2 trillion in income, which is 50 percent of the discretionary spending power in the United States.

As a result, marketing is strongly pitched to seniors, who are major consumers of high-quality, high-end durables and luxuries and are in the market for everything from Winnebagos to cruise ship vacations.

However, marketing efforts must be focused toward the image of silver-haired, active people – as portrayed in pharmaceutical company ads – “as young as you feel” rather than the image of grandpa or grandma, Seninger said. Seniors, who are in better health than their predecessors, typically subtract 10 to 12 years from their chronological age when asked how old they feel.

He said banks and other financial institutions are heavily into senior marketing because older Americans are the major source of savings and investments, accounting for more than 75 percent of all stocks, bonds, bank accounts and real estate.

In Montana, Seninger said, geographically mobile seniors have a significant impact on the real estate market, moving into the state as part-time residents around Flathead Lake, the Beartooths and other areas.

He said baby boomers will have a tremendous impact on health care in coming years.

Even before boomers become eligible for Medicare, he said, the national health care bill is



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projected to increase from more than 13 percent of the Gross Domestic Product to over 16 percent by 2008, amounting to more than \$2.1 trillion. When baby boomers reach age 65, they will start to use the age-entitlement Medicare program, adding another demand factor onto the national health care bill.

Social Security also will feel the strain as boomers reach retirement age. Statistics reveal that in coming years Social Security will account for 41 percent of the income of people age 65 and older. But under the current system, the Social Security trust is expected to fall into the red by 2014. If benefits are cut, the standard of living will change for many older Americans, Seninger said.

The aging population brings up a host of questions. What sort of impact, for example, will the growing number of retiring workers have on the labor market? What will happen to the stock market when retirees begin draining their pool of savings? And what about government and political systems, the majority of which are headed by soon-to-retire baby boomers? These questions all will be addressed at the seminars.

Bureau director Paul Polzin will address age distribution and population in Montana, determining how these stack up against other parts of the world.

While Montana and the rest of the nation are dealing with Medicare, Social Security and other issues associated with an aging population, many of the world's less-developed countries are facing problems associated with a young population, such as finding jobs and providing for their education, Polzin said.

In Montana the highest proportion of people age 65 and older are located mostly in rural



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eastern Montana, Polzin said.

“With a few exceptions, counties with the smallest proportion of elderly are located in urban areas with universities or Indian reservations,” he said. “In addition, there has been a general downward trend in the number of births in Montana. This suggests an overall decline in school enrollment in future years.”

Polzin also will present a national, state and local-area economic forecast. The 2000 Montana Economic Outlook Seminar series also will include topics such as Montana agriculture, forest products, manufacturing, non-resident travel, and services.

The seminar series will begin in **Helena** on Tuesday, Jan. 25, at Cavanaugh's Colonial Inn. The schedule for other cities is: **Great Falls**, Jan. 26, Holiday Inn; **Missoula**, Jan. 28, Holiday Inn-Parkside; **Billings**, Feb. 1, Radisson Northern Hotel; **Bozeman**, Feb. 2, Holiday Inn; **Butte**, Feb. 3, Ramada Inn Copper King; **Kalispell**, Feb. 8, Cavanaugh's; **Glasgow**, March 7, Cottonwood Inn; and **Havre**, March 8, Duck Inn.

All seminars begin at 8 a.m. and end at 1:30 p.m. A \$70 fee includes registration, a proceedings book, lunch and a complimentary one-year subscription to Montana Business Quarterly. Continuing education credits are available for an additional \$20 processing fee. To register, call (406) 243-5113 or visit the bureau's Web site at <http://www.bber.umt.edu>.

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