



For Florida, the Graying of America Presents Both Promises and Pitfalls

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The state of Florida is expecting an initial boon from the coming influx of retiring baby boomers, but providing needed services for those same residents as they get older will become a challenge.

Florida leads the nation in its percentage of residents 65 and older, and it will likely continue to rank first as retirees flock to the Sunshine State. By 2030, about 25 percent of Florida's residents will be seniors, up from 18.9 percent in 2015, according to data from the state Office of Economic and Demographic Research and Department of Elder Affairs.

Mature residents began moving to Florida after World War II, drawn by the warm climate and the absence of a state income tax. Since 1950, migration (which includes people across all ages) has accounted for 83 percent of Florida's population growth, according to the Bureau of Economic and Business Research (BEBR) at the University of Florida.

The state became a senior haven with the formation of retirement communities such as The Villages, which is located in central Florida's Sumter County about 66 miles north of Orlando. As baby boomers take up residence, Florida's 65 and older population will more than double, from 3.3 million in 2010 to 7.4 million in 2050, the university's projections indicate. (See the chart.)

The ranks of the oldest will show the greatest increase over the next 30 years. The number of residents 85 and older is projected to more than double, from 434,125 in 2010 (2.3 percent of the total Florida population) to 934,440 in 2030 (3.9 percent of the total), swelling to 1.8 million (or 6.5 percent of the total) by 2050, BEBR statistics indicate.

One of the results of the older population's faster growth is that Florida will have fewer working-age adults to support retirees. Currently, there are three people of working age for each retiree in Florida, but by 2030, that ratio will shrink to two workers per retiree, according to a 2014 report by the state legislature's research arm. In the longer term, the state expects shortages of highly educated and skilled workers and predicts that labor-intensive jobs (police, construction) will become harder to fill.

The aging of the baby boomers is likely to play out in stages, with their move-in spending providing an initial boost to state revenues, said Amy Baker, chief economist for the state legislature. Florida mainly funds itself with sales taxes.

Now is the boom time. Older people relocating to Florida typically are better off economically than their peers, have good health, and tend to buy homes outright as opposed to taking on a mortgage, Baker said. They also buy furniture, carpeting, and other home goods soon after settling in.

"You can almost think of the savings and the retirement assets they are bringing from other states as a helicopter drop into our economy," Baker said. "We think that's going to add significantly to Florida's economy between now and at least the early 2020s."

The spending lift will subside as the baby boomers continue to age. The 2014 report from the Office of Economic and Demographic Research concluded that since older people tend to spend more on services than goods, the state's current tax structure will come under pressure as the senior population grows. Should this risk not be addressed, Florida will likely see much lower growth rates for sales taxes than it has in the past, the report added.

From 2025 to 2030, as the earliest baby boomers reach their eighties, their reliance on government services such as the federal Medicare program will pick up, Baker said.

State data show that in 2015, 14 percent of Florida residents 60 and over had at least one type of disability. In the 2010 Census, about one-third of Florida residents age 65 and over had a disability such as serious difficulty walking, hearing, or completing errands such as shopping. The potential for disability "really escalates as (seniors) move closer and closer toward 85," Baker said. Beyond 2030, Florida will feel the pressure as seniors who have given up their driver's licenses look to public transportation or other means to travel and demand more medical services, she added.

Elderly and disabled Medicaid recipients account for about 31 percent of the total cases in Florida but almost 60 percent of the state's Medicaid spending, according to data from a 2012 housing summit.

Florida communities will be affected differently by aging, said Lynne Holt, policy analyst at the University of Florida's Warrington College of Business. "Some parts of the state are going to have more problems than others," she said. "There's no simple fix."

For instance, Holt pointed out that in cities with affluent communities of older people, such as Sarasota, it may be hard for many caregivers and other employees in service occupations, who tend to be lower paid, to afford to live. Having an adequate supply of nurses, doctors, and facilities that provide assisted living and long-term care is already a challenge in certain parts of Florida, she said.

"There's a lot of work to be done as far as getting the requisite support systems and people in place to deal with the projections for aging," Holt added.

Editor's note: For an in-depth discussion of the economic implications of the aging American population, please [read the Atlanta Fed's 2015 annual report](#).



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