

# A Demographic Exploration of Frederick County

## Education and Income of the Elderly

Welcome to the May, 2006 edition of "A Demographic Exploration of Frederick County." This month the demographic profile of educational attainment and income of the elderly will be explored. The information presented is an excerpt from a report being written by the Division of Planning exploring the growth, demographic shifts, and housing needs of the growing population of elderly in Frederick County. For further information on the demographics and other statistics of Frederick County, please visit <http://www.co.frederick.md.us/planning/Demographics/Demographics.htm>

With the fast pace growth of the elderly in America comes many changes to the lifestyles and health of this new generation of elderly. A much higher level of education is being attributed to the increased levels of income, better health, and a higher standard of retirement living. Many elderly Americans are increasingly wealthier and fewer of them are living in poverty. The poverty level for the American population over 65 years old decreased from 35% in 1959 to only 10% in 2003. However, there is still a large discrepancy between the elderly and their wealth. The net worth of the poorest fifth of senior households was \$3,500 and the wealthiest was \$328,432. If the home equity is included in this factor there is a discrepancy of \$44,346 to \$449,880. Elderly Americans are living longer, better educated, and have fewer disabilities than previously. This new demographic face of elderly Americans is predicted to only become increasingly diverse and have a better standard of living.

It is inevitable that Frederick County will be affected by these changes in the elderly demographics. With the 2000 Census we have already begun to see many of the demographics shift in the elderly population. As of 2000, the first of the Baby Boomer Generation celebrated their 54<sup>th</sup> birthdays. They are starting to enter the elderly age cohorts and will most likely significant change the demographic make up of the Frederick County region.

### **Education Level:**

The newly emerging ageing American will have a much higher educational level than previous generations. Between 1970 and 2002 the percentage of the older population that completed high school rose from 28% to 70% nationally. Also, 17% of the older population had a bachelor's degree or higher in 2002. Many researchers, as well as the US Census, feel that this higher educational levels will lead the newly ageing population to have higher income levels, decreased poverty status, better health, and a higher standard of living in their retirement years.

Frederick County, as well as the nation, has been experiencing this higher educational attainment level. In 1970 only 43% or 19,188 people graduated high school. In 2000, this rose to 87% or 110,832 people. This higher educational attainment level is very prevalent in the people who received bachelor's degrees or higher. In 1970, 10% or 1 in every 10 people had a bachelor's degree of higher, rising to 30% or 1 in every 3 people in 2000. The higher educational attainment a population has, the more likely they are to have higher paying jobs; hence a higher income level. Also the more educated a population is, the more affordability of luxuries they can obtain, hence a higher standard of living (Figure1).

| <b>Educational Attainment<br/>Frederick County 1970 to 2000</b> |                 |                 |                 |                  |  |
|---|-----------------|-----------------|-----------------|------------------|--|
|   | <b>1970</b>     | <b>1980</b>     | <b>1990</b>     | <b>2000</b>      | <b>Absolute Change<br/>1970 – 2000</b> |
| <b>Completed High School</b>                                    | 19,188<br>(43%) | 42,092<br>(63%) | 76,376<br>(80%) | 110,832<br>(87%) | 91,644                                 |
| <b>Completed Some College No<br/>Bachelor's Degree</b>          | 3,268<br>(7%)   | 8,439<br>(13%)  | 23,211<br>(24%) | 34,342<br>(30%)  | 31,074                                 |
| <b>Completed Bachelor's Degree<br/>or Higher</b>                | 4,498<br>(10%)  | 11,212<br>(17%) | 20,872<br>(22%) | 38,176<br>(30%)  | 33,678                                 |

Figure 1.

### **Income:**

The increased levels of education may be a contributing factor in the decrease of poverty status and an increase in the wealth of older Americans. Many elderly Americans are increasingly wealthier and fewer of them are living in poverty. The poverty level for the American population over 65 years old decreased from 35% in 1959 to only 10% in 2003. In Frederick County this decrease in poverty level can also be seen, even within the last 10 years. In 1989 there was 9.2% of the population 65 and older that was living in poverty. In 1999, this decreased to only 6.0% of the population 65 and older living in poverty.

As of 2004, the median household income for Frederick County residents was \$73,500. This is a median household income increase of \$13,200 within 4 years. Since, at least the 1980s, Frederick County households are making more than most in Maryland. In 1979 Maryland's median household income was \$33,991, compared to Frederick County's household income of \$34,551. Since 1979, each decade brings a greater increase in the household income difference between Maryland and Frederick County. In 1979, there was only a \$560 median household income difference between Maryland and Frederick County. In 1989, this difference increased to \$1,996, in 1999, the difference was \$7,408, in 2003 there was a difference of \$10,900, and in 2004 there was a \$12,150 median household income difference between Maryland and Frederick County.

From 1990 to 2000, there was an increase of 17,357 (33%) households in Frederick County. According to the US Census, the households in Frederick County are becoming increasingly affluent. The households making less than \$50,000 a year was decreased by 15% (5,057) from 1990 to 2000. The number of households making more than \$50,000 a year increased by 114% (22,414) from 1990 to 2000. This is an astounding difference in income levels within a decade.

Within each age cohort, from 1990 to 2000, there was a decrease in the number of households making less than \$50,000 a year, except for the households between the ages of 45 and 54 and 75 years and older. These two age cohorts actually gained numbers of households making less than \$50,000 a year. A possible reason for this is the increase in the number of households within these age groups. From 1990 to 2000, householders between the ages of 45 to 54 had the greatest increase; in 1990 there were 9,020 households with householders in this age group and in 2000, there were 15,805. This is an increase of 75% or 6,785 in the number of households with householders between the ages of 45 and 54. The same holds true for the age group over 75 years old. This age cohort experienced the second highest increase in the number of households from 1990 to 2000. In 1990, there were 3,316 households with householders over 75 years old; in 2000 there were 5,042. This is an increase of 52% or 1,726 households. Hence, proportionally the households in these age groups are not necessarily becoming poorer than any

other age group. In 1990, 44% of the households with householders between 45 and 54 had incomes below \$50,000, compared to only 27% in 2000. The same holds true for the householder 75 and older. In 1990, 91% of the households with householders older than 74 had incomes less than \$50,000 in 2000, this dropped to only 76%..

The household income within the elderly population of Frederick County has been on the rise since 1989. In 1989, 1 in every 16 households (6%) with householders over the age of 45 earned \$100,000 or more a year. In 1999, this dramatically increased to 1 in every 4 households (22%) earning \$100,000 or more. This was a 418% increase in the household income of older householders in the County. The largest increase of household income occurred within the age group of 55 to 64 years old. Households, with householders between 55 and 64, who earned more than \$100,000 increased by 477% from 1989 to 1999. This segment of the householder population went from 6% of the households in 1989 to 25% of the households in 1999 earning \$100,00 or more.

The percentage of households, with older householders, earning less than \$15,000 decreased from 1989 to 1999. In 1989 there were 4,589 elder households that earned less than \$15,000 a year. In 1999, this decreased to 3,292 or by 28%. In most of the elder age cohorts the decrease was substantial, anywhere from 33% to 65% decrease in the number of households earning less than \$15,000. The number of households, with householders between the ages of 55 and 74, continued this decreasing lower income trend. The number of households in these age cohorts decreased 11% from 1989 to 1999. The elder households in Frederick County seem to become richer and increasing the number of households making more than \$100,000 a year and decreasing those that make less than \$15,000 a year.

### **Source of Income:**

As a person ages the issue of sustainability in retirement begins to be addressed. For the most part, the people retiring now are doing better financially than their counterparts of a decade ago. However, for a majority of the retirement age population of Frederick County retiring will mean a decrease in personal and household income. In 1999, the median household income was \$60,276; however the population over 65 years old only had a median household income of \$33,169. This is a difference of \$27,107 or 45% lower than the County median household income.

In Frederick County during the 1990 census there was 7,630 households, which received income from retirement. The mean income for retirement was \$12,278. In the 2000 census there were 11, 623 households with the income source from retirement. The mean income from retirement in 1999 was \$20,541. The same increase income trend is true for households collecting social security. In 1989 there were 10,625 households with a source of income coming from social security. The mean income from social security was \$7,622. This has increased since 1989. In 1999 there were 14,236 households collecting social security; however, the mean income from social security was \$11,433. This increase in the retirement and social security income may be responsible for increasing richness of the elderly.

With the increased growth and affluence of the elderly American, many demographic shifts will be occurring. The newly emerging older American will not be like previous generations. Their increased income level and educational attainment will result in increased standards of living in retirement and better health.