Aged Care in the Future and Baby Boomers: Shall the Twain Ever Meet?

Anthony Bruce Fallon¹, Kay Price², Desley Hegney¹, Jennifer Abbey³, Christine Neville¹, Deborah Oxlade⁴, Jeffrey Soar⁵

¹ Centre for Rural and Remote Area Health, Faculty of Sciences, University of Southern Queensland, Toowoomba; ² School of Nursing and Midwifery, University of South Australia, Adelaide; ³ School of Nursing, Queensland University of Technology, Kelvin Grove; ⁴ RSL (Qld) War Veterans' Homes Limited, Fortitude Valley; ⁵ Faculty of Business, University of Southern Queensland, Toowoomba.

Abstract

Background: The ageing of baby boomers may create significant financial strain upon aged and community care in the future.

Topic and Objectives: In this literature review, we examine why concern has been expressed about Australia’s ability to cope with the “baby boomer bubble”. We discuss differences between baby boomers and their parents and within the baby boomer cohort, and suggest that these differences may result in problems in provision of aged and community care to baby boomers should current trends continue.

Implications: There must be a fit between future models of aged and community care and the needs and expectations of baby boomers. The views of baby boomers on these issues need to be gathered to maximise the likelihood that this fit will occur.

The period from the end of World War II until around the mid-1960s was a period of relatively prosperity for developed countries like Australia. High fertility rates characterised this period, though these rates returned to pre-boom levels by 1965 (Australian Bureau of Statistics (ABS), 1999a). The children born during this period have subsequently come to be known as the “baby boomer” generation.

The proportion of the total Australian population aged 65 or more is projected to increase from 12.7% in 2001 to about 26.1% in 2051 (ABS, 1999b). Some commentators suggest that these demographic trends will create strains on the Australian welfare system as baby boomers reach old age, particularly in terms of financial support for the elderly and aged and community care services (Department of Health and Ageing (DOHA), 1999). Such is the concern that federal, state government, and local government (DOHA, 2002; Municipal Association of Victoria, 2002; Queensland Health, 2002), as well as non-government entities such as the Myer Foundation (2002), have mobilised themselves to the examination of how the aged and community care system of the future might cope with the “baby boomer bubble”.

Financial Concerns: Traditionally, the aged and community care system in Australia has been organised on a pay-as-you-go basis, where the current working population finances the needs of the current older population, expecting the same treatment when
their time comes. With the proportion of elderly projected to significantly increase, the proportion of the population earning income will remain steady (ABS, 2003).

The pressure on income earners of the future to fund the ageing of the baby boomers could be alleviated if the baby boomers had enough savings that they could fund their own retirement (Kendig & Duckett, 2001). A considerable proportion of baby boomers, however, are asset rich but “retirement fund” poor, primarily due to the introduction of superannuation schemes late in their working lives. The suggestions is that, while the proportion of the population dependent on pensions is likely to fall in the future, the burden of income support will not shift sufficiently to the private sector to eliminate concerns about the ability to provide aged and community care to baby boomers (DOHA, 1999; Rosenman & Warburton, 1997).

Finally, evidence from Australia (Worthington di Marzio, 1999) and overseas (Simon-Rusinowitz, Wilson, Marks, Krach, & Welch, 1998) suggests many baby boomers are in denial about what it might mean to live 20-30 years beyond retirement. As such, they are postponing planning for long-term care needs in their old age.

**Baby Boomers are Different:** The baby boomers will be different from the generation of their parents in a number of ways. Their life experiences are different. Few baby boomers have first-hand experience of major world conflict or economic depression. They are also better educated, and more conscious of their health than their parents (Kendig & Duckett, 2001; Mackay, 1997; Queensland Department of Families, 2003). Research on baby boomers in Britain suggests that they will also bring different attitudes to old age. They are likely to question decisions made by those in power, be better informed about options, be more prepared to use different options, and have a lower predisposition to save (Huber & Skidmore, 2003).

Baby boomers are also likely to be different from their parents in terms of their levels of social capital. Social capital refers to the “features of social organisation, such as civic participation, norms of reciprocity and trust in others, that facilitate cooperation for mutual benefit” (Kawachi, Kennedy, Lachner, & Prothrow-Stith, 1997). There are three types of social capital: (a) bonding social capital, characterised by strong bonds (e.g., among family members); (b) bridging social capital, characterised by weaker, less dense, but more cross-cutting ties (e.g., community ties); and (c) linking social capital, characterised by connections between those with differing levels of power or social status (e.g., individuals from different social classes).

Recent overseas research suggests that baby boomers have lower levels of bonding social capital than their parents (Huber & Skidmore, 2003). Lowered levels of bonding social capital have been caused by a number of factors, including greater access to birth control, reduced fertility rates for baby boomers and lengthened life-spans of their parents; reduced marriage rates and greater rates of divorce and separation (ABS, 2003); and marital disruption resulting in altered feelings of intergenerational obligation (Evandrou & Falkingham, 2000). Huber and Skidmore (2003) also suggest that baby boomers have lower levels of bridging social capital than other generations. Baby boomers claim to belong to fewer social networks, and these networks are not as meaningful to them. They feel less of a sense of belonging to their neighbourhoods, are much less attached to their geographical communities,
and are less eager than older generations to participate in voluntary work (Market and Opinion Research International (MORI), 1999; Office of National Statistics, 2002).

**Differences within the Baby Boomers:** There are also differences within the baby boomer cohort that bear mentioning. *Early baby boomers*, those born between 1945 and 1955, were born in a period of economic prosperity, experienced major changes in sexual mores and other social values, witnessed the impact of civil rights movements, and had no problems finding employment when they completed their education. *Late baby boomers* (those born after 1955), on the other hand, experienced recession with resultant periods of unemployment for many. The first AIDS diagnosis occurred when late baby boomers were in their mid-20s (Evandrou, 1997). A significant proportion of baby boomers in Australia do not own their own home, earn low incomes, are unemployed or periodically unemployed, and will be relying entirely on state-provided funds in their later years (DOHA, 1999; Kendig & Neutze, 1999). Female baby boomers might also be at elevated risk of poverty in old age, given intermittent work patterns, and lower pay rates and superannuation savings (Glass & Kilpatrick, 1998). Baby boomers also have varied ethnic origins (Hugo & Thomas, 2002). Differences within the baby boomer generation might also be expected between baby boomers living in metropolitan areas and those living in rural and remote areas, given the greater proportion of older people, differences in family size and structure, younger people migrating to metropolitan areas, lower levels of income, and a higher proportion of Indigenous people in rural and remote areas (Aged and Community Services Australia (ACSA), 2002a).

**The Trend Towards Community Care and “Ageing in Place”:** Prior to 1985, the majority of Australian aged care programs focused on the provision of institutional care in nursing homes and hostels. In response to the increasing cost and quality pressures on the provision of residential care, the Federal government initiated the National Home and Community Care Program in 1985 to cater for aged care services within the home. Since that time, there has been a steady move away from residential care toward providing aged care in the home to maximise the time that the older frail individual can remain in their home, or “age in place”. While the residential care sector still plays a major role in the aged and community care sector, there is every indication that the trend towards community care will continue, as evidenced by the focus on community care options in recent documents looking at the future of aged care service provision in Australia (ACSA, 2002b; Myer Foundation, 2002).

This trend towards caring for the aged in the community is purported to have benefits, including: reduced government contributions to overall aged and community care expenditure (Hollander, 2001); reduced mortality and morbidity (Johnson, 1999); reduced overcare and undercare brought about by customising levels of service provision to the individual (Lawler, 2001); and advocacy of choice and self-determination in aged and community care service provision (Tinker, 1999).

In spite of these advantages, there is concern that ageing in place, as an approach to aged and community care service provision to baby boomers, may be problematic. Reduced levels of bonding and bridging social capital in baby boomers could lead to increased social isolation, leading to greater mortality (Berkman & Glass, 2000), a lower likelihood of tangible assistance and care, and greater levels of depression (Brown & Harris, 1978). The cost-effectiveness of community care depends on the
majority of social care being provided by informal family carers (Ringen, 1998). The reduced bonding social capital attributed to baby boomers may lead to a shortage of these resources, placing a higher demand on formal services, at greater cost to the welfare system (Fitzgerald, 2002). While the majority of current older people in Australia wish to reside in their own home (Myer Foundation, 2002), baby boomers may not. Golant (2002), for example, suggests that a greater proportion of US baby boomers will prefer to move to specially designed retirement communities.

**Current and Future Directions:** In summary, then, the sheer magnitude of the population redistribution associated with the baby boomers, in combination with low overall superannuation savings of this cohort and their lack of financial planning for retirement, are cause for considerable concern about how the Australian welfare system will be able to provide for the ageing of this generation. There is acknowledgement that baby boomers are likely to be quite different from the current generation of elderly in terms of different attitudes, opinions and levels of social capital, and that there are likely to be marked differences in attitudes and levels of financial and social capital even within this cohort. Finally, there appears cause for concern that the trend toward community care might not be appropriate as an approach to care of the baby boomer cohort in their later years.

At this time, we are concerned that the future of aged and community care in Australia is being based upon the characteristics of the current generation of older people. Recent commentaries continue to assume that ageing in place is the way of the future in aged care (ACSA, 2002b; Myer Foundation, 2002). The evidence presented here suggests that not taking into account the needs and expectations of the baby boomers, may result in the provision of an aged and community care system that does provide a fit to these needs and expectations. For example, 24% of daytime childcare in England is carried out by grandparents. Where parents are separated, this day-care support rises to 44.5% (Wilkinson, 2002). What if baby boomer grandmothers are less willing to give up their well-earned retirement to look after grandchildren? In fact, there is already evidence for this (Dench & Ogg, 2002). Wise and Venti (2001) found that most current older people seek to leave assets to their heirs, and that equity in their home will only be accessed in dire circumstances. What if the baby boomer cohort does not hold these attitudes to inheritance, and are happy to use home equity to fund their retirement and aged care needs?

It is our assertion that the best method of providing an aged and community care system that will fit with the needs and expectations of baby boomers will require gathering information in relation to these issues from baby boomers themselves. Kendig and Duckett (2001) agree, stating that the views of the consumers themselves are paramount in the development of programs for them within a civil and humane society. Simon-Rusinowitz et al. (1998) also agree, stating that it is imperative that the perspective of baby boomers be included in the understanding of their future retirement and aged care needs. The voice of this cohort up to the present, however, has not really been heard. There are some overseas studies looking at the values and attitudes of baby boomers (Huber & Skidmore, 2003; MORI, 1999), and their feelings about retirement and financial planning (Centre for Ageing Research and Education, 2001; Simon-Rusinowitz et al., 1998). With regards to Australian baby boomers, recent reports from the ABS (2002; 2003) and AIHW (2002; 2003) have provided important demographic and circumstantial information related to baby boomers.
Worthington di Marzio (1999) also conducted a qualitative study that questioned baby boomers’ expectations and attitudes in relation to their own ageing. However, this study tended to focus more on retirement issues rather than the needs and expectations in relation to aged and community care. Thus, we see an immediate need for research that will provide information related to these issues. Without this data, we fear the twain will not meet, and the consequences for the Australia aged and community care system, and the Australian community overall, may be dire.

References


Contact Details

Dr Tony Fallon
Mail: Research Fellow
Centre for Rural and Remote Health
Q Block, University of Southern Queensland
Toowoomba QLD 4350 Australia
Ph: +61 (07) 4631 5455
Fax: +61 (07) 4631 5452
Email: fallon@usq.edu.au