

# **Some Like it Hot, Some Like it Cold, Most Like it Here:**

## **Forecasting Retirement in the Chicago Region**

By  
D. Garth Taylor, Ph. D.  
Executive Director  
Metro Chicago Information Center

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## Executive Summary

Over the next 20 years, the face of the Chicago metropolitan region will be changed dramatically by an explosion of senior citizens who will opt to retire in the region rather than move away. This study, forecasting retirement trends in the six-county region through 2020, projects an overall 40 percent increase in the region's population of seniors who are age 60 or older. The increase outpaces the region's expected 16 percent growth in overall population over the next 20 years.

Chicago's senior population is expected to grow by 34 percent and suburban Cook County's senior population by 30 percent. However, the increase of senior citizens will be most dramatic in the region's five collar counties where the senior population could grow overall by 59 percent. The research suggests McHenry County will see the biggest increase, at 66 percent, followed by Kane and Will counties, at 60 percent, Lake County, with a 58 percent growth in seniors; and DuPage County, at 56 percent.

The study analyzed surveys done in 1999 and 2000 in which 1,331 adults age 60 and over in the six-county metropolitan region were queried on their plans for retirement.<sup>1</sup> The majority of those surveyed in Chicago and the suburbs, about 73 percent, had no plans to move after retiring. Only 4 percent of those surveyed in Chicago and 9 percent of those surveyed in suburban Cook County said they would move away. About one in five of those surveyed in the collar counties had plans to relocate from the region.

The survey found that about 64 percent of those surveyed expected to stay in the general housing market in their neighborhood for the next five years, and a little more than half of those surveyed said they planned on living in their own homes. Over the next 20 years, the number of seniors not living in designated senior housing will increase by 18 percent in the city of Chicago, 22 percent in suburban Cook County and by 58 percent in the collar counties. About 12 percent of those surveyed were already living in senior housing, and another 17 percent were willing to consider senior-housing options. The demand for senior housing is likely to outpace current supply. An additional 28,000 seniors are expected to be in the market by 2020 for designated senior housing.

The study found the region's seniors who are retired or considering retirement are most concerned with (by ranking of importance): availability of quality medical care; cost of living; availability of assistance and social services; public transportation; affordable housing; opportunities for culture and recreation; availability of high-quality housing with full services or programs. Based on the responses and ratings by area seniors, an index was created to rate retirement friendliness in Chicago, suburban Cook County and the collar counties. Among findings: Chicago and nearby Cook County suburbs were

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<sup>1</sup> In 1999 MCIC, in conjunction with the Buehler Center on Aging at Northwestern University conducted a random survey of Chicago adults age 60 and over as part of a needs assessment contracted by the Chicago Department on Aging. Later that year the Retirement Research Foundation provided a grant to MCIC to ask many of the same questions to adults age 60 and over who live in the suburban parts of the region as part of MCIC's annual Metro Survey, a random survey of all households in the six-county region. The findings in this report combine the results from the two surveys.

rated most retirement friendly for high-income elderly residents earning \$40,000 or more a year. The collar counties received the lowest mark. The city of Chicago was ranked best for middle-income seniors, those earning \$20,000 to \$40,000 a year, followed by the collar counties and suburban Cook County. The collar counties were ranked poorest, particularly when it comes to accommodating the low-income elderly, who earn less than \$20,000 annually.

## Population Change

**Regional Population Growth.** The current forecast is that about 1.2 million additional residents will be added to the region during the next two decades. By the year 2020 the population of the region will grow by about 16 percent . . .

<b>Total Population</b>	<b>Northeast Illinois Region, 2000-2020</b>
Now	7,830,674
2020	9,045,000
<b>Increase now – 2020 -&gt;</b>	<b>16%</b>

Based on the U.S. Census Bureau projection of Chicago area population for 1998/1999 and Northeast Illinois Planning Commission Revised Population Forecast, adopted 11/6/97.

The projected increase of the regional population has fostered a great deal of public debate on ways to develop housing and employment patterns so as to accommodate growth without placing an undesirable strain on transportation systems, environmental quality and open land preservation.

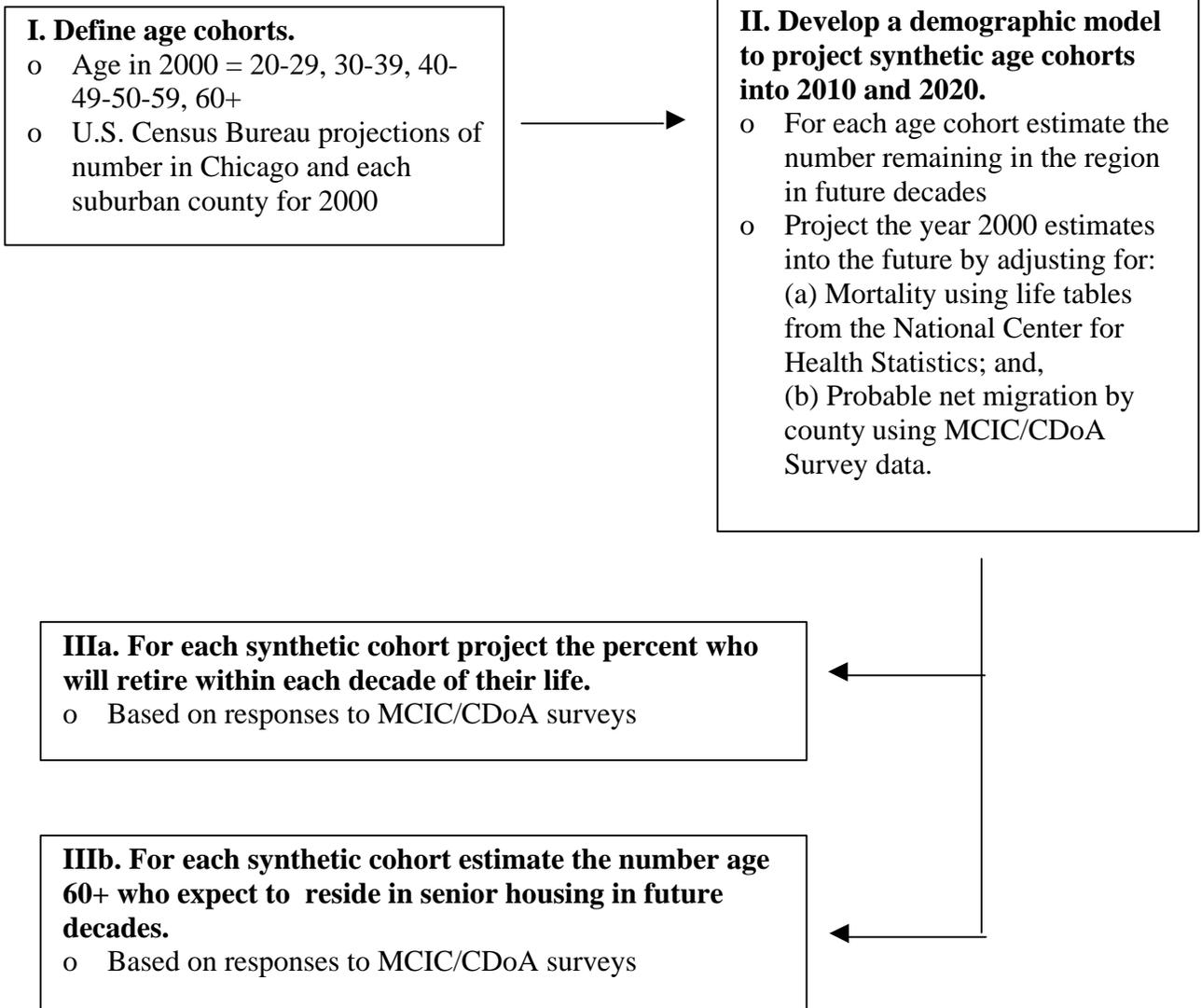
**Expansion of Retirement Population.** Although it is important to plan for population growth, there is another demographic change afoot that will also have a significant impact on the context within which future policy choices are made. The region is about to experience rapid growth in its retirement population:

- o The retirement population of the region is expected to grow by 40 percent during the next two decades.
- o By the year 2020 there will be about 427,000 more retired residents in the region than there are today.

<b>Retirement Population</b>	<b>Northeast Illinois Region, 2000-2020</b>
Now	1,080,279
2010	1,258,934
2020	1,507,283
Increase now – 2010 ->	17%
<b>Increase now -- 2020 -&gt;</b>	<b>40%</b>

Based on the U.S. Census Bureau projection of Chicago area population for 1998 and MCIC retirement/housing projection model.

**Retirement/Housing Projection Model.** To predict the growth of the retirement population, and the associated housing market impact, MCIC developed a projection model incorporating US Census estimates of the current population in the Chicago region; life table estimates of likely patterns of mortality from the National Center for Health Statistics; and estimates of retirement age and housing preferences from regional household surveys conducted during 1999 and 2000. The projection model is explained in more detail in the appendix to this report. The basic steps in the model are:



**Regional Pattern of Population and Retirement Growth.** MCIC's model shows that the retirement population is expected to grow in all parts of the region. By 2020 it is expected that:

- o the retirement population of Chicago will increase by 34 percent,
- o the retirement population of suburban Cook County will increase by 30 percent, and,
- o the population of the 5 collar counties will increase by 59 percent.

<b>Retirement Population</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
Now	401,689	374,714	303,876
2010	462,385	424,602	371,946
2020	536,968	488,443	481,872
Increase now -- 2010 ->	15%	13%	22%
<b>Increase now -- 2020 -&gt;</b>	<b>34%</b>	<b>30%</b>	<b>59%</b>
Based on the U.S. Census Bureau projection of Chicago area population for 1998 and retirement retirement/housing model. Collar counties include Lake, McHenry, Kane, DuPage, Will			

In each part of the region, the rate of growth of the retirement population will exceed the rate of growth of the total population.

<b>Total Population</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
Now	2,802,079	2,390,247	2,638,348
2020	2,961,267	2,610,428	3,473,306
<b>Increase now – 2020 -&gt;</b>	<b>6%</b>	<b>9%</b>	<b>32%</b>
Based on the U.S. Census Bureau projection of Chicago area population for 1998/1999 and the average of two Northeast Illinois Planning Commission Revised Population Forecast, adopted 11/6/97.			

## Housing Needs

**Housing Market Impact.** The rapid increase in the number of elderly in the region will have a substantial impact on neighborhood housing markets. Many have feared that housing markets in area neighborhoods will become unstable in the next decade because of the aging of the homeowner population. The fear is that the large anticipated near-term increase in the number of empty nesters, near-retirees, and retirees will cause a large number of homes to go on the market at the same time, depressing prices and weakening neighborhood confidence. This fear is based on the assumption that people will want to sell their homes and leave their neighborhood when they retire.

There is, however, no evidence from the MCIC/CDoA surveys to support the fear that people will want to sell their homes and leave their neighborhood when they retire. The reality, in fact, will more likely be the opposite: The rapid increase in the number of elderly in the region will have a substantial impact on neighborhood housing markets not because the elderly want to leave their neighborhoods, but because they want to stay.<sup>2</sup>

<b>Post-Retirement Location Goals, Metro Area Residents Age 60+</b>	Chicago	Cook Suburbs	Collar Counties
No plan to retire	24%	29%	26%
Live in the Chicago area 12 months a year	49%	47%	30%
Live in the Chicago area part of the year, and live somewhere else part of the year	14%	11%	15%
Move to another part of Illinois	0%	0%	1%
Move to another state away from Illinois	4%	9%	14%
Move to another country away from the US	0%	0%	3%
Undecided, Don't Know	8%	5%	10%

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

In Chicago very few of the elderly expect to leave the city after they retire – i.e., a total of only 4 percent. As later sections of this report show, the city ranks high on the amenities that make a place “retirement-friendly.” Among the elderly in Suburban Cook County, the expected outmigration of 60+ year olds is 9 percent. In the collar counties, 18 percent

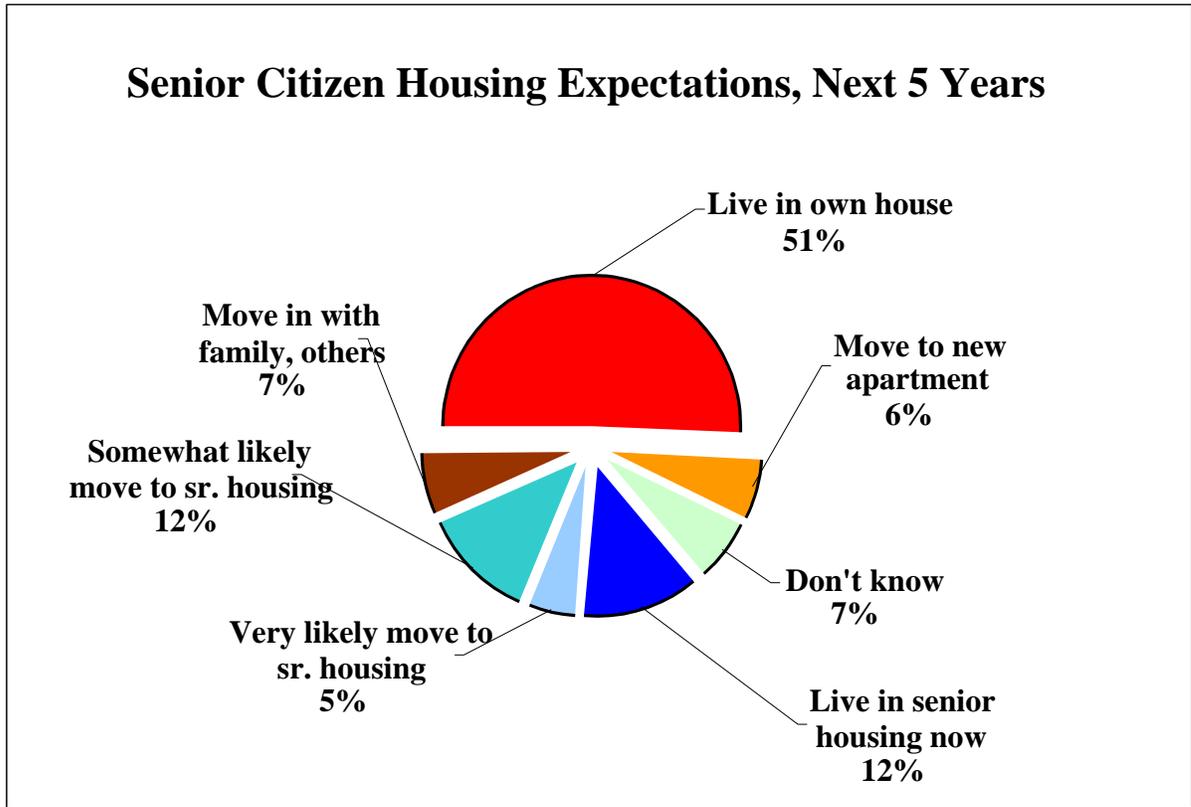
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<sup>2</sup> The surveys asked respondents age 60 and over “After you retire is your goal to . . . “

- o Live in the Chicago area 12 months a year;
- o Live in the Chicago area part of the year, and live somewhere else part of the year;
- o Move to another part of Illinois;
- o Move somewhere else in the United States; or,
- o Move to another country away from the United States?

of the elderly say they will leave when they retire. As we shall see, the collar counties pose significant challenges to those contemplating retirement.<sup>3</sup>

**Impact on Two Housing Markets.** The rapid growth of the senior citizen population will have a significant impact on both (a) the general housing market; and, (b) the market for designated senior housing.



The chart shows that majority of region’s elderly (51 percent) plan to stay and live in their current residence or purchase another home after they retire.<sup>4</sup> Some hope to move to

<sup>3</sup> These are the figures used in the MCIC model to project out migration of age cohorts when they reach age 60+. A companion survey for the Chicago Department on Aging finds that to the extent there is likely to be a rapid increase in home sales in the city from retiring planning, it is among 50-59 year olds. About 20 percent of Chicago residents in this age group say they plan to move out of the region when they retire. (The data were not collected for the suburbs). This figure is used in the MCIC model to project out migration of cohorts during their 50-59 decade. The actual out migration estimates are a little lower because the model also adjusts for mortality in each synthetic cohort.

<sup>4</sup> The chart and the following table are based on the responses of the region’s elderly (age 60+) to questions about the type of housing they occupy now and they type they expect they will occupy in five years:

- o Is your residence specifically for seniors?;
- o (IF NOT CURRENTLY IN SENIOR HOUSING) Would you say it is very likely, somewhat likely, or not likely that in the next five years you would move to a residence specifically for seniors?;
- o (IF NOT LIKELY TO MOVE INTO SENIOR HOUSING) What kind of residence do you think you might move into in the next five years?

an apartment in their community (6 percent) or into a home shared with other relatives or friends (7 percent) because of a need to minimize housing costs, taxes, or downsize.

Overall, among those over age 60 in the six county region today:

- o About 64 percent expect to **stay in the general housing market** in their neighborhood in the near future (live in their own home, move to an apartment, or “don’t know”).
- o About 7 percent expect to **exit the general housing market** and be absorbed into residences already occupied by other family members or friends.
- o About 12 percent are **currently in the designated senior housing market**.
- o About 5 percent say they are **very likely to exit the general housing market and enter the market for designated senior housing**.

<b>Short Term Impact on Housing Markets</b>			
<b>1. Stay in general housing market</b>		<b>3a. Live in designated senior housing now</b>	
Live in own house	589,076	51%	Now
Move to new apartment	71,860	6%	140,172
Don't know plans	77,183	7%	12%
<b>2. Exit general housing market</b>			
Move in with family, others	78,070	7%	
<b>3b. Likely to move to designated senior housing in 5 years</b>			
Very likely	59,440	5%	
Somewhat likely	134,849	12%	

TOTAL Population Age 60+ 1,150,649

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000, and US Census projections

In the next 20 years number of elderly (age 60 and up) who are not in designated senior housing – is expected to:<sup>5</sup>

- o increase by 18 percent in the city of Chicago;
- o increase by 22 percent in suburban Cook County; and,
- o increase by 58 percent in the collar counties.

<b>Projected Age 60+ Not In Senior Housing</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
<b>2000</b>	404,969	354,241	252,712
<b>2020</b>	479,513	432,900	398,658
<b>Increase now – 2020 ↗</b>	74,544	78,659	145,946
<b>Increase now – 2020 ↗</b>	<b>18%</b>	<b>22%</b>	<b>58%</b>

Based on the U.S. Census Bureau projection of Chicago area population for 1998 and MCIC retirement/housing projection model.

**Smart Growth in a Two Step Housing Market.** The goals of “smart growth” include proposals to accommodate regional growth by building new housing near public transportation nodes, increasing somewhat the density of housing in those areas. The need to house the elderly, and the expectation that so many of them will remain in the general housing market (i.e., not in designated senior housing) suggests an opportunity to accommodate smart growth goals by planning for a two-step housing market. The two steps in the market are:

1. The elderly sell their homes and move into housing suitable for their needs (i.e., smaller, cost-conscious, lower taxes, near public transportation).
2. Newer, younger, larger families who are entering the regional housing market buy the homes from the elderly since those homes are larger, more dispersed, nearer schools and employment.

Smart growth is achieved because the new housing is built in higher-concentration areas near public transportation to accommodate the needs of the elderly. Regional growth is accommodated by the elderly selling their large, more dispersed homes to incoming, and younger families.

How much of the expected increase in regional housing demand could be absorbed by this two-step housing market? There is no way to know this exactly, but there is a simple model that can be used to benchmark the size of the two-step market compared to the total increase in housing demand. Between now and the year 2020 the city of Chicago is projected to have about 75,000 more elderly in the general housing market. If every one of these elderly people moved out of a two-bedroom house and into a newly-constructed “smart growth” one-bedroom home, then the two-bedroom homes would house two to three times as many people. The total projected population increase in the city during

<sup>5</sup> These figures are based on MCIC’s retirement/housing projection model which: (a) adjusts for mortality and migration ; and, (b) assumes people who say they are very likely to enter senior housing will do so within ten years.

these years is only 159,188. The ratio of these numbers – i.e., 2.1 -- shows that under the simple model the two step housing market would absorb all of the new population growth. In the city of Chicago the goals of smart growth and accommodating the increase in elderly housing needs can be met at the same time if there is enough new smart growth construction for retirees who will then move in and vacate larger family-size homes for new families in the city.

In suburban Cook County, the ratio of total growth to senior growth is 2.8 – not quite enough for the smart/elderly growth model to accommodate the total population increase. In the collar counties the ratio is 5.7, indicating that the smart/elderly growth model will fall well short of accommodating the projected population increase, but nevertheless the two step market can provide significant support to achieving smart growth goals.

In the collar counties the smart growth problem is the greatest because that is where the projected population increase is the greatest, and where there is the greatest need to develop higher-concentration, transit-friendly communities. As we shall see in a later section of this report, the lack of cost-conscious, transportation-friendly housing makes the collar counties less desirable as a retirement location, which further compounds the difficulty achieving smart growth goals through the two step housing market.

<b>Smart /Elderly Growth: Absorption by the Two-Step Housing Market</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
A. Projected Increase now – 2020 Age 60 Not In Senior Housing	74,544	78,659	145,946
B. Projected Increase now – 2020 Total Population	159,188	220,181	834,958
<b>Ratio B/A</b>	<b>2.1</b>	<b>2.8</b>	<b>5.7</b>

A. Based on the U.S. Census Bureau projection of Chicago area population for 1998 and MCIC retirement/housing projection model.

B. Based on the U.S. Census Bureau projection of Chicago area population for 1998/1999 and the average of two Northeast Illinois Planning Commission Revised Population Forecast, adopted 11/6/97.

**Future Demand for Designated Senior Housing.** The surveys show a potential demand for designated senior housing that is substantially greater than the current supply.

- o In Chicago about 32,000 elderly presently live in some form of designated senior housing. According to the MCIC Retirement/Housing projection model, after adjusting for mortality and migration, an additional 28,000 seniors consider are very likely to want to live in designated senior housing by the year 2020, which would more than double the size of the market.
- o In other parts of the region there is already a higher proportion of population age 60 and over in designated senior housing. Nevertheless, demand is expected to increase there as well. In suburban Cook about 25,000 more consider it very likely that they will move into designated senior housing in the next 20 years. In the collar counties the number of hopeful new residents will be about 39,000.

<b>Projected Age 60+ In Senior Housing</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
<b>2000</b>	32,095	50,964	55,668
<b>2010</b>	53,694	63,409	66,195
<b>2020</b>	60,518	75,015	94,413
<b>Increase now -- 2010 -&gt;</b>	67%	24%	19%
<b>Increase now -- 2020 -&gt;</b>	<b>89%</b>	<b>47%</b>	<b>70%</b>

Based on the U.S. Census Bureau projection of Chicago area population for 1998 and MCIC retirement/housing projection model.

People were asked what kind of designated senior housing they currently occupy.<sup>6</sup> To measure the magnitude of coming changes in demand, those who currently do not live in designated senior housing but who said they are very or somewhat likely to move in during the next five years were asked what they would consider moving into.<sup>7</sup> The following table shows the multipliers for the potential increase in the market for each type of designated senior housing. The calculations are based on small samples, and the number of potential residents in any one category is greater than can actually occur because the categories are not mutually exclusive – i.e., respondents could name as many options as they desired. But even with these caveats in mind, the results show substantially growing interest and/or need for every type of senior housing available across the range of the socioeconomic spectrum.<sup>8</sup>

<sup>6</sup> “What kind of senior housing is it: (a) a retirement building; (b) part of an independent retirement community; (c) public housing for seniors; or (d) an assisted living home.

<sup>7</sup> “What kind of residence for seniors do you think you might move into in the next five years: (a) a retirement building; (b) part of an independent retirement community; (c) public housing for seniors; (d) an assisted living home; or (e) a nursing home. Respondents could name as many options as they desired.

<sup>8</sup> As a way of ensuring that respondents understood assisted living, shortly before this question, they were asked: “Have you heard of Assisted Living retirement homes where residents are mostly independent but there is staff at the home to help people with tasks such as bathing, dressing, eating or taking medicine?” Among Chicago elderly seventy-two percent, and outside Chicago about 88 percent, have heard of assisted living.

- o The market for private sector retirement buildings in Chicago could become six times as great as it is now; and even a higher proportionate increase in suburban Cook County.
- o The market for independent retirement communities could grow substantially, increasing by a factor of 3.9 in the city of Chicago.
- o The need for public housing for seniors could be two to three times as great as it is now.
- o The market for assisted living is expected to grow substantially.<sup>9</sup>

<b>Multipliers for Potential Increase in Market for Designated Senior Housing</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
Retirement building	6.2	8.3	1.5
Independent retirement community	3.9	2.2	1.3
Public housing for seniors	2.9	1.7	3.0
Assisted living home	5.5	2.0	1.8

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

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<sup>9</sup> Because of difficulties of telephone access, the MCIC survey did not interview people in nursing homes. Therefore we do not have a market growth multiplier for this type of housing.

**Retirement-Friendly Communities.** The increase in the elderly population during the next 20 years will provide new, important economic and social resources to communities that are well positioned to attract them. In anticipation of the increase in the elderly population, municipalities will position themselves around the issue of attracting or retaining retirement population:

- o Some municipalities will seek to build appropriate housing, provide services, and make transportation available in order to become more retirement-friendly.
- o Some will try to pursue mixed strategy of accommodating retirement population in place and recycling previously existing housing stock to other family-based uses.
- o Others will pursue strategies to focus on families with children, or industry based manufacturing, commercial, services.

What does it mean for a community to be “retirement friendly?” A retirement-friendly community is one that provides the amenities considered to be most important by people who are retired or planning to in the near future.

To determine what is important in retirement planning, the surveys asked respondents to rank the importance of various amenities in their own process of making decisions about retirement.<sup>10</sup>

<b>Importance of Amenities, Age 60+</b>		<b>Top Priority + Very Important</b>	<b>Somewhat, Not Important</b>
<b>1<sup>st</sup> Tier</b>	Availability of quality medical care	<b>84%</b>	15%
	Cost of living	<b>76%</b>	22%
<b>2<sup>nd</sup> Tier</b>	Availability of assistance and social services	<b>54%</b>	43%
	Availability of public transportation	<b>50%</b>	48%
	Availability of affordable housing	<b>43%</b>	54%
<b>3<sup>rd</sup> Tier</b>	Opportunities for culture and recreation	<b>39%</b>	59%
	Availability of high quality housing with full services or programs	<b>37%</b>	60%

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

When the elderly in this region rank the criteria for retirement-friendliness:

1. The top tier of importance includes availability of quality **medical care** (84 percent top priority or very important) and the **cost of living** (76 percent top priority or very important). These are top-ranked, universally shared concerns in every segment of the elderly population.

<sup>10</sup> As you make decisions about your future, how important of an issue is <a list of characteristics>, would you say not important, somewhat important, very important or a top priority?

2. The second tier of issues, which are also widely viewed as important, includes availability of **assistance and social services** (54 percent top priority or very important), availability of **public transportation** (50 percent top priority or very important), and availability of **affordable housing** (43 percent top priority or very important).
3. Third tier issues, which tend to be more important among the higher income elderly than among the lower income elderly, include opportunities for **culture and recreation** (39 percent top priority or very important), and availability of **high quality housing** with full services or programs (37 percent top priority or very important).

To gauge the level of retirement friendliness in different parts of the six county region, the surveys asked respondents to rank their own community on the quality and availability of these amenities.<sup>11</sup>

Community Ranking on Amenities, Age 60+		Percent “Excellent + Very Good”		
		Chicago	Suburban Cook	Collar Counties
1 <sup>st</sup> Tier	Availability of quality medical care	63%	68%	74%
	Cost of living	26%	29%	31%
2 <sup>nd</sup> Tier	Availability of assistance and social services	44%	55%	49%
	Availability of public transportation	49%	45%	22%
	Availability of affordable housing	26%	39%	30%
3 <sup>rd</sup> Tier	Opportunities for culture and recreation	75%	49%	56%
	Availability of high quality housing with full services or programs	37%	54%	52%

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

Individual communities that hope to attract or retain retirement population can refer to these benchmark measures and determine where they stand, -- i.e., where there are valued assets and where there is need for work to improve perceived deficits.

- o The city of Chicago ranks especially highly on opportunities for culture and recreation (75 percent “excellent or very good,” compared to 49 percent in Suburban Cook County, and 56 percent in the Collar Counties).

<sup>11</sup> We are interested in how people view this region as a place for older people to live and as a place to retire. Even if you do not think you will retire here permanently, how do you rate your community on... <a list of characteristics>, would you say excellent, very good, average or poor?

- o On the issue of availability of public transportation, the city of Chicago also ranks especially highly (49 percent “excellent or very good”) as does Suburban Cook County (45 percent), compared to the very low ranking in the Collar Counties (22 percent).
- o The three parts of the region all rank very highly on the top tier issue of availability of quality medical care (63 percent “excellent or very good” in Chicago, 68 percent in Suburban Cook County, and 74 percent in the Collar Counties).
- o No part of the region ranks well on the general issue of maintaining a low cost of living (26 percent “excellent or very good” in Chicago, 29 percent in Suburban Cook County, and 31 percent in the Collar Counties).
- o Suburban Cook County ranks especially highly on the issues of availability of assistance and social services (55 percent) and availability of affordable housing (39 percent).
- o Suburban Cook County and the Collar Counties both rank higher than the city of Chicago on the availability of high quality housing with full services or programs.

**Index of Retirement Friendliness.** An overall summary measure of the degree of retirement friendliness can be obtained by combining the seven measures of importance and the seven rankings of community amenities into a single index. The index is based on the information in the table below. The column labeled “Index Weight” shows the weight attached to each of the seven amenities. The weights are based on whether an item ranks in the 1<sup>st</sup> Tier of importance (weight = 30), in the 2<sup>nd</sup> Tier (weight = 20), or in the 3<sup>rd</sup> Tier (weight = 10). The index score for a geographic area is calculated by first multiplying the weight times the percent ranking the area as “excellent or very good” on that amenity, and then adding up the results for the seven amenities. By this method the minimum index score for an area is zero and the maximum index score is 140 (which would be achieved if 100 percent ranked each amenity “excellent or very good.”)

$$\text{Index Score for a place or group} = \text{Sum of (Index Weight * (Percent Excellent + Very Good))}$$

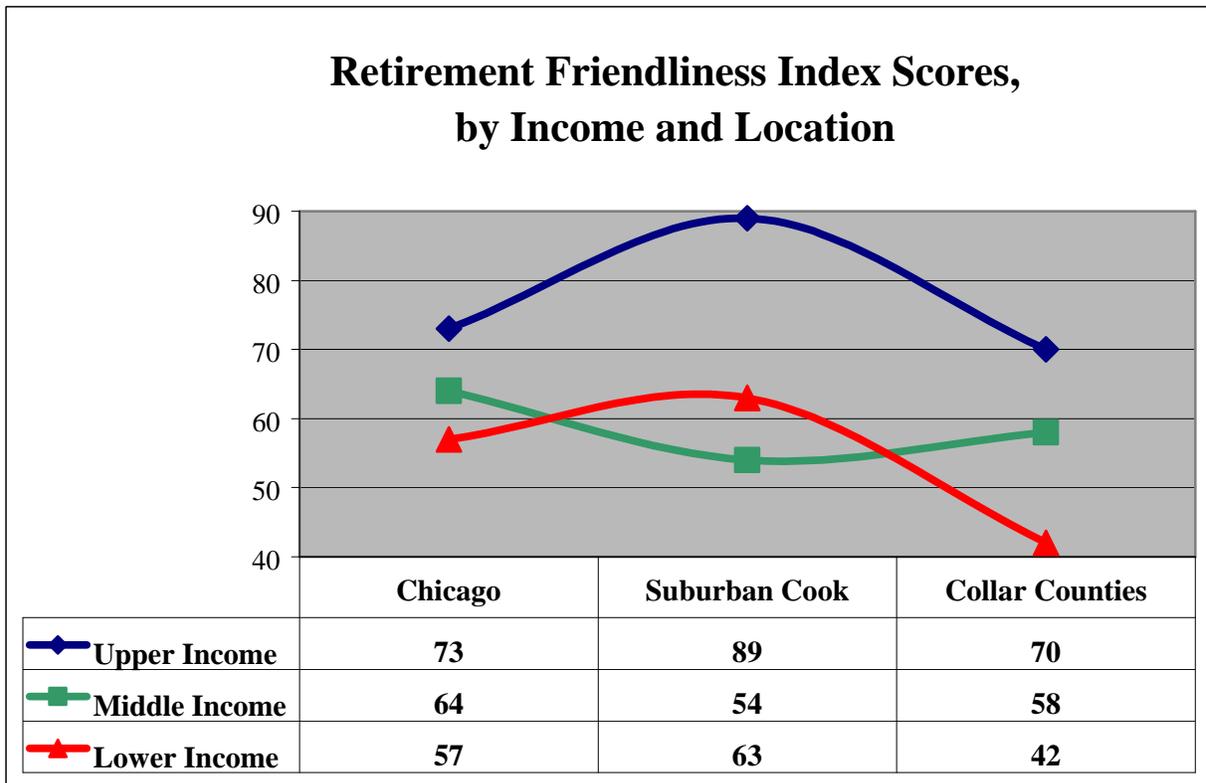
Index of Retirement Friendliness		Index Weight	Percent “Excellent + Very Good”		
			Chicago	Suburban Cook	Collar Counties
1 <sup>st</sup> Tier	Medical care	30	63%	68%	74%
	Cost of living	30	26%	29%	31%
2 <sup>nd</sup> Tier	Assistance / social services	20	44%	55%	49%
	Public transit	20	49%	45%	22%
	Affordable housing	20	26%	39%	30%
3 <sup>rd</sup> Tier	Culture and recreation	10	75%	49%	56%
	High quality full service housing	10	37%	54%	52%
<b>INDEX SCORE</b>			<b>61</b>	<b>67</b>	<b>63</b>

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

The index score for Suburban Cook County is 67, noticeably higher than the other areas because of its consistently high rankings across several of the amenity measures. The index score for Chicago is 61 and the index score for the Collar Counties is 63. All index scores seem reasonably high, indicating the overall attractiveness of the region as a retirement destination.

When index scores are calculated for income groups, the results reveal major disparities in the perceived retirement friendliness in the various parts of the region.

- o High-income elderly (\$40,000 and up) have a substantially more positive view of the retirement friendliness of the region, regardless of where they live. Among high-income elderly the index scores are 73 in Chicago; 70 in the collar counties; and a remarkably high 89 in Suburban Cook County.
- o Among middle income elderly (\$20,000 to \$40,000) Chicago ranks the best (64), noticeably higher than Suburban Cook County (54) or the Collar Counties (58).
- o Among low income elderly (under \$20,000), Chicago ranks comparatively well (57) as does Suburban Cook County (63), but the collar county score is remarkably low (42) indicating the challenges in that area for those needing low cost housing, public transportation, as well as the other items in the index.



## Economic Resources of the Elderly Population

**Hardship for Some.** There is a substantial need for subsistence resources among a significant minority of the retirees in the region, and this circumstance is likely to continue. At present, for about 15 percent of the region’s retired population over age 60, the financial resources available are not sufficient to meet everyday basic needs such as medicine, food, utilities, and clothes.

- o The level of economic hardship is greatest among the retired elderly in the city of Chicago, where 18 percent say they do not have enough money to meet everyday needs such as food, utilities, housing and clothes and 21 percent say they do not have enough money for prescription drugs.
- o But in Suburban Cook County, the level of economic hardship among the retired elderly is nearly as great – i.e., 11 percent say they do not have enough money to meet everyday needs such as food, utilities, housing and clothes and 19 percent say they do not have enough money for prescription drugs.
- o In the Collar Counties there is less hardship, but even there 6 percent say they do not have enough money to meet everyday needs such as food, utilities, housing and clothes and 9 percent say they do not have enough money for prescription drugs

<b>Economic Hardship, Retired Age 60+</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
<b>Do NOT have enough . . .</b>			
<b>A.</b> Money to meet everyday needs such as food, utilities, housing and clothes	18%	11%	8%
<b>B.</b> Money for prescription drugs	21%	19%	6%
<b>C.</b> Income and savings to take care of the future	26%	18%	9%

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

Economic hardship among the retired is greatest among those under age 65. Most retirees in this age group do not yet qualify for Social Security or Medicare, and many do not have adequate savings or employer pensions to meet their financial needs.

<b>Economic Hardship, By Age</b>	<b>75+</b>	<b>65-74</b>	<b>60-64</b>
<b>Do NOT have enough . . .</b>			
<b>A.</b> Money to meet everyday needs such as food, utilities, housing and clothes	11%	14%	16%
<b>B.</b> Money for prescription drugs	14%	18%	21%
<b>C.</b> Income and savings to take care of the future	18%	19%	23%

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

**Increasing Financial Security.** Having noted that economic hardship is a serious problem for a portion of the elderly population, it is also the case that looking to the year 2020 the new cohort of retirees is going to be more financially secure than the previous generations of retirees. Financial support for retirement is a three-legged stool. The first leg is Social Security, which provides a baseline income. The second leg is employer-sponsored and voluntary retirement savings plans which became much more widespread after World War II. The third leg is personal retirement savings, including many savings vehicles such as IRA plans, Keogh plans, and other forms of annuity that only became widespread after the 1970's.

<b>Sources for Financial Support for the Retired Elderly</b>	<b>Age 65+</b>	<b>Age 60-64</b>
<b>1.</b> Social security/Medicare	X	
<b>2.</b> Employer and/or voluntary pension	X	X
<b>3.</b> Savings, IRA, Keogh, other annuity	X	X

There are significant regional differences in the economic assets of the elderly, with higher incomes and a higher rate of pension participation in the suburban areas.

<b>Regional Differences in Economic Resources Among Retired Age 60+</b>	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
Have employer and/or voluntary pension coverage	58%	71%	72%
Median income	\$19,460	\$29,621	\$34,148

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

The American economy is providing employer-sponsored plans to a higher and higher proportion of American workers, but among the generation currently retired, the diffusion of employer-sponsored and/or voluntary pension plans is less than complete. Because of lack of availability, or lack of eligibility, about 29 percent of those age 60 – 74 and about 42 percent of those 75+ say they are not covered by any type of pension plan.<sup>12</sup>

Young retirees have a higher income than older retirees primarily because of a higher rate of pension participation, a somewhat greater rate of participation in voluntary retirement savings programs (IRA, Keogh, annuities, etc.), and a greater likelihood of working part-time during retirement.

<sup>12</sup> The survey asked “Are you (and your spouse/partner) covered by a retirement pension plan through a former employer, other than Social Security? (E.g. 401-K, Pension, Tax Deferred Annuity)”

<b>Economic Resources Among Retired Age 60+</b>	<b>Age 75+</b>	<b>Age 65-74</b>	<b>Age 60-64</b>
Have employer and/or voluntary pension coverage	58%	71%	72%
Median Income	\$27,256	\$29,946	\$39,125

From CDoA 1999 Chicago Survey + MCIC Metro Survey 2000

Future generations of retirees are substantially more likely to have retirement resources from all three sources. At present, participation in employer-based plans is somewhat higher in the generation that will retire in the next 20 years than in previous generations. And as the following table shows, the rate of participation in voluntary retirement savings by the generation approaching retirement is substantially higher than the rate in previous generations (for whom many of these vehicles were not available).

<b>Participation in Voluntary Retirement Savings Programs</b>	<b>Retired Age 60+</b>	<b>Not Retired Age 41-64</b>
<b>3.</b> IRA, Keogh, other annuity	43%	58%

From cumulative MCIC Metro Survey 1990-2000

The more extensive economic resources of the generations that will retire in the next 20 years will have a substantial impact on the communities where they reside – not just in terms of housing markets, service and transportation needs, but also on consumption of goods, public participation, and cultural patronage.

## Community Impact

**Retiring Alone?** There is currently a concern that American generations are becoming less engaged in civic life. Retirees have always played an important role in maintaining civic organizations, volunteering, and patronizing cultural institutions. The “over 60” version of the “Bowling Alone” hypothesis is that the coming generations of retirement will swell our streets and neighborhoods with senior citizens who are less engaged in civic life than currently retired generations.

There is, however, no evidence from the MCIC/CDoA surveys to support the fear that neighborhood life will suffer because generations about to retire are less engaged in community civic life than predecessor generations. The reality, in fact, will more likely be quite different: The rapid increase in the number of elderly in the region *will* have a substantial impact on the civic life of neighborhoods not because they are disengaged, but because their levels of engagement are going to be about the same as previous generations, and there will be a lot more of them expressing their opinions and tastes. By force of numbers and continued social participation, the new cohort of retirees is going to substantially change the level of social involvement and cultural participation in communities where they reside.

**Volunteering and Social Participation.** On most of the commonly-used measures of volunteering and social participation that have been developed during MCIC’s 10-year history of quality-of-life research, there is no difference between the currently-retired generation and those who will swell the ranks of retirement in the next 20 years. Those who will be retiring in the next two decades (age 41-64) are as likely as those currently retired (age 65+) to participate in a neighborhood association, a tenant/owner/condo association, and a local issue organization.<sup>13</sup>

<b>Volunteering and Social Participation</b>	<b>Age 41-64</b>	<b>Age 65+</b>
<b>Participate In Neighborhood Organizations</b>		
Neighborhood Association	19%	19%
Tenant/Owner/Condo Assn.	16%	14%
Local Issue Organization	11%	13%

From cumulative MCIC Metro Survey 1990-2000

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<sup>13</sup> Question wordings: “Does any adult in your household belong to . . . a neighborhood association or community group like a block club or watch group? . . . a tenants' association, or a building, homeowner, or condo association? . . . any other group concerned with neighborhood issues? “

Compared to those currently retired, those who will be retiring in the next two decades are: as likely to be financial contributors to charitable organizations, similar in the percent of income donated, and marginally more likely to volunteer time or serve on boards or committees of charitable organizations.<sup>14</sup>

<b>Involvement With Charitable Organizations</b>	<b>Age 41-64</b>	<b>Age 65+</b>
Financial contributor	71%	69%
Median Percent of Income Donated	1.0%	1.2%
Volunteer Time	55%	49%
Serve on a Board or Committee	28%	22%

From cumulative MCIC Metro Survey 1990-2000

The evidence is more mixed on political participation, The generation that will be retiring over the next 20 years has a lower rate of voter participation. However, it is frequently noted that voter participation is an age effect, not a cohort effect, and that as people become older their voter participation increases because, among other reasons, they are less likely to move and lose their registration. Overall, the generations seem about equally likely to make financial donations to political candidates, with the younger more likely to support local candidates and the older more likely to support national candidates. It is too early to predict whether this is a pattern that will continue during the next 20 years.<sup>15</sup>

<b>Political Participation</b>	<b>Age 41-64</b>	<b>Age 65+</b>
<b>Registered To Vote</b>	87%	95%
<b>Financial Donation to Political Candidates</b>		
Local Candidate	48%	29%
Statewide Candidate	51%	49%
National Candidate	56%	67%

From cumulative MCIC Metro Survey 1990-2000

<sup>14</sup> Question Wordings: In the past year did you or anyone in the household donate money to charity, such as United Way, through work? Other than donations we already talked about, in the past year, did you or anyone in your household volunteer time or donate money to (list of several types of organizations). In the past year did you volunteer time to a church, school, community organization, or any other kind of charitable cause? By volunteering time I mean not just being a member but actually working in some way for no monetary pay. In the past year did you serve on a board or advisory committee for a church, school, community organization, or any other kind of charitable cause?

<sup>15</sup> Question wordings: Are you currently registered to vote where you live? In the past year have you donated money to any political candidates or their committees? Did you donate to candidates for local office (Council, Mayor)? Did you donate to candidates for statewide (Governor, Legislature)? Did you donate to candidates for national (Senate, House, President)?

One area where there will be a decline in community participation is church attendance. The generation approaching retirement is less likely to go to church frequently than the generation currently in retirement.<sup>16</sup>

<b>Frequency of Attending Religious Services</b>	<b>Age 41-64</b>	<b>Age 65+</b>
Weekly or More Often	42%	51%
Less Often	44%	38%
Never, No Religious Preference	13%	11%

From cumulative MCIC Metro Survey 1990-2000

**Cultural Participation.** The generation that will be retiring during the next 20 years is more likely than current retirees to attend cultural events such as classical music, theater, or museums. Some of this difference will not carry into retirement because it is due to age effects – i.e., younger people are more likely to have families and/or children, and people are more likely to go to cultural activities as a family event. But some of the difference will carry into retirement, because cultural participation is a habit learned in young adulthood and carried forward throughout one’s life. In addition, some of the difference will carry into retirement because it is economically based. Cultural events are viewed as somewhat costly, but the succeeding generations of retirees will have more disposable income and are especially attracted to the Chicago region because of its opportunities for cultural participation.

Not all cultural patterns are consistent, however, and we note that substantially fewer of the younger generation are contributors to WTTW-Channel 11, one of Chicago’s public broadcasting networks.<sup>17</sup>

<b>Cultural Participation</b>	<b>Age 41-64</b>	<b>Age 65+</b>
An adult in the household in the past year has seen/gone to . . .		
A Museum	64%	45%
A Live Classical Concert	32%	28%
A Play at a Theater	50%	40%
<b>Member Of Channel 11(WTTW)</b>	15%	22%

From cumulative MCIC Metro Survey 1990-2000

<sup>16</sup> Question Wording: What is your religious preference? Is it Protestant, Catholic, Jewish, another religion, or no religion? About how often do you usually participate in religious services?

<sup>17</sup> Question wordings: In the past year, has any adult in this household gone to . . . a museum? . . . a live concert of classical music? . . . a play at a theater? [IF HAVE TV] Are you a member of Channel 11 (WTTW)?

**Interracial Awareness.** The generation approaching retirement is more racially tolerant, and has more experience with interracial contact than the currently retired population. Compared to those over age 65, whites in the coming retirement generation are more likely: to say they live on a block with African American families, to frequently try to find interracial social opportunities, and to stop and talk with and/or visit at home with African American families (among those with African American families in their neighborhood).<sup>18</sup>

<b>Interracial Awareness Among Whites</b>	<b>Age 41-64</b>	<b>Age 65+</b>
Black families live on the same block	28%	22%
Stop and talk to black families in neighborhood (if any in neighborhood)	59%	52%
Visit at home with blacks in neighborhood (if any in neighborhood)	21%	10%
Frequently tries to find interracial social opportunities	37%	25%

From cumulative MCIC Metro Survey 1990-2000

The increased interracial awareness of the generation that will retire in the next 20 years stems from a number of social influences including a the post-World War II climate of increased racial tolerance in America, better educational opportunities, and increased experiences of desegregation in schools and the workplace.

The environment of increased racial tolerance will continue to change the quality of neighborhood life in the region and may afford opportunities for retirement housing as a desegregation opportunity. Informal observations during the focus groups conducted for the Chicago Department on Aging needs assessment portion of this research project suggest that retirement living is a more comfortable setting in which to experience interracial contact, possibly because retirees in group or rental quarters are not as concerned about the issues that maintain the greatest distance between the races in general neighborhood settings – i.e., property values, property upkeep, safety from immediate neighbors, and the impact adverse interracial contact might have on children.

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<sup>18</sup> Question Wordings: Are there any black families living in this neighborhood now? How many blocks away do the black families live, who live closest to you? Has someone in your household in the past few months stopped and talked with a black family from your neighborhood? Has someone in your household in the past few months visited with a black family in your home or their home? How often do you try to find opportunities to meet black people and get to know them? Would you say frequently, sometimes, hardly ever, or never?

## APPENDIX: Projection Methods

Q: How many residents are there today?

A: Census estimates.

**TABLE A-1 DEFINITION OF GENERATIONS**

Age in year 2000	60+	50-59	40-49	30-39	20-29
Year born	1900-1940	1941-1950	1951-1960	1961-1970	1971-1980
Year age 20	1920-1960	1961-1970	1971-1980	1981-1990	1991-2000
US President During age 20-29	pre/post FDR	JFK/LBJ/ Nixon	Nixon/Ford/ Carter	Reagan/ Bush	Bush/ Clinton
Age in 2010	70+	60-69	50-59	40-49	30-39
Age in 2020	80+	70-79	60-69	50-59	40-49
<b>US Census estimate</b>					
Chicago	437,064	271,844	375,457	453,833	434,980
Sub Cook	405,205	257,275	373,210	378,826	309,818
Collar Counties	308,380	252,111	432,811	456,416	325,755

Q: When will people retire, how many are retired now?

A: Survey estimates:

**TABLE A-2 EXPECTED RETIREMENT DATES**

Generation -->	FDR	JFK/LBJ	Nixon/Carter	Reagan	Clinton
Age when retire -->	60+*	50-59**	40-49***	30-39***	20-29***
Retired Now	75%	20%	5%	0%	0%
Will retire by 2010	87%	70%	20%	5%	0%
Will retire by 2020	94%	85%	70%	20%	5%
Will retire by 2030		95%	85%	70%	20%
Will retire by 2040			95%	85%	70%
Will retire by 2050				95%	85%
Won't retire	6%	5%	5%	5%	5%

\* Percents tabulated from RRF/CDoA Surveys

\*\* Percents approximated from CDoA Survey

\*\*\* Percents estimated assuming continuity with JFK/LBJ generation

Q: Of the residents here today, how many will be in the region in 2010?

A: Life table analysis for cohort-specific mortality rates, survey estimates for out migration, assume in migration is minimal or balanced by out migration estimate.

**TABLE A-3 POPULATION CHANGE TABLE 2000 -> 2010**

<b>Generation --&gt;</b>	<b>FDR</b>	<b>JFK/LBJ</b>	<b>Nixon/Carter</b>	<b>Reagan</b>	<b>Clinton</b>
<b>Age in 2000 --&gt;</b>	<b>60+</b>	<b>50-59</b>	<b>40-49</b>	<b>30-39</b>	<b>20-29</b>
<b>Age in 2010</b>	70+	60-69	50-59	40-49	30-39
<b>Change 2000-2010 due to:</b>					
Mortality	-37.20%	-8.64%	-3.77%	-1.93%	-1.15%
In migration	0.00%	0.00%	0.00%	0.00%	0.00%
Out migration					
Chicago	-4.40%	-20.00%	0.00%	0.00%	0.00%
Sub Cook	-8.70%	-20.00%	0.00%	0.00%	0.00%
Collar Counties	-18.70%	-20.00%	0.00%	0.00%	0.00%
<b>Total Retention</b>					
Chicago	60.04%	73.09%	96.23%	98.07%	98.85%
Sub Cook	57.33%	73.09%	96.23%	98.07%	98.85%
Collar Counties	51.06%	73.09%	96.23%	98.07%	98.85%
<b>Estimated number in 2010</b>					
Chicago	262,392	198,686	361,312	445,075	429,985
Sub Cook	232,323	188,038	359,149	371,514	306,260
Collar Counties	157,443	184,264	416,505	447,607	322,014
*Out migration = 20% during 50-59 years (CDoA survey) In migration = 0%					
Total Retention = 1 – mortality – out migration + cross product (to eliminate double counting)					
Blended age-specific death rates used for each cohort, based on the life tables published by the NCHS					
National Vital Statistics Report (47:9) November 10, 1998 p. 21 -- Table 4 Abridged life table for the total population 1996					

Q: Of the residents here today, how many will be in the region in 2020?

A: Same methodology as the previous question, except the projections now for 20 years. Life table analysis for cohort-specific mortality rates, survey estimates for out migration, assume in migration is minimal or balanced by out migration estimate.

**TABLE A-4 POPULATION CHANGE TABLE 2000 -> 2020**

<b>Generation --&gt;</b>	<b>FDR</b>	<b>JFK/LBJ</b>	<b>Nixon/Carter</b>	<b>Reagan</b>	<b>Clinton</b>
<b>Age in 2000 --&gt;</b>	<b>60+</b>	<b>50-59</b>	<b>40-49</b>	<b>30-39</b>	<b>20-29</b>
<b>Age in 2020</b>	70+	60-69	50-59	40-49	30-39
<b>Change 2000-2020 due to:</b>					
Mortality	-70.30%	-26.09%	-12.09%	-5.63%	-3.06%
Total In migration	0.00%	0.00%	0.00%	0.00%	0.00%
Total Out migration					
Chicago	-4.40%	-24.400%	-20.00%	0.00%	0.00%
Sub Cook	-8.70%	-28.700%	-20.00%	0.00%	0.00%
Collar Counties	-18.70%	-38.700%	-20.00%	0.00%	0.00%
Total Retention					
Chicago	28.39%	55.87%	70.33%	94.37%	96.94%
Sub Cook	27.11%	52.69%	70.33%	94.37%	96.94%
Collar Counties	24.14%	45.30%	70.33%	94.37%	96.94%
<b>Estimated number in 2020</b>					
Chicago	124,080	151,886	264,065	428,305	421,686
Sub Cook	109,861	135,570	262,484	357,516	300,349
Collar Counties	74,452	114,216	304,403	430,742	315,799
*Out migration = 20% during 50-59 years (CDoA survey) In migration = 0%					
Total Retention = 1 – mortality – out migration + cross product (to eliminate double counting)					
Blended age-specific death rates used for each cohort, based on the life tables published by the NCHS					
National Vital Statistics Report (47:9) November 10, 1998 p. 21 -- Table 4 Abridged life table for the total population 1996					

Q: How many retirees are there now in each location (Chicago, Cook Suburbs, Collar Counties)?

A: Multiply the number in each age cohort now in each location (Table A-1) by the percent in each cohort in each location who are retired now (Table A-2). Add up across cohorts. (Note: Multiply for all cohorts; even in younger cohorts a percent are retired).

Q: How many retirees will there be in 2010 in each location?

A: Multiply the number from each age cohort in each location who are projected to be here in 2010 (Table A-3) by the percent in each cohort in each location who are expected to be retired by 2010 (Table A-2). Add up across cohorts. (Note: Multiply for all cohorts, even in younger cohorts a percent are retired).

Q: How many retirees will there be in 2020 in each location?

A: Multiply the number from each age cohort in each location who are projected to be here in 2020 (Table A-4) by the percent in each cohort in each location who are expected to be retired by 2010 (Table A-2). Add up across cohorts. (Note: Multiply for all cohorts, even in younger cohorts a percent are retired).

Q: What is the demand for senior housing now in each location?

A: Multiply the number who are over 60 years of age now in each location by the percent who say they live in senior-designated housing now (TABLE A-5). (Note: multiply by age 60+ total, whether or not people are retired).

**TABLE A-5 PERCENT WHO LIVE IN SENIOR HOUSING, OR PLAN TO**

	<b>Chicago</b>	<b>Suburban Cook</b>	<b>Collar Counties</b>
Live in senior housing now	7.34%	12.58%	18.05%
Very likely to move to senior housing within 5 years	7.56%	4.54%	2.87%

\* Percents tabulated from RRF/CDoA Surveys

Q: What will the demand be for senior housing in each location 2010 and 2020?

A: Multiply the number in each cohort who are over 60 years of age in each location (whether or not people are retired) by the percent in each cohort who are likely to have moved into senior-designated housing by the target date (Table A-6).

**TABLE A-6 SENIOR HOUSING MULTIPLIERS FOR AGE 60+**

<b>Generation --&gt;</b>	<b>FDR</b>	<b>JFK/LBJ</b>	<b>Nixon/Carter</b>
<b>Age in 2000 --&gt;</b>	<b>60+</b>	<b>50-59</b>	<b>40-49</b>
Chicago	7.34%		
Sub Cook	12.58%		
Collar Counties	18.05%		
<b>Age in 2010</b>	<b>70+</b>	<b>60-69</b>	<b>50-59</b>
Chicago	14.90%	7.34%	
Sub Cook	17.11%	12.58%	
Collar Counties	20.92%	18.05%	
<b>Age in 2020</b>	<b>80+</b>	<b>70-79</b>	<b>60-69</b>
Chicago	14.90%	14.90%	7.34%
Sub Cook	17.11%	17.11%	12.58%
Collar Counties	20.92%	20.92%	18.05%

Percents are based on Table A-5, tabulated from RRF/CDoA Surveys

The model assumes those who say they are “very likely” to move in to senior housing within five years will accomplish this transition and that multipliers are the same for each cohort.