

Generational Attitudes and Politics Set Positions in Social Security Debate

by Neil Howe and William Strauss

Generations are inescapable facts of life—and history. Any time there's a new federal law, tax, or spending program, it will affect successive generations differently, over time. These differences carry considerable political consequences.

Social Security is a classic example. When formed, during the Great Depression, it was part of a New Deal, whose total deck was stacked to the advantage of the young. Pay-as-you-go benefits remained modest until the young workers of the 1930s reached old age themselves, in the 1960s and 1970s.

G.I. Generation (Born 1901–24)

This *G.I. Generation* (today age 77 and over) was the one who came of age determined to prevent businesses from "retiring" them like old machines, as they saw happen to elders. As young workers, they aligned the union movement behind social insurance and defined benefit pensions. Later, as midlife organizers of a new and powerful senior citizen lobby, they pushed for huge increases in Social Security (plus Medicare and the Older Americans Act) just as they began retiring themselves—at ever-earlier ages.

The survivors of this war-veteran generation have recently enjoyed many accolades, reinforcing their view of retirement as a civic reward for civic sacrifices in youth. As voters, they have no problem with pay-as-you-go financing and comprise the most resolute defenders of the Social Security status quo.

Silent Generation (Born 1925–42)

Their successors, the *Silent Generation* (today age 59 to 76), were the children of depression and war, born just late enough to step into the postwar "affluent society" right after graduating school—and, later, into newly enlarged retirement benefit programs without ever having to organize for them. They escaped the worst effects of corporate benefit-stripping in the 1990s, and they are likely to be spared any Social Security benefit reductions in the 2010s. For them, the decline in the retirement age has stopped.

Compared to their next-elders, today's younger Silent retirees are wealthier, better insured, and more active in the lives of their kids and grandkids. Feeling less entitled to benefits, many are willing to discuss gradual changes in Social Security.

Boomers (Born 1943–60)

The generation now mostly in charge, the *Boomers* (today age 41 to 58) are too young to remember the hardships of World War II. They came of age rebelling against the blueprints of the parent-built "Establishment," adopting an individualistic career style that emphasized "meaningful" work and shunned prudential planning and institutional guarantees. From first cohort to last, Boomers have seen a deterioration in economic fortune—with Boomers born in the late 1950s doing significantly worse in net household worth, private pension coverage, assets per pension, and survey measures of "retirement confidence" than Boomers born in the mid 1940s did at the same age.

Unlike older generations, Boomers grew up skeptical about Social Security (and anything else touched by government planners). They're much more inclined than older generations to believe that the retirement system will undergo major overhaul and large benefit cuts in their lifetime. Not surprisingly, many Boomers are preparing to retire at later ages.

Generation-X (Born 1961–81)

Skepticism turns to cynicism among many *Gen-Xers* (today age 20 to 40). Born during the decades of tumult in family and culture, they came of age during the decades of Reagan and Clinton. Although many *Gen-Xers* prospered during the late 1990s boom, average income gains by young adults have not been impressive. Income and wealth inequality is larger among *Gen-Xers*—with their growing immigrant share and rags-or-riches service sector—than among any of today's older generations. The good news is that married *Xers* with steady incomes are generally highly motivated savers who understand that they're on their own. The bad news is that much of this job-hopping, free-agent, risk-seeking generation has left itself entirely uncovered.

Market savvy and distrustful of big institutions, *Gen-Xers* tend to be pessimistic about Social Security, making them more likely than their elders to favor shifting Social Security toward personally owned accounts. But they're also realists who would want to know the downside, too.

Millennial Generation (Born since 1982)

Government programs have been newly generous to the young *Millennial Generation* (today age 19 and under). To date, they have only known a booming economy, protective parents, and a growing public demand for policies that favor their long-term interests. The main way Millennials enter the Social Security debate is as competitors for government spending. Over the next two decades, budget competition from this special (and, we predict, politically favored) generation will only increase.

Their oldest members now in college, Millennials are showing some very post-X attitudes that could translate into higher savings rates as they enter the work force. They are showing every sign of becoming far more interested in politics—and far more influential as young voters—than *Gen-Xers* have been. In time, they and their supportive parents may demand a bigger place for their generation at the public benefits table.

One forecast is easy: Over the next 20 years, the power of G.I.s, Silent, and Boomers will wane, and the power of *Gen-Xers* and Millennials will grow. What this may mean for national retirement policy is less concern about rewarding the old, who will be regarded as less needy or entitled, and more for investing in America's youth. Prepare for a "new" New Deal favoring the Millennials.

William Strauss and Neil Howe are coauthors of Generations, The Fourth Turning, and Millennials Rising.

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