

Retiring boomers may be a boon for economy

By Franco Ordonez and Casey Conley, McClatchy Newspapers

WASHINGTON – With millions of baby boomers reaching retirement age, fears are mounting of the economic impact if they follow the pattern of previous generations by curbing spending and draining Social Security and Medicare benefits.

But the 78 million boomers – born from 1946 to 1964 – have always broken the mold in terms of setting trends, and some investors and business and community leaders see their retirement as no different. They see an unprecedented, multi-billion-dollar opportunity to offer new products and services to an active demographic group that's expected to live longer than previous generations.

When Elizabeth Reighard started her fitness training business in Myrtle Beach, S.C., four years ago, most of her students were in their mid-30s. But now her client list is made up mainly of boomers, such as Mary Smith, 58, who hired Reighard to help her “keep up with the grandkids.”

The demand for fitness trainers such as Reighard is expected to jump 24 percent over the next decade, largely because of baby boomers who want to stay healthy longer, according to the Department of Labor's Occupational Outlook Handbook released in March.

“I'm seeing it more and more. Seniors know they have to be in better shape to have less aches and pains,” said Reighard, who's also a boomer. “Yeah, we're getting older, but our bodies feel good. ... I look in the mirror and I might look 51, but I feel 25.”

The Census Bureau projects that Americans 65 and older will

make up 19 percent of the population by 2030.

Community and business leaders in places such as the coastal towns of Myrtle Beach, Hilton Head and Bluffton, S.C., are looking to the growing retirement community to help rekindle local economies. They're rethinking sporting and shopping developments, as well as art centers, to attract on-the-go retirees looking for an array of easily accessible activities.

On the labor front, the health care industry is the most obvious benefactor of a longer-living active community. Demand for home health aides is expected to grow 70 percent over the next decade, according to the Department of Labor.

Demand also will be high in less obvious fields, such as for architects, who will be called on to build senior-friendly communities; financial advisers, to help boomers plan their retirements; recreation workers, who'll lead boomer-tailored excursions; and job trainers, who'll teach the new workers called on to replace retirees.

"It's only in Washington that 100 million people are viewed as an unaffordable cost and financial burden," said Jody Holtzman, a senior vice president at AARP. "In the private sector, 100 million people are called a market and an opportunity."

Concern about a drain on entitlements from retiring baby boomers has increased as talks intensify over avoiding the fiscal cliff. Boomers have been depicted as the elephant in the room. The Congressional Budget Office warned in June of a shortfall for entitlement programs, as aging boomers would consume a "significant and sustained" share of benefits from Social Security, Medicare and long-term-care services financed by Medicaid, the health care program for the poor.

Those projections fail to take into account that boomers are expected to work longer and they've never followed in the footsteps of previous generations, said Matt Thornhill, an

author of "Boomer Consumer," a book that examines marketing to the baby boomer generation.

Boomers have broken the mold during each stage of their lives, Thornhill said. When they were hungry babies and busy parents needed practical ways to feed them, Gerber put strained peas in a jar and became a billion-dollar company. The parents of boomers moved their families out to the suburbs and bought fancy homes stocked with modern appliances. Much of it was paid for with credit cards, which previously didn't exist.

"We became the generation of consumption and personal gratification," Thornhill said. "Boomers are not going to spend at all like the prior generations did at 65. They're going to spend at boomer levels. And there's millions more of them."

Jeet Singh, who helped develop e-commerce software used by online retailers such as Best Buy and J. Crew, said retirees hadn't been treated with respect in terms of offering them well-designed high-quality products that meet their needs without announcing their ages.

"You just can't fight the numbers," said Singh, a co-founder of Redstar Ventures and previously Art Technology Group. "All these people are out there. They have needs. Whether it's what they eat, what they buy, where they shop, how they vacation. And I'm not even talking about health care, which is in itself a massive market."

In Myrtle Beach, community leaders see opportunity in boomers' wealth and desire for independent lifestyles. The 65 and older population in Horry County grew 56 percent from 2000 to 2010 and it now makes up 17 percent of the county, according to census data. Brad Dean, the head of the Myrtle Beach Area Chamber of Commerce, expects a "tidal wave" of boomers coming to t for the weather, the beach and an array of sporting and entertainment activities.

He said boomers were the leading purchasers of homes after the real estate crash.

“We think we’re on the cusp of a large influx of baby boomers,” Dean said. “But already, in the last 18 months, we’ve seen a steady number of baby boomers either relocating to the market or reinvesting in the market. They’re one of the few generations who had enough wealth to be able to do that.”

A year ago, Myrtle Beach financial manager Aaron Slatton got two or three calls a week from retirees. Now the owner of Grand Strand Retirement Solutions receives two or three calls a day from boomers seeking advice on how to stretch their retirement savings.

Jennifer Jones-Poore, a co-owner of Express Watersports in Myrtle Beach, said that about half of her off-season customers were boomers who wanted to scuba-dive, parasail or kayak.

“It’s encouraging when you have a 65-year-old come in here and he can out-swim you,” she said.

The town of Hilton Head Island has no official plan or tactics in place to attract boomers, but Mayor Drew Laughlin is exploring ways to stoke the community’s struggling arts hub and bring a University of South Carolina Beaufort satellite campus to the island. He said retirees wanted cultural and educational amenities in addition to sandy beaches, golf and tennis.

The nearby town of Bluffton has grown more than 800 percent in the past decade, largely from empty nesters and retirees. William Court, of Court Atkins Architects, is among the local architects who are designing custom-built, high-end homes for retirees. Many of the new homes are one story, but others may be designed with elevators and wider doors to accommodate wheelchairs.

People want to know, “ ‘How can I stay in this house as long

as possible? What things can we do in the design process that will make this house more accessible ... for the long term?" he said.

Twenty percent of Beaufort County, which encompasses Hilton Head and Bluffton, is 65 or older. Their population grew 76 percent from 2000 to 2010.

Sam Farber created Oxo Good Grips in 1990 when he noticed that his wife had trouble holding kitchen tools because of arthritis, according to the company's history. Farber saw a business opportunity in creating more comfortable cooking tools. Oxo now makes more than 850 products that appeal across generations.

Holtzman of AARP likes to share that story when he's trying to inspire new entrepreneurs. He's met with hundreds of venture capitalists, encouraging them to ask one additional question when entrepreneurs approach them seeking startup money: "What's your 50-plus plan?"

"The one question a startup doesn't want to get from its board of directors is this one: 'Why did you leave money on the table by ignoring a market of 100 million people with \$3.5 trillion to spend?' there are" he said.