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Consumer Spending by Older Americans, 1985 to 2005

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Consumer Spending by Older Americans, 1985 to 2005

Abstract
[Excerpt] The population of the United States is growing older. Because of the aging of the population and the decline in income that occurs when people retire, both the amount and the composition of spending by American households could change substantially as the 76 million members of the baby boom generation reach retirement age. This CRS report presents data on spending by Americans aged 55 and older collected by the U.S. Department of Labor through its Consumer Expenditure Survey (CES). From 1985 to 2005, the average annual expenditures of older Americans rose along with their incomes, and the distribution of spending among expenditure categories changed. These changes were the result of changing tastes and preferences among consumers and differences in the rates of price increase among various classes of goods and services.

Between 1985 and 2005, the average annual expenditures of families headed by persons between the ages of 55 and 64, adjusted for inflation, rose by 7.5%. Spending on housing rose by 29.6%, and expenditures on health care rose by 39%. The average annual expenditures of families headed by persons between the ages of 65 and 74 rose by 15.7%. Their average housing expenditures rose by 22.5%, while their spending on health care rose by 40%. The average annual expenditures of families headed by persons aged 75 and over rose by 13.3%. Average housing expenditures among this age group rose by 20.4%, while their spending on health care rose by 40%. As a result, by 2005 housing and health care comprised a larger share of total expenditures among Americans 55 and older than they did in 1985.

Much of the increase in health care spending was due to the rapid rise in the price of medical goods and services. Between 1985 and 2005, the Consumer Price Index (CPI) for medical care rose by 185%, while the CPI for all goods and services rose by 82%. Health care expenditures rose not only because of inflation but also because of the introduction of new medicines, medical equipment, and procedures that either replaced older treatments or that represented entirely new forms of medical care. The increase in health care expenditures was concentrated in two categories: health insurance premiums and out-of-pocket spending for prescription drugs, both of which rose substantially between 1985 and 2005. Out-of-pocket spending for medical services and supplies, on the other hand, fell during the period. The increase in housing expenditures cannot be attributed to inflation, at least as it is measured by the Consumer Price Index. Between 1985 and 2005, both the CPI for housing and the CPI for all goods and services rose by 82%. The CPI may understate the growth in the cost of housing because it includes rising rents but not rising home prices.

If Americans merely choose to buy more health care and more housing, then there is no obvious role for public policy to influence that choice. However, to the extent that other forms of spending are "squeezed out" by increases in the cost of housing and health care that are caused by market inefficiencies or the unintended consequences of federal tax laws, then intervention to correct the market failures and a review of the incentives caused by these tax policies may be warranted.

This report will be updated as new data become available.

Keywords
consumer spending, retirement, health care, Consumer Price Index, aging

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CRS Report for Congress

Consumer Spending by Older Americans, 1985 to 2005

September 24, 2007

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Prepared for Members and Committees of Congress

Congressional Research Service

Consumer Spending by Older Americans, 1985 to 2005

Summary

The population of the United States is growing older. Because of the aging of the population and the decline in income that occurs when people retire, both the amount and the composition of spending by American households could change substantially as the 76 million members of the baby boom generation reach retirement age. This CRS report presents data on spending by Americans aged 55 and older collected by the U.S. Department of Labor through its *Consumer Expenditure Survey* (CES). From 1985 to 2005, the average annual expenditures of older Americans rose along with their incomes, and the distribution of spending among expenditure categories changed. These changes were the result of changing tastes and preferences among consumers and differences in the rates of price increase among various classes of goods and services.

Between 1985 and 2005, the average annual expenditures of families headed by persons between the ages of 55 and 64, adjusted for inflation, rose by 7.5%. Spending on housing rose by 29.6%, and expenditures on health care rose by 39%. The average annual expenditures of families headed by persons between the ages of 65 and 74 rose by 15.7%. Their average housing expenditures rose by 22.5%, while their spending on health care rose by 40%. The average annual expenditures of families headed by persons aged 75 and over rose by 13.3%. Average housing expenditures among this age group rose by 20.4%, while their spending on health care rose by 40%. As a result, by 2005 housing and health care comprised a larger share of total expenditures among Americans 55 and older than they did in 1985.

Much of the increase in health care spending was due to the rapid rise in the price of medical goods and services. Between 1985 and 2005, the Consumer Price Index (CPI) for medical care rose by 185%, while the CPI for all goods and services rose by 82%. Health care expenditures rose not only because of inflation but also because of the introduction of new medicines, medical equipment, and procedures that either replaced older treatments or that represented entirely new forms of medical care. The increase in health care expenditures was concentrated in two categories: health insurance premiums and out-of-pocket spending for prescription drugs, both of which rose substantially between 1985 and 2005. Out-of-pocket spending for medical services and supplies, on the other hand, fell during the period. The increase in housing expenditures cannot be attributed to inflation, at least as it is measured by the Consumer Price Index. Between 1985 and 2005, both the CPI for housing and the CPI for all goods and services rose by 82%. The CPI may understate the growth in the cost of housing because it includes rising rents but not rising home prices.

If Americans merely choose to buy more health care and more housing, then there is no obvious role for public policy to influence that choice. However, to the extent that other forms of spending are “squeezed out” by increases in the cost of housing and health care that are caused by market inefficiencies or the unintended consequences of federal tax laws, then intervention to correct the market failures and a review of the incentives caused by these tax policies may be warranted.

This report will be updated as new data become available.

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Consumer Spending by Older Americans, 1985 to 2005

Background: America's Aging Population

The population of the United States is growing older. Birth rates soared in the 20 years after 1945 — creating the demographic phenomenon called the "baby boom" — and then fell to lower levels. Now, the oldest of the 76 million Americans who were born between 1946 and 1964 are nearing the ages of eligibility for Social Security (62) and Medicare (65). As the result of increases in life expectancy, many of these individuals will live for 20 years or more after reaching their 65th birthdays. For example, in 1960 a 65 year-old man had a remaining life expectancy of 13 years and a 65 year-old woman had a remaining life expectancy of 16 years. By 2004, a 65 year-old man had a remaining life expectancy of 17 years and a 65 year-old woman had a remaining life expectancy of 20 years.[1]

As more people live into old age, the age profile of the U.S. population will change.[2] In 2005, 36.7 million Americans were aged 65 or older, representing 12.4% of the population. By 2025, according to projections made by the Bureau of the Census, 63.5 million people will be 65 or older, comprising 18.2% of the U.S. population. (See **Table 1**.)

Table 1. Projections of the Resident U.S. Population, by Age

(in thousands, as of July 1 each year)

Age	2005	2015	2025	2035	2045	2050
Under 20	81,972	85,208	92,026	98,192	105,344	109,147
20 to 64	176,839	190,368	193,888	203,052	217,559	224,001
65 to 69	10,123	15,621	19,647	18,683	18,829	20,444
70 to 79	15,876	18,748	28,309	34,114	32,183	32,566
80 and up	10,696	12,422	15,568	23,844	31,947	33,696
Total	**295,506**	**322,367**	**349,438**	**377,885**	**405,862**	**419,854**
65 and older	**36,695**	**46,791**	**63,524**	**76,641**	**82,959**	**86,706**
% of Total	***12.4***	***14.5***	***18.2***	***20.3***	***20.4***	***20.7***

Source: U.S. Census Bureau [http://www.census.gov/ipc/www/usinterimproj/].

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[1] U.S. National Center for Health Statistics, *Health, United States, 2006.*

[2] See CRS Report RL32701, *The Changing Demographic Profile of the United States*, by Laura Shrestha.

The aging of the population will have important implications for both the federal budget and the economy. The labor force participation rate — the percentage of the population who are either employed or looking for work — begins to fall after age 55 and drops sharply after age 65.[3] In retirement, individuals receive most of their income from pensions, savings, and Social Security rather than from wages. Most people experience a decline in total income when they stop working, in part because many of them either do not have a pension, have not saved for retirement, or both. Data collected by the Federal Reserve Board indicate that just 50% of all U.S. households owned either an individual retirement account (IRA) or an employer-sponsored retirement savings plan (such as a 401(k) plan) in 2004.[4] Only about half of all workers in the United States participate in a pension or retirement savings plan where they work, and only 35% percent of Americans aged 65 or older received income from a pension in 2005.[5]

Because of the demographic trend toward an older population and the decline in income that occurs as people leave the labor force for retirement, both the amount and the composition of consumption spending by American households could change substantially as the 76 million members of the baby boom reach retirement age. As Congress considers reforms to Social Security, Medicare, Medicaid, tax-deferred retirement savings plans, and other programs that provide income and benefits to older Americans, it may be helpful for policymakers to consider how older individuals spend their income and how this spending has changed over time.

This report presents data on spending by Americans aged 55 and older collected by the U.S. Department of Labor through its *Consumer Expenditure Survey* (CES). CES data are used by the Bureau of Labor Statistics to develop the market basket of goods and services that are sampled to measure the rate of price inflation, as reported in the Consumer Price Index (CPI). The CES is also used by researchers in government, business, and academia to study the buying habits of households. The survey is conducted by the Census Bureau on behalf of the Bureau of Labor Statistics of the U.S. Department of Labor.[6] It consists of both a diary survey that is completed by participating households over a two-week period and an interview survey, in which expenditures are measured in five interviews conducted at three-month intervals. For the diary survey, about 7,500 households are sampled each year. The sample for the interview surveys consists of about 7,500 households during each quarter of the year, with each household being interviewed a total of five times. The

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[3] For more information, see CRS Report RL30629, *Older Workers, Employment and Retirement Trends*, by Patrick Purcell.

[4] For more information, see CRS Report RL30922, *Retirement Savings and Household Wealth: Trends from 2001 to 2004*, by Patrick Purcell.

[5] For more information on pension participation, see CRS Report RL30122, *Pension Sponsorship and Participation: Summary of Recent Trends*, by Patrick Purcell. For a description of the income among older Americans, see CRS Report RL32697, *Income and Poverty Among Older Americans in 2005*, by Debra Whitman and Patrick Purcell.

[6] For a more detailed description of the Consumer Expenditure Survey, see *Consumer Expenditures in 2005*, Bureau of Labor Statistics, U.S. Department of Labor, Report 998, February 2007 at [http://www.bls.gov/cex/csxann05.pdf].

BLS estimates that the interview survey captures about 95% of all consumer spending, while the remainder is accounted for through the diary survey.

This report presents summary information on trends in spending by older Americans from 1985 to 2005 and a detailed analysis of spending in 2005. The data are presented mainly in charts in the body of the report, but tables showing the data on which each of the charts is based are included in an appendix. The CES describes spending by *consumer units*. A consumer unit can be either a family, a single person living alone or sharing a household with others, but who is financially independent, or it can be two or more persons living together who share expenses. In this report, the terms "consumer unit" and "family" are used interchangeably, regardless of the number of people who are members of the consumer unit. All of the CES expenditure categories are included except contributions to pensions and Social Security, which economists generally agree represent a form of saving rather than consumption expenditures. All expenditures are reported in constant 2005 dollars.

Changes in Spending, by Expenditure Category, 1985 to 2005

Over the twenty years from 1985 to 2005, the average annual expenditures of older Americans rose along with their incomes, and the distribution of spending among expenditure categories changed. These patterns reflected both changing tastes and preferences and differences in the rates of price increase among various classes of goods and services.[7] **Figure 1** through **Figure 6** show spending by type of expenditure by families headed by persons 55 or older in 1985, 1990, 1995, 2000, and 2005.[8] As noted above, we refer here to all consumer units, including single persons, as families throughout the report.[9] Data are shown separately for three age groups: 55 to 64, 65 to 74, and 75 or older.

Among all three age groups, spending on housing and health care rose between 1985 and 2005. Spending on housing represents the sum of expenditures for mortgage payments or rent plus insurance, repairs, utilities, fuel, public services, and household operations and supplies. Mortgage payments include payment of both principal and interest.[10] Health care spending, as measured by the Consumer Expenditure Survey, represents *out-of-pocket* spending for health insurance premiums, deductibles, and copayments, and out-of-pocket spending for medical

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[7] This report includes CES data covering the period from 1985 to 2005. Because of changes in the survey, data collected before 1984 are not directly comparable to data collected after that date. As of September 2007, the most recent available CES data were collected in 2005.

[8] In the CES, married couples decide which person will be referred to as the family head.

[9] Detailed expenditure data for selected years from 1985 to 2005 are presented in the Appendix, in Tables A1, A2, and A3.

[10] Although repayment of principal can for some purposes be considered a form of saving because it results in the homeowner building equity in the property, for purposes of this analysis, the family's total outlays for housing are the more relevant measure.

services, supplies, and prescription drugs. It does not include spending paid for by private health insurance, Medicare, or Medicaid. (See **Table A1** in the Appendix.)

Average spending on apparel and services fell throughout the period. Spending on food varied slightly, but was lower in real terms in 2005 than in 1985 among all three age groups. Spending on transportation fell from 1985 to 1995 and rose between 1995 and 2005 among all three age groups.

Families Headed by Persons Aged 55 to 64

Between 1985 and 2005, the average annual expenditures of families headed by persons between the ages of 55 and 64, adjusted for inflation, rose from $41,127 to $44,224, an increase of 7.5%.[11] (See **Figure 1**.) In both 1985 and 2005, the three largest categories of expenditure were housing, transportation, and food. Together, average spending on these three categories totaled 67% of total spending in 1985 and 70% of total spending in 2005. Spending on housing rose from $12,165 in 1985 to $15,769 in 2005, an increase of 29.6%. (See **Figure 2**.) Real expenditures on health care rose from $2,459 in 1985 to $3,410 in 2005, an increase of 39%.[12] (See **Figure 3**.) The increase in health care spending was accounted for entirely by higher spending for health insurance and prescription drugs, which rose by 88%, from an average of $1,220 in 1985 to $2,298 in 2005. Average out-of-pocket spending for medical services and supplies fell in real terms from $1,242 in 1985 to $1,113 in 2005, a decline of 10%. (See **Table A1** in the Appendix.)

Average spending on both food and transportation fell from 1985 to 1995 and then rose from 1995 to 2005. (See **Figure 3** and **Figure 6**.) Average spending on clothing (including laundry services) fell from $2,821 in 1985 to $1,784 in 2005, in part because of the slow rise in clothing prices compared to the prices of other goods and services.[13] (See **Figure 5**.)

Families Headed by Persons Aged 65 to 74

Between 1985 and 2005, the average annual expenditures of families headed by persons between the ages of 65 and 74, adjusted for inflation, rose from $31,491 to $36,442, an increase of 15.7%. Average housing expenditures rose from $10,184 in 1985 to $12,474 in 2005, an increase of 22.5%. Average spending on health care rose from $2,993 in 1985 to $4,176 in 2005, an increase of 40%. As was true among families in the 55 to 64 age group, the increase in health care spending was accounted for entirely by increased spending for health insurance and prescription drugs. Average spending on health insurance and prescription drugs rose from $1,783 in 2005 to $3,308 in 2005, an increase of 86%. At the same time, average out-of-pocket

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[11] The "average" amount of spending presented in this section of the report is the arithmetic mean of annual spending by the consumer unit.

[12] Between 1985 and 2005, the CPI-U for all goods and services rose from 107.6 to 195.3, an increase of 81.5%. The CPI for medical care rose from 113.5 to 323.2, a 185% increase.

[13] Between 1985 and 2005, the CPI-U for all goods and services rose from 107.6 to 195.3, an increase of 81.5%. The CPI for clothing rose from 105.0 to 119.5, an increase of 13.8%.

spending on medical services and supplies fell from $1,208 to $867, a decline of 28%. (See **Table A2** in the Appendix.)

Average spending on food fell from $5,026 in 1985 to $4,899 in 2005, while spending on apparel and services fell from $1,924 in 1985 to $1,313 in 2005. Average spending on transportation fell from $5,928 in 1985 to $5,742 in 1995, before rising to $6,568 in 2005.

Families Headed by Persons Aged 75 and Older

Between 1985 and 2005, the average annual expenditures of families headed by persons aged 75 and over, adjusted for inflation, rose from $23,314 to $26,417, an increase of 13.3%. Average housing expenditures rose from $7,984 in 1985 to $9,612 in 2005, an increase of 20.4%. In this age group, spending on health care rose from $3,006 in 1985 to $4,210 in 2005, an increase of 40%. As was the case among families in the two younger age groups, the increase in health care spending was accounted for by increased spending for health insurance and prescription drugs, which rose from $1,697 in 1985 to $3,258 in 2005, an increase of 92%. Average out-of-pocket spending for medical services and supplies fell from $1,307 in 1985 to $951 in 2005, a 27% decline. (See **Table A3** in the Appendix.)

Also in keeping with the pattern observed among the younger families, average spending on food and spending on apparel and services fell among families headed by persons aged 75 or older. Average spending on food fell from $3,701 in 1985 to $3,388 in 2005. Average spending on apparel and services fell from $889 in 1985 to $584 in 2005. Spending on transportation rose from $3,258 in 1985 to $3,754 in 2005.

Figure 1. Average Annual Total Expenditures, by Age of Family Head

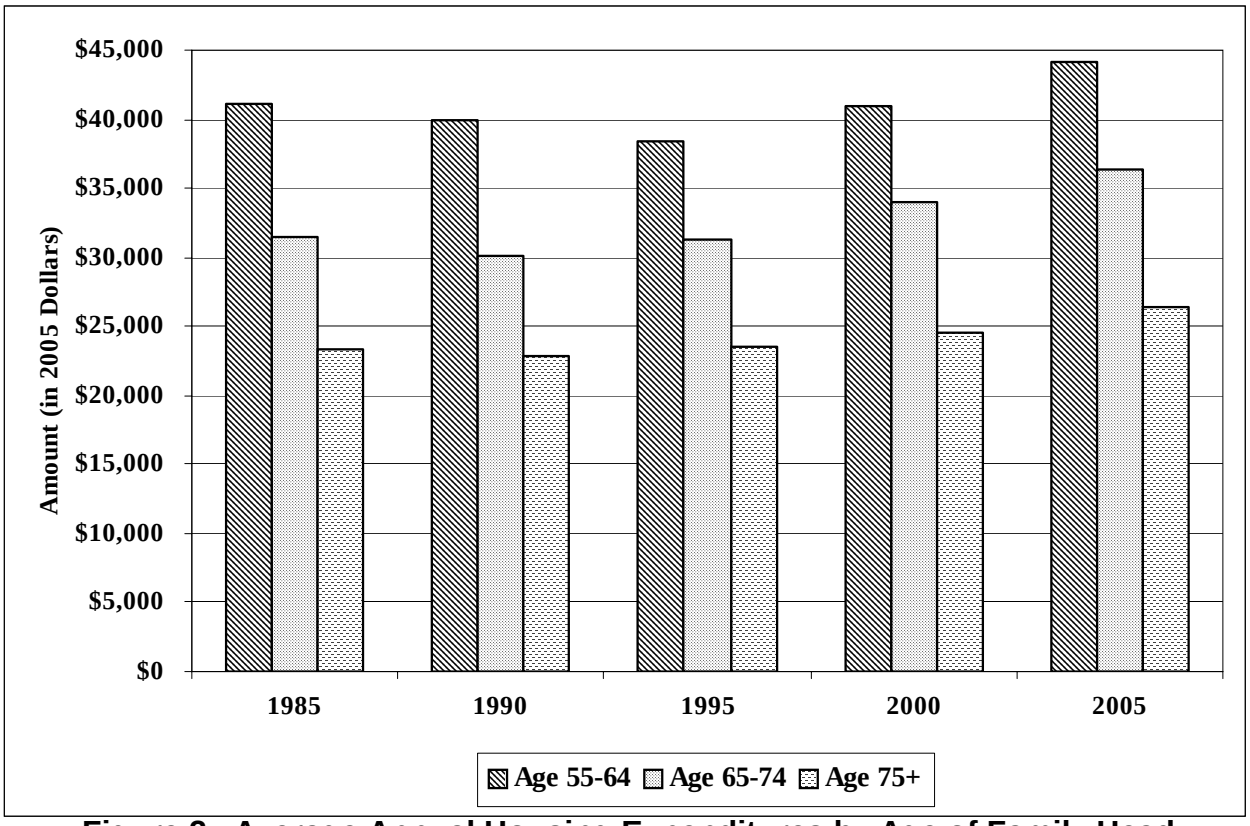
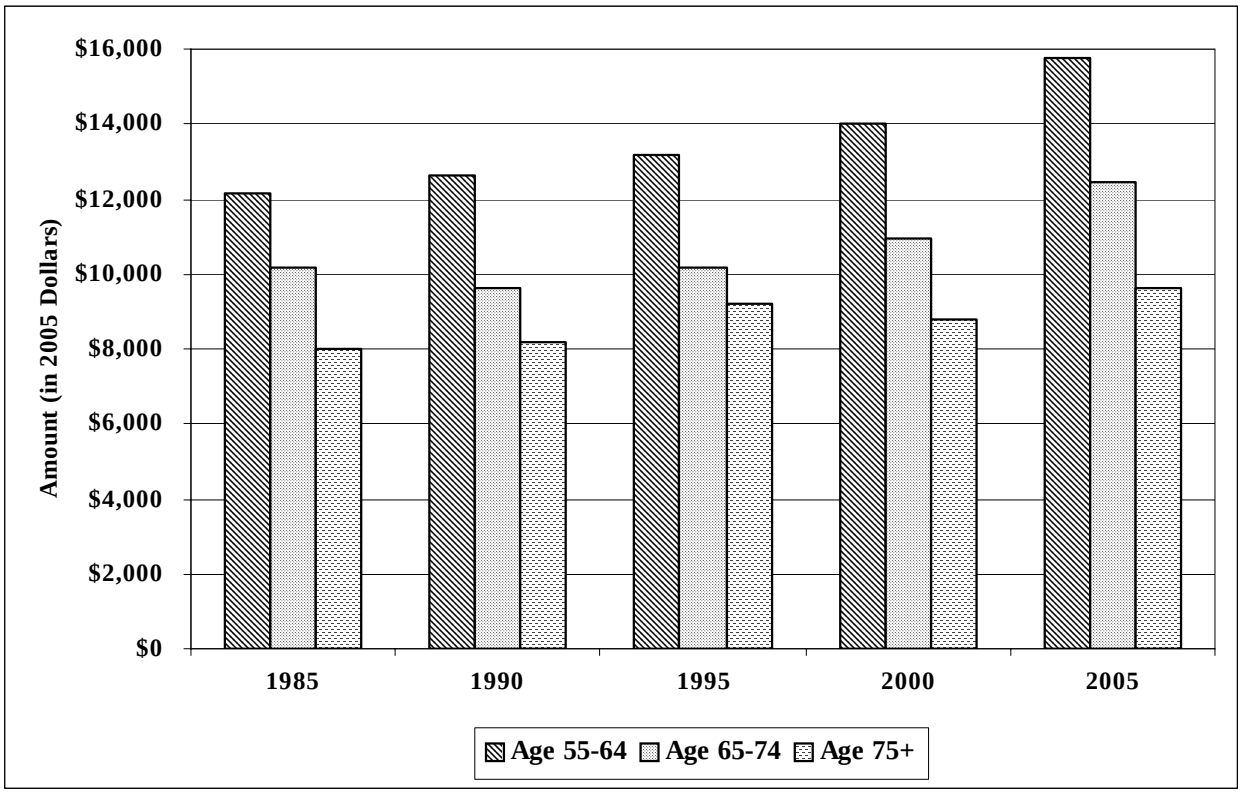


Figure 2. Average Annual Housing Expenditures by Age of Family Head



Source: CRS analysis of the 1985 and 2005 Consumer Expenditure Surveys. Amounts in 2005 dollars.

Figure 3. Average Annual Health Care Expenditures, by Age of Family Head

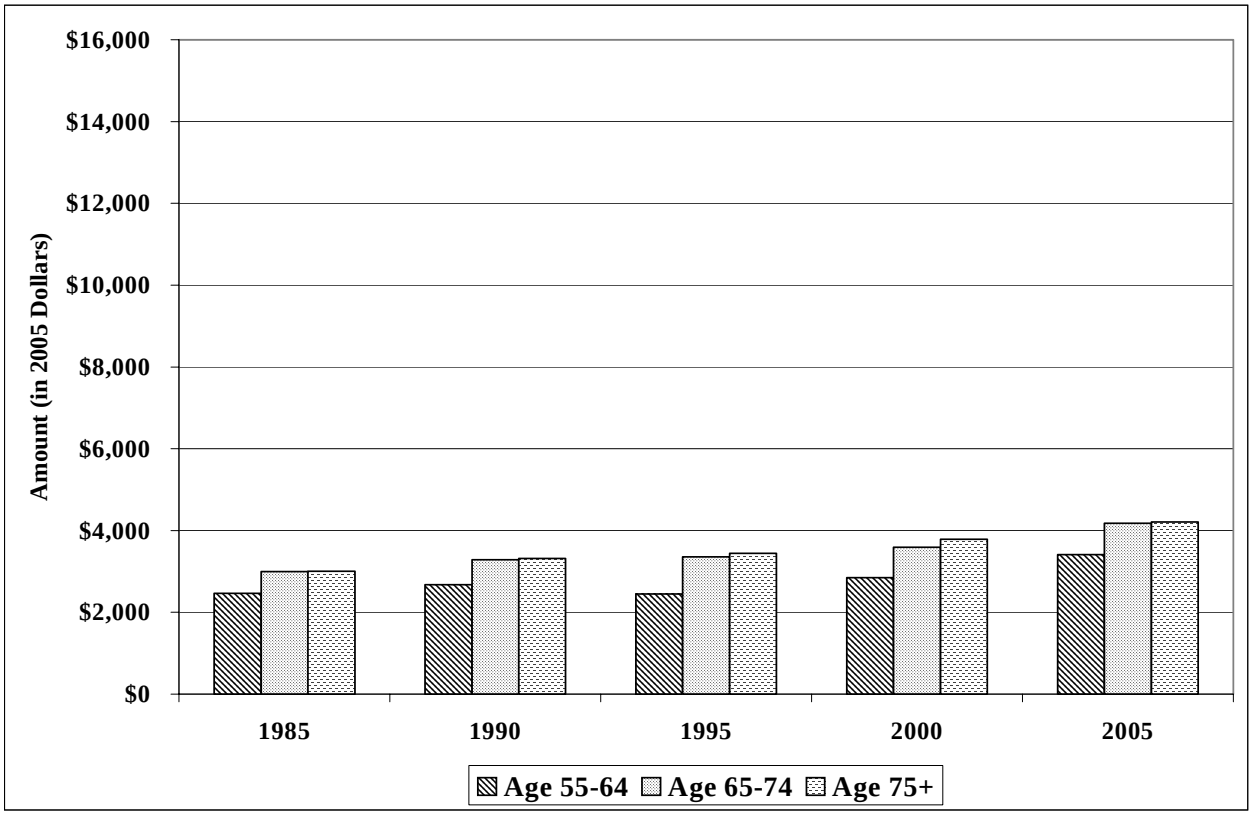
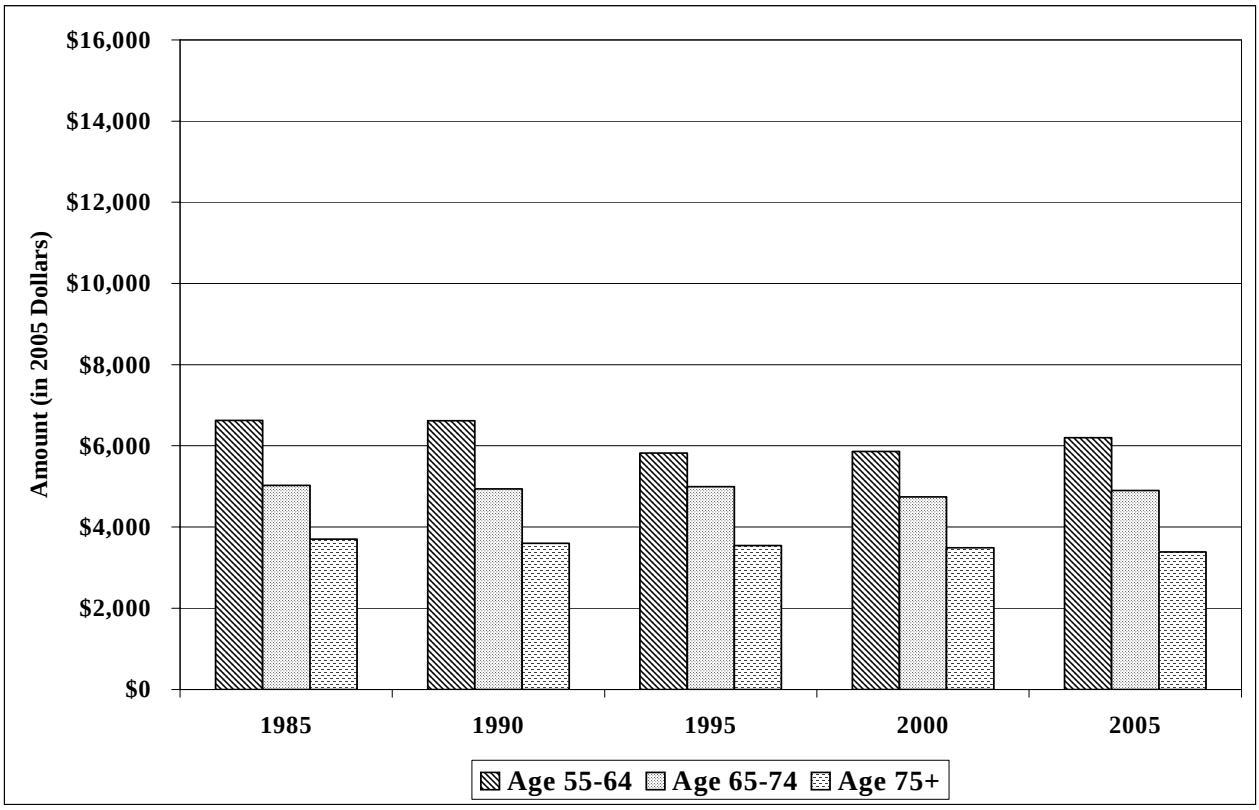


Figure 4. Average Annual Food Expenditures, by Age of Family Head



Source: CRS analysis of the 1985 and 2005 Consumer Expenditure Surveys. Amounts in 2005 dollars.

Figure 5. Average Annual Clothing Expenditures, by Age of Family Head

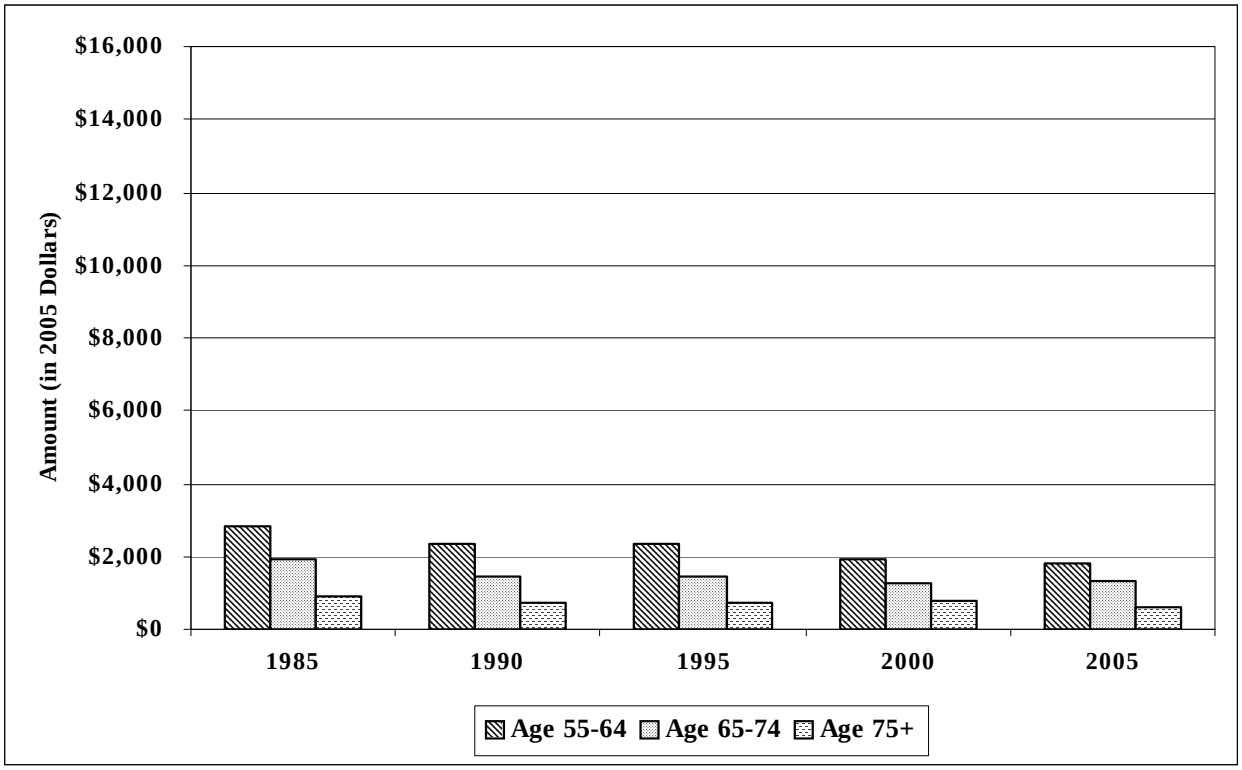
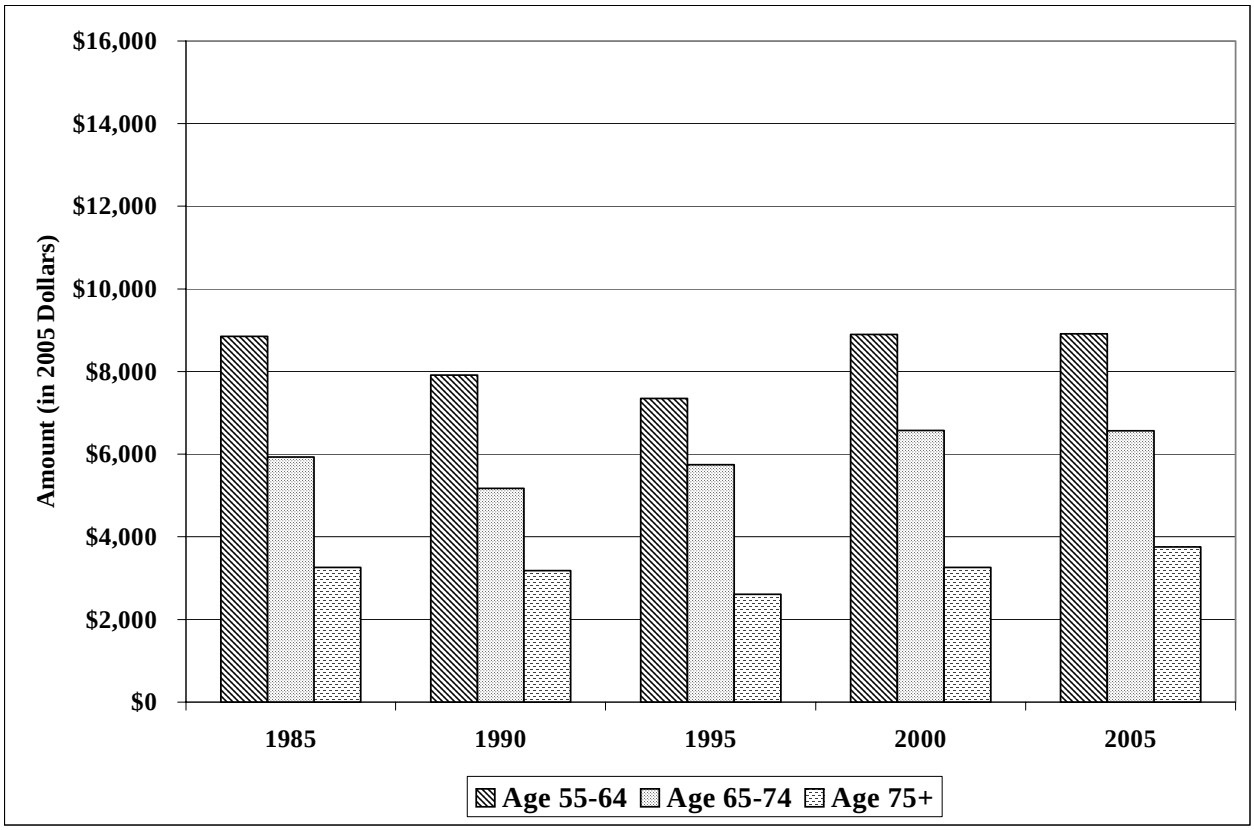


Figure 6. Average Annual Transportation Expenditures, by Age of Family Head



Source: CRS analysis of the 1985 and 2005 Consumer Expenditure Surveys. Amounts in 2005 dollars.

Changes in Spending, by Share of Total Expenditures

Families Headed by Persons Aged 55 to 64

In both 1985 and 2005, the three largest categories of expenditure among families headed by persons between the ages of 55 and 64 were housing, transportation, and food. Average spending on these three categories accounted for 67.1% of total spending in 1985 and 69.7% of total spending in 2005. (See **Figure 7** and **Figure 8**.) Expenditures for housing, including mortgage or rent, insurance, utilities, public services, taxes, and household operations and supplies, rose from 29.5% of average family expenditures in 1985 to 35.6% in 2005. Out-of-pocket spending on health care rose from 6.0% of total spending in 1985 to 7.7% in 2005 among families headed by persons aged 55 to 64. As was discussed in the previous section, the increase in health care spending resulted entirely from higher spending on health insurance and prescription drugs. Spending on medical services and supplies fell during the period. Spending on food fell from 16.1% to 14.0% of total expenditures, while transportation fell from 21.5% to 20.1% of spending. Spending on apparel and services fell from 6.9% of total expenditures in 1985 to 4.0% in 2005.

Families Headed by Persons Aged 65 to 74

As with families headed by persons aged 55 to 64, in both 1985 and 2005 the three largest categories of expenditure among families headed by persons between the ages of 65 and 74 were housing, transportation, and food. (See **Figure 9** and **Figure 10**.) Together, average spending on these three categories accounted for 67.2% of total spending in 1985 and 65.6% of total spending in 2005. The share of spending accounted for by housing rose from 32.3% in 1985 to 34.2% in 2005. Spending on health care rose from 9.5% of spending in 1985 to 11.5% in 2005. Over this period, average spending on food fell from 16.0% to 13.4% of total spending, and average spending on transportation fell slightly from 18.8% to 18.0% of total expenditures. As a share of total expenditures, spending on apparel and services fell from 6.1% in 1985 to 3.6% in 2005.

Families Headed by Persons Aged 75 and Older

In 1985, the three largest categories of expenditure among families headed by persons aged 75 and over were housing, transportation, and food, which together accounted for 64.2% of total spending. (See **Figure 11**.) By 2005, however, the share of average expenditures accounted for by health care exceeded average expenditures on either food or transportation among families headed by persons aged 75 and older. In 2005, housing, health care, and transportation together accounted for 66.5% of average spending by families headed by persons aged 75 and older. (See **Figure 12**.) As a share of total expenditures, housing rose from 34.2% in 1985 to 36.4% in 2005. Out-of-pocket spending on health care rose from 12.9% of total expenditures in 1985 to 15.9% in 2005. Spending on transportation remained stable at 14% of total spending. As a share of total expenditures, spending on apparel and services fell from 3.8% in 1985 to 2.2% in 2005. Average spending on food fell from 15.9% to 12.8% of total spending between 1985 and 2005.

Figure 7. Expenditures in 1985, Family Head Aged 55 to 64

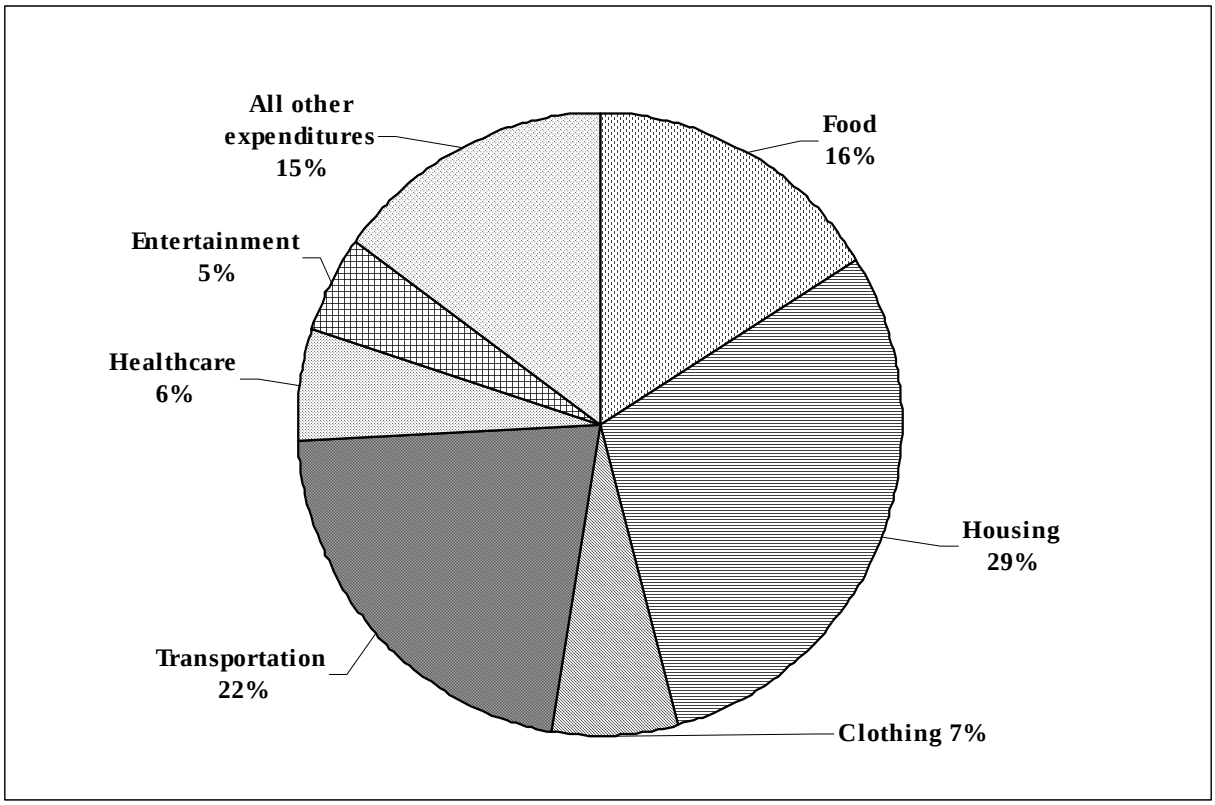
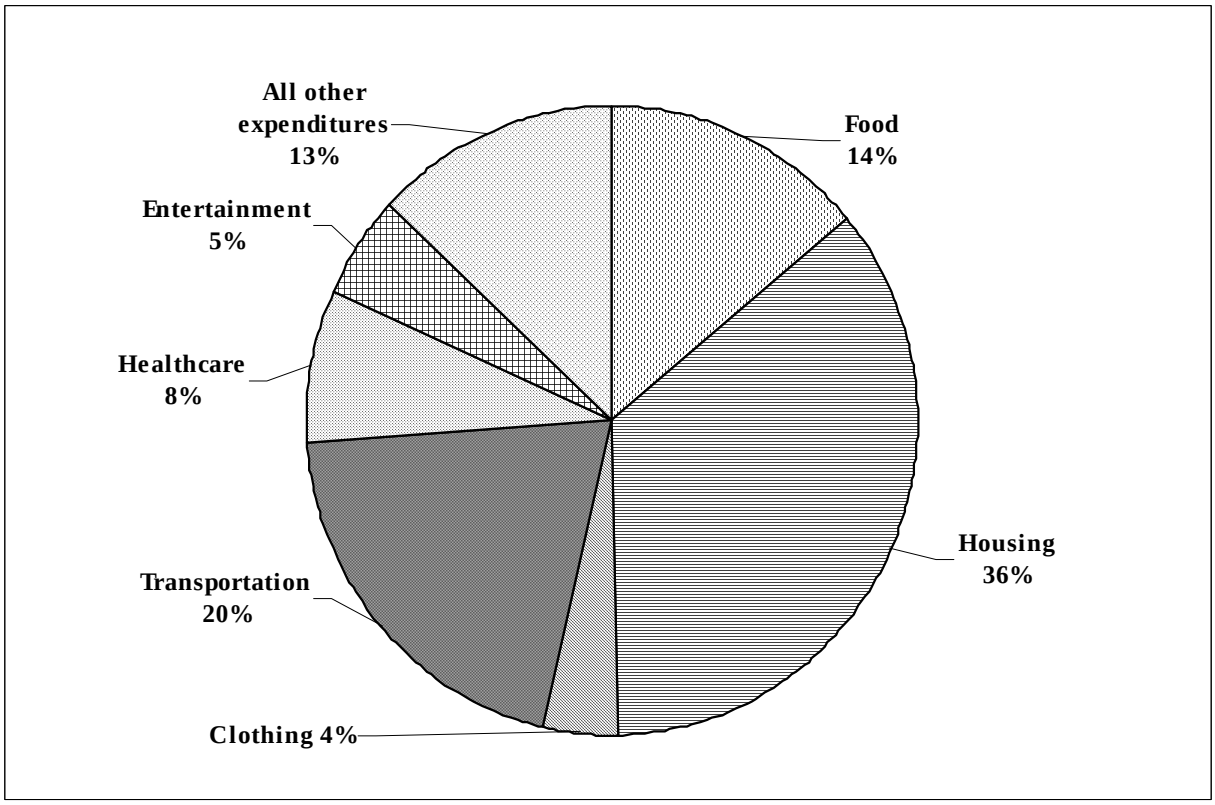


Figure 8. Expenditures in 2005, Family Head Aged 55 to 64



Source: CRS analysis of the 1985 and 2005 Consumer Expenditure Surveys.

Figure 9. Expenditures in 1985, Family Head Aged 65 to 74

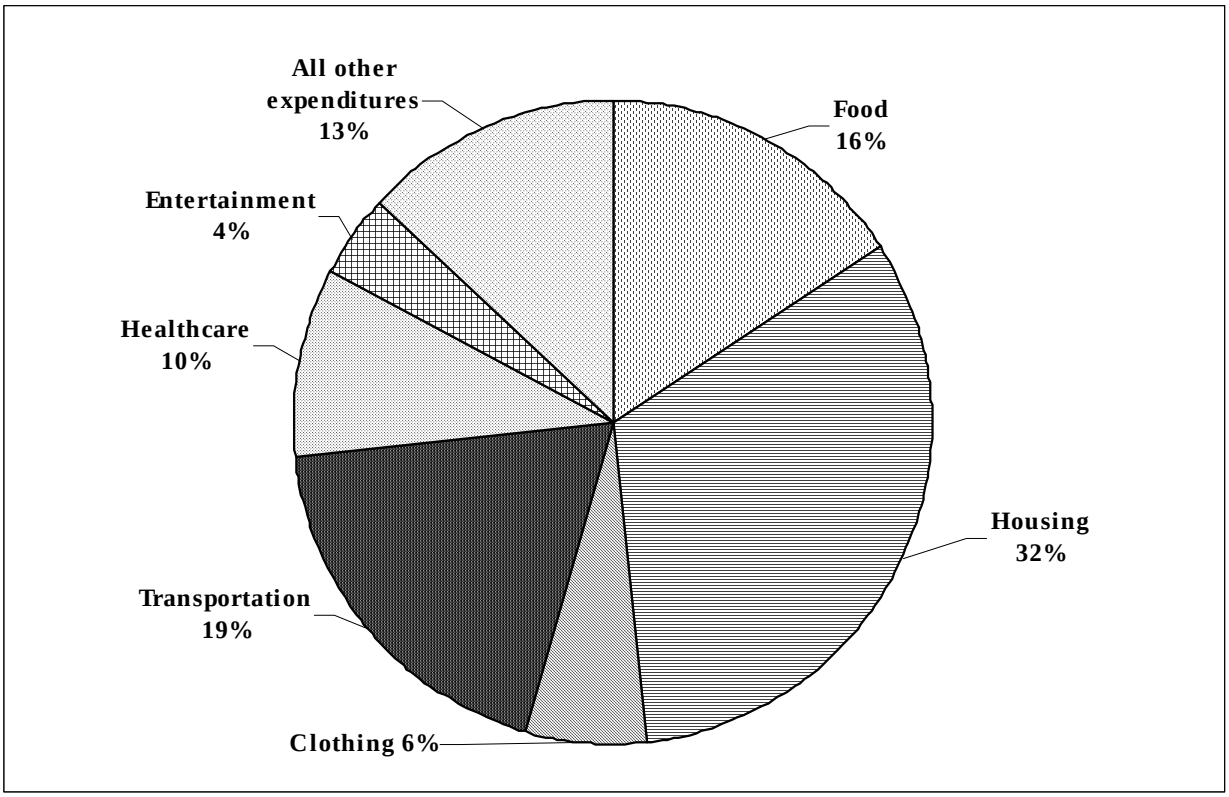
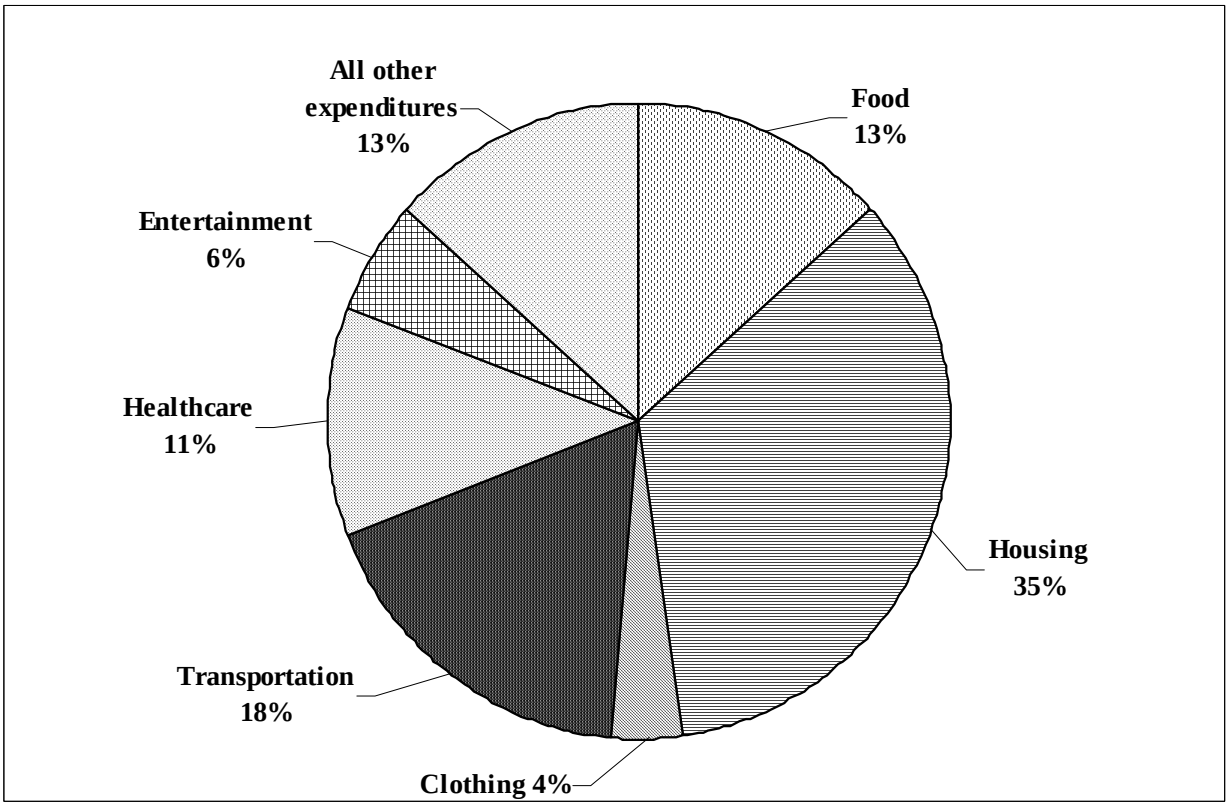


Figure 10. Expenditures in 2005, Family Head Aged 65 to 74



Source: CRS analysis of the 1985 and 2005 Consumer Expenditure Surveys.

Figure 11. Expenditures in 1985, Family Head Aged 75 or Older

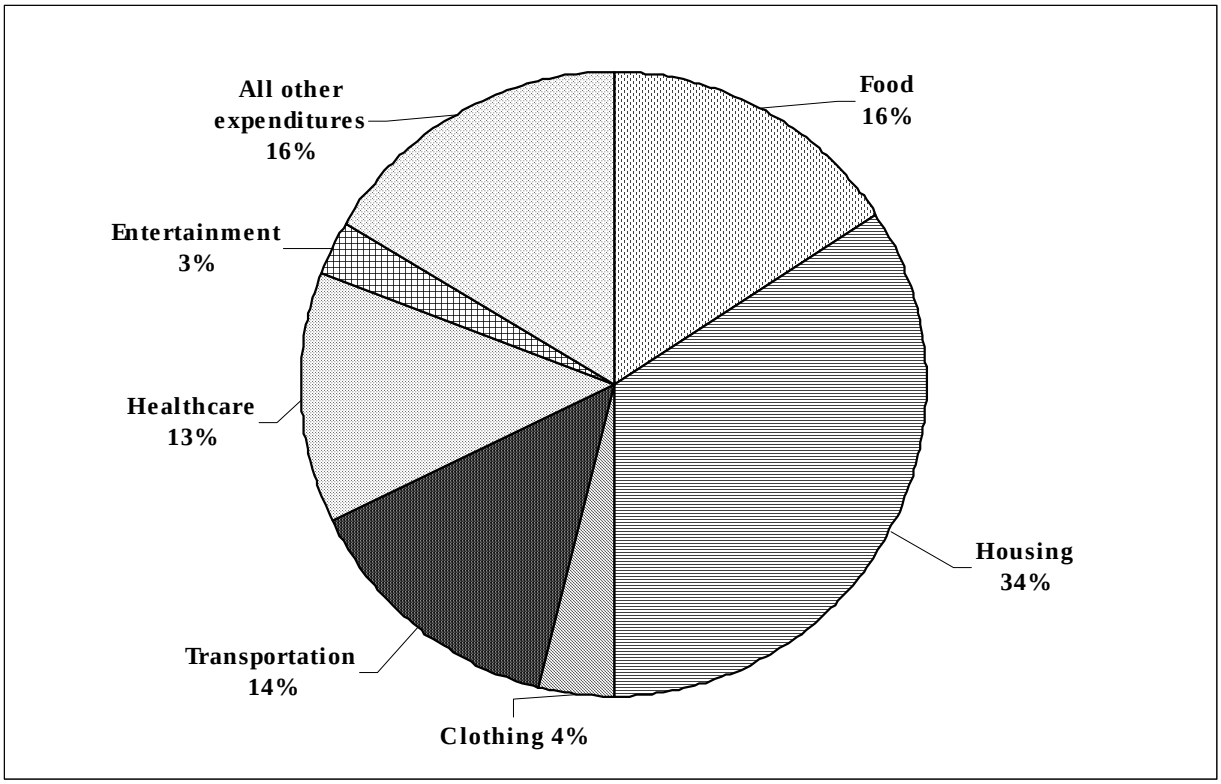
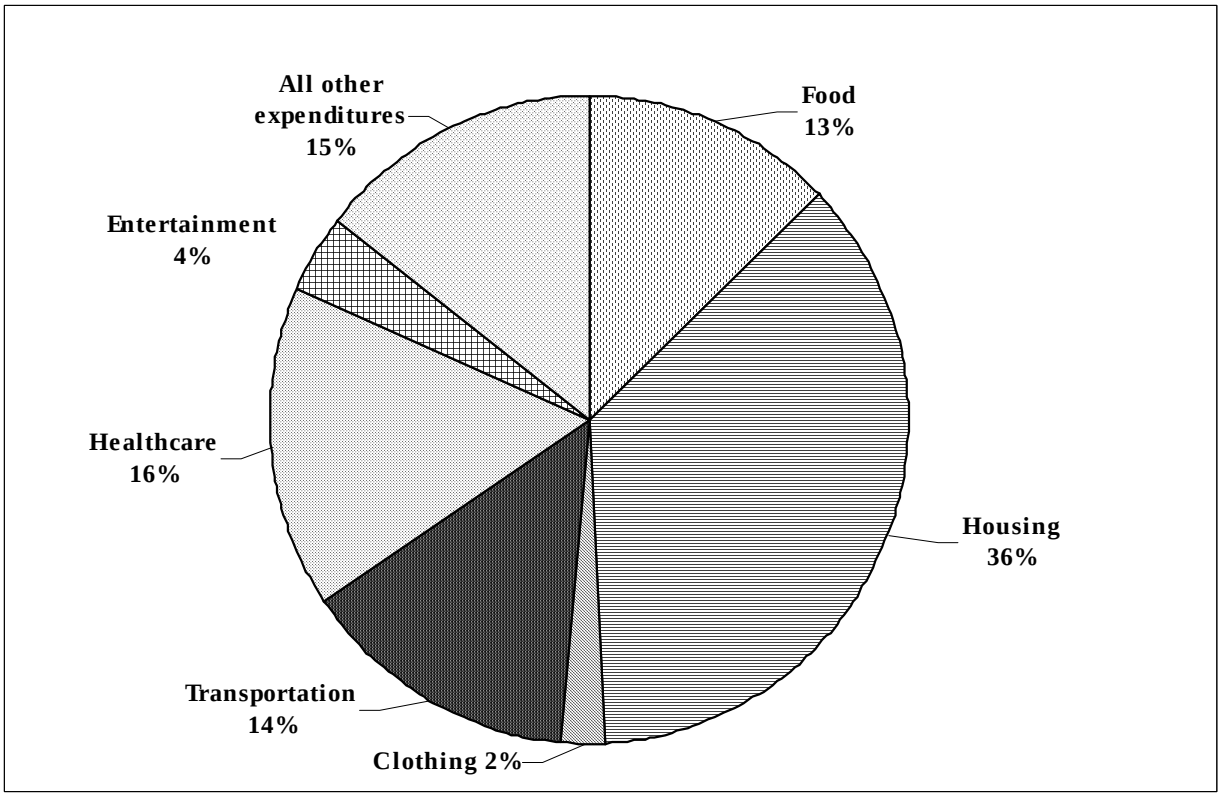


Figure 12. Expenditures in 2005, Family Head Aged 75 or Older



Source: CRS analysis of the 1985 and 2005 Consumer Expenditure Surveys.

Cohort Analysis of Expenditures from 1985 to 2005

The data presented in **Figure 1** through **Figure 12** illustrate how consumer expenditures changed within each of three age categories between 1985 and 2005. However, an average family in which the family head was aged 55 to 64 in 1985 would have experienced a different change in expenditures, because over this period they would have moved from the youngest of these three age groups to the oldest age group. A person who was 75 years old in 2005 and who was considering how his or her expenditures had changed since the mid-1980s would not necessarily compare them with the expenditures of an individual who had been 75 years old in 1985. A more likely frame of reference for this person would be his or her own family's past expenditures. The change in expenditures that a family experiences is affected not only by changes in the prices and availability of particular goods and services that occur over a given period of time, but also by the changes in tastes, preferences, and family income that typically occur as the family ages.

The data displayed in **Table 2** illustrate how average expenditures changed for families from 1985 to 2005 as they moved from one age group to another. The top panel of **Table 2** shows that average expenditures among families headed by persons between the ages of 55 and 64 in 1985 were $41,127, measured in 2005 dollars. Ten years later in 1995, an individual who had been 55 to 64 years old in 1985 would have been 65 to 74 years old. Average expenditures among families headed by persons between the ages of 65 and 74 in 1995 were $31,347, almost $10,000 lower.[14] Part of this decline would have been attributable to a decline in family size and part due to lower income among retired workers.[15] Similarly, a family head who was 65 to 74 years old in 1995 would have been 75 or older in 2005. Measured in 2005 dollars, average total expenditures among families headed by persons aged 75 and older in 2005 were $26,417, or almost $5,000 less than the average total expenditures of families headed by persons aged 65 to 74 ten years earlier in 1995.

Just as total spending changes over time as families age, so does the composition of spending. As shown in the data presented in **Figure 7** and **Figure 8**, among families headed by persons between the ages of 55 and 64, the percentage of average expenditures attributable to housing rose from 29% in 1985 to 36% in 2005. The data presented in **Figure 11** and **Figure 12** show that among families headed by persons aged 75 and older, the percentage of average expenditures attributable to housing rose from 34% in 1985 to 36% in 2005. Looking at the second row of **Table 2**, we see that for an average family aging from the 55 to 64 age group in 1985 to the 75 and older age group in 2005, average housing expenditures would have risen from 29.6% of total spending in 1985 to 32.4% of spending in 1995 and to 36.4% of total spending in 2005.

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[14] The data in Table 2 do not represent the spending of the same families in different years, They are from random samples of families in each year, classified by age of the family head.

[15] In 2005, for example, the average size of families headed by persons aged 55 to 64 was 2.1 persons. The average size of families headed by persons aged 65 to 74 was 1.9 persons, and the average size of families headed by persons aged 75 and older was 1.6 persons.

It may seem surprising that housing accounted for a greater share of expenditures in 2005 among families headed by persons 75 and older than it did in 1985 among families headed by persons aged 55 to 64. Because a majority of families are homeowners, we might expect the share of expenditures accounted for by housing to decline as families grow older and pay off their home mortgages. The percentage of families who own their homes outright with no mortgage does indeed increase with age. Just 34% of families headed by persons aged 55 to 64 reported owning their homes outright in 2005, compared to 55% of families headed by persons aged 65 to 74, and 68% of families headed by persons aged 75 and older. Nevertheless, even after a mortgage is paid off, expenses associated with home ownership include property taxes, utilities, maintenance, repairs, and insurance. Moreover, family income usually drops when the family head and spouse retire. Consequently, even though the dollar amount spent for housing in 2005 by families headed by persons aged 75 and older was lower than the inflation-adjusted amount spent in 1985 by families headed by persons aged 55 to 64, housing accounted for 36.4% of spending by families headed by persons aged 75 or older in 2005, compared to 29.6% of spending among families headed by persons aged 55 to 64 in 1985.[16]

Health care spending is affected both by the greater incidence of illness that occurs as people age and the more rapid increase in the price of medical care compared to other goods and service. Because people are more prone to illness as they age, even if the price of medical care rose no faster than the overall rate of inflation, the percentage of expenditures accounted for by health care would be expected to rise as people age. However, the price of health care has risen faster then the overall rate of inflation over a long period, and this has contributed to the rising share of total family expenditures accounted for by health care since 1985.

Table 2 shows that for families headed by persons 55 to 64 years old in 1985, health care accounted for 6.0% of total spending, on average. By 1995, health care accounted for 10.7% of average expenditures among families headed by persons aged 65 to 74. By 2005, health care accounted for 15.9% of average expenditures among families headed by persons aged 75 and older. Thus, the average family head aging from 55 to 75 over the period from 1985 to 2005 would have experienced a near tripling of the share of total family expenditures accounted for by out-of-pocket spending for health insurance, medical goods and services, and prescription drugs. Each of the other expenditure categories — transportation, food, clothing, entertainment, and other spending — was lower in both constant dollars and as a share of total spending in 2005 among families headed by persons aged 75 and older than in 1985 among families headed by persons aged 55 to 64. In part, this reflects changing preferences among families as they age and also declining average family size. However, other spending may have been "squeezed out" by increases in the cost of housing and health care.

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[16] Among families headed by persons aged 65 to 74 in 2005 that owned a home with a mortgage, housing accounted for 40% of expenditures. Among families in this age group that owned a home without a mortgage, housing accounted for 27% of expenditures. Among families headed by persons aged 75 and older in 2005 that owned a home with a mortgage, housing accounted for 46% of expenditures. Among families in this age group that owned a home without a mortgage, housing costs accounted for 31% of total expenditures.

Table 2. Average Expenditures, by Age of Family Head at 10-Year Intervals

(in 2005 dollars)

	Age			Age		
	55 to 64	**65 to 74**	**75 and up**	**55 to 64**	**65 to 74**	**75 and up**
	Total expenditures			Percentage of total		
1985	$41,127			100%		
1995		$31,347			100%	
2005			$26,417			100%
	Housing expenditures			Percentage of total		
1985	$12,165			29.6%		
1995		$10,147			32.4%	
2005			$9,612			36.4%
	Health care expenditures			Percentage of total		
1985	$2,459			6.0%		
1995		$3,355			10.7%	
2005			$4,210			15.9%
	Transportation expenditures			Percentage of total		
1985	$8,850			21.5%		
1995		$5,742			18.3%	
2005			$3,754			14.2%
	Food expenditures			Percentage of total		
1985	$6,630			16.1%		
1995		$4,991			15.9%	
2005			$3,388			12.8%
	Clothing expenditures			Percentage of total		
1985	$2,821			6.9%		
1995		$1,429			4.6%	
2005			$584			2.2%
	Entertainment expenditures			Percentage of total		
1985	$2,071			5.0%		
1995		$1,478			4.7%	
2005			$1,032			3.9%
	All other expenditures[a]			Percentage of total		
1985	$6,131			14.9%		
1995		$4,205			13.4%	
2005			$3,837			14.5%

Source: CRS analysis of the Consumer Expenditure Survey, various years.

Note: Expenditures were adjusted to 2005 dollars based on the CPI-U.

a. Other expenditures include personal care products and services, reading materials, education, alcohol and tobacco products, cash contributions, life and other personal insurance, and other miscellaneous expenditures.

Expenditures in 2005 by Age, Marital Status, Employment, and Income

The data displayed in **Figure 1** through **Figure 12** and in **Table 2** illustrate the trends in consumption expenditures between 1985 and 2005 among American families, classified according to the age of the family head. Expenditures also vary with other characteristics, such as marital status, employment, and income. This section of the report presents data from the 2005 Consumer Expenditure Survey that illustrate how family expenditures vary with each of these characteristics.

Figures 13 through **18** show expenditures in 2005 by age and marital status at the 75th, 50th, and 25th percentiles. For example, **Figure 13** shows that among married couples in which the family head was 55 to 64 years old, quarterly expenditures for housing at the 75th percentile were approximately $6,600.[17] This means that 25% of families had quarterly housing expenditures of more than this amount, and 75% had expenditures of this amount or less. Median quarterly housing expenditures by married couples aged 55 to 64 were about $4,100: half spent more than this amount and half spent less. Quarterly expenditures for housing at the 25th percentile among married-couple families headed by persons aged 55 to 64 were approximately $2,500 in 2005. Seventy-five percent of families spent more than this amount and 25% spent this amount or less. Thus, in 2005, 50% of all married-couple families headed by persons aged 55 to 64 spent between $2,500 (the 25th percentile) and $6,600 (the 75th percentile) on housing in any given calendar quarter.

About the Data

The expenditure data analyzed in this section of the report were taken from the 2005 Consumer Expenditure Survey interview survey. The Bureau of Labor Statistics estimates that the interview survey captures up to 95% of all household spending. With respect to age, we classified married couples according to the age of both persons. A couple was classified as aged 55 to 64 if either person was 55 to 64 years old and neither was 65 or older. A couple was classified as aged 65 to 74 if either person was 65 to 74 years old and neither was aged 75 or older. A couple was classified as aged 75 or older if either person was least 75 years old. We limited the sample that we studied to families in which either or both persons in a married couple were working, retired, keeping house, or going to school. We excluded couples in which either person reported that they did not work because they were disabled or could not find work. Disability and unemployment can have effects on family expenditures that are not found in other families. The same selection criteria were applied to unmarried men and women. In calculating median expenditures for each specific category of spending, we included only those families that reported expenditures in that category. Almost all families had expenditures for housing and food. The likelihood of a family having expenditures for transportation, clothing, and health care varied by age and income. The percentages of families with expenditures in each category are reported in the Appendix in Tables A4 through A9.

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[17] Figures 13 through 36 show quarterly rather than annual expenditures. This is how the expenditures are reported on the CES data files.

Expenditures by Age: Married Couples

Figure 13 shows quarterly expenditures in 2005 among married-couple families in three age groups: 55 to 64, 65 to 74, and 75 and older. In 2005:

- Median quarterly housing expenditures among married couples aged 55 to 64 were $4,100. Half of all couples in this age group had quarterly housing expenditures between $2,500 and $6,600.
- Median quarterly housing expenditures among married couples aged 65 to 74 were $3,100. Half of all couples in this age group had quarterly housing expenditures between $1,700 and $4,800.
- Median quarterly housing expenditures among married couples aged 75 and older were $2,100. Half of all couples in this age group had quarterly housing expenditures between $1,200 and $3,400.

The patterns of expenditure were similar for transportation, food, clothing, entertainment, and the residual category of "other" expenditures: median spending was lower among 65 to 74 year-old couples than among those aged 55 to 64, and was lowest among couples aged 75 and older. The only category of expenditure in which spending rose along with the age of the couple was health care. Median quarterly spending for health care in 2005 was $722 for couples aged 55 to 64, $1,050 for couples aged 65 to 74, and $1,232 for couples and aged 75 and older.

Figure 14 shows expenditures in the same categories as **Figure 13**, expressed as a percentage of total quarterly spending. As a percentage of total spending, there was little difference in median housing expenditures among married couples across the three age groups. Median expenditures for housing were 32% of total spending for couples aged 55 to 64, 31% for couples aged 65 to 74, and 30% for couples aged 75 and older. Although older couples had lower housing expenditures in dollar terms than younger couples, because they had lower incomes housing still accounted for nearly a third of median total expenditures among couples aged 75 and older. The range of spending between the 25th and 75th percentiles also was similar in each age group, accounting for between 20% and 40% of spending for about half of all couples.

Health care expenditures increased both in dollar terms and as a percentage of expenditure as the age of the couple increased. Median expenditures for health care were 5% of total spending for couples aged 55 to 64, 10% for couples aged 65 to 74, and 17% for couples aged 75 and older. Among couples aged 55 to 64, one-fourth spent 10% or more of total expenditures on health care. Among couples aged 65 to 74, one-fourth spent 17% or more of total expenditures on health care. Among couples aged 75 and older, one-fourth spent 27% or more of total expenditures on health care.

Median expenditures for food increased with age when expressed as a percentage of total spending, consuming 12% of total spending for couples aged 55 to 64, 14% for couples aged 65 to 74, and 16% for couples aged 75 and older. Median transportation expenditures were lower among older married couples than among younger couples, accounting for 15% of total spending for couples aged 55 to 64, 13% for couples aged 65 to 74, and 11% for couples aged 75 and older.

Expenditures on clothing and entertainment were small as a percentage of total spending in each age group. At the median, clothing accounted for about 2% of spending by married couples, while entertainment accounted for 3% or less of spending by half of married couples in all three age categories.

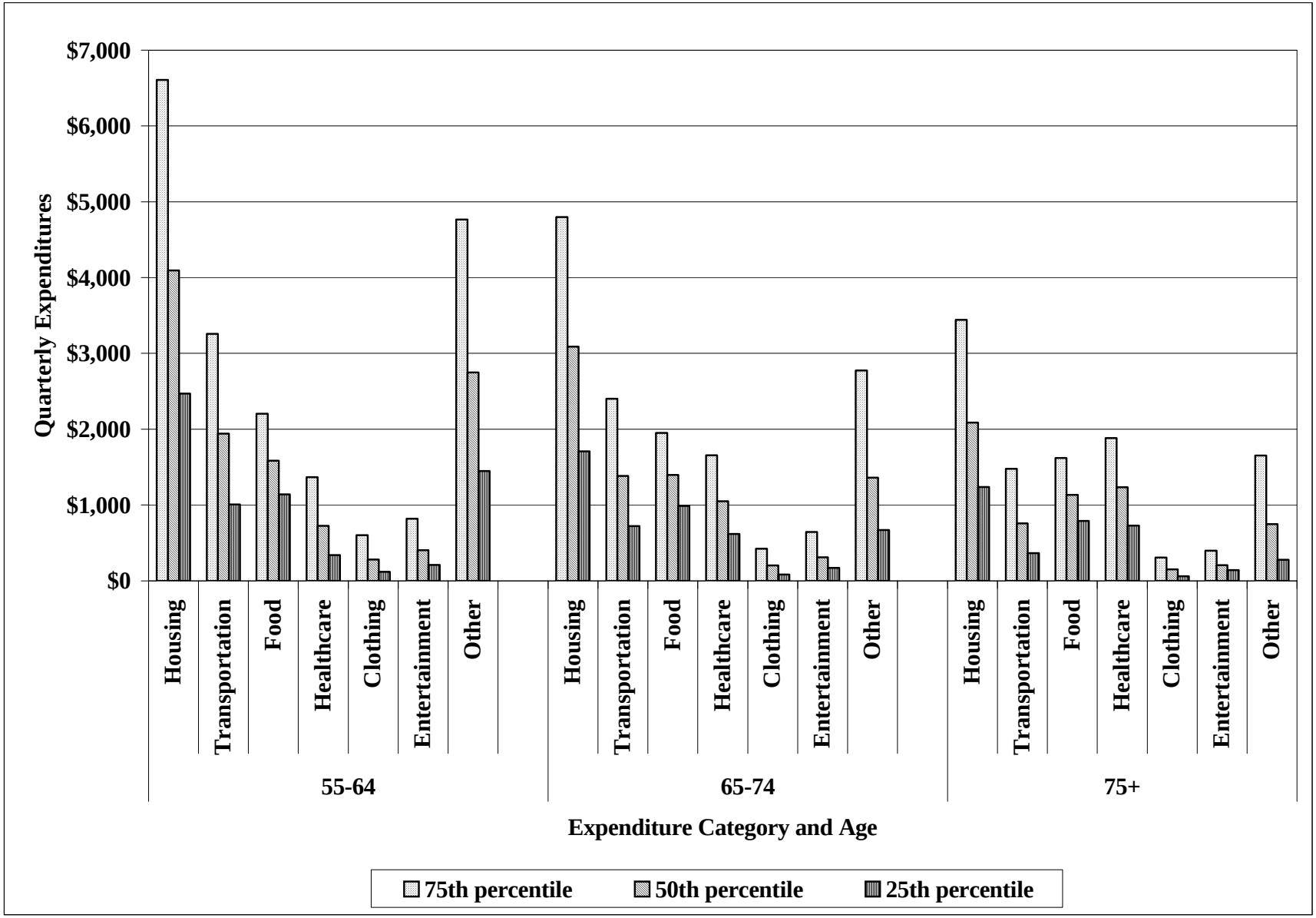
Expenditures by Age: Unmarried Men and Women

Figure 15 and **Figure 17** show expenditures for unmarried men and unmarried women in 2005 expressed in dollars, while **Figure 16** and **Figure 18** show spending in each category as a percentage of total expenditures. Median quarterly total expenditures were lower for unmarried men and unmarried women than for married couples and total expenditures were lower for unmarried women than for unmarried men. As was the case with married couples, housing expenditures declined with age among both unmarried men and unmarried women. (See **Figure 15** and **Figure 17**). As a percentage of total spending, unmarried women had higher housing expenditures than unmarried men or married couples. At the median, housing accounted for 36% of total expenditures among unmarried men aged 55 to 64, 33% of spending by unmarried men aged 65 to 74, and 36% of total expenditures among unmarried men aged 75 and older. (See **Figure 16**.) Among unmarried women, median housing expenditures were 38% to 42% of spending, depending on age. (See **Figure 18**.)

Unmarried men and women had roughly equal health care spending, both in dollar terms and as a percentage of spending. Among both unmarried men and women, health care spending increased with age, whether expressed in dollars or as a percentage of expenditures. Among unmarried men, median health care expenditures were 5% of total spending for those aged 55 to 64, 10% for those aged 65 to 74, and 12% for those aged 75 or older. Among unmarried women, median health care expenditures were 6% of total spending for those aged 55 to 64, 11% for those aged 65 to 74, and 13% for those aged 75 or older. Among unmarried men and unmarried women, median health care spending was higher for persons aged 65 to 74 than for those aged 55 to 64, but it was not significantly higher for those aged 75 or older than for those aged 65 to 74. (See **Figure 15** and **Figure 17**.) It may be that unmarried men and women — who have lower incomes than married couples — choose to spend less on health care. It also may be that without a spouse present to encourage them to seek medical care, they are less likely to do so.

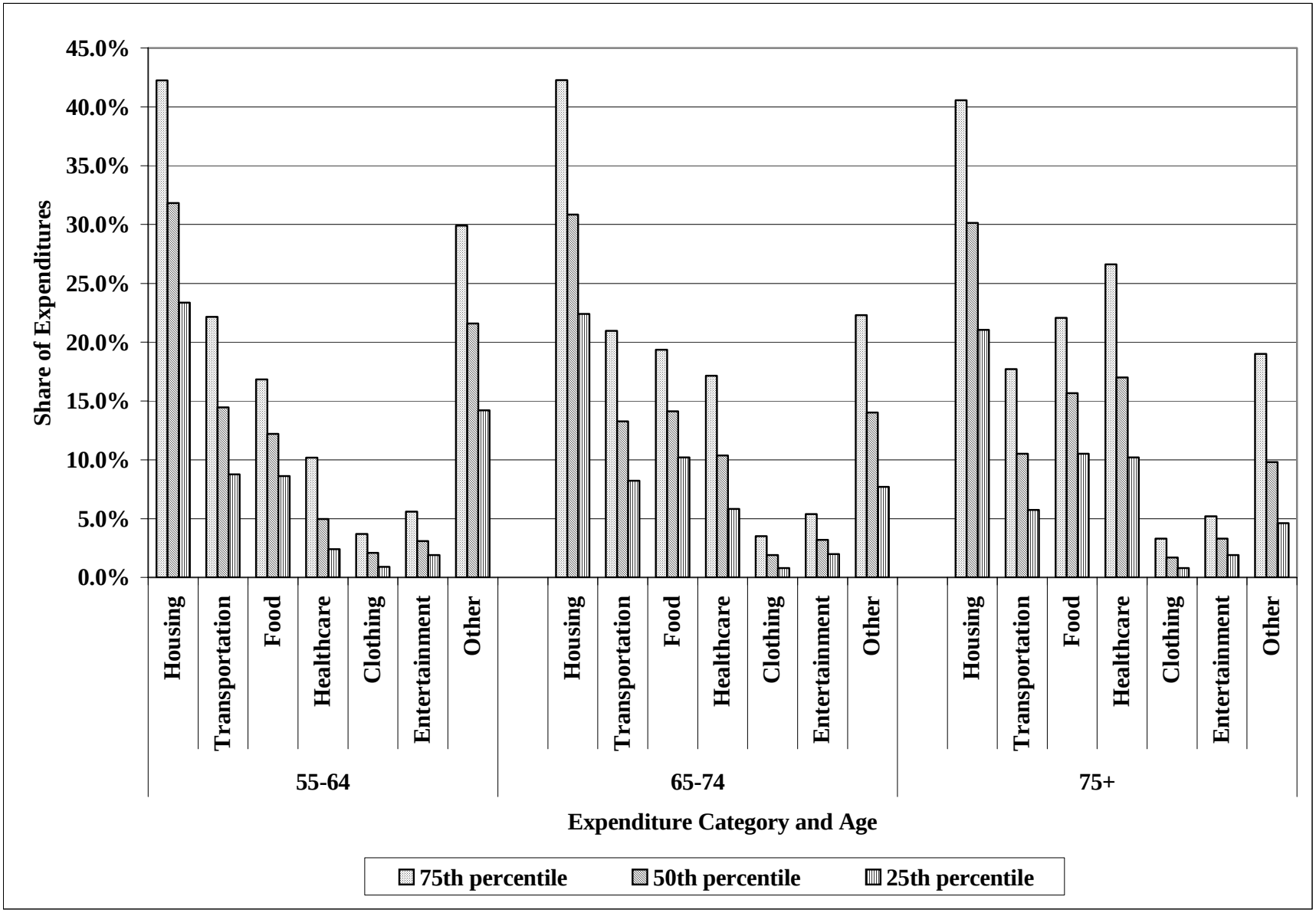
Median expenditures for food were very similar for men and women, accounting for 13% to 14% of spending among those aged 55 to 64 and 15% to 16% of spending by those aged 65 and older. Among both unmarried men and unmarried women, transportation spending declined as age increased. Median transportation expenditures were 13% of spending among men aged 55 to 64 and those aged 65 to 74, and 11% among men aged 75 or older. Among unmarried women, median transportation expenditures were 13% of total spending among those aged 55 to 64, 10% among those aged 65 to 74, and 8% among those aged 75 or older. Spending on clothing and entertainment was a small percentage of total expenditures for unmarried men and women, accounting for about 2% of spending by unmarried men and unmarried women. Entertainment accounted for about 4% of spending at the median among both unmarried men and unmarried women.

Figure 13. Quarterly Expenditures in 2005, by Percentile Rank: Married Couples



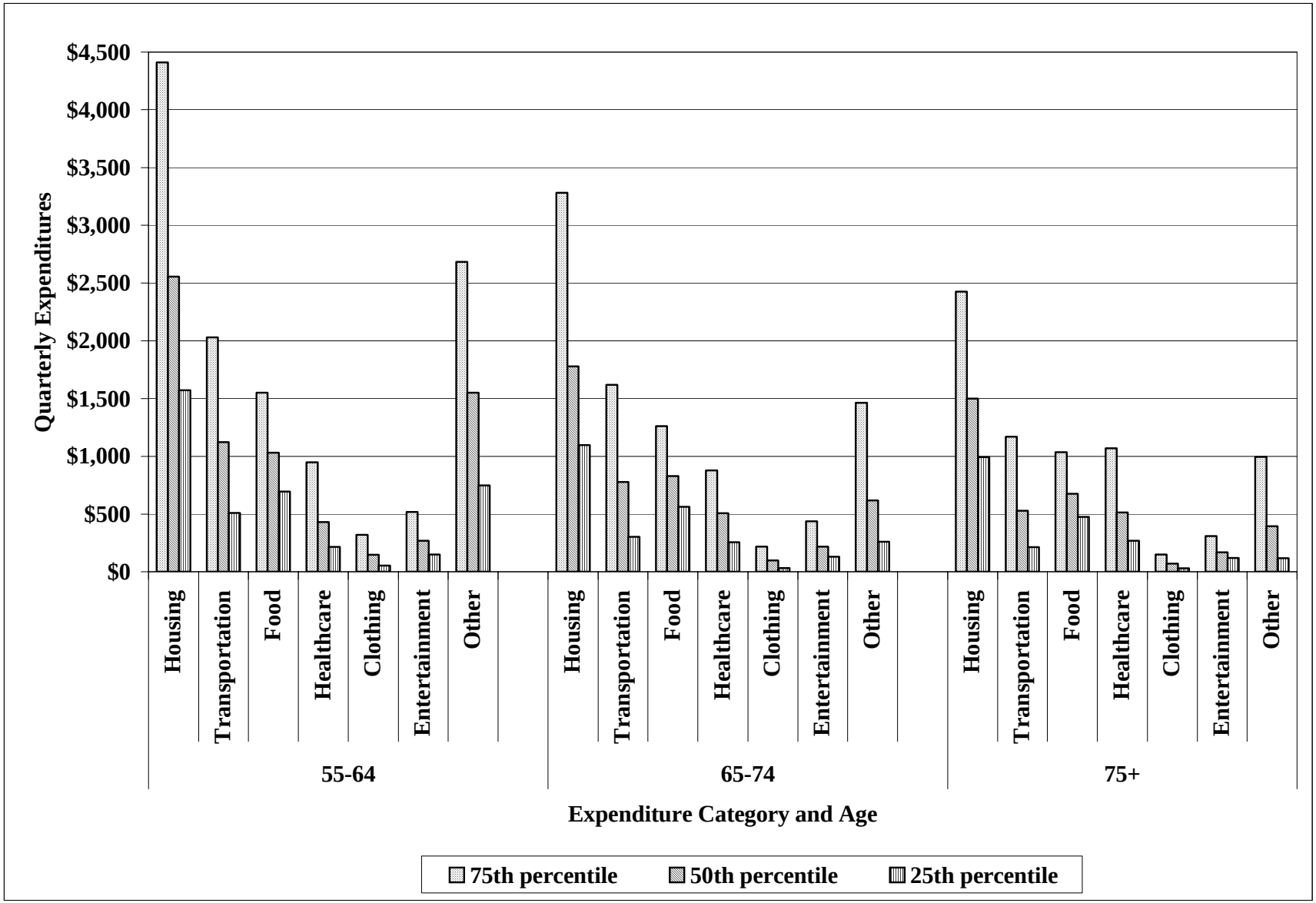
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 14. Share of Expenditures in 2005, by Percentile Rank: Married Couples



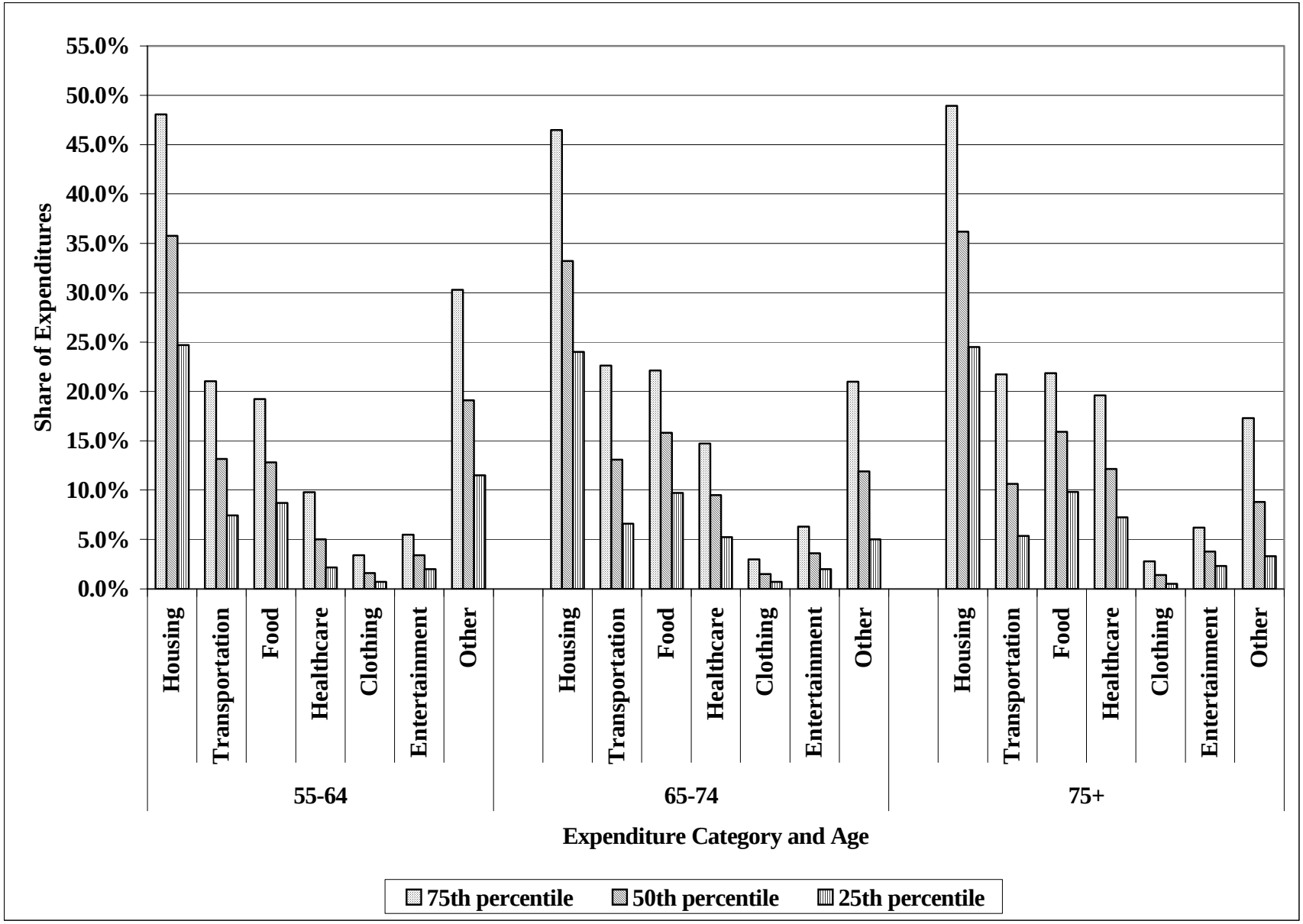
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 15. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Men



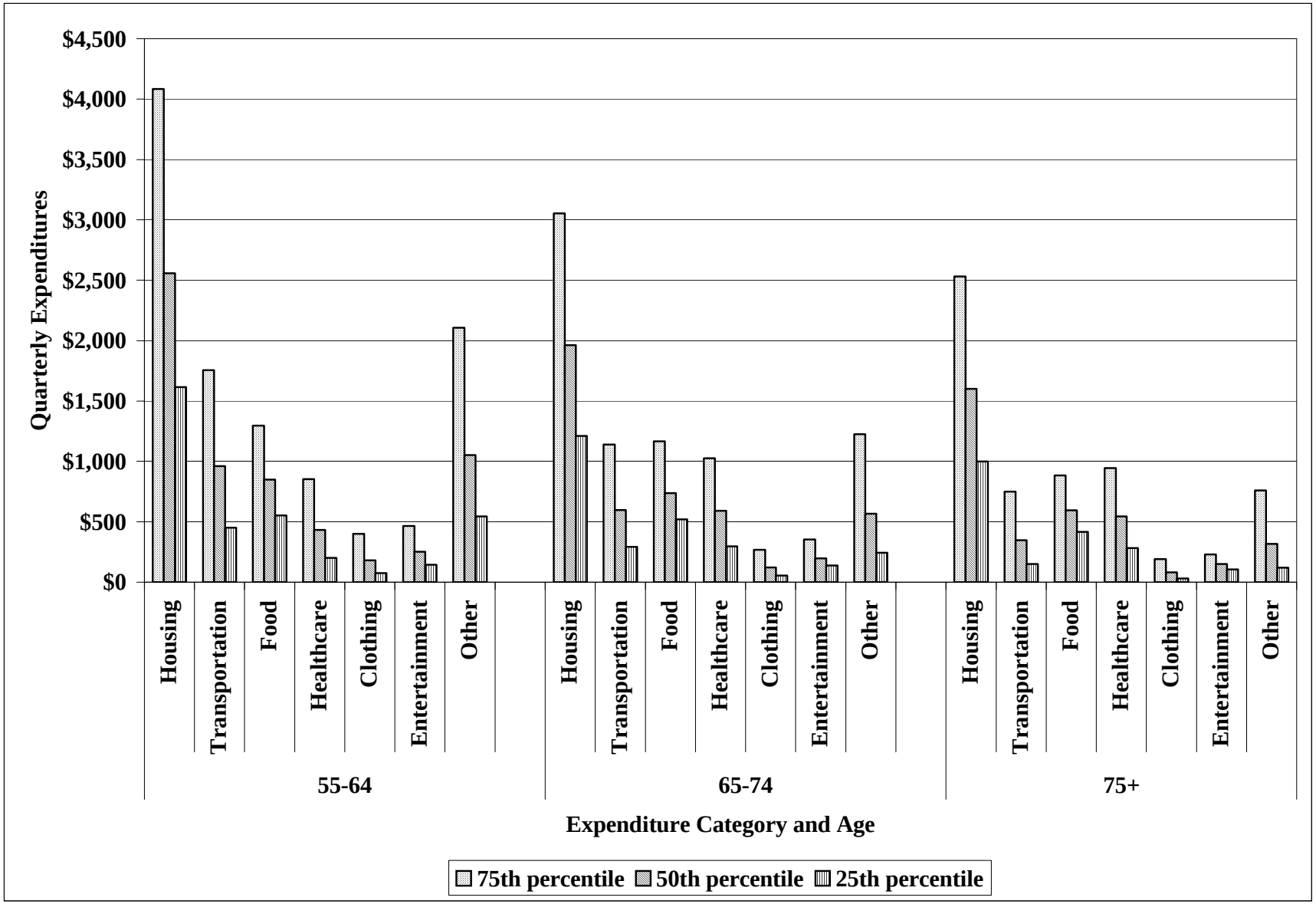
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 16. Share of Expenditures in 2005, by Percentile Rank: Unmarried Men



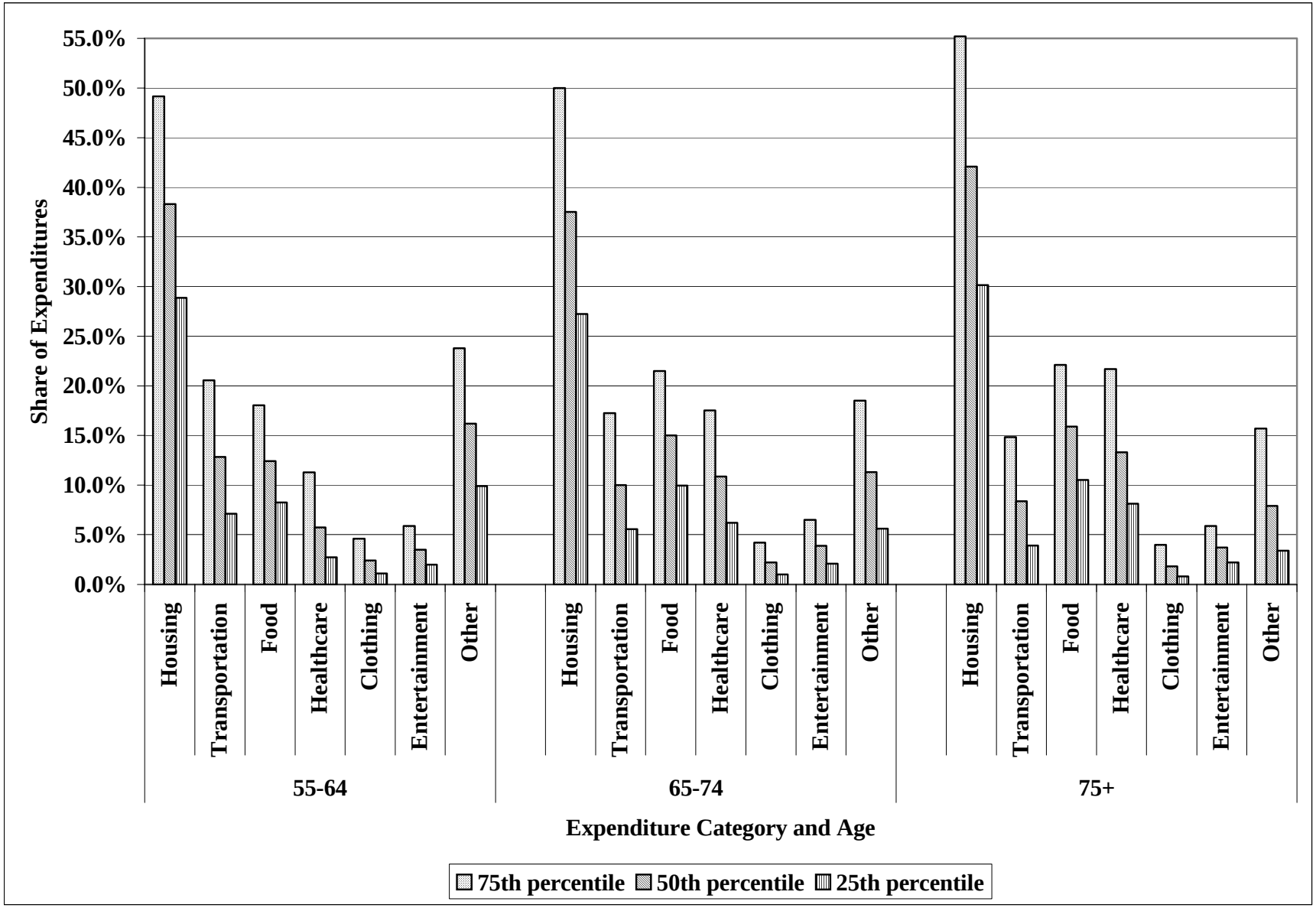
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 17. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Women



Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 18. Share of Expenditures in 2005, by Percentile Rank: Unmarried Women



Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Expenditures by Employment Status: Married Couples

Figures 19 through **24** illustrate how expenditures varied in 2005 by marital status and employment among people 55 and older.[18] Couples were classified as "working" if either member reported having worked in the year prior to the date of the survey. Couples were classified as "retired" if both members reported that they did not work in the last 12 months, and the reasons given for each were that they were retired, keeping house, or going to school. Couples in which either member reported that they did not work because they were disabled or could not find work were excluded from the analysis. The same selection criteria were used for unmarried men and unmarried women.[19]

Among married couples, median housing expenditures were highest among those 55 to 64 years old in which one or both members worked and were lowest among those 65 and older in which neither person worked. (See **Figure 19**.) Health care expenditures were higher among couples in which at least one person was aged 65 or older than among couples aged 55 to 64. Among couples 65 and older, median quarterly health care expenditures were roughly equal, regardless of whether either of them was employed.

Median housing expenditures were 32% of total spending for couples aged 55 to 64 in which one or both worked and 34% among couples in this age group in which neither worked. Median housing expenditures were 31% of total spending for couples aged 65 and older, regardless of employment status. (See **Figure 20**.) Median health care expenditures varied significantly as a percentage of spending among married couples, based on their age and employment status. Median health care expenditures were just 5% of total spending among married couples aged 55 to 64 in which one or both worked, and 15% percent of total expenditures in couples aged 65 or older in which neither worked. Twenty-five percent of couples aged 55 to 64 in which one or both members worked spent 2% or less of total expenditures on health care, while 25% of couples aged 65 or older in which neither person worked, spent 25% or more of total expenditures on health care.

Median spending on food was 12% to 16% of total expenditures, depending on age and employment status. Twenty-five percent of couples aged 55 to 64 spent 8% or less of expenditures on food, regardless of employment status, while 25% of couples aged 65 and older in which neither worked spent 23% or more of total expenditures on food. Transportation accounted for 12% to 15% of the median spending of married couples, depending on age and employment.

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[18] With the addition of the employment variable in these figures, the number of age categories has been reduced to two: 55 to 64 and 65 or older. This maintains adequate sample sizes for the analysis and also allows us to include both the working and retired populations in a single chart for each category of marital status.

[19] Individuals also were excluded if they reported that they did not work but gave no reason why.

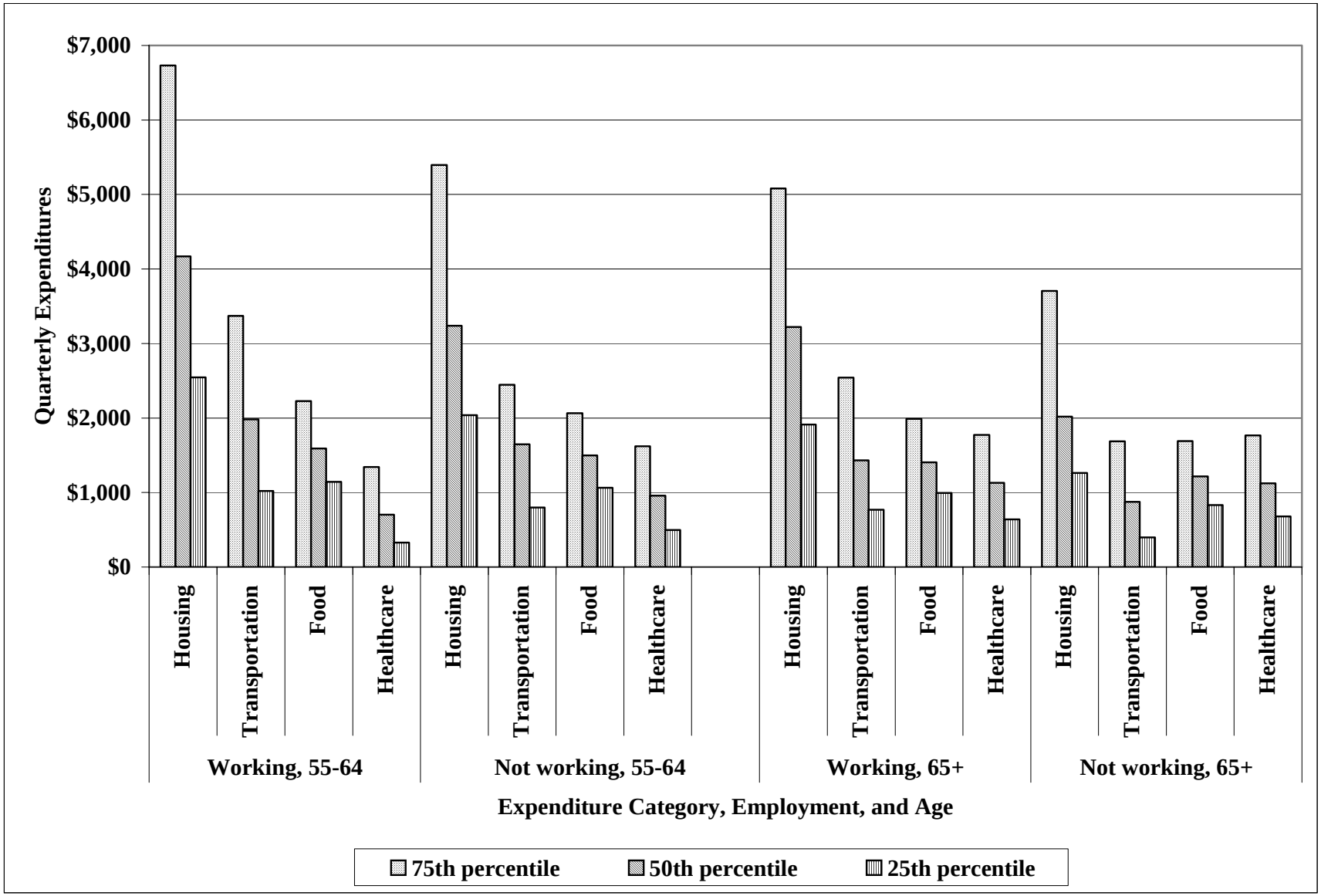
Expenditures by Employment Status: Unmarried Men and Women

At the median, unmarried men and women in the same age and employment categories had very similar quarterly housing expenditures, expressed in dollar terms. (See **Figure 21** and **Figure 23**.) As a percentage of total spending, median housing expenditures were higher for unmarried men aged 55 to 64 who did not work (44%) than for unmarried working men in the same age group (34%). (See **Figure 22**.) Retired unmarried men 65 and older spent 36% of total expenditures on housing at the median, compared to 30% for unmarried men aged 65 and older who worked. Median expenditures on housing by unmarried women aged 55 to 64 who worked were 38% of total spending, compared to 40% for women aged 55 to 64 who did not work. (See **Figure 24**.) Among unmarried women 65 and older, median housing expenditures were 41% of spending among those who were not working and 35% among those who worked.

Among both unmarried men and unmarried women, health care expenditures were a greater percentage of total spending for those who were not working than for those who were employed. Among working unmarried men aged 55 to 64, median health care spending was 4% of total spending, while among nonworking unmarried men aged 55 to 64, median health care spending was 8% of total spending. Among working unmarried women aged 55 to 64, median health care spending was 5% of total spending, while among nonworking unmarried women aged 55 to 64, median health care spending was 7% of total spending. Health care accounted for 2% or less of total spending for one-fourth of working unmarried men aged 55 to 64, but it accounted for 14% or more of spending for one-fourth of unmarried men aged 55 to 64 who did not work. Among working unmarried women aged 55 to 64, one-fourth spent 3% or less of total spending on health care, while one-fourth of those who did not work spent 14% or more of expenditures on health care. Among unmarried men aged 65 or older who worked, median health care spending was 9% of total spending, compared to 12% among unmarried men 65 or older who did not work. Among unmarried women aged 65 or older who worked, median health care spending was 10% of total spending, compared to 13% among unmarried women 65 or older who did not work.

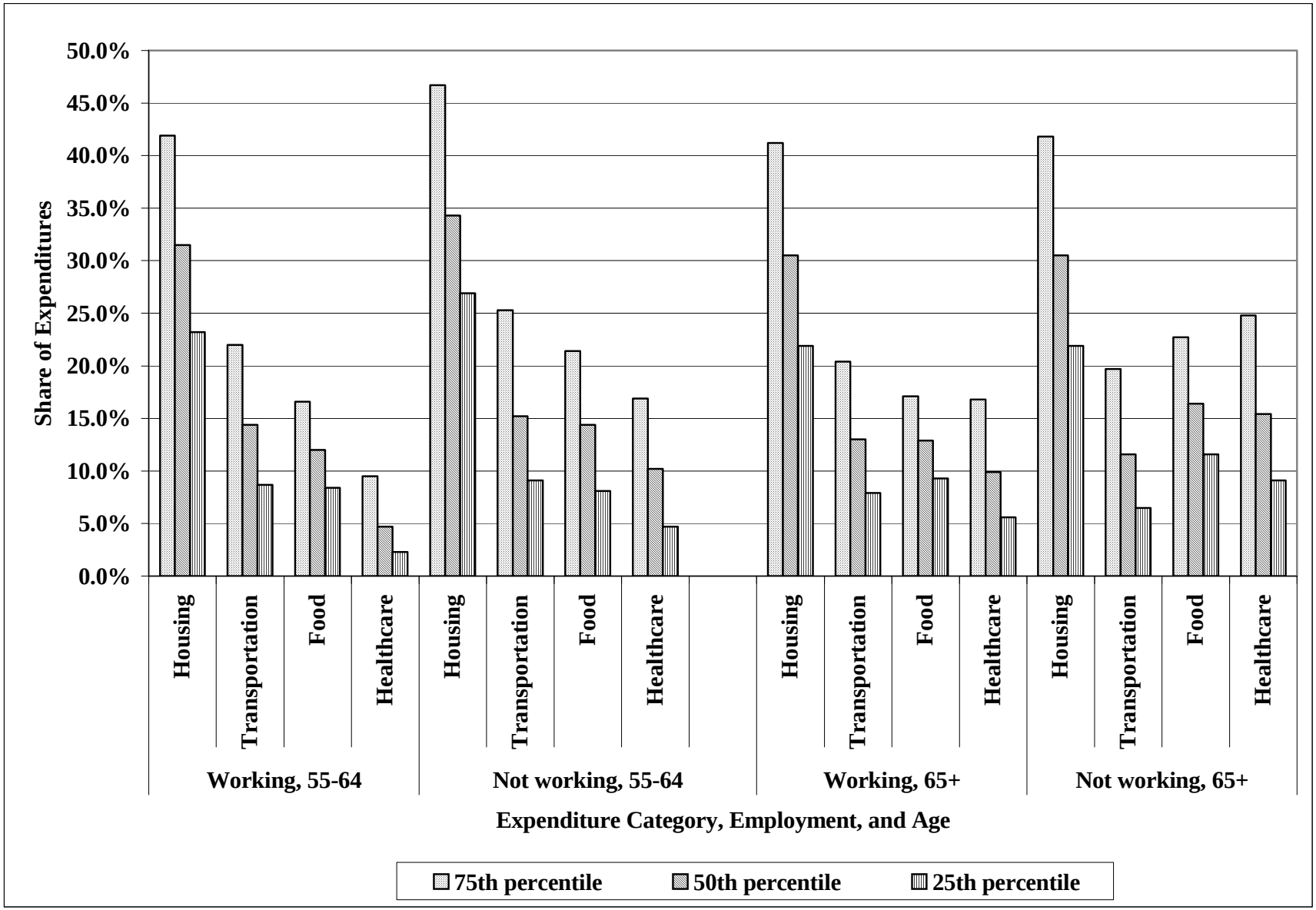
Expressed in dollars, unmarried men had significantly higher transportation expenditures and slightly higher food expenditures than unmarried women, both among those who were working and those who were not working. As a percentage of total expenditures, median spending for transportation differed relatively little between employment categories among either unmarried men or unmarried women. Median transportation expenditures ranged from 11% to 15% of total spending by unmarried men, depending on age and employment status, and from 9% to 13% of spending by unmarried women. Spending on food was similar among unmarried men and unmarried women. At the median, among those aged 55 to 64 unmarried men and unmarried women spent 12% to 15% of total expenditures on food. Among those aged 65 and older, median expenditures on food accounted for 13% to 17% of total spending.

Figure 19. Quarterly Expenditures in 2005, by Percentile Rank: Married Couples, by Employment



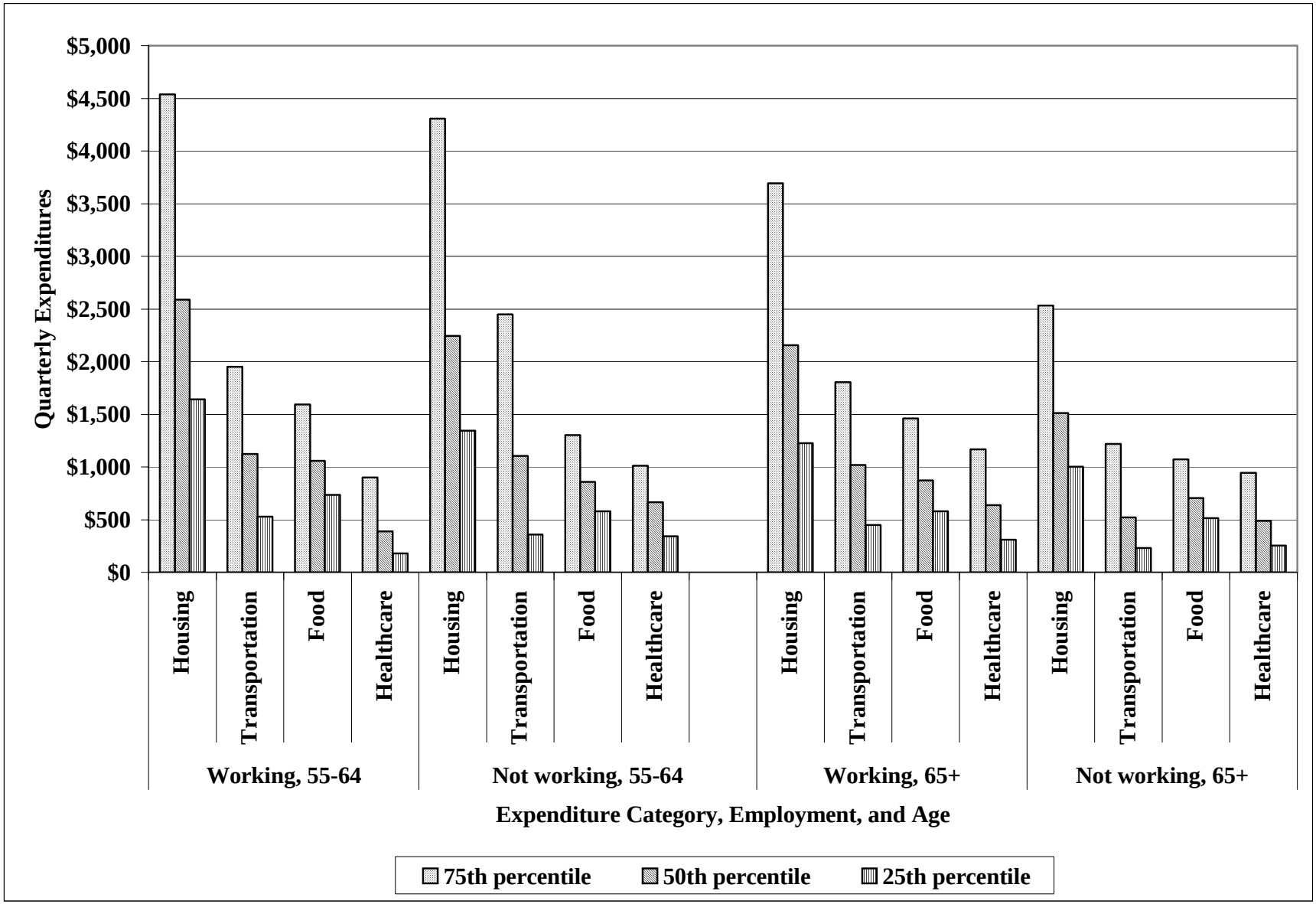
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 20. Share of Expenditures in 2005, by Percentile Rank: Married Couples, by Employment



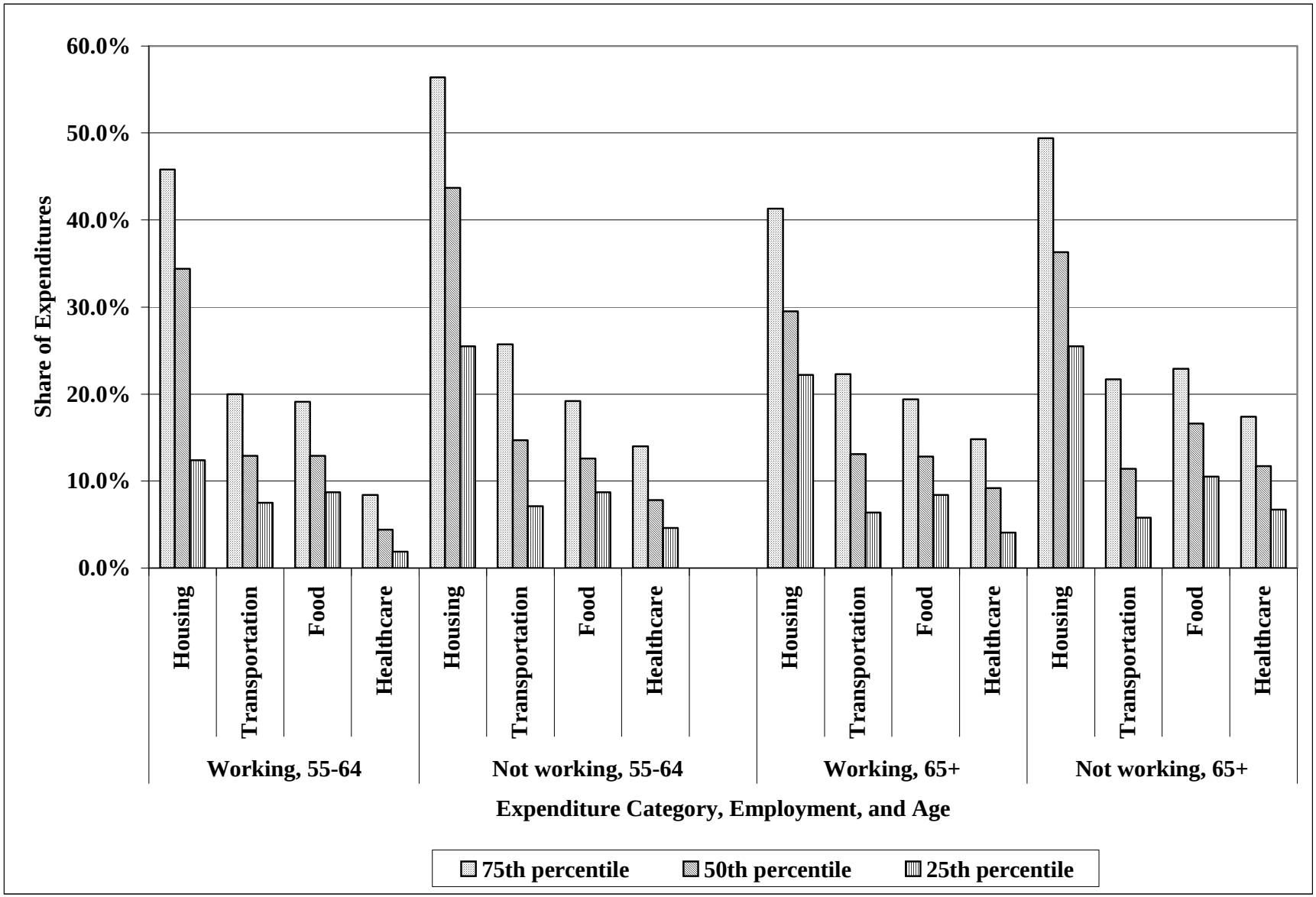
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 21. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Men, by Employment



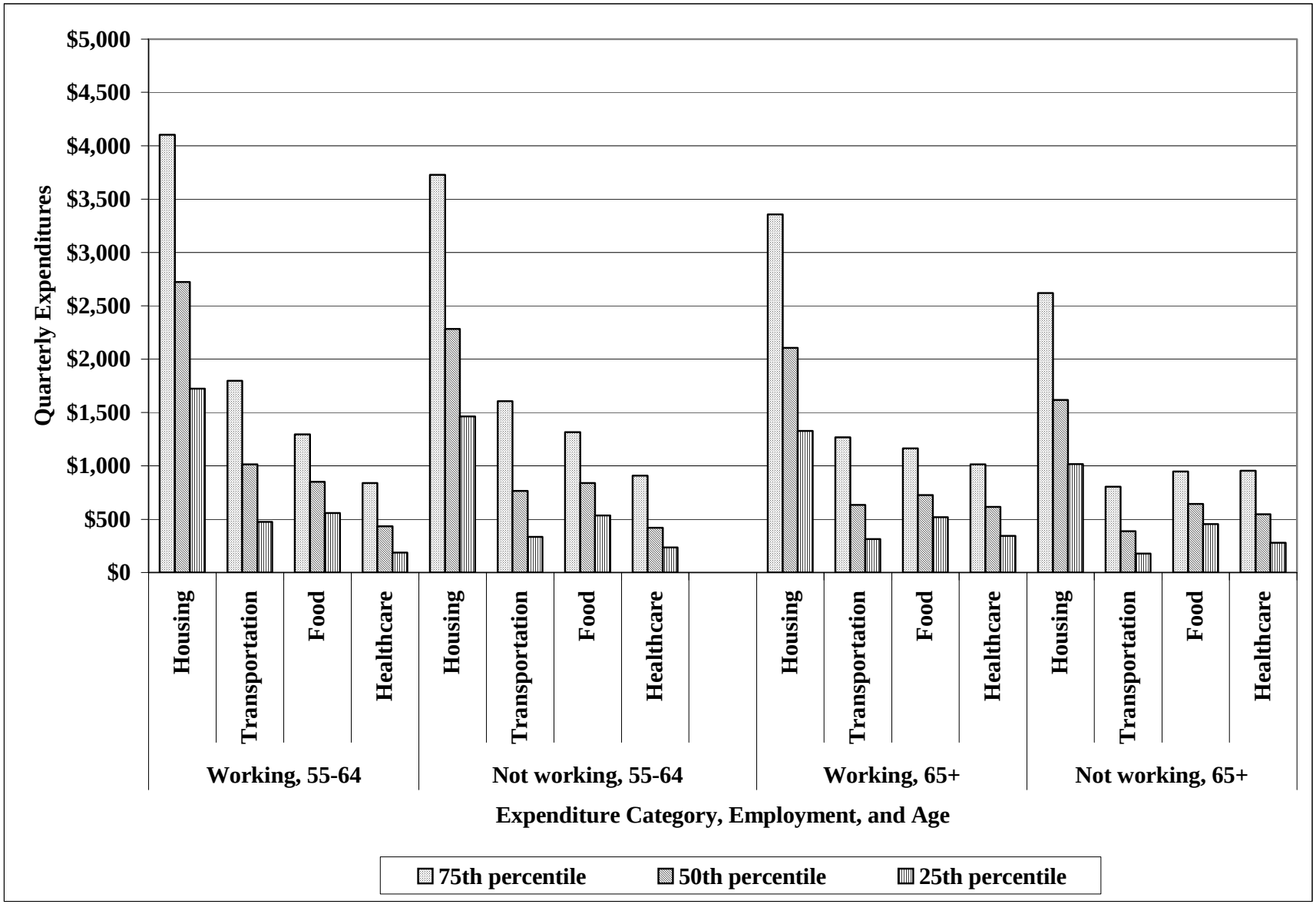
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 22. Share of Expenditures in 2005, by Percentile Rank: Unmarried Men, by Employment



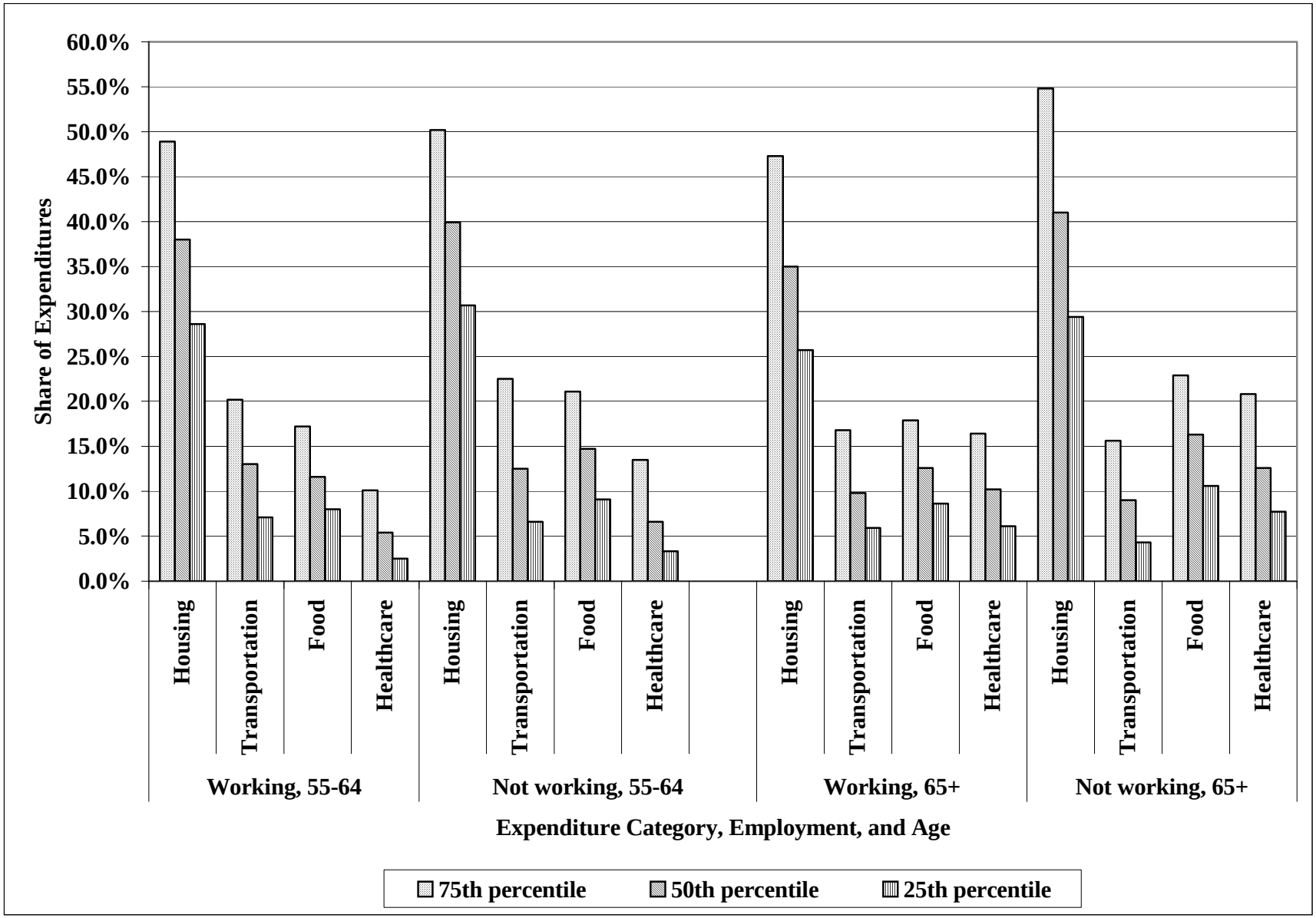
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 23. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Women, by Employment



Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 24. Share of Expenditures in 2005, by Percentile Rank: Unmarried Women, by Employment



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Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Expenditures by Income: Married Couples

Figure 25 through **Figure 36** illustrate how expenditures varied in 2005 by marital status and income among people aged 55 and older. Family income in the 12 months preceding the date of the survey is shown in three categories: under $30,000; $30,000 to $70,000; and above $70,000.[20] Among married couples, spending on housing was higher in all three income categories at the 25th, 50th, and 75th percentiles for couples aged 55 to 64 than for couples aged 65 and older. In all three income categories, spending on health care was higher among couples aged 65 and older than among couples aged 55 to 64. (See **Figure 25** and **Figure 27**.)

Among married couples aged 55 to 64, median expenditures for housing were 34% of total spending for those with annual income under $30,000, 32% for those with income between $30,000 and $70,000, and 31% for those with income over $70,000. (**See Figure 26**.) One fourth of couples aged 55 to 64 with incomes above $70,000 spent 23% or less of total expenditures on housing, while one-fourth of those with incomes under $30,000 spent 47% or more of total expenditures on housing. Among married couples 65 and older, median housing expenditures were 31% of total spending in all three income categories. One-fourth of married couples 65 and older with incomes above $70,000 spent 21% or less of total expenditures on housing, while 25% of those with incomes under $30,000 spent 42% or more of their total expenditures on housing. (See **Figure 28**.)

As a percentage of spending, health care accounted for a greater share of total expenditures among couples 65 and older than among those aged 55 to 64 at the 25th, 50th, and 75th expenditure percentiles at all three income levels. Median health care spending ranged from a low of 4% of total expenditures among couples aged 55 to 64 with income over $70,000 to a high of 17% of spending among couples 65 and older with income under $30,000. Twenty-five percent of couples aged 65 and older with income under $30,000 spent 27% or more of total expenditures on health care. At the other extreme, one-fourth of couples aged 55 to 64 with income of $70,000 or more spent 2% or less of their total expenditures on health care.

Median transportation spending ranged from 12% to 15% of total expenditures, and varied little by income. Median spending on food was 16% to 18% of total expenditures among couples with incomes under $30,000, compared to 11% among couples with incomes over $70,000. Twenty-five percent of couples in both age groups with incomes over $70,000 spent 8% or less of expenditures on food, while one-fourth of couples with incomes under $30,000 spent 23% or more of their total expenditures on food.

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[20] In the Consumer Expenditure Survey, annual income in the year preceding the date of the survey is reported in broad categories. The lowest category is “less than $5,000” and the highest category is “$70,000 or more.” Beginning with the 2004 survey, income is imputed for families that did not report their income on the survey.

Expenditures by Income: Unmarried Men and Women

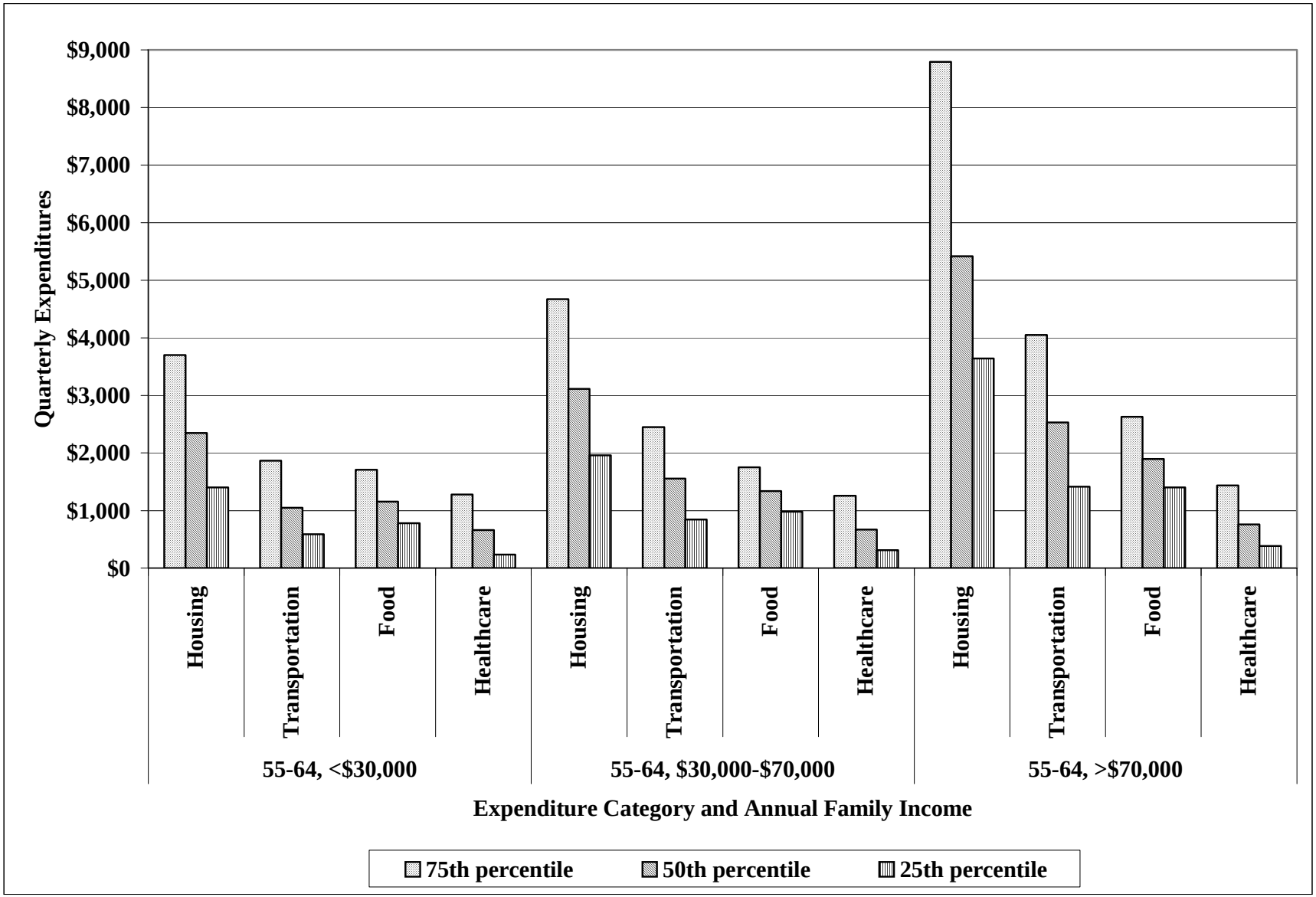
Among both unmarried men and unmarried women, expenditures on housing rose with income, and within income groups spending on housing was higher among those aged 55 to 64 than among those aged 65 and older. (See **Figures 29**, **31**, **33**, and **35**.) Health care spending also rose with income, and spending on health care was higher among unmarried men and women aged 65 and older than among those aged 55 to 64.

Although median housing expenditures rose with income when expressed in dollars, as a percentage of total spending, housing expenditures declined as income rose among both unmarried men and unmarried women. Housing also was a smaller percentage of expenditures among unmarried men and women aged 65 and older than among those aged 55 to 64, except for women with incomes under $30,000. (See **Figures 30**, **32**, **34**, and **36**.) Among unmarried men, median housing expenditures ranged from a low of 28% among those 65 and older with incomes over $70,000 to a high of 41% among those aged 55 to 64 with incomes under $30,000. Among unmarried women, median housing expenditures ranged from a low of 29% among those 65 and older with incomes over $70,000 to a high of 42% among those aged 65 or older with incomes under $30,000. One-fourth of unmarried men and unmarried women with incomes under $30,000 spent more than half of their total expenditures on housing.

Both unmarried men and unmarried women generally had higher spending for health care at age 65 and older than at ages 55 to 64. Among men, median health care spending was lowest for those aged 55 to 64 with incomes above $70,000, accounting for just 4% of their total spending, and was highest among men 65 and older with incomes under $30,000, accounting for 12% of spending by this group. Twenty-five percent of unmarried men aged 65 and older with incomes under $30,000 spent 18% or more of total expenditures on health care, while one-fourth of those aged 55 to 64 with incomes over $70,000 spent just 2% of total expenditures on health care. Among unmarried women, median health care spending ranged from a low of 5% among those aged 55 to 64 with incomes above $70,000 to a high of 13% among those 65 and older with incomes under $30,000. Twenty-five percent of unmarried women aged 65 and older with incomes under $30,000 spent 22% or more of total expenditures on health care, while one-fourth of those aged 55 to 64 with incomes over $70,000 spent just 2% of total expenditures on health care.

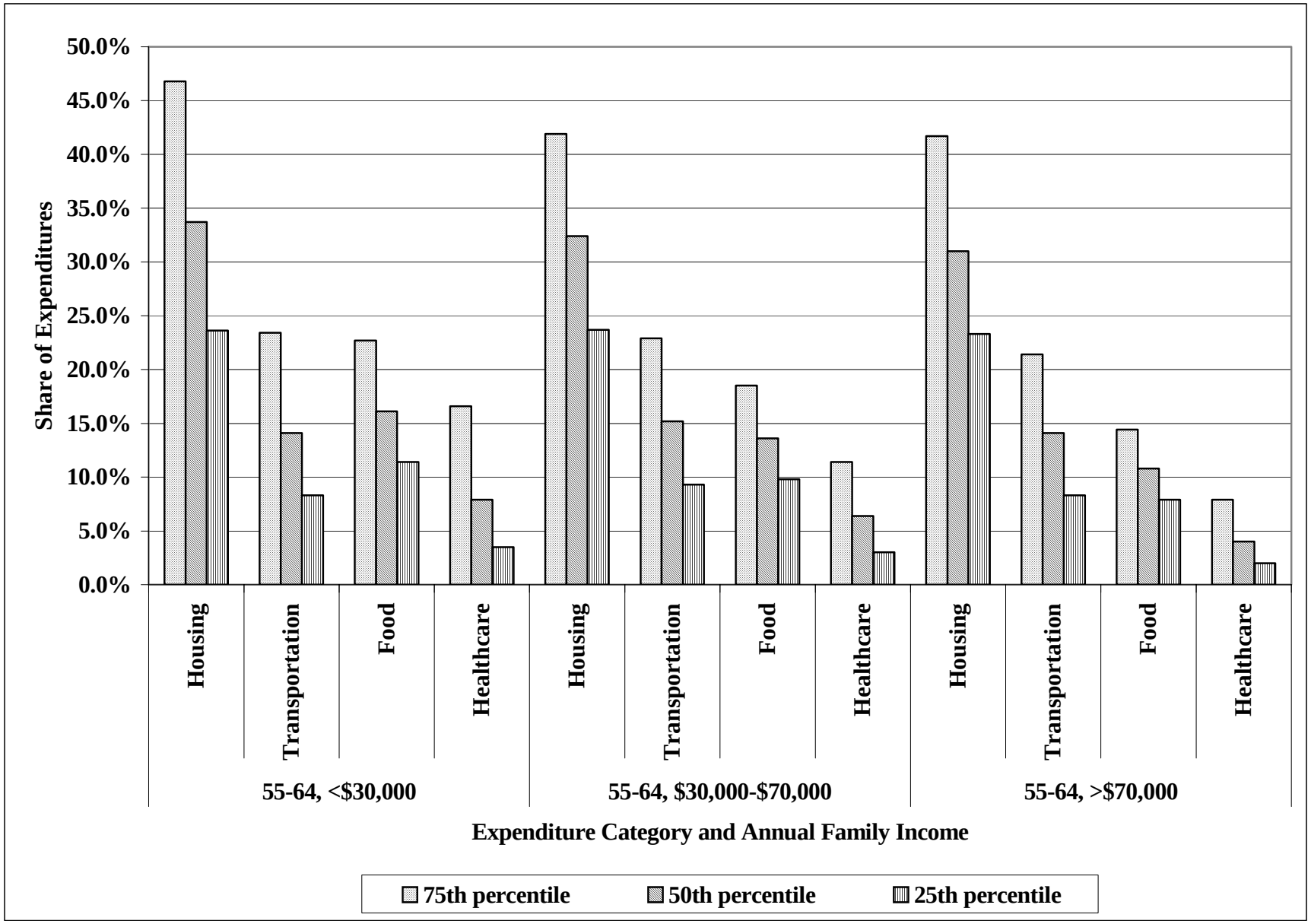
Median transportation spending fell into fairly narrow ranges of 11% to 13% of total spending among unmarried men and 9% to 13% of total spending among unmarried women across the age and income categories. Median spending on food ranged from 10% to 18% among unmarried men and 9% to 16% among unmarried women. One-fourth of unmarried men aged 55 or older with incomes under $30,000 spent 23% or more of total expenditures on food, and one-fourth of unmarried women aged 55 or older with incomes under $30,000 spent 21% or more of total expenditures on food. For one-fourth of unmarried men and women with incomes of $70,000 or more, food accounted for 7% or less of total spending.

Figure 25. Quarterly Expenditures in 2005, by Percentile Rank: Married Couples Aged 55-64, by Income



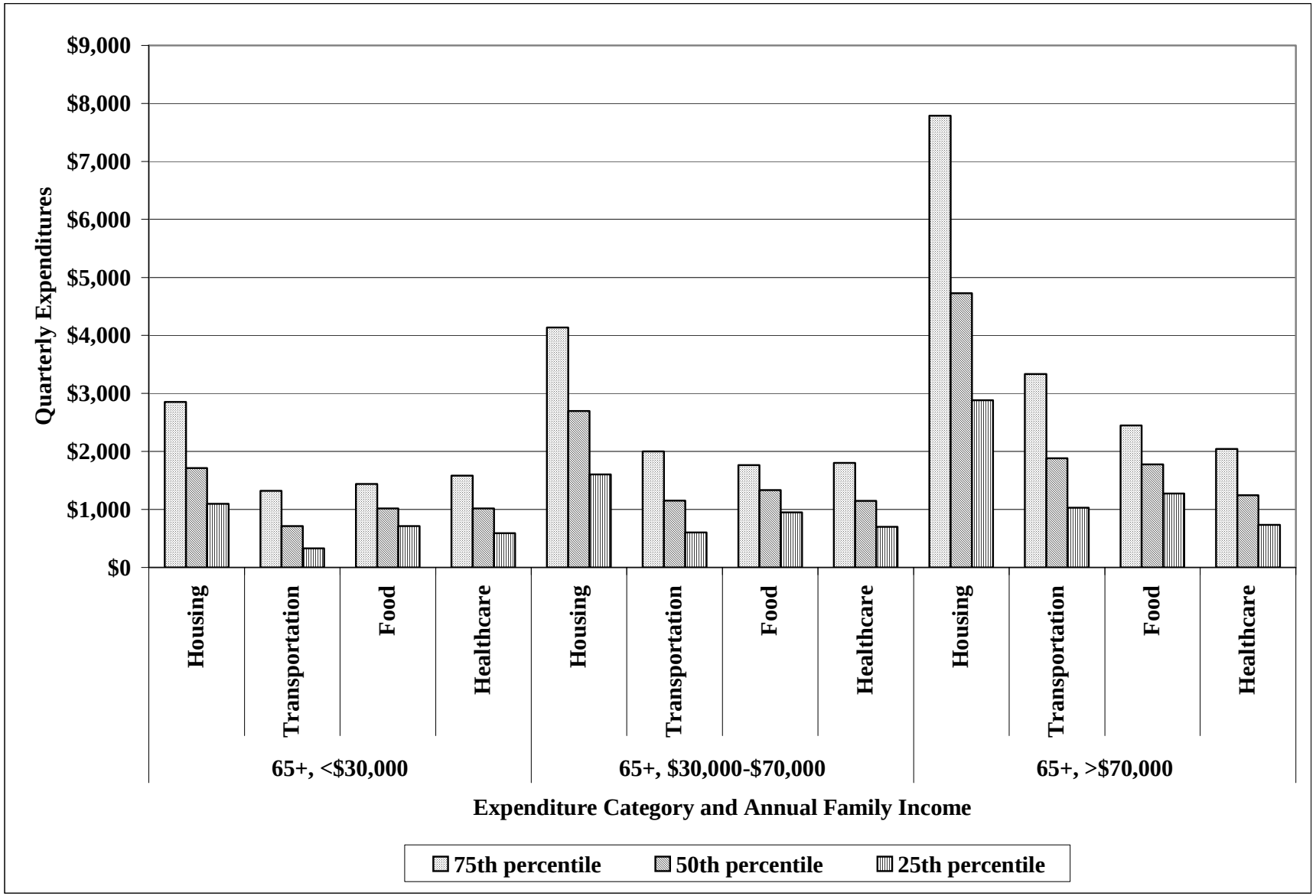
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 26. Share of Expenditures in 2005, by Percentile Rank: Married Couples Aged 55-64, by Income



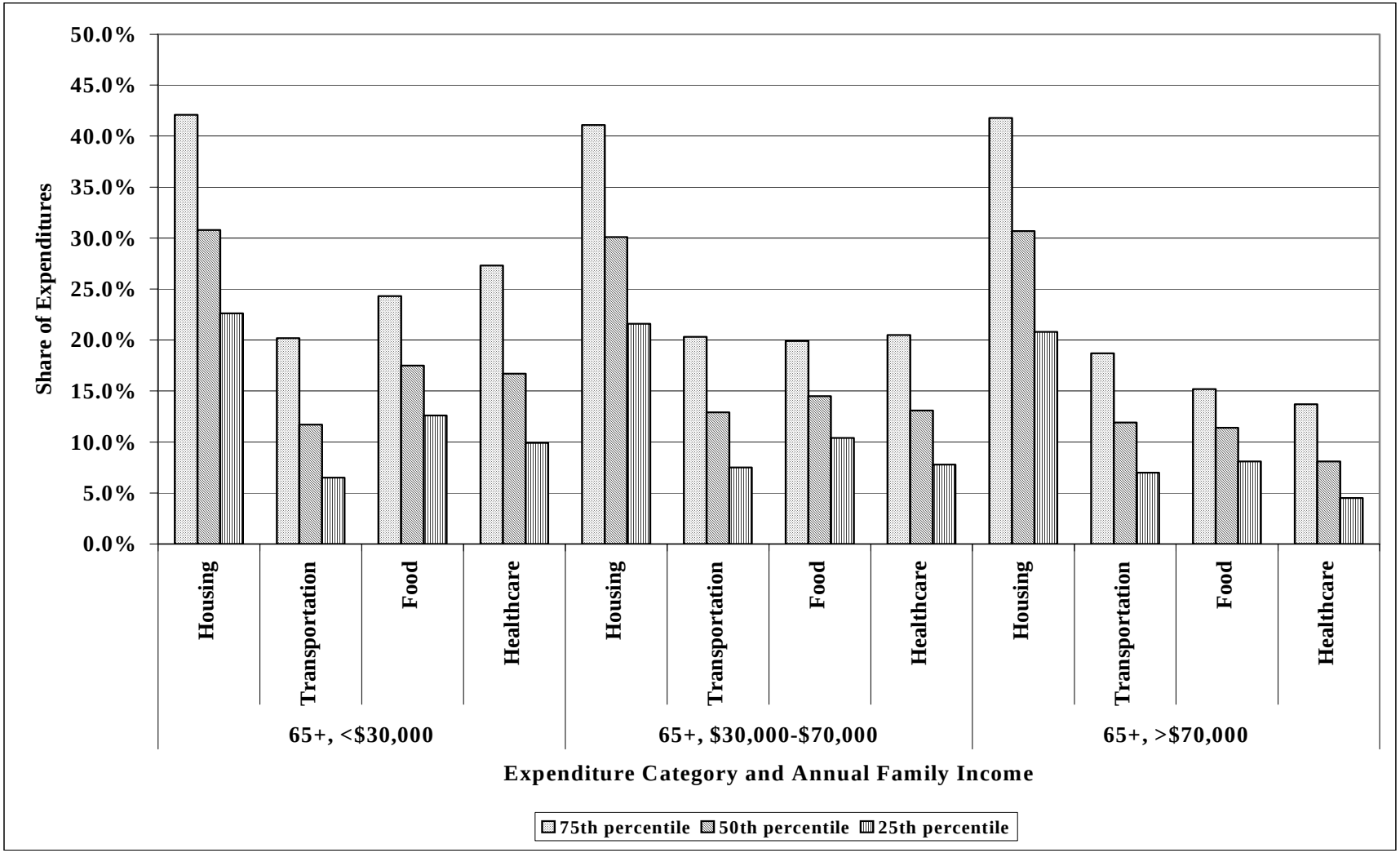
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 27. Quarterly Expenditures in 2005, by Percentile Rank: Married Couples Aged 65+, by Income



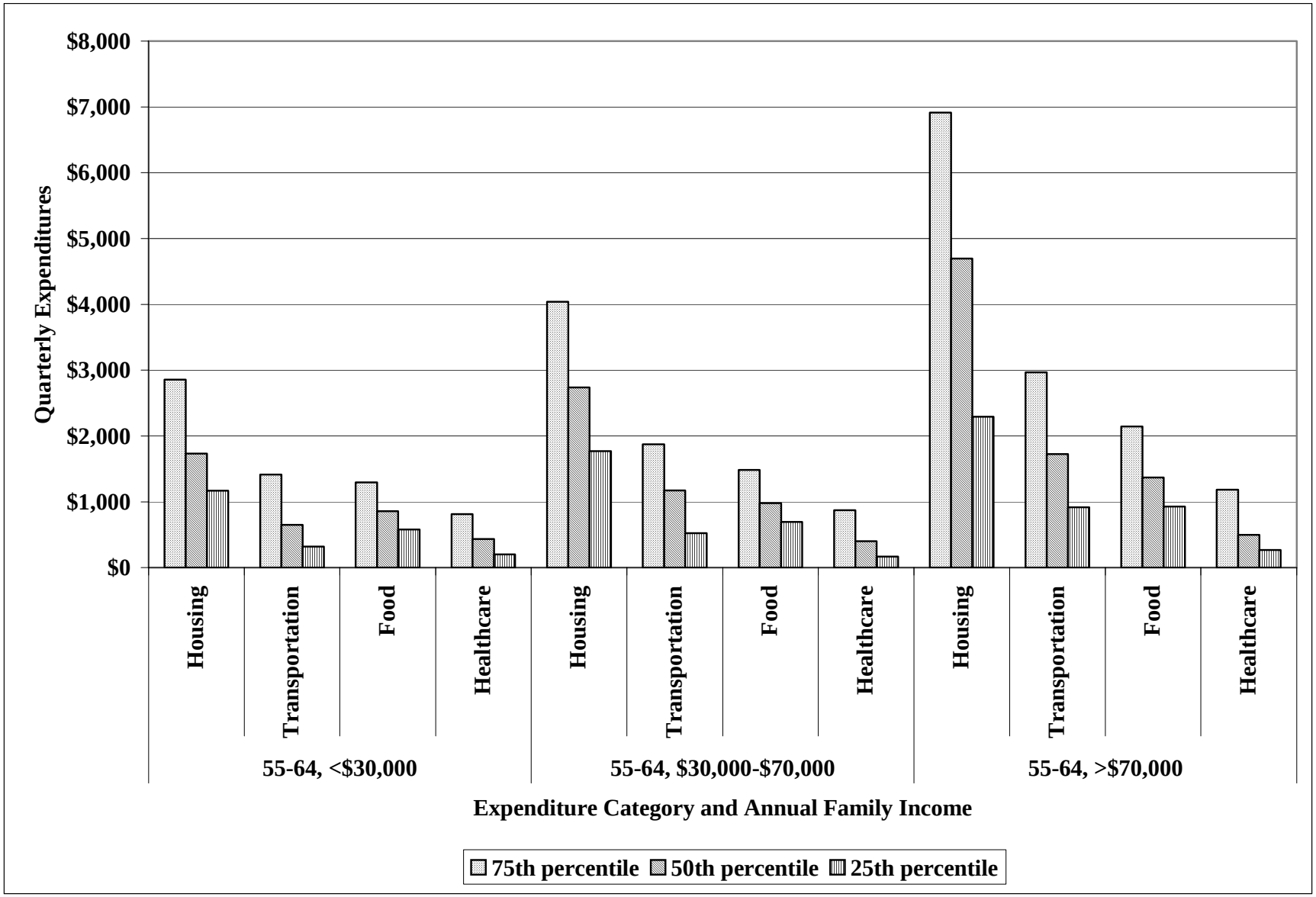
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 28. Share of Expenditures in 2005, by Percentile Rank: Married Couples Aged 65+, by Income



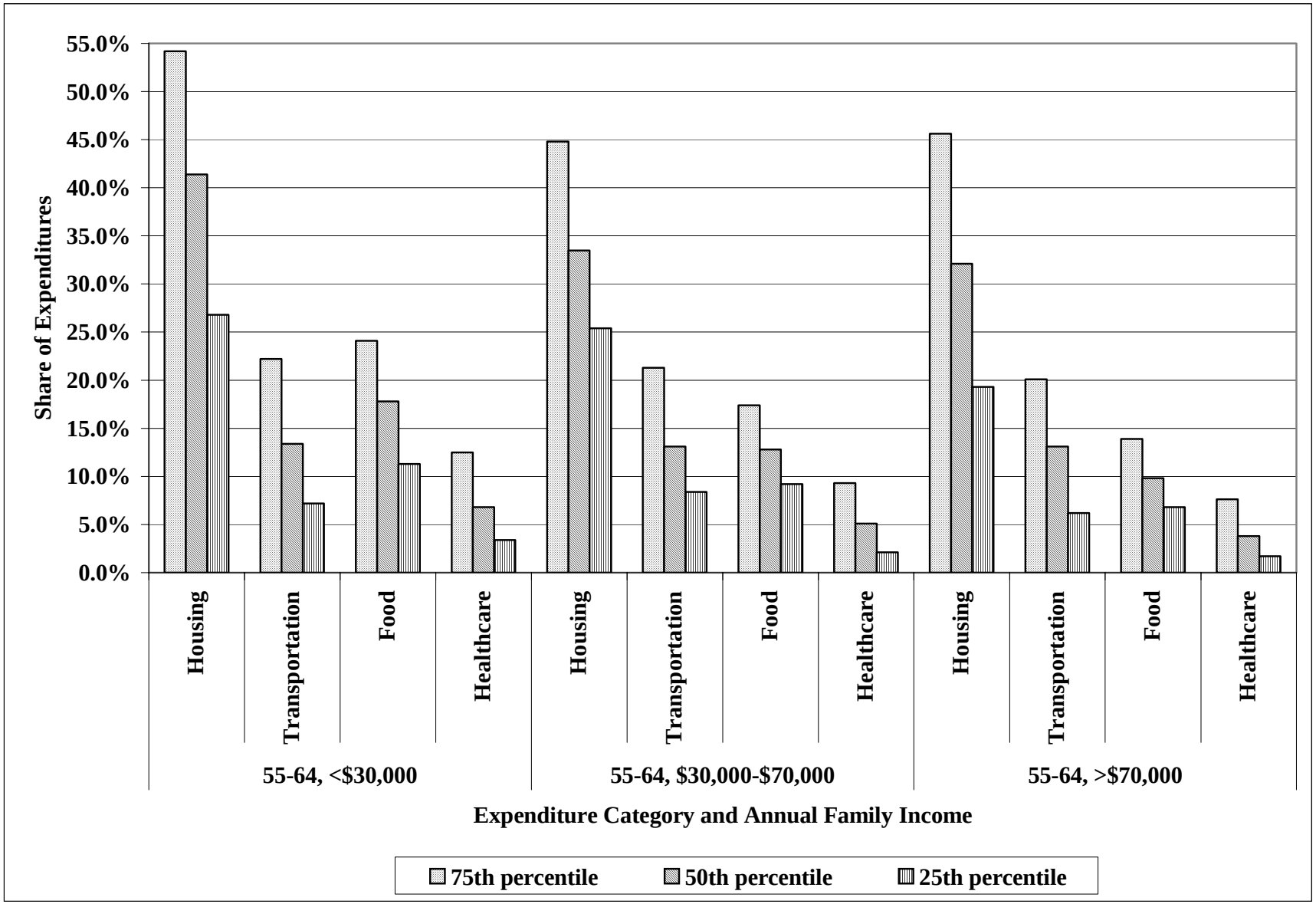
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 29. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Men Aged 55-64, by Income



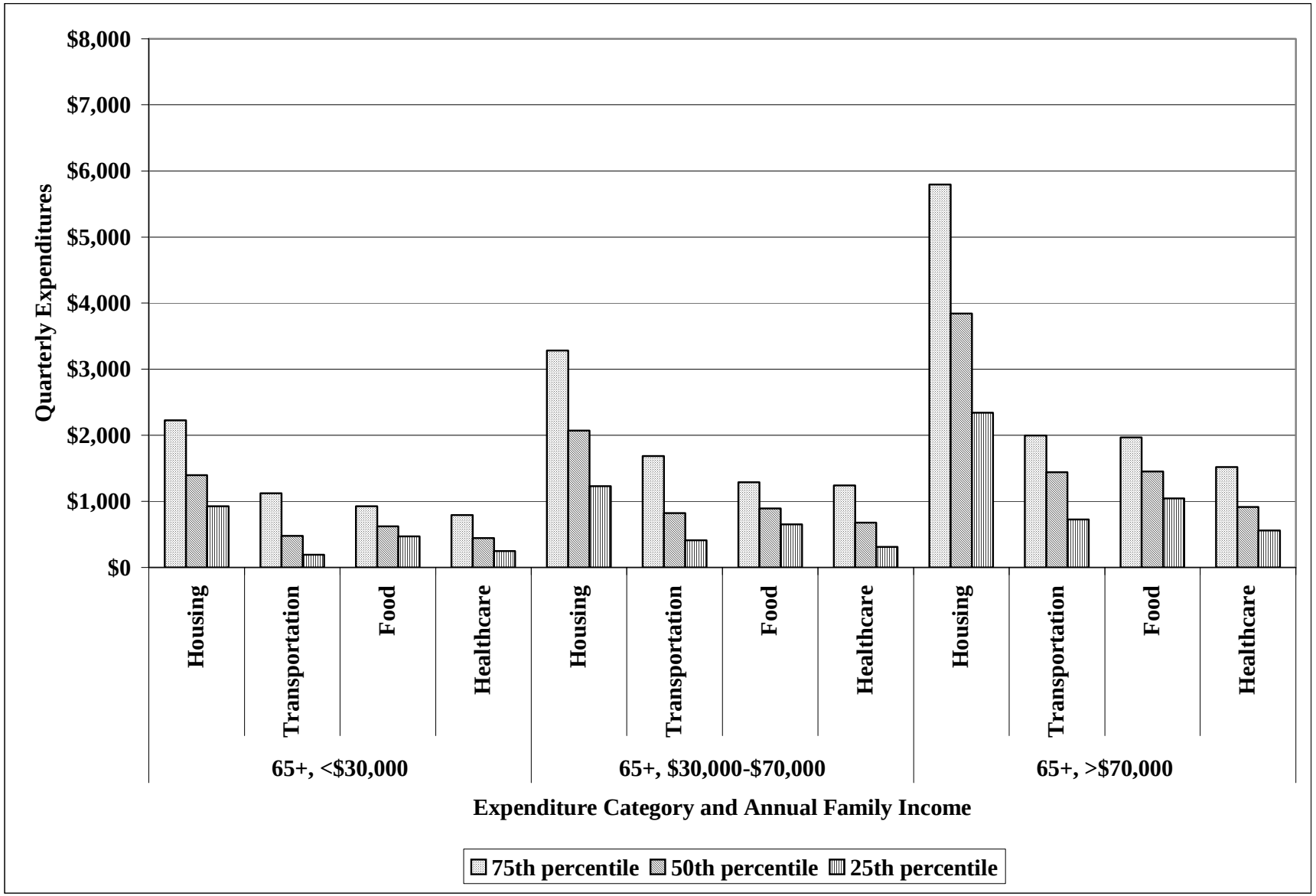
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 30. Share of Expenditures in 2005, by Percentile Rank: Unmarried Men Aged 55-64, by Income



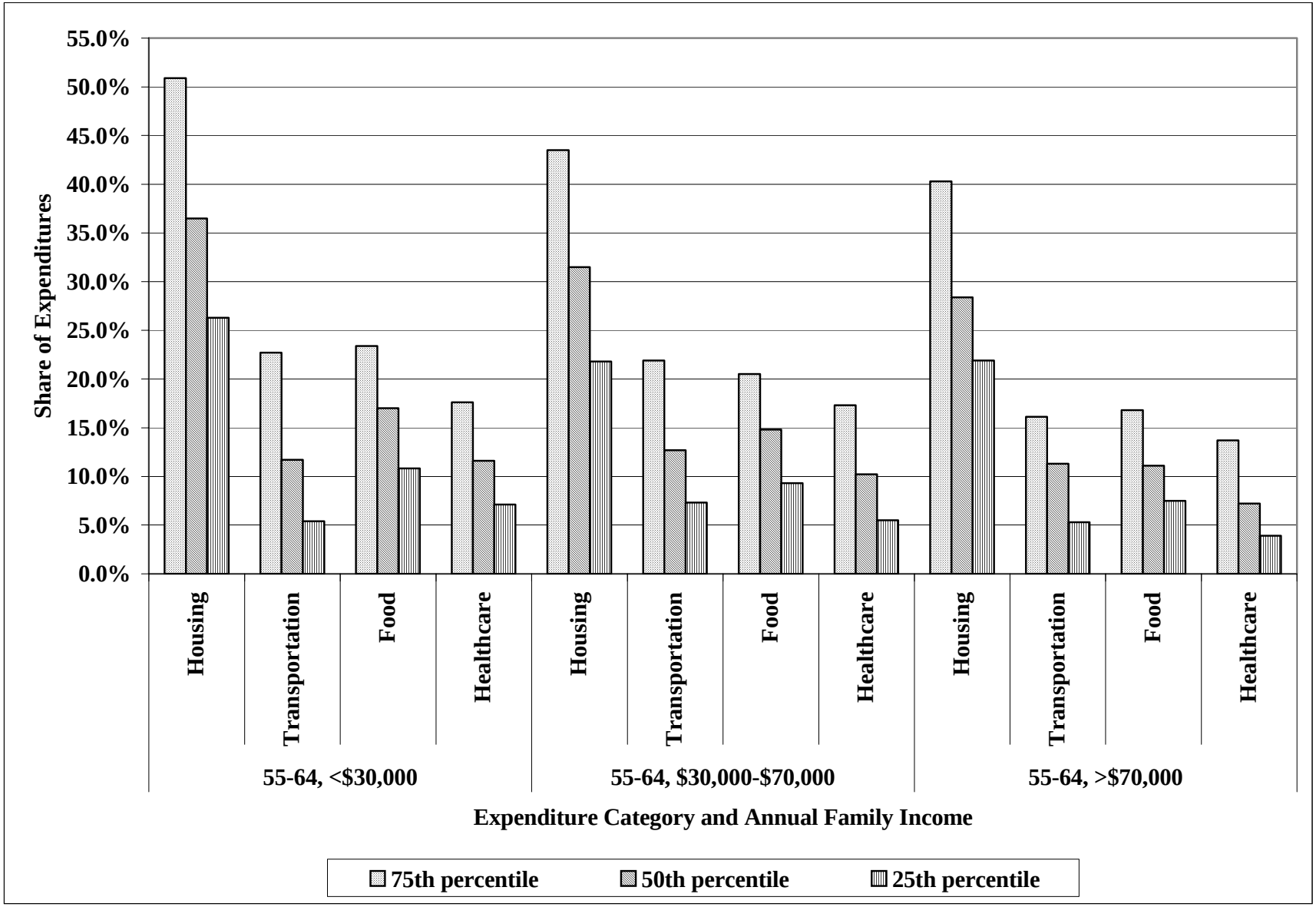
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 31. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Men Aged 65+, by Income



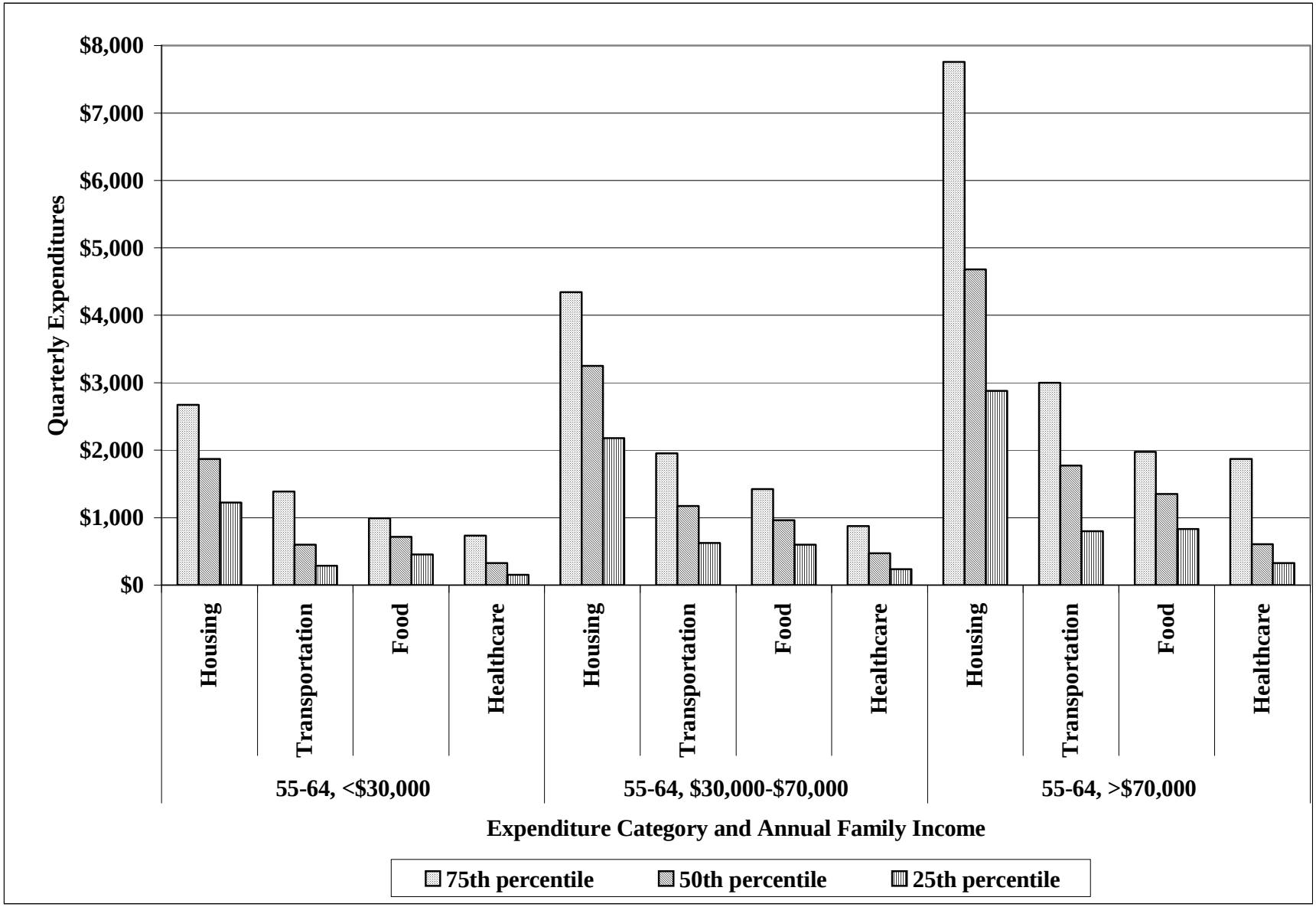
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 32. Share of Expenditures in 2005, by Percentile Rank: Unmarried Men Aged 65+, by Income



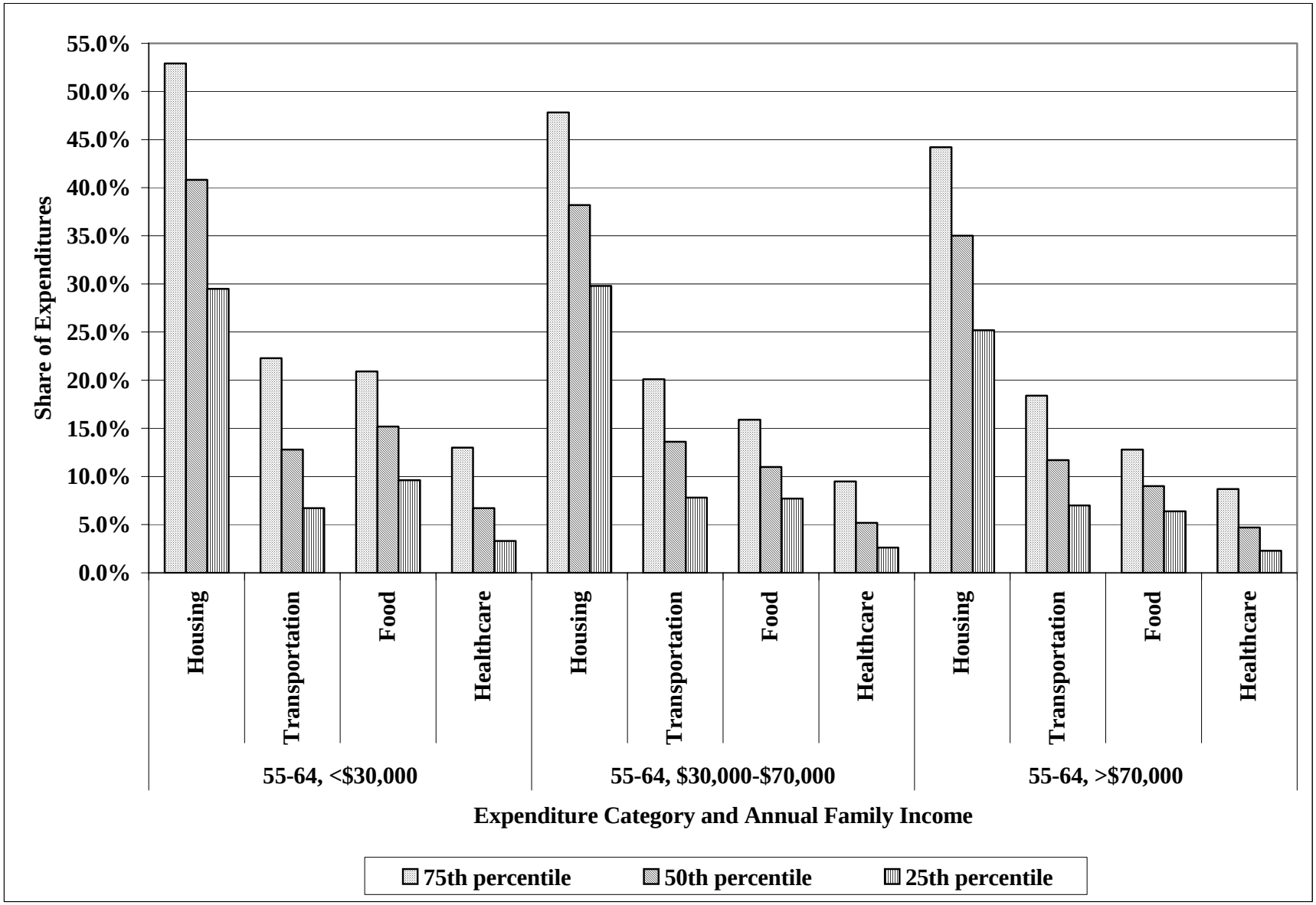
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 33. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Women Aged 55-64, by Income



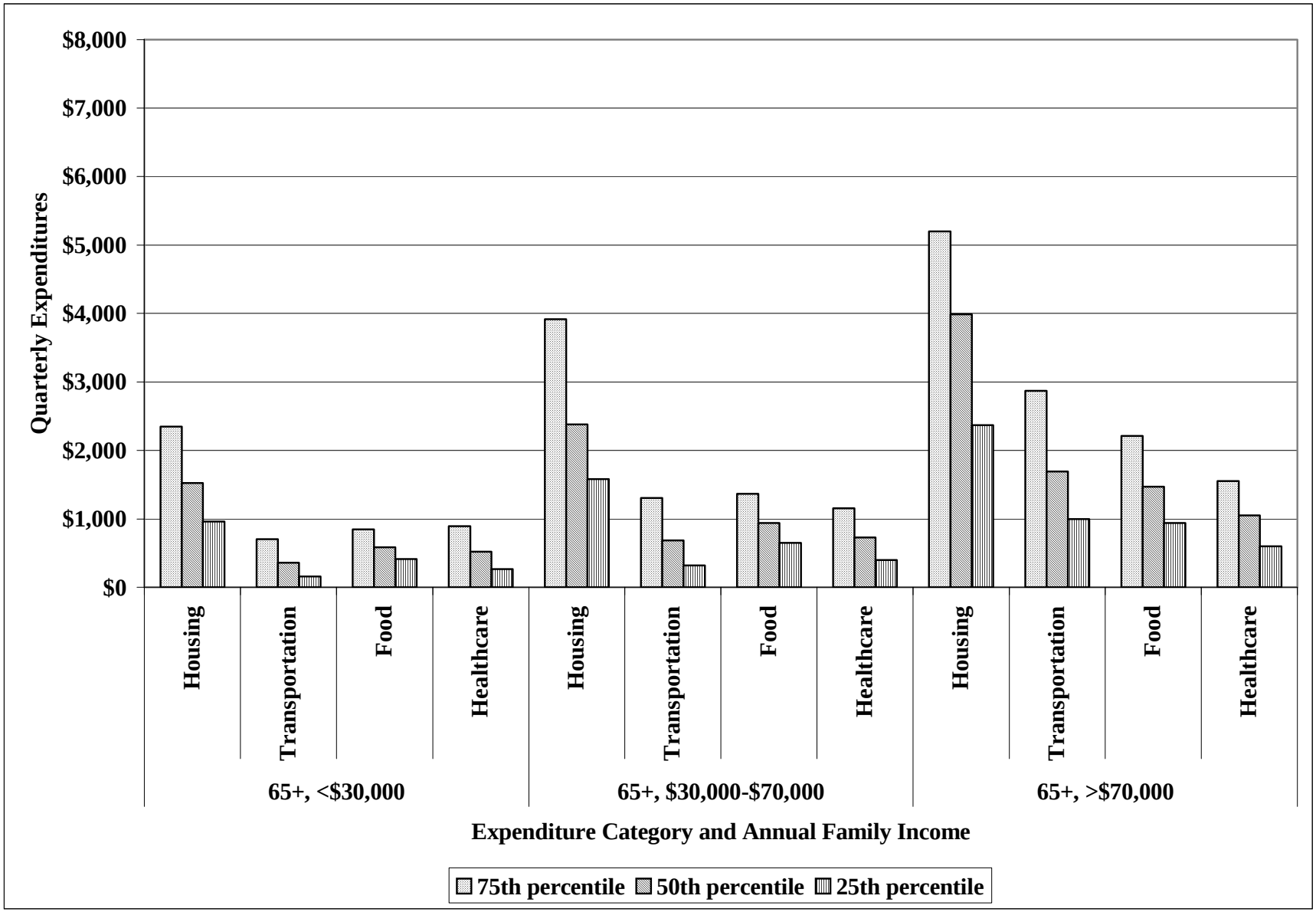
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 34. Share of Expenditures in 2005, by Percentile Rank: Unmarried Women Aged 55-64, by Income



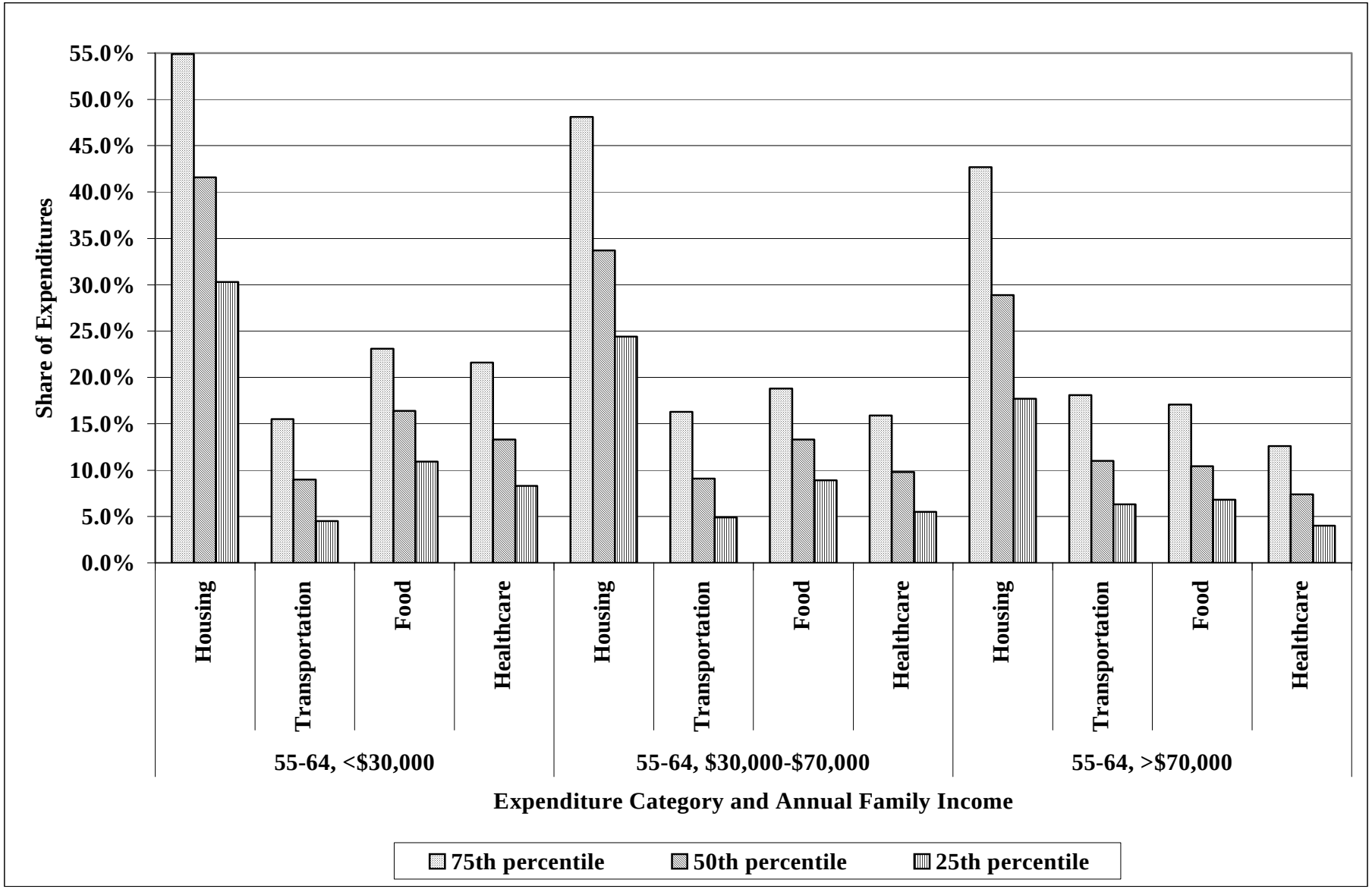
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 35. Quarterly Expenditures in 2005, by Percentile Rank: Unmarried Women Aged 65+, by Income



Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Figure 36. Share of Expenditures in 2005, by Percentile Rank: Unmarried Women Aged 65+, by Income



Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Conclusion and Policy Implications

The data presented in this report illustrate how the consumption expenditures of older Americans changed between 1985 and 2005 and also how these expenditures varied with the age, marital status, employment, and income of the family head. Over the period from 1985 to 2005, expenditures for housing and health care grew faster than total expenditures. As a result, these two categories have increased as a share of total family spending. Expenditures for food, clothing, transportation, entertainment, and other spending either shrank or remained unchanged as a percentage of total family expenditures. This pattern occurred among all three age groups that we studied.

Much of the increase in health care expenditures can be attributed to the long-term rise in the price of medical care relative to other goods and service. Between 1985 and 2005, the CPI for medical care rose by 185% while the CPI for all goods and services rose by 82%. Health care expenditures rose not only because of inflation, but also because of the introduction of new medicines, medical equipment, and procedures that either replaced older treatments or that represented entirely new forms of medical care. The increase in health care expenditures did not occur across the board, but was instead concentrated in two categories: health insurance premiums and out-of-pocket spending for prescription drugs, both of which rose substantially between 1985 and 2005. Out-of-pocket spending for medical services and supplies, on the other hand, fell during the period. Congress recognized the growing burden of prescription drug costs on older Americans and in 2003 passed the Medicare Prescription Drug, Improvement and Modernization Act (P.L. 108-173). As of January 2007, nearly 24 million Medicare beneficiaries had enrolled in Medicare Part D, the program's prescription drug plan.[21]

Unlike the rise in health care spending, the increase in housing expenditures cannot be attributed to inflation, at least as it is measured by the Consumer Price Index. Between 1985 and 2005, the CPI for housing and the CPI for all goods and services both rose by 82%. In this case, however, the CPI may understate the growth in the cost of housing because it includes rising rents, but not rising home prices. Also, homes built today are generally larger than those that were built 20 or more years ago and they come with more amenities, both of which contribute to higher prices. Higher prices due to improvements in home quality — more efficient heating and cooling systems, for example, or more bathrooms — are not inflationary. Other housing costs — property taxes, insurance, maintenance, and utilities — are only indirectly captured by the CPI for housing and may also have contributed to the rising share of total expenditures accounted for by the cost of housing.

Some of the policy questions raised by the rise in housing expenditures among older Americans are whether these costs present lower-income families with economic hardships that are not met through programs such as rent subsidies and the Low Income Home Energy Assistance Program (LIHEAP), and more broadly, how much of the rise is attributable to the increasing value of income tax-deduction

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[21] See CRS Report RL33041, *Medicare Drug Benefit: Retiree Provisions*, by Jennifer O'Sullivan.

allowed for mortgage interest payments as home prices have risen. Likewise, uneven coverage by health insurance, differences in rates of premium increase, covered services, provider networks, deductibles and copayments mean that different segments of the population are responding to different structural and financial incentives when purchasing health care services. If Americans merely choose to buy more health care and housing, then there is no obvious role for public policy to influence that choice. However, to the extent that other forms of spending are "squeezed out" by increases in the cost of housing and health care that are caused by market inefficiencies or the unintended consequences of federal tax laws, then intervention to correct the market failures and a review of the incentives caused by these tax policies may be warranted.

The relationships of characteristics such as age, marital status, employment, and income to consumer spending are important to Congress because they indicate whether particularly vulnerable segments of the population are facing financial hardships as they age. For instance, data from the Consumer Expenditure Survey indicate that median housing expenditures among married couples in all three age groups that we studied were 31% to 32% of total expenditures. Housing consumed a much larger share of total spending by unmarried men and women, especially among those 75 and older. Median housing expenditures were 36% of spending by unmarried men 75 and older and 42% of expenditures by unmarried women 75 and older. This is the result, at least in part, of the lower incomes of married men and women compared to married couples, and it may have the consequence of forcing difficult choices on some individuals. It raises the question, for instance, of why unmarried men and women aged 75 and older spend a smaller percentage of total spending on health care — 12% and 13%, respectively — than married couples aged 75 and older, who spend 17% of expenditures on health care. To the extent their lower health care spending represents a choice by low-income elderly singles to pay their rent and utility bills rather purchasing necessary medical care services, their pattern of expenditures could indicate something other than a mere difference in tastes and preferences between older unmarried individuals and older married couples.

Health care also is an example of a category of expenditure that is strongly affected by employment status. For example, among married couples aged 55 to 64 in which at least one person worked, median health care spending was just 5% of total spending, while among couples in this age group in which neither person worked, median health care spending was twice as great relative to total spending, consuming 10% of total expenditures. Likewise, among married couples aged 65 and older — a group in which most people are covered by Medicare — median health care spending was 10% of total expenditures among couples with at least one worker and 15% of spending among couples in which neither worked. Because health insurance coverage of people under age 65 is often linked to employment, public policies that promote continued employment among Americans aged 55 to 64 could reduce the relative share of expenditures accounted for by health care, boost their incomes, and perhaps delay the time at which families begin to spend their retirement savings.

Two of the categories of expenditure on which this report has focused, housing and health care, have very different relationships to family income. Among married couples, for example, median housing expenditures are remarkably similar as a percentage of total spending across the three income categories that we studied. Among couples aged 55 to 64, median housing expenditures were 34% of total spending by those with income under $30,000, 32% of spending by those with income between $30,000 and $70,000, and 31% of spending by those with income above $70,000. Likewise, among couples aged 65 and older, median housing expenditures were 31% of total spending among those with income under $30,000, 30% among those with income between $30,000 and $70,000, and 31% among those with income above $70,000. This narrow range suggests that families are able, over time, to adjust their housing expenditures to their income in such a way that housing represents a relatively stable share of total spending.

Health care spending varies more with both age and income than does spending for housing. Median spending for health care rises with age as a percentage of total spending and declines with income. Among married couples aged 55 to 64 with income under $30,000, median health care spending was 8% of total spending in 2005, compared to 6% of spending by couples with income from $30,000 to $70,000, and 4% by couples with income over $70,000. Among married couples aged 65 and older, median health care spending was 17% of total spending by couples with income under $30,000, 13% of spending by couples with income from $30,000 to $70,000, and 8% of spending by couples with income over $70,000. Thus, in each age category, health care spending as a percentage of total spending was highest in the lowest income category, and in each income category, health care was higher as a percentage of total spending among couples aged 65 and older than among those aged 55 to 64. Moreover, the difference in health care spending between the low end of the distribution and the high end was substantial. One-fourth of married couples aged 55 to 64 with incomes over $70,000 spent 2% or less of total expenditures on health care in 2005, while one-fourth of couples aged 65 and older with income under $30,000 spent 27% or more of total expenditures on health care.

Health care expenses can vary substantially from year to year and can present unexpected claims on families' financial resources, leaving them with little option but to borrow or dip into savings. For example, based on the CES data from 2005, if a family aged 65 or older with income under $30,000 had health care expenditures at the 75th percentile, accounting for 27% of total spending, and had expenditures for housing, food, and transportation that were at the median for its age and income, these four categories would have consumed 87% of its spending. All other goods and services would have totaled just 13% of spending. A family aged 55 to 64 with income under $30,000 that had health care expenditures at the 75th percentile, accounting for 17% of its spending, and that had expenditures for housing, food, and transportation that were at the median for its age and income, would have spent 80% of its total expenditures on these four categories and only 20% on all other spending.

If the rising share of spending devoted to health care and housing is occurring in efficient markets, it does not imply a need for policy intervention. Economists recognize, however, that the market for health care does not function ideally, and that choices are influenced by the structure of health insurance policies or by the absence of health insurance. Likewise, the recent crisis in the market for "subprime"

mortgages indicates that the housing market does not always function in a way that leads to desirable results either for individuals or the economy. Although all Americans must deal with the rapidly rising cost of health care and the effects that volatile credit and financial markets may have on the broader economy, older Americans are especially vulnerable due to their lower average incomes.

Appendix: Data Tables

Table A1. Average Annual Expenditures, Family Head Aged 55 to 64

	1985	1990	1995	2000	2005
Number of families (in thousands)	**13,056**	**12,162**	**12,624**	**14,161**	**18,104**
Average annual expenditures (in 2005 $)	**$41,127**	**$40,006**	**$38,399**	**$40,930**	**$44,224**
Food	6,630	6,620	5,819	5,861	6,202
Housing	12,165	12,640	13,192	14,020	15,769
Mortgage, rent, insurance, and repairs	5,917	6,306	6,868	7,471	8,686
Utilities, fuels, and public services	3,432	3,228	3,131	3,126	3,427
Household operations and supplies	2,817	3,107	3,195	3,423	3,656
Apparel and services	2,821	2,331	2,352	1,921	1,784
Transportation	8,850	7,915	7,346	8,894	8,908
Health care	2,459	2,676	2,449	2,844	3,410
Health insurance	819	1,046	1,150	1,284	1,585
Medical services	1,140	977	752	818	979
Drugs	401	508	441	610	713
Medical supplies	102	143	106	133	134
Entertainment	2,071	2,252	2,022	2,217	2,429
Personal care products and services	592	616	522	645	550
Reading and Education	697	805	706	634	900
Alcohol and tobacco products	957	867	727	817	790
Life and other personal insurance	677	698	713	666	541
Miscellaneous	1,045	1,237	1,216	935	981
Cash contributions	2,164	1,349	1,337	1,476	1,960
Percentage Distribution:					
Food	16.1	16.5	15.2	14.3	14.0
Housing	29.5	31.6	34.4	34.3	35.6
Mortgage, rent, insurance, and repairs	14.4	15.8	17.9	18.3	19.6
Utilities, fuels, and public services	8.3	8.1	8.2	7.6	7.7
Household operations and supplies	6.8	7.8	8.3	8.4	8.3
Apparel and services	6.9	5.8	6.1	4.7	4.0
Transportation	21.5	19.8	19.1	21.7	20.1
Health care	6.0	6.7	6.4	6.9	7.7
Health insurance	2.0	2.6	3.0	3.1	3.6
Medical services	2.8	2.4	2.0	2.0	2.2
Drugs	1.0	1.3	1.1	1.5	1.6
Medical supplies	0.2	0.4	0.3	0.3	0.3
Entertainment	5.0	5.6	5.3	5.4	5.5
Personal care products and services	1.4	1.5	1.4	1.6	1.2
Reading and Education	1.7	2.0	1.8	1.5	2.0
Alcohol and tobacco products	2.3	2.2	1.9	2.0	1.8
Life and other personal insurance	1.6	1.7	1.9	1.6	1.2
Miscellaneous	2.5	3.1	3.2	2.3	2.2
Cash contributions	5.3	3.4	3.5	3.6	4.4
Total	100%	100%	100%	100%	100%

Source: CRS analysis of the Consumer Expenditure Survey, various years. All amounts are in 2005 dollars.

Table A2. Average Annual Expenditures, Family Head Aged 65 to 74

	1985	1990	1995	2000	2005
Number of families (in thousands)	**11,302**	**11,318**	**11,933**	**11,538**	**11,505**
Average annual expenditures (in 2005 $)	**$31,491**	**$30,139**	**$31,347**	**$33,930**	**$36,442**
Food	5,026	4,939	4,991	4,738	4,899
Housing	10,184	9,636	10,147	10,968	12,474
Mortgage, rent, insurance, and repairs	4,781	4,764	5,140	5,800	6,423
Utilities, fuels, and public services	2,957	2,746	2,756	2,765	3,091
Household operations and supplies	2,445	2,125	2,250	2,403	2,961
Apparel and services	1,924	1,452	1,429	1,282	1,313
Transportation	5,928	5,175	5,742	6,575	6,568
Health care	2,993	3,283	3,355	3,587	4,176
Health insurance	1,222	1,515	1,957	1,824	2,352
Medical services	1,045	980	606	778	733
Drugs	561	680	687	844	956
Medical supplies	163	109	105	143	134
Entertainment	1,303	1,366	1,478	1,591	2,143
Personal care products and services	463	456	487	543	495
Reading and Education	412	305	533	357	410
Alcohol and tobacco products	632	560	499	549	553
Life and other personal insurance	428	510	390	583	449
Miscellaneous	672	1,058	805	863	1,037
Cash contributions	1,526	1,400	1,492	2,293	1,925
Percentage Distribution:					
Food	16.0	16.4	15.9	14.0	13.4
Housing	32.4	32.0	32.4	32.3	34.2
Mortgage, rent, insurance, and repairs	15.2	15.8	16.4	17.1	17.6
Utilities, fuels, and public services	9.4	9.1	8.8	8.1	8.5
Household operations and supplies	7.8	7.1	7.2	7.1	8.1
Apparel and services	6.1	4.8	4.6	3.8	3.6
Transportation	18.8	17.2	18.3	19.4	18.0
Health care	9.5	10.9	10.7	10.6	11.5
Health insurance	3.9	5.0	6.2	5.4	6.5
Medical services	3.3	3.3	1.9	2.3	2.0
Drugs	1.8	2.3	2.2	2.5	2.6
Medical supplies	0.5	0.4	0.3	0.4	0.4
Entertainment	4.1	4.5	4.7	4.7	5.9
Personal care products and services	1.5	1.5	1.6	1.6	1.4
Reading and Education	1.3	1.0	1.7	1.1	1.1
Alcohol and tobacco products	2.0	1.9	1.6	1.6	1.5
Life and other personal insurance	1.4	1.7	1.2	1.7	1.2
Miscellaneous	2.1	3.5	2.6	2.5	2.8
Cash contributions	4.8	4.6	4.8	6.8	5.3
Total	100%	100%	100%	100%	100%

Source: CRS analysis of the Consumer Expenditure Survey, various years. All amounts are in 2005 dollars.

Table A3. Average Annual Expenditures, Family Head Aged 75 or Older

	1985	1990	1995	2000	2005
Number of families (in thousands)	**7,343**	**8,761**	**9,860**	**10,617**	**11,342**
Average annual expenditures (in 2005 $)	**$23,314**	**$22,891**	**$23,496**	**$24,586**	**$26,417**
Food	3,701	3,595	3,546	3,490	3,388
Housing	7,984	8,172	9,208	8,808	9,612
Mortgage, rent, insurance, and repairs	3,732	4,176	4,161	4,575	5,240
Utilities, fuels, and public services	2,441	2,264	2,275	2,197	2,531
Household operations and supplies	1,813	1,730	2,771	2,036	1,841
Apparel and services	889	731	747	795	584
Transportation	3,258	3,184	2,608	3,261	3,754
Health care	3,006	3,322	3,438	3,786	4,210
Health insurance	1,102	1,434	1,995	1,850	2,260
Medical services	1,089	1,007	624	746	805
Drugs	595	749	713	1,030	998
Medical supplies	218	131	106	160	146
Entertainment	650	632	834	802	1,032
Personal care products and services	350	326	333	417	427
Reading and Education	234	259	246	217	297
Alcohol and tobacco products	301	242	274	288	269
Life and other personal insurance	165	196	220	261	357
Miscellaneous	385	527	733	627	635
Cash contributions	2,390	1,705	1,308	1,835	1,852
Percentage Distribution:					
Food	15.9	15.7	15.1	14.2	12.8
Housing	34.3	35.7	39.2	35.8	36.4
Mortgage, rent, insurance, and repairs	16.0	18.2	17.7	18.6	19.8
Utilities, fuels, and public services	10.5	9.9	9.7	8.9	9.6
Household operations and supplies	7.8	7.6	11.8	8.3	7.0
Apparel and services	3.8	3.2	3.2	3.2	2.2
Transportation	14.0	13.9	11.1	13.3	14.2
Health care	12.9	14.5	14.6	15.4	15.9
Health insurance	4.7	6.3	8.5	7.5	8.6
Medical services	4.7	4.4	2.7	3.0	3.0
Drugs	2.6	3.3	3.0	4.2	3.8
Medical supplies	0.9	0.6	0.5	0.7	0.6
Entertainment	2.8	2.8	3.6	3.3	3.9
Personal care products and services	1.5	1.4	1.4	1.7	1.6
Reading and Education	1.0	1.1	1.0	0.9	1.1
Alcohol and tobacco products	1.3	1.1	1.2	1.2	1.0
Life and other personal insurance	0.7	0.9	0.9	1.1	1.4
Miscellaneous	1.7	2.3	3.1	2.6	2.4
Cash contributions	10.3	7.4	5.6	7.5	7.0
Total	100%	100%	100%	100%	100%

Source: CRS analysis of the Consumer Expenditure Survey, various years. All amounts in 2005 dollars.

Table A4. Average Quarterly Spending in 2005 by Marital Status and Age

Marital status:	Married couples			Unmarried men			Unmarried women		
Age:	55 to 64	65 to 74	75+	55 to 64	65 to 74	75+	55 to 64	65 to 74	75+
Families (in thousands)	9,669	6,031	4,352	2,387	1,713	1,821	4,218	3,384	5,672
Total spending									
75th percentile	$19,575	$14,935	$10,771	$11,811	$9,067	$6,704	$10,587	$8,015	$6,103
Median	12,955	9,855	7,345	7,978	5,531	4,583	6,877	5,303	3,895
25th percentile	8,895	6,688	4,954	5,280	3,656	3,040	4,624	3,540	2,766
Housing									
Percent with spending	100%	100%	100%	100%	100%	100%	100%	100%	100%
75th percentile	6,608	4,799	3,442	4,411	3,282	2,426	4,084	3,052	2,532
Median	4,094	3,088	2,087	2,556	1,779	1,500	2,557	1,962	1,601
25th percentile	2,468	1,709	1,237	1,572	1,098	993	1,615	1,210	998
Transportation									
Percent with spending	99.1%	98.5%	96.9%	95.5%	96.2%	88.8%	95.6%	90.8%	74.9%
75th percentile	3,259	2,401	1,478	2,030	1,620	1,170	1,754	1,139	750
Median	1,940	1,384	759	1,122	780	530	960	596	348
25th percentile	1,005	720	365	510	305	214	450	291	150
Food									
Percent with spending	100%	100%	99.8%	99.0%	99.5%	96.1%	99.9%	99.8%	98.4%
75th percentile	2,204	1,950	1,620	1,550	1,261	1,035	1,296	1,165	885
Median	1,585	1,395	1,133	1,030	830	675	850	736	595
25th percentile	1,142	987	788	695	565	475	551	520	416
Health care									
Percent with spending	88.9%	96.2%	96.8%	70.9%	91.5%	93.0%	82.3%	92.9%	93.5%
75th percentile	1,368	1,656	1,885	947	879	1,070	853	1,026	945
Median	722	1,050	1,232	430	508	513	433	590	545
25th percentile	340	616	729	215	255	270	200	295	281
Clothing									
Percent with spending	83.3%	77.7%	64.7%	72.3%	62.6%	52.2%	78.0%	72.7%	55.8%
75th percentile	600	424	305	320	220	150	400	269	191
Median	281	200	150	149	100	70	180	122	82
25th percentile	120	82	60	54	32	31	76	55	32
Entertainment									
Percent with spending	95.8%	94.3%	89.5%	87.2%	84.7%	74.8%	88.2%	86.6%	77.4%
75th percentile	819	644	397	519	438	310	465	354	229
Median	401	310	207	270	219	169	253	196	150
25th percentile	212	171	141	150	129	120	144	137	105
All other spending									
Percent with spending	99.6%	98.6%	96.8%	98.8%	97.5%	94.1%	98.9%	96.7%	93.5%
75th percentile	4,763	2,774	1,650	2,685	1,463	996	2,107	1,225	760
Median	2,750	1,361	750	1,550	618	395	1,053	567	316
25th percentile	1,450	669	278	749	261	118	545	243	120

Note: Married couples aged 55 to 64 include at least one person 55 to 64 years old and no one over age 64. Married couples aged 65 to 74 include at least one person 65 to 74 years old and no one over age 74. Married couples aged 75 and older include at least one person older than age 74.
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A5. Share of Total Spending by Category in 2005 by Marital Status and Age

Marital status:	Married couples			Unmarried men			Unmarried women		
Age:	55 to 64	65 to 74	75 and	55 to 64	65 to 74	75 and	55 to 64	65 to 74	75 and
Families (in thousands)	9,669	6,031	4,352	2,387	1,713	1,821	4,218	3,384	5,672
Total spending									
75th percentile	$19,575	$14,935	$10,771	$11,811	$9,067	$6,704	$10,587	$8,015	$6,103
Median	12,955	9,855	7,345	7,978	5,531	4,583	6,877	5,303	3,895
25th percentile	8,895	6,688	4,954	5,280	3,656	3,040	4,624	3,540	2,766
Housing									
Percent with spending	100%	100%	100%	100%	100%	100%	100%	100%	100%
75th percentile	42.3	42.3	40.6	48.1	46.5	48.9	49.2	50.0	55.2
Median	31.8	30.9	30.1	35.8	33.2	36.2	38.3	37.5	42.1
25th percentile	23.4	22.4	21.1	24.7	24.0	24.5	28.9	27.3	30.2
Transportation									
Percent with spending	99.1%	98.5%	96.9%	95.5%	96.2%	88.8%	95.6%	90.8%	74.9%
75th percentile	22.2	21.0	17.7	21.1	22.6	21.7	20.6	17.2	14.9
Median	14.5	13.3	10.5	13.2	13.1	10.6	12.9	10.0	8.4
25th percentile	8.8	8.2	5.7	7.4	6.6	5.4	7.1	5.6	3.9
Food									
Percent with spending	100%	100%	99.8%	99.0%	99.5%	96.1%	99.9%	99.8%	98.4%
75th percentile	16.8	19.4	22.1	19.2	22.1	21.8	18.1	21.5	22.1
Median	12.2	14.1	15.7	12.8	15.8	15.9	12.4	15.0	15.9
25th percentile	8.6	10.2	10.5	8.7	9.7	9.8	8.2	10.0	10.5
Health care									
Percent with spending	88.9%	96.2%	96.8%	70.9%	91.5%	93.0%	82.3%	92.9%	93.5%
75th percentile	10.2	17.2	26.6	9.8	14.7	19.6	11.3	17.5	21.7
Median	5.0	10.4	17.0	5.0	9.5	12.2	5.7	10.9	13.3
25th percentile	2.4	5.8	10.2	2.2	5.2	7.3	2.7	6.2	8.1
Clothing									
Percent with spending	83.3%	77.7%	64.7%	72.3%	62.6%	52.2%	78.0%	72.7%	55.8%
75th percentile	3.7	3.5	3.3	3.4	3.0	2.8	4.6	4.2	4.0
Median	2.1	1.9	1.7	1.6	1.5	1.4	2.4	2.2	1.8
25th percentile	0.9	0.8	0.8	0.7	0.7	0.5	1.1	1.0	0.8
Entertainment									
Percent with spending	95.8%	94.3%	89.5%	87.2%	84.7%	74.8%	88.2%	86.6%	77.4%
75th percentile	5.6	5.4	5.2	5.5	6.3	6.2	5.9	6.5	5.9
Median	3.1	3.2	3.3	3.4	3.6	3.8	3.5	3.9	3.7
25th percentile	1.9	2.0	1.9	2.0	2.0	2.3	2.0	2.1	2.2
All other spending									
Percent with spending	99.6%	98.6%	96.8%	98.8%	97.5%	94.1%	98.9%	96.7%	93.5%
75th percentile	29.9	22.3	19.0	30.3	21.0	17.3	23.8	18.5	12.6
Median	21.6	14.0	9.8	19.1	11.9	8.8	16.2	11.3	7.9
25th percentile	14.2	7.7	4.6	11.5	5.0	3.3	9.9	5.6	3.4

Note: Married couples aged 55 to 64 include at least one person 55 to 64 years old and no one over age 64. Married couples aged 65 to 74 include at least one person 65 to 74 years old and no one over age 74. Married couples aged 75 and older include at least one person older than age 74.
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A6-a. Average Quarterly Expenditures in 2005 by Employment and Age: Married Couples

Employment status:	One or both working		Neither working	
Age:	55 to 64	65 and older	55 to 64	65 and older
Number (in thousands)	8,903	4,482	767	5,901
Total spending				
75th percentile	$19,846	$16,054	$14,270	$10,289
Median	13,289	10,983	9,598	7,432
25th percentile	9,197	7,577	6,604	4,939
Housing				
Percent with spending	100%	100%	100%	100%
75th percentile	6,730	5,079	5,395	3,705
Median	4,168	3,222	3,241	2,019
25th percentile	2,543	1,914	2,040	1,262
Transportation				
Percent with spending	99.0%	98.9%	100%	97.0%
75th percentile	3,370	2,542	2,447	1,687
Median	1,982	1,431	1,651	875
25th percentile	1,022	771	800	398
Food				
Percent with spending	100%	100%	100%	99.9%
75th percentile	2,225	1,990	2,065	1,690
Median	1,590	1,406	1,500	1,215
25th percentile	1,145	995	1,067	832
Health care				
Percent with spending	88.8%	96.6%	90.6%	96.4%
75th percentile	1,345	1,774	1,620	1,767
Median	705	1,133	960	1,125
25th percentile	330	642	500	679

Note: Married couples aged 55 to 64 include at least one person 55 to 64 years old and no one over age 64. Married couples aged 65 and older include at least one person older than age 64.
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A6-b. Average Quarterly Expenditures in 2005 by Employment and Age: Unmarried Men

Employment status:	Working		Not working	
Age:	55 to 64	65 and older	55 to 64	65 and older
Number (in thousands)	1,896	816	491	2,718
Total spending				
75th percentile	$12,214	$11,633	$10,130	$6,834
Median	8,284	6,823	6,843	4,592
25th percentile	5,550	4,614	4,030	3,110
Housing				
Percent with spending	100%	100%	100%	100.0%
75th percentile	4,537	3,692	4,308	2,533
Median	2,589	2,157	2,244	1,512
25th percentile	1,644	1,228	1,345	1,002
Transportation				
Percent with spending	97.1%	96.7%	89.4%	91.2%
75th percentile	1,950	1,807	2,449	1,221
Median	1,124	1,020	1,105	522
25th percentile	530	450	359	232
Food				
Percent with spending	99.1%	99.6%	99.0%	97.2%
75th percentile	1,595	1,460	1,303	1,073
Median	1,060	874	860	705
25th percentile	736	578	580	515
Health care				
Percent with spending	71.0%	92.8%	70.4%	92.1%
75th percentile	903	1,170	1,014	944
Median	390	639	667	490
25th percentile	180	310	344	255

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A6-c. Average Quarterly Expenditures in 2005 by Employment and Age: Unmarried Women

Employment status:	Working		Not working	
Age:	55 to 64	65 and older	55 to 64	65 and older
Number (in thousands)	3,205	1,477	1,014	7,580
Total spending				
75th percentile	$10,955	$9,144	$9,666	$6,389
Median	7,108	6,187	5,960	4,056
25th percentile	4,886	4,253	3,891	2,812
Housing				
Percent with spending	100%	100%	100%	100%
75th percentile	4,103	3,358	3,726	2,618
Median	2,724	2,106	2,285	1,619
25th percentile	1,723	1,327	1,464	1,016
Transportation				
Percent with spending	96.9%	96.5%	91.3%	77.7%
75th percentile	1,797	1,267	1,605	804
Median	1,013	633	765	388
25th percentile	475	315	334	179
Food				
Percent with spending	100%	100%	99.6%	98.7%
75th percentile	1,295	1,163	1,315	948
Median	850	725	840	645
25th percentile	559	520	535	455
Health care				
Percent with spending	81.7%	95.8%	84.1%	92.8%
75th percentile	839	1,013	908	955
Median	434	615	420	547
25th percentile	186	342	235	280

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A7-a. Average Share of Expenditures in 2005 by Employment and Age: Married Couples

Employment status:	One or both working		Neither working	
Age:	55 to 64	65 and older	55 to 64	65 and older
Number (in thousands)	8,903	4,482	767	5,901
Total spending				
75th percentile	$19,846	$16,054	$14,270	$10,829
Median	13,289	10,983	9,598	7,432
25th percentile	9,197	7,577	6,604	4,939
Housing				
Percent with spending	100%	100%	100%	100%
75th percentile	41.9	41.2	46.7	41.8
Median	31.5	30.5	34.3	30.5
25th percentile	23.2	21.9	26.9	21.8
Transportation				
Percent with spending	99.0%	98.9%	100%	97.0%
75th percentile	22.0	20.4	25.3	19.7
Median	14.4	13.0	15.2	11.6
25th percentile	8.7	7.9	9.1	6.5
Food				
Percent with spending	100%	100%	100%	99.9%
75th percentile	16.6	17.1	21.4	22.7
Median	12.0	12.9	14.4	16.4
25th percentile	8.4	9.3	8.1	11.6
Health care				
Percent with spending	88.8%	96.6%	90.6%	96.4%
75th percentile	9.5	16.8	16.9	24.8
Median	4.7	9.9	10.2	15.4
25th percentile	2.3	5.6	4.7	9.1

Note: Married couples aged 55 to 64 include at least one person 55 to 64 years old and no one over age 64. Married couples aged 65 and older include at least one person older than age 64.
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A7-b. Average Share of Expenditures in 2005 by Employment and Age: Unmarried Men

Employment status:	Working		Not working	
Age:	55 to 64	65 and older	55 to 64	65 and older
Number (in thousands)	1,896	816	491	2,718
Total spending				
75th percentile	$12,214	$11,633	$10,130	$6,834
Median	8,284	6,823	6,843	4,592
25th percentile	5,550	4,614	4,030	3,110
Housing				
Percent with spending	100%	100%	100%	100.0%
75th percentile	45.8	41.3	56.4	49.4
Median	34.4	29.5	43.7	36.3
25th percentile	14.4	22.2	25.5	25.5
Transportation				
Percent with spending	97.1%	96.7%	89.4%	91.2%
75th percentile	20.0	22.3	25.7	21.7
Median	12.9	13.1	14.7	11.4
25th percentile	7.5	6.4	7.1	5.8
Food				
Percent with spending	99.1%	99.6%	99.0%	97.2%
75th percentile	19.1	19.4	19.2	22.9
Median	12.9	12.8	12.6	16.6
25th percentile	8.7	8.4	8.7	10.5
Health care				
Percent with spending	71.0%	92.8%	70.4%	92.1%
75th percentile	8.4	14.8	14.0	17.4
Median	4.4	9.2	7.8	11.7
25th percentile	1.9	4.1	4.6	6.7

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A7-c. Average Share of Expenditures in 2005 by Employment and Age: Unmarried Women

Employment status:	Working		Not working	
Age:	55 to 64	65 and older	55 to 64	65 and older
Number (in thousands)	3,205	1,477	1,014	7,580
Total spending				
75th percentile	$10,955	$9,144	$9,666	$6,389
Median	7,108	6,187	5,960	4,056
25th percentile	4,886	4,253	3,891	2,812
Housing				
Percent with spending	100%	100%	100%	100%
75th percentile	48.9	47.3	50.2	54.8
Median	38.0	35.0	39.9	41.0
25th percentile	28.6	25.7	30.7	29.4
Transportation				
Percent with spending	96.9%	96.5%	91.3%	77.7%
75th percentile	20.2	16.8	22.5	15.6
Median	13.0	9.8	12.5	9.0
25th percentile	7.1	5.9	6.6	4.3
Food				
Percent with spending	100%	100%	99.6%	98.7%
75th percentile	17.2	17.9	21.1	22.9
Median	11.6	12.6	14.7	16.3
25th percentile	8.0	8.6	9.1	10.6
Health care				
Percent with spending	81.7%	95.8%	84.1%	92.8%
75th percentile	10.1	16.4	13.5	20.8
Median	5.4	10.2	6.6	12.6
25th percentile	2.5	6.1	3.3	7.7

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A8-a. Average Quarterly Expenditures in 2005 by Annual Income and Age: Married Couples

Annual Income:	Under $30,000		$30,000 to $70,000		Above $70,000	
Age:	55 to 64	65 and up	55 to 64	65 and up	55 to 64	65 and up
Number (thousands)	1,031	3,640	3,628	4,461	5,010	2,282
Total spending						
75th percentile	$9,821	$8,358	$13,226	$12,199	$25,571	$22,627
Median	6,737	5,904	9,845	8,946	17,793	16,054
25th percentile	5,151	4,165	7,487	6,569	12,827	11,655
Housing						
Percent with spending	100%	100%	99.9%	100.0%	100%	11.7%
75th percentile	3,698	2,853	4,669	4,139	8,795	7,789
Median	2,346	1,712	3,114	2,696	5,416	4,727
25th percentile	1,402	1,094	1,960	1,602	3,644	2,883
Transportation						
Percent with spending	95.3%	95.1%	99.1%	99.2%	99.8%	99.6%
75th percentile	1,866	1,320	2,451	2,002	4,050	3,337
Median	1,048	713	1,558	1,149	2,532	1,882
25th percentile	592	330	845	600	1,415	1,030
Food						
Percent with spending	100%	99.9%	100%	99.9%	100%	100%
75th percentile	1,710	1,440	1,750	1,765	2,630	2,450
Median	1,156	1,015	1,338	1,330	1,895	1,775
25th percentile	780	715	980	950	1,404	1,276
Health care						
Percent with spending	80.6%	94.1%	85.7%	97.2%	93.0%	98.7%
75th percentile	1,279	1,585	1,256	1,799	1,437	2,040
Median	660	1,018	673	1,148	760	1,244
25th percentile	236	589	311	699	383	732

Note: Married couples aged 55 to 64 include at least one person 55 to 64 years old and no one over age 64. Married couples aged 65 and older include at least one person older than age 64.
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A8-b. Average Quarterly Expenditures in 2005 by Annual Income and Age: Unmarried Men

Annual Income:	Under $30,000		$30,000 to $70,000		Above $70,000	
Age:	55 to 64	65 and up	55 to 64	65 and up	55 to 64	65 and up
Number (thousands)	751	2,351	1,076	857	560	326
Total spending						
75th percentile	$7,562	$6,053	$10,363	$9,294	$20,569	$19,218
Median	4,902	4,112	7,990	6,451	14,019	12,586
25th percentile	3,570	2,810	6,087	4,815	10,070	9,539
Housing						
Percent with spending	100%	100%	100%	100%	100%	100%
75th percentile	2,857	2,228	4,039	3,282	6,911	5,795
Median	1,735	1,396	2,739	2,068	4,696	3,840
25th percentile	1,171	927	1,770	1,228	2,293	2,338
Transportation						
Percent with spending	90.8%	90.0%	97.1%	96.4%	98.8%	100%
75th percentile	1,415	1,123	1,872	1,686	2,967	1,995
Median	649	477	1,172	821	1,725	1,439
25th percentile	321	190	523	410	920	725
Food						
Percent with spending	96.9%	96.9%	100%	99.1%	100%	100%
75th percentile	1,297	926	1,485	1,289	2,145	1,965
Median	860	624	983	895	1,371	1,450
25th percentile	580	468	695	650	930	1,045
Health care						
Percent with spending	61.9%	90.1%	74.0%	95.9%	77.0%	97.9%
75th percentile	813	792	873	1,243	1,185	1,516
Median	434	444	402	675	500	914
25th percentile	200	245	169	310	270	559

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A8-c. Average Quarterly Expenditures in 2005 by Annual Income and Age: Unmarried Women

Annual Income:	Under $30,000		$30,000 to $70,000		Above $70,000	
Age:	55 to 64	65 and up	55 to 64	65 and up	55 to 64	65 and up
Number (thousands)	2,020	7,055	1,646	1,589	553	412
Total spending						
75th percentile	$6,659	$5,438	$11,504	$9,831	$20,522	$17,951
Median	4,825	3,770	8,719	7,222	14,815	12,583
25th percentile	3,452	2,695	6,390	5,311	10,220	9,914
Housing						
Percent with spending	100%	99.9%	100%	100%	100%	100%
75th percentile	2,673	2,350	4,341	3,916	7,755	5,200
Median	1,870	1,522	3,251	2,380	4,679	3,986
25th percentile	1,220	959	2,178	1,583	2,881	2,368
Transportation						
Percent with spending	92.5%	76.3%	97.9%	96.0%	100%	99.1%
75th percentile	1,387	703	1,956	1,304	2,998	2,870
Median	600	359	1,173	685	1,772	1,694
25th percentile	285	158	624	320	801	1,000
Food						
Percent with spending	99.7%	98.6%	100%	100%	100%	99.1%
75th percentile	993	845	1,425	1,366	1,975	2,210
Median	715	585	963	940	1,350	1,469
25th percentile	455	416	600	650	830	941
Health care						
Percent with spending	76.1%	92.3%	85.8%	96.0%	94.3%	100%
75th percentile	733	893	875	1,155	1,870	1,550
Median	328	523	470	728	608	1,050
25th percentile	153	267	235	400	326	600

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A9-a. Share of Total Expenditures by Category in 2005 by Income and Age: Married Couples

Annual Income:	Under $30,000		$30,000 to $70,000		Above $70,000	
Age:	55 to 64	65 and up	55 to 64	65 and up	55 to 64	65 and up
Number (thousands)	1,031	3,640	3,628	4,461	5,010	2,282
Total spending						
75th percentile	$9,821	$8,358	$13,226	$12,199	$25,571	$22,627
Median	6,737	5,904	9,845	8,946	17,793	16,054
25th percentile	5,151	4,165	7,487	6,569	12,827	11,655
Housing						
Percent with spending	100%	100%	99.9%	100.0%	100%	11.7%
75th percentile	46.8	42.1	41.9	41.1	41.7	41.8
Median	33.7	30.8	32.4	30.1	31.0	30.7
25th percentile	23.6	22.6	23.7	21.6	23.3	20.8
Transportation						
Percent with spending	95.3%	95.1%	99.1%	99.2%	99.8%	99.6%
75th percentile	23.4	20.2	22.9	20.3	21.4	18.7
Median	14.1	11.7	15.2	12.9	14.1	11.9
25th percentile	8.3	6.5	9.3	7.5	8.3	7.0
Food						
Percent with spending	100%	99.9%	100%	99.9%	100%	100%
75th percentile	22.7	24.3	18.5	19.9	14.4	15.2
Median	16.1	17.5	13.6	14.5	10.8	11.4
25th percentile	11.4	12.6	9.8	10.4	7.9	8.1
Health care						
Percent with spending	80.6%	94.1%	85.7%	97.2%	93.0%	98.7%
75th percentile	16.6	27.3	11.4	20.5	7.9	13.7
Median	7.9	16.7	6.4	13.1	4.0	8.1
25th percentile	3.5	9.9	3.0	7.8	2.0	4.5

Note: Married couples aged 55 to 64 include at least one person 55 to 64 years old and no one over age 64. Married couples aged 65 and older include at least one person older than age 64.
Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A9-b. Share of Total Expenditures by Category in 2005 by Income and Age: Unmarried Men

Annual Income:	Under $30,000		$30,000 to $70,000		Above $70,000	
Age:	55 to 64	65 and up	55 to 64	65 and up	55 to 64	65 and up
Number (thousands)	751	2,351	1,076	857	560	326
Total spending						
75th percentile	$7,562	$6,053	$10,363	$9,294	$20,569	$19,218
Median	4,902	4,112	7,990	6,451	14,019	12,586
25th percentile	3,570	2,810	6,087	4,815	10,070	9,539
Housing						
Percent with spending	100%	100%	100%	100%	100%	100%
75th percentile	54.2	50.9	44.8	43.5	45.6	40.3
Median	41.4	36.5	33.5	31.5	32.1	28.4
25th percentile	26.8	26.3	25.4	21.8	19.3	21.9
Transportation						
Percent with spending	90.8%	90.0%	97.1%	96.4%	98.8%	100%
75th percentile	22.2	22.7	21.3	21.9	20.1	16.1
Median	13.4	11.7	13.1	12.7	13.1	11.3
25th percentile	7.2	5.4	8.4	7.3	6.2	5.3
Food						
Percent with spending	96.9%	96.9%	100%	99.1%	100%	100%
75th percentile	24.1	23.4	17.4	20.5	13.9	16.8
Median	17.8	17.0	12.8	14.8	9.8	11.1
25th percentile	11.3	10.8	9.2	9.3	6.8	7.5
Health care						
Percent with spending	61.9%	90.1%	74.0%	95.9%	77.0%	97.9%
75th percentile	12.5	17.6	9.3	17.3	7.6	13.7
Median	6.8	11.6	5.1	10.2	3.8	7.2
25th percentile	3.4	7.1	2.1	5.5	1.7	3.9

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.

Table A9-c. Share of Total Expenditures by Category in 2005 by Income and Age: Unmarried Women

Annual Income:	Under $30,000		$30,000 to $70,000		Above $70,000	
Age:	55 to 64	65 and up	55 to 64	65 and up	55 to 64	65 and up
Number (thousands)	2,020	7,055	1,646	1,589	553	412
Total spending						
75th percentile	$6,659	$5,438	$11,504	$9,831	$20,522	$17,951
Median	4,825	3,770	8,719	7,222	14,815	12,583
25th percentile	3,452	2,695	6,390	5,311	10,220	9,914
Housing						
Percent with spending	100%	99.9%	100%	100%	100%	100%
75th percentile	52.9	54.9	47.8	48.1	44.2	42.7
Median	40.8	41.6	38.2	33.7	35.0	28.9
25th percentile	29.5	30.3	29.8	24.4	25.2	17.7
Transportation						
Percent with spending	92.5%	76.3%	97.9%	96.0%	100%	99.1%
75th percentile	22.3	15.5	20.1	16.3	18.4	18.1
Median	12.8	9.0	13.6	9.1	11.7	11.0
25th percentile	6.7	4.5	7.8	4.9	7.0	6.3
Food						
Percent with spending	99.7%	98.6%	100%	100%	100%	99.1%
75th percentile	20.9	23.1	15.9	18.8	12.8	17.1
Median	15.2	16.4	11.0	13.3	9.0	10.4
25th percentile	9.6	10.9	7.7	8.9	6.4	6.8
Health care						
Percent with spending	76.1%	92.3%	85.8%	96.0%	94.3%	100%
75th percentile	13.0	21.6	9.5	15.9	8.7	12.6
Median	6.7	13.3	5.2	9.8	4.7	7.4
25th percentile	3.3	8.3	2.6	5.5	2.3	4.0

Source: Congressional Research Service analysis of the 2005 Consumer Expenditure Survey.