

# Poverty report links wealth to life expectancy

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## FULL TEXT

Poorer Americans are much less likely to survive into their 70s and 80s than rich Americans, a stark life-expectancy divide compounded by the nation's growing disparities in wealth, according to a U.S. report. Over three-quarters of the richest 50-somethings in 1991 were still alive 23 years later, in 2014, the report found. But among the poorest 20 per cent of that cohort, the survival rate was less than 50 per cent, according to the analysis by the Government Accountability Office, a nonpartisan congressional research agency. The report finds that while average life expectancy increased over that period, it "has not increased uniformly across all income groups, and people who have lower incomes tend to have shorter lives than those with higher incomes."

"Over time, the top fifth of the income distribution is really becoming a lot wealthier - and so much of the health and wealth gains in America are going toward the top," said Harold Pollack, a health-care expert at the University of Chicago who was not involved in the creation of the report.

"In these fundamental areas - life expectancy, health - there are these growing disparities that are really a failure of social policy."

The GAO report was commissioned in 2016 by Sen. Bernie Sanders, who sits on the Senate Budget Committee, after he met with people from McDowell County, West Virginia, where the life expectancy is 64 years, according to the senator's aides.

That is on par with Mongolia. Fairfax County, Virginia, about 600 km away, has a life expectancy of 82 years. Sanders said the report's findings support his demands for dramatically redistributing wealth in the United States through a large expansion of federal programs and the social safety net.

"We are in a crisis never before seen in a rich, industrialized democracy... For three straight years, overall life expectancy in the wealthiest nation in the history of the world has been in decline," the senator, a 2020 presidential candidate, said in a statement. "If we do not urgently act to solve the economic distress of millions of Americans, a whole generation will be condemned to early death."

One factor, according to the analysis, is the vast difference in retirement savings among older Americans.

In 2016, for instance, 89 per cent of the poorest quintile of older households (defined as those headed by someone 55 or older) had zero retirement savings to speak of.

Just 14 per cent of the richest quintile of older households were in a similar predicament, with over 50 per cent of that group possessing retirement savings of \$500,000 or more.

The poorest 20 per cent of older households were also much less likely to own a home, vehicle or other asset compared with wealthier households, meaning many of them will rely exclusively on Social Security to support themselves in retirement.

In 2010 and 2013, the average older household in the bottom 20 per cent of the wealth distribution had a negative net worth, meaning their debts surpassed their assets at the end of their prime earning years.

Particularly concerning was the finding that "the home ownership rate for households in the bottom 20 per cent in 2016 (19 per cent) was significantly lower than the home ownership rate for households in the bottom 20 per cent in 2007 (28 per cent), the starting year for the most recent recession."

That drop means those lower-income households will have even fewer assets to draw on in retirement, an ominous

consideration given the warnings of an impending recession. H. Luke Schaefer, director of the Poverty Solutions program at the University of Michigan and co-author of a recent study on material hardships among seniors and children, said that "one of the major takeaways is how incredibly important Social Security is in the retirement security of low-and moderate-income households."

"If I had to say what program is most effective in providing a safety net in the U.S. today, Social Security is it," he added. "This report adds more evidence to that conclusion, in my view."

The report also confirms other studies tracking an increase in inequality among the wealthiest Americans, as the top one per cent continued to pull away from the richest 20 per cent.

The top one per cent increased its average wealth from \$15 million in 1989 to \$37 million in 2016.

The average income of the rest of the top 20 per cent increased from \$1.6 million to \$3 million, a significantly smaller increase.

The data analyzed in the report is primarily drawn from two long-running federal surveys: the Survey of Consumer Finances, administered by the Federal Reserve, and the Health and Retirement Study, a longitudinal survey of households headed by older Americans.

Academic researchers have long tracked the relationship between wealth and health, but the analysis of two highly regarded data sets by an independent research arm of the federal government amounts to a definitive look at the subject.

CREDIT: The Washington Post

## DETAILS

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