

Middle Class Security Project

An Initiative of the AARP Public Policy Institute

Building Lifetime Middle-Class Security

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This paper provides a synthesis of findings from the Middle Class Security Project and highlights themes that emerged from analyzing the major components of middle-class status, including income, assets, debt, housing, health care, and education.

It builds on recent research showing that the percentage of adults considered middle income has dropped from 61 percent to 51 percent since 1970.¹ Median income fell about 8 percent between 2000 and 2011 to a lower level than it was in 1997.² This paper shows that if current economic trends continue—

- Living standards in retirement will decline.
- Rising health care costs will pose a significant threat to middle-class security.
- Social Security will be the main source of income for almost all retirees in the future.

The paper examines how multiple forces are combining to negatively affect middle-class families and identifies three major themes:

- The security of middle-class families is under attack from all sides—besieged by stagnating income; escalating debt; and rising costs for housing, education, and health care.
- Middle-class security in retirement takes a lifetime to build—decisions made or setbacks experienced at various stages of life can affect retirement security decades later.
- A threat to one generation undermines security for all—parents supporting young adult children often experience setbacks to their own retirement security, as do the caregivers of aging parents.

The report concludes with policy recommendations to deal with the threats to middle-class security. It calls for increasing access to affordable health care coverage and slowing the growth of health care costs. It also recommends ensuring that Social Security continues to provide the foundation for a secure middle-class retirement and is improved for those most vulnerable. Benefits must continue to be progressive, guaranteed for life, and protected from inflation.

¹ Pew Research Center, *Fewer, Poorer, Gloomier: The Lost Decade of the Middle Class* (Washington, DC: Pew Research Center, 2012).

² Gary Koenig, *The Elusive Middle in America: What Has Happened to Middle Class Income?* AARP Public Policy Institute *Research Report* (Washington, DC: AARP, 2013).