Expenditures of Rural and Urban Baby-Boomer Households

This study examines locality as a factor that may influence boomers' expenditures. Results show that most expenditures differ significantly for the boomer cohort when locality is considered.

Julia M. Dinkins, U.S. Department of Agriculture[1]

Introduction

One-third of the U.S. population consists of baby boomers (born between 1946 and 1964). The economic status of members in this large cohort has raised concern about the adequacy of public and private financial resources that will be available to them during retirement. Boomers who may be economically vulnerable during old age include those who are younger (born 1955-1964), have less than a college education, are renters, have relatively little wealth, are without employer pensions, and are single parents (The Congress of the United States, 1993; Kingson, 1992). Most research has not focused on locality as a factor influencing boomers' economic well-being.

Methodology

Using expenditures as the measure of economic well-being, this study examines differences between rural and urban boomers for total expenditures and expenditures for housing, transportation, total food, food at home, food away from home, personal insurance and pensions, apparel, education, and miscellaneous goods and services. The 1991 Consumer Expenditure Survey, an ongoing survey of a national sample of consumer units, was used to examine boomer householders' expenditures. A total of 8,627 rural and urban boomer respondents were selected for analysis.

Results

Results show that overall, rural boomers spent \$26,914 and urban boomers spent \$30,997 ($p \leq .001$). Student's *t*-test results revealed that compared with urban boomer householders, rural boomer householders spent significantly less ($p \leq .001$) for housing (\$7,271 vs. \$10,376), total food (\$4,505 vs. \$4,843), food away from home (\$1,067 vs. \$1,236), apparel (\$1,344 vs. \$1,610), education (\$394 vs. \$576), and personal insurance and pensions (\$2,843 vs. \$3,512). Expenditures for food at home, transportation, and miscellaneous goods and services did not differ significantly for rural and urban baby-boomer householders. Differences in baby boomers' expenditures by locality show that rural versus urban living is related to their economic well-being.

Conclusions

Results are useful to financial planners and extension specialists who work with diverse families in rural and urban areas. Focusing on the relationships among locality; economic priorities; and the development of human capital, home ownership, housing type, and pensions will help members of this cohort develop short- and long-term economic goals that will enhance their economic well-being.

References

The Congress of the United States, Congressional Budget Office. (1993). Baby Boomers in Retirement: An Early Perspective.

Kingson, E. (1992). The Diversity of the Baby Boom Generation: Implications for Their Retirement Years. Washington, DC: American Association of Retired Persons.

Endnote

1. Scientist, Center for Nutrition Policy and Promotion.