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Economic Impact of Active Retirement Communities in Vermont

This is a report on the economic impact active retirees have on communities in Vermont, requested by House Representative Kathryn Webb (D-Chittenden-5-1). Through research and a survey at Wake Robin, in Shelburne Vermont, this report shows the typical ways that retirees spend their time and money through activities, donations, volunteering, and use of transportation. Those surveyed also indicated what makes Vermont so appealing to the growing number of retirees in the state.

Vermont has a population of 626,299 people, 18.7 percent of whom are over 65 years of age.¹ With a median age of 42.9, Vermont has the third oldest state population after Maine and New Hampshire.² The U.S. Census projects that the number of people sixty or older in Vermont will increase by 100,000 in the next decade.³ By 2030, the number of Vermonters who are eighty-five and older is expected to double.⁴

Philanthropy

Multiple studies have shown that older generations give more money to nonprofits and charitable organizations. A study by the Charities Aid Foundation and Bristol University in the United Kingdom shows that those over the age of sixty are twice as likely to give to charity as those aged under thirty. Additionally, those over the age of sixty are six times more generous, defined as giving as a percentage of total spending, than those under thirty.⁵ These findings are corroborated by a survey by the Blackbaud Institute, which found that more than 40 percent of

¹ U.S. Census Bureau, QuickFacts Vermont, 2015, accessed April 15, 2019, <https://www.census.gov/quickfacts/fact/table/vt/AGE775217#AGE775217>.

² Art Woolf, "Vermont's Median Age Is Nearly 5 Years Older than Nation's," *Burlington Free Press*, July 5, 2018, <https://www.burlingtonfreepress.com/story/money/2018/07/05/vermonts-median-age-nearly-5-years-older-than-nations/746515002/>.

³ Ken Picard, "Where Is Vermont's Burgeoning Population of Seniors Going to Live?" *Seven Days*, April 4, 2018, <https://www.sevendaysvt.com/vermont/where-is-vermonts-burgeoning-population-of-seniors-going-to-live/Content?oid=14363971>.

⁴ Picard, "Where Is Vermont's Burgeoning."

⁵ "Charitable Giving - How Does It Differ by Age?" *The Guardian*, September 25, 2012, <https://www.theguardian.com/news/datablog/2012/sep/25/charitable-giving-generation-gap-age#data>.

money donated, as reported by study participants, comes from Baby Boomers (defined as those born between 1945 and 1965 in this report) while more than twenty-five comes from those born before 1945, even though these groups together represent only 31 percent of the U.S. population.⁶ Additionally, Baby Boomers report donating an average of \$1,212 to between 4 and 5 charities each year, which is more than twice the average for younger donors.⁷ Moreover, a study using a sample of people between five and seventy-five or older years of age found that older participants were more likely to donate money than younger adults.⁸

Volunteering

As of 2015, U.S. citizens 65 and older make up almost 25 percent of all volunteers, despite making up only 14.9 percent of the total population.⁹ According to the Bureau of Labor and Statistics, the most popular organizations that Americans volunteer at are (1) religious, (2) educational or youth service related, and (3) social or community service organizations.¹⁰ For those over 65, 42.7 percent volunteer mainly for religious organizations. Those over 65 who have less education or who are single are less likely to volunteer.

State Services

Transportation

Retirees living in retirement communities may utilize private transportation services, such as taxis, scheduled rides, or services like Uber or Lyft, over public transit services. One study found that In a naturally-occurring retirement community (NORC) in Maryland, 44.1 percent of residents utilized transportation services provided by a non-profit group known as Community Partners, and an additional 41.2 percent of residents felt no need to utilize any transportation service.¹¹ This data indicates that in this specific retirement community, nearly all residents who needed to travel somewhere relied on private transportation services and did not use public transit. Another study that examined an NORC in suburban Maryland that also utilized the services of Community Partners reported that “in general, those who are the most likely to

⁶ Mark Rovner and Pam Loeb, “The Next Generation of American Giving,” *Blackbaud Institute*, 2013; Ricard Fry, “Millennials Expected to Outnumber Boomers in 2019,” Pew Research Center, March 01, 2018, Accessed May 02, 2019, <https://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/>.

⁷ Rovner and Loeb, “The Next”.

⁸ Pär Bjälkebring, Daniel Västfjäll, Stephan Dickert, and Paul Slovic, “Greater Emotional Gain from Giving in Older Adults: Age-Related Positivity Bias in Charitable Giving,” *Frontiers in Psychology*, 2016, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4908114/pdf/fpsyg-07-00846.pdf>.

⁹ “How To Volunteer As A Senior | Updated for 2019,” AgingInPlace.org, February 27, 2019, accessed April 16, 2019, <https://www.aginginplace.org/how-to-volunteer-as-a-senior/>; US Census, “Facts for Features: Older Americans Month: May 2017,” April 10, 2017, accessed April 28, 2019, <https://www.census.gov/newsroom/facts-for-features/2017/cb17-ff08.html>.

¹⁰ U.S. Bureau of Labor Statistics, Volunteering in the United States, 2015, accessed April 15, 2019, <https://www.bls.gov/news.release/volun.nr0.htm>.

¹¹ Jiska Cohen-Mansfield, Maha Dakheel-Ali, Julia K. Frank, “The Impact of a Naturally Occurring Retirement Communities Service Program in Maryland, USA,” *Health Promotion International* 25, no.2 (June 2010): 210–220, <https://doi.org/10.1093/heapro/daq006>.

use NORC community services are the frailer portion of the population; that is, people who are older, female, have less education, and are more alone are more likely to use services.”¹² Additionally, this study concluded that as retirees grow older, there will be an increased demand for these transportation services and that providers will have to adjust their offerings accordingly.¹³ The data collected in these studies suggests that while retirement communities do have an increased need for transportation services, most of these services are provided through private groups, and that retirement communities do not place significant strain on state-provided transportation services.

This conclusion is corroborated by a study conducted in an aging-friendly community located in San Francisco. Researchers found that “there is no evidence that older people suddenly begin to use public transit upon retirement” and that “there is far more evidence that older adults are even less likely to use public transit when they retire than when they are in the labor force.”¹⁴ Furthermore, the study concluded that the specific transportation needs of retirees often fall outside of the traditional services that public transit provides. To fully accommodate these needs, “transit operators have to provide more customized services, more directly linking residential concentrations of older people to the destinations to which they want to travel and at the hours they need to travel, often outside the traditional peak period, and sometimes at night.”¹⁵ The incompatibility of the current function of most public transit systems and the transportation services that retirees are seeking, as well as the limited extent to which retirees actually use public transit, again indicate that retirement communities make limited use of state transportation services.

In a study that uses data from the National Institute on Aging’s National Long-Term Care Survey, researchers found that 29.2 percent of rural retirees reported that their transportation needs were not appropriately met, while urban retirees reported the same at 29.4 percent.¹⁶ This evidence indicates that the transportation needs of both urban and rural populations are frequently insufficiently met, regardless of the area in which they live.

In the case of rural areas, seniors may continue to rely on private transportation services while also using volunteer emergency services due to insufficient state-provided transportation services. In a research report that included interviews with senior citizens from rural areas in Maine, the National Opinion Research Center’s Walsh Center for Rural Health Analysis found that in several areas, senior citizens often relied on volunteer EMS services for emergency

¹² Jiska Cohen-Mansfield, Maha Dakheel-Ali, Barbara Jensen, “Predicting Service Use and Intent to Use Services of Older Adult Residents of Two Naturally Occurring Retirement Communities,” *Social Work Research* 37, no. 4 (December 2013): 313–326, <https://doi.org/10.1093/swr/svt026>.

¹³ Cohen-Mansfield, Dakheel-Ali, and Jensen, “Predicting Service Use.”

¹⁴ Sandra Rosenbloom, “Meeting Transportation Needs in an Aging-Friendly Community,” *Generations*, 33, no. 2: 33-43, <https://search.proquest.com/docview/212239187?accountid=14679>.

¹⁵ Rosenbloom, “Meeting Transportation Needs.”

¹⁶ Hong Li, “Unmet Needs for Supportive Services: A Comparison of Rural and Urban Older Adults,” *Journal of Social Service Research* 32, no. 3 (2006): 19-39, https://doi.org/10.1300/J079v32n03_02.

transportation when state-provided transportation was lacking.¹⁷ Additionally, participants stated that “some of the key partners in the transportation field...included Department of Transportation regional offices, local transit agencies, and private transit companies, which are making an increasing impact in rural towns.”¹⁸ This evidence suggests that private transportation services are of increasing importance in retirement communities today, regardless of whether they are located in urban, suburban, or rural areas.

Health Services

Recent generations of retirees are poised to have a substantial impact on state healthcare systems due both to the larger size of retiring populations and the conditions in which they are retiring. The “Baby Boomer” generation, generally born between 1946 and 1960 (or 1965, depending on how researchers define it), have begun to retire in large numbers in the past decade, and “the raw evidence indicates that Boomers on the verge of retirement are in poorer health their counterparts 12 years ago.”¹⁹ This group of retirees reports “more pain, more chronic conditions, [and] more drinking and psychiatric problems than their [Health and Retirement Study’s] earlier counterparts.”²⁰ A study that examined “active seniors,” who are capable of living alone in relatively good health, in the Baby Boomer population found that “while the population aged 45 years and older rose by 11% in the past decade, physician visits for that age group increased by 26%.”²¹ This data suggests that the current population of retirees is more reliant on healthcare services than previous populations, including retirees that are considered to be fairly healthy.

Furthermore, “by 2030, it is projected that more than 60% of [the Baby Boomer] generation will be managing more than 1 chronic condition. Managing these chronic conditions, along with a patient’s level of disability, will increase the financial demands on our health care system.”²² This increased demand is based upon the frequency at which Baby Boomers will visit the hospital and physicians by 2030, which experts expect will be twice as often as they do

¹⁷ National Opinion Research Center Walsh Center for Rural Health Analysis, “Exploring Strategies to Improve Health and Equity in Rural Communities,” University of Chicago, IL, Walsh Center for Rural Health, 2018, <http://www.norc.org/PDFs/Walsh%20Center/Final%20Reports/Rural%20Assets%20Final%20Report%20Feb%2018.pdf>.

¹⁸ NORC Walsh Center for Rural Health Analysis, *Exploring Strategies*.

¹⁹ Beth J. Soldo, Olivia Mitchell, Rania Tulfy, and John McCabe, “Cross-Cohort Differences in Health on the Verge of Retirement,” PARC Working Paper Series, WPS 6-12, 2, https://repository.upenn.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1006&context=parc_working_papers.

²⁰ Soldo, Mitchell, Tulfy, and McCabe, “Cross-Cohort Differences.”

²¹ Bridget L. Perrotta and Augustine L. Perrotta, “Access to State-of-the-Art Healthcare: a Missing Dynamic in Consumer Selection of a Retirement Community,” *The Journal of the American Osteopathic Association*, 108 (2008): 297–305, <https://jaoa.org/article.aspx?articleid=2093610>.

²² Anyssa Green, “The Aging Population: The Increasing Effects on Healthcare,” *Pharmacy Times*, January 19, 2016, <https://www.pharmacytimes.com/publications/issue/2016/january2016/the-aging-population-the-increasing-effects-on-health-care>.

currently.²³ Reports from the American Hospital Association and the National Academy of Sciences find that challenges to state health services include the following:

- Resource needs will continue to increase across all health care settings.
- The incidence of obesity will continue to increase.
- A shortage of healthcare professionals is expected.
- The diversity of caregivers lags behind the growing diversity of patients.
- Care has been focused on a single disease versus addressing comorbidity.
- The sustainability and structure of federal programs in relation to the increasing aging population are a concern.
- Changes in family structure may lead to fewer family caregivers.
- Adapting and adjusting to the Affordable Care Act pose challenges.²⁴

In terms of specific state healthcare services, “pending dramatic rise in dependency ratios [the number of seniors who use health services in relation to the working population]” and “continually increased per recipient demand for medical services” will likely place strain on Medicare.”²⁵ In light of the health conditions the Baby Boomer population is experiencing at an increased rate, as well as the size of the retiring generation, state healthcare services will likely be increasingly in demand, even in relatively independent retirement communities.

Employment

Research by Karen L. Hamilton of Georgia Southern University, finds that general growth in the retiree population leads to a growth in jobs and decline in average wage levels, following basic economic intuition that an increase in supply of labor yields a lower average wage level.²⁶ However, “when retirement communities are developed to attract large numbers of retirees to a local area, both number of jobs and average wage levels may increase.”²⁷ These findings depend largely on whether the retirees stay in an area upon retirement or migrate to an area from another location upon retirement. Retirees who age in place do not bring additional economic resources into the area upon retirement. Retirees who have the economic resources to choose where to retire may bring wealth with them that generates both an increased demand for services resulting in job growth as well as being able to pay for an increased level of services resulting in increasing average wage levels.²⁸ This local job and wage growth can lead to an increase in costs of living and the cost of housing and services.

²³ Anyssa Green, “The Aging Population.”

²⁴ Anyssa Green, “The Aging Population.”

²⁵ Alan Greenspan, “Alan Greenspan on the Economic Implications of Population Aging,” (speech, Jackson Hole, Wyoming, August 27, 2004), *Population and Development Review* 30, no. 4 (2004): 779-83, <http://www.jstor.org/stable/3657352>.

²⁶ Karen L. Hamilton, “Effects of Retirement Communities on Local Job and Wage Growth,” *Research in Business and Economics Journal* (2008), <http://www.aabri.com/manuscripts/08012.pdf>, <http://www.aabri.com/manuscripts/08012.pdf>.

²⁷ Hamilton, “Effects of Retirement.”

²⁸ Hamilton, “Effects of Retirement.”

Wake Robin Survey

To help understand the impact that retirees have on Vermont, we conducted a survey at the Wake Robin Life Plan Community in Shelburne, Vermont.²⁹ We asked residents what their home state was, what their career was, why they chose to retire in Vermont, why they chose Wake Robin, how they got around, how they participate in their local community, and if they donated to any organizations (for full questionnaire see Appendix A). The survey was distributed with the help of a resident, who took our surveys, delivered them to people's mailboxes, and collected them to return to us. Due to the nature of the survey and its distribution, the population we surveyed was a convenience sample, as we took the responses of anyone who had been given a survey by the resident assisting us. We received 108 responses and used the data acquired to expand on the research described in earlier sections.

Reasons for Retiring in Vermont

One of the survey questions gathered information on why retirees at Wake Robin chose Vermont as a place to retire. Forty-seven percent of respondents from the Wake Robin Survey lived in Vermont before they retired, the other 53% chose to move to Vermont for their retirement. Due to the high rate of retirees in the state, the reasons for a large portion of the elderly coming to Vermont for their retirement is noteworthy. The biggest reason cited for migration to the state was the Vermont culture, such as outdoor activities, local communities, and the scenery. Only one resident checked off tax incentives as a reason. Several other residents wrote around the Tax Incentives answer their anger or general unhappiness with the current tax laws for retirees. Another popular answer, filled in to the "other" option, was that residents chose Vermont specifically for Wake Robin and/or their Continuing Care Retirement Center, which offers residents more healthcare and support as they age.

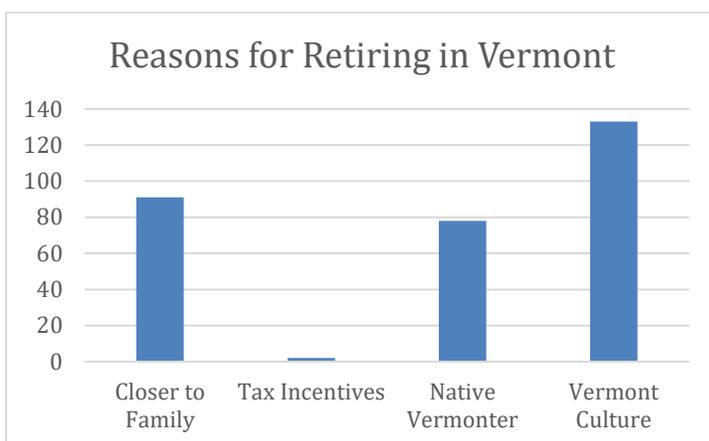


Figure 1: Reasons for Retiring in Vermont

²⁹ We received IRB approval for this survey, which was conducted anonymously and involved the destruction of the responses once the data was collected.

Philanthropy

We asked whether the retirees donated to non-profit organizations. Three options were given: national organizations (Habitat, Red Cross) etc., Vermont Organizations (Jump, Common Good, etc.), and local organizations (Local YMCA, churches, etc.). One hundred and eight of the 109 Wake Robin respondents said they currently donate money to a non-profit organization. A vast majority of the respondents donate money to more than one organization. This information corroborates the data that Baby Boomers and those born before 1945 donate money at a high rate.

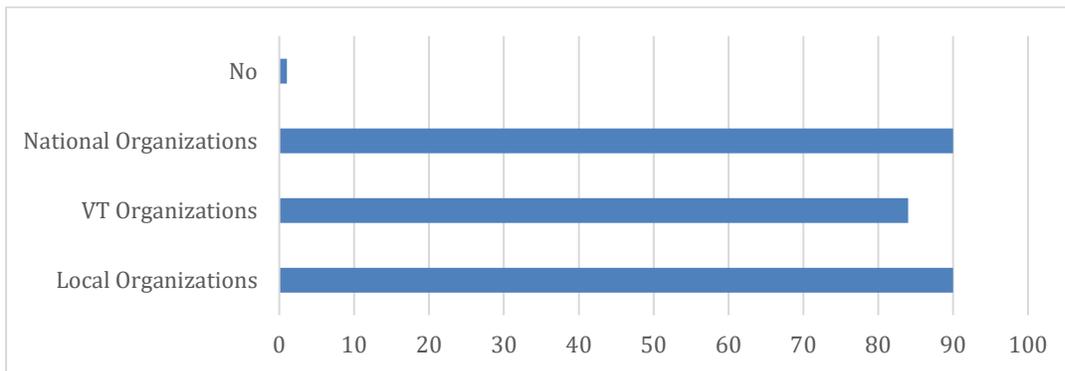


Figure 2: Number of Retirees Who Donated to

Participation in Local Community

As an active retirement community where residents are fairly independent, living in Shelburne provides the opportunity for them to be involved in community events. Finding where retirees spend their time and money in their local community (in addition to their philanthropy) indicates how they are contributing economically to the city in which they live. The two most popular responses were first, attending local entertainment events within the community, and second was volunteering. There is also a significant number of residents who participate on boards, such as hospital, corporate, or city/town boards. The option labeled religion pertains to retiree involvement volunteering, and giving money to any religious place/organization or activity such as a church, synagogue, church event they are not affiliated with, etc.

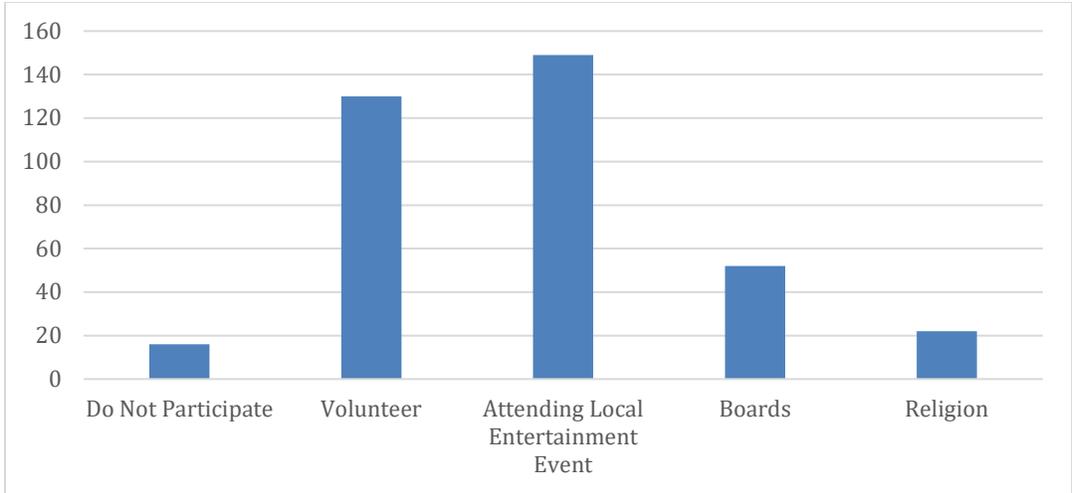


Figure 3: Number of Retirees Participating in Local Community on

Transportation

A vast majority of residents at Wake Robin drive themselves around. Those who do not drive themselves typically use Wake Robin’s own bus service while several participants use private transportation services like a taxi or an Uber. Very few respondents reported using public transportation services. Given that Wake Robin is an independent living community, it is reasonable that a substantial number of residents would be capable of driving themselves. Additionally, this information corroborates studies that indicate that senior citizens do not use public transportation services and opt for services that better fit their needs and routines, i.e. their own vehicle or vehicle operated by the retirement community.

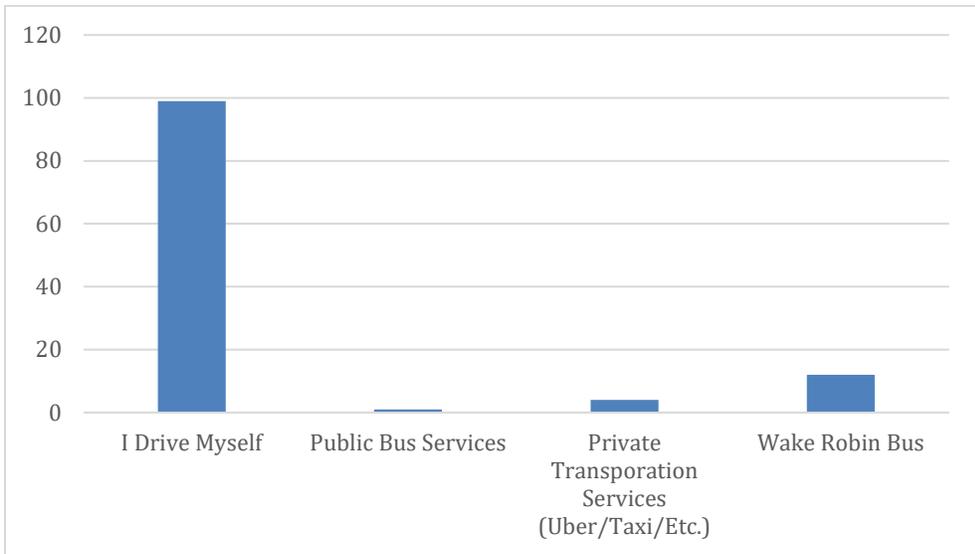


Figure 4: Forms of Transportation Used by Retirees (number)

Health Services

In describing why they chose to live at Wake Robin, 21% of respondents listed access to healthcare as a primary reason. Though participants had a number of explanations for their preference for the community, including closeness to family and the amenities of the facility, the availability of later-life care was a substantial factor. This corresponds to the growing demand for healthcare exhibited by the current retiring generation.

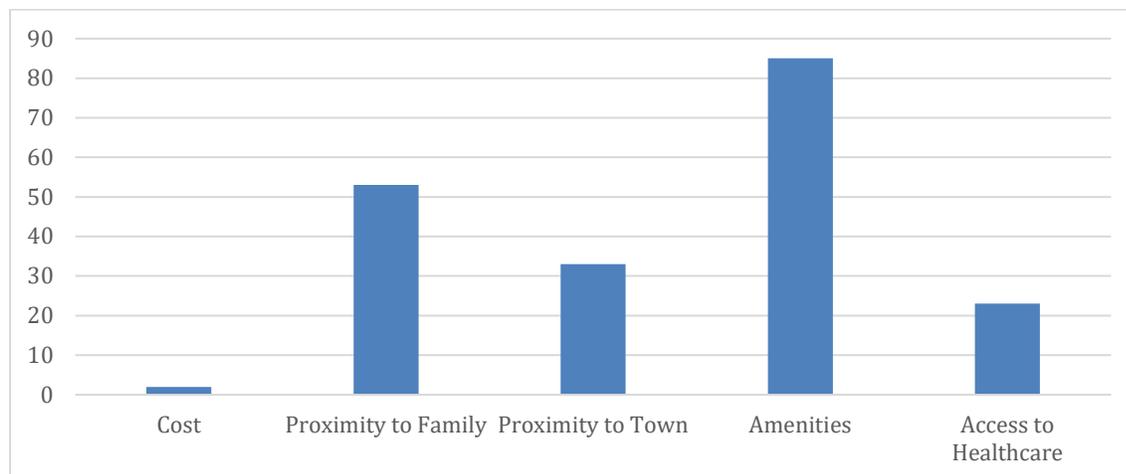


Figure 5: Reasons Cited for Choosing Wake Robin (number of times each reason was cited)

Employment

Research from Georgia Southern University suggests that out-of-state retirees affect the labor market more than in-state retirees. A plurality of the respondents from Wake Robin said they were from out-of-state, with most of those respondents saying they were from the Northeast.

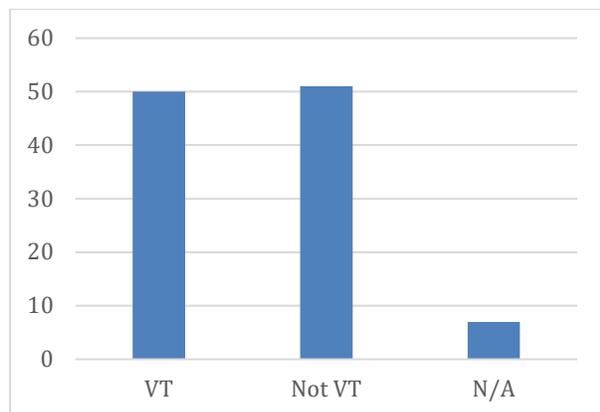


Figure 6: Origin of Retirees (number)

Conclusion

Retirees have shown to have numerous impacts on economies and communities. They donate money at a high rate, make up a disproportionate percentage of volunteers, and an influx of retirees can lead to an increase in wages and labor supply. Additionally, the aging Baby Boom population has called for an increase demand on health services and transportation services.

This report also details a survey conducted at the Wake Robin retirement community in Shelburne, Vermont. The survey found the “Vermont culture” to be a large draw for retirees, almost all the retirees donate to non-profits, many retirees drive themselves, many chose Wake Robin for its amenities and health services, and a plurality of the patrons of Wake Robin are not from Vermont.

This report was completed on May 13, 2019, by Morgan Dreibelbis, Theo Cutler, and Alex Reese, under the supervision of VLRS Research Assistant Emily Klofft and VLRS Director, Professor Anthony “Jack” Gierzynski in response to a request from Representative Webb.

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Disclaimer: The material contained in the report does not reflect the official policy of the University of Vermont.

Appendix A: Wake Robin Survey

This survey is part of an effort by the Vermont Legislative Research Service to explore the impact of retirement communities in Vermont at the request of Representative Kathryn Webb (D- Chittenden 5-1). All answers will remain completely anonymous (please do NOT put your name on the survey).

Kindly return this completed questionnaire to the box in the Community Center Lobby

Please answer the following questions as accurately as you can, filling in the blank space or checking off the boxes next to any answers that apply.

Where did you live before you retired?

What was your job/career?

- Professional and Business Services
- Financial Services
- Educational Services
- Health Care and Social Assistance
- Federal/State Government Position
- Manufacturing
- Agriculture
- Retail
- Other (please specify):

What was the reason you chose to retire in Vermont? Please check all that apply.

- To move closer to family.
- Tax incentives.
- I'm originally from Vermont.
- For the Vermont culture (outdoor activities, local communities, etc.)
- Other (please specify):

What was the reason you chose this retirement community? Please check all that apply.

- Cost.
- Proximity to family.
- Proximity to town/community.
- Amenities of the Retirement Community. (dining, recreation, living choices, etc.)
- Other (please specify):

How do you get around?

- I drive myself.
- State/town offerings (local bus system)
- Transportation companies (SSTA, Uber, Lyft, Taxis, etc.)
- Other (please specify):

How do you participate in the local community? Please check all that apply.

- I am not able to participate/I do not participate.
- Volunteering.
- Attending local entertainment events.
- Participating on boards (hospital, corporate, city, etc.)
- Other (please specify):

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Do you donate money to non-profit organizations? Please check all that apply.

- Yes, I donate to organizations in my community (local theaters, food shelves, etc.)
- Yes, I donate to organizations in Vermont (State Humane Society, JUMP, etc.)
- Yes, I donate to organizations in the United States (Habitat, Red Cross, etc.)
- No, I do not donate any money to non-profits.

Thank you very much for your time and participation in this survey. Your responses will be very valuable in understanding the impact that retirement communities have on Vermont, as per Representative Webb's request.

Kindly return this completed questionnaire to the box in the Community Center Lobby