

Macro Roundup Article

Headline: [Baby-Boomers are Loaded. Why Are They So Stingy?](#)

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Tweet: "Baby Boomers" in the United States have 52% of net wealth, and the "life-cycle hypothesis" predicts that they should be eating into their wealth to fund current spending. However, in 2022 51% of retired households reported net savings. @TheEconomist

Summary: We have looked at household data from a range of rich countries. Turn first to America. In the recent past old people behaved like old people behave in economic models. In the mid-1990s, those aged between 65 and 74 spent 10% more than they took in, eating into their wealth. But since 2015 people this age have saved about 1% of their income. Boomers are also likelier than previous generations to say they save, suggests a survey by the Federal Reserve. In 1995, 46% of retired households claimed to have saved in the past year. By 2022, 51% of retired households did. There could be deeper forces at play, making boomers reluctant to spend what they have earned, and in turn, pressing down on interest rates and inflation. Three factors stand out: "bequest motives," the Covid-19 pandemic, and worries about care.

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Primary Topic: Inequality

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