

## **New Report Warns “Baby Bust” Means America Will Age More Than Projected**

*Decline in Birthrate, Accelerated by COVID-19 Pandemic, Could Increase Fiscal Burdens, Slow Economic Growth, and Erode U.S. Geopolitical Stature*

**CHICAGO, Ill.** – An alarming drop in birthrates threatens to compound America’s already critical aging challenge, according to a newly released report from [The Terry Group](#) and the [Global Aging Institute](#) (GAI).

The report, entitled *The End of U.S. Demographic Exceptionalism*, is a part of The Terry Group and GAI’s jointly published *Critical Issues* series. According to the report, birthrates began falling in the wake of the Great Recession. By 2019 the U.S. total fertility rate, a measure of the average number of births each woman can be expected to have over her lifetime, had dropped to an all-time historical low of 1.7, down from 2.1 a decade before. Now, the COVID-19 pandemic has driven the rate even lower, with preliminary data suggesting it may fall all the way down to 1.5 in 2021, below the recent average in Europe.

“A seismic demographic shift is under way,” said Richard Jackson, President of the Global Aging Institute and author of the report. “Until recently, America’s relatively high fertility rate, together with substantial net immigration, seemed to ensure that we would age much less than most other developed countries. It also seemed to ensure that we would still have a growing workforce and a growing economy, even as those in other developed countries stagnated or contracted. In barely more than a single decade, this demographic advantage has evaporated.”

The report cites several possible reasons for the protracted slide in birthrates, including Americans’ declining religiosity and declining optimism about the future. The most important reason, however, may be that it has become much more difficult for Millennials to launch careers and establish independent households than it was for Boomers or Gen-Xers at the same age, the report finds.

“Policymakers have not yet recognized the long-term implications,” said Tom Terry, CEO of The Terry Group. “Unless birthrates rise again, the United States will age considerably more than the latest Census Bureau or Social Security Administration projections suggest. With a fertility rate in the 1.5 to 1.75 range, the elderly share of the population would keep rising rapidly, approaching or even passing 30 percent later in the century. This, in turn would mean larger-than-projected fiscal burdens and slower-than-projected economic growth, both of which stand to undermine future living standards and may even put America’s geopolitical stature at risk.”

Although America may experience a post-pandemic bounce in birthrates, the report warns that it is doubtful they will rise all or even most of the way back to where they were before the Great Recession. Pronatal policies that mitigate the costs of childrearing and help young adults to balance job and family responsibilities may help. But the spotty track record of such polices suggests that it would be prudent for America to prepare for a future of permanently lower birthrates.

One important step, the report stresses, would be to increase immigration, which acts much like a higher fertility rate. Another would be to increase labor-force participation, especially among the elderly, who are not only America's greatest underutilized human resource, but also the fastest growing segment of the population.

"The era of U.S. demographic exceptionalism is over," said Jackson. "We are now entering a new demographic era that will test America's ability to change, adapt, and evolve. The decisions we make today will go a long way toward determining whether a more rapidly aging America can still be a prosperous America."

To download a copy of the *Critical Issues* report, please visit [www.terrygroup.com](http://www.terrygroup.com).

### **About The Terry Group**

The Terry Group is an actuarial consulting firm whose consultants and researchers help organizations navigate the complexities of health care, pensions, investments, and employee benefits. We are actuaries, clinicians, and experts in capital markets. We build models, analyze data, and provide expert testimony, working in partnership with our clients to help solve challenging problems and achieve their goals. Our deep experience, superior technical expertise, and passion for continuous learning are central to who we are. To learn more about The Terry Group, visit us at [www.terrygroup.com](http://www.terrygroup.com).

### **About the Global Aging Institute**

The Global Aging Institute (GAI) is a nonprofit research and educational organization dedicated to improving our understanding of global aging, to informing policymakers and the public about the challenges it poses, and to encouraging timely and constructive reform. GAI's agenda is broad, encompassing everything from retirement security to national security, and its horizons are global, extending to aging societies worldwide. GAI was founded in 2014 and is headquartered in Alexandria, Virginia. To learn more about GAI, visit us at [www.GlobalAgingInstitute.org](http://www.GlobalAgingInstitute.org).

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