

# Issues in Labor Statistics



U.S. Department of Labor  
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## Spending Patterns By Age

As consumers age, both their level of spending and the way they allocate their spending changes. So called "life events" such as getting a first job, marriage, having children, and retirement can all have profound effects on spending patterns. This report provides a brief examination of how expenditures vary with age.

Twenty-six percent of the Nation's consumer units<sup>1</sup> (CU's) have a reference person<sup>2</sup> under the age of 35, and these families account for less than 23 percent of total annual consumer spending. On the opposite end of the age spectrum, households headed by someone aged 65 and older account for more than 20 percent of total households but less than 15 percent of total spending. Households headed by someone 35 to 64 years old account for the largest share of the population—53 percent—and an even larger share of overall spending—63 percent.

The sections that follow examine expenditure patterns for these three age groups, as reported in 1998 by consumer units participating in the Consumer Expenditure Survey of the Bureau of Labor Statistics.

### Under 35

On average, the under-35 group spent \$30,291

<sup>1</sup> A consumer unit is composed of members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses—food, housing, and other expenses. The terms "consumer unit" and "household" are used interchangeably in this summary.

<sup>2</sup> The reference person is the first member mentioned by the respondent when asked to "Start with the name of the person or one of the persons who owns or rents the home." It is with respect to this person that the relationship of other consumer unit members is determined.

<sup>3</sup> Income values are derived from "complete reporters" only. In general, a complete reporter is a respondent who provided values for at least one of the major sources of income, such as wages and salaries, self-employment income, and Social Security income. (A complete income reporter may or may not provide a full accounting of all income from all sources).

per consumer unit—about \$12,000 per year less than the 35-to-64 age group, but approximately \$5,500 per year more than the 65-and-older group. (See table on reverse side.) In addition, this group allocated their expenditures very differently than did the other two groups, as indicated by the share of total spending devoted to the various expenditure components. The under-35 group allocated larger shares of their average annual expenditures to food away from home, alcoholic beverages, housing, shelter, rented dwellings, apparel and services, transportation, and education. (See chart.)

Even though all three groups' spending share for food was approximately 14 percent, the youngest group spent a larger share of their food expenditure (46 percent) on food away from home compared with the 35-to-64 age group (43 percent) and the over-65 households (35 percent).

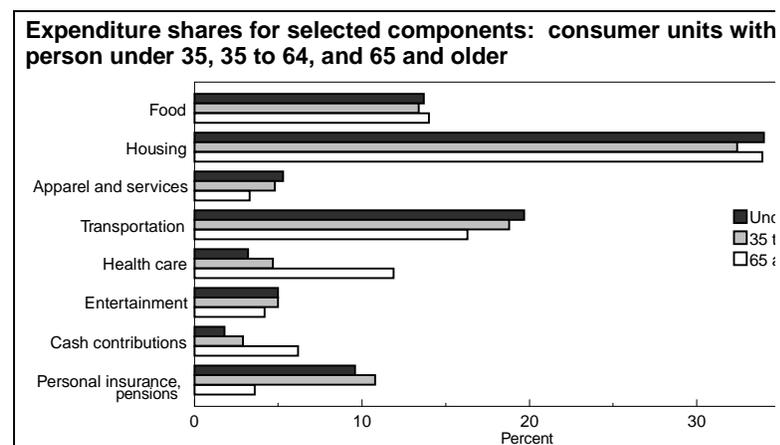
The shares of total spending on housing were also about equal for the three groups (between 32 and 34 percent) but differed significantly within the housing category. The under-35 households allocated 61 percent of their housing expenses to shelter, compared with 57 percent and 51 percent, respectively, for the 35- to 64-year-old and 65-and-older groups. Within the shelter category, 54 percent of the under-35 group's shelter expenses were allocated for rented dwelling, as compared to 21

percent for the 35- to 64 year-old-group and 26 percent for the 65-and-older group.

The under-35 older group are also least apt to be homeowners. Sixty-seven percent of this group are renters, compared with 26 percent of the 35-to-64 group and 20 percent of the 65-and-older group. The under-35 group allocated 5 percent to apparel and services, the highest of all three groups. The same is true for transportation, to which the under-35 group allocated a 20-percent share (compared with 19 percent for the 35- to 64-year-old group and 16 percent for the 65-and-older group). Forty-seven percent of these transportation expenditures were for vehicle purchases, again placing the youngest group at the top. The 2.3-percent share that this group allocated to education was the highest, but the 35-to-64 group was not far behind with a 1.7-percent share

### Aged 35 to 64

The 35- to 64-year-old group had, on average, the highest level of total expenditures (\$42,236) and spent more than the other two household groups in all major expenditure categories except for alcoholic beverages, health care, and cash contributions. The under-35 group spent slightly more for alcoholic beverages, while the 65-and-older household expenditures for health care and cash contributions were greater.



The 35- to 64-year-old group also had the highest income before taxes (\$52,142).<sup>3</sup> This is \$17,655 (51 percent) more than that of the under-35 group and \$28,131 (117 percent) more than that of the 65-and-older group. However, the 35-to-64 age group had the highest expenditure "share" in only one major category: personal insurance and pensions. They earmarked slightly less than 11 percent of their expenditures for personal insurance and pensions, compared with 10 percent for the under-35 group and 4 percent for the 65-and-older group. It appears that the 35- to 64-year-old group's spending pattern is more evenly spread out among the expenditure categories than are those of the other two groups.

#### Aged 65 and older

With average expenditures of \$24,721, this group spent less than the other two groups:

\$5,570 (18 percent) less than the under-35 age group, and \$17,515 (41 percent) less than the 35- to 64-year-old group. They also had the lowest income before taxes of all three groups. The 65-and-older group did have the highest level of expenditures in two major components, health care and cash contributions. They spent \$2,936 on health care (a 12-percent share), almost \$1,000 more than the 35- to 64-year old age group and \$1,900 more than the under-35 age group. The 65-and-older group spent \$1,529 and allocated over 6 percent of their expenditures to cash contributions to persons outside of the household, charities, churches, and other organizations. In addition to health care and cash contributions, the 65-and-older households also earmarked larger shares for food; food at home; utilities, fuels, and public services; public transportation; personal care products; and reading. Twenty-six percent of

this group's housing expenses were allocated for utilities, fuels, and public services, the highest share among the three groups.

#### Additional information

For more information about the data presented here, contact Mark Vendemia in the Division of Consumer Expenditure Surveys, Bureau of Labor Statistics at (202) 691-5134, or by email at [Vendemia\\_m@bls.gov](mailto:Vendemia_m@bls.gov). To find Consumer Expenditure Survey data on the Internet, access <http://stats.bls.gov/csxhome.htm>, the BLS Consumer Expenditure Survey homepage. Material in this publication is in the public domain, and, with appropriate credit, may be reproduced without permission. This information is available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: 1-800-877-8339.

**Average annual expenditures and characteristics: consumer units by age of the reference person, Consumer Expenditure Survey, 1998**

Items	Under 35	35 to 64	65 and older	Items	Under 35	Under 35	65 and older
Number of consumer units (in thousands) .....	28,224	57,128	21,830	Housekeeping supplies .....	314	595	393
Income before taxes .....	\$34,487	\$52,142	\$24,011	Household furnishings, equipment .....	1,315	1,936	1,089
Homeowner .....	33	74	80	Apparel and services .....	1,592	2,039	820
Renter .....	67	26	20	Transportation .....	5,974	7,923	4,025
Total expenditures .....	\$30,291	\$42,236	\$24,721	Vehicle purchases .....	2,796	3,571	1,593
Food .....	4,138	5,648	3,456	Gasoline and motor oil .....	910	1,212	645
Food at home .....	2,246	3,232	2,264	Other vehicle expenses .....	1,938	2,652	1,382
Food away from Home .....	1,892	2,416	1,192	Public transportation .....	330	487	405
Alcoholic beverages .....	354	331	194	Health care .....	969	1,968	2,936
Housing .....	10,300	13,677	8,388	Entertainment .....	1,528	2,120	1,044
Shelter .....	6,227	7,825	4,271	Personal care products and services ...	339	458	330
Owned dwelling .....	2,611	5,598	2,817	Reading .....	114	183	163
Rented dwelling .....	3,349	1,638	1,092	Education .....	686	709	102
Utilities, fuels, and public services .....	1,906	2,741	2,171	Tobacco products .....	233	340	151
Household operations .....	538	581	464	Miscellaneous .....	634	1,034	694
				Cash contributions .....	536	1,232	1,529
				Personal insurance and pensions .....	2,895	4,573	888

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