

# **Trends in the Inequality of Consumption and Expenditure Among Older Adult Cohorts**

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**Objectives:** The purpose of this paper is to examine the trends in the inequality of consumption and expenditure among older adult cohorts and determine how their patterns change at various stages of their life-cycle.

**Methods:** The Consumer Expenditure (CE) survey data from 1984 to 2010 is used to trace out the patterns in the inequality of consumption and expenditure among older adult cohorts using a Gini coefficient and variance of logarithm as the measures of inequality. The effect of aging is then decomposed using age-cohort-period regression analyses.

**Results:** Inequality in both consumption and expenditure are shown to grow during the working lives of older adult cohorts throughout their 30s and 40s, with local peaks occurring during their 50s. These inequalities then either plateau or decline during the retirement transition in their 60s and plateau or rise once again in their 70s and beyond.

**Discussion:** The increases in the inequality of consumption and expenditure among older adult cohorts found during the working period are consistent with findings from the previous literature. However, the retirement and late-life period findings of this study offer much more insight into how these inequalities can persist among older adults over their life-cycle.

**Keywords:** aging, consumption, expenditure, inequality, life-cycle, older adults.

**JEL Codes:** D63, D91, I31, J14, J26.