



Written by [Bruce Walker](#) on May 4, 2010

## The New Frugality

Long term caution is affecting the economic decisions of millions of baby boomers. The continued growth of investment values led millions of Americans in their early 60s to indulge themselves and to retire early, confident that the values and income from their investments would provide a comfortable life for them without much care.

Financial instability, economic sluggishness, profligate federal spending and related factors have produced a new outlook by these early retirees. They seek to limit expenses and seek savings wherever possible. After a lifetime in which prosperity seemed to happen automatically, these Americans are facing the very real prospect of a future with fewer luxuries and fewer options.

This would have not surprised their grandparents, who understood self-reliance, thrift, hard work, and savings. Americans, until a few generations ago, were relatively independent, owned few publicly held securities, would not have known what a “retirement account” was, and looked toward home ownership, family bonds, and savings to provide for the future.

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Today, baby boomers are learning the “new frugality,” which could hold consumer demand down for many years. This attitude is not only because of immediate financial pressures but, more and more, it appears to reflect an entirely different approach toward living in retirement in America.

Many of these baby boomers find part-time jobs. Others are looking with concern at their children’s looming education needs. Home values, which seemed certain to rise indefinitely (at least to many of these baby boomers), now are viewed as just as likely to drop as any other investment. Security and peace of mind affect these baby boomers more than any desire for high priced items.

In the long term, a more self-reliant population means an America less addicted to government help than in the past. As the explosion of dollars during the last few years will inevitably push the buying power of dollars even lower, the concern which baby boomers — who will live much longer, on average, than their grandparents — promises to make the “new frugality” much less a passing phase and much more a permanent change in the plans of Americans. Our nation was founded upon principles of self-reliance, self-sufficiency, and thrift. Now those values seem to be returning.



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