

EBRI Databook on Employee Benefits

Chapter 6:

Income Statistics of the Population Aged 55 and Over

UPDATED SEPTEMBER 2011

Real median income received by both males and females aged 55 and over has increased almost threefold since the late 1940s (table 6.1). In addition, persons aged 55 and over, as a whole, have lower poverty rates than the population under age 34, particularly those under age 18 (estimates of chart 6.1).

However, these averages obscure variance in income levels among the older population. For example, income tends to decrease with age after age 55 (chart 6.1). In 2010, 39 percent of persons over age 75 lived under 200 percent of poverty (chart 6.1b). As a result, persons over age 75 were more likely than other age groups—including children under age 18—to live on incomes equal to or less than 200 percent of poverty. (For individuals and couples over age 65 in 2010, 200 percent of poverty was \$20,916 and \$26,388 respectively).

As indicated above, differences in income levels among older individuals are associated with variation in demographic characteristics, such as age. Other correlates of income are gender, marital status, and education. Table 6.1 shows that in 2010, there was a 62.4 percent difference in the median incomes among men and women aged 55–64 and a 59.6 percent difference for those over age 65. In addition, table 6.2 shows that persons over age 65 who were part of a married couple in 2010 were likely to have received higher incomes than their widowed, divorced or separated, or never married counterparts. Relative to gender and marital status, educational level seems to be a more powerful correlate of income for persons over age 65; the mean income of persons age 65+ in 2010 without a high school diploma was \$16,089, as compared to \$64,459 for those with a graduate degree.

The data in this chapter have been tabulated from the March Current Population Surveys, published annually by the U.S. Bureau of the Census. Of all datasets reporting income of the older population, the March CPS allows the most detailed breakouts of individual incomes, allowing differences correlated with individual demographic characteristics such as age, gender, marital status, and education to be identified.

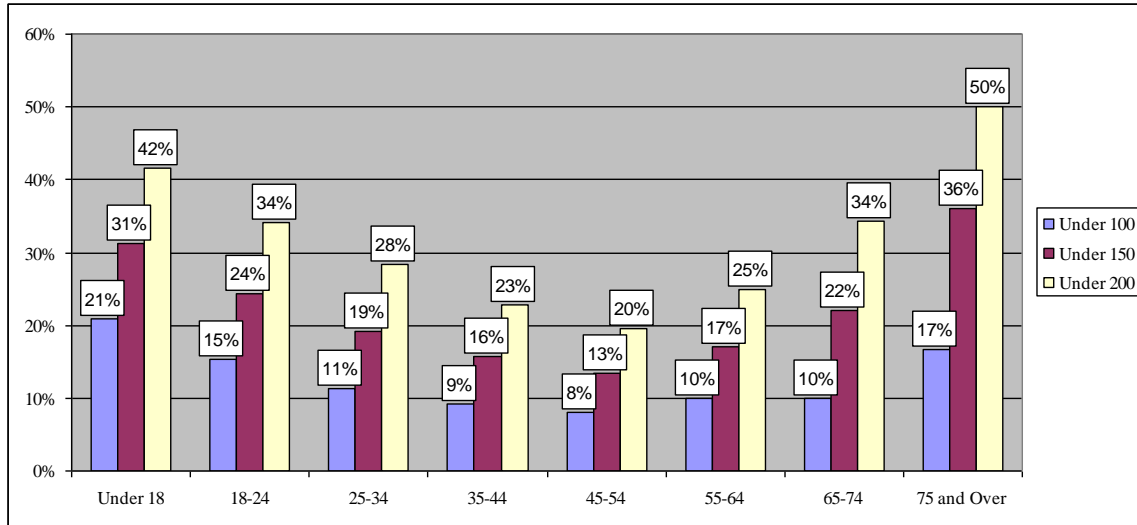
However, as shown in table 6.4, there is some controversy surrounding the validity of the March CPS data in relation to its information about pension income and total income of the older population. For example, the 2010 National Income and Product Accounts (NIPA) survey reports \$333.4 billion more income from private pensions than the March CPS. Part of this disparity arises from NIPAs accounting of lump-sum distributions paid to younger workers as pension income. In addition, because some pension plans are administered by third parties or are paid out in lump-sum distributions and managed by another party or the retiree himself or herself (e.g., in the form of an IRA), pension income may be misreported by respondents as coming from other sources (e.g., assets, personal savings).

Nevertheless, just because March CPS data may understate pension income, it does not necessarily follow that it underestimates total income of the elderly, especially if pension income is simply misreported as originating from other sources in the March CPS. However, given that NIPA reports \$117.6 billion more income from OASDI than the March CPS, this suggests that the March CPS does not only underestimate pension income but may also underestimate total income received by the older population. To what extent income is underestimated by the March CPS is unknown because of the limitations in directly comparing the income of individuals using CPS to that of other datasets.

UPDATED SEPTEMBER 2005

Chart 6.1a
Poverty Status by Age

Percentage of U.S. Population Under 100 Percent, 150 Percent, and 200 Percent of the Official Poverty Rate, by Age 1987

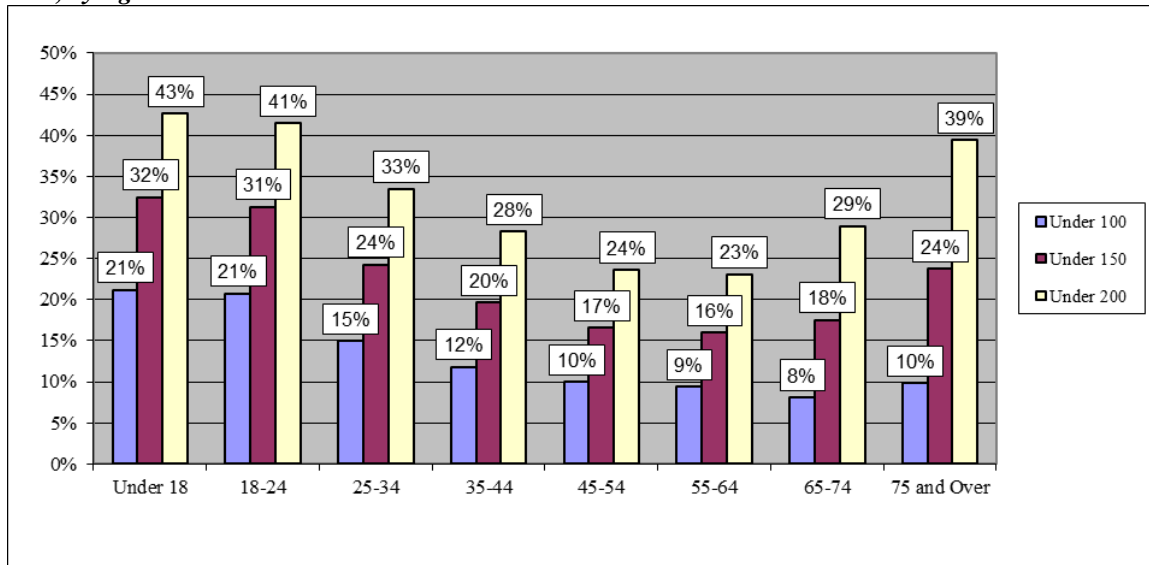


Source: Employee Benefit Research Institute estimates from the Current Population Survey, March 1988 Supplement.

UPDATED SEPTEMBER 2011

Chart 6.1b
Poverty Status by Age

Percentage of U.S. Population Under 100 Percent, 150 Percent, and 200 Percent of the Official Poverty Rate, by Age 2010



Source: Employee Benefit Research Institute estimates from the Current Population Survey, March 2011 Supplement.

UPDATED SEPTEMBER 2011

Table 6.1

Real Median Income of the Older Population by Gender

Real Median Income by Gender and Age of Individuals Aged 55 and Over, Selected Years 1947–2010

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Table 6.2

Income Diversity Among the Population Aged 65 and Over

Median and Mean Incomes of Persons Aged 65 and Over, by Education, Marital Status, and Race 2010

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Table 6.3

Real Median Income of the Older Population by Age

Real Median Income of the Population Ages 55 and Over by Age and Income Sources, 1974-2010

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Table 6.4

Measurement of Underestimation of Income by the March Current Population Survey (CPS)

Sources of Retirement Income of the U.S. Population Based on March Current Population Survey and National Income and Product Accounts (NIPA), 2010

	March CPS	NIPA	Net Difference
		(\$ billions)	
OASDI ^a	\$572.9	\$690.5	\$ (117.6)
Non-Social Security Retirement Income	358.3	836.4	(478.1)
Private Pensions	145.8 ^b	479.2 ^b	(333.4)
Public Pensions	188.0 ^b	357.2 ^c	(169.2)
IRA ^d /Keogh/401(k)	12.0	e	e
Annuity	3.5	e	e
Other sources	9.0	e	e

Source: Employee Benefit Research Institute tabulations of the March 2011 Current Population Survey; and U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/national/nipaweb/Index.asp>

Note: See table 2.1 for National Income and Product Accounts data on total retirement benefit payments over time.

^aOld-Age, Survivors and Disability Insurance; includes railroad retirement.

^bDoes not include disability benefits.

^cIncludes disability benefits.

^dIndividual retirement account.

^eData not available.

Other EBRI Research on Income Statistics of the Population Aged 55 and Over – Updated May 2011

► **Debt**

What percentage of American families, whose family head is aged 55 or older, had debt, in 1992-2007?

See [October 2009 Notes article, “Debt of the Elderly and Near Elderly: 1992-2007”](#)

- Figure 1 on page 4 contains comparisons of families whose head is 55-64, 65-74, and 75 and older.

- Figure 2 on page 4 presents the data for families whose head is 55 or older by income quintile.
- Figure 3 on page 5 presents data by age of family head, race of family head, family income, family status, education level of family head, net worth, and work status of family head.

What is the average and median amount of debt for those families, whose head is aged 55 and older, with debt in 1992-2007?

See figure 3 on page 5 in the [October 2009 Notes article, “Debt of the Elderly and Near Elderly: 1992-2007”](#)

Data is presented by age of family head, race of family head, family income, family status, education level of family head, net worth, and work status of family head.

What are the debt payments as a percentage of family income for those families with debt whose family head is aged 55 and over in 1992-2007?

See [October 2009 Notes article, “Debt of the Elderly and Near Elderly: 1992-2007”](#)

- Figure 4 on page 7 contains comparisons of families whose head is 55-64, 65-74, and 75 and older.
- Figure 5 on page 7 presents the data for families whose head is 55 or older by income quintile.
- Figure 6 on page 8 presents data on housing and non-housing debt.

What are total debt payments as a percentage of assets and median debt to asset ratio in 1992-2007?

See figure 9 on page 10 in the [October 2009 Notes article, “Debt of the Elderly and Near Elderly: 1992-2007”](#)

Data is presented by age of family head, race of family head, family income, family status, education level of family head, net worth, and work status of family head.

Data-set used for the debt section is the Federal Reserve Board’s, Survey of Consumer Finance.

► **Labor Force Participation**

What is the trend of labor force participation among Americans age 55 and over from 1975-2010?

See figure 1 on page 9 for data by gender and figure 2 on page 10 for data by age in the [February 2011 Notes article, “Labor-Force Participation Rates of the Population Age 55 and Over: What Did the Recession Do to the Trends?”](#)

What is the trend of labor force participation among Americans age 55 and over from 1975-2010?

See figure 3 on page 10 for data for males by age and figure 4 on page 11 for data for females by age in the [February 2011 Notes article, “Labor-Force Participation Rates of the Population Age 55 and Over: What Did the Recession Do to the Trends?”](#)

What is the trend of labor force participation among Americans age 55 and over from 1987-2010?

See figure 5 on page 11 for data by pension income reciprocity.

See figure 6 on page 13 for data by race/ethnicity.

See figure 7 on page 13 for data by education level

[February 2011 Notes article, “Labor-Force Participation Rates of the Population Age 55 and Over: What Did the Recession Do to the Trends?”](#)

► **Employment Status**

What percentage of workers age 55 and over work full-time, full-year; part-time, part-year; and part-year 1987-2008?

See figure 1 on page 3 for overall data.

See figure 2 on page 3 for data by gender.

See figures 3 and 4 on page 4 and figure 5 on page 6 for data by age and each of the three types of work status.

[March 2010 Notes article, “Employment Status of Workers Age 55 and Over, 1987-2008”.](#)

What percentage of workers age 55 and over work full-time, full-year 1987-2008?

See figure 6 on page 6 for data by race/ethnicity.

See figure 7 on page 7 for data by education.

[March 2010 Notes article, “Employment Status of Workers Age 55 and Over, 1987-2008”.](#)

► **Wealth**

What percentage of Americans, aged, 55-64, 65-69, and 70 and over, owned an IRA?

See figure 3 on page 9 in the [May 2004 Notes article, "Retirement Accounts and Wealth: 2001"](#).

Data is presented on average years contributed to an IRA and average and median balance.

What is the median household wealth of Americans aged, 55-64; 65-69; and 70 and over?

See figure 6 on page 12 in the [May 2004 Notes article, "Retirement Accounts and Wealth: 2001"](#).

Data is presented on median household wealth for those households with a retirement account and those households without a retirement account.

Data-set used for the above wealth section questions is the U.S. Census Bureau's, Survey of Income and Program Participation.

What is the average and median household wealth (in 1992, 1998, and 2002) of Americans born in 1931-1941?

See figure 4 on pages 9-10 in the [January 2005 Issue Brief, "Changes in Wealth for Americans Reaching or Just Past Normal Retirement Age"](#)

Data is presented by birth year, gender, race/ethnicity, education, marital status, health status, retired status, work status, total income, earnings income, and pension/annuity income.

How has the average and median household wealth of Americans born in 1931-1941 changed from 1992 to 2004?

See figure 2 on page 6 in the [February 2007 Issue Brief, "How Are Retirees Doing Financially in Retirement?"](#)

Data is presented by birth year, gender, race/ethnicity, education, marital status, health status, retired/work status, total income, earnings income, and pension/annuity income.

What percentage of individuals born between 1931 and 1941 experienced a decline in total household income from 1992-2004?

See figure 3 on page 7 in the [February 2007 Issue Brief, "How Are Retirees Doing Financially in Retirement?"](#)

What percentage of individuals born between 1931 and 1941 experienced a decline in total wealth from 1992-2004?

See figure 4 on page 9 in the [February 2007 Issue Brief, "How Are Retirees Doing Financially in Retirement?"](#)

What percentage of individuals born between 1931 and 1941 experienced a decline in financial wealth from 1992-2004?

See figure 7 on page 13 in the [February 2007 Issue Brief, "How Are Retirees Doing Financially in Retirement?"](#)