

# INCOME OF THE AGED CHARTBOOK, 1996



Social Security Administration  
Office of Research, Evaluation, and Statistics

July 1998

For over 60 years, Social Security has been a familiar and accepted part of American life, providing for the income security of a Nation. Today, Social Security retirement benefits are a major source of income for two-thirds of the aged population, and virtually the only source of income for one in three older Americans. This chartbook provides an overview of just how important Social Security has been, and is, for our country.

The following charts focus on the receipt and shares of income from Social Security, pensions, assets, earnings, and public assistance. They effectively illustrate the success of Social Security and its pivotal role in reducing poverty among the aged. Today, about 11 percent of older Americans fall below the poverty line—without Social Security, that number would be about 50 percent. This information also demonstrates the role that Social Security plays in the income security of the aged, as well as the important role that other income sources play in providing for a secure retirement.

I hope that you find this chartbook an invaluable educational and reference source. By providing this information, we hope that we are promoting a better understanding of Social Security as Americans discuss the future of the program in the next millennium.

Kenneth S. Apfel  
Commissioner  
of Social Security

May 1998

Since 1941, the Social Security Administration (SSA) has periodically surveyed the aged to determine their economic status. The first national survey was conducted in 1963. In 1976, SSA's Office of Research and Statistics began compiling a biennial series of reports on the income of the aged based on data collected by the Bureau of the Census in its Current Population Survey. These reports are published under the title *Income of the Population 55 or Older*. The most recent edition contains 1996 data, and is the source, along with special tabulations, for this chartbook.

The unit of analysis here, with the exception of measures of poverty, is the "aged unit" and not the household, the family, or unrelated individuals, as are used by the Bureau of the Census. The aged unit is either a married couple living together with the husband or wife aged 65 or older (generally measured by the age of the husband), or a person 65 or older who does not live with a spouse. The unit of analysis for poverty, as of the 1996 edition of this chartbook, is persons aged 65 or older.

The 1996 sample represented 9,662,000 couples and 14,891,000 single units aged 65 or older. The single person unit may be a widow(er), a divorced or separated person, a legally married person who does not live with a spouse, or a person who never married. This unit of analysis allows one to measure the economic status of the entire noninstitutionalized aged population separately from that of the family or household in which the unit may live.

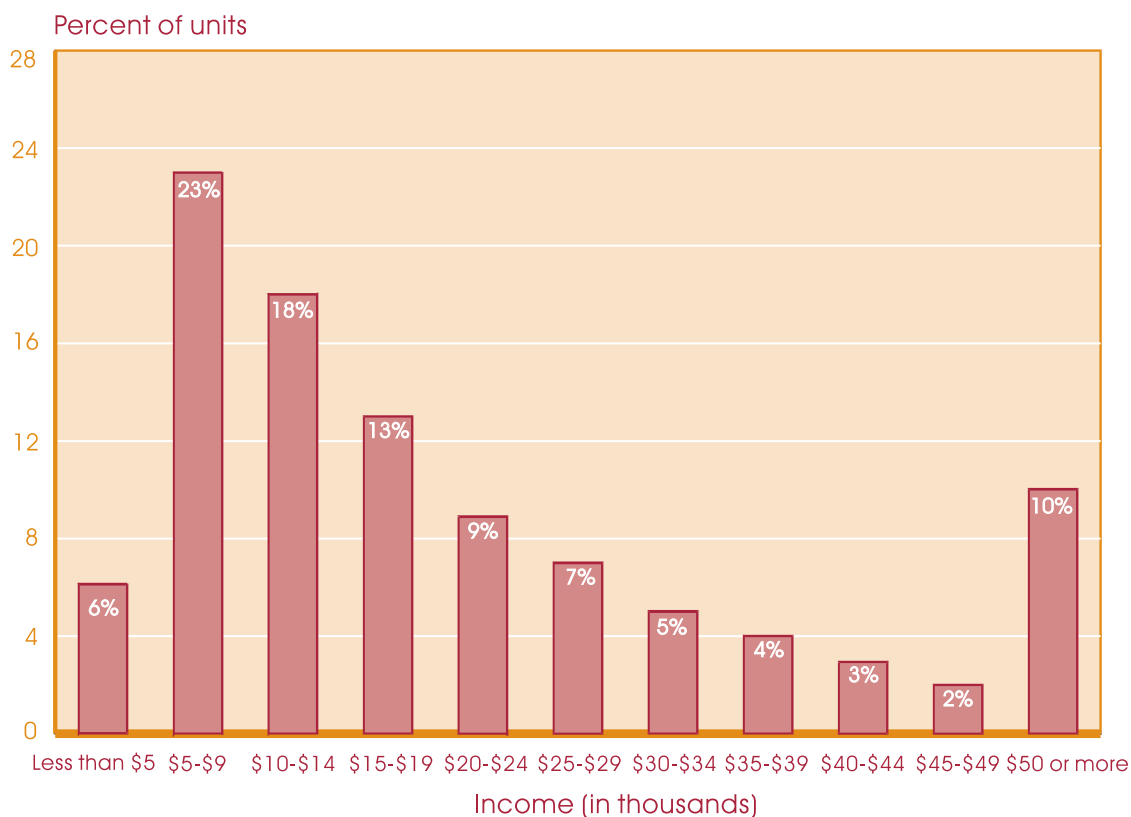
This chartbook was compiled by the Office of Research, Evaluation and Statistics (ORES), Division of Program Analysis. Editing and graphics were done in the ORES Publications Staff: Celine D. Houget, editor, and Emil L. Loomis, designer. For additional copies of this publication, please call the Publications Staff—202-358-6274. For questions related to the content of the charts, please call Ann Kallman Bixby—202-358-6229.

Peter M. Wheeler  
Associate Commissioner  
for Research, Evaluation  
and Statistics

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## The aged are an economically diverse group

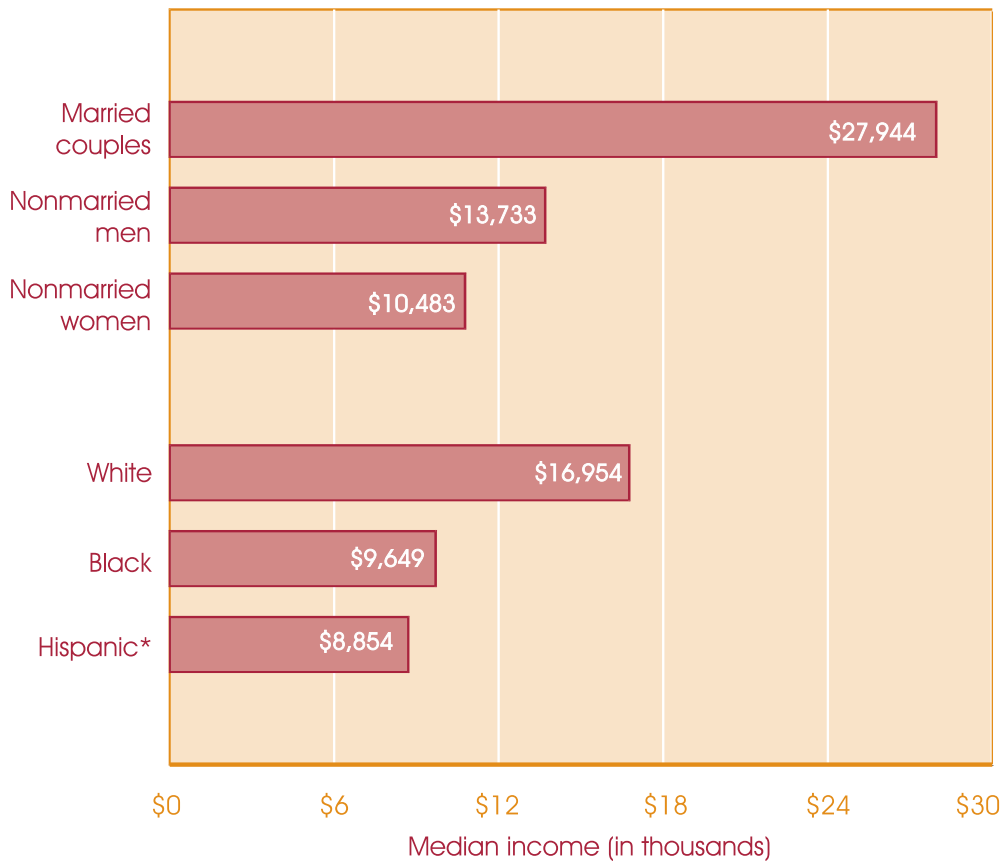
Median income for all aged units is \$16,099, but there are wide differences within the total group. About 19% have an income of under \$8,000 (compared to the 1996 poverty threshold of \$7,525 for one person aged 65 or older), and 10% have an income of \$50,000 or more.



## Demographic differences are associated with different levels of income

Income is highest for married couples, who have median income more than twice that of nonmarried men, and more than 2½ times that of nonmarried women. Whites have a median income more than 75% greater than blacks, and more than 90% greater than Hispanics.

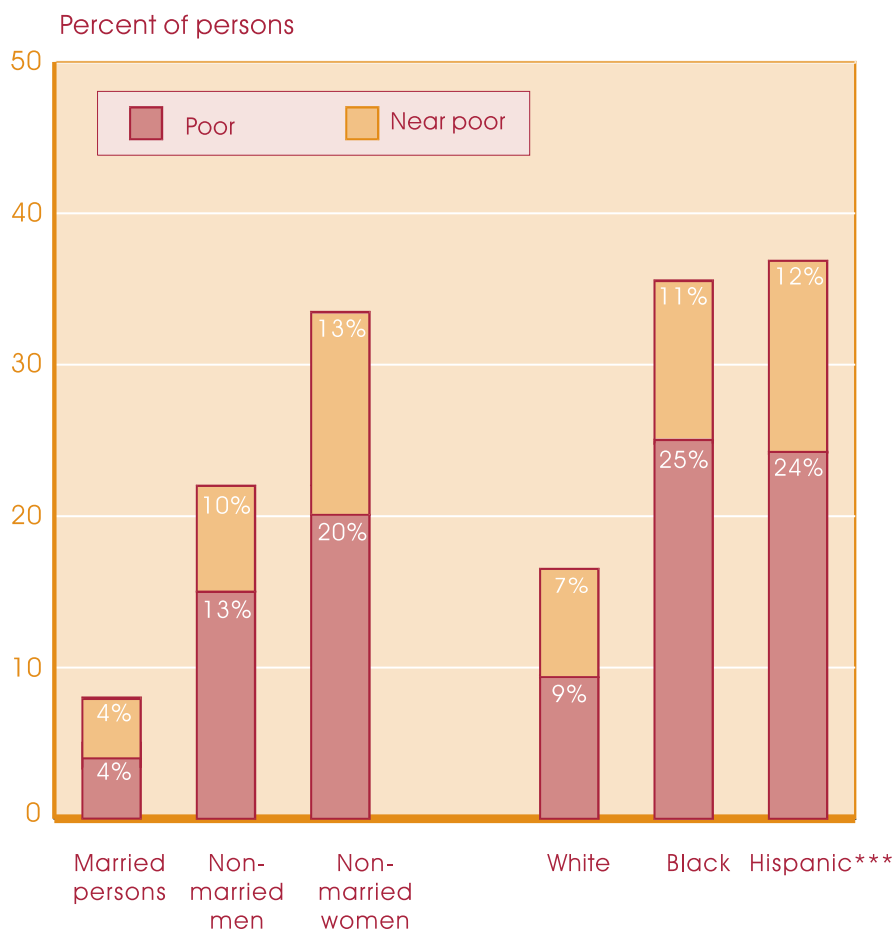
Median income, 1996



\*Persons of Hispanic origin may be of any race.

## Nonmarried and minority aged have high proportions who are poor or near poor

The variations in income by marital status and by race are reflected in the poverty rates\* for these subgroups of the aged. Nonmarried men, nonmarried women, and minorities have the highest poverty rates, ranging from 13% to 25%. When the near poor\*\* are included, the rates for the nonmarried and nonwhites range from 23% to 37%.



\* Based on family income of aged persons to conform with official measures of poverty.

\*\* The near poor are defined as having income between the poverty line and 125% of the poverty line.

\*\*\* Persons of Hispanic origin may be of any race.

## Income differences by age are due in part to marital status differences

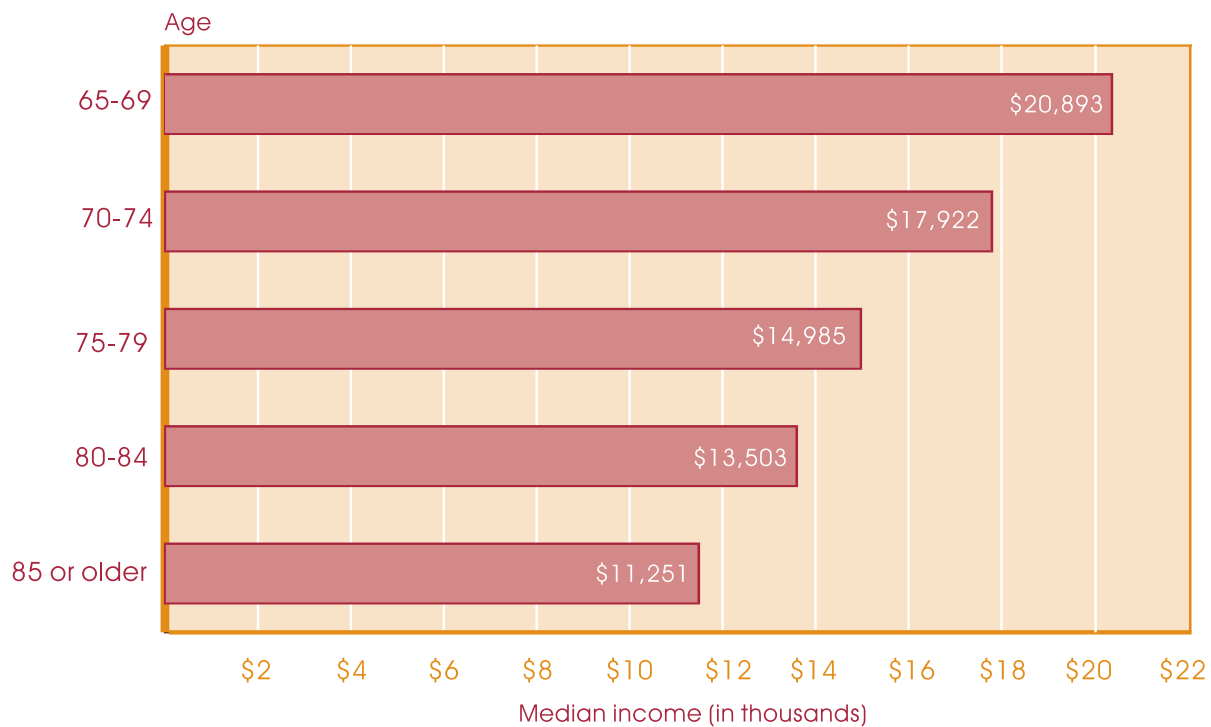
In every successively older age group, median income is lower. The striking differences by age shown in the chart on page 5 are due in part to the disproportionate number of nonmarried women in older age groups. The table below shows that in every age group, nonmarried women have a lower median income than nonmarried men or married couples. It also shows that nonmarried women far outnumber the others in the older age groups.

Median income and percent of units, by age, sex, and marital status

Sex and marital status	65-69	70-74	75-79	80-84	85 or older
Median income					
Married couples .....	\$32,988	\$27,880	\$24,655	\$24,633	\$23,373
Nonmarried men .....	15,101	14,313	14,106	13,025	10,928
Nonmarried women ...	11,630	11,325	10,294	10,171	9,417
Percent of units					
Total number (in thousands) .....	6,681	6,286	5,317	3,555	2,713
Total percent .....	100	100	100	100	100
Married couples .....	51	45	36	30	17
Nonmarried men .....	14	15	15	16	20
Nonmarried women ...	35	40	49	54	63



### Median income, by age



## The oldest age group has the highest poverty rate

In addition to the lower median income of older age groups, poverty rates are often higher for those who are older. As with income, the large proportion of nonmarried women in the older age groups contributes to the difference in poverty rates by age. The table below shows that nonmarried women are more likely than married persons to be poor or near poor in every age group.

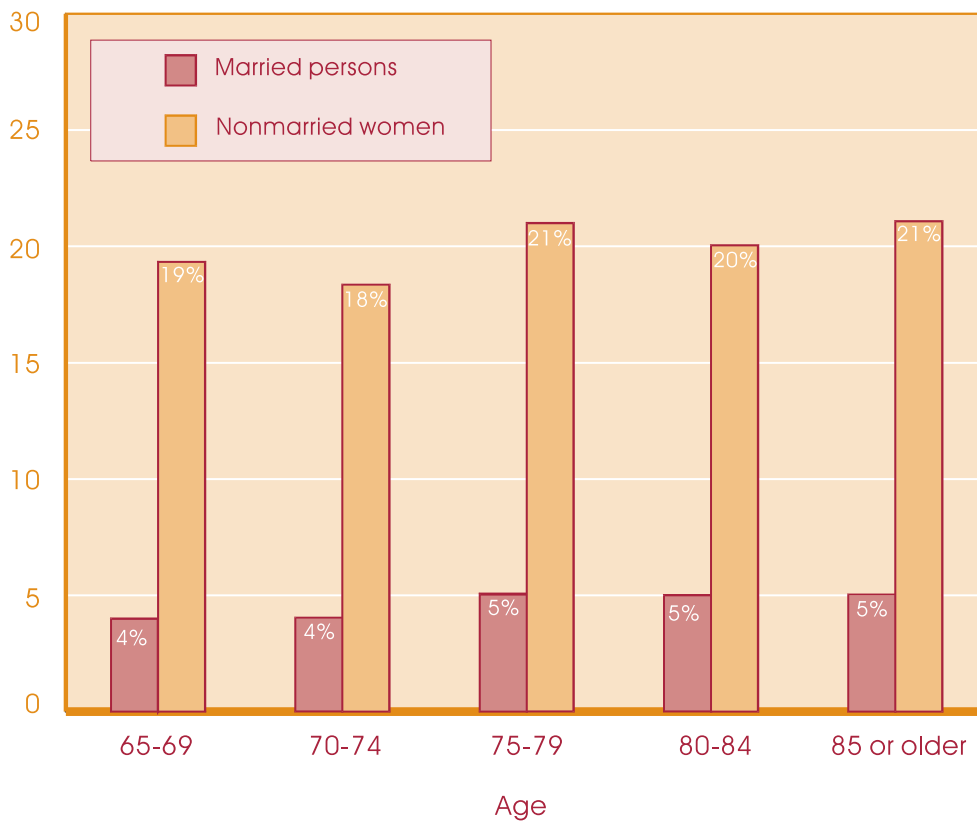
Poverty status,\* by age, sex, and marital status

Age	Married persons	Nonmarried men	Nonmarried women
Percent poor			
65-69 .....	4	13	19
70-74 .....	4	10	18
75-79 .....	5	11	21
80-84 .....	5	17	20
85 or older .....	5	15	21
Percent poor or near poor**			
65-69 .....	8	24	30
70-74 .....	8	24	30
75-79 .....	9	16	35
80-84 .....	10	24	33
85 or older .....	9	27	34

\* Based on family income of aged persons to conform with official measures of poverty.

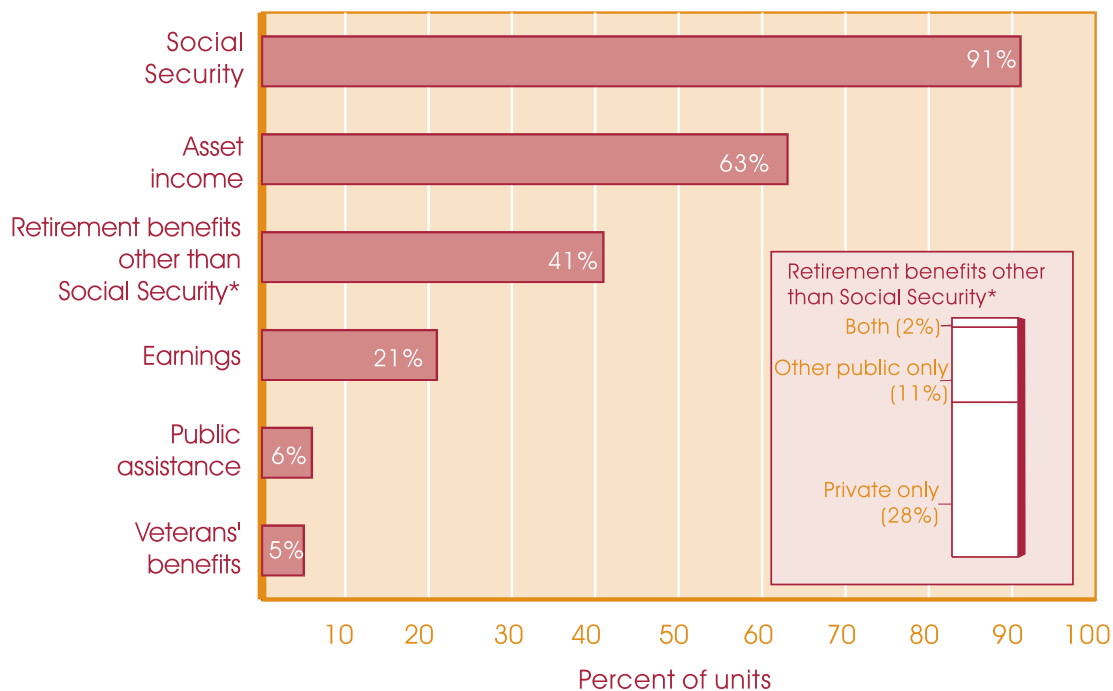
\*\*The near poor are defined as having income between the poverty line and 125% of the poverty line.

Percent of persons poor, by marital status



## Social Security is a source of income for nearly all the aged

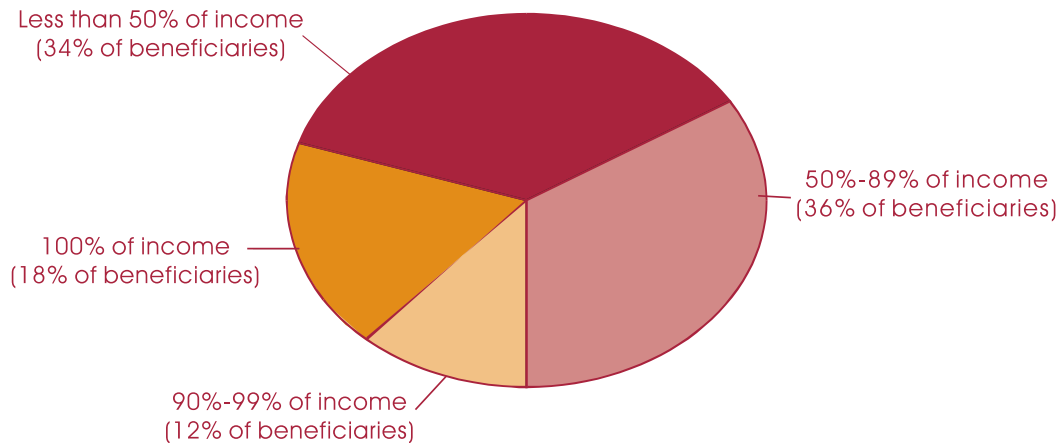
More than 9 out of 10 aged units receive Social Security benefits. Asset income is the next most common source of income, received by nearly two-thirds of the aged. Less than half (41%) receive pensions other than Social Security, and only 21% have earnings. Public assistance is received by 6% and veterans' benefits by only 5%.



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

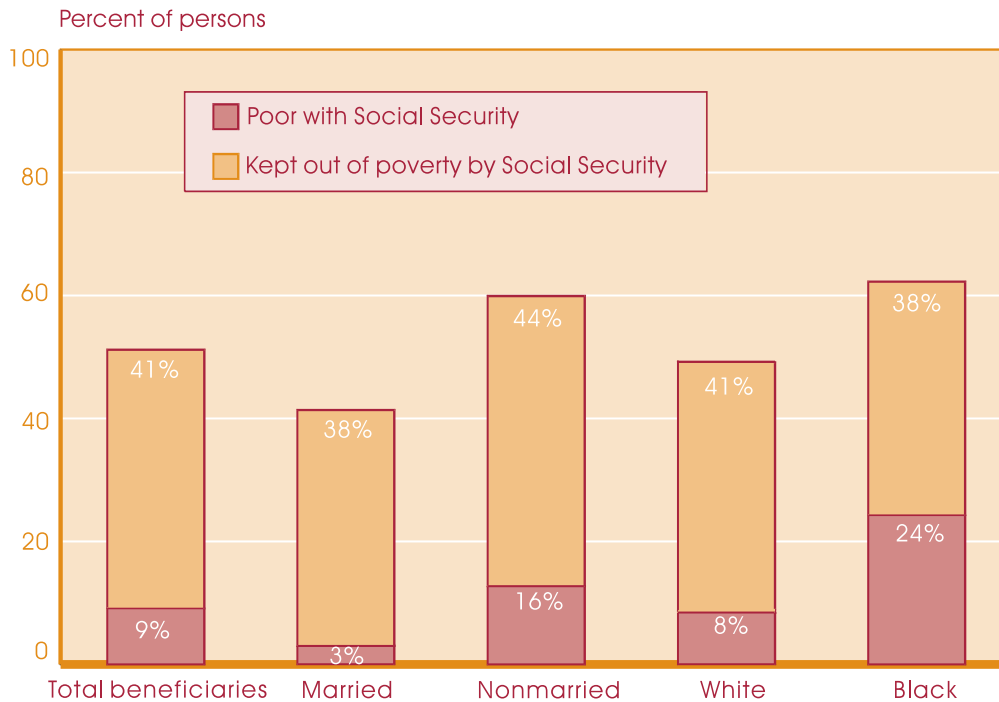
## Social Security provides at least half of total income for a majority of beneficiaries

Social Security pays benefits to more than 90% of those aged 65 or older. It is the major source of income (providing 50% or more of total income) for 66% of the beneficiaries. It contributes 90% or more of income for almost one-third of the beneficiaries, and is the only source of income for 18% of them.



## Social Security plays a pivotal role in reducing poverty

Although there are aged beneficiaries with family income below the poverty line,\* the poverty rate would be much higher if they did not have Social Security benefits. Nine percent of aged beneficiaries are poor, and 41% are kept out of poverty by their Social Security benefits—so that the total poverty rate without Social Security would be 50%. Although poverty rates vary considerably by marital status and race, the proportion kept out of poverty by their Social Security benefits is about 40% for all groups.



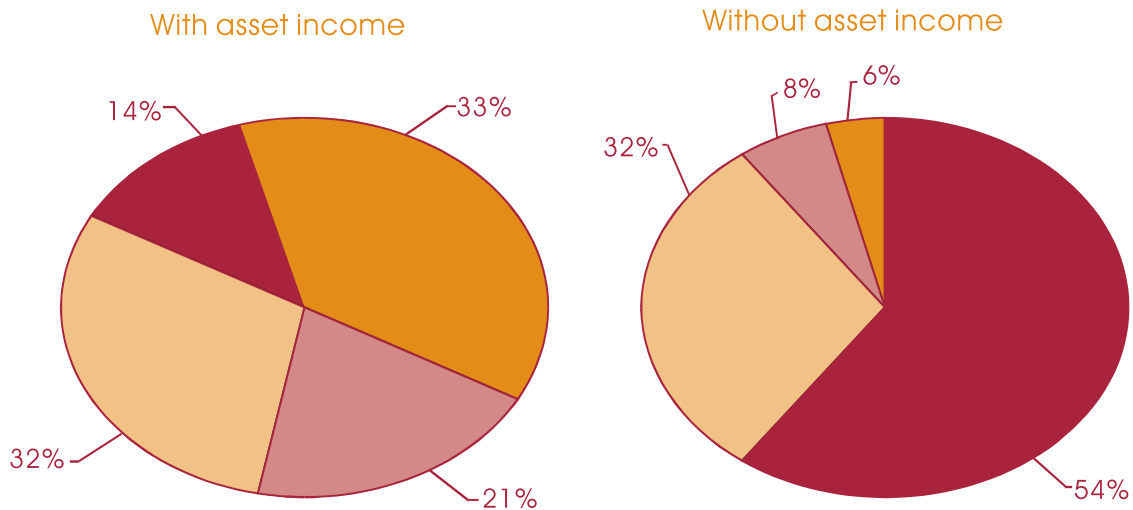
\*Based on family income of aged persons to conform with official measures of poverty.

## Receipt of asset income is associated with relatively high median income

The median income of those with asset income is more than twice as large as that of those with no asset income (\$22,097, compared to \$9,375). Aged units with no asset income are concentrated in the lowest income categories—54% have a total income below \$10,000 and only 6% have an income of \$30,000 or more. Among aged units with asset income, 14% have a total income of less than \$10,000 and one-third have an income of \$30,000 or more.

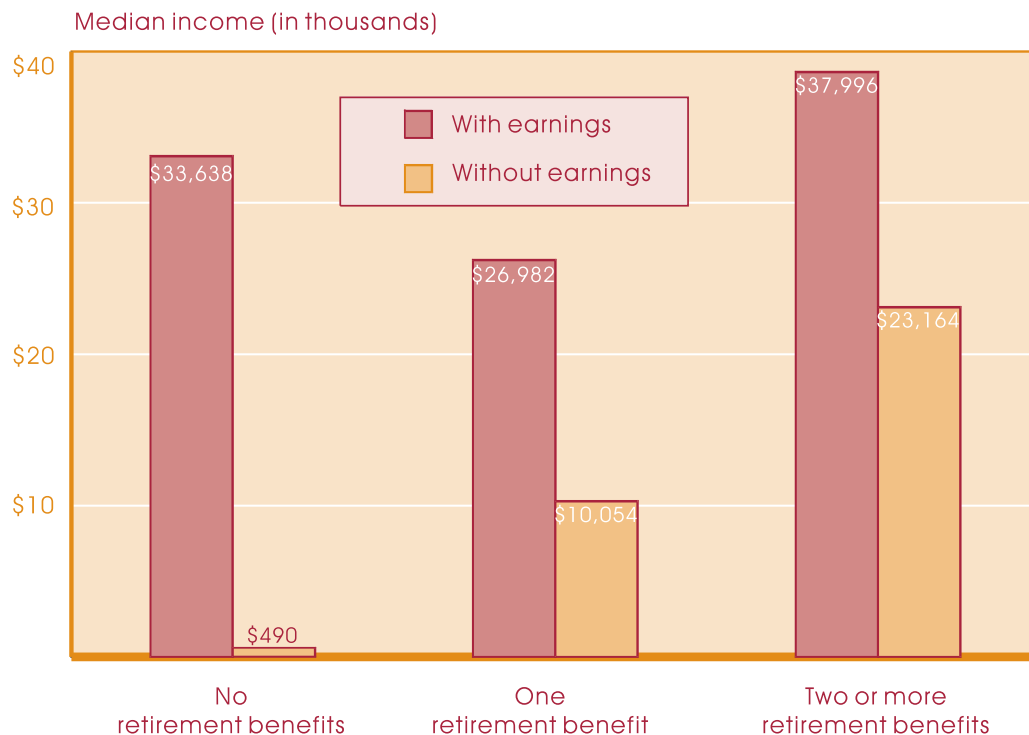
Size of total income  
(in thousands)

- Less than \$10
- \$10-\$19
- \$20-\$29
- \$30 or more



## Receipt of earnings and retirement benefits also affects income size

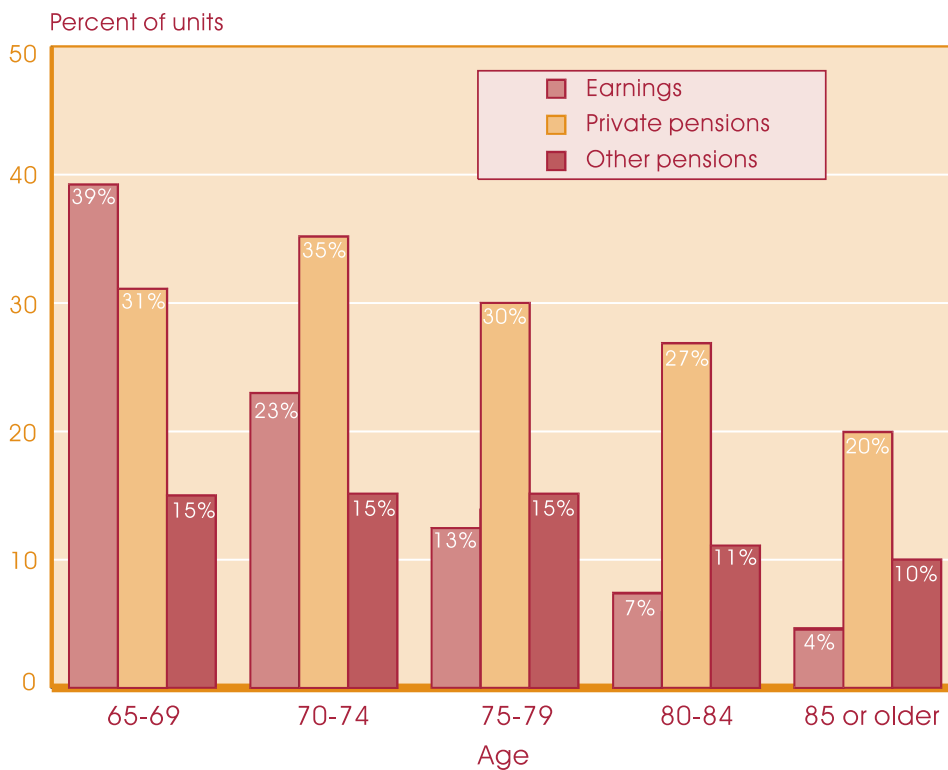
About 7% of aged units have no retirement benefits. Of these, 38% have earnings; their median income is \$33,638. Sixty-two percent have no earnings, and their median income is only \$490. In the absence of earnings, median income rises markedly with the number of retirement benefits received, from \$10,054 with one retirement benefit to \$23,164 with two or more. For units with both earnings and retirement benefits, median incomes are \$26,982 for those with one retirement benefit and \$37,996 for those with more than one.





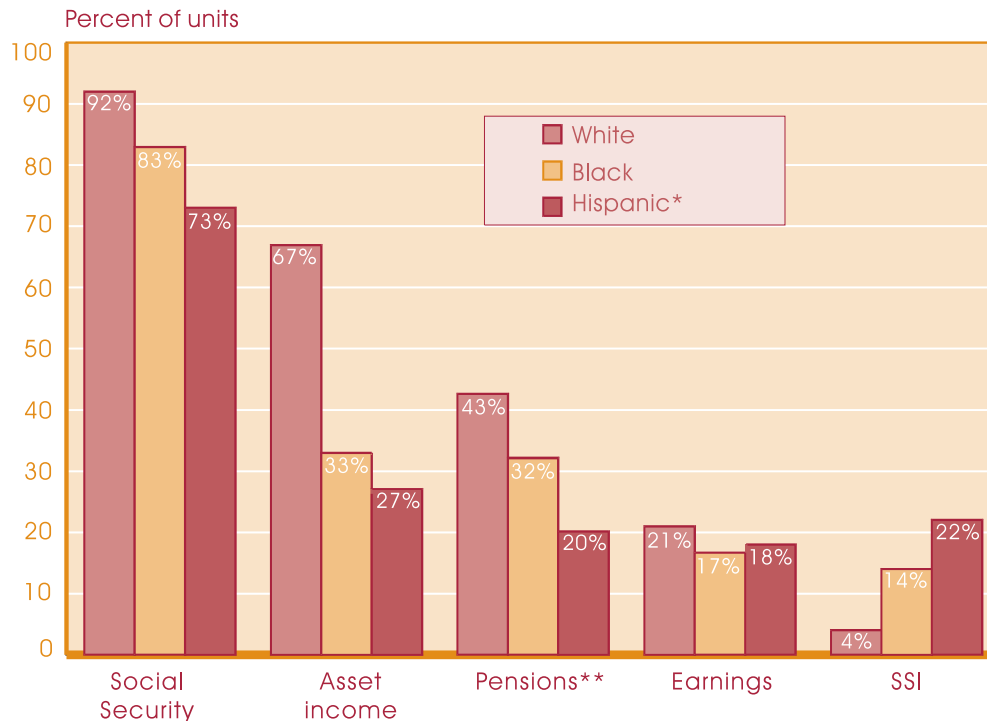
## Age groups differ in their likelihood of receiving earnings and pensions

Earnings are much more common in the youngest age group than in the oldest group—39%, compared to 4%. Private pensions and other pensions are also more common among the younger groups than the older ones. For the youngest group, earnings are a more common source of income than are either private or other pensions. Among the older cohorts, private pensions are a more common source of income than are earnings or other pensions.



## Receipt of income from major sources varies by race and Hispanic origin

Among the aged, whites and blacks are somewhat more likely than Hispanics to receive Social Security. Whites are much more likely than blacks or Hispanics to receive income from assets and from pensions. The groups are about equally likely to have earnings. Minority aged units are much more likely to receive Supplemental Security Income (SSI) than are whites.

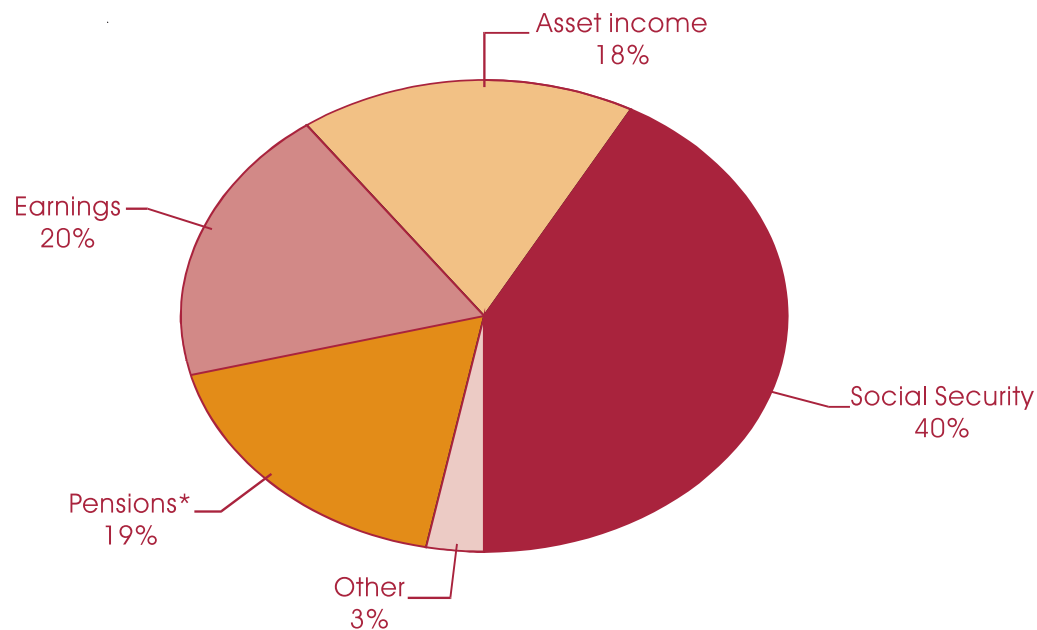


\*Persons of Hispanic origin may be of any race.

\*\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Social Security provides the majority of income for the aged

Money income for the population 65 or older comes largely from four sources. Social Security provides the largest portion—40%. Earnings, asset income, and pensions other than Social Security account for 20%, 18%, and 19%, respectively. Only 3% comes from other sources.



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## The share supplied by each income source differs greatly by income level

Aged units are ranked by total income and divided into five groups of equal size called quintiles. In the chart on page 17, shares of income of the quintile with the lowest income are compared with those of the quintile with the highest. Social Security benefits provide 81% of the total income for those in the lowest income quintile, and public assistance provides the second largest share (11%). For those in the highest income quintile, earnings provide the highest share of income (31%) and income from assets is the next most important (25%). Social Security and pensions are 21% each. The table below details the shares in the intermediate income quintiles, as well as those in the lowest and highest.

Shares of income by quintiles of total income

Source	Lowest	Second	Third	Fourth	Highest
Social Security .....	81	80	66	47	21
Pensions* .....	3	7	15	24	21
Asset income .....	3	6	9	15	25
Earnings .....	1	3	7	12	31
Public assistance .....	11	2	1	**	**
Other income .....	1	2	3	2	2

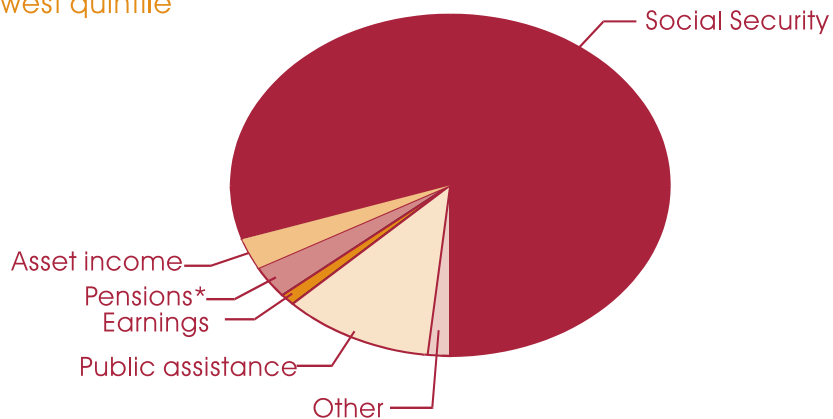
\* Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

\*\* Less than 0.5%.

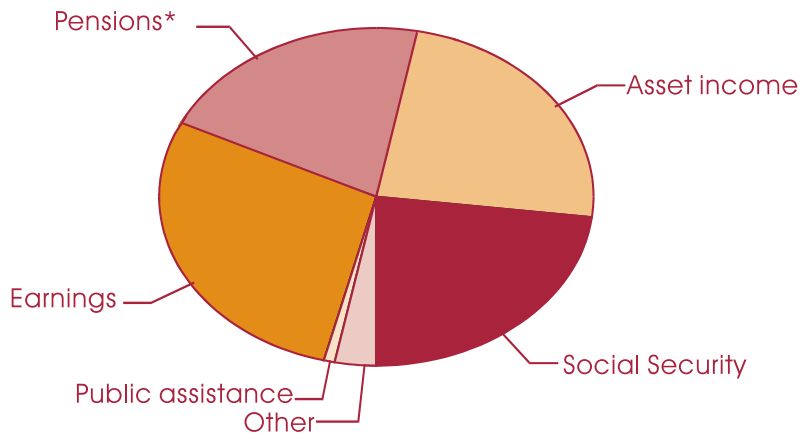
Percents may not sum to 100 due to rounding.

## Shares of income for aged units in the lowest and highest income quintiles

### Lowest quintile



### Highest quintile



\* Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Median real income has risen substantially over the years

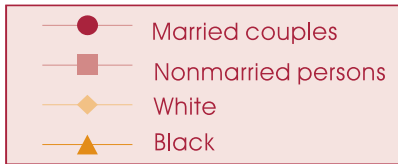
Between 1962 and 1996, the income of the aged increased—even when adjusted for inflation. The increase was 88% for married couples and 93% for nonmarried persons. The table below and the chart on page 19 show that between 1967 and 1996, the income of married couples increased by 76%, and that of nonmarried persons increased by 84%. There were disproportionate increases by race—the income of whites increased by 90% between 1967 and 1996, that of blacks by 53%.

Median income in 1996 dollars, by marital status and race, selected years

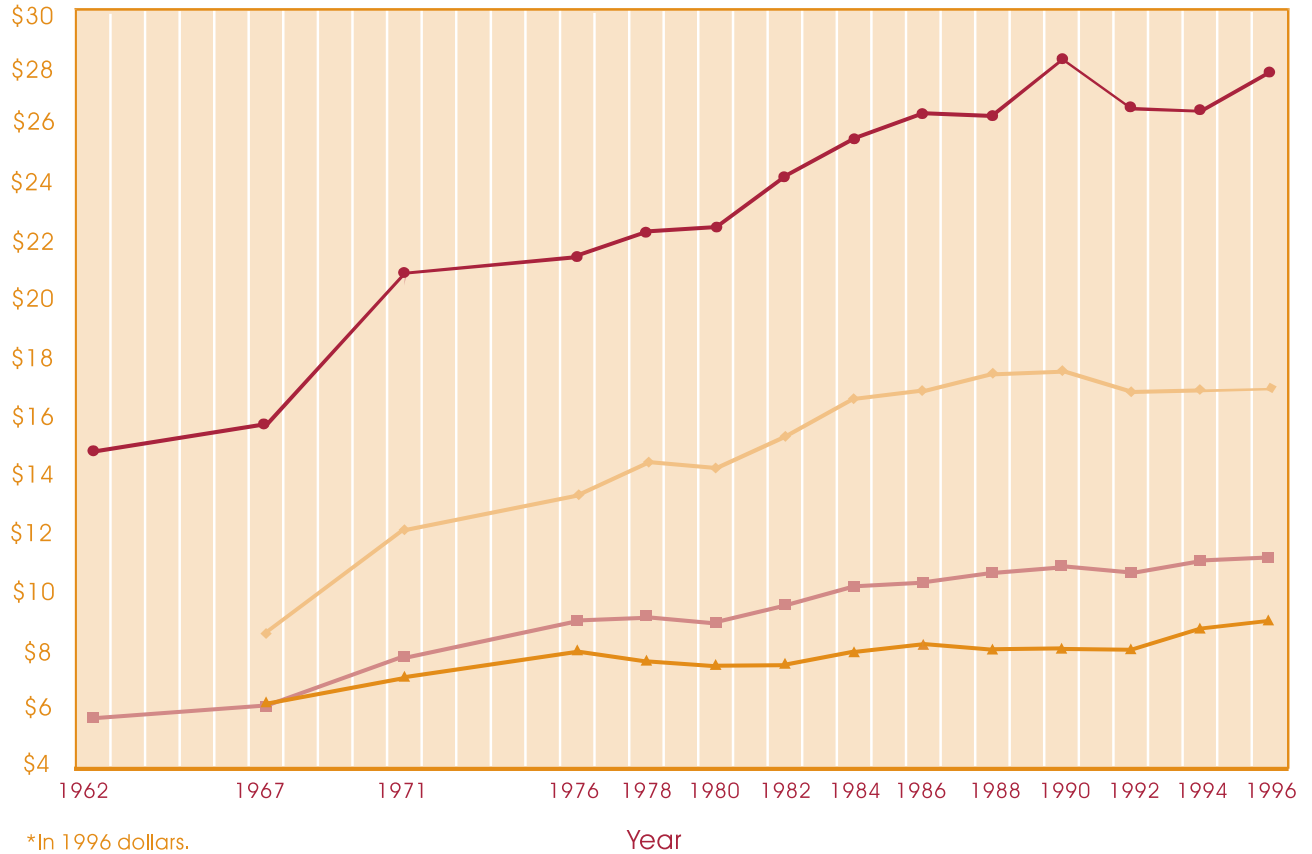
Year	Marital status		Race	
	Married couples	Nonmarried persons	White	Black
1962 .....	\$14,887	\$5,851	*	*
1967 .....	15,845	6,135	\$8,935	\$6,314
1971 .....	20,757	7,938	12,575	7,334
1976 .....	21,756	9,265	13,622	8,245
1978 .....	22,765	9,409	14,342	7,821
1980 .....	22,888	9,102	14,129	7,731
1982 .....	24,600	9,560	15,365	7,772
1984 .....	26,049	10,103	16,551	8,260
1986 .....	27,042	10,279	16,864	8,518
1988 .....	26,930	10,515	17,397	8,360
1990 .....	28,033	10,981	17,457	8,388
1992 .....	26,635	10,684	16,802	8,346
1994 .....	26,515	11,016	16,887	9,288
1996 .....	27,944	11,302	16,954	9,649

\* Not available.

## Change in median income



Median income\* (in thousands)



\*In 1996 dollars.

## Receipt of Social Security has become nearly universal since 1962

In 1962, 69% of the aged received Social Security benefits; by 1996, 91% of them did. As shown in the table below and the chart on page 21, most of that increase occurred in the 1960's. Receipt of other pension income, which more than doubled from 1962 to 1992, has decreased slightly since then. The proportion of aged units with asset income, which had been about two-thirds since 1980, dropped slightly in 1996. The proportion with earnings has declined since 1962, and since 1982 has been about 21%. The proportion receiving public assistance has also declined, and in recent years has been about half of its 1962 level.

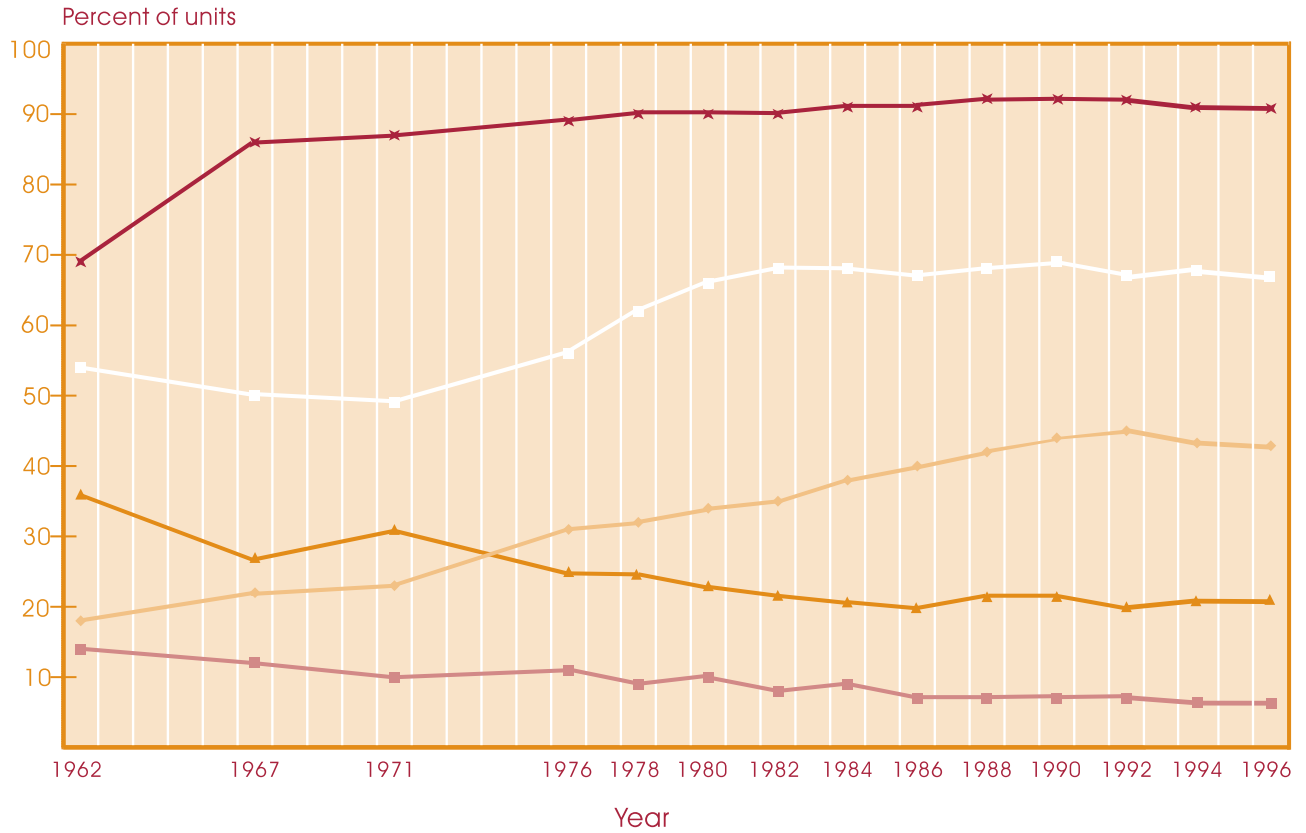
Sources of income, selected years

Year	Social Security	Asset income	Pensions*	Earnings	Public assistance
1962 .....	69%	54%	18%	36%	14%
1967 .....	86	50	22	27	12
1971 .....	87	49	23	31	10
1976 .....	89	56	31	25	11
1978 .....	90	62	32	25	9
1980 .....	90	66	34	23	10
1982 .....	90	68	35	22	8
1984 .....	91	68	38	21	9
1986 .....	91	67	40	20	7
1988 .....	92	68	42	22	7
1990 .....	92	69	44	22	7
1992 .....	92	67	45	20	7
1994 .....	91	67	42	21	6
1996 .....	91	63	41	21	6

\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.



## Change in sources of income



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Social Security continues to provide the largest share of total income for the aged

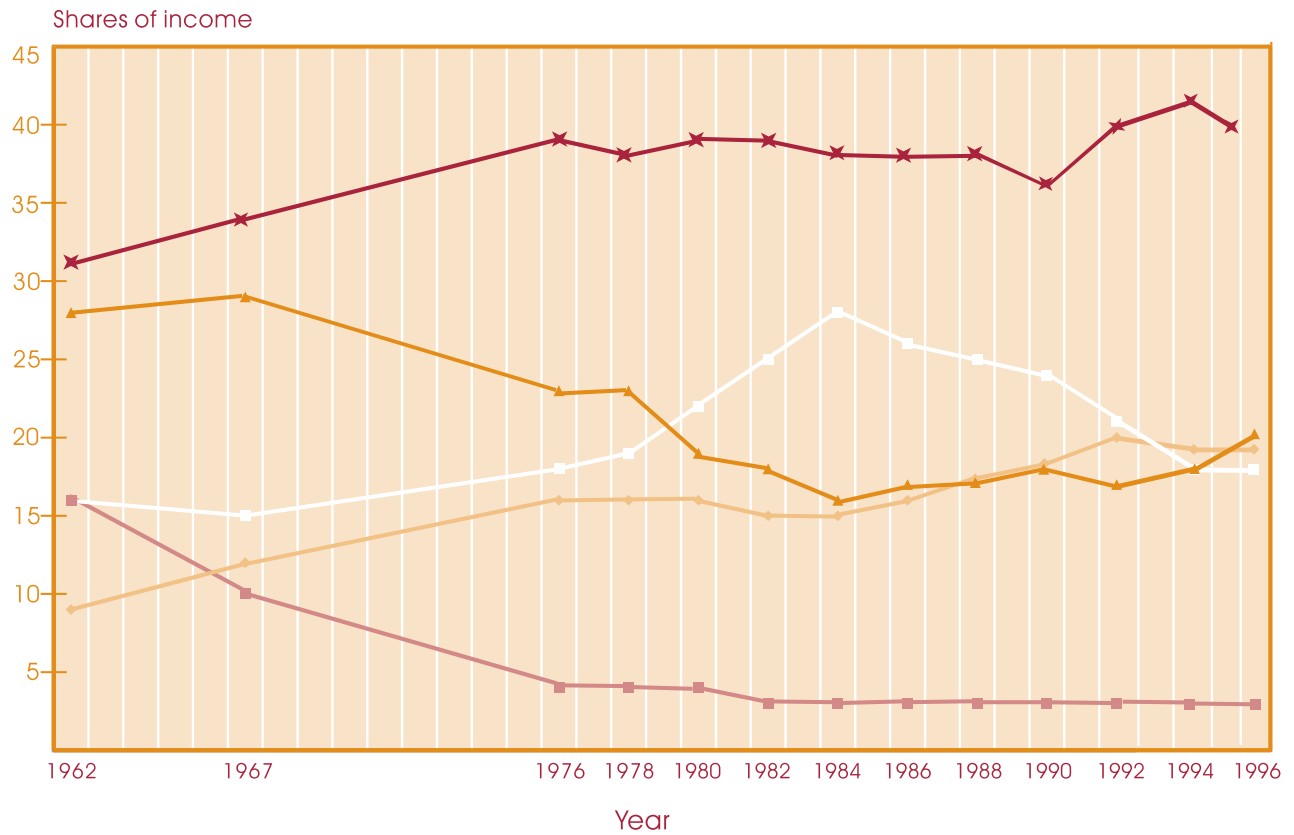
The share of income provided by Social Security increased by about one-fourth between 1962 and 1980, and since then has accounted for about 40% of the total. The share from asset income increased for about 20 years, but has been declining since the mid-80's. The share from pensions more than doubled, reaching 19% in 1996, while the share from earnings declined nearly 30% over the period.

Shares of income from various sources, selected years

Year	Social Security	Asset income	Pensions*	Earnings	Other
1962 .....	31%	16%	9%	28%	16%
1967 .....	34	15	12	29	10
1976 .....	39	18	16	23	4
1978 .....	38	19	16	23	4
1980 .....	39	22	16	19	4
1982 .....	39	25	15	18	3
1984 .....	38	28	15	16	3
1986 .....	38	26	16	17	3
1988 .....	38	25	17	17	3
1990 .....	36	24	18	18	3
1992 .....	40	21	20	17	3
1994 .....	42	18	19	18	3
1996 .....	40	18	19	20	3

\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Change in shares of income



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.