The left side of the cover features an abstract graphic design. It consists of numerous curved, overlapping lines in various shades of blue and white, creating a sense of movement and depth. Two white stars are visible: one in the lower-left corner and another in the middle-left area, partially obscured by the lines.

# Income of the Aged Chartbook, 2004

Social Security Administration  
Office of Policy  
Office of Research, Evaluation, and Statistics  
500 E Street, SW, 8th Floor  
Washington, DC 20254

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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 U.S. Census Bureau in its Current Population Survey. These SSA reports are published under the title *Income of the Population 55 or Older*. The most recent edition of that publication is based on 2004 data, which, along with special tabulations, form the basis of this chartbook.

This publication covers the population aged 65 or older. The unit of analysis here, with the exception of measures of poverty, is the aged unit, which is a married couple living together or a person who does not live with a spouse. The age of a married couple is the age of the husband if he is 65 or older; if the husband is younger than 55 and the wife is aged 65 or older, the age of the married couple is the age of the wife. The race and Hispanic origin of a married couple are determined by the husband. The unit of analysis for poverty is persons aged 65 or older.

The 2004 sample represented 10,930,000 couples and 15,935,000 single units. The single 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.

Lynn Fisher, Nicole Pascua, and Anne DeCesaro prepared this chartbook. Staff of the Division of Information Resources edited the report and prepared the print and electronic versions for publication.

Questions related to the content of the charts should be directed to Lynn Fisher at 202-358-6308 or [inc.aged@ssa.gov](mailto:inc.aged@ssa.gov). This chartbook and its companion publication, *Income of the Population 55 or Older*, are available on our Web site at <http://www.socialsecurity.gov/policy>. For additional copies, e-mail [op.publications@ssa.gov](mailto:op.publications@ssa.gov) or call 202-358-6274.

Linda Drazga Maxfield  
Associate Commissioner  
for Research, Evaluation, and Statistics  
September 2006

## INCOME SOURCES

**Retirement benefits** include Social Security, other public sources such as Railroad Retirement and government employee pensions (military, federal, state, and local), and private pensions and annuities.

**Social Security** includes retired-worker benefits, dependents' or survivors' benefits, disability benefits, transitionally insured benefits, and special age-72 benefits.

**Pensions** include regular payments from private pensions and annuities; government employee pensions; Railroad Retirement; and individual retirement accounts (IRAs), Keoghs, and 401(k) plans. Irregular withdrawals (lump-sum payments) from IRAs, Keoghs, and 401(k) plans are not included in the data because they do not fit the Census Bureau's definition of money income.

## INCOME

**Total money income** is the sum of all income received by the aged unit before any deductions such as those for taxes, union dues, or Medicare premiums. Total money income does not reflect nonmoney transfers such as food stamps, health benefits, subsidized housing, payments in kind, or fringe benefits from one's employment. Total money income does not include capital gains or losses, or irregular withdrawals (lump-sum payments) from IRAs, Keoghs, or 401(k) plans.

**Aggregate income** is the sum of the total money income of all aged units in the population of interest. Several charts in this book present the shares of aggregate income attributable to specific sources, such as Social Security.

## GENERAL NOTES

This publication covers the population aged 65 or older. The unit of analysis here, with the exception of measures of poverty, is the aged unit, which is a married couple living together or a person who does not live with a spouse. The age of a married couple is the age of the husband if he is 65 or older; if the husband is younger than 55 and the wife is aged 65 or older, the age of the married couple is the age of the wife. The race and Hispanic origin of a married couple are determined by the husband. The unit of analysis for poverty is persons aged 65 or older.

Beginning with data for 2002, respondents may identify themselves in more than one racial group. The "White alone" and "Black alone" categories reflect respondents who reported only one race.

All years are calendar years.

Nonmarried men and nonmarried women include persons who are separated or married but living apart from their spouse.

Persons of Hispanic origin may be of any race.

Percentages may not sum to 100 because of rounding.

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# Income Sources

**Social Security is a source of income for nearly all units aged 65 or older.**

**Social Security provides at least half of total income for a majority of beneficiary aged units.**

**Age groups differ in their likelihood of receiving earnings, but not pensions.**

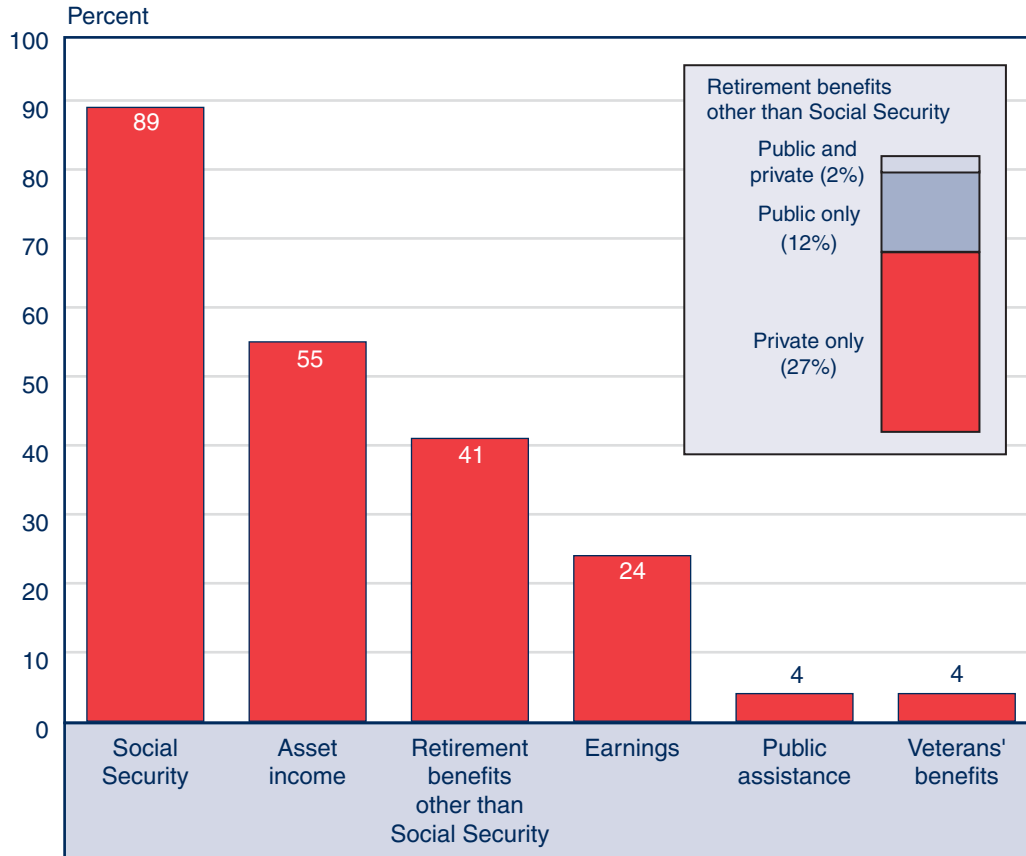
**Receipt of income from major sources varies by race and Hispanic origin.**





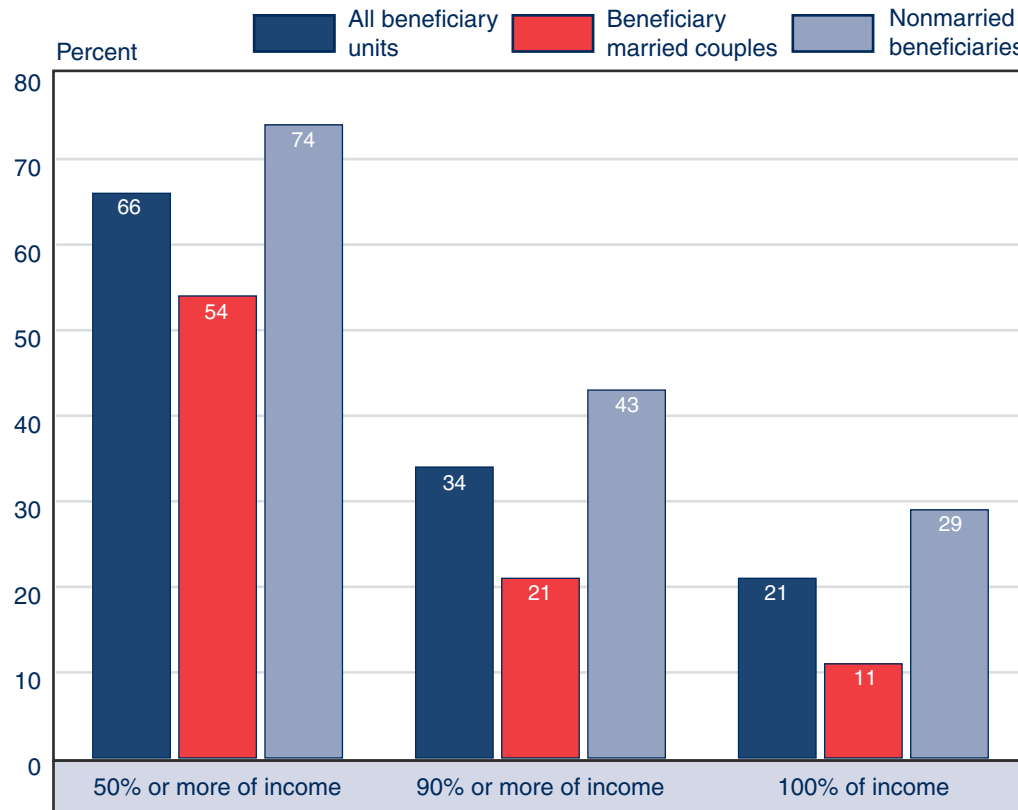
**Social Security is a source of income for nearly all units aged 65 or older.** Nearly 9 out of 10 aged units receive Social Security benefits. Asset income is the next most common source of income, received by more than half of the aged. Two-fifths receive retirement benefits other than Social Security, and nearly one-quarter have earnings. Public assistance and veterans' benefits are each received by only 4%.

**Percentage receiving income from specified source, 2004**



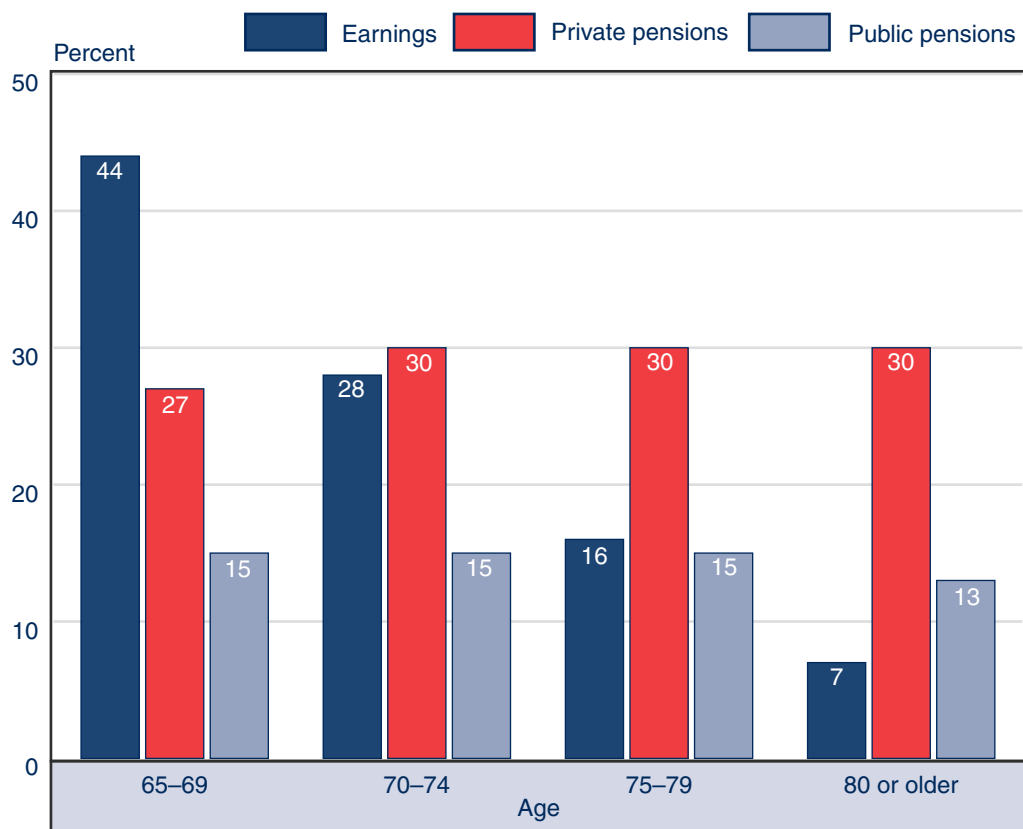
**Social Security provides at least half of total income for a majority of beneficiary aged units.** In 2004, 90% of married couples and 88% of nonmarried persons (aged 65 or older) received Social Security benefits. Social Security was the major source of income (providing at least 50% of total income) for 54% of aged beneficiary couples and 74% of aged nonmarried beneficiaries. It was the only source of income for 11% of aged beneficiary couples and 29% of aged nonmarried beneficiaries. Total income excludes withdrawals from savings and lump-sum payments from IRAs or 401(k)s; it also excludes in-kind support, such as food stamps and housing and energy assistance.

**Percentage of aged beneficiary units receiving Social Security benefits, by relative importance of benefits to total income, 2004**



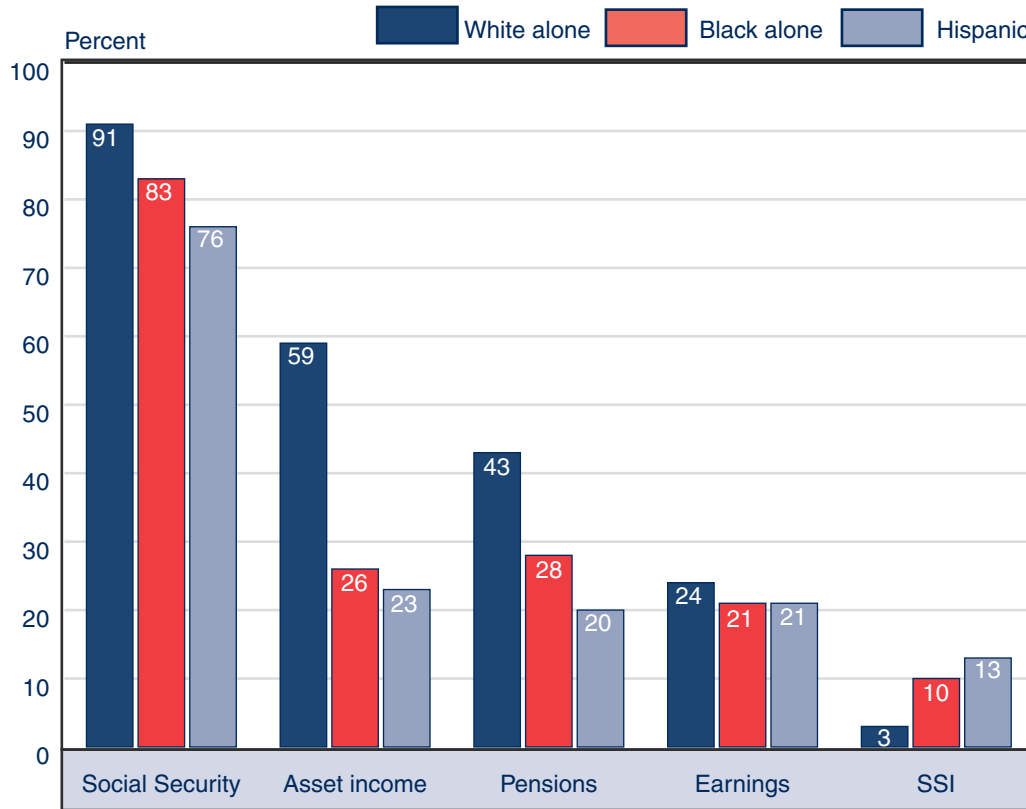
**Aged groups differ in their likelihood of receiving earnings, but not pensions.** Earnings are received by a greater percentage of aged units in the youngest group than in the oldest group—44% compared with 7%. In all age groups, there is little or no difference in the likelihood of having public or private pensions.

**Percentage receiving income from earnings and pensions, by age, 2004**



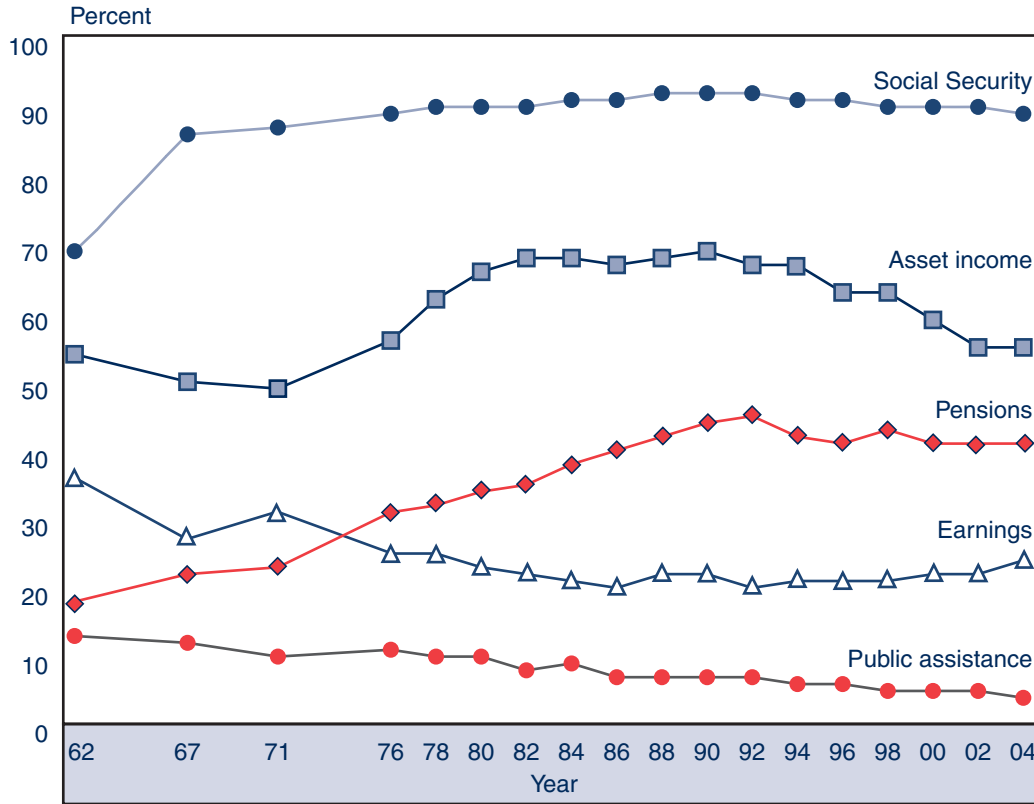
**Receipt of income from major sources varies by race and Hispanic origin.** Among units aged 65 or older, whites are most likely to receive Social Security and pensions, followed by blacks and Hispanics. Whites are much more likely than blacks or Hispanics to receive income from assets. Whites are slightly more likely to have earnings than are blacks or Hispanics. Minority aged units are much more likely to receive Supplemental Security Income (SSI) than are whites.

**Percentage receiving income from major sources, by race and Hispanic origin, 2004**



**Receipt of Social Security has become nearly universal.** In 1962, 69% of units aged 65 or older received Social Security benefits; in 2004, 89% of them did. Most of that increase occurred in the 1960s. 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, has dropped since 1990. The proportion with earnings has declined since 1971 and has been between 20% and 24% since 1980. The proportion receiving public assistance has also declined and is now about a third of its 1962 level.

**Change in percentage receiving income from major sources, selected years**





# Total Money Income

**The aged are an economically diverse group.**

**Income differences by age are associated with differences in marital status.**

**Demographic differences are associated with different levels of income.**

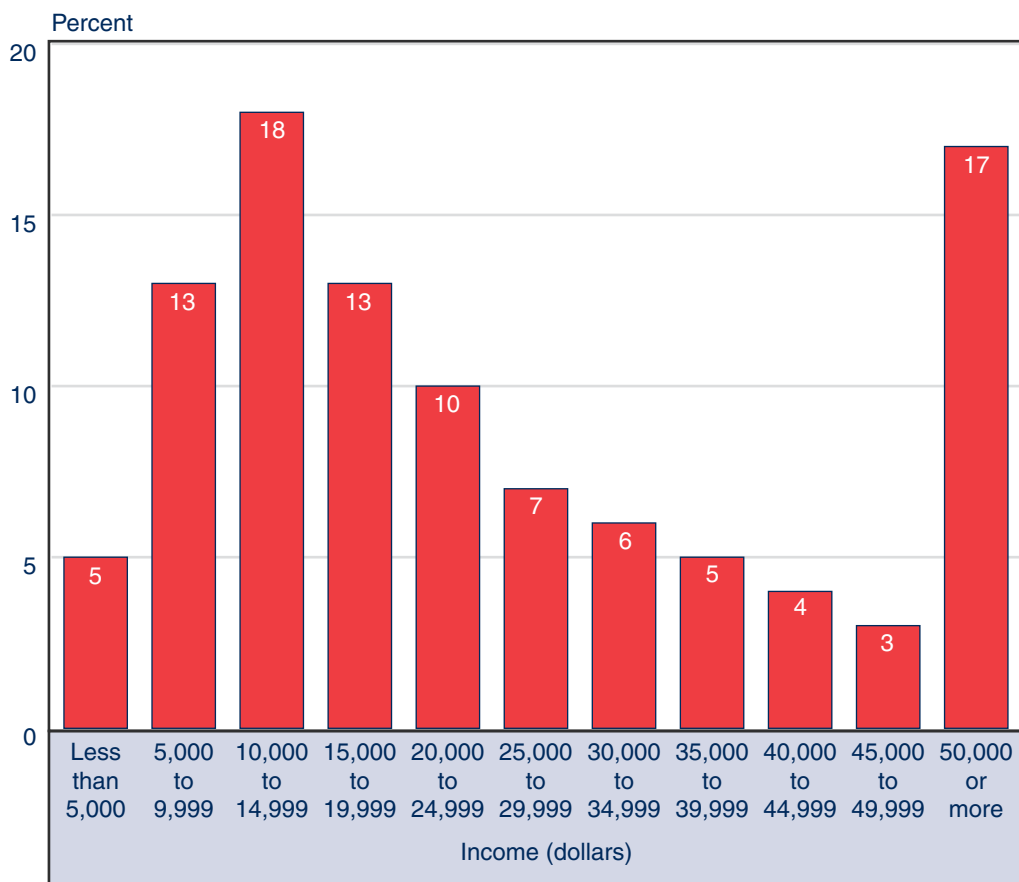
**Median real income has risen substantially over the years.**





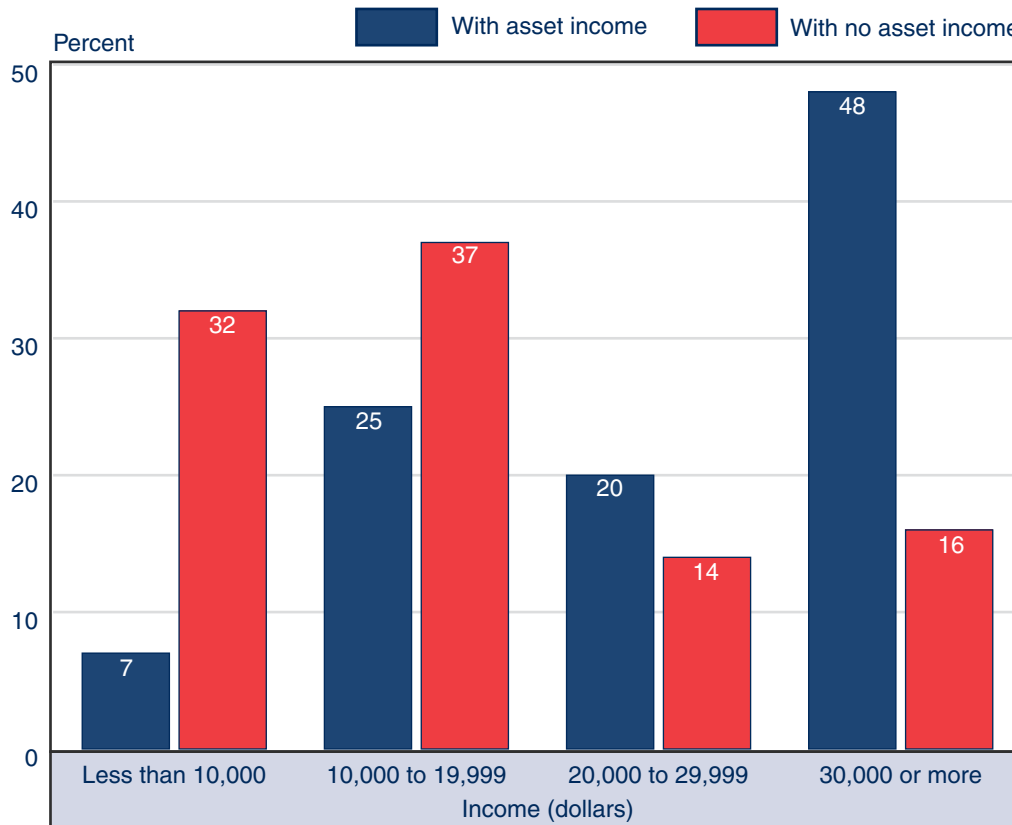
**The aged are an economically diverse group.** The median income for units aged 65 or older is \$20,481, but there are wide differences within the total group. Eighteen percent have an income of under \$10,000, and 17% have an income of \$50,000 or more.

**Percentage with various levels of income, 2004**



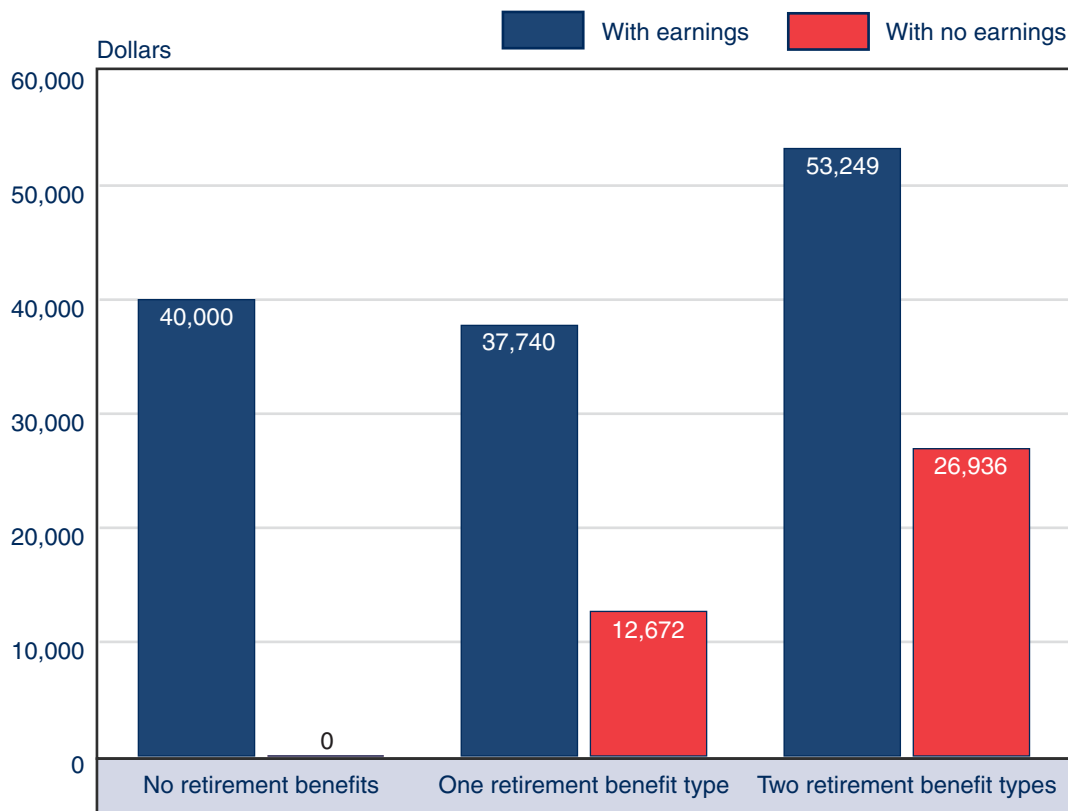
**Receipt of asset income is associated with relatively high median income.** The median income of units aged 65 or older with asset income is more than twice that of those with no asset income (\$28,844 compared with \$13,243). Aged units with no asset income are concentrated in the lowest income categories—32% have a total income below \$10,000, and only 16% have an income of \$30,000 or more. Among aged units with asset income, 7% have a total income of less than \$10,000, and 48% have an income of \$30,000 or more.

Percentage with various levels of income, by receipt of asset income, 2004



**Receipt of earnings and retirement benefits also affects total income.** About 8% of units aged 65 or older have no retirement benefits. Of those, 41% have earnings, and their median income is \$40,000; 59% have no earnings, and their median income is \$0. In the absence of earnings, median income rises markedly with the number of retirement benefit types received, from \$12,672 with one retirement benefit type to \$26,936 with two. For units with both earnings and retirement benefits, median income is \$37,740 for those with one retirement benefit type and \$53,249 for those with two.

### Median income, by receipt of earnings and retirement benefits, 2004



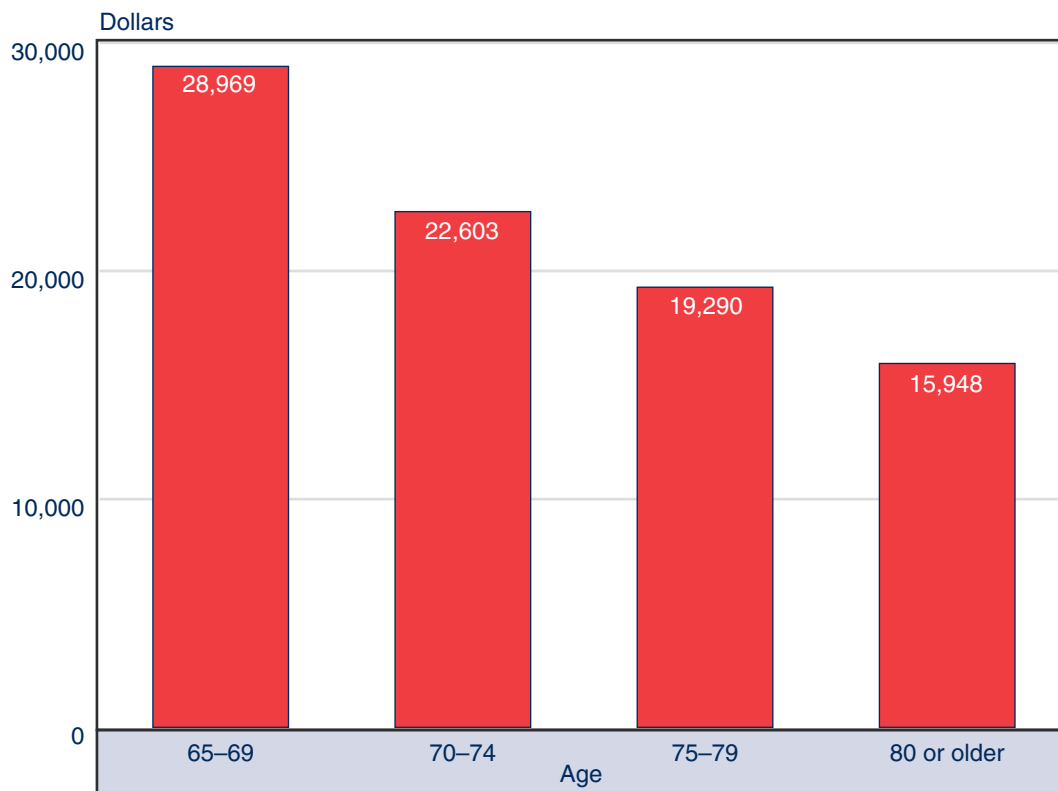
NOTE: Retirement benefit types are Social Security, Railroad Retirement, government pension, and private pension or annuity.

**Income differences by age are associated with differences in marital status.** Median income is generally lower in older age groups. The striking differences by age are due in part to the disproportionate number of nonmarried women in older age groups. In every age group, nonmarried women have a lower median income than nonmarried men or married couples.

**Median income and percentage distribution of aged units, by age, marital status, and sex of nonmarried persons, 2004**

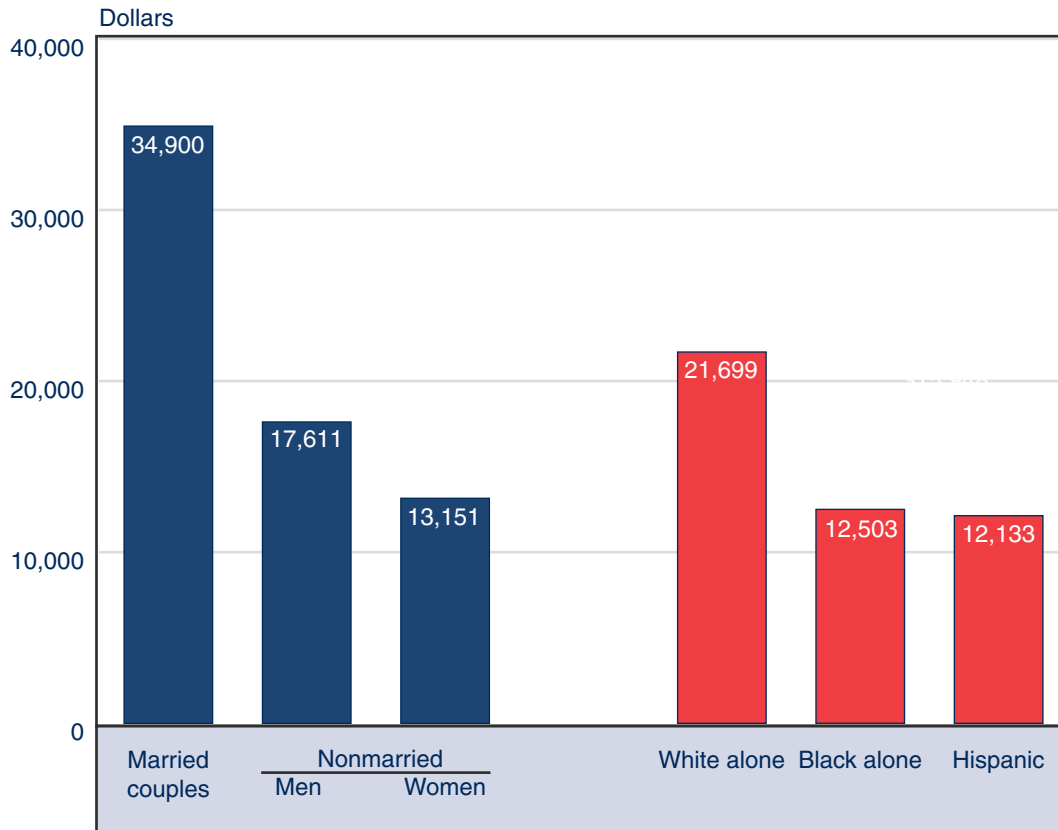
Marital status and sex of nonmarried persons	65–69	70–74	75–79	80 or older
<b>Median income (dollars)</b>				
Married couples	44,299	36,750	30,413	28,490
Nonmarried men	19,194	18,013	17,580	16,939
Nonmarried women	14,611	13,506	13,171	12,679
<b>Percentage distribution of aged units</b>				
Total percent	100	100	100	100
Married couples	52	46	40	27
Nonmarried men	16	16	15	17
Nonmarried women	31	39	44	56
Total number of aged units (thousands)	7,078	5,999	5,827	7,960

Median income, by age, 2004



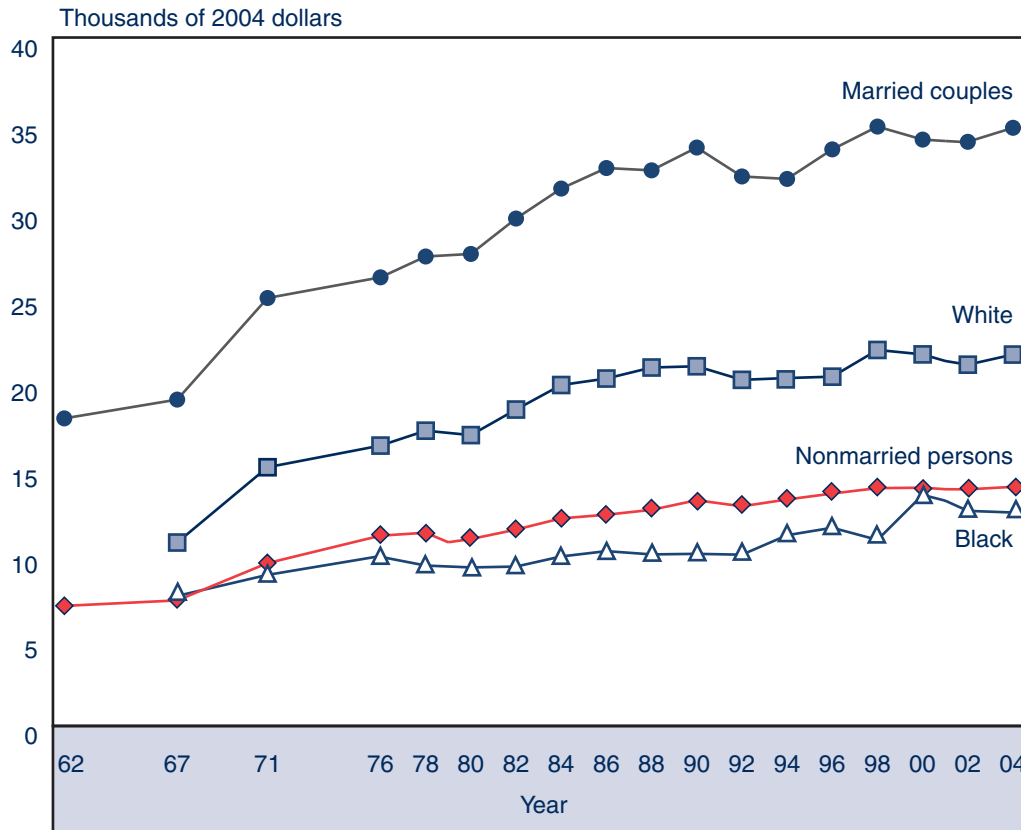
**Demographic differences are associated with different levels of median income for units aged 65 or older.** Income is highest for married couples, who have a median income about twice that of nonmarried men and more than 2½ times that of nonmarried women. Median income of white aged units is nearly three-fourths greater than that of black aged units and over three-fourths greater than that of Hispanic aged units.

**Median income, by marital status, sex of nonmarried persons, race, and Hispanic origin, 2004**



**Median real income has risen substantially over the years.** Between 1962 and 2004, the income of units aged 65 or older increased even when adjusted for inflation. The increase was 94% for married couples and 98% for nonmarried persons. There were disproportionate increases by race. Between 1967 and 2004, the income of whites increased by 102%; that of blacks increased by 64%.

**Change in median income, by marital status and race, selected years**







# Shares of Aggregate Income

**Social Security provides the largest share of aggregate income for units aged 65 or older.**

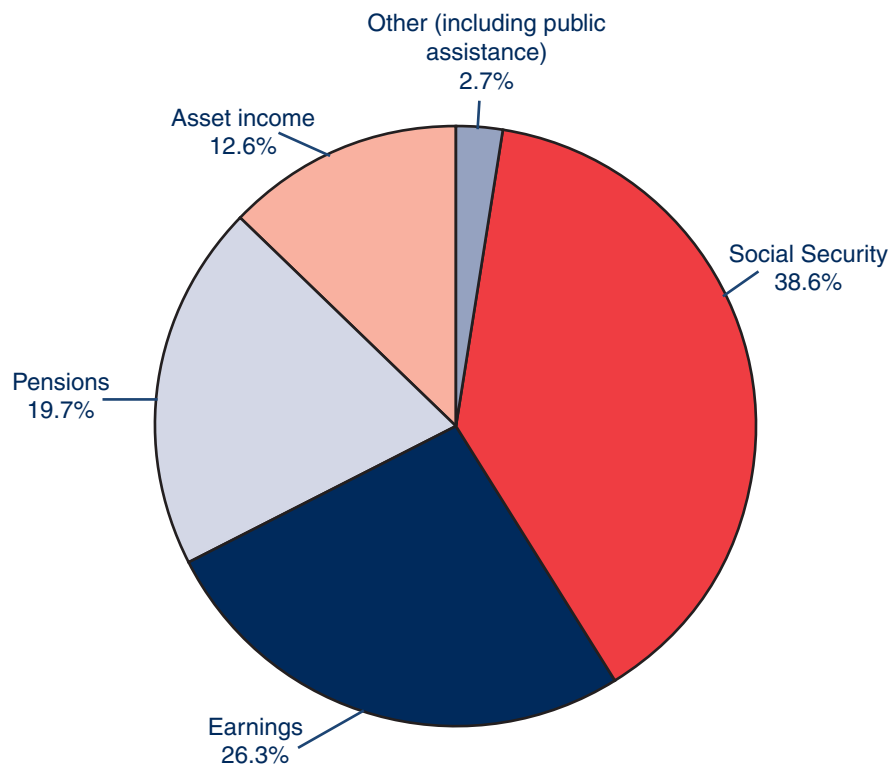
**Shares of income from each source differ greatly by income level.**

**Over time, Social Security has provided the largest share of aggregate income for aged units.**



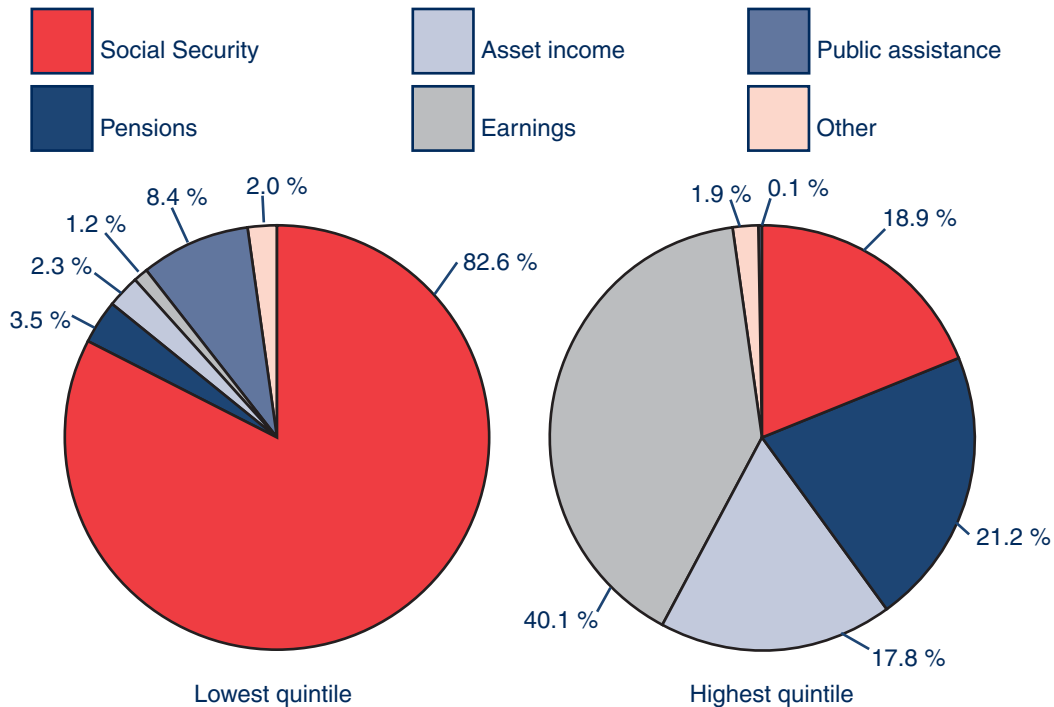
**Social Security provides the largest share of aggregate income for units aged 65 or older.** Aggregate income for the aged population comes largely from four sources. Social Security accounts for 38.6%, earnings for 26.3%, pensions for 19.7%, and asset income for 12.6%. Only 2.7% comes from other sources.

**Shares of aggregate income, by source, 2004**



**Shares of aggregate income from each source differ greatly by income level.** Units aged 65 or older are ranked by total money income and divided into five groups of equal size called quintiles. The largest share of income for units in the lowest quintile comes from Social Security benefits (82.6%), and public assistance provides the second largest share (8.4%). For units in the highest income quintile, earnings provide the largest share of income (40.1%). Pensions and Social Security (21.2% and 18.9%) are the next most important, followed by asset income (17.8%).

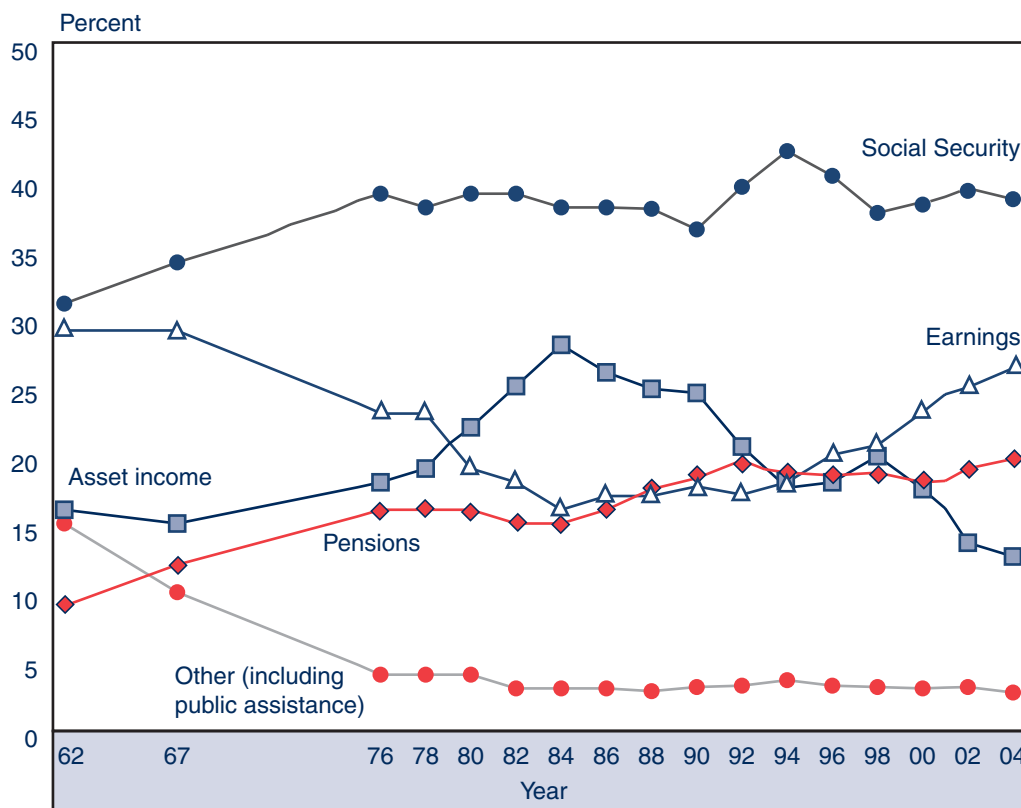
**Shares of aggregate income for the lowest and highest income quintiles, by source, 2004**



NOTE: The quintile limits for aged units for 2004 are \$10,399, \$16,363, \$25,587, and \$44,129.

Over time, Social Security has provided the largest share of aggregate income for units aged 65 or older. In 1962, it provided the largest share, followed closely by earnings. In 2004, Social Security continued to provide the largest share, but by a much wider margin compared with the other major sources of income. The share from asset income increased for over 20 years but has generally declined since the mid-1980s. The share from earnings has had the opposite pattern—declining until the mid-1980s and generally increasing since then. The share from pensions had doubled by the early 1990s but has since leveled off. The share from public assistance had doubled by the early 1990s but has since leveled off.

Change in shares of aggregate income, by source, selected years





# Poverty Status, Based on Family Income

High proportions of nonmarried and minority persons aged 65 or older are poor or near poor.

The oldest age group (80 or older) has the highest poverty rate.

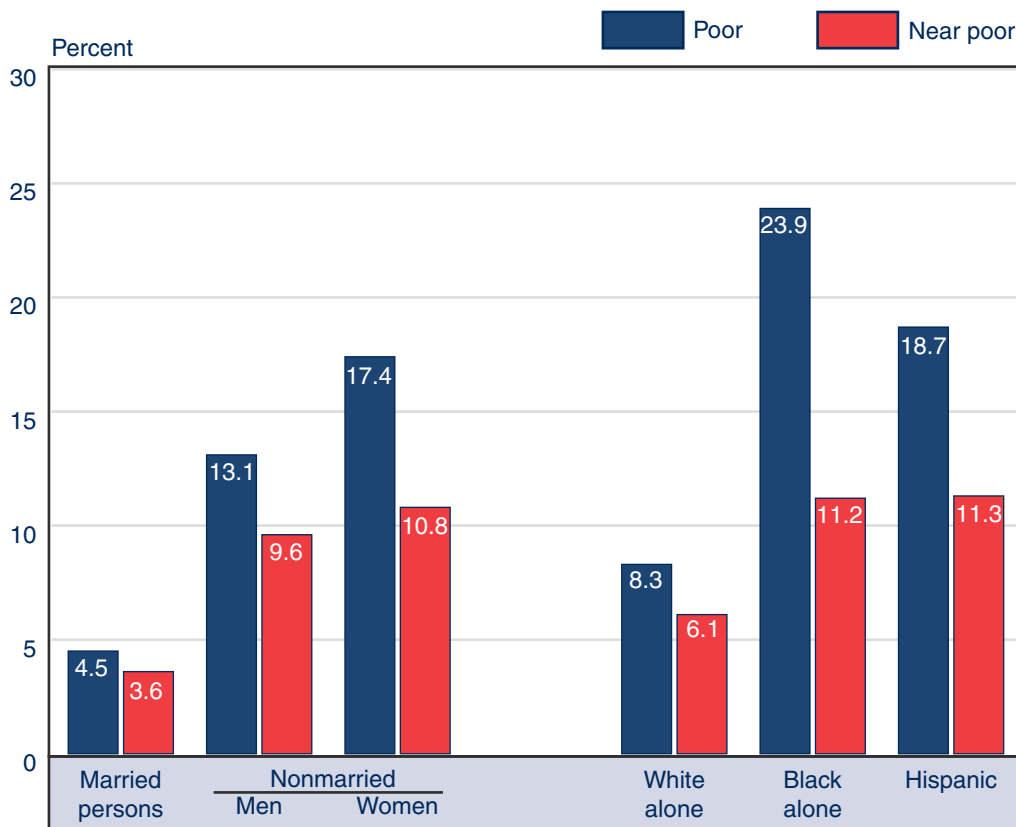




**High proportions of nonmarried and minority persons aged 65 or older are poor or near poor.**

The variations in family income by marital status and by race are reflected in the poverty rates for those subgroups of the aged. Nonmarried persons and minorities have the highest poverty rates, ranging from 13.1% to 23.9%. An additional 9.6% to 11.3% of nonmarried persons and minorities have incomes between the poverty line and 125% of the poverty line (the near poor).

**Poverty status, by marital status, sex of nonmarried persons, race, and Hispanic origin, 2004**



**The oldest age group has the highest poverty rate.** In keeping with the lower median income of older age groups, those groups generally have higher rates of poverty and near poverty (income between the poverty line and 125% of the poverty line).

**Poverty status, by age, 2004**

