

2002

# Income of the Aged Chartbook

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# Preface

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 2002 data, which, along with special tabulations, form the basis of 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, which are used by the Census Bureau. The aged unit is either a married couple living together, with 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 is persons aged 65 or older.

The 2002 sample represented 10,412,000 couples and 15,806,000 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, Melissa Koenig, and Shanti Mulpuru prepared this chartbook. For questions related to the content of the charts, please call Lynn Fisher at 202-358-6308 or e-mail [inc.aged@ssa.gov](mailto:inc.aged@ssa.gov). The chartbook was designed by Emil Loomis, who also prepared the print version for publication. Anthony Nathe edited the report, and Laurie Brown prepared the electronic versions for the Web.

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, please call 202-358-6274 or e-mail [op.publications@ssa.gov](mailto:op.publications@ssa.gov).

Edward J. DeMarco  
Associate Commissioner  
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September 2004

## *Definitions and Notes*

### **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 private pensions and annuities; government employment pensions; Railroad Retirement; and individual retirement account, Keogh, and 401(k) payments.

### **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.

**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**

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 of the aged.

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

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

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

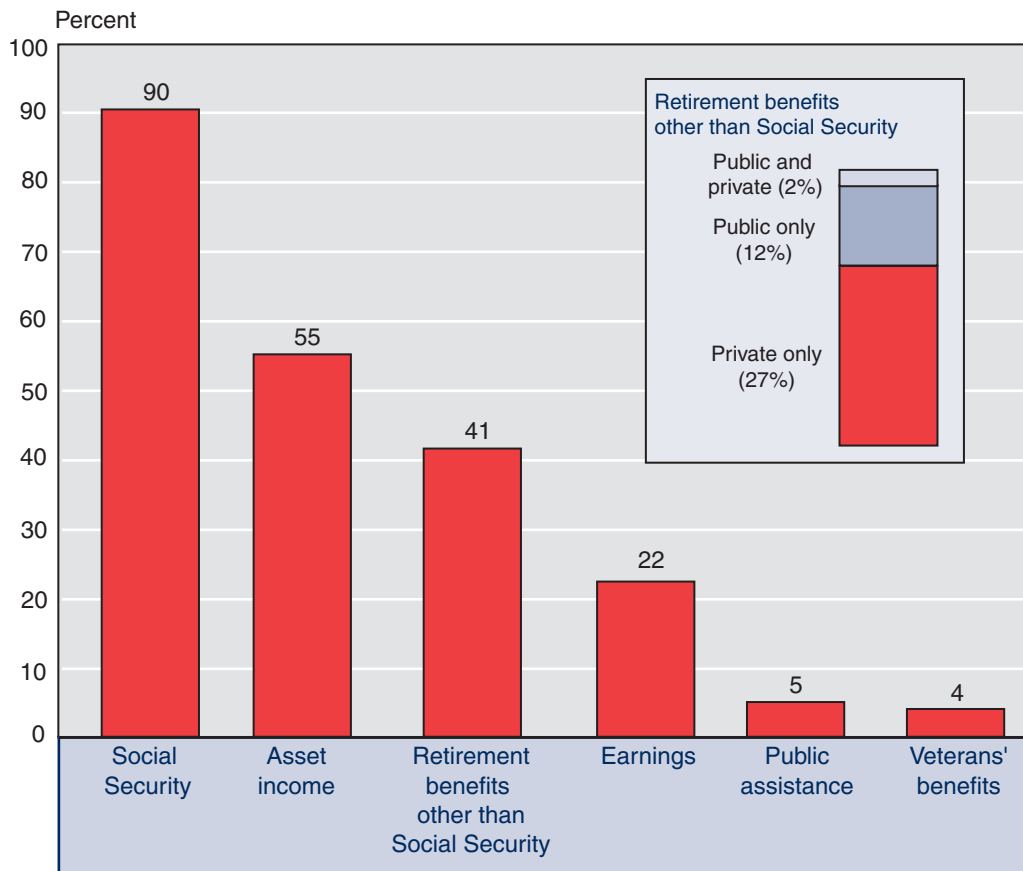




# Income Sources

**Social Security is a source of income for nearly all of the aged.** Nine 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 only one-fifth have earnings. Public assistance is received by 5% and veterans' benefits by only 4%.

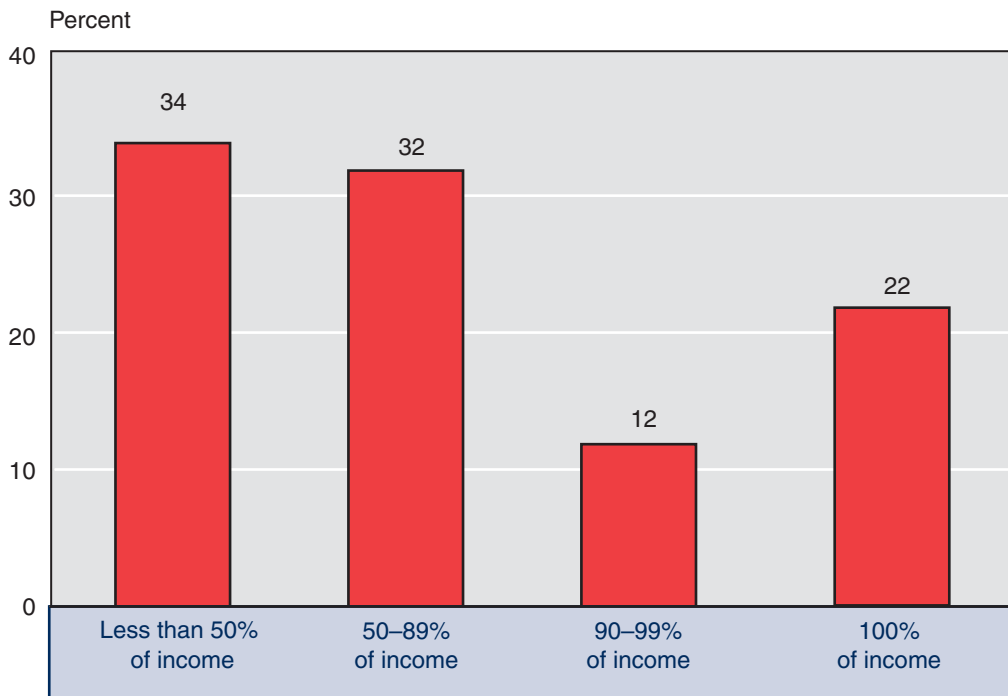
**Percentage receiving income from specified source, 2002**



# *Income Sources*

**Social Security provides at least half of total income for a majority of beneficiaries.** Social Security pays benefits to 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 one-third of the beneficiaries and is the only source of income for 22% of them.

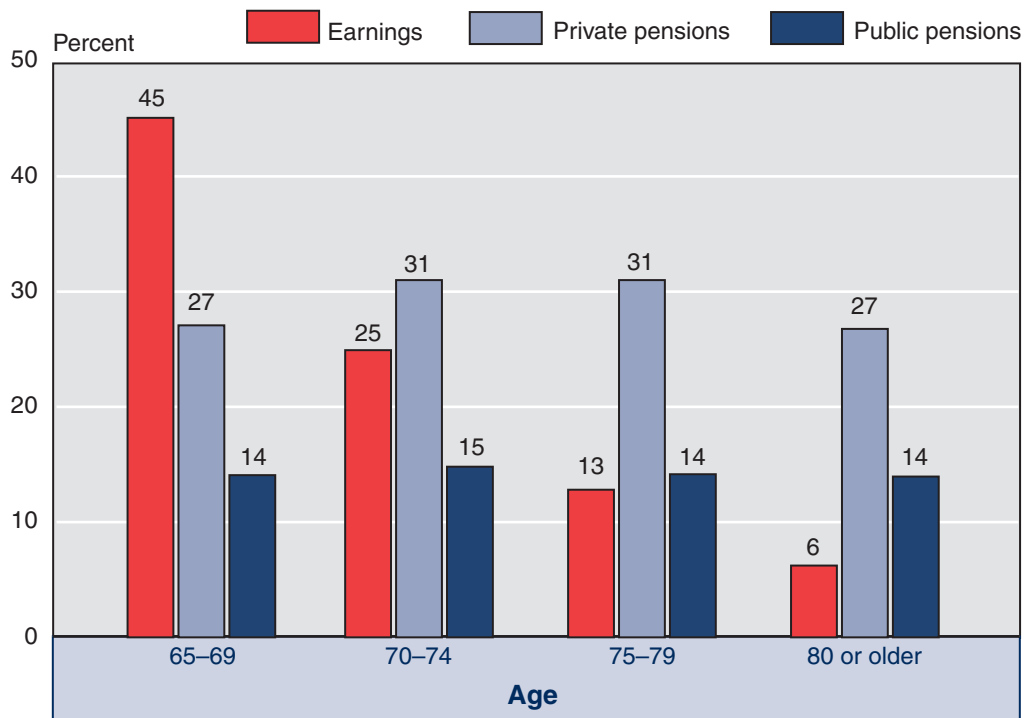
**Percentage receiving Social Security benefits, by relative importance of benefits to total income, 2002**



# Income Sources

**Aged groups differ in their likelihood of receiving earnings, but not pensions.** Earnings are much more common in the youngest group than in the oldest group—45% compared with 6%. 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, 2002

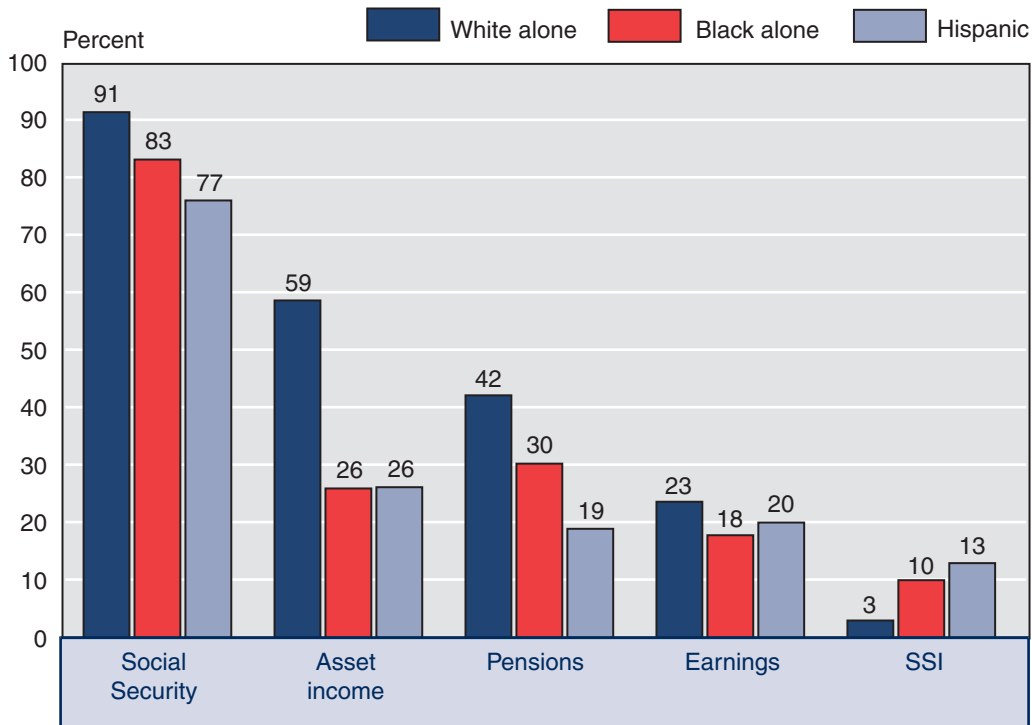


# Income Sources

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

Among the aged, 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.

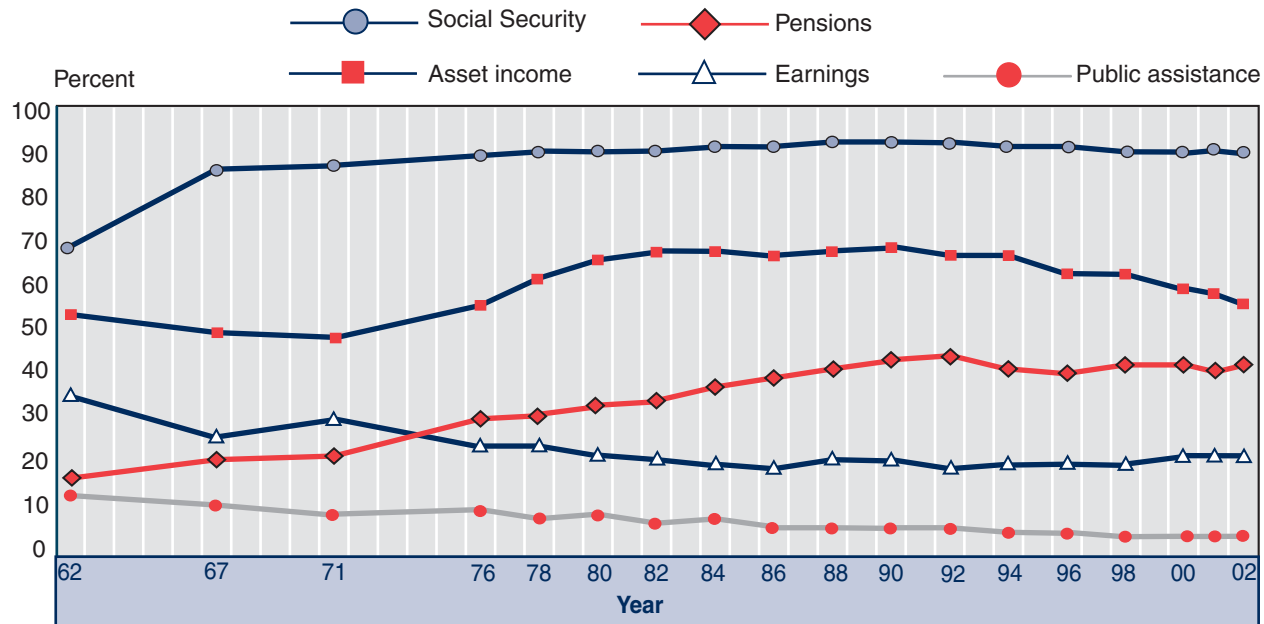
### Percentage receiving income from major sources, by race and Hispanic origin, 2002



# Income Sources

**Receipt of Social Security has become nearly universal.** In 1962, 69% of the aged received Social Security benefits; in 2002, 90% 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 22% since 1982. 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.

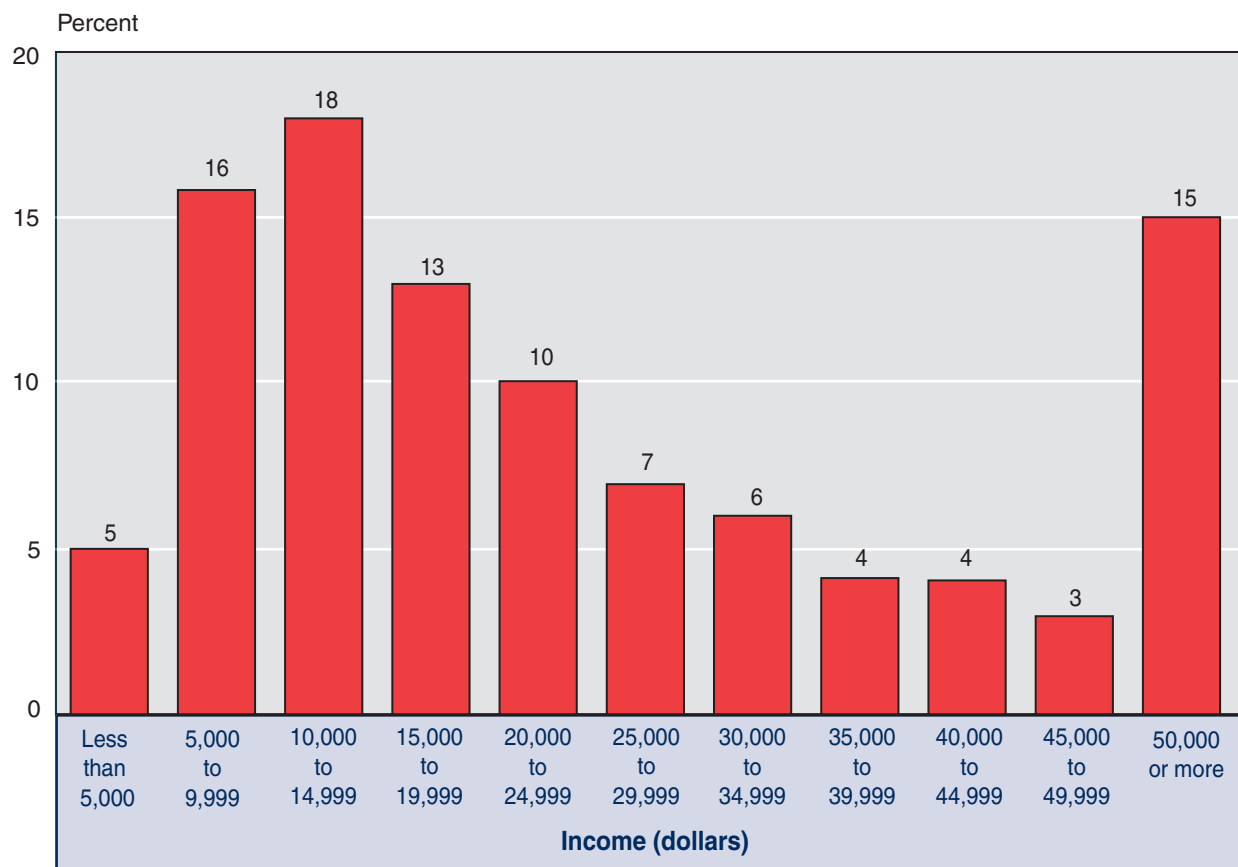




# Total Money Income

**The aged are an economically diverse group.** The median income for all aged units is \$18,938, but there are wide differences within the total group. Twenty-one percent have an income of under \$10,000, and 15% have an income of \$50,000 or more.

**Percentage with various levels of income, 2002**

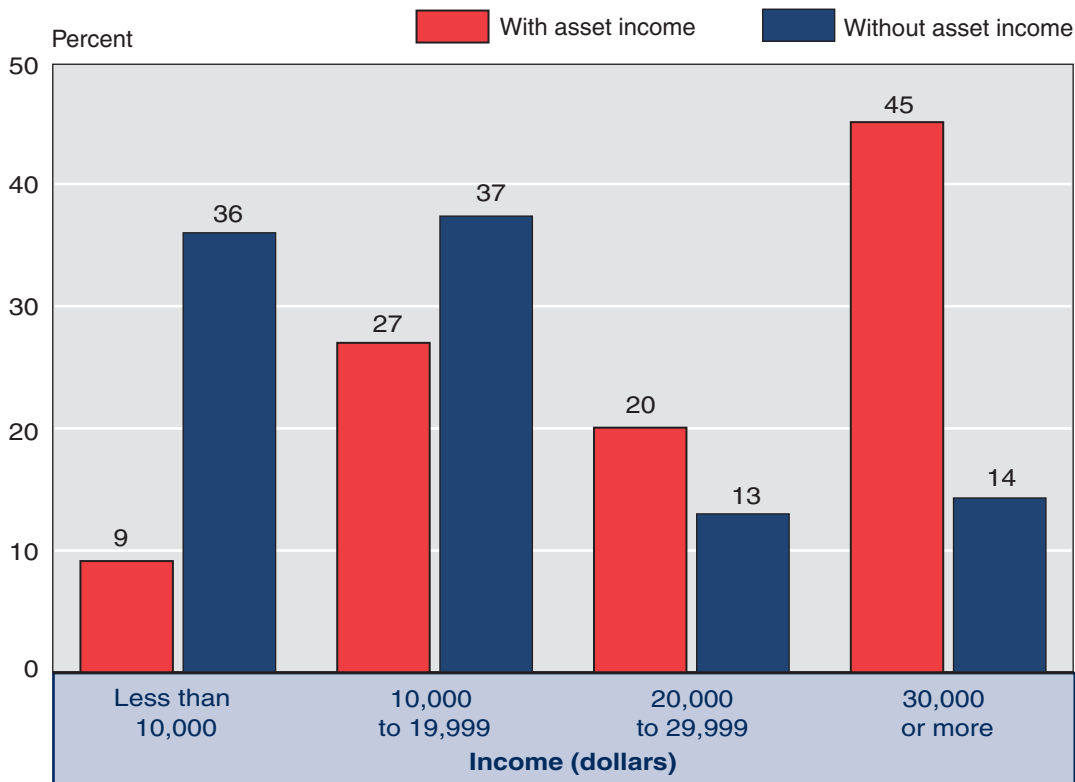


# Total Money Income

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

The median income of aged units with asset income is more than twice that of those with no asset income (\$27,034 compared with \$12,444). Aged units with no asset income are concentrated in the lowest income categories—36% have a total income below \$10,000, and only 14% have an income of \$30,000 or more. Among aged units with asset income, 9% have a total income of less than \$10,000, and 45% have an income of \$30,000 or more.

### Percentage with various levels of income, by receipt of asset income, 2002



# Total Money Income

**Receipt of earnings and retirement benefits also affects total income.** About 8% of aged units have no retirement benefits. Of those, 41% have earnings, and their median income is \$33,309; 59% have no earnings, and their median income is only \$25. In the absence of earnings, median income rises markedly with the number of retirement benefit types received, from \$11,964 with one retirement benefit type to \$25,818 with two. For units with both earnings and retirement benefits, median income is \$37,560 for those with one retirement benefit type and \$48,299 for those with two.

## Median income, by receipt of earnings and retirement benefits, 2002



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

# Total Money Income

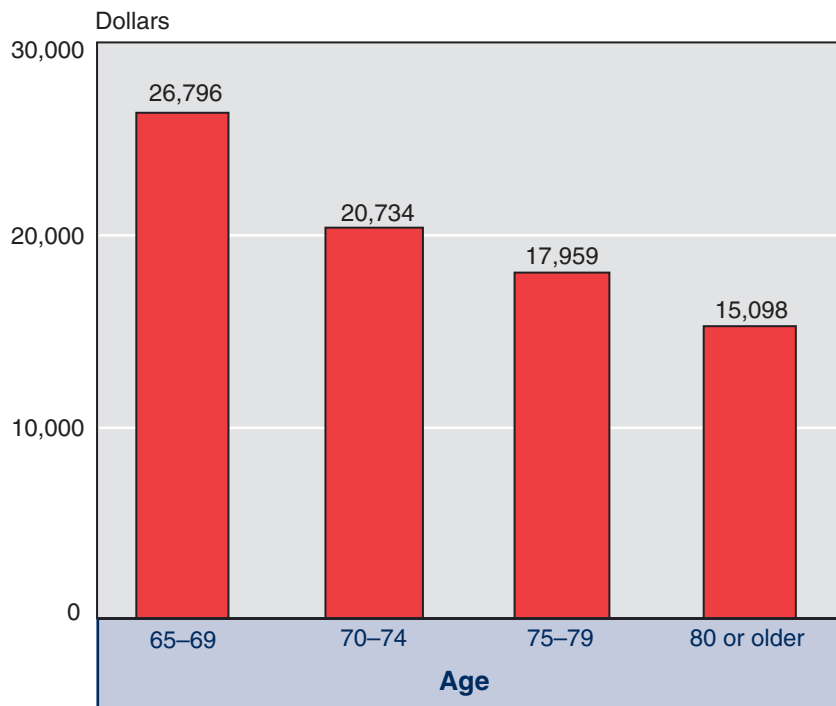
## Income differences by age are associated with differences in marital status.

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, 2002

Marital status and sex of nonmarried persons	65–69	70–74	75–79	80 or older
<b>Median income (dollars)</b>				
Married couples	40,862	32,392	30,212	26,515
Nonmarried men	18,648	15,012	15,606	15,604
Nonmarried women	13,892	12,661	12,613	11,984
<b>Percentage distribution of aged units</b>				
Total percent	100	100	100	100
Married couples	51	45	38	27
Nonmarried men	16	17	14	16
Nonmarried women	33	38	48	57
Total number of aged units (thousands)	6,550	6,359	5,758	7,553

### Median income, by age, 2002

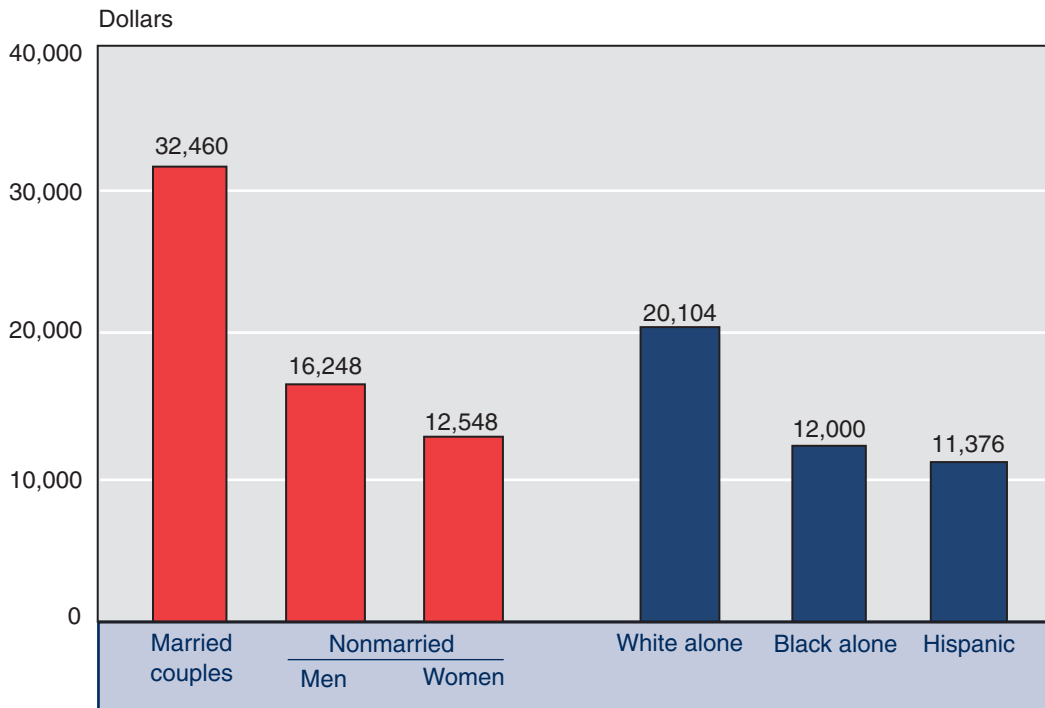


# Total Money Income

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

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 whites is two-thirds greater than that of blacks and over three-fourths greater than that of Hispanics.

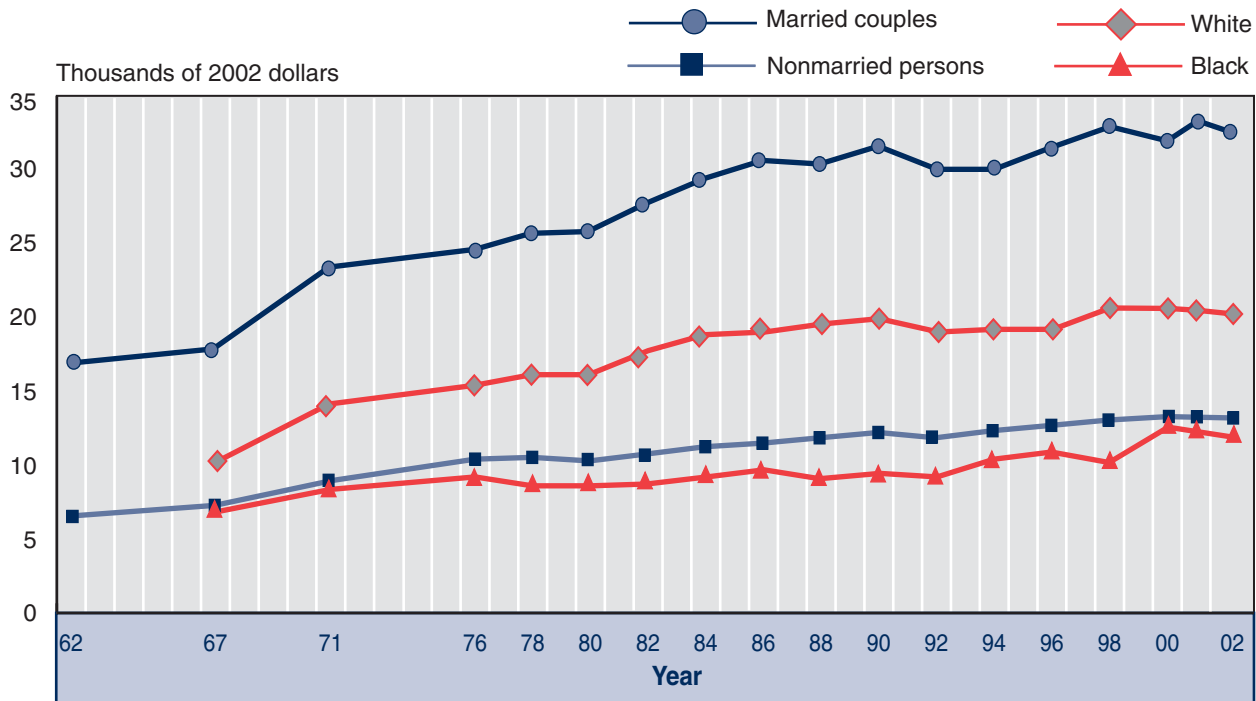
**Median income, by marital status, sex of nonmarried persons, race, and Hispanic origin, 2002**



# Total Money Income

**Median real income has risen substantially over the years.** Between 1962 and 2002, the income of the aged increased even when adjusted for inflation. The increase was 90% for married couples and 96% for nonmarried persons. There were disproportionate increases by race. Between 1967 and 2002, the income of whites increased by 96%; that of blacks increased by 66%.

**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 persons 65 or older.

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

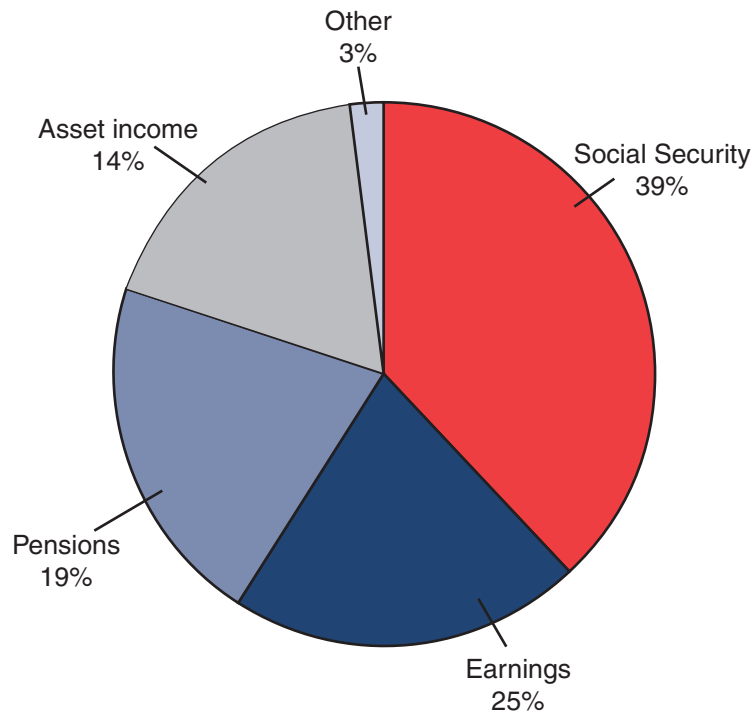
Over time, Social Security has provided the largest share of aggregate income for the aged.



# Shares of Aggregate Income

**Social Security provides the largest share of income for the aged.** Aggregate income for the aged population comes largely from four sources. Social Security accounts for 39%, earnings for 25%, pensions for 19%, and asset income for 14%. Only 3% comes from other sources.

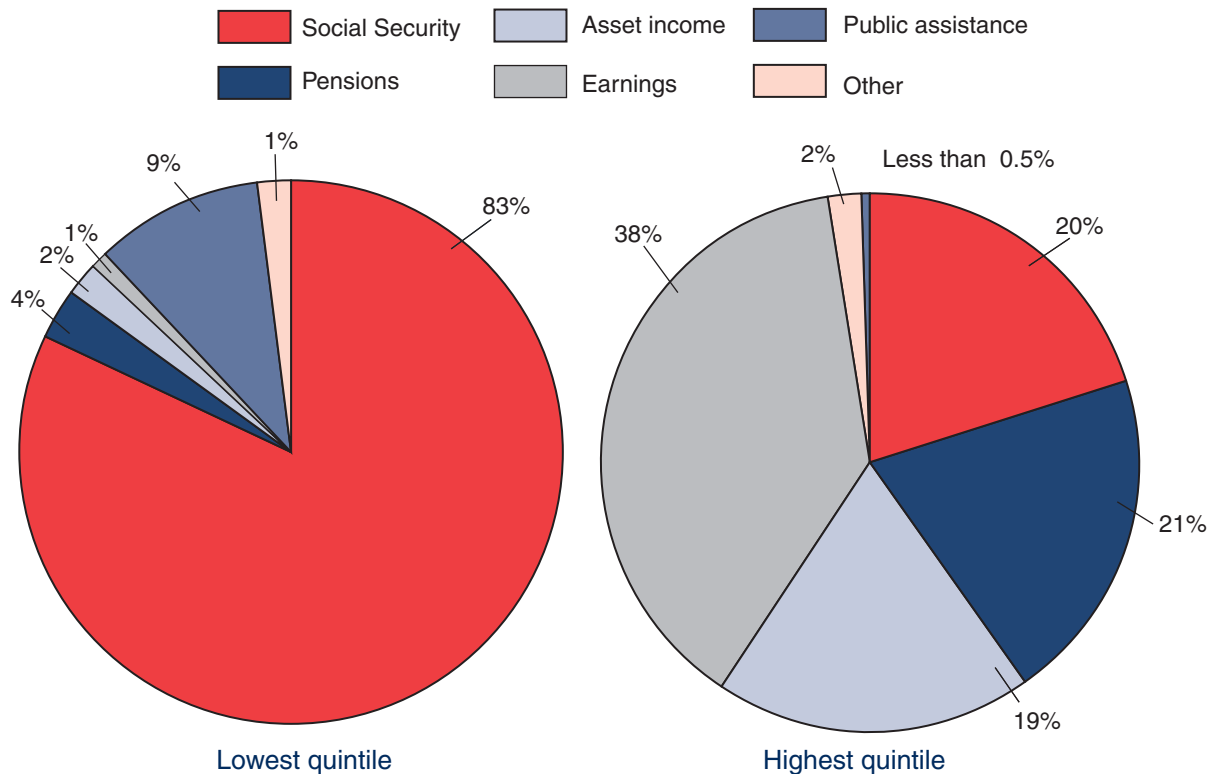
Shares of aggregate income, by source, 2002



# Shares of Aggregate Income

**Shares of income from each source differ greatly by income level.** Aged units are ranked by total money income and divided into five groups of equal size called quintiles. Persons in the lowest quintile have the largest share of income from Social Security benefits (83%), and public assistance provides the second largest share (9%). For those in the highest income quintile, earnings provide the largest share of income (38%). Pensions and Social Security (21% and 20%) are the next most important, followed by asset income (19%).

**Shares of aggregate income for the lowest and highest income quintiles, by source, 2002**

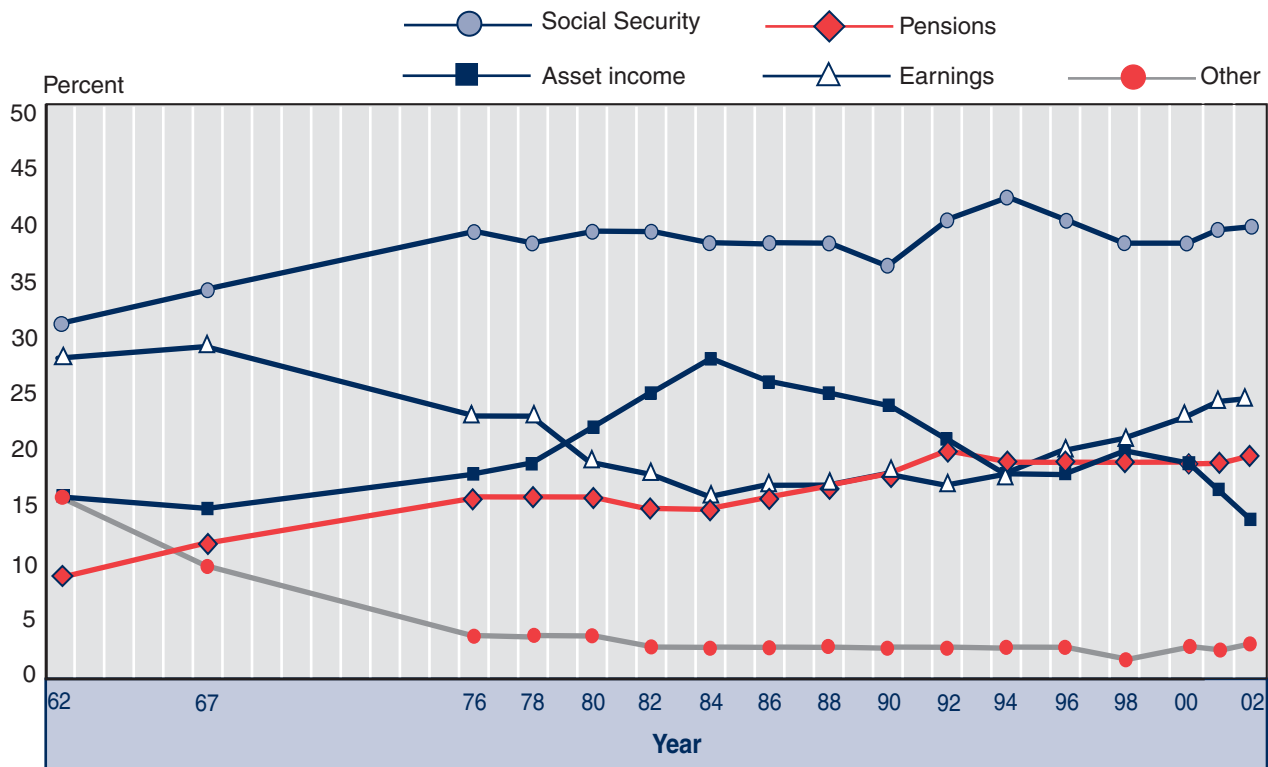


NOTE: The quintile limits for aged units for 2002 are \$9,721, \$15,181, \$23,880, and \$40,982.

# Shares of Aggregate Income

**Over time, Social Security has provided the largest share of aggregate income for the aged.** In 1962, it provided the largest share, followed closely by earnings. In 2002, 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.

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





# *Poverty Status, Based on Family Income*

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

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

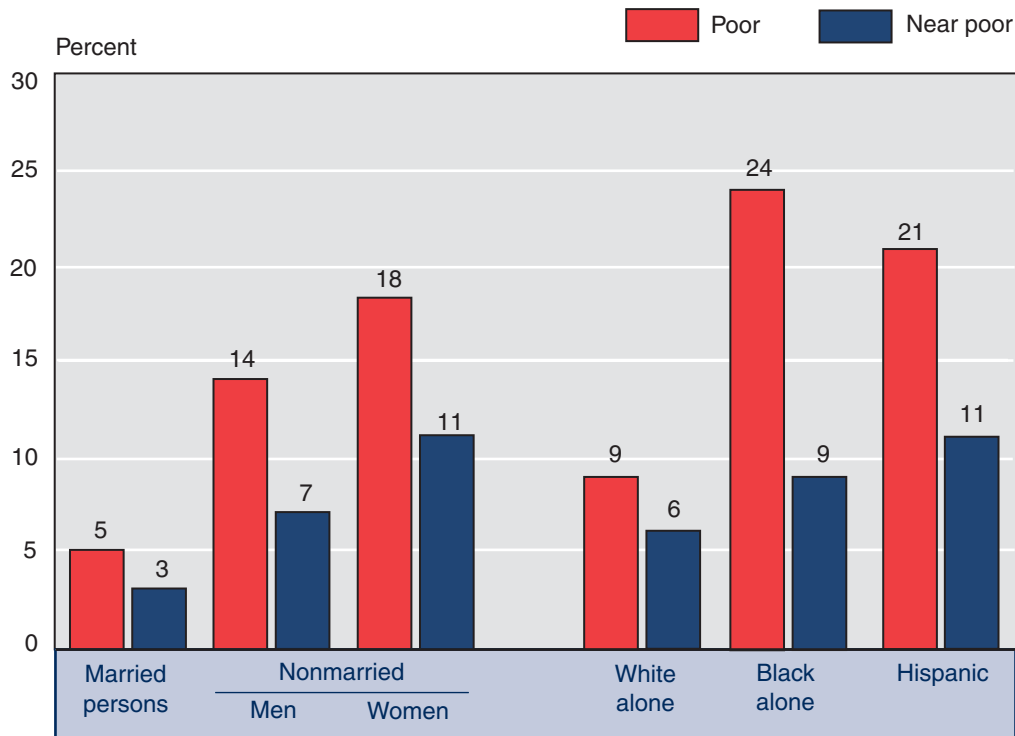




# Poverty Status, Based on Family Income

**High proportions of nonmarried and minority aged 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 14% to 24%. An additional 7% to 11% 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, 2002**



# Poverty Status, Based on Family Income

**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 2nd near poverty (income between the poverty line and 125% of the poverty line).

Poverty status, by age, 2002

