# Distribution of Income Sources of Recent Retirees: Findings From the New Beneficiary Survey

by Linda Drazga Maxfield and Virginia P. Reno*

Using data from the New Beneficiary Survey, this article examines income received by the newly retired from assets, employer-provided pensions, and social security. Today's retirees commonly possess pension or asset income to supplement social security. The proportions with asset income were 83 percent for married men and their wives and 69 percent for the unmarried. The proportions with pension income were 56 percent for the married couples and 42 percent for the unmarried. The article finds that up through the middle of the income distribution, social security remains the main income component. In addition to these traditional income sources of the retired, the data also highlight the important role of earnings among many of the new beneficiaries—44 percent of the married couples and 27 percent of the unmarried had current earnings.

Social security benefits are not intended to be the sole source of income at retirement. It is expected that other sources of income—in particular, income from assets accumulated over the worker's lifetime and supplemental pensions provided by the employer—will be available to individuals leaving the workplace after a career of employment.

The idea of saving to provide income in retirement is a familiar one. Historically, however, the distribution of asset income among the aged has been quite skewed. Because earlier cohorts, now settled into retirement, spent a substantial portion of their worklife during the economic upheaval of the 1930's, such an unequal asset income distribution is not surprising. What is of interest is how the more recent retirees, who entered young adulthood after the Great Depression and who were in their 30's, 40's, and 50's during the more prosperous and stable decades of the 1950's, 1960's, and early 1970's, have accumulated asset holdings for retirement.

Of even greater import is the spread by the 1950's of employer-provided pensions as an additional source of income during retirement. Even in the past decade the rate of pension receipt among new social security retired-worker beneficiaries has dramatically increased. Between 1970 and 1982, the proportion of retired-worker beneficiaries receiving either private or public employee pensions rose from 25 percent to 42 percent for the unmarried, and among the married, from 42 percent to 53 percent for men and from 12 percent to 24 percent for women.[1]

Pensions and retirement policy in the private sector have received significant legislative attention over the past decade. For example, the Employee Retirement Income Security Act (ERISA) of 1974 was designed to safeguard employee pension rights. The 1978 Amendments to the Age Discrimination in Employment Act generally ban mandatory retirement in the private sector before age 70. Also, the Retirement Equity Act of 1984 aims to extend pension protection to surviving spouses and former spouses of pension-eligible workers.

The popular idea of the "three tiers" of retirement income underscores the concept of social security, pension, and asset income working together to provide retirement income for the aged population of the United States. The analysis provided here examines the nature and structure of the sources of income received by individuals who have newly entered the retirement state.

*Program Analysis Staff, Office of Research, Statistics, and International Policy, Office of Policy, Social Security Administration (SSA). The New Beneficiary Survey was conducted for SSA under contract with the Institute for Survey Research at Temple University in Philadelphia, PA, with Linda Drazga Maxfield as SSA's project director. This article is based on a paper presented by the authors at the Sixth Annual Research Conference of the Association for Public Policy Analysis and Management, held in New Orleans on October 18-20, 1984.

[1] The source for the 1970 data is Alan Fox, "Income of New Beneficiaries by Age at Entitlement to Benefits," in **Reaching Retirement Age: Findings From a Survey of Newly Entitled Workers, 1968-70** (Research Report No. 47), Office of Research and Statistics, Social Security Administration, 1976, table 8.1, page 97. Data for 1982 are for individual retired workers in the New Beneficiary Survey.

The purpose of this article is to determine, given the economic, employment, and legislative changes of the past decade, how these tiers of retirement income for today's retirees are supported by the combination of social security, pension, and asset income. It examines the extent to which recent retirees do, in fact, have pensions or asset income to supplement social security benefits, and whether they receive significant levels of income from those supplemental sources. Finally, the article puts the relative roles of social security, pensions, and asset income in perspective by investigating how each source contributes to the income profile of new social security beneficiaries.

For the purposes of this analysis, "retirement" is defined as the acceptance of social security retired-worker benefits at age 62 or older by a worker who is fully insured under the program based on his or her own work record. In the social security program, full benefits are payable to retired workers at age 65, although actuarially reduced benefits are payable at age 62.[2] The universe studied in this analysis includes all retired-worker beneficiaries who received a first benefit payment at age 62 or older in June 1980-May 1981.

The first section of the article describes the 1982 New Beneficiary Survey, from which the data for this analysis are taken. The second presents a discussion of the major retirement income sources and the amounts of income they provide to newly retired beneficiaries. The article concludes with a summary of findings and directions for further research.

## The New Beneficiary Survey

The data in this analysis are taken from the Social Security Administration's (SSA's) 1982 New Beneficiary Survey (NBS). This national, cross-sectional survey was fielded from October through December 1982 using a sample drawn from SSA's master beneficiary record. The representative sample consists of 18,599 noninstitutionalized persons. The new beneficiaries first entered payment status during the 12-month period extending from mid-1980 to mid-1981. The total survey sample is divided into four categories: (1) retired workers, (2) disabled workers, (3) women who first received benefits as wives or divorced wives of retired workers or as widows or surviving divorced wives of insured workers, and (4) workers aged 65 or older who were eligible for, but who had not yet claimed, cash benefits (the Medicare-only subsample).

The respondents included in this analysis were drawn exclusively from the retired-worker sample category.[3] The interviews occurred in late 1982, about 18-30 months after the respondents first received social security benefits. The questionnaire data, therefore, represent the circumstances in which beneficiaries found themselves after a retirement adjustment period of approximately 2 years on the benefit rolls.

The NBS collected information on the new beneficiaries' 30-year employment history, work characteristics (including pension coverage and eligibility) from selected jobs, self-assessments of health, marital and childrearing histories, income sources and amounts, and asset holdings and income from assets. Monthly income was determined separately for respondents and their spouses for a reference period spanning each of 3 months. Asset questions were used to collect information on both the value of asset holdings and the amount of income derived in the preceding month from the asset. The survey made no attempt to separate the asset holdings and asset income held separately by husbands and wives.

## Income Sources and Amounts

The main components of retirement income that supplement social security benefits are monthly pensions provided by former employers, and income from savings and assets acccumulated over the working life. In addition, new beneficiaries may continue to work and supplement their retirement income with earnings. Table 1 summarizes the extent to which these sources of income were received by retired couples (defined here as married male retired workers and their wives [4]) and by unmarried male and female retired workers.

### Prevalence of Sources

Almost all (97-98 percent) the newly retired beneficiaries were still receiving social security benefits when they were interviewed. Only about half the wives of the married men were receiving benefits. This low level of social security receipt is not surprising. The wife of a retired worker must be at least 62 years of age to receive either a retired-worker benefit on her own account or an

[2] Benefits claimed before age 65 are actuarially reduced by 5/9 of 1 percent for each month benefits are received before the month of the 65th birthday. For example, a retired worker claiming benefits in the month of his or her 62nd birthday has the full benefit payment reduced by 20 percent (36 months times 5/9 of 1 percent equals 20 percent).

[3] For a full description of the design and sample of the New Beneficiary Survey, see Linda Drazga Maxfield, "The 1982 New Beneficiary Survey: An Introduction," **Social Security Bulletin**, November 1983, pages 3-11.

[4] The sample design of the New Beneficiary Survey allows alternative ways to define couples. The married men and their wives represent couples in which the husband first received benefits between mid-1980 and mid-1981. The wife may have first received benefits at the same time, or before or after her husband, or she may not have been receiving benefits by the time of the survey. Alternatively, couples could be defined as the married women and their husbands. In this case, the wife would have first received benefits between mid-1980 and mid-1981 and the husband may have claimed benefits before or after the sampling period, or may not have yet received benefits by the time of the survey.

**Table 1.**—Sources of 1982 income during the 3 months preceding interview for persons who first received retired-worker benefits in June 1980-May 1981

| Income source | Married men and their wives | | | Unmarried beneficiaries | | |
|---|---|---|---|---|---|---|
| | Couples | Husbands | Wives | Total | Men | Women |
| Total number (in thousands) | 580.0 | 580.0 | 580.0 | 295.9 | 112.5 | 183.4 |
| Percent receiving income from— | | | | | | |
| Social security | 98.3 | 97.6 | 51.0 | 97.1 | 97.6 | 96.7 |
| Pensions | 55.7 | 53.1 | 9.7 | 42.4 | 41.3 | 43.1 |
| Private | 38.3 | 36.1 | 5.9 | 26.8 | 26.0 | 27.3 |
| Public | 21.0 | 19.0 | 3.9 | 16.5 | 16.6 | 16.5 |
| Assets [1] | 83.8 | (2) | (2) | 69.1 | 63.0 | 72.8 |
| Earnings | 43.7 | 26.9 | 26.7 | 27.1 | 21.9 | 30.2 |
| Other source [3] | 16.5 | (4) | (4) | 15.2 | 16.3 | 14.5 |
| Welfare | 2.0 | (4) | (4) | 7.1 | 6.8 | 7.2 |

[1] Includes receipt of income from at least one of the following: money market accounts, certificates of deposit, All Saver's certificates, checking or savings accounts, credit union accounts, stocks, bonds, annuities, IRA or Keogh plans, income from rental property or roomers, loan repayments, and estate, trust, or royalty income.

[2] Data were collected for the combined asset holdings and income of couples.

[3] Includes receipt of at least one of the following: veterans' pensions or compensation, workers' compensation, unemployment insurance, black lung benefits, contributions from others within or outside of the household, and welfare (supplemental security income, aid to families with dependent children, and food stamps).

[4] Not tabulated separately.

Source: New Beneficiary Survey, October-December 1982.

aged wife's benefit on her retired husband's account. Of the wives who were not receiving benefits, 73 percent were under age 62 and therefore not age-eligible to receive social security benefits.

It was not expected that all respondents would be receiving social security. Benefits may cease for a time if, for example, a beneficiary returns to work, or continues to work and has earnings that exceed the exempt amounts under the earnings test of the social security program.

In fact, continued employment was fairly common among the retired workers: 27 percent of the unmarried beneficiaries and 44 percent of the married couples reported income from earnings. Among married beneficiaries, wives and husbands were equally likely to report earnings (approximately 27 percent each).

Monthly pensions from either public or private employment were received by 53 percent of the married men and 42 percent of the unmarried beneficiaries. The women in the married couples were not likely to have pension income (only 10 percent did so), although, among the unmarried, women were slightly more likely than men to have such income.

Some form of asset income was received by a majority of the retired workers—84 percent of the couples, 73 percent of the unmarried women, and 63 percent of the unmarried men. Interest on savings accounts was the most common source of asset income, with interest on other forms of financial assets (such as money market accounts, certificates of deposit, credit union accounts, and checking accounts) also quite commonly received.

The most common component of the "other" income category was veterans' pensions or compensation, which was received by 8-10 percent of the men. Means-tested payments were received by 2 percent of the couples and 7 percent of the unmarried beneficiaries. Food stamps were the most common of the means-tested payments, with 1 percent of the couples and approximately 4 percent of the unmarried beneficiaries reporting receipt.

## Income Amounts by Source

The total income of retired-worker beneficiaries depends not only on whether they receive income from sources other than social security, but also on the amount of income those sources provide. Asset income, for example, may contribute modestly to total income when it comes from interest on small savings accounts or it may represent substantial investment income from a large portfolio of asset holdings. Similar variations are possible for pension income (depending on the retiree's former salary, length of service, and the employer plan provisions) and earnings (depending on the hours worked and salary of the current job).

This section examines the amounts of total income the new beneficiaries received and the amounts from each of the main components of income: social security, earnings, pensions, and assets. For the analysis, married couples are shown separately from the unmarried because the couples' income includes income received by both the husband and the wife.

**Total income.** The median total monthly income received by the new retired-worker beneficiaries in late 1982 was $1,511 for the couples and $775 for the unmarried men and women (table 2). The mean incomes for these groups were considerably higher—just under $2,000 for the couples and just over $1,000 for the unmarried. The fact that the median is lower than the mean indicates that most new beneficiaries were clus-

**Table 2.**—Total 1982 monthly income, and mean and percentile amount by marital status: Persons who first received retired-worker benefits in June 1980-May 1981

| Total income measures | Married men and their wives | Unmarried men and women |
|---|---|---|
| Mean amount | $1,956 | $1,024 |
| Median amount | 1,511 | 775 |
| Percentile income levels: | | |
| 5th | 529 | 262 |
| 10th | 705 | 316 |
| 25th | 1,065 | 475 |
| 75th | 2,218 | 1,187 |
| 90th | 3,376 | 1,775 |
| 95th | 4,616 | 2,471 |

Source: New Beneficiary Survey, October-December 1982.

tered at income levels below the mean, while a minority had incomes well above the mean. In fact, the mean incomes were closer to the 75th than the 50th percentiles of the income distributions for both the couples and the unmarried. The high incomes of those near the top of the income distribution tend to raise the mean amount. Those in the top 5 percent of the income distributions, for example, had monthly incomes of more than $4,600 among the couples and more than $2,400 among the unmarried—levels that are more than three times as high as the median incomes of the new beneficiaries.

In general, the income distribution for couples was about twice as high as that of the unmarried retired workers. This occurred for several reasons. First, as noted in the preceding section, the couples were more likely than the unmarried to receive earnings, pensions, or asset income in addition to social security. Second, couples tended to receive higher amounts from these sources as well as from social security—in part because both the husband and wife may receive income from the source. Finally, married men, individually, tended to have higher incomes from social security and pensions than did the unmarried.

**Social security income.** For couples, both the mean and the median monthly social security income reported in the survey was about $500 when only the husband was receiving benefits and was about $835 when both the husband and wife received benefits (table 3). The unmarried men and women, in contrast, had median benefit incomes of $421, somewhat less than the married men, individually, received. The median and mean amounts of social security income were very similar, indicating few extremely high or low values in the distribution of social security benefit amounts. This is not surprising, given the structure of the social security benefit formula. The formula is weighted to replace a larger share of past earnings for retirees with low than with high average lifetime earnings, and this feature tends to limit the number of cases with very low benefits. Also, earnings above a specified maximum are neither subject to social security payroll taxes nor counted in computing the earnings to be replaced by social security benefits. This limit on the earnings to be replaced, in conjunction with the weighted benefit formula, places a maximum on the benefits payable.

**Earnings.** Just over one-fourth (27 percent) of the unmarried retired workers had earnings, and their median income from earnings was $392. Their median monthly earnings were close to the exempt amounts under the social security earnings test ($370 for those under age 65 and $500 for those aged 65-69 in 1982).[5]

[5] The earnings test is administered on an annual basis. In 1982, the annual earnings exempt amounts were $4,440 for persons under age 65 and $6,000 for those aged 65-71. At age 72 the earning test no longer applied. The monthly earnings amounts shown are 1/12 of the annual exempt amounts and therefore represent monthly earnings that, if earned steadily throughout the year, would equal the exempt amounts.

**Table 3.**—Mean and median 1982 monthly income from major sources, by marital status and spouse receipt: Persons who first received retired-worker benefits in June 1980-May 1981

| Income source | Percent receiving | Amount for recipients: Mean | Amount for recipients: Median |
|---|---|---|---|
| | Married men and their wives | | |
| Social security, total | 98.3 | $671 | $646 |
| Only husband receives | 47.3 | 500 | 504 |
| Both receive | 50.3 | 836 | 838 |
| Only wife receives | .7 | 324 | 304 |
| Earnings, total | 43.7 | 972 | 617 |
| Only husband receives | 17.0 | 803 | 418 |
| Both receive | 9.9 | 1,613 | 1,054 |
| Only wife receives | 16.8 | 766 | 666 |
| Pensions, total | 55.8 | 656 | 490 |
| Only husband receives | 46.1 | 640 | 471 |
| Both receive | 7.0 | 899 | 757 |
| Only wife receives | 2.7 | 332 | 214 |
| Asset income | 83.8 | 539 | 180 |
| | Unmarried men and women | | |
| Social security | 97.0 | $432 | $421 |
| Earnings | 27.0 | 588 | 392 |
| Pensions | 42.4 | 426 | 291 |
| Asset income | 69.1 | 299 | 99 |

Source: New Beneficiary Survey, October-December 1982.

Earnings for the unmarried were clustered around these amounts (table 3). Half the working unmarried beneficiaries had earnings between $240 and $620 a month (the 25th and 75th percentiles of the earnings distribution). A few of the unmarried workers had considerably higher earnings. Those in the top 10 percent of the earnings distribution for the unmarried earned $1,100 a month or more, and those in the top 5 percent earned $1,500 or more (table 4). Those in the top 10 percent of the earnings distribution represent about 2.7 percent of all the unmarried new retired-worker beneficiaries.

For couples, the median amount of earnings was highest when both the husband and wife worked ($1,054) and was next highest when only the wife worked ($666). When only the husband had earnings, the median earnings were $418 (table 3). The somewhat higher median earnings for the wives than for the husbands reflect the fact that just over half (54 percent) of the wives in couples with earnings were under age 62 and therefore were too young to be retired under social security. The median earnings when only the husband worked were close to the exempt amount under the earnings test and were only slightly higher than those of the unmarried men and women.

The earnings distribution of the couples clustered in a somewhat broader range than that of the unmarried persons. Half the working couples earned between $325 and $1,130—the 25th and 75th percentiles of the earnings distribution of couples (table 4). Couples in the top 5 percent of the earnings distribution had earnings of

**Table 4.**—Mean and percentile amounts of monthly 1982 income from major sources, by marital status: Persons who first received retired-worker benefits in June 1980-May 1981

| Distribution | Social security | Earnings | Pensions | Asset income |
|---|---|---|---|---|
| | Married men and their wives | | | |
| Percent receiving | 98.3 | 43.7 | 55.8 | 83.8 |
| Amounts for recipients: | | | | |
| Mean | $671 | $972 | $656 | $539 |
| Median | 646 | 617 | 490 | 180 |
| Percentile levels: | | | | |
| 5th | 226 | 100 | 69 | 2 |
| 10th | 305 | 160 | 114 | 6 |
| 25th | 469 | 325 | 250 | 34 |
| 75th | 855 | 1,130 | 836 | 518 |
| 90th | 1,065 | 1,800 | 1,375 | 1,211 |
| 95th | 1,133 | 2,650 | 1,892 | 2,091 |
| | Unmarried men and women | | | |
| Percent receiving | 97.0 | 27.0 | 42.4 | 69.1 |
| Amounts for recipients: | | | | |
| Mean | $432 | $588 | $426 | $299 |
| Median | 421 | 392 | 291 | 99 |
| Percentile levels: | | | | |
| 5th | 159 | 52 | 47 | 2 |
| 10th | 194 | 90 | 74 | 4 |
| 25th | 286 | 240 | 140 | 17 |
| 75th | 543 | 620 | 541 | 298 |
| 90th | 698 | 1,100 | 890 | 704 |
| 95th | 753 | 1,500 | 1,230 | 1,159 |

Source: New Beneficiary Survey, October-December 1982.

$2,650 a month or more. They represent about 2.2 percent of new retired-worker married men and their wives.

**Pensions.** Monthly income from private or public employee pensions varied more widely than did social security benefit income. This is expected given the diversity of the employee pension system in the United States. There are more than one-half million different private pension plans and 6,000 different plans for government employees at the local, State, or Federal levels of government.[6] Each plan can develop its own formula for determining pension amounts. In addition, some pension plan formulas are integrated with social security so as to offset, in part, the weighted social security benefit formula in favor of low earners. Integrated plans are designed to pay a somewhat higher replacement of earnings to high than low earners, who receive higher levels of earnings replacement from social security.[7]

For the 56 percent of couples who had pension income, the median monthly amount was $490. In most cases, only the husband had pension income and for those couples the median amount was $471. For the 7 percent of couples in which both the husband and wife had pensions, the median monthly income was $757. For the unmarried, median pension income was considerably lower than that for married men, individually, in large part because of low pensions received by the unmarried women.

The overall median pension income for the unmarried was $291, but it was $400 for the men and $253 for the women. For most other major sources of income the median amounts were only slightly lower for the unmarried women than for the unmarried men, as shown below:

| Source of income | Unmarried retired workers | |
|---|---|---|
| | Men | Women |
| Median monthly income from: | | |
| All sources | $777 | $771 |
| Social security | 437 | 416 |
| Earnings | 400 | 376 |
| Pensions | 400 | 253 |
| Assets | 101 | 94 |
| Other sources | 154 | 150 |

Although the unmarried women were as likely as the unmarried men to have earned pensions, their pension amounts were smaller.

The diversity of pension benefit amounts can be seen in the summary measures in table 4. Unmarried pension recipients between the 10th and the 90th percentiles of the pension income distribution received between about $75 and $900 a month. Couples with pensions between the 10th and the 90th percentiles of the pension income distribution had amounts ranging from about $100 to nearly $1,400 a month.

**Asset income.** Total asset income includes interest from all forms of financial assets and savings accounts, stock dividends, annuities, rental income from property, income or withdrawals from IRA or Keogh accounts, and loan repayments received. As noted, most of the new beneficiaries had some form of asset income—84 percent of the couples, 73 percent of the unmarried women, and 63 percent of the unmarried men. The amounts they received varied widely, however. The median monthly amount for those with asset income was $180 for couples and $99 for the unmarried. Mean amounts, in contrast, were roughly three times as high as the medians—$539 for the couples and $299 for the unmarried. Couples in the top 5 percent of the asset income distribution received more than $2,000 a month, and the unmarried in the top 5 percent received more than $1,100 a month from their asset holdings. In contrast, very small amounts of asset income were quite common. Those in the lowest 25 percent of the asset in-

[6] The number of private pension plans is based on unpublished counts by the Department of Labor, based on form 5500 and 5500c reports for 1980. The estimate of the number of public employee plans is from **The Desirability and Feasibility of Social Security Coverage for Employees of Federal, State, and Local Governments and Private, Nonprofit Organizations: Report of The Universal Social Security Coverage Study Group**, Department of Health, Education, and Welfare, March 1980, pages 151-243.

[7] Donald Bell and Diane Hill, "How Social Security Payments Affect Private Pensions," **Monthly Labor Review**, May 1984, pages 15-20.

come distribution received less than $35 a month among couples and less than $18 a month among the unmarried.

## Role of Pensions and Asset Income

Although asset income was more commonly received than pension income, it was more likely to be in small amounts. Table 5 highlights this fact by presenting the percentage of new beneficiaries who received no more than $100 a month from these sources (including those who had no income from the sources). In all, half the couples and two-thirds of the unmarried received no more than $100 a month from pensions. Similar proportions received no more than that amount in asset income. The proportion who received no more than $100 from either of the sources is smaller—26 percent for the couples and 48 percent for the unmarried—indicating that many who did not have more than $100 from one source did have that much from the other.

Social security's strength as the foundation of retirement income is illustrated in table 6, which shows the proportion of new beneficiaries who received more than $400 a month from social security or from pension or asset income. A majority of both the married and unmarried beneficiaries received social security benefits exceeding this income level. No other income source, by itself, came close to contributing this level of retirement income for as many of the recent retirees. Of the two main supplemental sources of retirement income, pensions were more likely than assets to provide income of more than $400 a month.

## Components of Total Income

Table 7 shows the proportion of mean total monthly income provided by social security, pensions, assets, and earnings by the level of the new beneficiaries' total

**Table 5.**—Percent of persons having either no income or no more than $100 a month in 1982 from social security, pensions, or assets, by marital status: Retired-worker beneficiaries with first payable benefits in June 1980-May 1981

| Income source | Married men and their wives | Unmarried men and women |
|---|---|---|
| | Percent with no more than $100 a month from source | |
| Social security | 2.0 | 3.8 |
| Pensions | 49.5 | 65.1 |
| Assets | 49.0 | 65.1 |
| Both pensions and assets | 25.8 | 47.9 |
| | Percent with no income from source | |
| Social security | 1.9 | 3.6 |
| Pensions | 44.8 | 58.3 |
| Assets | 16.7 | 31.6 |
| Both pensions and assets | 9.8 | 23.3 |

Source: New Beneficiary Survey, October-December 1982.

**Table 6.**—Percent of persons having 1982 monthly income of more than $400 a month from major sources, by marital status: Retired-worker beneficiaries with first payable benefits in June 1980-May 1981

| Income source | Married men and their wives | Unmarried men and women |
|---|---|---|
| Percent with income greater than $400 per month from— | | |
| Total income | 98.3 | 83.0 |
| Social security | 85.1 | 52.9 |
| Pensions | 33.3 | 15.9 |
| Assets | 25.5 | 12.7 |
| Earnings | 30.5 | 13.3 |

Source: New Beneficiary Survey, October-December 1982.

monthly incomes. It reveals that couples in the lowest 10 percent of the income distribution received about 77 percent of their average total income from social security, while unmarried retired workers in the lowest 10 percent of the income distribution received about 87 percent of their average income from social security. Social security remains the main component of income for beneficiaries up to the middle of the income distribution. Social security benefits represent more than half of total income up through about the 45th percentile of the income distribution for couples and up through about the 55th percentile of the income distribution for unmarried retired workers. Furthermore, average income from social security is larger than the combined average income from pensions and assets up through about the 60th percentile of the income distribution for the couples and up through the 80th percentile of the income distribution for the unmarried. On average, the role of pensions in larger than that of assets in the broad middle range of the income distribution. At the highest income level, assets are the major source of income, while at the lowest income levels, all sources other than social security contribute relatively small shares of total income.

# Conclusion

In the preceding discussion, the three traditional tiers of retirement income—social security, pension income, and asset income—have been examined with respect to their prevalence among and their contributions to the income profiles of a recent cohort of new social security retired-worker beneficiaries. The New Beneficiary Survey data provide the following conclusions about the income picture of these individuals:

- Today's retirees commonly possess pension or asset income to supplement social security.
  - —The proportion of newly retired workers with income from pensions was 42 percent for the unmarried and 53 percent for married men, individually.

**Table 7.**—Percent of mean total 1982 monthly income from major sources, by percentile of total monthy income distribution: Married men and their wives and unmarried persons who first received retired-worker benefits in June 1980-May 1981

| Percentile of total income distribution | Mean total monthly income | Percent of mean total monthly income from— | | | | | |
|---|---|---|---|---|---|---|---|
| | | All sources | Social security | Pensions | Assets | Earnings | Other income |
| | Married men and their wives | | | | | | |
| 1st-10th | $521 | 100 | 77 | 4 | 4 | 9 | 6 |
| 11th-20th | 843 | 100 | 67 | 10 | 7 | 12 | 4 |
| 21st-30th | 1,068 | 100 | 59 | 14 | 9 | 15 | 3 |
| 31st-40th | 1,257 | 100 | 54 | 20 | 11 | 14 | 2 |
| 41st-50th | 1,427 | 100 | 48 | 20 | 12 | 17 | 3 |
| 51st-60th | 1,630 | 100 | 44 | 22 | 16 | 15 | 3 |
| 61st-70th | 1,880 | 100 | 38 | 24 | 15 | 20 | 3 |
| 71st-80th | 2,225 | 100 | 32 | 23 | 20 | 22 | 3 |
| 81st-90th | 2,829 | 100 | 25 | 26 | 23 | 23 | 3 |
| 91st-100th | 5,895 | 100 | 13 | 14 | 39 | 27 | 8 |
| | Unmarried men and women | | | | | | |
| 1st-10th | $248 | 100 | 87 | 1 | 2 | 3 | 7 |
| 11th-20th | 375 | 100 | 80 | 2 | 4 | 6 | 8 |
| 21st-30th | 478 | 100 | 71 | 5 | 6 | 6 | 12 |
| 31st-40th | 588 | 100 | 70 | 7 | 6 | 13 | 5 |
| 41st-50th | 708 | 100 | 61 | 12 | 9 | 13 | 4 |
| 51st-60th | 839 | 100 | 52 | 18 | 10 | 15 | 5 |
| 61st-70th | 983 | 100 | 43 | 21 | 17 | 16 | 4 |
| 71st-80th | 1,189 | 100 | 42 | 22 | 17 | 15 | 4 |
| 81st-90th | 1,520 | 100 | 34 | 25 | 21 | 15 | 5 |
| 91st-100th | 3,287 | 100 | 17 | 19 | 34 | 18 | 12 |

Source: New Beneficiary Survey, October-December 1982.

— The proportion of newly retired workers with income from assets was 69 percent for the unmarried and 84 percent for married men and their wives.

- Many of the new retirees in 1982 did not have large amounts of income from pensions or assets. Those with no income, or with no more than $100 a month, from either assets or pensions accounted for about half of the unmarried and about one-fourth of the married couples.
- Social security remains the main component of income for retirees up through the middle of the income distribution.

— For couples, social security was the major source of income for those up through the 45th percentile of their income distribution.

— Social security accounted for more than half of total income for unmarried retired workers up through the 55th percentile of their income distribution.

One additional source of income—earnings—is not traditionally included in the three tiers of retirement income. Yet, the data from the NBS clearly highlight the important role of earnings among many of the new beneficiaries:

- Earnings from continued work were another major source of income for about one-fourth of the new beneficiaries.

— Approximately 44 percent of the married couples reported earnings from either the husband or the wife, with nearly equal numbers of husbands and wives currently employed.

— About 27 percent of the unmarried retired workers were currently employed, with the unmarried women somewhat more likely than the unmarried men to report current receipt of earnings income.

The presence of continued employment among this sample from the New Beneficiary Survey underscores the dynamic nature of the retirement event. Even after the elapse of, on average, 2 years since the receipt of the first social security benefit, one-fourth of these retired workers continued their attachment to the labor force. The reasons for this continued employment, including the duration of the current job, the level of labor-force attachment, and the role of earnings income for the employed, are a subject for further investigation.

The examination of the income situation of the new social security beneficiaries will move from this study of the levels and amounts of income receipt to a broader analysis of the total income distribution of the new beneficiary population. The insights regarding the roles of pension and asset income for the newly retired provide a perspective from which to analyze how the components of income for these new beneficiaries relate to the distribution adequacy issues facing policymakers concerned about the income of the older population.