

Contact: John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

Sources of Income for Those Age 65 and Over in 2007

WASHINGTON—What are the major sources of income for the elderly in the United States?

An article in the May 2009 *EBRI Notes* shows that Social Security was the largest source of income for those age 65 and older in 2007, but its importance varies by income level and other factors. Here are some of the details:

Income Sources

- In 2007, Social Security was the largest source of income for those currently age 65 and older, accounting for 38.6 percent of their income on average. Pension and annuities income was 18.6 percent, income from assets 15.6 percent, and income from earnings was 25.3 percent.
- Nearly all individuals (89.3 percent) age 65 and over received income from Social Security in 2007, while 52.9 percent received income from assets, 34.3 percent received income from pensions and annuities, and 19.9 percent received income from earnings.

Income Levels

- The *median* income level (half above and half below) of the elderly population increased from \$13,311 (in constant 2008 dollars) in 1974 to \$17,560 (in 2008 dollars) in 1999. By 2004, the median income of the elderly had declined to \$17,146. Real median income increased by 2007, to \$17,898, the highest point in this time series.
- The average income of the elderly increased from \$18,782 in 1974 to \$24,162 by 1989. Following 1989, *average* income of the elderly was up and down, totaling \$29,214 in 2006 and being higher in 2007 than in 1989 by \$5,052.

Income Composition

- In 2007, the lowest-income quintile (the bottom one-fifth) received 88.7 percent of its income from Social Security, 2.6 percent from pensions and annuities, 4.4 percent from assets, and 1.8 percent from earnings. By comparison, the highest-income quintile received 17.2 percent of its income from Social Security, 21.0 percent from pensions and annuities, 21.8 percent from assets, and 38.1 percent from earnings.
- The oldest age group of the elderly (those 85 and over) receive a greater percentage of their total income from Social Security than those in the younger age groups. In 2007, elderly persons age 85 and over derived 54.1 percent of their income from Social Security, compared with 28.3 percent for those ages 65–69.
- Younger age groups derive a greater share of their total income from earnings from work. In 2007, among those elderly ages 65–69, 39.9 percent of their income was from work-related earnings, compared with 6.7 percent of the income of individuals age 85 and over.
- Among elderly individuals who received no income from work in 2007, 53.1 percent of their income came from Social Security, 25.6 percent from pensions and annuities, and 18.1 percent from assets.

Additional information on the income for those age 65 and over appears in the May 2009 *EBRI Notes*, available at www.ebri.org/pdf/notespdf/EBRI_Notes_05-May09.CstShrg-IncEld.pdf, and Chapter 7 of EBRI Databook on Employee Benefits available at <http://www.ebri.org/pdf/publications/books/databook/DB.Chapter%2007.pdf>

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