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How Age Affects Likelihood of Receiving Pension, Annuity Income

WASHINGTON—How does age affect the likelihood of receiving an annuity and/or pension income?

A recent study by the nonpartisan Employee Benefit Research Institute (EBRI) answers that and other questions. Here are the details: The likelihood of receiving an annuity and/or pension income increases with age, until the oldest age group (those age 80 and over), where the data show a lower percentage receiving annuity and/or pension income. However, since 1975, the percentage of individuals age 80 and over receiving annuity and/or pension income has been increasing, from 17.7 percent in 1975 to 37.3 percent in 2008.

Percentage of Population Over Age 50 Receiving Pension and Annuity Income, by Age, Selected Years, 1975–2008

Age	1975	1980	1985	1990	1995	2000	2005	2008
Age 50–55	4.6%	5.6%	6.1%	6.6%	5.9%	4.8%	4.9%	4.0%
Age 56–60	9.4	10.8	13.3	15.8	14.3	13.7	13.8	12.6
Age 61–64	16.1	20.6	23.8	28.0	25.9	23.4	24.1	22.4
Age 65–67	25.8	29.1	31.8	37.1	34.2	32.3	30.8	31.2
Age 68–70	26.5	29.0	34.1	38.4	37.2	36.2	33.7	35.7
Age 71–75	25.4	29.2	32.5	39.2	38.0	36.4	36.2	35.5
Age 76–80	21.7	24.1	28.8	34.6	36.2	36.1	38.5	37.2
Over 80	17.7	21.1	25.0	30.2	31.5	33.1	37.4	37.3
Over 65	23.8	26.9	30.7	36.1	35.4	34.8	35.5	35.4

Source: Employee Benefit Research Institute estimates of the 1976, 1981, 1986, 1991, 1996, 2001, 2006, and 2009 Current Population Surveys, March Supplements. For past years, see *EBRI Databook on Employee Benefits*, Chapter 8 at www.ebri.org/pdf/publications/books/databook/DB.Chapter%2008.pdf

In addition, the EBRI study says it is worth noting that, although only 16.6 percent of persons ages 50–60 in 2008 were receiving annuity and/or pension income, those recipients had mean and median incomes that were greater than those received by persons over age 60 (these data are shown in additional figures in the study).

These data suggest that many persons who retired early may have done so because they were eligible for early retirement benefits and/or were able to purchase a sizable annuity, and therefore no longer needed to work for financial reasons. However, it is also likely that some persons ages 50–60 receiving retirement annuity and/or employment-based pension income were forced out of the labor force involuntarily—by disability or layoffs—and consequently had to settle for below-average pensions.

The full study appears in the May 2010 *EBRI Notes*, available at www.ebri.org

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