EBRI
EMPLOYEE BENEFIT RESEARCH INSTITUTE®

NOTES

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Executive Summary:

IRA Assets and Contributions, 2006:

- ***Record assets in 2006:*** Individual retirement account (IRA) assets reached a record $4.23 trillion in 2006, a growth rate of 16.5 percent from 2005, resuming a trend that was interrupted only by the stock market retrenchment from 2000–2002.
- ***Rollovers still account for most growth:*** IRA growth continues to be fueled by *rollovers* from employment-based tax-qualified retirement plans (amounting to about $200 billion annually). *Contributions* to IRAs pale in comparison.
- ***Changing market share:*** The growth in IRA assets has been mostly in mutual funds and self-directed brokerage accounts, with market share shrinking in banks, thrifts, and life insurance annuities. Almost half (47 percent) of all IRA assets were held in mutual funds in 2006.
- ***IRAs the largest repository of retirement funds:*** Total IRA assets are larger than those in either private-sector defined benefit (pension) or defined contribution (401(k)-type) retirement plans.
- ***Traditional IRAs still dominant:*** More than 90 percent of all IRA assets were held in traditional IRAs in 2002 (the latest available), compared with 3 percent in Roth IRAs and just over 5 percent in other IRAs.

Income of the Elderly Population Age 65 and Over, 2006

- ***Modest income levels:*** Median (midpoint) annual income for the elderly population was $16,770 in 2006. Median income of the elderly increased at an average annual rate of 1.0 percent from 1989–1999 and by 0.34 percent from 1999–2006.
- ***Gender Differences:*** Women receive a larger share of their income (47.8 percent in 2006) from Social Security than men (34.0 percent in 2006). The percentage of an elderly woman's and elderly man's income coming from Social Security has changed little over time: In 1975, 36.0 percent of an elderly man's income came from Social Security compared with 52.0 percent for an elderly woman.
- ***Age Differences:*** The older a person is, the greater share of his or her income comes from Social Security. In 2006, 30.1 percent of an elderly person's (age 65–69) income came from Social Security, compared with 54.3 percent for a person age 85 and over.

■ *IRA Assets and Contributions, 2006*

By Craig Copeland, EBRI

Introduction

Individual retirement accounts (IRAs) are an important vehicle both for building wealth and for storing wealth built up in employment-based retirement plans. IRAs account for a sizable portion of the assets held by Americans in tax-preferred plans designed for retirement, surpassing the assets held in either private-sector defined contribution (DC) plans (typically 401(k)-type plans) or defined benefit (DB) plans (traditional pensions). Furthermore, IRA assets have continued to grow in importance and are likely to become the single largest source of retirement assets outside of Social Security for private-sector workers in retirement.[1]

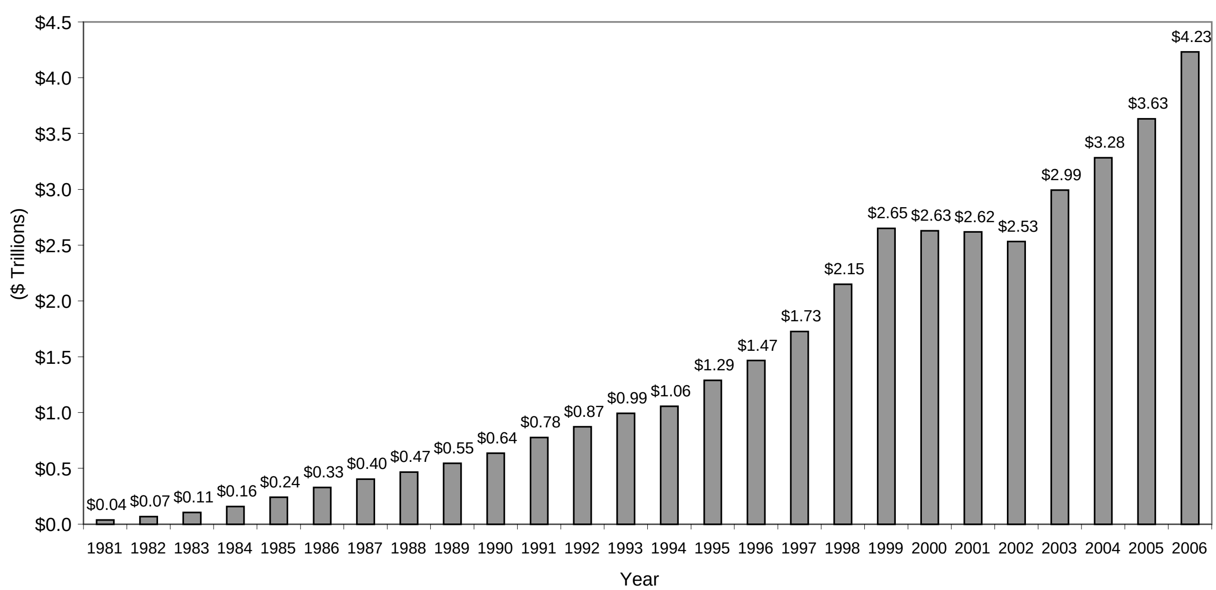
This article examines the level of—and trends in—IRA assets. In addition, it includes the most recent Internal Revenue Service (IRS) data on the distribution of assets and contributions to IRAs by IRA type, thereby permitting analysis of the assets and contribution levels of traditional (deductible and nondeductible) IRAs, Roth IRAs (nondeductible contributions and tax-free withdrawals), and other IRAs (employment-based SEPs and SIMPLEs[2]).

Total Assets

IRA asset levels increased continuously from 1981 through 1999 before declining for three consecutive years from 2000 through 2002 (Figure 1).[3] These assets peaked at $2.65 trillion in 1999 before falling back to $2.53 trillion in 2002. However, in 2003 the IRA asset level resumed its ascent, reaching $2.99 trillion, and continued to increase to $4.23 trillion in 2006. These data indicate that the significant growth trend that total IRA assets enjoyed for the past two decades was interrupted only by the stock market retrenchment from 2000–2002.

Figure 1

Total Individual Retirement Account Assets,[a] 1981–2006



Source: Investment Company Institute (ICI) using their own data and data from the Federal Reserve Board, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division. The most recent data from ICI can be found in Investment Company Institute, "The U.S. Retirement Market, 2006," *Fundamentals,* Vol. 16, No. 3 (Investment Company Institute, July 2007), www.ici.org/stats/res/1fm-v16n3.pdf

[a] The asset level of IRAs for depositories include Keogh accounts held there.

Growth rate: The average annual percentage increases in IRA assets during the 1990s amounted to 17.2 percent (calculated from Figure 2). After the retrenchment in assets from 2000–2002, the annual increases were 18.2 percent, 9.7 percent, and 10.6 percent, respectively, before increasing by 16.5 percent in 2006 (Figure 2). Consequently, IRA asset growth resumed its substantial growth rates of the 1990s.

Changing market share: This growth in IRA assets has occurred mostly in mutual funds and self-directed brokerage accounts. Mutual fund assets increased from $1.045 trillion in 2002 to $1.972 trillion in 2006, and assets in self-directed brokerage accounts increased from $956 billion to $1.624 trillion over the same period (Figure 2).[4] By comparison, assets held in banks and thrifts and in life insurance annuities also increased, but by a much smaller amount. Consequently, the share of the total assets held in mutual funds grew by about 6 percentage points over the 2002–2006 period, pushing assets held in banks and thrifts to their lowest levels ever. Mutual funds accounted for the largest share of IRA assets in 2006. For comparison, in 1981, they held only the third-largest share of IRA assets, while banks and thrifts held the majority of the assets (Figure 3). In 2006, mutual funds' market share peaked again at its 1999 and 2000 levels (47 percent).

IRA and Private Retirement Plan Asset Comparison

Total IRA assets are larger than those accumulated in either private-sector DB plans or DC plans. In 2006, when IRAs held $4.23 trillion dollars, DB plans held $2.26 trillion and DC plans held $3.27 trillion (Figure 4). The amount of assets in IRAs above the amount in DC and DB plans has increased each year since 2001, when IRAs held $2.62 trillion, compared with $2.24 trillion in DC plans and $1.81 trillion in DB plans.

Aggregate Deductible Contributions

According to IRS data, tax-deductible contributions to traditional IRAs increased from $7.407 billion in 2001 to $10.239 billion in 2004 and to a preliminary estimate of $12.208 billion in 2005—the highest amount since before 1990 (Figure 5).[5,6] From 1998 through 2001, a decline in the dollar value of annual IRA deductions occurred. However, after the increases in the contribution limits to IRAs enacted in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 took effect, the dollar value of these contributions increased, including an almost $2 billion increase in 2005 from 2004.[7]

While the dollar amount of IRA contributions increased from 2002 to 2005, the number of returns claiming the deduction in 2005 was near the lowest level that it had reached in 2002 (Figure 5). The number of returns claiming the deduction has been on a fairly steady decline (despite a slight increase in 1996), from 5.2 million in 1990 to 3.3 million 2002. In 2003, the number of individuals claiming the deduction increased for the first time since 1996, to 3.4 million. However, the number claiming the deduction decreased again in 2004 and 2005, falling to 3.3 million.

IRA Assets and Contributions by IRA Type

Of the $2.5 trillion in IRAs in 2002, $2.3 trillion were in traditional IRAs (Figure 6).[8] This represents more than 90 percent of the IRA assets (Figure 7). Roth IRAs amounted to $77.6 billion, and all other IRAs held $133.4 billion in 2002.[9] Thus, Roths account for just over 3 percent of all IRA assets, while other IRAs account for slightly more than 5 percent (2002 is the latest year these data are available).

In contrast, of the $42.3 billion in IRA contributions in 2002, only $12.4 billion went to traditional IRAs, both deductible and nondeductible (Figure 6). This accounts for 29.3 percent (22.4 percent in deductible and 6.9 percent in nondeductible) of all IRA contributions (Figure 8). Roth contributions represented 31.2 percent of the contributions, while other IRA contributions' share was 39.5 percent.[10]

The factor that continues to drive the asset growth of traditional IRAs relative to the other types of IRAs is rollovers from other tax-preferred plans, as opposed to new contributions. In 2002, rollovers to traditional IRAs amounted to $204.4 billion, following rollover amounts of $225.6 billion in 2000 and $187.8 billion in 2001 (Figure 6).[11]

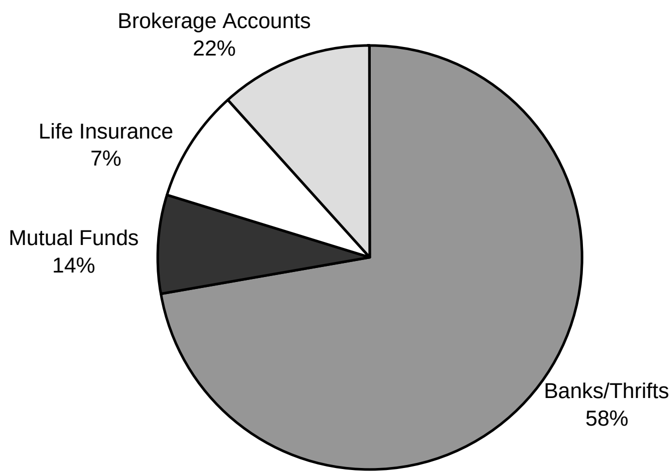
Figure 2
Distribution of Individual Retirement Account Assets, by Financial Institution, 1981–2006

Year	Total Assets	Bank and Thrift Deposits	Mutual Funds	Life Insurance	Brokerage Self-Directed Accounts	Annual Percentage Change
			($ billions)			
1981	$38	$27	$3	$3	$4	
1985	241	140	33	17	52	51.6%
1986	329	171	57	22	79	36.5
1987	404	193	77	29	104	22.8
1988	468	217	92	38	120	15.8
1989	546	243	121	37	145	16.7
1990	637	266	138	40	193	16.7
1991	776	282	185	45	264	21.8
1992	874	275	233	50	317	12.6
1993	993	263	315	62	353	13.6
1994	1,056	255	341	70	390	6.3
1995	1,288	261	464	81	483	22.0
1996	1,467	258	582	92	534	13.9
1997	1,728	254	763	136	576	17.8
1998	2,150	249	960	157	783	24.4
1999	2,651	244	1,257	203	948	23.3
2000	2,629	252	1,233	203	942	-0.8
2001	2,619	255	1,169	211	984	-0.4
2002	2,533	263	1,045	268	956	-3.3
2003	2,993	268	1,313	285	1,127	18.2
2004	3,284	270	1,494	282	1,238	9.7
2005	3,632	278	1,667	308	1,379	10.6
2006	4,232	313	1,972	323	1,624	16.5
			(percentage of total assets)			
1981	100%	72%	7%	9%	12%	
1985	100	58	14	7	22	
1986	100	52	17	7	24	
1987	100	48	19	7	26	
1988	100	46	20	8	26	
1989	100	45	22	7	27	
1990	100	42	22	6	30	
1991	100	36	24	6	34	
1992	100	31	27	6	36	
1993	100	26	32	6	36	
1994	100	24	32	7	37	
1995	100	20	36	6	38	
1996	100	18	40	6	36	
1997	100	15	44	8	33	
1998	100	12	45	7	36	
1999	100	9	47	8	36	
2000	100	10	47	8	36	
2001	100	10	45	8	38	
2002	100	10	41	11	38	
2003	100	9	44	10	38	
2004	100	8	45	9	38	
2005	100	8	46	8	38	
2006	100	7	47	8	38	

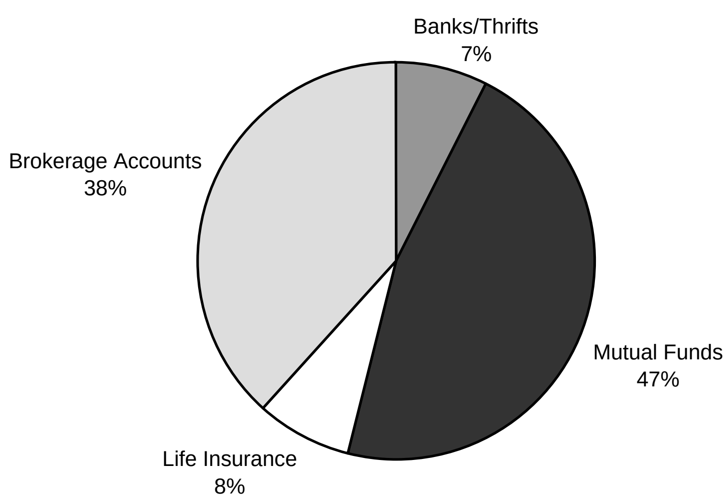
Source: Investment Company Institute (ICI) using their own data and data from the Federal Reserve Board, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division. The most recent data from ICI can be found in Investment Company Institute, "The U.S. Retirement Market, 2006," *Fundamentals,* Vol. 16, No. 3 (Investment Company Institute, July 2007), www.ici.org/stats/res/1fm-v16n3.pdf
See endnote 4 for information on each category.

Figure 3
IRA Asset Market Share, 1981 and 2006

1981

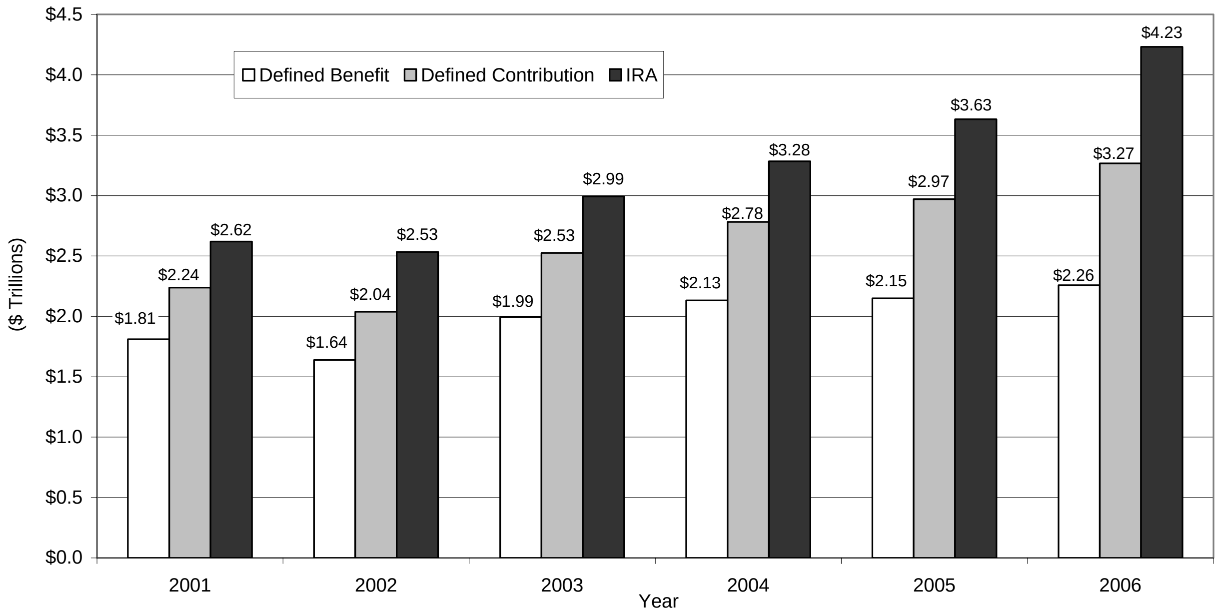


2006



Source: Investment Company Institute (ICI) using their own data and data from the Federal Reserve Board, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division. The most recent data from ICI can be found in Investment Company Institute, "The U.S. Retirement Market, 2006," *Fundamentals,* Vol.16, No. 3 (Investment Company Institute, July 2007), www.ici.org/stats/res/1fm-v16n3.pdf See endnote 4 for information on each category.

Figure 4
Private Employment-Based Retirement Plan and Individual Retirement Account (IRA) Assets,[a] 2001–2006



Source: For the IRAs, Investment Company Institute (ICI) using their own data and data from the Federal Reserve Board, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division. The most recent data from ICI can be found in Investment Company Institute, "The U.S. Retirement Market, 2006," *Fundamentals,* Vol.16, No. 3 (Investment Company Institute, July 2007), www.ici.org/stats/res/1fm-v16n3.pdf. For the employment-based plans, Board of Governors of the Federal Reserve, *Flow of Funds Accounts of the United States: Flows and Outstandings Second Quarter 2007* (September 17, 2007), and the Department of Labor.

[a] The asset level of IRAs for depositories include Keogh accounts held there.

Percentage Who Contribute and Average Contribution

The portion of eligible taxpayers who contributed to IRAs was near 10 percent for each year from 2000–2002, ranging from 9.5 percent to 10.6 percent (Figure 6). The average contribution for those contributing was approximately $2,400 in both 2000 and 2001, before the contribution limits increased in 2002.[12] In 2002, the average contribution jumped to $2,894.

Conclusions

After growing for 22 of the last 25 years, IRA assets experienced their fourth straight year of growth in 2006, at a rate above that of the two prior years. These assets reached a record high of $4.23 trillion in 2006. Furthermore, the relative level of IRA assets, compared with the assets in private-sector defined contribution plans, increased over these four years, indicating that IRAs continue to gain in importance as a retirement asset for workers. In fact, IRAs appear likely to be the largest non-Social Security asset in retirement for many in the next generation of retirees (baby boomers and beyond).

This growth in IRAs is being fueled by *rollovers* from employment-based tax-qualified retirement plans, which amount to approximately $200 billion annually. *Contributions* to IRAs, at the $40 billion-plus level, pale in comparison. Furthermore, most IRA assets are in traditional IRAs, where rollovers are placed, but the largest share of contributions is going to Roth IRAs and other types of IRAs.

Furthermore, despite the continued growth in IRA assets and much discussion of the importance of saving for retirement, only 10 percent of taxpayers eligible to contribute to an IRA actually do so. The increased contribution limits that took effect in 2002 did increase the size of the average contribution, but they did not bring a larger percentage of contributors. Therefore, most Americans are not using IRAs to save for retirement, but those who are have taken a significant step toward retirement security.

The accumulation of these assets in individual retirement accounts raises important questions for the next step in retirement security—the distribution of the assets. Will retirees be able to manage these assets in a manner so as to not outlive them? Do individuals understand that life expectancy is an

Figure 5
Traditional Individual Retirement Accounts (IRAs) Deductible Contributions, 1990–2005

Year	No. of Returns	Amount
	(in thousands)	(in billions)
1990	5,224	$9.858
1991	4,666	9.030
1992	4,478	8.696
1993	4,385	8.527
1994	4,319	8.389
1995	4,301	8.338
1996	4,374	8.628
1997	4,069	8.663
1998	3,868	8.188
1999	3,687	7.883
2000	3,505	7.477
2001	3,448	7.407
2002	3,287	9.462
2003	3,418	10.007
2004	3,379	10.239
2005(p)	3,294	12.208

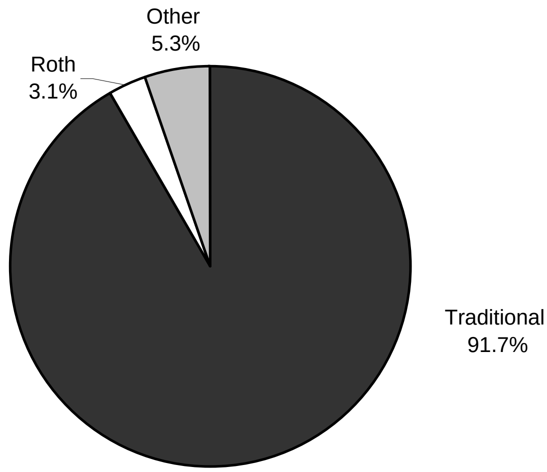
Source: Internal Revenue Service, *SOI Bulletin,* Historical Tables, various years.
(p) Preliminary data from the IRS.

Figure 6
Distribution of IRA[a] Assets and Contributions, by IRA Type, 2000–2002

	End-of-Year Asset Levels		
	2000	2001	2002
		(in billions)	
All IRAs	$2,629.309	$2,619.376	$2,532.724
Traditional IRAs	2,407.022	2,394.911	2,321.748
Roth IRAs	77.579	79.340	77.582
Other IRAs[b]	144.708	145.124	133.393
Contributions			
Total	36.484	35.747	42.297
Traditional IRAs	10.041	9.181	12.393
deductible	7.477	7.407	9.462
nondeductible	2.564	1.774	2.931
Roth IRAs	11.558	10.984	13.190
Other IRAs	14.885	15.582	16.714
Rollovers to Traditional IRAs	225.637	187.799	204.396
Percentage of Eligible Taxpayers Who Contribute	9.5%	10.6%	10.3%
Average Contribution	$2,412	$2,348	$2,894

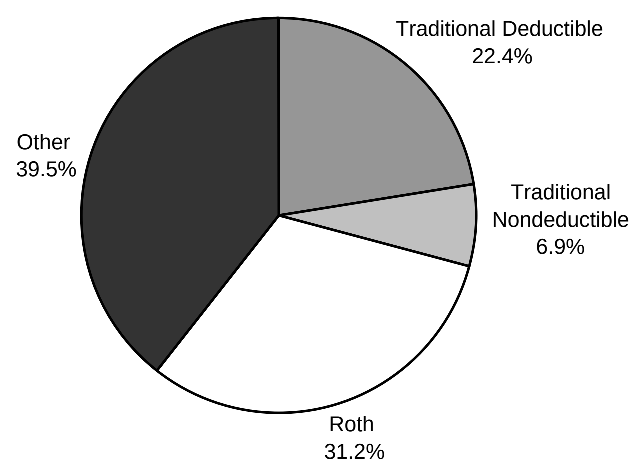
Source: Peter J. Sailer and Sarah E. Nutter, "Accumulation and Distribution of Individual Retirement Arrangements, 2000," *SOI Bulletin* (Spring 2004): 121–134; and Victoria L. Bryant and Peter J. Sailer, "Accumulation and Distribution of Individual Retirement Arrangements, 2001–2002," *SOI Bulletin* (Spring 2006): 233–254.
[a] Individual retirement arrangement (account).
[b] Other IRAs include SEP plans, SIMPLE plans, and educational IRA plans.

Figure 7
Percentage of Total of IRA Assets, by IRA Type, 2002



Source: Calculated from Figure 6.

Figure 8
Percentage of Annual IRA Contributions, by IRA Type, 2002



Source: Calculated from Figure 6.

average, and not a definite number of years that any given person will live? Are individuals aware of and/or do they understand products such as annuities that insure against longevity risk? The answers to these questions, as well as others, will determine if the build-up of these assets in IRAs ultimately will be successful in providing Americans security in retirement. It is not just the *accumulation* of assets, but also the appropriate *spending* of the assets that will determine whether Americans with IRAs and other retirement savings will be able to afford to maintain a comfortable retirement.

Endnotes

[1] See Jack VanDerhei and Craig Copeland, "The Changing Face of Private Retirement Plans," *EBRI Issue Brief,* no. 232 (Employee Benefit Research Institute, April 2001).

[2] SEPs are a "Simplified Employee Pension Plan" and SIMPLEs are "Savings Incentive Match Plan for Employees," both of which are designed to reduce the administrative burden that discourages small businesses from offering their workers a retirement plan.

[3] The total IRA assets and the breakdown of IRA assets by financial institution are derived from data directly from the Investment Company Institute (ICI) and data collected by ICI from the Federal Reserve Board, American Council of Life Insurers, and the Internal Revenue Service Statistics of Income Division. See Investment Company Institute, "The U.S. Retirement Market, 2006," *Research Fundamentals*, Vol. 16, no. 3 (Investment Company Institute, July 2007), available at www.ici.org/pdf/fm-v16n3.pdf (last viewed Oct. 10, 2007) for their most recent results on IRA assets. For a comprehensive review of IRAs, see also Sarah Holden, Kathy Ireland, Vicky Leonard-Chambers, and Michael Bogdan, "The Individual Retirement Account at Age 30: A Retrospective," *Investment Company Institute Perspective* (Investment Company Institute, February 2005), available at www.ici.org/pdf/per11-01.pdf (last viewed Oct. 10, 2007).

[4] Bank and thrift deposits include Keogh account assets. Life insurance company IRA assets are annuities held by IRAs, excluding variable annuity mutual fund IRA assets, which are included in mutual funds. Securities held in brokerage accounts exclude mutual fund assets held through brokerage accounts, as these are included in mutual funds.

[5] These contribution data only include tax-deductible contributions to traditional IRAs, not nondeductible contributions to traditional IRAs or Roth IRAs. The tabulations of nondeductible IRA contributions (traditional and Roth) by the Internal Revenue Service are compiled at a later date than those of the deductible contributions and are presented in a later section of this article.

[6] The Internal Revenue Service (IRS) released a preliminary estimate of deductible contributions for 2005 and will provide a revised number in a later release.

[7] EGTRRA increased the contribution limit to $3,000 for 2002 from the $2,000 limit allowed in 2001. Furthermore, individuals age 50 and older were also allowed to make an additional $500 contribution in 2002. For 2003, the contribution limit remained at $3,000 before increasing in 2005 to $4,000. The additional $500 contribution allowance for those age 50 or older remained in effect through 2005.

[8] The data for this section and the following section are from IRS research published in their *SOI Bulletin*. For further results, see Peter J. Sailer and Sarah E. Nutter, "Accumulation and Distribution of Individual Retirement Arrangements, 2000," *SOI Bulletin* (Spring 2004): 121–134; and Victoria L. Bryant and Peter J. Sailer, "Accumulation and Distribution of Individual Retirement Arrangements, 2001–2002," *SOI Bulletin* (Spring 2006): 233–254.

[9] Other IRAs include SEP plans, SIMPLE plans, and educational IRAs.

[10] The Investment Company Institute has estimates for IRA assets by type through 2006 in Investment Company Institute "The U.S. Retirement Market, 2006," *Research Fundamentals*, Vol. 16, no. 3 (Investment Company Institute, July 2007), available at www.ici.org/pdf/fm-v16n3.pdf (last viewed Oct. 10, 2007); and estimates of Roth contributions through 2004 and more detailed data on IRA holdings in Investment Company Institute, "Appendix: Additional Data on the U.S. Retirement Market," *Research Fundamentals*, Vol. 16, no. 3A (Investment Company Institute, July 2007), available at www.ici.org/pdf/fm-v16n3_appendix.pdf (last viewed Oct. 10, 2007).

[11] See Craig Copeland, "Individual Account Retirement Plans: An Analysis of the 2004 Survey of Consumer Finances," *EBRI Issue Brief*, no. 293 (Employee Benefit Research Institute, May 2006) for a breakdown of IRA assets into rollover and traditional (regular) assets, where between 25 percent and 50 percent of the IRA assets were found to be attributable to rollovers.

[12] See endnote 7, for details on the increases in the IRA contribution limits.

■ *Income of the Elderly Population Age 65 and Over, 2006*

By Ken McDonnell, EBRI

The U.S. retirement income system—including employment-based retirement plans, Social Security, individual saving, and post-retirement employment—can be assessed in part by examining the income of the current elderly population (age 65 and older). This article reviews the latest available data on the older population's income (from the U.S. Census Bureau's March 2007 Current Population Survey) and how it has changed over time, as well as how the elderly's reliance on these sources varies across demographic characteristics.

Income Sources

In 2006, Social Security was the largest source of income for those currently age 65 and older, accounting for 39.8 percent of their income on average (Figure 1). Pension and annuities income was 19.3 percent, income from assets 15.4 percent, and income from earnings was 23.7 percent.

Nearly all individuals (89.7 percent) age 65 and over were receiving income from Social Security in 2006 (Figure 2), while 55.3 percent received income from assets, 35.4 percent received income from pensions and annuities, and 18.9 percent received income from earnings.

Income Levels

The *median* income level of the elderly population (the midpoint, half above and half below) increased from $12,464 (in constant 2006 dollar) in 1974 to $16,443 (in 2006 dollars) in 1999 (Figure 3). Median income of the elderly increased at an average annual rate of 1.0 percent from 1989-1999 and by 0.34 percent from 1999–2006. By 2004, the median income of the elderly had declined to $16,054. Real median income increased by 2006, to $16,770, the highest point in this time series. The average income of the elderly increased from $17,586 in 1974 to $22,621 by 1989. Following 1989, *average* income of the elderly was up and down, being higher in 2006 than in 1989 by $2,989 (calculated from Figure 3).

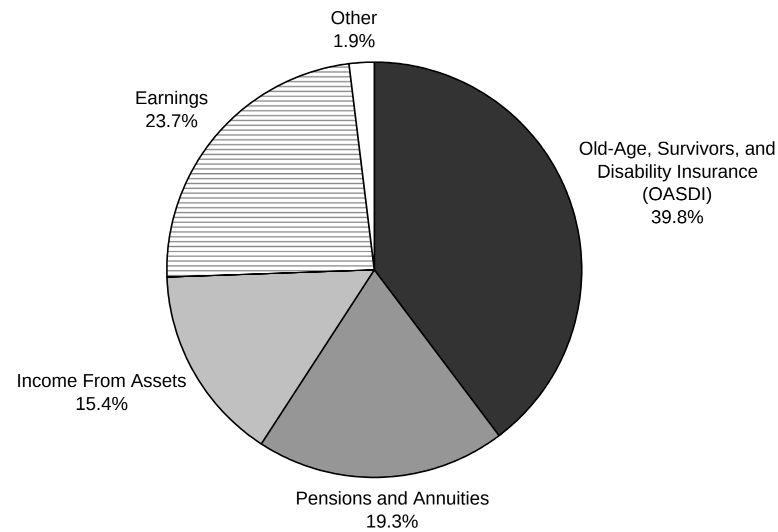
Income Composition

Income Group—Income composition varies significantly across income groups. In 2006, the lowest income quintile among the elderly received 87.6 percent of its income from Social Security, and the highest income quintile received 18.5 percent of its income from Social Security (Figure 4). The other three main sources of the elderly's income (pensions and annuities, assets, and earnings) all increased in importance for the higher-income quintiles. In 2006, the lowest-income quintile received 2.6 percent of its income from pensions and annuities, 5.3 percent from assets, and 1.9 percent from earnings. By comparison, the highest-income quintile received 22.6 percent of its income from pensions and annuities, 20.5 percent from assets, and 36.4 percent from earnings.

Age—The oldest age group of the elderly, those age 85 and over, receive a greater percentage of their total income from Social Security than those in the younger age groups. In 2006, elderly persons age 85 and over derived 54.3 percent of their income from Social Security, compared with 30.1 percent for those ages 65–69 (Figure 5). Younger age groups derive a greater share of their total income from earnings from work. In 2006, among those elderly ages 65–69, 39.1 percent of their income was from work-related earnings, compared with 2.9 percent of the income of individuals age 85 and over.

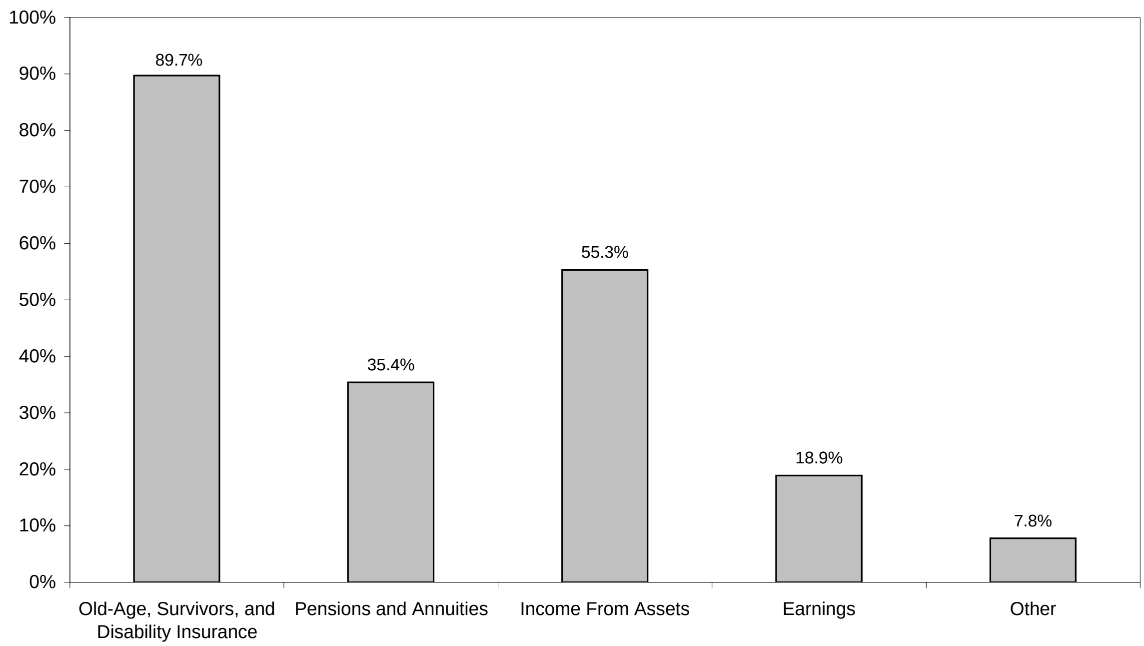
For the two younger age groups (65–69 and 70–74) earnings from work increased significantly as a source of income from 1985 to 2006. For the youngest group (65–69 year olds) the increase was most significant, increasing 16.0 percentage points from 1985 to 2006 (calculated from figure 5). Among the two oldest age groups (80–84 and 85 and over) pension and annuities have increased as a source of income. Pension and annuities increased from 9.2 percent of total income (in 1975) for individuals age 85 and over to 21.4 percent in 2006. For individuals ages 80–84, pension and annuity income, while slightly decreasing from 1975 (12.6 percent) to 1985 (11.7 percent), showed a significant increase from 1985 to 2006 (21.4 percent).

Figure 1
Distribution of the Older Population's Income, 2006



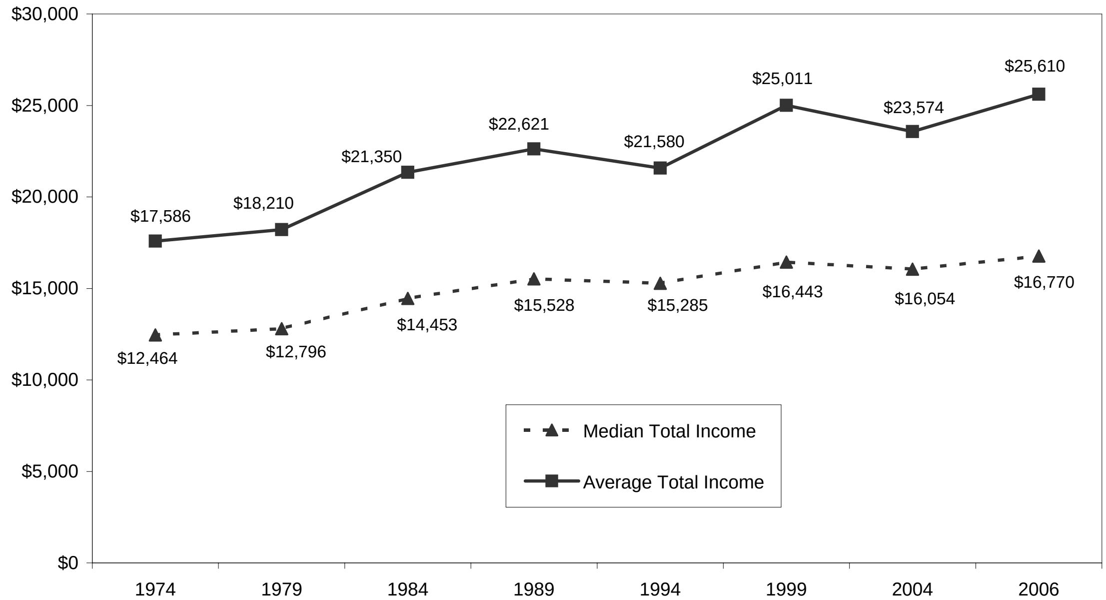
Source: EBRI estimates of the March 2007 Current Population Survey.

Figure 2
Percentage of the Older Population Receiving Income From Various Sources, 2006



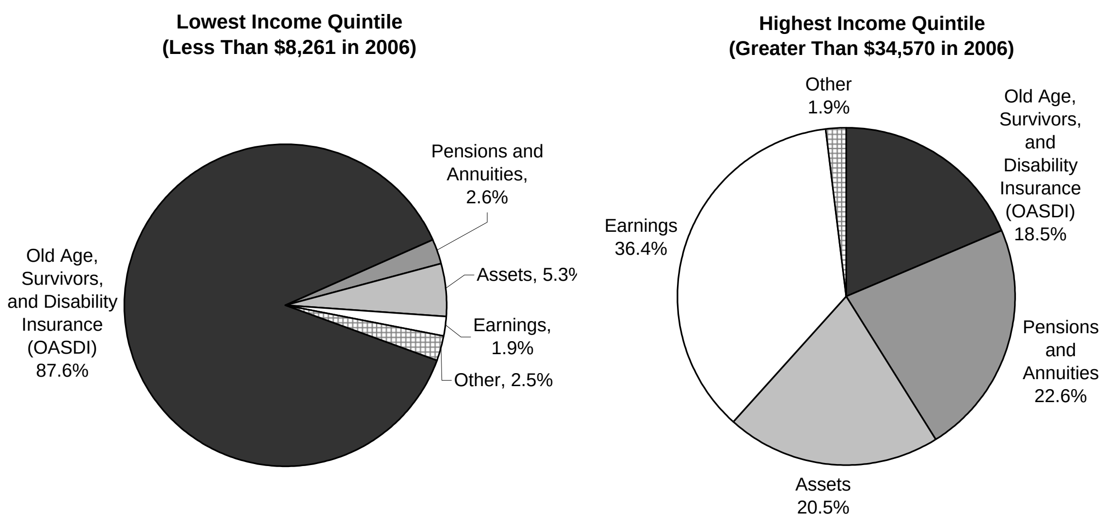
Source: EBRI estimates of the March 2007 Current Population Survey.

Figure 3
Annual Income of the Older Population, Selected Years 1974–2006
(2006 $s)



Source: EBRI estimates of the March 1975, 1980, 1985, 1990, 1995, 2000, 2005, and 2007 Current Population Survey.
Data are in 2005 dollars.

Figure 4
Income of the Elderly, Lowest and Highest Quintiles, 2006



Source: EBRI estimates of the March 2007 Current Population Survey.

Figure 5
Distribution of the Older Population's Average Annual Income, by Source and Age, 1975, 1985, 1995, and 2006

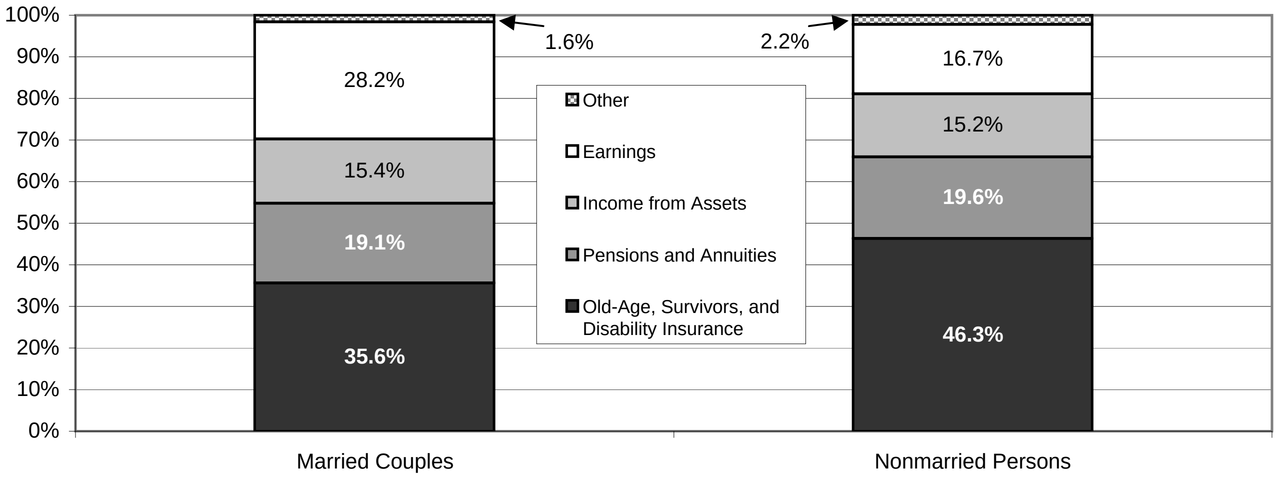
	1975		1985		1995		2006	
	Income	Percentage	Income	Percentage	Income	Percentage	Income	Percentage
Age 65–69								
Total income	$5,404	100.0%	$12,783	100.0%	$20,005	100.0%	$31,488	100.0%
Social Security	1,864	34.5	4,326	33.8	6,632	33.1	9,488	30.1
Pensions	798	14.8	2,224	17.4	3,661	18.3	5,199	16.5
Assets	841	15.6	2,902	22.7	3,184	15.9	4,046	12.9
Earnings	1,711	31.7	2,957	23.1	6,089	30.4	12,317	39.1
Other	191	3.5	375	2.9	439	2.2	437	1.4
Age 70–74								
Total income	4,651	100.0	11,286	100.0	17,388	100.0	25,431	100.0
Social Security	2,135	45.9	5,009	44.4	7,416	42.7	10,228	40.2
Pensions	670	14.4	1,821	16.1	3,747	21.5	5,231	20.6
Assets	957	20.6	2,886	25.6	3,072	17.7	3,824	15.0
Earnings	714	15.4	1,256	11.1	2,724	15.7	5,724	22.5
Other	174	3.8	313	2.8	429	2.5	424	1.7
Age 75–79								
Total income	4,322	100.0	10,243	100.0	15,651	100.0	23,014	100.0
Social Security	2,115	48.9	4,821	47.1	7,746	49.5	10,505	45.6
Pensions	562	13.0	1,512	14.8	3,033	19.4	4,734	20.6
Assets	973	22.5	3,099	30.3	3,135	20.0	3,887	16.9
Earnings	449	10.4	548	5.4	1,343	8.6	3,357	14.6
Other	223	5.2	262	2.6	394	2.5	531	2.3
Age 80–84								
Total income	4,107	100.0	9,869	100.0	14,268	100.0	22,434	100.0
Social Security	2,088	50.8	4,772	48.4	7,930	55.6	10,724	47.8
Pensions	519	12.6	1,153	11.7	2,398	16.8	4,800	21.4
Assets	941	22.9	3,224	32.7	3,019	21.2	4,095	18.3
Earnings	269	6.6	408	4.1	716	5.0	2,264	10.1
Other	290	7.1	311	3.2	206	1.4	550	2.5
Age 85+								
Total income	3,581	100.0	9,172	100.0	13,511	100.0	19,590	100.0
Social Security	1,877	52.4	4,416	48.1	7,625	56.4	10,643	54.3
Pensions	330	9.2	1,014	11.1	2,101	15.5	4,185	21.4
Assets	948	26.5	3,265	35.6	3,111	23.0	3,716	19.0
Earnings	112	3.1	116	1.3	392	2.9	573	2.9
Other	314	8.8	361	3.9	282	2.1	472	2.4

Source: Employee Benefit Research Institute tabulations of data from the Current Population Survey March 1976, 1986, 1996, and 2007 Supplements.
[a] Includes public assistance, Supplemental Security Income, unemployment compensation, workers' compensation, veterans' benefits, nonpension survivors' benefits, nonpension disability benefits, educational assistance, child support, alimony, regular financial assistance from friends or relatives not living in the individual's household, and other sources of income.

Marital Status—Nonmarried persons receive a larger share of their income from Social Security than married persons (46.3 percent vs. 35.6 percent), and a noticeably smaller share from earnings (16.7 percent vs. 28.2 percent) (Figure 6). In addition, married persons receive a slightly smaller share of their income from pensions and annuities.

Gender—Elderly women derived a greater share of their income from Social Security and assets than elderly men in 2006. Social Security accounted for 47.8 percent of elderly women's income, compared with 34.0 percent of elderly men's income (Figure 7). Income from assets accounted for 17.5 percent of elderly women's income, compared with 13.8 percent of elderly men's. By comparison, elderly men derived a larger share of their income from employment-based sources, including pensions and annuities and earnings, than elderly women. In 2006, pensions and annuities accounted for 21.6 percent of elderly men's income, compared with 16.1 percent of elderly women's. Income from earnings accounted for 28.5 percent of the elderly men's income, compared with 17.1 percent of elderly women's. The percentage of an elderly woman's and elderly man's income coming from Social Security has changed little over time: In 1975, 36.0 percent of an elderly man's income came from Social Security compared with 52.0 percent for an elderly woman.

Figure 6
Distribution of the Older Population's Income, Persons Age 65 and Over, by Martial Status, 2006



Source: EBRI estimates of the March 2007 Current Population Survey.

Figure 7
Distribution of the Older Population's Average Annual Income, by Source and Gender, 1975, 1985, 1995, and 2006

	Males		Females	
	Income	Percentage	Income	Percentage
1975 Data				
Total income	$6,929	100.0	$3,209	100.0
Social Security	2,496	36.0	1,668	52.0
Pensions	1,054	15.2	382	11.9
Assets	1,345	19.4	613	19.1
Earnings	1,796	25.9	351	11.0
Other	237	3.4	194	6.1
1985 Data				
Total income	14,748	100.0	8,845	100.0
Social Security	5,443	36.9	4,120	46.6
Pensions	2,998	20.3	897	10.1
Assets	3,116	21.1	2,917	33.0
Earnings	2,790	18.9	634	7.2
Other	401	2.7	277	3.1
1995 Data				
Total income	23,409	100.0	12,536	100.0
Social Security	8,592	36.7	6,415	51.2
Pensions	5,317	22.7	1,766	14.1
Assets	3,467	14.8	2,863	22.8
Earnings	5,452	23.3	1,251	10.0
Other	581	2.5	241	1.9
2006 Data				
Total income	34,645	100.0	18,835	100.0
Social Security	11,775	34.0	9,000	47.8
Pensions	7,474	21.6	3,033	16.1
Assets	4,773	13.8	3,302	17.5
Earnings	9,876	28.5	3,227	17.1
Other	746	2.2	271	1.4

Source: Employee Benefit Research Institute tabulations of data from the Current Population Survey March 1976, 1986, 1996, and 2007 Supplements.

[a] Includes public assistance, Supplemental Security Income, unemployment compensation, workers' compensation, veterans' benefits, nonpension survivors' benefits, nonpension disability benefits, educational assistance, child support, alimony, regular financial assistance from friends or relatives not living in the individual's household, and other sources of income.

The percentage of elderly women's income coming from employment-based sources, has increased over time, reflecting the growing presence of women in the work force. In 1975, pensions and annuities accounted for 11.9 percent of elderly women's income and earnings accounted for 11.0 percent. By 2006, these percentages had increased to 16.1 percent and 17.1 percent, respectively (Figure 7).

For additional data on income sources of the elderly please see the *EBRI Databook on Employee Benefits*, Chapters 6 and 7. www.ebri.org/publications/books/index.cfm?fa=databook

New Publications and Internet Sites

[Note: To order U.S. Government Accountability Office (GAO) publications, call (202) 512-6000.]

Health Care

Buck Consultants, an ACS Company. *WORKING WELL: A Global Survey of Health Promotion and Workplace Wellness Strategies*. $100. Buck's Global Survey Resources, 500 Plaza Dr., Secaucus, NJ 07096-1533, (800) 887-0509, www.bucksurveys.com

Jost, Timothy Stoltzfus. *Health Care at Risk: A Critique of the Consumer-Driven Movement*. $22.95. Duke University Press, Books Customer Service, 905 W. Main St., Suite 18B, Durham, NC 27701, (888) 651-0122, fax: (888) 651-0124, www.dukeupress.edu

Pension Plans/Retirement

U.S. Government Accountability Office. *Retirement Security: Women Face Challenges in Ensuring Financial Security in Retirement*. Order from GAO.

U.S. Government Accountability Office. *State and Local Government Retiree Benefits: Current Status of Benefit Structures, Protections, and Fiscal Outlook for Funding Future Costs*. Order from GAO.

Web Documents

COLA Increases for Dollar Limitations on Benefits and Contributions
www.irs.gov/retirement/article/0,,id=96461,00.html

Doing Well Through Wellness: 2006-07 Survey of Wellness Programs at Business Roundtable Member Companies
www.businessroundtable.org/pdf/Health_Retirement/BR_Doing_Well_through_Wellness_09192007.pdf

Fact Sheet: Regulation Relating to Qualified Default Investment Alternatives in Participant-Directed Individual Account Plans
www.dol.gov/ebsa/pdf/fsQDIA.pdf

Healthcare Consumerism: Trends in Consumer Cost-Sharing
www.boozallen.com/media/file/Trends_in_Consumer_Cost-Sharing.pdf

A New Model for Retirement Education and Counseling
www.caplefoundation.org/research/documents/NewModelforRetirementEducationandCounseling_MWfinalpaper.pdf

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