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Contact: Stephen Blakely, EBRI: 202/775-6341, [blakely@ebri.org](mailto:blakely@ebri.org)  
Sudipto Banerjee, EBRI (author): 202/775-6306, [banerjee@ebri.org](mailto:banerjee@ebri.org)

## *New Research from EBRI:*

# **Most Older Americans Avoid Dipping Into Savings, But 1 in 5 Outspend Their Income By 50% or More**

WASHINGTON—About 60 percent of elderly American households spend less than their incomes, but in 2009 more than 14 percent of older households spent considerably more than their income, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

Singles, households with no pensions, African-Americans and Hispanics have larger shares of households with deficits. Health care and home related expenses are the biggest drivers of income deficit.

Sudipto Banerjee, EBRI research associate and author of the article on income of the elderly, noted that deficit spending is especially damaging for elderly Americans with low incomes. “Those with an income shortfall are far more likely to be low-income, low-asset households, and they spend down their liquid assets at a faster rate than households that do not have an income shortfall,” Banerjee said.

Specifically, the report found that in 2009, 14.3 percent of households with members age 65 and above had spending that exceeded 175 percent of their household income. One in 5 households (19.2 percent) age 65 outspent their income by 50 percent or more.

The report also confirms earlier research that for all age groups above 65, Social Security remains the primary source of income. In 2009, households ages 65–74 and households with members age 85 or above received 54 percent and 66 percent of their total household incomes, respectively, from Social Security benefits. Income from pensions and annuities is the second-largest source of income for older households.

The importance of Social Security income increases with age. For households that had members ages 65–69 in 2001, the share of household income derived from Social Security rose from 47 percent in 2001 to almost 60 percent in 2009.

EBRI’s analysis of the financial condition of elderly is published in the February *EBRI Issue Brief*, “Income Composition, Income Trends, and Income Shortfalls of Older Households,” which utilizes data from the Health and Retirement Study (HRS) and the Consumption and Activities Mail Survey (CAMS), and tracks data from 2001 to 2009. These studies focus on the income patterns of older U.S. households over age 50. The full EBRI report is online at [www.ebri.org](http://www.ebri.org)

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