

Chapter 4. Economic Characteristics

Work and Retirement

Older persons are a growing proportion of the population of the United States, and more people live longer, but older workers have declined as a share of the nation's work force. In 1970, persons 55 and over represented 19 percent of all adult workers; in 1993, they represented 13 percent.

Few elderly are in the labor force. Only 16 percent of elderly men and 8 percent of elderly women were labor force participants in 1993. A small proportion of the elderly also are expected to be labor force participants in the near future. The Bureau of Labor Statistics (BLS) projects that only 15 percent of men and 9 percent of women 65 years and older will be in the labor force in the year 2005. Among those aged 55 to 64 years, BLS projects that 70 percent of men and 52 percent of women will be in the labor force.¹

There has been a long-term trend among men in their mid-50's and early 60's to retire early, that is, before the age when they can receive full retirement benefits. While the declining trend in labor force participation rates for men aged 50 and over leveled off in the mid-1980's, early pensioners increasingly returned to work, especially part time, between 1984 and 1993.² For older women, their labor force participation pattern over the past few decades has differed from that of older men. Women in their

late 50's have been increasingly likely to be labor force participants.

Labor Force Participation Trends

Today's Older Men Less Likely to Participate in the Labor Force Than Past Generations

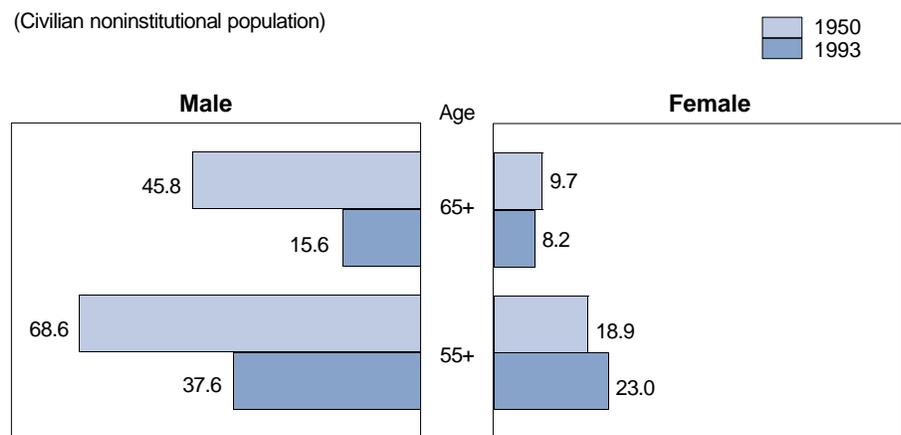
Older men are less likely to be in the labor force today than was true four decades ago (figure 4-1). In 1950, two-thirds (69 percent) of men 55 and older, and nearly half (46 percent) of men 65 and older were in the labor force. In 1993, about 2 in 5 (38 percent) men 55 and over, and about 1 in 6 (16 percent) elderly men were in the labor force. The change is significant even among men aged 55 to 59. In 1967, 90 percent of men that age

were in the labor force compared with 78 percent in 1993.³

The BLS projects that labor force participation rates of men aged 55 to 59 will continue to decline through 2005, as they have in the past, but at a slower rate. Labor force participation rates for men aged 65 to 69 and 70 to 74 increased slightly from 1985 to 1990. BLS does not project a continuation of this pattern through 2005, although they do project slight increases for men aged 60 to 64 years (table 4-1).

³ For 1967 data, see Diane E. Herz, Bureau of Labor Statistics, "Employment Characteristics of Older Women, 1987," *Monthly Labor Review*, September 1988, table 1, p. 4.

Figure 4-1.
Percent of Older Population in the Labor Force by Age and Sex: 1950 and 1993



Source: U.S. Bureau of Labor Statistics, 1950 from 1950 Current Population Survey, unpublished tabulations; 1993 from Reprint of 1993, Annual Average Tables from the January 1994 Issue of Employment and Earnings, table 3.

¹ Howard N. Fullerton, "Another Look at the Labor Force," *Monthly Labor Review*, Vol. 116, No. 11, 1993, p. 24, table 4.

² Diane E. Herz, "Work After Early Retirement: An Increasing Trend Among Men," *Monthly Labor Review*, April 1995, pp. 13-20.

As a result of early retirement and increased life expectancy, pensions, savings, and Social Security are spread over a longer period than in the past for many retirees. Men aged 55 years old in 1991 would, on average, live about 22 additional years (and women an additional 27 years). Most of these years are likely to be spent in retirement, with some portion spent in the labor force, and some time spent with a functional limitation or disability.

Oldest Persons Unlikely to Be in Labor Force

Among older men, 1993 labor force participation rates decreased rapidly with age: from 78 percent for men aged 55 to 59, to 25 percent for men aged 65 to 69, and 7 percent for men aged 75 years and over. Partly because of health and educational differences, labor force participation rates are lower for older Black men than for older White men (detailed table 8-2).⁴

The trend in labor force participation after age 65 years is clear. Among men aged 65 to 69, 28 percent were in the labor force in 1990 compared with 60 percent in 1950. After that age, participation declines rapidly so that only 6 percent of men aged 80 to 84 and 3 percent aged 85 and over were still in the labor force in 1990 (about one-half of the corresponding 1950 proportions). According to the 1990 decennial census, White, Black, and Hispanic origin men 80 years and over had similar rates of participation.

⁴ Herbert S. Parnes and David G. Sommers, "Shunning Retirement: Work Experience of Men in Their Seventies and Early Eighties," *Journals of Gerontology*, Vol. 49, No. 3, 1994, pp. S117-S124.

Table 4-1.

Percentage Point Change in Labor Force Participation Rates of Men 55 Years and Over by Age: 1970 to 2005

Period	55 years and over	55 to 59 years	60 to 64 years	65 to 69 years	70 to 74 years
Historical					
1970 to 1975	-6.4	-5.1	-9.5	-9.9	-5.9
1975 to 1980	-3.7	-2.7	-4.7	-3.2	-2.9
1980 to 1985	-4.6	-2.1	-5.2	-4.1	-3.3
1985 to 1990	-1.7	0.2	-0.1	1.6	0.6
Projected					
1990 to 1995	-1.2	-0.5	-0.5	-0.3	-0.3
1995 to 2000	0.9	0.0	1.1	-0.2	0.0
2000 to 2005	2.0	-0.1	0.9	-0.2	0.0

Source: U.S. Bureau of Labor Statistics, unpublished data consistent with Office of Employment Projections.

Today's Older Women More Likely to Participate in the Labor Force Than Past Generations

Today's older women grew up in an age when society did not encourage or expect married women to work outside the home. They have been less likely to be in the labor force at every age than is true of younger cohorts. For example, 38 percent of women in their thirties were in the labor force in 1957.⁵ More than three decades later, the proportion had nearly doubled, with 74 percent of women in their thirties in the labor force in 1993.⁶ This increase indicates that the older female worker of the future will bring different needs and resources to the workplace. Research shows that women who had strong life-long attachments to the labor force were more likely to continue working in later life than were women

who were in the workforce intermittently for family-related reasons.⁷

While the level of participation of older men in the labor force has decreased, the participation of women in their fifties has substantially increased. In 1950, only 31 percent of women aged 50 to 54 were in the labor force, which increased to 47 percent in 1970, and to 70 percent in 1993. The increase in participation for women aged 55 to 59 years was similarly striking. From 1950 to 1970 to 1993 the corresponding percentages were 26, 47, and 57 percent. For women aged 60 to 64, their labor force participation increased from 21 percent in 1950 to 36 percent in 1970, but there has been little change since 1970, with a participation rate of 37 percent in 1993 (table 4-2).

⁷ Amy M. Pienta, Jeffrey A. Burr, and Jan E. Mutchler, "Women's Labor Force Participation in Later Life: The Effects of Early Work and Family Experiences," *Journals of Gerontology*, Vol. 49, No. 5, 1994, pp. S231-S239.

⁵ Herz, op.cit., 1988, p. 4.

⁶ Bureau of Labor Statistics, *Employment and Earnings*, January 1994, table 3.

Table 4-2.
**Labor Force Participation Rates of Persons 50 Years and Over by Age,
 Sex, Race, and Hispanic Origin: 1950 to 1990**

Age, sex, race, and Hispanic origin	1950	1960	1970	1980 ¹	1990	Age, sex, race, and Hispanic origin	1950	1960	1970	1980 ¹	1990
Total Male						Black Male³					
50 to 54 years.....	90.6	92.2	91.4	88.5	88.3	50 to 54 years.....	86.9	86.0	83.7	78.3	78.5
55 to 59 years.....	86.7	87.7	86.8	80.6	78.7	55 to 59 years.....	82.9	80.8	77.9	69.4	68.3
60 to 64 years.....	79.4	77.6	73.0	60.4	55.1	60 to 64 years.....	76.0	68.9	65.9	53.7	47.3
65 to 69 years.....	59.8	43.8	39.0	29.2	27.9	65 to 69 years.....	58.1	40.6	35.4	26.1	22.8
70 to 74 years.....	38.7	28.7	22.4	18.3	16.7	70 to 74 years.....	40.2	27.3	19.6	16.3	14.0
75 to 79 years.....	24.2	19.5	14.2	16.7	10.6	75 to 79 years.....	27.6	19.2	13.0	13.7	10.1
80 to 84 years.....	13.2	11.5	9.1	10.4	6.2	80 to 84 years.....	16.7	12.1	9.7	8.8	6.2
85 years and over.....	6.9	7.0	(²)	6.6	3.4	85 years and over.....	9.8	8.0	(²)	6.6	3.2
Total Female						Black Female³					
50 to 54 years.....	30.8	45.8	52.0	56.3	67.5	50 to 54 years.....	40.9	52.5	56.5	58.4	67.7
55 to 59 years.....	25.9	39.7	47.4	48.4	55.4	55 to 59 years.....	34.9	44.7	50.2	50.2	56.3
60 to 64 years.....	20.5	29.5	36.1	34.0	36.1	60 to 64 years.....	27.6	34.1	38.8	36.9	37.7
65 to 69 years.....	12.8	16.6	17.2	15.0	16.9	65 to 69 years.....	16.4	19.5	19.4	16.9	18.2
70 to 74 years.....	6.6	9.6	9.1	7.8	8.3	70 to 74 years.....	8.4	11.5	11.6	9.3	9.8
75 to 79 years.....	3.5	5.6	5.5	6.1	4.5	75 to 79 years.....	5.1	7.0	7.5	6.9	6.2
80 to 84 years.....	1.7	3.0	3.5	3.7	2.2	80 to 84 years.....	2.4	4.0	5.7	4.2	3.3
85 years and over.....	1.2	2.0	(²)	2.5	1.0	85 years and over.....	2.1	3.1	(²)	3.2	1.7
White Male						Hispanic Origin Male⁴					
50 to 54 years.....	91.0	92.8	92.2	89.6	89.6	50 to 54 years.....	(NA)	(NA)	88.6	86.5	86.1
55 to 59 years.....	87.0	88.5	87.6	81.8	79.9	55 to 59 years.....	(NA)	(NA)	84.1	78.8	78.3
60 to 64 years.....	79.7	78.4	73.7	61.0	55.7	60 to 64 years.....	(NA)	(NA)	70.3	62.6	58.8
65 to 69 years.....	60.0	44.1	39.3	29.5	28.3	65 to 69 years.....	(NA)	(NA)	36.8	31.7	29.7
70 to 74 years.....	38.6	28.8	22.7	18.5	16.9	70 to 74 years.....	(NA)	(NA)	19.7	18.7	18.2
75 to 79 years.....	23.9	19.6	14.3	17.0	10.6	75 to 79 years.....	(NA)	(NA)	13.6	13.9	11.0
80 to 84 years.....	12.9	11.5	9.0	10.5	6.2	80 to 84 years.....	(NA)	(NA)	8.5	9.6	5.5
85 years and over.....	6.9	7.0	(²)	6.6	3.4	85 years and over.....	(NA)	(NA)	(²)	6.8	4.4
White Female						Hispanic Origin Female⁴					
50 to 54 years.....	29.8	45.1	51.5	56.1	68.0	50 to 54 years.....	(NA)	(NA)	42.0	50.5	58.2
55 to 59 years.....	25.2	39.1	47.1	48.2	55.6	55 to 59 years.....	(NA)	(NA)	34.7	42.4	48.2
60 to 64 years.....	20.0	29.1	35.9	33.8	36.0	60 to 64 years.....	(NA)	(NA)	24.3	30.3	34.3
65 to 69 years.....	12.5	16.3	17.0	14.8	16.8	65 to 69 years.....	(NA)	(NA)	11.2	12.3	15.1
70 to 74 years.....	6.5	9.4	8.9	7.7	8.2	70 to 74 years.....	(NA)	(NA)	6.3	6.9	7.6
75 to 79 years.....	3.4	5.5	5.3	6.0	4.3	75 to 79 years.....	(NA)	(NA)	5.0	4.2	4.3
80 to 84 years.....	1.6	3.0	3.4	3.6	2.0	80 to 84 years.....	(NA)	(NA)	3.6	3.0	2.8
85 years and over.....	1.2	1.9	(²)	2.5	0.9	85 years and over.....	(NA)	(NA)	(²)	2.7	2.4

¹The figures for age groups 75 years and over are employment rates and do not include unemployed persons in the labor force.

²Data for the population 85 and over in 1970 are not shown here because the count of persons 100 years and over was distorted by a problem with the design of the questionnaire.

³Data for 1950 and 1960 are shown for Nonwhite.

⁴Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, 1950 to 1980 from Decennial censuses; 1980 detailed age data for population 75 years and over from special tabulations prepared for the National Institute on Aging (Summary Tape File 5A, table 18) and 1990 from Public-Use Microdata Sample File (PUMS).

For women 65 years and over, labor force participation rates have remained at a low level for decades (for example, 10 percent in 1950; 10 percent in 1967; 8 percent in 1993).⁸ As they age, elderly women (and men) who do work often reduce the length of their work week and the number of weeks they work in a year. More than half (58 percent) of women aged 55 to 61 with work experience in 1992 worked full time (35 hours or more per week) and year round (50 to 52 weeks) compared with only about one-fourth (23 percent) of women

⁸ Bureau of Labor Statistics, unpublished annual averages from the 1950 Current Population Survey; Herz, op. cit., 1988, table 1; and Bureau of Labor Statistics, op. cit., 1994, table 3.

65 years and over who worked such schedules.⁹

Older Women Participate in the Labor Force Less Than Older Men, But Women Are a Larger Share of Today's Older Work Force

Older women, as a group, participate in the labor force less than older men. Just as with men, the 1993 rates of older women dropped rapidly with age: from 57 percent for women aged 55 to 59, to 16 percent for women aged 65 to 69, and 3 percent

⁹ U.S. Bureau of Labor Statistics, Division of Labor Force Statistics, unpublished tabulations on work experience in 1992 from the March 1993 Current Population Survey, table 1.

for women aged 75 and over. There is no meaningful difference between the rates for older White and Black women except for those aged 55 to 59. For that age group, the labor force participation rate for Black women was 53 percent compared with 58 percent for White women (detailed table 8-2).

Women have become a larger share of the older work force, largely because so many men are leaving the labor force at earlier ages. Additionally, more women have long-term experience in the labor force, and are working beyond age 55 years. The female share of the older (55 years and older) work force increased from

Table 4-3.
Occupational Category in 1989 by 1966 Occupational Category for Men Employed in Both Years and Aged 69 to 84 Years in 1990

(In percent. For meaning of abbreviations and symbols, see introductory text)

1966 Category	1989 Category						
	Total	Professional	Managerial	Clerical/sales	Craftsmen	Operatives/service/laborers	Farmers/farm laborers
Professional	100.0	57.5	12.2	11.6	3.5	4.7	10.5
Managerial	100.0	7.8	36.6	24.7	15.0	14.2	1.7
Clerical/sales	100.0	5.1	5.3	49.2	5.3	27.8	7.4
Craftsmen	100.0	5.9	15.3	8.0	30.3	30.9	9.6
Operatives/service/laborers ..	100.0	2.2	8.9	8.1	5.0	59.1	16.7
Farmers/farm laborers	100.0	-	6.9	1.3	7.5	21.9	62.4
1966 percent distribution	100.0	20.7	19.5	12.0	16.5	15.2	16.2
1989 percent distribution	100.0	15.3	15.3	15.9	11.2	24.7	17.6

Note: Occupational groups are based on 1960 Major Occupation Groups. Percentages may not add to 100 due to rounding.

Source: Herbert S. Parnes and David G. Sommers, "Shunning Retirement: Work Experience of Men in Their Seventies and Early Eighties," *The Journals of Gerontology*, Volume 49, No. 3, May 1994, pp. S117-S124.

23 percent in 1950 to 44 percent of all older workers in 1993 (2.4 million women aged 55 or older in the civilian labor force in 1950 compared with 6.7 million in 1993).

Occupations, Retirement, and Pension Coverage

Occupational Change of Older Men: 1966 to 1989

In a survey of elderly men (69 to 84 years of age) taken in late 1990, it was found that nearly one in six were employed at the time of the survey, and that about one in five had worked at some time during the previous year (1989). Most of those who were not working reported they did not want to work.¹⁰

In a comparison of occupational groups of these elderly men who worked in 1989, most were in the same occupational group in 1989 as in 1966 (table 4-3). The broad occupational categories with the largest percentages of continuity were farmers and farm laborers, operatives/service/laborers, and professionals. Among those men employed as farmers and farm laborers in 1966 who also were employed in 1989, 62 percent remained employed as farmers or farm laborers in 1989. Of elderly men employed as operatives/service/laborers and professionals in 1989, the percents in the same occupation group in 1966 were 59 and 58 percent, respectively.¹¹

Retirement Patterns Differ Among Occupation and Industry Groups

The occupations and work-life patterns of individuals have lifetime implications. Among older men in the 1970's, Hayward and Grady showed that operatives and laborers were more likely to leave the labor force at age 55 than were professionals, managers, and men in sales. Self-employed workers had the longest working life expectancy compared with other classes of workers even though they had the highest rates of disability expectancy. This could reflect a delay among the self employed in accumulating savings to finance retirement, a delay which may extend to ages when health problems are more likely to occur.¹²

Occupational, social, economic, and demographic factors affect the chances that an individual will re-enter the labor force after the first "retirement." For example, only 37 percent of workers in personal services industries and 34 percent in agriculture, forestry, and fisheries industries were covered by pension plans in 1991.¹³ Farm laborers were shown to be much more likely to re-enter the labor force than were workers in industries widely covered by pension plans. Lower rates of re-entry among former workers in manufacturing industries may be indicative of extensive pension systems achieved through collective bargaining (health status

and lack of opportunity may also be important).¹⁴

Employment of older workers also is related to the Nation's economic fortunes and to demographics. The trend toward earlier retirement for older men slowed down in the mid-1980's. It was a period of economic expansion and a reduced number of young workers as the Baby Bust cohort moved into the labor force. Emerging labor shortages in the late 1980's resulted in employers turning to older workers. However, the 1990 recession then led employers to focus on older workers, this time to cut costs, resulting in increases in early retirement buy-outs and layoffs of older workers.¹⁵

Women More Likely to Have Pensions in Their Own Names in the Future

In the future, a greater proportion of elderly are likely to have pensions and that may reduce their desire or necessity to work. As a result of the greater likelihood of women working now than in the past, young and middle-aged women are likely to have been in the labor force long enough to have savings, pensions, and Social Security in their own names, which make a significant difference in their economic status as they age. Data from the Survey of Income and Program Participation (SIPP) show that in 1991, 67 percent of women wage and salary workers 25 years old and over were covered by a pension plan and 44 percent were vested. Sixty-eight percent of men were covered by a

¹⁰ Herbert S. Parnes and David G. Sommers, 1994, op.cit., p. S122.

¹¹ Ibid. The classification system is based on the 1960 occupational classification system.

¹² Mark D. Hayward and William R. Grady, "Work and Retirement Among a Cohort of Older Men in the United States, 1966-1983," *Demography*, Vol. 27, No. 3, 1990, pp. 337-356. The National Longitudinal Survey of Mature Males (NLS) is used to estimate the working life tables.

¹³ Unpublished data from the 1990 Panel of the Survey of Income and Program Participation (SIPP), wave 4. The two percentages were not significantly different.

¹⁴ Hayward and Grady, op.cit.

¹⁵ Herz, op. cit., 1995.

pension plan and 50 percent were vested.¹⁶

Increasing Proportions of Early Pensioners Are Working

Both full- and part-time work among men under age 65 who receive pension income has increased markedly since the mid-1980's.¹⁷ Half of men aged 55 to 61 and one-fourth of men aged 62 to 64 who had pension income in 1993 were "working retirees," that is, they had re-entered the labor force after their first retirement. Most were working part-time (less than 35 hours a week). Research by Herz shows that a number of factors probably play a role in early retirees returning to the workplace. These include improved health, longer life expectancies, unplanned forced retirements, loss of health insurance coverage for retirees, and erosion of retirees' annuities due to inflation.¹⁸

It is difficult to predict how changes in pension plans may affect early retirement decisions. In the early 1970's about 15 percent of those with defined benefit plans had qualified for early retirement by age 55 years. By 1989, the corresponding proportion had increased to over three-fourths. Still, recent research indicates that only about one fourth of the decline in labor force participation rates of 60 year olds between the early 1970's and 1983 can be explained by changes in pension incentives and social security provisions during the

¹⁶ Unpublished data from the 1990 Panel of the Survey of Income and Program Participation (SIPP), wave 4. The male and female pension coverage rates were not significantly different.

¹⁷ Herz, op. cit., 1995, p. 14.

¹⁸ Ibid., pp. 14-17.

period.¹⁹ Other research shows that labor force participation rates of older men are poor indicators of the work-to-retirement transition.²⁰

Part-Time Employment

Over Half of Elderly Nonagricultural Workers Are on Part-Time Schedules

A large proportion of elderly who remain in the labor force work part time. In 1993, about 2.9 million elderly persons (65 years and over) were at work in nonagricultural industries and more than half of these elderly workers (54 percent) were on part-time schedules (48 percent of the men and 60 percent of the women). These proportions are comparable to the levels observed in 1981, but represent a substantial increase compared with 1960 when only 30 percent of the men and 43 percent of the women worked part time.²¹

Most elderly part-time workers in 1993 reported being on such a schedule

¹⁹ Patricia M. Anderson, Alan L. Gustman, and Thomas L. Steinmeier, "Trends in Male Labor Force Participation and Retirement: Some Evidence on the Role of Pensions and Social Security in the 1970's and 1980's," Unpublished manuscript, Dartmouth College, Hanover, NH.

²⁰ Mark D. Hayward, Eileen M. Crimmins, and Linda A. Wray, "The Relationship Between Retirement Life Cycle Changes and Older Men's Labor Force Participation Rates," *Journals of Gerontology*, Vol. 49, No. 5, 1994, pp. S219-S230.

²¹ Bureau of Labor Statistics, op.cit., table 33; Robert L. Stein and Herman Travis, Labor Force and Employment in 1960, Special Labor Force Report No. 14, *Monthly Labor Review*, April 1961, table D-7; and Cynthia M. Taeuber, U.S. Bureau of the Census, *America in Transition: An Aging Society*, Current Population Reports, Series P-23, No. 128, U.S. Government Printing Office, Washington, DC, 1983.

voluntarily (90 percent) rather than due to economic reasons (10 percent) such as slack work or because they could only find part-time work. Among all workers in nonagricultural industries on part-time schedules, 7 percent were elderly workers.²²

In the 1980's, Most Social Security Beneficiaries Did Not Work; When They Did, They Worked Part Time

In a longitudinal study of work patterns of Social Security beneficiaries during the 1982-91 period, among persons who were in their early-to-mid-seventies in 1991, 16 percent of the men and 10 percent of the women worked in 1990.²³ Only 3 percent of the men and 1 percent of the women worked year round and full time in 1990. Part-time hours for part of the year were the most common work pattern during the decade and occurred among 19 percent of the men and 15 percent of the women. The great majority, however, did not work at all over the decade (62 percent of the men and 72 percent of the women). Only about 10 percent of men and 8 percent of women returned to work after a year without working. Most of the men who returned to work said it was because they wanted to work (43 percent) but for 29 percent of the men the reason was financial need. For women, both financial need (33 percent) and personal preference (36 percent) were important. Other research shows that older men who

²² Bureau of Labor Statistics, op. cit., table 33.

²³ Social Security Administration, "Statistical Notes from the New Beneficiary Data System," *Social Security Bulletin*, Vol. 57, No. 1, Spring 1994, pp. 60-65.

are not economically active generally prefer it that way. For a significant minority, health considerations prevent work. The majority, however, consider themselves completely retired.²⁴

Benefits Less Likely for Part-Time Workers

Whereas the proportion of employed persons aged 55 and over working part time was 25 percent in 1990 compared to 19 percent in 1970, part-time employees are much less likely to be covered by major benefits programs than full-time employees, according to 1992-93 Employee Benefits Survey data.²⁵ These data showed that in 1993 medical care benefits were provided to only 24 percent of part-time employees, compared to 82 percent of full-time employees. Life insurance benefits were offered to 25 percent of part-time employees versus 91 percent of full-time employees; and retirement benefits in 1993 were available to only 40 percent of part-time compared to 78 percent of full-time employees.

Unemployment and Other Labor Market Problems

Older Workers Tend to Be at High Risk of Having Labor Market Problems

About 667,000 people 55 years and over were unemployed in 1993 (out of a total unemployment count of 8.7 million). There were 111,000 unemployed persons aged 65 years and over, or 3.2 percent of the labor force aged 65 and over, compared to a total unemployment rate of 6.8 percent in 1993.²⁶ Data limitations make it

difficult to say much about job loss, discouraged workers, and employment opportunities among older people, but the general patterns are clear.

Official unemployment rates for the older population are somewhat lower than those for the young adult population. Among unemployed workers aged 55 years and over in 1993, most (79 percent) were looking for full-time work. Nearly half (52 percent of the unemployed aged 55 to 64, and 48 percent of those 65 and over) had been unemployed for 15 weeks or more.²⁷ Available data on older unemployed workers by pension receipt indicate that among unemployed men aged 62 to 64 years in 1987, 45 percent had neither pension nor Social Security income and 40 percent had Social Security only.²⁸

Older workers, especially women, tend to be concentrated in declining industries, such as manufacturing and textiles, which puts them at a relatively higher risk of losing their jobs. Unemployed persons, and especially men, often suffer a decline in earnings compared with their previous employment. Among all workers 20 years and over with 3 or more years of tenure who lost or left their jobs during 1991-92 due to plant or company closings or moves, insufficient work, or the abolishment of their positions or shifts, about one-fifth (19 percent) were 55 or older. The overall level of displacement was more common for older workers in the early 1990's than the early 1980's. Among displaced

full-time wage and salary workers aged 55 to 64 years, only 20 percent were re-employed in full-time wage and salary jobs where their earnings in their new job were the same as or higher than in their previous job.²⁹

Before the 1970's, the jobless rate for older men was usually higher than for men aged 25 to 54. Since then, the situation has reversed and now favors older men (5.2 percent unemployed for men aged 55 to 64 years compared to 5.9 percent for men aged 25 to 54 years in 1993), probably because of options now available to older workers. Such options include: (1) improvements in Social Security and private pension plans that have made retirement a viable alternative to employment or unemployment; and (2) the increased use of early retirement inducements. Thus, such options mean older workers can choose more easily to stay out of the labor force than can younger persons who continue to look for work and by definition are unemployed.

Data are limited on unemployment and other labor market problems of older racial and ethnic groups. This is primarily because surveys of the labor force are too small to measure the job market status of small population groups. The limited data available suggest that older Blacks, Hispanics, and other minorities are more likely than older Whites to experience labor market problems. For example, among men aged 55 to 64 years, the unemployment rate in 1993 was 5 percent for White men compared with 9 percent for Black men (detailed table 8-2). In addition to higher rates of unemployment, such problems

²⁴ Parnes and Sommers, op.cit., p. S120.

²⁵ Natalie Kramer, "Employee Benefits for Older Workers," *Monthly Labor Review*, April 1995, pp. 21-27.

²⁶ Bureau of Labor Statistics, op.cit., table 3.

²⁷ Ibid., tables 7 and 15.

²⁸ Philip L. Rones and Diane E. Herz, Bureau of Labor Statistics, *Labor Market Problems of Older Workers*, Report of the Secretary of Labor, Washington, DC, U.S. Government Printing Office, January 1989.

²⁹ Jennifer M. Gardner, Bureau of Labor Statistics, "Worker Displacement: A Decade of Change," *Monthly Labor Review*, April 1995, pp. 45-57.

include discouragement in trying to find work, as well as lower earnings than those of older White workers.³⁰

Income Income Distributions

The overall economic position of the elderly (65 years and over) has improved significantly since the 1970's (for example, the poverty rate of the elderly exceeded that for children until about 1974).³¹ Nevertheless, not everyone within the elderly population shared equally in the income gains as we will discuss below. Elderly people also face major economic uncertainties in terms of health expenditures and the length of life that must be financed.

Ryscavage found that during the economic recovery after the recession of the early 1980's, real income growth for the elderly was similar to the total population from 1982 to 1989. His research shows the elderly with a somewhat more unequal distribution of income than the total population. Additionally, he found some evidence of an increase in income inequality among the elderly over the 1979 to 1989 period.³²

³⁰ Rones and Herz, op. cit.

³¹ Eleanor F. Baugher and Martina Shea, U.S. Bureau of the Census, *Poverty in the United States: 1992*, Current Population Reports, P60-185, U.S. Government Printing Office, Washington, DC, 1993.

³² Paul Ryscavage, U.S. Bureau of the Census, "Trends in Income and Wealth of the Elderly in the 1980s," in *Studies in the Distribution of Income*, Current Population Reports, P60-183, U.S. Government Printing Office, Washington, DC, 1992. In the paper, the change in the Gini index from .446 to .467 was on the borderline of statistical significance. In the Gini index, 0.0 represents perfect equality and 1.0 represents perfect inequality. Other researchers observed growing inequality among elderly households during the 1980's. See Daniel B. Radner, "Changes in the Income of Age Groups, 1984-1989," *Social Security Bulletin*, Vol. 54, No. 12, 1991, pp. 2-18.

The 1990-91 recession halted the overall gains in the economic position of the elderly (as well as the total population). The most recent available indications are that median income (in constant dollars) of the elderly in 1994 had not yet recovered to the pre-recessionary levels.

Money income generally decreases after retirement but is relatively stable because so many elderly receive Social Security. For those older people with retirement income indexed to inflation, income is affected less by fluctuations in the economy than is true for the younger population. Another important income source is property income, which is less insulated from downswings in the economy. Radner³³ concludes the income of the elderly is sensitive to changes in the performance of the economy and to long-run trends. Radner's study shows the elderly, from 1984 to 1989, had sizeable increases in earning and pension income, but had substantial decreases in property income.

Income Differences Are Significant Among Elderly Subgroups

Using constant 1992 dollars, the median income of the population aged 65 and over has more than doubled since 1957 (from \$6,537 to \$14,548 for elderly men; and from \$3,409 to \$8,189 for elderly women).³⁴ The income gains of the elderly in the 1980's were not shared equally within subgroups of the elderly population. It is misleading to only

³³ Radner, *ibid.*

³⁴ Carmen DeNavas, U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1992*, Current Population Reports, P60-184, U.S. Government Printing Office, Washington, DC, 1993, table B-15; also P-60, No. 30, table 18, for 1957 data.

talk about the total elderly population. Income differences are significant for elderly population subgroups defined by characteristics such as age, sex, race, ethnicity, marital status, living arrangements, educational attainment, former occupational status, and work history. Although rural elderly and elderly in Southern States tend to have the lowest median incomes, characteristics such as older average age, widowhood, lower educational attainment, and lower occupational status explain income differences better than place of residence.³⁵

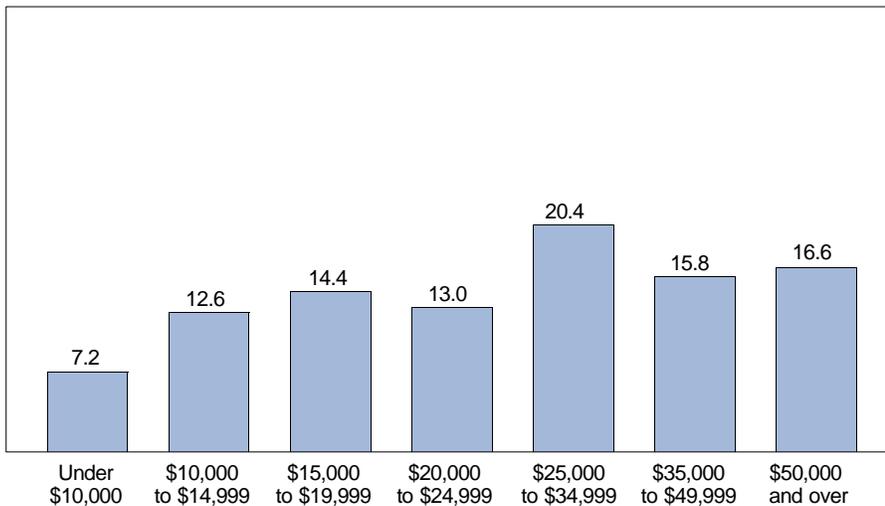
Living arrangements and marital status are related to income changes during the past decade. The real incomes of elderly married-couple families rose by 16 percent, from \$22,078 to \$25,694 from 1980 to 1992 (in 1992 dollars). By comparison, the incomes of elderly female householders with no husband present increased by only 6 percent over the 1980-92 period, from \$20,943 to \$22,108. The economic situation of black elderly female householders with no husband present changed the least, with essentially no improvement in their median income during the decade (\$13,580 in 1980 and \$13,576 in 1992).

In 1992, incomes greater than \$20,000 were more likely among younger than elderly married-couple households. Eighty-seven percent of married-couple households under age 65 had incomes of \$20,000 or more. Eight percent had incomes greater

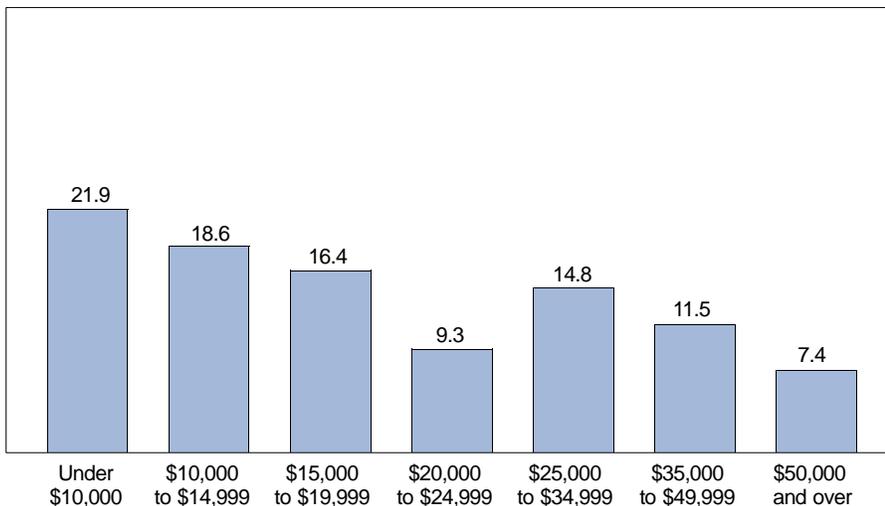
³⁵ Nina Glasgow, Department of Agriculture, Economic Research Service, "The Nonmetro Elderly: Economic and Demographic Status," *Rural Development Research Report*, No. 70, U.S. Government Printing Office, Washington, DC, 1988.

Figure 4-2.
**Percent Distribution of Married-Couple Households
 With Householder 65 Years and Over, by Total
 Money Income: 1992**

White householders



Black householders



than \$100,000. In contrast, more than 6 in 10 (64 percent) married-couple households with a householder aged 65 or older had incomes of \$20,000 or more annually. Four percent of all elderly married-couple households had incomes greater than \$100,000 (there were 375,000 such households and about three-fourths (78 percent) had householders aged 65 to 74).³⁶

Nearly two-thirds (66 percent) of White married-couple households with a householder aged 65 or older in 1992 had incomes of at least \$20,000.³⁷ Four in ten (43 percent) elderly Black married-couple households had incomes greater than \$20,000 in 1992. Among elderly Hispanic married-couple households, 48 percent had incomes greater than \$20,000.³⁸ Figures 4-2 through 4-4 provide graphic evidence of the differences in the income distributions of married couples classified by age and race of the householder.

³⁶ DeNavas, op.cit., table 8.

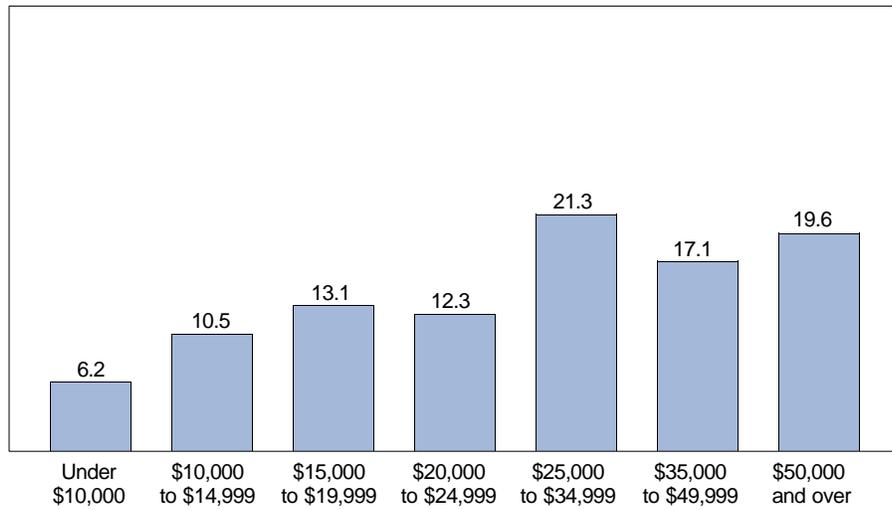
³⁷ U.S. Bureau of the Census, unpublished tabulations from March 1993 CPS, available from Income Statistics Branch, Housing and Household Economic Statistics Division, 301-763-8576.

³⁸ Ibid. The difference between Black and Hispanic married-couple households is not statistically significant.

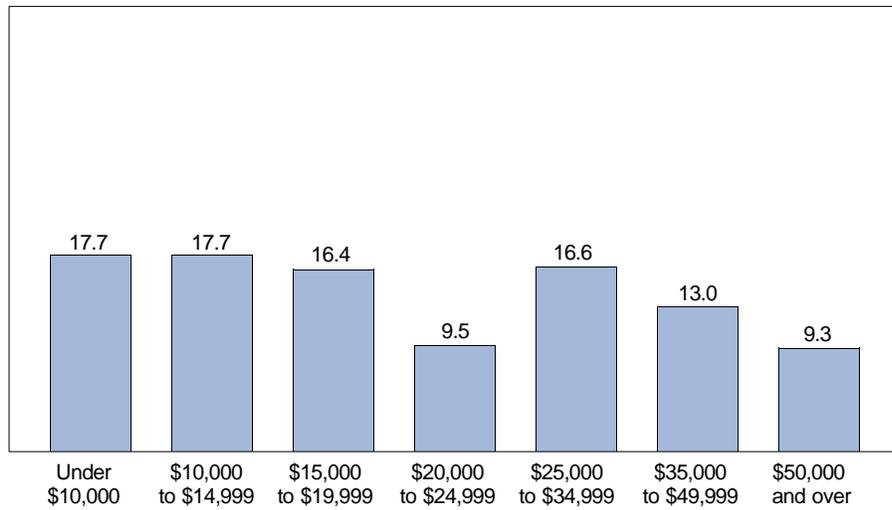
Source: U.S. Bureau of the Census, Housing and Household Economic Statistics Division, Income Branch, unpublished tabulations from March 1993 Current Population Survey, table H-4.

Figure 4-3.
**Percent Distribution of Married-Couple
 Households With Householder 65 to 74 Years,
 by Total Money Income: 1992**

White householders



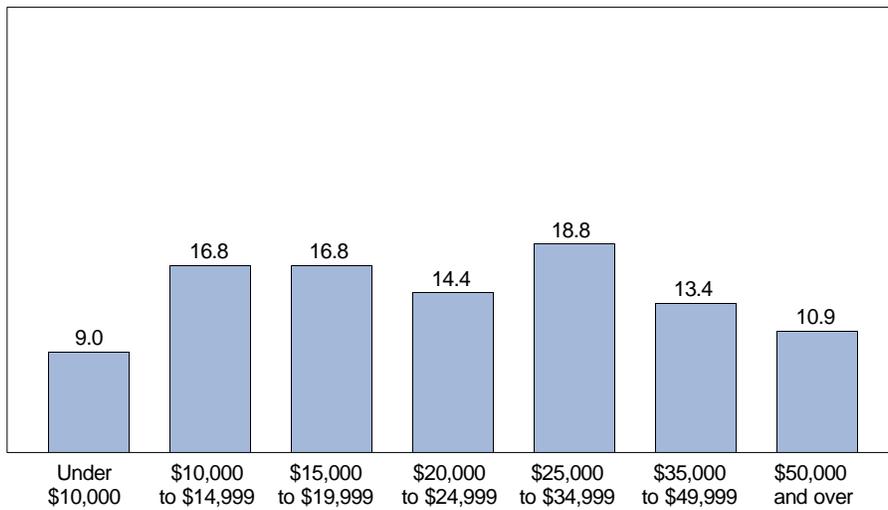
Black householders



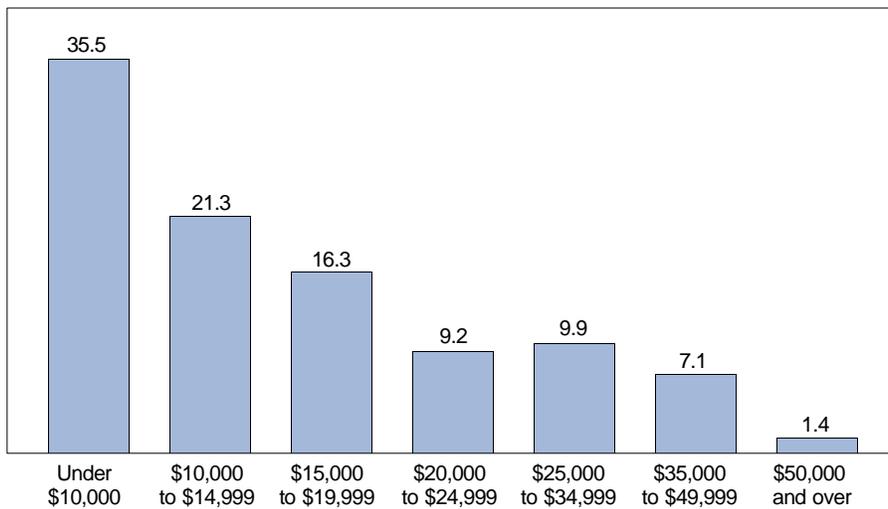
Source: U.S. Bureau of the Census, Housing and Household Economic Statistics Division, Income Branch, unpublished tabulations from March 1993 Current Population Survey, table H-4.

Figure 4-4.
**Percent Distribution of Married-Couple Households
With Householder 75 Years and Over, by Total
Money Income : 1992**

White householders



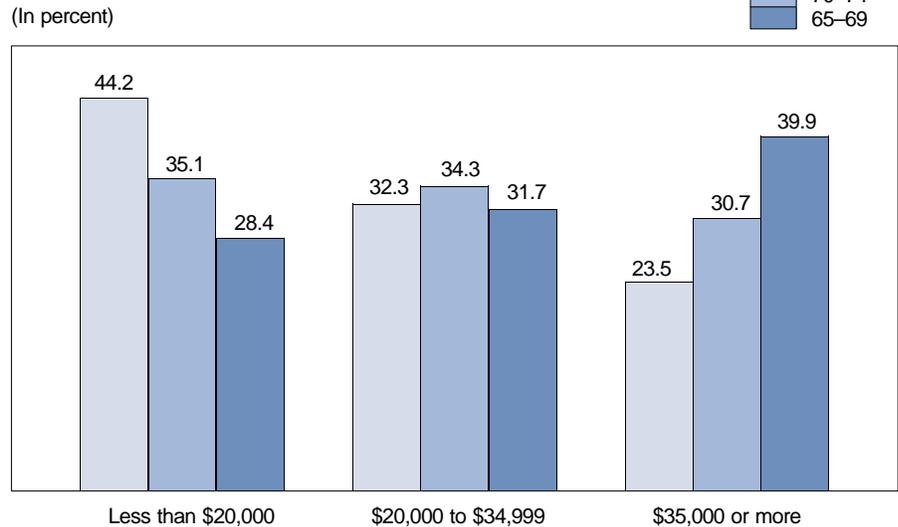
Black householders



Source: U.S. Bureau of the Census, Housing and Household Economic Statistics Division, Income Branch, unpublished tabulations from March 1993 Current Population Survey, table H-4.

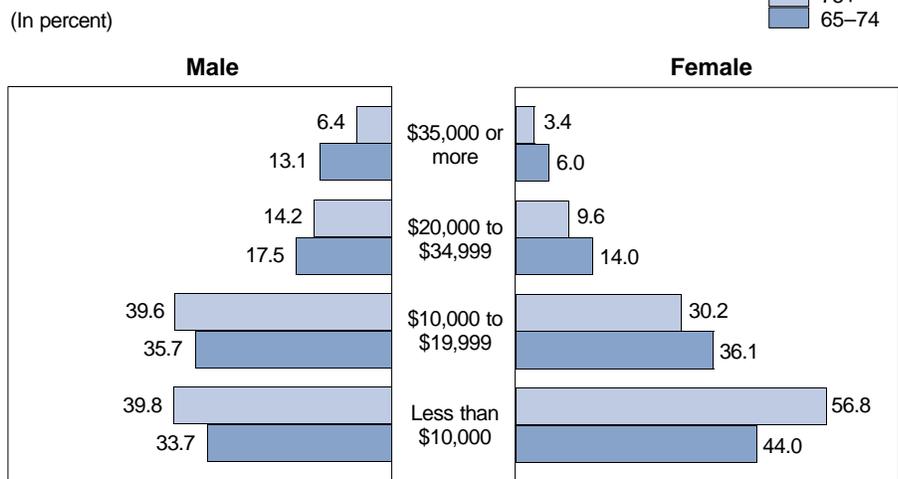
Married couples with a householder aged 65 to 74 are more likely to have higher incomes than are couples with householders 75 years and over. In 1992, 69 percent of married-couple households with a householder aged 65 to 74 years had incomes greater than \$20,000 compared with 56 percent of such households with a householder aged 75 or older (figure 4-5). The elderly who lived alone were more likely than married couples to have low incomes in 1992 (figure 4-6). More than one-half (54 percent) of those 75 years and over who lived alone had incomes below \$10,000 in 1992 and more than four-fifths (86 percent) had incomes below \$20,000. By comparison, 44 percent of married-couple households had incomes below \$20,000 where the householder was 75 or older. The comparable figures for people aged 65 to 74 who lived alone and for married-couple households with householders 65 to 74 were 77 percent and 31 percent, respectively.

Figure 4-5.
Income of Married-Couple Households by Age of Householder: 1992



Source: U.S. Bureau of the Census, *Money Income of Households, Families and Persons in the United States: 1992*, Current Population Reports, P60-184, U.S. Government Printing Office, Washington, DC, 1993, table 8.

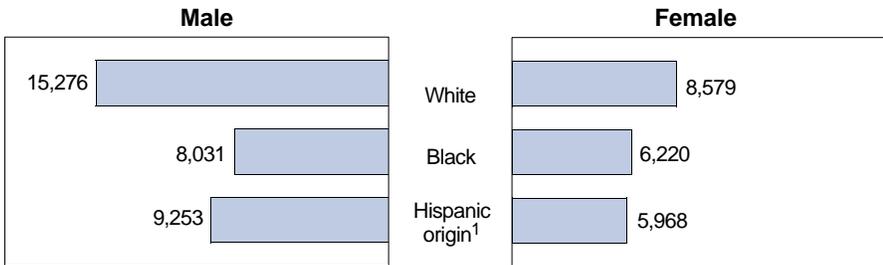
Figure 4-6.
Income of Elderly Householders Living Alone by Age and Sex: 1992



Source: U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1992*, Current Population Reports, P60-184, U.S. Government Printing Office, Washington, DC, 1993, table 8.

Figure 4-7.
Median Income of Persons 65 Years and Over by Sex and Race: 1992

(In dollars)



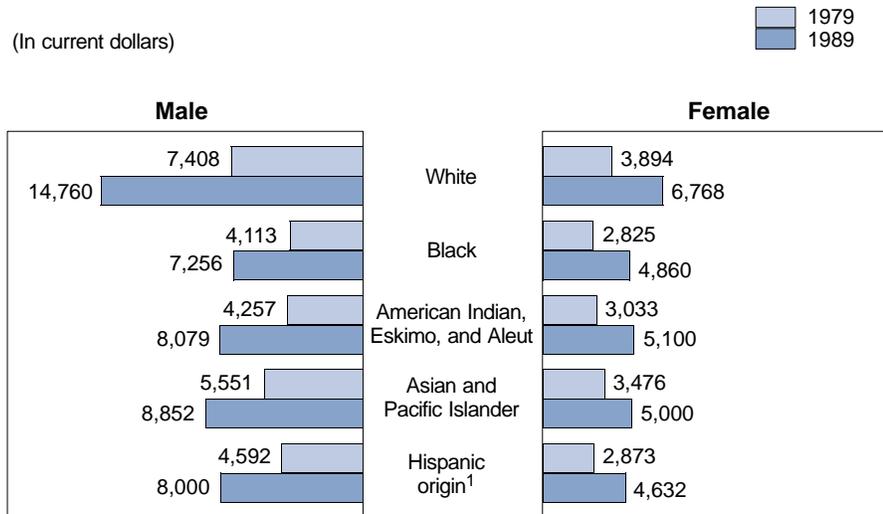
Among elderly subgroups, White men had a much higher median income than other groups. The 1992 median income for White men 65 years and over was more than double that of elderly Black and Hispanic women (figure 4-7; the differences in median income were not statistically significant between Black and Hispanic women and between White women and Hispanic men). Data from the 1980 and 1990 censuses showed a similar pattern (figure 4-8).

¹ Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1992*, Current Population Reports, P60-184, U.S. Government Printing Office, Washington, DC, 1993, table 26.

Figure 4-8.
Median Income of Persons 65 Years and Over by Race and Sex: 1979 and 1989

(In current dollars)



¹ Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, 1979 from 1980 Census of Population, special tabulation from Summary Tape file 5A; 1989 from 1990 Census of Population and Housing, special tabulation from 1990 Public Use Microdata Sample File (PUMS).

Sources of Income

Social Security Benefits Are the Primary Source of Money Income for the Elderly

Social Security, combined with pension benefits, accounted for 42 percent of the total household income of elderly retirement pension recipients in 1991.³⁹ Since the 1940's, there has been a marked increase in reliance on Social Security and a decline in the importance of earnings even though earnings make a great difference in the economic position of older people. In 1940, less than one percent of the elderly received Social Security benefits and 22 percent received general welfare assistance. In 1992, 93 percent received Social Security benefits (mean income was \$6,634) and 6 percent received public assistance or Supplemental Security Income (SSI) (mean income from these sources was \$2,276).⁴⁰

The Social Security program was the major source of income (provided at least 50 percent of total income) for 63 percent of beneficiaries in 1992. It contributed almost all of the income (90 percent or more) for 26 percent and was the only source of income for 14 percent of beneficiaries.⁴¹

One indicator of the trend towards earlier retirement is the proportion of various age groups receiving Social Security benefits. The majority of people aged 62 and over now receive

³⁹ Unpublished tables from the 1990 Panel of the Survey of Income and Program Participation (SIPP), wave 4, U.S. Bureau of the Census.

⁴⁰ DeNavas, op.cit., table 34; also see Virginia Reno and Susan Grad, "Economic Security, 1935-1985," *Social Security Bulletin*, December 1985, tables 12 and 13.

⁴¹ Social Security Administration, Office of Research and Statistics, *Fast Facts and Figures About Social Security 1995*, U.S. Government Printing Office, Washington, DC, 1995.

Social Security benefits. In 1974, 43 percent of insured people aged 62 to 64 received Social Security benefits. By 1994, 67 percent received benefits. During the years 1974 to 1994, the percent of insured persons receiving benefits fluctuated between 91 to 94 percent for persons aged 65 to 66 years, and between 97 to 98 percent for persons aged 67 to 69 years. Since 1974, virtually all people aged 70 or older have received benefits.⁴²

The Elderly Are More Likely Than Other Adults (Aged 18 to 64) to Receive Welfare Assistance

In 1990, 12 percent of people aged 65 and over received major welfare assistance in an average month, compared with 8 percent of people aged 18 to 64 and 19 percent of people under 18.⁴³ Children were more likely than elderly to receive major welfare assistance and welfare was a larger part of their family income. In comparison to other age groups, however, the elderly who participated in assistance programs were more likely to be long-term participants than those in other age groups. Of the 3.9 million elderly who participated in major means-tested assistance programs⁴⁴ in 1990, 2.5 million

⁴² Unpublished tabulations from the Office of the Actuary, Social Security Administration, used in preparation of the 1995 Trustees Report. Percentages include retired workers, disabled workers, and insured widow(er)s.

⁴³ Martina Shea, U.S. Bureau of the Census, *Dynamics of Economic Well-Being: Program Participation 1990-1992*, Current Population Reports, P70-41, U.S. Government Printing Office, Washington, DC, 1995.

⁴⁴ Means-tested programs include Aid to Families With Dependent Children (AFDC) or General Assistance, Supplemental Security Income (SSI), food stamps, Women Infant and Children Program (WIC), and means-tested veterans' compensation or pensions. Family income includes the value of food stamps and WIC.

(or 65 percent) participated for the entire 1990-91 period. The rates for nonelderly adults and children were 47 and 52 percent, respectively. In 1990, means-tested assistance benefits accounted for over one-half of total family income for 23 percent of elderly participants, compared with 49 percent for nonelderly adults and 55 percent for children.⁴⁵

Most Elderly Received Property Income But Earnings Provided the Highest Average Income

Property income⁴⁶ was received by 69 percent of elderly people in 1992. However, the mean income was relatively low, \$4,502. Earnings provided the highest mean income (\$15,781) of all major sources, but earnings were received by only 15 percent of elderly (4.5 million in 1992). Mean earnings for White elderly (\$16,132) were higher than for Black elderly (\$12,564), but not statistically higher than for Hispanic-origin elderly (\$14,759).⁴⁷

Private Pensions and Retirement Income Are Important Sources of Income for the Elderly

Private pensions are another important source of income for the older population. The mean income received from pensions in 1992 was \$8,278. Because women are increasingly joining the labor force and because men are increasingly likely to live at least into their seventies, we can expect in the future to see more married couples with two private pensions in addition to Social Security benefits.

⁴⁵ Shea, op.cit.

⁴⁶ Includes estates and trusts reported as survivor benefits.

⁴⁷ DeNavas, op.cit., table 34. The Black and Hispanic means are not statistically different.

There are important differentials in who receives pensions. About one-third (31 percent) of elderly nonmarried (never married, widowed, or divorced) men received income from a private pension or annuity in 1992, compared with about one-fifth (22 percent) of elderly nonmarried women. The median income from pensions for these nonmarried men was \$4,981 versus \$2,620 for the nonmarried women.⁴⁸ Among all elderly, Current Population Survey (CPS) data indicate that 35 percent of elderly Whites, 20 percent of elderly Blacks, and 19 percent of Hispanic-origin elderly received pension income in 1992 (the difference between Blacks and Hispanics is not statistically significant).

From the Survey of Income and Program Participation (SIPP) we find that in 1991, 13.7 million retirees (of any age)⁴⁹ received pension benefits. Two-thirds were men. The overall mean monthly pension incomes of White, Black, and Hispanic-origin retirees were not significantly different from one another (\$739, \$680, and \$601, respectively). Fifty-six percent of pension recipients had pensions with Cost of Living Adjustment (COLA) provisions. Not only were these retirees protected from inflation, their mean pension was 55 percent

higher than the mean pension income of retirees with no COLA provision.⁵⁰

One in five (20 percent) pension recipients had completed 4 or more years of college and their mean monthly pension income in 1991, not including Social Security, was \$1,173, compared with \$661 for high school graduates, and \$472 for those not completing high school. Some two million people receiving a pension also worked at a wage or salary job and their average pension was \$947. The 11.7 million retirees who did not work received less in the reference period, on average, \$700. Four-fifths (78 percent) of all retirement pension recipients, about 10.7 million retirees, also received monthly Social Security payments averaging \$651.⁵¹

Data from the 1990 census on the receipt of retirement income⁵² indicate that 36 percent of men aged 62 to 64 and 18 percent of women that age received retirement income in 1989. For 65 to 69 year old men, 47 percent received retirement income in 1989, compared to 25 percent of women that age. About one of every four (24 percent) men aged 62 to 64 years who worked in 1989 also received retirement income in 1989. Among those 62 to 64 year old men who didn't work in 1989, 55 percent had

retirement income. Corresponding proportions for women aged 62 to 64 years were 15 percent for those who worked in 1989 and 21 percent for those who didn't work.

Some believe that we are now seeing the "golden age of the golden years,"⁵³ and that Baby-Boom retirees will be less well off than today's retirees. Personal savings and retirement benefits of the elderly may be less in the future and more of the burden for economic security may fall on the individual. In contrast, a recent Congressional Budget Office study⁵⁴ concluded that most Baby Boomers are likely to have higher real incomes in retirement than their parents now in retirement. This more optimistic outlook was not equally anticipated for all Baby Boomers, with the poorly educated, single women, and divorced persons particularly at risk. The uncertainty of this outlook is high, however, as future changes in Social Security, health care expenditures, and the federal budget deficit could alter the accuracy of these findings.⁵⁵ Additional areas of importance are employer-provided pensions, other private savings and wealth (such as IRAs), and health care needs.⁵⁶

⁵⁰ Unpublished data from the 1990 Panel of the Survey of Income and Program Participation (SIPP), wave 4, U.S. Bureau of the Census.

⁵¹ Ibid.

⁵² Retirement income includes retirement pensions and survivor benefits from a former employer, labor union, or Federal, State, county, or other governmental agency; periodic receipts from annuities and insurance; and regular income from IRA and KEOGH plans. Data are from U.S. Bureau of the Census, special tabulations from the 1990 Public Use Microdata Sample File (PUMS).

⁵³ Mark H. Weinstein, "The Changing Picture in Retiree Economics," *Statistical Bulletin*, Metropolitan Life Insurance, Vol. 69, No.3 (July-Sept 1988), p. 7.

⁵⁴ Congressional Budget Office, *Baby Boomers in Retirement: An Early Perspective*, Washington, DC, September 1993.

⁵⁵ Center on Aging, Health and Society, "The Economic Prospects of the Baby Boom Generation," *The Public Policy and Aging Report*, Vol. 6, No. 2, Chicago, IL, 1994.

⁵⁶ Committee on National Statistics, *Toward Improved Modeling of Retirement Income Policies: Interim Report*, Washington, DC, 1995.

⁴⁸ Susan Grad, Social Security Administration, *Income of the Population 55 or Older, 1992*, SSA Publications No. 13-11871, U.S. Government Printing Office, Washington, DC, 1994, tables I.7 and V.C.7.

⁴⁹ The SIPP universe for retirement consisted of all persons 25 years old and over who had retired from a job and received income as a retiree, survivor, or a dependent.

Poverty Status

Poverty Levels

The perception of “elderly” and “poor” as practically synonymous has changed to a view that the elderly are better off than other Americans. Both views are simplistic. There are important differences among subgroups and we will discuss some below.

About 36.9 million Americans were poor⁵⁷ in 1992. Of these, 10.8 percent were aged 65 or older, 49.6 percent were aged 18 to 64 years, and 39.6 percent were children under 18. Though the poverty rate for persons aged 65 or older was lower in 1992

⁵⁷ Families and unrelated individuals are classified as being above or below the poverty level using the poverty index originated by the Social Security Administration in 1964 and revised by the Federal Interagency Committees in 1969 and 1980. The poverty index is based solely on money income and does not reflect the fact that many low-income persons receive noncash benefits such as food stamps, Medicaid, and public housing. To be in poverty means that a family of at least three people does not have money income equal to 3 times (slightly higher adjustment for smaller families) the cost of the “Economy Food Plan” established by the Department of Agriculture. The plan assumes that older healthy people have lower nutritional requirements than younger people and therefore the poverty threshold is higher for persons under age 65. The poverty threshold in 1992 was \$6,729 compared to the \$7,299 used for single householders aged 15 to 64. For a two-person elderly household with no related children, it was \$8,487 compared with \$9,443 for younger householders. If the thresholds used for the younger population also were used for the elderly, poverty rates for the elderly would increase. Poverty rates would decrease if specific taxes were deducted and specific noncash benefits were included in the definition of income.

Table 4-4.
Percent Poor or Near Poor, by Sex and Age: 1992

Sex and age	Below poverty threshold	Below 150 percent of poverty threshold
Both sexes		
All ages	14.5	24.1
Under 65 years	14.7	23.6
65 years and over	12.9	27.6
Under 18 years	21.9	32.8
18 to 24 years	18.0	28.7
25 to 34 years	13.2	22.0
35 to 44 years	9.8	16.8
45 to 54 years	7.9	13.8
55 to 59 years	10.0	16.6
60 to 64 years	10.6	19.9
65 to 74 years	10.7	22.5
75 years and over	16.2	35.2
Male		
All ages	12.7	21.7
Under 65 years	13.1	21.9
65 years and over	8.9	20.5
Under 18 years	21.5	32.5
18 to 24 years	14.2	25.2
25 to 34 years	9.8	18.3
35 to 44 years	8.3	15.1
45 to 54 years	7.0	12.5
55 to 59 years	8.7	14.3
60 to 64 years	7.8	16.5
65 to 74 years	8.1	18.2
75 years and over	10.3	24.3
Female		
All ages	16.3	26.4
Under 65 years	16.4	25.4
65 years and over	15.7	32.8
Under 18 years	22.3	33.1
18 to 24 years	21.6	32.2
25 to 34 years	16.6	25.7
35 to 44 years	11.2	18.5
45 to 54 years	8.7	15.0
55 to 59 years	11.3	18.6
60 to 64 years	13.1	23.2
65 to 74 years	12.7	25.9
75 years and over	19.8	41.7

Source: U.S. Bureau of the Census, *Poverty in the United States: 1992*, Current Population Reports, P60-185. U.S. Government Printing Office, Washington, DC, 1993, table 6.

than that for children and young adults aged 18 to 24, it was higher or not significantly different from that for other adult age groups. The 1992 poverty rate was 12.9 percent for the elderly, and 21.9 percent for children.⁵⁸

⁵⁸ Eleanor F. Baugher and Martina Shea, U.S. Bureau of the Census, *Poverty in the United States: 1992, Current Population Reports, P60-185*, U.S. Government Printing Office, Washington, DC, 1993. The other 1992 poverty figures in this section also were derived from this report. Newly released poverty data for 1994 show 38.1 million persons in poverty, representing 14.5 percent of the population. For the elderly in 1994, corresponding numbers were 3.7 million in poverty and 11.7 percent of the elderly population. These 1994 data are based on population controls consistent with the 1990 census of population. The data for 1992 in this report differ from revised 1992 estimates consistent with the 1990 census. The 1992 revised estimates are: 38.0 persons in poverty (a poverty rate of 14.8 percent); and 3.9 million elderly in poverty (a poverty rate of 12.9 percent). For additional information on the impact of using 1990 based population controls on survey estimates, see U.S. Bureau of the Census, *Population Profile of the United States: 1995, Current Population Reports, P23-189*, U.S. Government Printing Office, Washington, DC, 1995, appendix B.

Among Adults Aged 25 and Over, Oldest Old Most Likely to be Poor

There is a wide range of poverty rates among detailed age groups. Among persons aged 25 and over, poverty rates ranged in 1992 from 7.9 percent for persons aged 45 to 54 up to 16.2 percent for persons 75 years or older (table 4-4). In 1992, poverty among the elderly living in the community (noninstitutional) increased with age. The poverty rate of persons 65 to 74 was 10.7 percent, 15.3 percent for persons 75 to 84, and for persons 85 and over the rate was 19.8 percent, not statistically different from that of children.

Partly because of “catch-up” increases and the indexing of Social Security to rates of inflation, there have been significant changes nationally in the percentage of all elderly who are poor. In 1959, 33.1 percent of White elderly and 62.5 percent of Black elderly were poor. In 1992, 10.9 percent of White elderly, 22.0 of Hispanic elderly, and 33.3 percent of Black elderly were poor (table 4-5).

Table 4-5.
Poverty Status of Persons by Age, Race and Hispanic Origin: 1960 to 1992

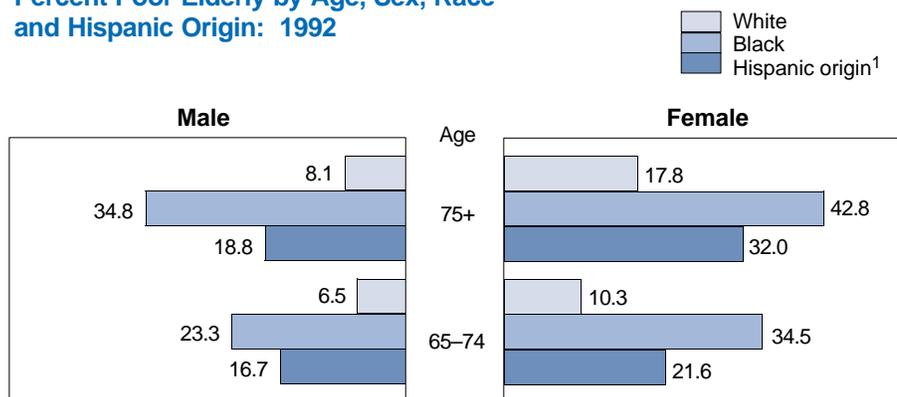
(Numbers in thousands. Persons as of March of the following year. For meaning of abbreviations and symbols, see introductory text)

Year and race	All persons below poverty		Persons under 18 years below poverty		Persons 65 years and over below poverty	
	Number	Percent	Number	Percent	Number	Percent
All Races						
1992.....	36,880	14.5	14,617	21.9	3,983	12.9
1990.....	33,585	13.5	13,431	20.6	3,658	12.2
1985.....	33,064	14.0	13,010	20.7	3,456	12.6
1980.....	29,272	13.0	11,543	18.3	3,871	15.7
1975.....	25,877	12.3	11,104	17.1	3,317	15.3
1970.....	25,420	12.6	10,440	15.1	4,793	24.6
1965.....	33,185	17.3	14,676	21.0	(NA)	(NA)
1960.....	39,851	22.2	17,634	26.9	(NA)	(NA)
White						
1992.....	24,523	11.6	8,955	16.9	2,992	10.9
1990.....	22,326	10.7	8,232	15.9	2,707	10.1
1985.....	22,860	11.4	8,253	16.2	2,698	11.0
1980.....	19,699	10.2	7,181	13.9	3,042	13.6
1975.....	17,770	9.7	6,927	12.7	2,634	13.4
1970.....	17,484	9.9	(NA)	(NA)	4,011	22.6
1965.....	22,496	13.3	(NA)	(NA)	(NA)	(NA)
1960.....	28,309	17.8	(NA)	(NA)	(NA)	(NA)
Black						
1992.....	10,613	33.3	4,938	46.6	887	33.3
1990.....	9,837	31.9	4,550	44.8	860	33.8
1985.....	8,926	31.3	4,157	43.6	717	31.5
1980.....	8,579	32.5	3,961	42.3	783	38.1
1975.....	7,545	31.3	3,925	41.7	652	36.3
1970.....	7,548	33.5	(NA)	(NA)	683	48.0
1965.....	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
1960.....	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Hispanic Origin¹						
1992.....	6,655	29.3	3,116	39.9	269	22.0
1990.....	6,006	28.1	2,885	38.4	245	22.5
1985.....	5,236	29.0	2,606	40.3	219	23.9
1980.....	3,491	25.7	1,749	33.2	179	30.8
1975.....	2,991	26.9	(NA)	(NA)	137	32.6
1970.....	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
1965.....	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
1960.....	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)

¹Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, *Poverty in the United States: 1992*, Current Population Reports, P60-185, U.S. Government Printing Office, Washington, DC; 1993, tables 2 and 3.

Figure 4-9.
**Percent Poor Elderly by Age, Sex, Race
 and Hispanic Origin: 1992**



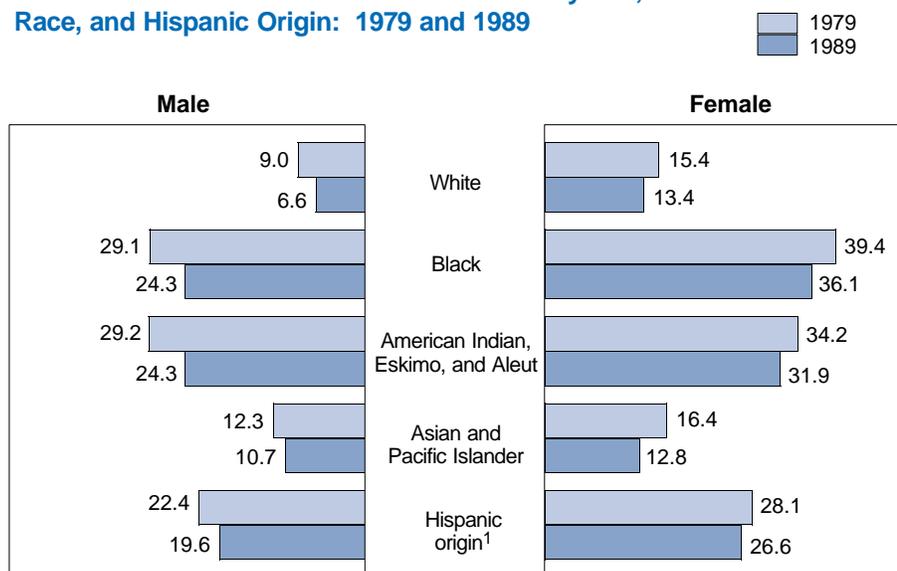
¹ Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, *Poverty in the United States: 1992*, Current Population Reports, P60-185. U.S. Government Printing Office, Washington, DC, 1993, table 5.

Poverty rates varied greatly among elderly population subgroups. In 1992, elderly women (15.7 percent) had a higher poverty rate than elderly men (8.9 percent). As noted above, the poverty rates for elderly Blacks and Hispanics were higher than the rate for elderly Whites. Elderly White, Black, and Hispanic women had higher poverty rates in 1992 than elderly White, Black, and Hispanic men, respectively (figure 4-9).

Women made up 58.4 percent of the elderly population but 71.3 percent of the poor elderly population in 1992. Although Blacks were only 8.6 percent of the total elderly population, they made up 22.3 percent of all elderly poor. Black women were 5.1 percent of the elderly population and 15.0 percent of the elderly poor.

Figure 4-10.
**Percent Poor of Persons 65 Years and Over by Sex,
 Race, and Hispanic Origin: 1979 and 1989**



¹ Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, 1979 from 1980 Census of Population and Housing, special tabulations for National Institute on Aging, table 5; 1989 from special tabulations from 1990 Public Use Microdata Sample File (PUMS).

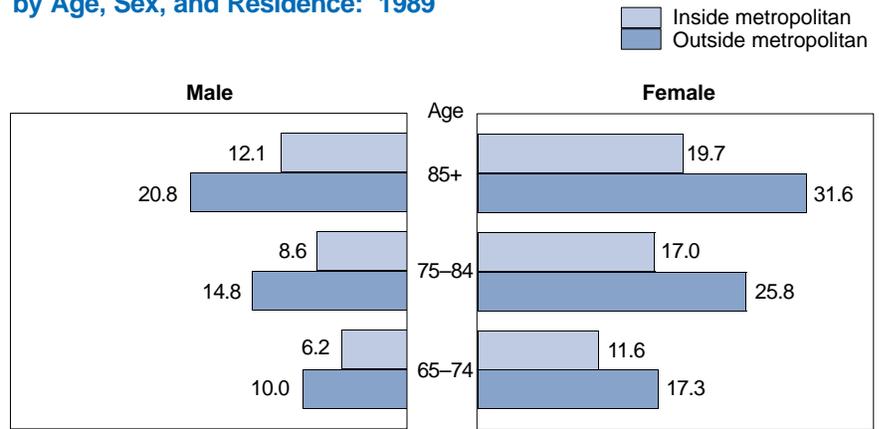
The 1990 decennial census is the only source of poverty data by detailed race (figure 4-10). Poverty became less prevalent during the 1980's for every elderly sex/race/ethnic group. In addition, within each race/ethnic group, poverty was more common for women than for men at both the decade's beginning and end. These data also show that poverty rates among elderly American Indians were similar to those of Blacks.

Recent data from the 1990 decennial census reveal that, in general, poverty rates were higher among elderly outside metropolitan areas than among those inside metropolitan areas (figure 4-11). The poverty rate in 1989 was 31.6 percent for females 85 years old and over living outside metropolitan areas.

Elderly persons who reported having a self-care or mobility limitation in the 1990 decennial census were more likely to be poor (20 percent) than elderly without such limitations (11 percent). However, among the oldest old, women who did not have a self-care or mobility limitation were just as likely to be living in poverty (22 percent) as oldest old women with a self-care or mobility limitation (figure 4-12).

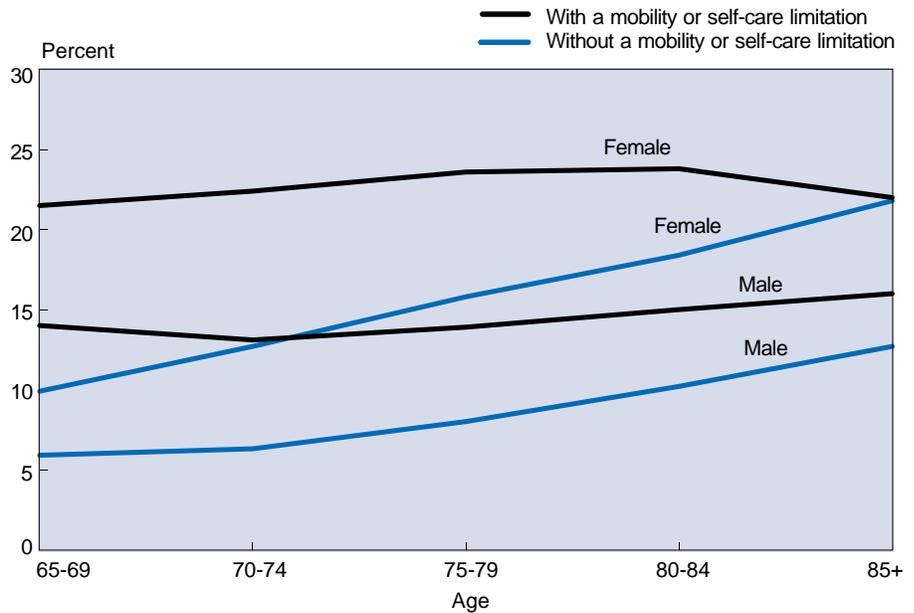
There were a total of 8 million poor families in 1992. Of all poor families, 878,000 had an elderly householder. The poverty rate for families with an elderly householder was 7.8 percent.

Figure 4-11.
Percent Poor of Persons 65 Years and Over by Age, Sex, and Residence: 1989



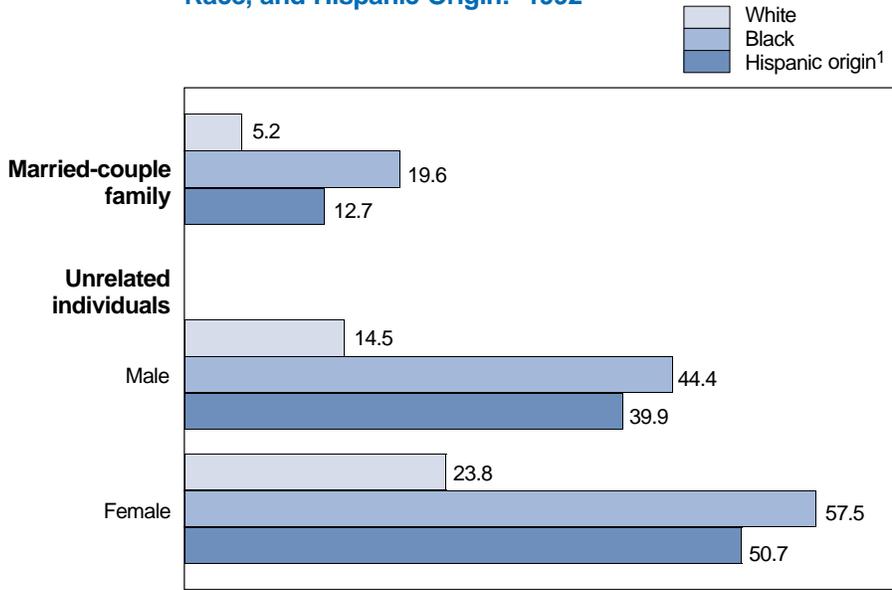
Source: U.S. Bureau of the Census, special tabulations from 1990 Public Use Microdata Sample File (PUMS).

Figure 4-12.
Percent Poor of Persons 65 Years and Over by Age, Sex, and Limitation Status: 1989



Source: U.S. Bureau of the Census, special tabulations from 1990 Public Use Microdata Sample File (PUMS).

Figure 4-13.
Percent Poor of Persons 65 Years and Over by Sex, Type of Living Arrangement, Race, and Hispanic Origin: 1992



¹ Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, *Poverty in the United States: 1992*, Current Population Reports, P60-185, U.S. Government Printing Office, Washington, DC, 1993, table 5.

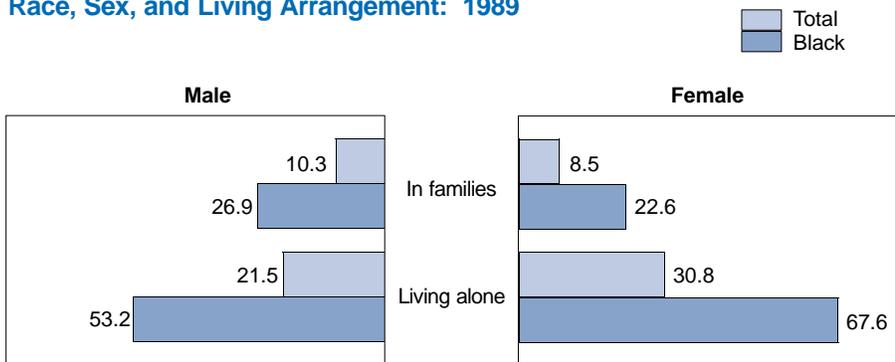
White elderly persons in married-couple families were less likely to be in poverty (5.2 percent) than comparable Black (19.6 percent) or Hispanic (12.7 percent) elderly persons (figure 4-13). Elderly who did not live with relatives (“unrelated individuals” in census terminology, most of whom live alone) were more likely to be poor in 1992 (24.9 percent) than elderly persons in married-couple families (6.2 percent).

Data from the 1990 census reveal the great differences in poverty rates by sex, race, and family status among the “oldest old” (those 85 years old and older). Oldest old persons are more likely to be poor if they live alone than if they live in families. This holds for both men and women, and for the total and Black oldest old population (figure 4-14). Among Black women aged 85 years and over and living alone, 67.6 percent were in poverty.

Elderly Are More Likely to Be Near Poor Than the Younger Population

While the elderly constitute approximately 12.2 percent of the total population, they are only 10.8 percent of the poor. However, a higher proportion of elderly (7.5 percent) than non-elderly (4.5 percent) were concentrated just over their respective poverty thresholds (between 100 percent and 125 percent of their thresholds). Among the Nation’s 12.3 million “near poor” persons, there is a larger proportion elderly than might be expected, since the 18.9 percent of the near poor who are elderly exceeds the percent elderly of the total population.

Figure 4-14.
Percent Poor of Persons 85 Years and Over by Race, Sex, and Living Arrangement: 1989



Source: U.S. Bureau of the Census, 1990 Census of Population and Housing, special tabulation from 1990 Public Use Microdata Sample (PUMS) file.

Most Elderly Poor Who Live Alone Are Women

Of the approximately 2.3 million poor elderly who lived alone in 1992, 2.0 million were women. Another 1 million elderly women who lived alone in 1992 were near poor. These near poor women were predominately White (90 percent) and residents of metropolitan areas (75 percent).

Low Educational Attainment Associated With Poverty

Education is closely associated with lifetime economic status, and poverty rates drop dramatically as educational level of the elderly increases. Twenty-one percent of the 12.3 million elderly who never finished high school were poor in 1992. About 10 percent of elderly who completed high school (but no college) were poor. Only 3.2 percent of the elderly who earned a bachelor's degree or more were poor.

Elderly Who Worked Some Time During 1992 Rarely Faced Poverty

Only 3.7 percent of 4.6 million elderly workers were poor in 1992. Most (79 percent) of these poor did not work year-round full-time. By contrast, 14.5 percent of elderly who did not work during the year were poor. Half of all poor elderly workers were women.⁵⁹

⁵⁹ Ibid., table 14.

Transitions in Income and Poverty Status

Data from SIPP⁶⁰ allow us to make comparisons of the characteristics of elderly who were (1) poor in 1990 and 1991, (2) able to leave poverty between 1990 and 1991, and (3) poor in 1991 but not in 1990. With these data we can also measure year-to-year movement of people along the income distribution.

An important caution is that this analysis includes only elderly from whom information was collected in all eight interviews of the 1990-1991 survey. The data are presented for persons rather than families because family composition can change over a 2-year period. People are characterized by the income and poverty status of their respective family unit based on living arrangements each month during the period of study. Income reflects money income only before taxes and does not include the value of noncash benefits.

Overall, Elderly Higher In Economic Status Than Children But Less Likely to Increase Their Income

SIPP data indicate that people aged 65 or older were significantly more likely to have family or individual⁶¹ incomes under \$10,000 than the total population. Mean family or individual income of the elderly was 67 percent of that for persons under 18. As discussed above, comparisons of family income do not indicate the number of

⁶⁰ Shea, op.cit., P70-41; and Paul Ryscavage and Wilfred Masumura, U.S. Bureau of the Census, *Dynamics of Economic Well-Being: Labor Force and Income, 1990-1992*, P70-40, U.S. Government Printing Office, Washington, DC, 1994.

⁶¹ Income refers to family income for persons in families and individual income for unrelated individuals.

persons sharing the family income. To account for changes in family size and composition, comparisons based on income-to-poverty ratios are used.⁶² Such ratios change the relative standing of the two groups. The mean income-to-poverty ratio in 1991 was 3.24 for persons 65 and older compared with 2.82 for persons under 18 years.

These data indicate that elderly people had stable incomes relative to young adults (18 to 24 years). Thirty-five percent of the elderly experienced changes of less than 5 percent in their income-to-poverty ratios between 1990 and 1991 compared with 17 percent of young adults.

Elderly and Children Less Likely to Exit Poverty Than Nonelderly Adults

Children and the elderly were less likely than nonelderly adults to move out of poverty between 1990 and 1991. The exit rates were 19 percent for children and 14 percent for the elderly, compared with 25 percent for nonelderly adults. The elderly had relatively low exit rates despite the fact that 67 percent of poor elderly in 1990 had an income-to-poverty ratio between 0.75 and 0.99, compared with 35 percent of poor nonelderly adults. This means a smaller proportion of elderly than nonelderly adults left poverty between 1990 and 1991, even though a larger proportion of elderly than nonelderly adults had incomes just below poverty. This finding reflects the relatively greater stability (i.e., fixed nature) of elderly incomes.

⁶² To account for economies of scale, family incomes have been adjusted by using poverty thresholds as an equivalence scale to adjust for differences in the size and composition of families.

Household Wealth and Assets

Overall, the elderly have substantial assets, especially if the value of their homes is considered. Once the elderly spend their assets, however, they are less likely than younger people to be able to replace them.

The Elderly Have Higher Asset Holdings Than Younger Households

Economic well being includes both income and asset accumulation. The elderly have had longer to accumulate assets. Their median net worth (\$88,192) is more than fifteen times as high as that of households with a householder under 35 (\$5,565), according to 1991 data from the SIPP. The home is the major asset, but for the elderly, interest-earning assets were also important.⁶³

Eller found that from 1988 to 1991, real median net worth for all households fell from \$41,472 to \$36,623 (in 1991 dollars). For the elderly, however, median net worth remained at around \$88,000.

The life cycle hypothesis of saving says that assets increase during the

⁶³ T. J. Eller, U.S. Bureau of the Census, *Household Wealth and Asset Ownership: 1991*, Current Population Reports, P70-34, Washington, DC, 1994. These net worth estimates are based on the sum of the market value of assets owned by every member of the household minus liabilities (secured or unsecured) owed by household members. Major assets not covered are equities in pension plans, cash value of life insurance policies, and the value of home furnishings and jewelry. These items were excluded due to the difficulty of obtaining reliable estimates of the value of these assets in a household survey.

life cycle and decline after retirement as savings are spent to finance daily life. Cross-sectional data suggest that assets are not reduced substantially until at least 10 or more years after retirement age. For example, median net worth in 1991 for householders aged 65 to 69 was \$104,354 compared with \$76,541 for householders aged 75 and over. The evidence on whether households accumulate or decumulate wealth during the retirement years is mixed, however, and such cross-sectional evidence does not imply the same behavior for an individual over a lifetime.⁶⁴ It seems logical that a newly retired person would avoid using savings (called “spend down” by economists) as long as possible given that most people are relatively healthy upon retirement but still face significant uncertainties about future health expenditures, their need for long-term care, and the length of their life. However, a large number of persons reach retirement with little or no savings. Some indirect evidence suggests that inheritances may substantially increase the wealth of Baby Boomers as they enter the young old ages, with research indicating that most inheritances go to householders in their fifties and sixties.⁶⁵ Debate continues on whether

⁶⁴ *Ibid.*, p. x; Congressional Budget Office, *op. cit.*, p. 44; and Nancy Ammon Jianakoplos, Paul L. Menchik, and F. Owen Irvine, “Using Panel Data to Assess the Bias in Cross-sectional Inferences of Life-Cycle Changes in the Level and Composition of Household Wealth,” in Robert E. Lipsey and Helen Stone Tice, eds., *The Measurement of Saving, Investment, and Wealth*, 1989.

⁶⁵ Congressional Budget Office, *op. cit.*; and Daphne T. Greenwood and Edward N. Wolff, “Changes in Wealth in the United States, 1962-1983,” *Journal of Population Economics*, 1992, pp. 261-288.

observed savings behavior can be explained by some modification of the life cycle model that incorporates other leading explanations for savings behavior.⁶⁶

Using the 1991 SIPP data, Eller showed that age is correlated with net worth because age offers an increasing opportunity to accumulate wealth (table 4-6). Because of SIPP’s relatively small sample size, the final age category shown is 75 years and over. Since home equity is such an important asset to the elderly, it is useful to examine their net worth with and without the effect of home equity. When home equity was included, the 1991 median net worth of the elderly ranged from \$32,172 in the lowest income quintile (7.2 million households) to \$424,721 in the highest income quintile (1.8 million households). When home equity was excluded, median net worth of the elderly ranged from \$3,577 for the lowest income quintile to \$299,679 for the highest income quintile.⁶⁷

⁶⁶ Alan L. Gustman and F. Thomas Juster, “Income and Wealth of Older American Households: Modeling Issues for Public Policy Analysis,” National Bureau of Economic Research (NBER) Working Paper No. 4996, Cambridge, MA, 1995.

⁶⁷ The distribution of wealth is known to be highly concentrated. When the distribution is so concentrated, the normal SIPP sample frame, with few observations for high income households, has large variability in the various wealth statistics for this segment of the wealth distribution. For a description and comparison of survey aggregates with independent estimates, see appendix D of Current Population Reports, P70-34, *Household Wealth and Asset Ownership: 1991*, by T. J. Eller of the U.S. Bureau of the Census.

Table 4-6.
Median Net Worth by Age of Householder and Monthly Household Income Quintile: 1991

(Excludes group quarters)

Households and net worth income quintile ¹	Age								
	Total	Under 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over			
						Total	65 to 69 years	70 to 74 years	75 years and over
All households (thousands)	94,692	25,031	21,514	14,934	12,575	20,638	6,435	5,439	8,764
Median net worth	\$36,623	\$5,565	\$31,148	\$58,250	\$83,041	\$88,192	\$104,354	\$92,793	\$76,541
Excluding home equity	\$10,263	\$3,273	\$9,456	\$16,275	\$25,965	\$26,442	\$33,345	\$25,943	\$22,866
Lowest quintile									
Households (thousands)	18,977	5,256	2,271	1,901	2,323	7,226	1,657	1,630	3,939
Median net worth	\$5,224	\$537	\$1,228	\$5,230	\$16,959	\$32,172	\$30,622	\$31,825	\$32,946
Excluding home equity	\$1,143	\$187	\$704	\$852	\$1,406	\$3,577	\$2,570	\$3,083	\$4,570
Second quintile									
Households (thousands)	18,912	5,432	3,231	1,958	2,431	5,860	1,760	1,526	2,574
Median net worth	\$19,191	\$2,912	\$6,213	\$19,378	\$52,660	\$90,635	\$92,321	\$89,306	\$89,975
Excluding home equity	\$5,588	\$1,772	\$2,409	\$4,656	\$10,580	\$29,152	\$25,690	\$25,808	\$34,492
Third quintile									
Households (thousands)	18,969	5,809	4,474	2,629	2,536	3,523	1,306	1,141	1,075
Median net worth	\$28,859	\$6,633	\$18,216	\$35,837	\$77,439	\$154,203	\$154,487	\$140,226	\$171,032
Excluding home equity	\$8,661	\$3,768	\$5,674	\$9,713	\$24,382	\$68,372	\$64,164	\$64,280	\$83,472
Fourth quintile									
Households (thousands)	18,928	5,105	5,607	3,432	2,504	2,279	968	657	654
Median net worth	\$49,204	\$16,176	\$38,762	\$57,706	\$135,458	\$225,594	\$201,867	\$212,062	\$303,510
Excluding home equity	\$16,352	\$7,650	\$12,412	\$16,188	\$42,586	\$121,154	\$83,101	\$123,268	\$181,513
Highest quintile									
Households (thousands)	18,905	3,429	5,931	5,014	2,780	1,751	744	485	522
Median net worth	\$123,166	\$42,650	\$91,434	\$147,091	\$212,660	\$424,721	\$382,551	\$433,049	\$485,557
Excluding home equity	\$48,893	\$19,329	\$36,157	\$54,371	\$95,692	\$299,679	\$226,894	\$315,194	\$399,301

¹Quintile upper limits for 1991 were: lowest quintile - \$1,071; second quintile - \$1,912; third quintile - \$2,914; fourth quintile - \$4,454.

Source: U.S. Bureau of the Census, *Household Wealth and Asset Ownership: 1991*, Current Population Reports, P70-34, U.S. Government Printing Office, Washington, DC, 1994, table E.

Smith,⁶⁸ using new data from the Health and Retirement Survey (HRS) and the Asset and Health Dynamics Among the Oldest-Old Survey (AHEAD), found large racial and ethnic disparities in household wealth for households maintained by persons aged 51 to 61 years (HRS) and those aged 70 and over (AHEAD). For every dollar of wealth of a White household maintained by a person aged 51 to 61, comparable Black

⁶⁸ James P. Smith, "Unequal Wealth and Incentives to Save," Documented Briefing, RAND, 1995.

households had 27 cents on the dollar and Hispanic households 30 cents. Smith found that income differences explained most of the racial difference in wealth, as low income persons save little, regardless of their race and ethnic background.

Data on the composition of net worth show that home equity was the major asset holding for the elderly, as it was for all age groups (table 4-7). Some types of assets are much more important in elderly households. For example, the proportion of net worth

in interest-earning assets was significantly larger in elderly households (21 percent) than in those with a householder under age 35 (12 percent). Similarly, the proportion of net worth in stocks and mutual funds ranged from 5 percent in households with a householder under 35 to 9 percent in elderly households. Among the types of assets that were not as important to the elderly were motor vehicles; the share of net worth in this asset ranged from 18 percent in the youngest age group to 4 percent among the elderly.

Table 4-7.

Distribution of Net Worth by Age of Householder and Asset Type: 1991

(Excludes group quarters)

Type of asset	Total	Under 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over
Total net worth	100.0	100.0	100.0	100.0	100.0	100.0
Interest-earning assets at						
financial institutions	14.2	12.2	9.6	9.5	12.1	21.0
Other interest-earning assets	5.0	1.9	3.0	3.7	5.1	7.3
Checking accounts	0.5	1.2	0.7	0.4	0.4	0.4
Stocks and mutual fund shares	7.1	4.7	5.9	5.4	6.6	9.4
Own home	41.9	42.1	45.1	40.8	40.9	41.5
Rental property	6.8	6.1	8.0	9.4	7.1	4.6
Other real estate	5.4	6.2	5.4	6.8	6.3	4.0
Vehicles	6.4	18.1	8.7	6.4	5.2	3.5
Business or profession	7.3	13.5	11.5	10.8	6.8	2.1
U.S. savings bonds	0.6	0.7	0.5	0.5	0.7	0.6
IRA or KEOGH accounts	5.2	3.2	5.6	5.8	7.1	3.8
Other financial investments ¹	3.1	3.5	1.7	4.1	4.3	2.4
Unsecured liabilities ²	-3.4	-13.5	-5.8	-3.7	-2.6	-0.5

¹ Includes mortgages held from sale of real estate, amount due from sale of business, unit trusts, and other financial investments.

² Since net worth is the value of assets less liabilities, unsecured liabilities are subtracted from the distribution of net worth and are shown as negative.

Source: U.S. Bureau of the Census, *Household Wealth and Asset Ownership: 1991*, Current Population Reports, P70-34, Washington, DC, U.S. Government Printing Office, 1994, table G.

Housing

Most Elderly Own Their Homes

There were 20.3 million householders in 1991 aged 65 or older. A little over three-fourths (77 percent), or 15.7 million of the householders, were homeowners. Elderly householders who rented their home numbered 4.6 million in 1991.

Just over seven in ten (72 percent) homes occupied by elderly householders were single-family homes. Six in one hundred (6 percent), or 1.2 million elderly householders, lived in mobile homes.⁶⁹

Homeownership Varies by Elderly Subgroup

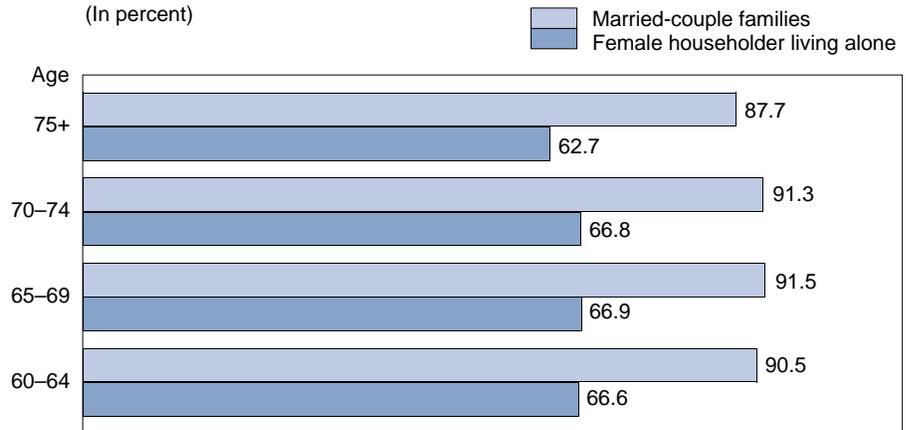
Data from the 1991 American Housing Survey (AHS) show that elderly Whites were more likely than elderly Blacks or Hispanics to be homeowners: 79 percent of Whites were homeowners compared with 64 percent of Blacks and 59 percent of Hispanics (the apparent difference

⁶⁹ U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *American Housing Survey for the United States in 1991*, Current Housing Reports, H150/91, U.S. Government Printing Office, Washington, DC, 1993, tables 7-1 to 7-24.

Figure 4-15.

Homeownership Rate by Family Status and Age of Householder: 1993

(In percent)



Source: U.S. Bureau of the Census, *Housing Vacancies and Homeownership*, Current Housing Reports, H111/93-A, U.S. Government Printing Office, Washington, DC, 1994, table 21.

between Blacks and Hispanics was not statistically significant).⁷⁰

Homeownership data from the Current Population Survey (CPS) indicate that elderly married couples are much more likely to be homeowners than are elderly women who live alone. In 1993, 91 percent of married couples with a householder aged 65 to 69 years old owned their homes compared with 67 percent of similarly aged women who lived alone (figure 4-15).

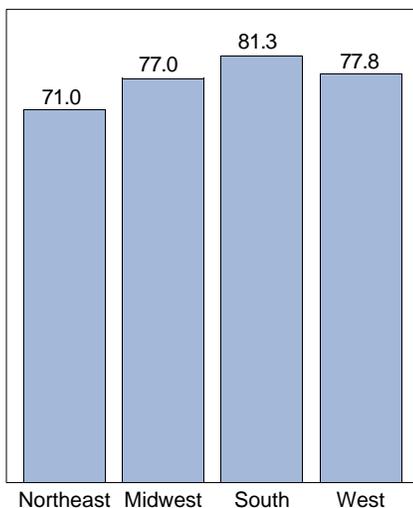
⁷⁰ Ibid.

While elderly householders with household incomes more than \$10,000 were more likely to own their homes in 1991 than those with household incomes less than \$10,000, 61 percent of elderly householders in this lower household income range were owners. Among elderly owners, women living alone were more likely than men living alone or in multi-person households to use 30 percent or more of their income for housing.⁷¹

⁷¹ Mary L. Naifeh, U.S. Bureau of the Census, *Housing of the Elderly: 1991*, Current Housing Reports, H123/93-1, U.S. Government Printing Office, Washington, DC, 1993.

Figure 4-16.
**Homeownership Rate for
 Householders 65 Years and
 Over by Region: 1993**

(In percent)



Source: U.S. Bureau of the Census, *Housing Vacancies and Homeownership*, Current Housing Reports, H111/93-A, U.S. Government Printing Office, Washington, DC, 1994.

CPS data also reveal significant differences in homeownership in 1993 for elderly in different areas of the country. In the South, 81 percent of elderly householders owned their homes compared with the Northeast where only 71 percent owned their own homes (figure 4-16).

Elderly Tend to Live in Older Homes

Elderly householders tend to live in units that are more than 30 years old. One-third of all elderly owners in 1991 had lived in their residence for at least 30 years. Elderly Black owners were as likely as elderly White owners to have lived in their residence for 30 or more years (35 percent). Among owners 85 years

and over, nearly half (49 percent) have lived in their current residences for at least 30 years.⁷²

Housing of the elderly is basically sound. Only 3 percent of housing units with an elderly householder had severe physical problems (603,000 units with such problems). Another 5 percent (972,000 units) had moderate problems. Most of the severe problems were because of plumbing (536,000 units). Most of the moderate problems were because of heating (617,000 units). Most of the units with moderate or severe problems were in metropolitan areas (393,000 with severe problems; 577,000 with moderate problems) and the units with severe problems were evenly divided between inner city and suburbs. Elderly Blacks and elderly Hispanics were somewhat more likely than elderly Whites to live in housing with severe physical problems (5 percent, 5 percent and 3 percent, respectively).⁷³ Structures with severe or moderate physical problems tend to be older houses. The median year the structure was built for housing units with severe physical problems and occupied by an elderly householder was 1950, compared with 1957 for all units occupied by an elderly householder. Only 5 percent of elderly householders lived in a unit built between 1985 and 1989.

Virtually all housing occupied by elderly householders has basic equipment and many units have clothes washing machines and dishwashers, air-conditioning, and other equipment that makes living more comfortable. Of the 20.3 million units occupied by

elderly householders, only 178,000 lacked complete kitchen facilities (a sink, refrigerator, and burners). Complete plumbing facilities (hot piped water, a bathtub or shower, and a flush toilet) were found in 97 percent of units occupied by elderly householders. Only 56,000 units had no access to a public sewer or septic tank, cesspool, or chemical toilet. Most units (78 percent) had a washing machine, 40 percent had a dishwasher, 96 percent had a telephone, and 71 percent enjoyed air-conditioning. Warm-air furnaces were the main source of heat in 52 percent of the units while it was portable electric heaters for 1 percent and stoves for 3 percent. Only 132,000 elderly householders reported they had no main source of heat.⁷⁴

Savage and Fronczek showed that, with few exceptions, the ability to afford a median-priced home increases with age.⁷⁵ Using 1991 data from SIPP, they found that homeownership affordability peaked for homeowner families with a householder 55 to 64 years old. Thirty-one percent of homeowner families with a householder 65 years old and over could not afford a median-priced home in their area in 1991 (not significantly different from those with a householder between the ages of 55 and 64). Families with a householder under the age of 25 were most likely to be

⁷⁴ Mary L. Naifeh, op. cit.

⁷⁵ Howard Savage and Peter J. Fronczek, U.S. Bureau of the Census, *Who Can Afford to Buy A House in 1991?*, Current Housing Reports, Series H-121/93-3, U.S. Government Printing Office, Washington, DC, 1993, table 2-3. Data are from the Survey of Income and Program Participation. Affordability refers to whether the family or individual could qualify for the purchase of a median-priced home where they live with conventional fixed-rate, 30-year financing.

⁷² Ibid.

⁷³ U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, op. cit.

unable to afford a median-priced home in their area (96 percent).

Of the 15.7 million elderly homeowners, 13.0 million (82 percent) owned their homes free and clear. Median monthly housing costs (including maintenance) in 1991 were \$549 for owners with a mortgage, \$217 for owners with no mortgage, and median rent was \$360. Median monthly housing costs as a percent of income were 29 percent for homeowners with a mortgage, 16 percent for homeowners with no mortgage, 37 percent for renters; for those elderly householders with incomes below poverty, housing costs were 43 percent of income. Of the

15.7 million elderly homeowners, 15.0 million reported they did not share ownership with someone outside their home and 15.4 million reported no one outside the home helped pay the costs of owning their home (no statistical difference between 15.0 million and 15.4 million). The 1991 median value of homes owned by elderly householders was \$70,418; the median purchase price was \$19,259.⁷⁶

⁷⁶ U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *op. cit.*