

Hispanics 65 and Older: Sources of Retirement Income

Introduction

The economic well-being of people age 65 and older has improved significantly over the past several decades. The poverty rate of this age group has dropped from 35 percent in 1959 to 10.4 percent in 2002.

Unfortunately, for a growing minority of people age 65 and older that disproportionately comprises women and people of color, the picture is not so positive. This Fact Sheet focuses on Hispanics¹ who are age 65 and older. According to the U.S. Census Bureau, Hispanics today represent more than 13 percent of the U.S. population, making them its largest minority group.² Hispanics age 65 and older represent 6.03 percent of the total U.S. 65 and older population. This portion is projected to increase to 16 percent by 2050.³

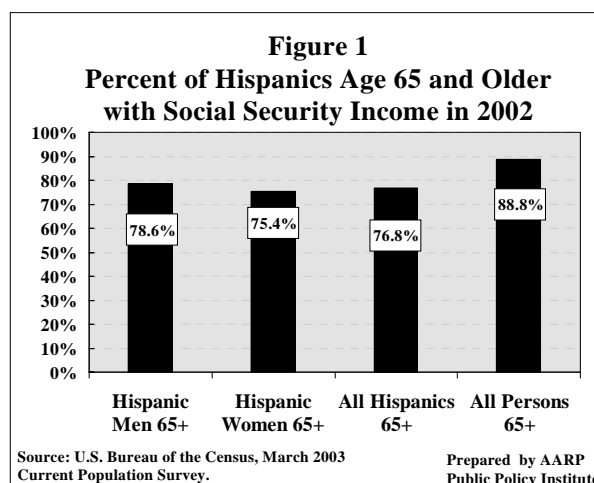
What are the sources of retirement income for this group, and how do these sources compare with those of all older persons?

Sources of Retirement Income

Social Security. Social Security provides benefits to almost 77 percent of older Hispanics (see Figure 1) and represents the largest single component of retirement income for this population group. For 81.5 percent of Hispanics age 65 and older, Social Security comprises 50 percent or more of total income. Social Security is particularly important for older Hispanic women, 86.0 percent of whom depend on it

for at least half their income and 51.7 percent of whom depend on it for 100 percent of their income.⁴ (Data not shown.)

Pensions. Pensions are a part of retirement income security for just over 30 percent of the total 65 and older population. For Hispanics, however, the portion is significantly lower—a mere 14 percent of older Hispanics receive income from pensions.⁵ The difference between Hispanic men and women age 65 and older is particularly striking: Twenty-one percent of Hispanic men, but only 9 percent of Hispanic women, receive pension income. (See Figure 2.)



Interest and Dividends. Interest from savings or investments is a source of income for 53 percent of all persons 65 and older. However, only 22.2 percent of older Hispanics receive income from interest. In contrast to the gender differences in receipt of pensions, the portion of Hispanic men and women with interest income differs by less than 4 percentage points—24.3 percent and 20.5 percent, respectively. (See Figure 2.)

¹ The classification of Hispanic designates persons from a Spanish-speaking country or their descendants. Hispanics are not a race.

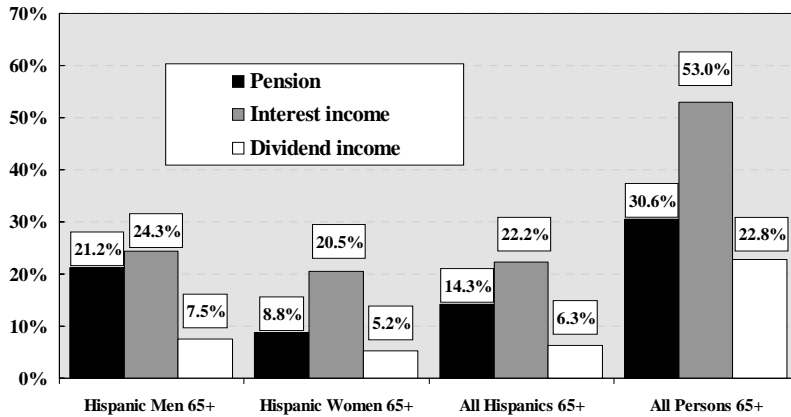
² Estimates from 2002 indicate that Hispanics accounted for 3.5 million, or one-half, of the population increase of 6.9 million for the nation since April 1, 2000. More than one in eight people in the U.S. are of Hispanic origin.
<http://www.census.gov/acs/www/Products/Profiles/Chg/2002/0102/Tabular/010/01000US1.htm>.

³ Ibid.

⁴ Source: U. S. Bureau of the Census, March 2003 Current Population Survey.

⁵ Pension sources include private company or union, federal government, military retirement, state and local government, railroad retirement, annuities, and IRA, Keogh, and 401(k) plans.

Figure 2
Percent of Hispanics Age 65 and Older with Pension, Interest, and Dividend Income in 2002



Source: U.S. Bureau of the Census, March 2003
 Current Population Survey.

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Of the older Hispanic population, 33.3 percent fall below 125 percent of the poverty threshold, and 43.4 percent fall below 150 percent of the poverty threshold. (See Figure 3.)

Conclusions

Hispanics age 65 and older have fewer retirement income sources than others in the same age group; fewer Hispanics have income from Social Security, any kind of pension, interest earnings, or dividends. In addition, the poverty rate for Hispanics age 65 and older is twice that of all others in the same cohort. For older Hispanics, Social Security is not only their primary source of income, it is a source of income they

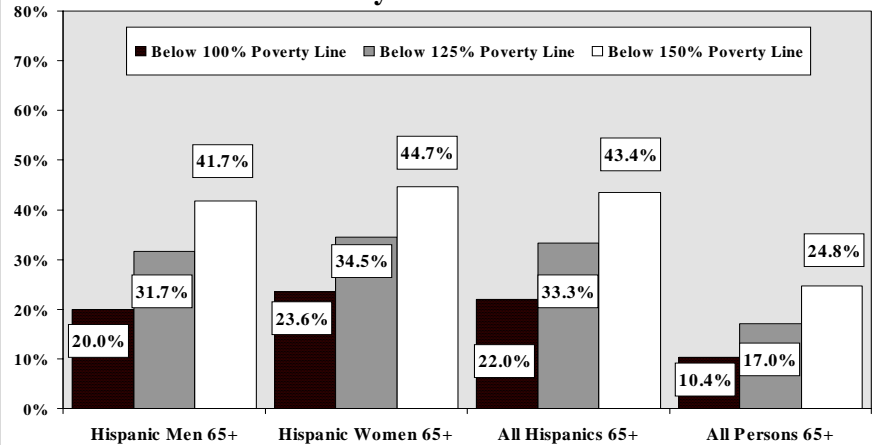
rely on far more than retirees as a whole.

Income from dividends follows the interest income pattern but at a much lower rate. A total of 22.8 percent of all persons age 65 and older receive dividend income, whereas only 6.3 percent of older Hispanics receive dividend income (7.5 percent of men and 5.2 percent of women). (See Figure 2.)

Poverty

Today, the poverty rate for older Hispanics is twice that of all persons age 65 and older (22 percent and 10.4 percent, respectively). (See Figure 3.) Without Social Security benefits, 54.5 percent of older Hispanics would live below the poverty threshold.⁶ (Data not shown.)

Figure 3
Percent of Hispanics Age 65 and Older Below or Near Poverty Threshold 2002



Source: U.S. Bureau of the Census, March 2003
 Current Population Survey.

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A greater portion of older Hispanics also falls into the near-poor categories of 125 and 150 percent of poverty. Seventeen percent of the total 65 and older population fall below 125 percent of the poverty threshold, and 24.8 percent fall below 150 percent of the poverty threshold.

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⁶ U.S. Bureau of the Census, March 2003. *Current Population Survey* (machine-readable micro data).