

## African Americans Age 65 and Older: Their Sources of Retirement Income in 2005

### Introduction

The economic security of persons 65 and older has improved over the last 30-plus years. Poverty rates for this age group fell from 28.5 percent in 1966 to 10.1 percent in 2005. For most, Social Security benefits provide the foundation for their retirement income security. Some have additional sources of income—public and private pensions, personal savings and assets, and even income from work.

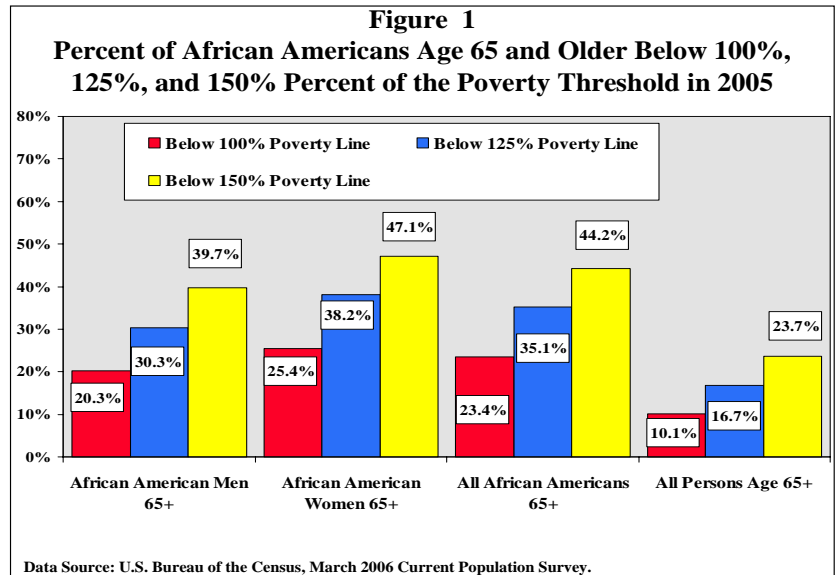
Unfortunately, this improved economic picture does not describe all older Americans, particularly minorities and women. In 2005, older African Americans were only 8.4 percent of the total population age 65 and older,<sup>1</sup> yet they made up 19.3 percent of all those age 65 and older living below the poverty threshold.<sup>2</sup> This Fact Sheet focuses on the poverty status and sources of retirement income for older African Americans.

### Poverty

The poverty rate for African Americans age 65 and older in 2005 is more than twice that of all older people (23.4 percent and 10.1 percent, respectively). Without Social Security benefits, the portion of African Americans age 65 and older who fall below the poverty level would increase from 23.4 percent to 59.8 percent. The portion of older African Americans who fall into the near-poor categories of below 125 percent and below 150 percent of poverty is close to twice that of all persons age 65 and older

(35.1 and 44.2 percent, respectively, for African Americans and 16.7 and 23.7 percent, respectively, for all 65 and older) (Figure 1).

The portion of African American women who fall below poverty and near poverty is significantly higher than the portion for all older persons. As Figure 1 shows, 25.4 percent of African American women 65 and older live below the poverty level, 38.2 percent live below 125 percent of poverty, and 47.1 percent live below 150 percent of poverty.



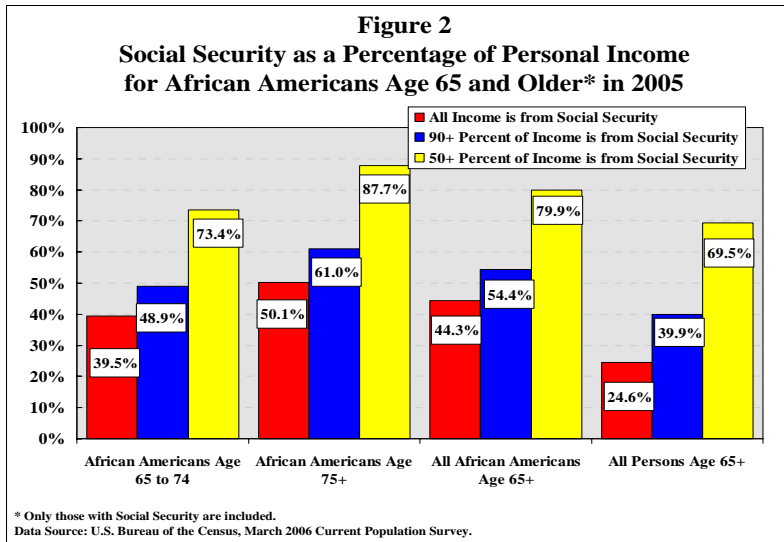
### Sources of Retirement Income

**Social Security.** For African Americans Social Security is the predominant source of retirement income. It provides income to 82.6 percent of African Americans age 65 and older.

Not only do more than 80 percent of older African Americans receive Social Security, they depend on it. Almost 80 percent of African Americans age 65 and older who receive Social Security depend on it for 50 percent or more of their income, and 44.3 percent of African Americans age 65 and older receive all of their income from Social Security payments (Figure 2).

<sup>1</sup> Unless otherwise noted, all figures are for 2005 and are based on estimates of the U. S. Bureau of the Census, March 2006 Current Population Survey.

<sup>2</sup> Calculated by the U.S. the Census Bureau, the poverty thresholds are the dollar amounts used to determine poverty status. For an individual 65 or older in 2005, the poverty threshold was \$9,367. It was \$11,815 for an older couple.



protections provided by Social Security.<sup>4</sup> However, this population remains disproportionately poor. Older African Americans receive relatively little income from other sources. For African Americans age 65 and older, Social Security continues to be the primary source of retirement income security. Particularly in light of overall trends in pension coverage in the United States, Social Security's central importance to

retirement income security cannot be overemphasized.

**Pensions.**<sup>3</sup> Benefits from pensions undoubtedly improve income security for older people. However, pensions are a part of retirement income security for only 35.5 percent of all persons over age 65. The portion of African American men who receive pensions is higher than that for African American women (32.1 percent and 24.2 percent, respectively) (Figure 3).

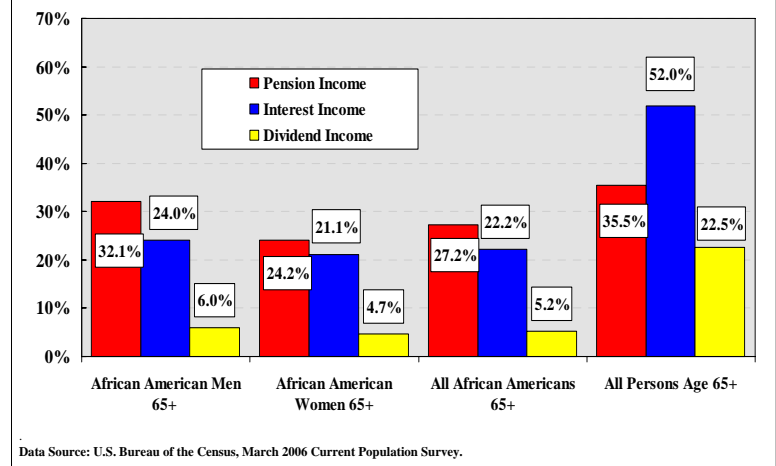
**Interest and Dividends.** Interest is a source of income for more than half (52 percent) of all persons age 65 and older. In contrast, less than one-quarter (22.2 percent) of older African Americans receive income from interest (Figure 3).

Income from dividends is received by a very small portion of African Americans age 65 and older. Although close to one-quarter (22.5 percent) of all people 65 and older receive income from dividends, only 5.2 percent of African Americans in the same age group receive dividends.

## Conclusions

Great strides have been made in raising the incomes of African Americans age 65 and older, due in large part to the inflation

**Figure 3**  
**Percent of African Americans Age 65 and Older with Pension, Interest, and Dividend Income in 2005**



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<sup>3</sup> Pension sources include private company or union; federal government; military retirement; state and local government; railroad retirement; annuities; and IRA, Keogh or 401 (k) plans.

<sup>4</sup> Legislation enacted in 1973 provides for automatic cost-of-living adjustments (COLAs).