

## Family Income Sources for Older Persons, 2009

Ke Bin Wu

AARP Public Policy Institute

- ✓ Older persons with low family income depend heavily on Social Security income.
- ✓ Over the past 20 years, earnings have become a more important family income source for the older population.
- ✓ Older minority families are less likely than older majority families to have family income from Social Security, pensions and retirement savings, interest, and dividends.

This Fact Sheet presents key data on family income sources of persons age 65 and older in 2009 obtained from the March 2010 Current Population Survey Annual Social and Economic Supplement (CPS ASEC).<sup>1</sup>

The report notes two major trends: Family earnings as a source of family income have risen steadily over the past two decades and income from assets has fallen.

### Number of Older Persons with Each Family Income Source

Social Security, pensions and retirement savings, and earnings constitute three of the four pillars of retirement income security (the fourth being health insurance).<sup>2</sup> In addition, government transfers, such as Supplemental Security Income (SSI) and veterans' benefits, are important income sources.

According to CPS estimates, 38.1 million non-institutionalized persons age 65 and older (98.8 percent of the older population) had family income in 2009, with a *mean* family income of \$52,377 and a *median* family income of \$35,764. Table 1 presents the number of people age 65 and older with various family income

sources, and the mean and median of each income source. The difference between the mean and median amounts suggests the degree to which each family income source was skewed in favor of those with higher family income.

About 34.2 million persons 65 and older (88.6 percent of the older population) had family incomes from *Social Security payments* in 2009. The mean amount of these families' Social Security income was \$19,892 and the median was \$18,000. The relatively small difference in the median and mean indicates that Social Security income was quite evenly distributed compared with most other types of income.

The *interest income* from family savings was the next most common income source for older families after Social Security. Although more than half (54.7 percent) of those age 65 and older reported that their families had income from interest in 2009, most of them received very little, as reflected in the median of only \$739 for those with family interest income. For some older persons' families, however, interest was a substantial source of income, as is evident from the mean of \$5,303. Family *dividend income* revealed a similar spread.

**Table 1**  
**Family Income Sources of Persons Age 65 and Older in 2009<sup>1</sup>**

Source of Income	Number of Income Recipients	Recipients as a Percentage of Persons Age 65 and Older	Mean Income from Source for Recipients	Median Income from Source for Recipients
	(thousands)	%	\$	\$
With family income for all persons age 65+	38,142	98.8	52,377	35,764
Social Security <sup>2</sup>	34,217	88.6	19,892	18,000
Earnings income <sup>3</sup>	14,162	36.7	50,971	32,330
Income from pensions and retirement savings <sup>4</sup>	15,477	40.1	19,844	13,548
Survivors' benefits <sup>5</sup>	2,261	5.9	12,156	8,064
Disability benefits <sup>6</sup>	380	1.0	12,195	8,000
Interest income	21,120	54.7	5,303	739
Dividend income	7,948	20.6	5,895	1,476
Rents, royalties, estates, or trusts	3,548	9.2	11,474	3,000
Veterans' benefits <sup>7</sup>	1,674	4.3	12,855	8,400
Supplemental Security Income (SSI)	1,662	4.3	7,045	6,960
Unemployment compensation	1,349	3.5	8,691	6,504
Workers' compensation	196	0.5	13,930	9,000
Temporary Assistance for Needy Families (TANF)	147	0.4	3,824	3,120
Education assistance	423	1.1	5,599	4,000
Child support payment	215	0.6	4,848	3,000
Alimony payment	69	0.2	17,151	9,000
Financial Assistance Income	163	0.4	7,928	3,000

<sup>1</sup> Data Source: U.S. Bureau of the Census, March 2010 Current Population Survey, Annual Social and Economic Supplement.

<sup>2</sup> Social Security includes: Old Age, Survivors, and Disability Insurance benefits.

<sup>3</sup> Earnings includes: wages, salaries, and non-farm and farm self-employment income.

<sup>4</sup> Pensions and retirement savings include: private company or union, federal government, military retirement, state and local government, and railroad retirement plans and pensions; annuities; and IRA, Keogh, or 401(k) plans.

<sup>5</sup> Survivors' benefits include: private company or union, federal government, military retirement, state and local government, railroad retirement, workers' compensation, black lung, estates or trusts, and annuities.

<sup>6</sup> Disability benefits include: workers' compensation, private company or union, federal government, military retirement, state and local government, railroad retirement, accident insurance, black lung, and temporary insurance.

<sup>7</sup> Veterans' benefits include: disability benefits, survivor benefits, pensions, and education benefits.

About 15.5 million persons age 65 and older (40.1 percent of the older population) had family incomes from *pensions and retirement savings*<sup>3</sup> in 2009. The mean amount of family income from pensions and retirement savings for those

having such income was \$19,844, and the median was \$13,548.

In 2009, 17.2 percent of persons age 65 and older were in the labor force.<sup>4</sup> Earnings is an important family income source for older persons. About

## Family Income Sources for Older Persons, 2009

14.2 million older persons (36.7 percent of the older population) had family incomes from *earnings* in 2009. The median family income from this source was \$32,330, while the mean was nearly 1.6 times as large—\$50,971.

For 1.7 million persons age 65 and older (4.3 percent), *Supplemental Security Income* was a family income source in 2009,<sup>5</sup> and the median SSI benefit was \$6,960.

In 2009, 1.3 million older persons (3.5 percent of the older population) reported that their families received *Unemployment Compensation (UC)*. The median family UC income was \$6,504.

### Family Income by Source and Race/Ethnic Group

The family income sources of persons age 65 and older varied by race/ethnicity.

Older black and Hispanic families were less likely than older white families to have income from Social Security, pensions and retirement savings, interest, and dividends. Older black and Hispanic families were more likely than older white families to have income from SSI, and earnings.

About 90.8 percent of whites, 84.1 percent of blacks, and 79.4 percent of Hispanics reported that their families had income from Social Security in 2009 (figure 1).

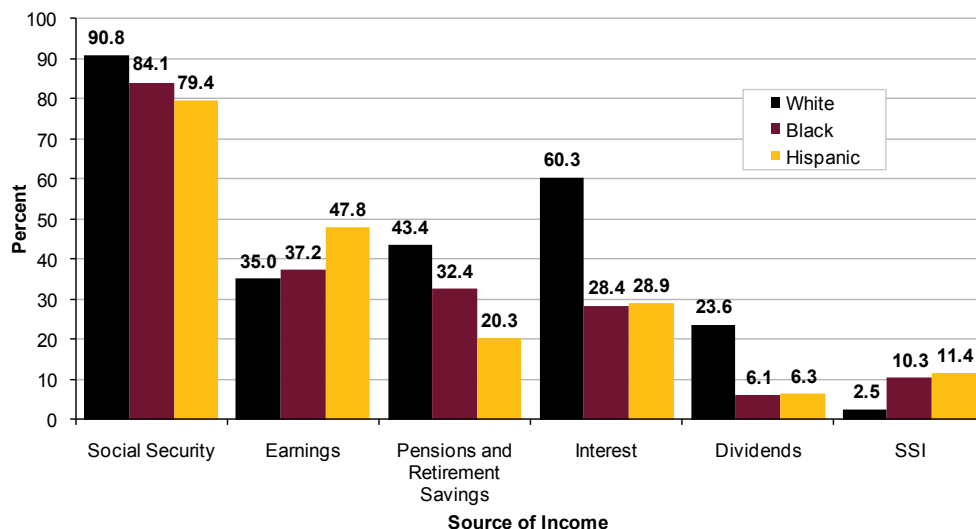
There were large percentage differences among racial/ethnic groups in family income from pensions and retirement savings, interest, dividends, and SSI. In 2009, 43.4 percent of older white families had income from pensions and retirement savings, compared with 32.4 percent of older blacks and 20.3 percent of older Hispanic families. About 60 percent of older white families had interest income, while only 28.4 percent of older black families and 28.9 percent of older Hispanic families had this income. Only 2.5 percent of older white families had income from SSI, while 10.3 percent of older black families and 11.4 percent of older Hispanic families received SSI payments.

Nearly half older Hispanic families (47.8 percent) had earnings, compared with 35 percent of older whites and 37.2 percent of older blacks.

### Sources of Family Income by Age

The distribution of family income sources did not vary substantially by age for older

**Figure 1**  
Sources of Family Income of Persons Age 65 and Older by Race/Ethnicity in 2009



Data Source: U.S. Bureau of the Census, March 2010 Current Population Survey Annual Social and Economic Supplement.

people, except for earnings income. The percentage of the older population with family income from *earnings* decreased as age increased. In 2009, more than a half of persons age 65 to 69 (53.5 percent) had family income from earnings, with a median of \$37,000. Only 18.7 percent of individuals age 85 and older reported that their families had earnings, with a median of \$36,000 (table 2).

In 2009, for persons age 65 to 69, their families were less likely to receive Social Security and pension income than other age groups, which may reflect delayed retirement by individuals in this age group.

### Sources of Family Income by Family Income Quintile

More than 90 percent of persons age 65 and older and their families in the second and middle quintiles of family income had *Social Security income* in 2009, while 81.7 percent of older people with family incomes in the lowest family income quintile and 85.4 percent of older persons with family incomes in the highest quintile had Social Security income (table 3).

Family *retirement income* from pension and savings was most common in the middle and higher family income ranges. The median amounts increased steadily as one moved up the family income scale. In 2009, 61 percent of older persons in the fourth family income quintile and 56.0 percent of older persons in the highest family income quintile reported their families had pension income with a median amount of \$19,692 in the fourth quintile and \$30,000 in the highest quintile. Only 12.3 percent of older persons in the lowest income quintile had family incomes from pension and retirement savings, with a median amount of \$2,600.

For older people in the higher family income quintiles, their families were more likely to have income from *earnings* and to have higher median earnings. In the

fourth family income quintile, more than half of older persons (51.7 percent) had family income from earnings, with a median of \$32,000. In the highest family income quintile, 76 percent of older people reported that their families had earnings with a median of \$74,000. Only 8.2 percent of older persons in the lowest family income quintile had any family income from earnings, with median family earnings of \$5,000.

More than 60 percent of older persons in the middle income quintile and above reported that their families had asset income (including interest, dividend, and rental income) in 2009. Nearly 80 percent of older persons in the highest income quintile reported that their families had asset income, with a median of \$6,664 while only 29.8 percent of older persons in the lowest quintile reported that their families had any asset incomes, with a median asset income of \$315.

Older individuals with low family income were more likely to receive income from *public welfare assistance*, which included SSI, Temporary Assistance for Needy Families (TANF), and educational assistance. In 2009, 10.6 percent of older individuals in the lowest income quintile received income from public welfare, with a median of \$4,800 in cash benefits, while only 4.8 percent of older people in the highest quintile reported that their families received public welfare, with a median of \$5,000 in cash benefits.

### Sources of Family Income as a Share of Total Family Income

Social Security is a very important income source for older persons' families. In 2009, 34.1 percent of aggregate family income of the older population was from Social Security payments (figure 2).

**Table 2**  
**Family Income Sources of Persons Age 65 and Older by Age Groups in 2009<sup>1</sup>**

Age Group	Social Security <sup>2</sup>		Earnings <sup>3</sup>		Pension <sup>4</sup>		Asset <sup>5</sup>		Public Welfare <sup>6</sup>		Other Gov. Transfers <sup>7</sup>		Others <sup>8</sup>		Family Income	
	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)
Age 65 to 69	82.3	19,143	53.5	37,000	42.8	15,600	58.1	1,500	6.0	5,460	9.3	8,400	7.4	6,000	99.0	45,577
Age 70 to 74	90.6	19,200	38.7	30,000	45.2	14,400	56.4	1,586	5.7	6,000	7.4	7,200	7.8	7,200	98.9	37,557
Age 75 to 79	91.2	18,514	29.7	28,000	46.8	12,144	57.4	1,800	5.8	6,000	7.0	8,768	9.3	7,400	98.7	33,003
Age 80 to 84	92.4	16,757	21.5	29,500	46.8	11,076	57.9	1,800	5.2	5,820	8.2	8,000	9.9	7,848	98.5	29,377
Age 85+	92.4	15,557	18.7	36,000	43.8	10,800	57.3	1,400	4.4	5,880	8.1	6,000	11.5	7,200	98.5	26,400
Total	88.6	18,000	36.7	32,330	44.8	13,200	57.4	1,579	5.6	6,000	8.1	7,644	8.7	7,200	98.8	35,764

<sup>1</sup> Data Source: U.S. Bureau of the Census, March 2010 Current Population Survey, Annual Social and Economic Supplement.

<sup>2</sup> Social Security includes: Old Age, Survivors, and Disability Insurance Benefits.

<sup>3</sup> Earnings income includes: wages, salaries, and non-farm and farm self-employment income.

<sup>4</sup> Pension income includes: income from pensions and retirement savings (see Table 1, note 5), survivors' benefits, and disability income.

<sup>5</sup> Asset income includes interest, dividend, and rent income.

<sup>6</sup> Public welfare includes: SSI, TANF, and education assistance.

<sup>7</sup> Other government transfer income includes: unemployment compensation, workers' compensation, and veterans' benefits.

<sup>8</sup> Others include child support payment, alimony payment, and financial assistance income.

**Table 3**  
**Family Income Sources of Persons Age 65 or Older by Family Income Quintile in 2009<sup>1</sup>**

Family Income Quintile	Social Security <sup>2</sup>		Earnings <sup>3</sup>		Pension <sup>4</sup>		Asset <sup>5</sup>		Public Welfare <sup>6</sup>		Other Gov. Transfers <sup>7</sup>		Others <sup>8</sup>		Family Income	
	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)	Percent	Median (\$)
Lowest Quintile	81.7	10,917	8.2	5,000	12.3	2,600	29.8	315	10.6	4,800	2.6	3,120	5.1	2,880	93.9	12,120
Second Quintile	94.0	17,909	16.9	9,500	36.6	5,532	48.5	625	4.4	6,000	5.1	5,976	9.3	5,532	100.0	22,714
Middle Quintile	92.6	21,270	30.6	16,835	58.3	11,440	61.4	1,200	3.9	7,200	8.9	7,200	10.0	8,400	100.0	35,235
Fourth Quintile	89.4	23,422	51.7	32,000	61.0	19,692	68.4	2,000	4.2	7,200	11.9	11,440	9.1	9,600	100.0	56,000
Highest Quintile	85.4	25,465	76.0	74,000	56.0	30,000	79.2	6,664	4.8	5,000	12.1	9,000	10.1	9,528	100.0	108,200
Total	88.6	19,892	36.7	32,330	44.8	13,200	57.4	1,579	5.6	6,000	8.1	7,644	8.7	7,200	98.8	35,764

<sup>1</sup> Data Source: U.S. Bureau of the Census, March 2010 Current Population Survey, Annual Social and Economic Supplement.

<sup>2</sup> Social Security includes: Old Age, Survivors, and Disability Insurance Benefits.

<sup>3</sup> Earnings income includes: wages, salaries, and non-farm and farm self-employment income.

<sup>4</sup> Pension income includes: income from pensions and retirement savings (see Table 1, note 5), survivors' benefits, and disability income.

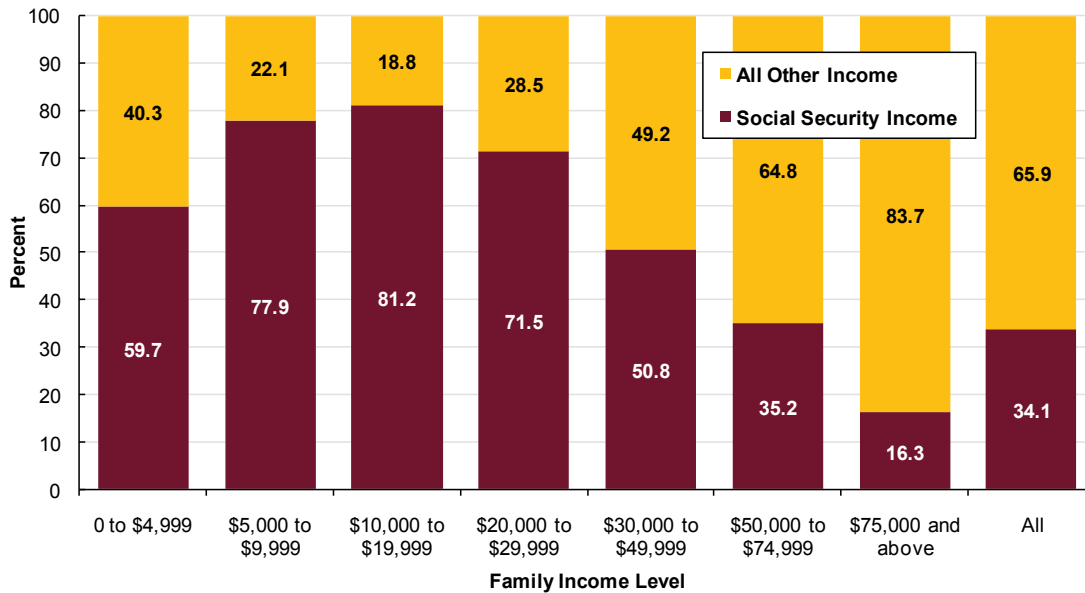
<sup>5</sup> Asset income includes interest, dividend, and rent income.

<sup>6</sup> Public welfare includes: SSI, TANF, and education assistance.

<sup>7</sup> Other government transfer income includes: unemployment compensation, workers' compensation, and veterans' benefits.

<sup>8</sup> Others include child support payment, alimony payment, and financial assistance Income.

**Figure 2**  
**Social Security Income as Percent of Aggregate Family Income**  
**by Income for People Age 65 and Older, in 2009**



Data Source: U.S. Bureau of the Census, March 2010 Current Population Survey The Annual Social Economic Supplement.

Older people with low income depended on Social Security the most. In 2009, more than 75 percent of family income for older persons with income under \$20,000 came from Social Security payments (except for those with family income under \$5,000) compared with 16.3 percent for those with family income of \$75,000 and above.

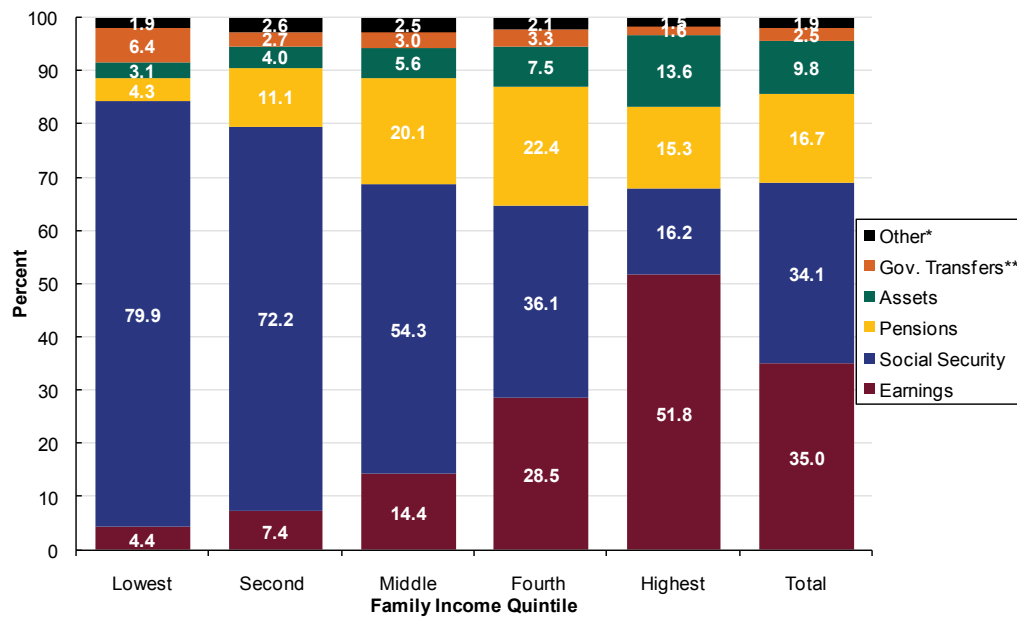
Figure 3 presents aggregate family income sources as a percentage of aggregate total family income by family income quintile for persons age 65 and older. The shares of earnings, retirement, and asset income tended to increase as family income increased. For example, in 2009, only 4.4 percent of total family income came from earnings for older persons in the lowest family income quintile, compared with 51.8 percent for persons in the highest quintile.

### Trends in Sources of Family Income as a Share of Total Family Income

The share of some family income sources for people age 65 and older changed significantly over time. Figure 4 presents shares of aggregate family income for some income sources of the older population since 1990. For the older population, aggregate family *Social Security* income was a little more than 30 percent of aggregate total family income from 1990 to 2009, which was relatively stable (for example, 32.8 percent in 1992, and 34.1 in 2009).

The share of aggregate family *earnings income* increased steadily, from 26.4 percent of total family income in 1990 to 35.0 percent of total family income in 2009 (an increase of 9.2 percentage points or 34.8 percent). This change indicates that the earnings are becoming a more important income source for older persons' families.

**Figure 3**  
**Shares of Aggregate Family Income, by Source and Income Quintile for Persons Age 65 and Older, 2009**

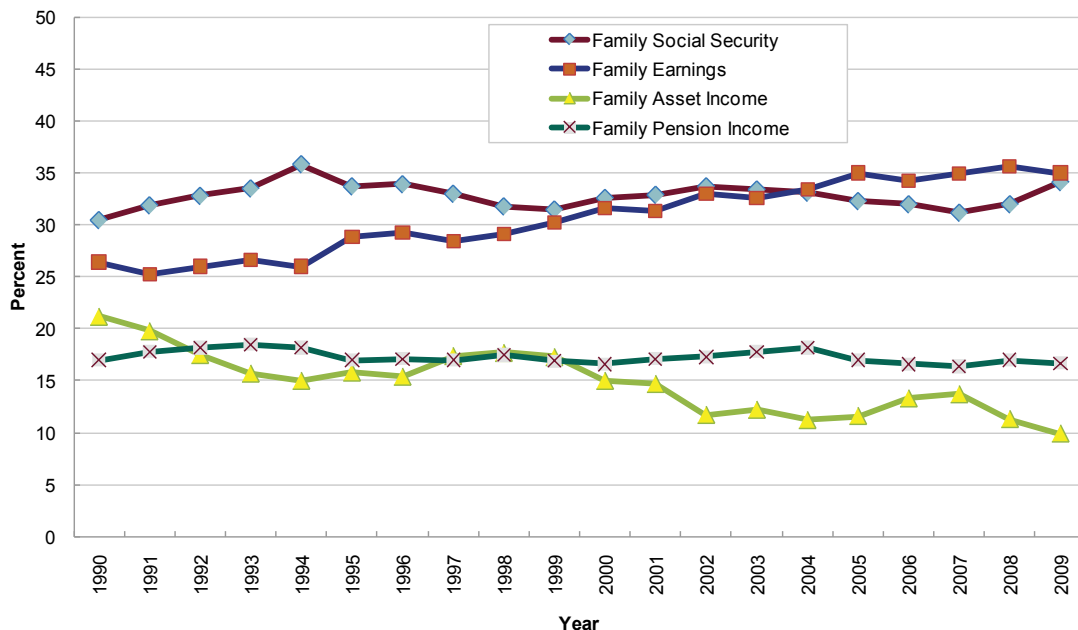


Data Source: U.S. Bureau of the Census, March 2010 Current Population Survey The Annual Social Economic Supplement.

\*\*Government cash transfers include unemployment compensation, workers' compensation, veterans' benefits, SSI, TANF, and education assistance.

\*Other income includes child support, alimony payments, family financial assistance, and other regular sources of cash income. Because the smallest value of this category, the "Other," cannot be shown and labeled.

**Figure 4**  
**Family Income Source as A Percent of Total Aggregate Family Income Persons Age 65 and Older from 1990 to 2009**



Data Source: U.S. Bureau of the Census, March Current Population Survey 1991 to 2010.



The share of aggregate *pension income* (about 17 percent of aggregate family income) showed very little change from 1990 to 2009. Since 2000, the share of *asset income* as a percentage of total family income has declined, from 21.2 percent in 1990 to 9.9 percent in 2009. These changes reflect the fluctuation of financial markets, especially during the financial crisis and economic recession in recent years.

## Conclusion

Individuals age 65 and older with low family income depend heavily on Social Security, supplemented by income from savings and public assistance such as SSI. For older persons with middle family income, Social Security is followed in importance by pension income, earnings, and assets. Older people with high family income rely on earnings, followed by pension income, Social Security, and assets for most of their income. Over the past 20 years, earnings have become a more important family income source for the older population.

## Methodological Note

Unless otherwise noted, the tables and figures in this report show the family income of older individuals. Family income includes any income received by related persons living with an individual who is 65 or older.

The use of family income represents a methodological change from past versions of this Fact Sheet. In prior Fact Sheets, the basis was the person's own income rather than family income.<sup>6</sup>

Fact Sheet 224, May, 2011

AARP Public Policy Institute,  
601 E Street, NW, Washington, DC 20049  
[www.aarp.org/ppi](http://www.aarp.org/ppi)  
202-434-3883, <mailto:ppi@aarp.org>  
© 2011, AARP.  
Reprinting with permission only.

<sup>1</sup> The data in this report are from the March 2010 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), which is conducted by the U.S. Bureau of the Census. The March 2010 CPS ASEC is the most recently available data and consisted of about 100,000 households. The survey did not include the institutionalized population, such as those in prisons, long-term care hospitals, and nursing homes. The income in the March 2010 CPS refers to 2009 income levels. In this report, the unit of analysis is a person. Family income is defined by the Census Bureau as *family money income excluding capital gains and before taxes*.

<sup>2</sup> AARP. *Beyond 50: A Report to the Nation on Economic Security* (Washington, DC: AARP, 2001).

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

<sup>4</sup> The rate is the annual average based on the U.S. Bureau of Labor Statistic estimate. See website: <http://www.bls.gov/opub/ee/empearn201001.pdf>.

<sup>5</sup> Individuals age 65 and older are eligible for SSI benefits if their countable income falls below the federal maximum monthly SSI benefit. SSI eligibility is restricted to qualified persons who have resources (e.g., financial assets) of not more than \$2,000, or \$3,000 in the case of a couple. The basic federal SSI benefit is the same nationwide. In 2009, the SSI was \$674 per month payment for an eligible individual and \$1,011 per month for an eligible couple. States may add a supplemental benefit (see website: [www.ssa.gov/pub/ssi](http://www.ssa.gov/pub/ssi)).

<sup>6</sup> Statistics based on a person's own income will still be accessible on the Public Policy Institute's website.