

## Income, Poverty, and Health Insurance Coverage of Older Americans, 2010<sup>1</sup>

*Ke Bin Wu*

AARP Public Policy Institute

- ✓ **Social Security provided older households with a stable and reliable source of income during the Great Recession and its aftermath, helping to shield them from increases in poverty and drops in median income experienced by other age groups since 2007.**
- ✓ **Median income for older households was \$31,408, the lowest of any age group, other than households headed by a person age 15 to 24.**
- ✓ **In 2010, the official poverty rate was 9.0 percent for older people compared to 15.1 percent for the entire population. However, a more accurate measure of poverty produced by the Census Bureau shows 15.9 percent of older Americans in poverty.**
- ✓ **Medicare coverage remained nearly universal for older people (95 percent). Meanwhile, adults age 35 to 64, who relied heavily on employer-provided coverage, experienced a significant decline in health insurance coverage between 2009 and 2010.**
- ✓ **Minorities had lower family incomes and higher poverty rates, and were less likely to have health insurance coverage.**

### Median Income Fell<sup>2</sup>

In 2010, real median household and family income in the United States fell for the third year in a row, as a result of the Great Recession that officially began in December 2007 and the slow economic recovery that started in June 2009.

#### Household Income

Real median household income fell by 2.3 percent, from \$50,599 in 2009 to \$49,445 in 2010 (table 1).

Older households—those headed by a person age 65 or older—experienced a decrease in median income of 1.5 percent in 2010, but this change was not statistically significant. The median income for older households was

\$31,408 in 2010 versus \$31,872 in 2009. It was the lowest median income of any age group except households headed by a person age 15 to 24.

The subgroup with the largest drop in median income was households headed by a person age 15 to 24. These households' median income decreased 9.3 percent, from \$31,240 in 2009 to \$28,322 in 2010, a statistically significant decrease.

After adjusting for inflation, median household income in 2010 was lower than it was in 2000 (\$49,445 in 2010 versus \$53,164 in 2000). This was true for all age subgroups except households headed by a person age 65 or older for which Social Security provides a significant and stable source of income. For example, the

**Table 1**  
Annual Median Income of Households by Age, Selected Years 1995 to 2010

| Age of Householder        | Median Income in 2010 Dollars <sup>1</sup> |        |        |        |        |        | Percentage Change in Real Income | Percentage Change in Real Income |
|---------------------------|--|--------|--------|--------|--------|--------|----------------------------------|----------------------------------|
|                           | 1995                                       | 2000   | 2007   | 2008   | 2009   | 2010   | 2009 to 2010                     | 2000 to 2010                     |
| <b>All Ages</b>           | 48,408                                     | 53,164 | 52,823 | 50,939 | 50,599 | 49,445 | *-2.3                            | *-7.0                            |
| <b>15 to 24 years</b>     | 29,802                                     | 35,257 | 33,429 | 32,679 | 31,240 | 28,322 | *-9.3                            | -19.7                            |
| <b>25 to 34 years</b>     | 49,296                                     | 56,233 | 53,646 | 52,050 | 51,028 | 50,059 | *-1.9                            | *-11.1                           |
| <b>35 to 44 years</b>     | 61,746                                     | 68,069 | 65,327 | 63,750 | 62,091 | 61,644 | -0.7                             | *-9.4                            |
| <b>45 to 54 years</b>     | 68,271                                     | 72,981 | 68,852 | 65,163 | 65,295 | 62,485 | *-4.3                            | -14.4                            |
| <b>55 to 64 years</b>     | 54,092                                     | 56,789 | 60,345 | 57,990 | 57,914 | 56,575 | -2.3                             | *-0.4                            |
| <b>65 years and older</b> | 27,128                                     | 29,226 | 29,764 | 30,120 | 31,872 | 31,408 | -1.5                             | *7.5                             |

<sup>1</sup>Dollar amounts are adjusted for inflation using the Census Bureau's Annual Average Consumer Price Index Research Series (CPI-U-RS).

\*Statistically significant change at 90 percent confidence level.

Source: U.S. Bureau of the Census Current Population Survey (CPS) Report P60-239, *Income, Poverty, and Health Insurance Coverage in the United States: 2010*. (Washington, DC: U.S. Government Printing Office, 2011) and CPS detailed income tables at <http://www.census.gov/hhes/www/income/data/historical/household>.

median household income for households headed by a person age 25 to 34 decreased 11.1 percent, from \$56,233 in 2000 to \$50,059 in 2010.

**Family Income**

Real median income for all U.S. families fell 2.1 percent—from \$61,080 in 2009 to \$60,395 in 2010, a statistically significant decrease (figure 1).<sup>3</sup>

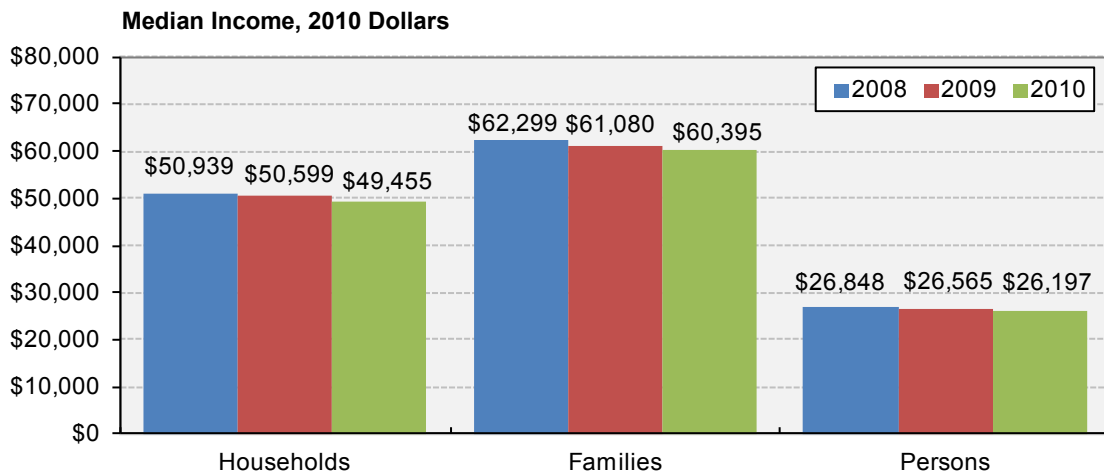
Older families had less income than younger families. Median income was \$30,122 for families headed by a person

age 65 or older and \$44,903 for families headed by a person under 65 (figure 2).<sup>4</sup>

Minority families, both younger and older, had much lower incomes. The median income was \$29,000 for younger black families and \$30,000 for younger Hispanic families, compared with \$51,315 for younger white families.

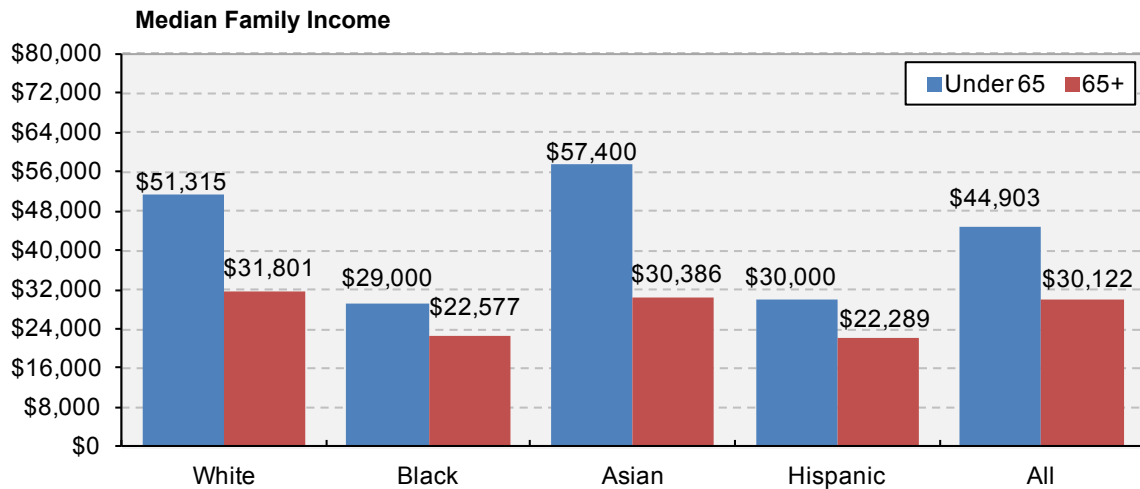
The exception was younger (under age 65) Asian families, who had the highest median income among all racial/ethnic groups in 2010 (\$57,400).

**Figure 1**  
Median Income of Households, Families, and Persons, 2008, 2009, and 2010



Data Source: <http://www.census.gov/hhes/www/income/data/historical>.

**Figure 2**  
**Median Family Income by Age and Race/Ethnicity of Family Head, 2010**



Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

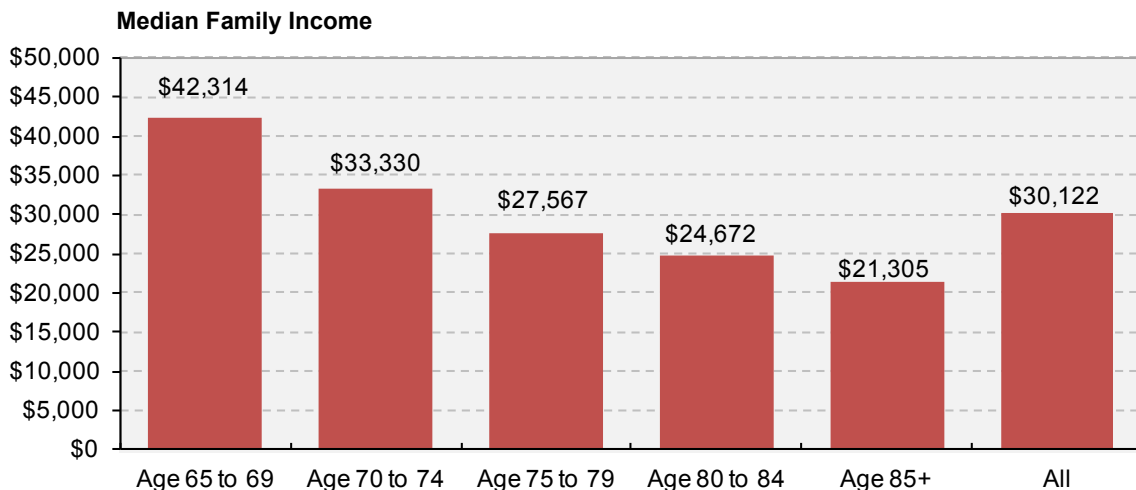
This income disparity between minority and majority families held among older families as well, although the difference was not as great as among younger families.

Among older families, median income declined steadily with age. In 2010, the median income for families headed by a person age 65 to 69 was \$42,314, nearly double the \$21,305 median income for families headed by a person age 85 or older (figure 3).

Among older families, male-headed families (including men living alone) had higher incomes than female-headed families (including women living alone). For example, widows had a median income equal to only 75 percent of that of widowers (figure 4).<sup>5</sup>

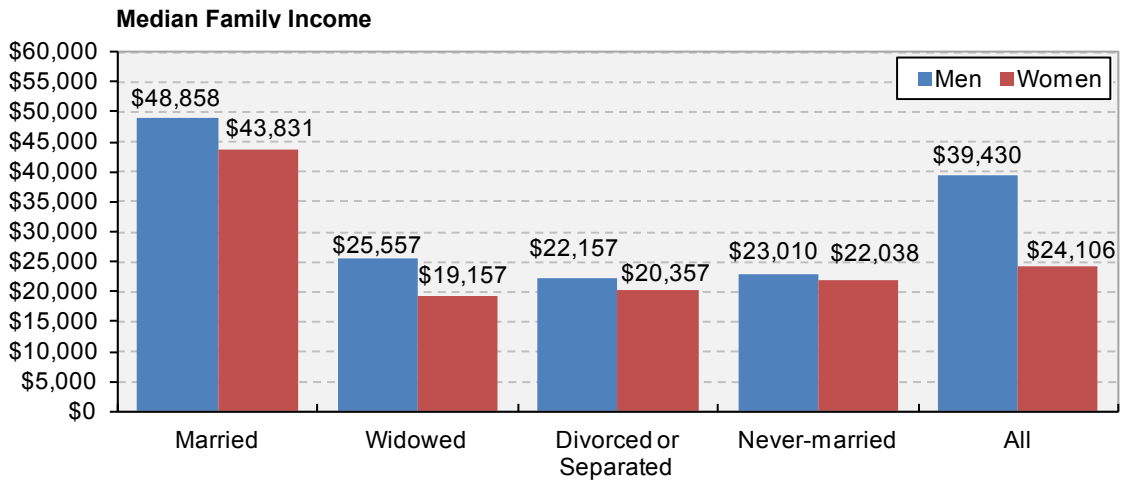
Median family income also varied by marital status for older families. Not surprisingly, married couples had median incomes about twice as high as unmarried people.

**Figure 3**  
**Median Family Income by Age of Family Head for Families Headed by People Age 65+, 2010**



Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

**Figure 4**  
**Median Family Income by Marital Status\* and Sex of Family Head**  
**for Families Headed by People Age 65+, in 2010**



\*The difference between male- and female-headed families for the total older populations is largely driven by the fact that married couples have more income than unmarried people and 69 percent of older married couple families are identified as headed by men. See note 4 in the text for further discussion.

Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

### Poverty Rose Significantly

The Great Recession resulted in many more Americans living in poverty in 2010 than in 2009.

### Americans in Poverty

In 2010, according to the official poverty measure, 46.2 million people were in poverty—an increase of 2.6 million from

2009. The overall poverty rate was 15.1 percent, up a statistically significant 0.8 percentage points from 2009, and 3.8 points higher than in 2000 (table 2).

The rise in the poverty rate between 2009 and 2010 occurred among all age subgroups. However, the increase was not statistically significant for people age 25 to 34 and people age 55 and older.

**Table 2**  
**Percentage of People Below Poverty by Age, Selected Years 1995 to 2010**

| Age                       | Percentage of People Below Poverty |      |      |      |      |      | Percentage Point Change | Percentage Point Change |
|---------------------------|------------------------------------|------|------|------|------|------|-------------------------|-------------------------|
|                           | 1995                               | 2000 | 2007 | 2008 | 2009 | 2010 | 2009 to 2010            | 2000 to 2010            |
| <b>All Ages</b>           | 13.8                               | 11.3 | 12.5 | 13.2 | 14.3 | 15.1 | *0.8                    | *3.8                    |
| <b>Under 18</b>           | 20.8                               | 16.2 | 18.0 | 19.0 | 20.7 | 22.0 | *1.3                    | *5.8                    |
| <b>18 to 24 years</b>     | 18.3                               | 15.2 | 17.3 | 18.4 | 20.7 | 21.9 | *1.2                    | *6.7                    |
| <b>25 to 34 years</b>     | 12.7                               | 10.5 | 12.3 | 13.2 | 14.9 | 15.2 | 0.3                     | *4.7                    |
| <b>35 to 44 years</b>     | 9.4                                | 8.2  | 9.4  | 10.4 | 11.8 | 12.6 | *0.9                    | *4.4                    |
| <b>45 to 54 years</b>     | 7.8                                | 6.6  | 8.5  | 9.1  | 10.0 | 10.6 | *0.6                    | *4.0                    |
| <b>55 to 59 years</b>     | 10.3                               | 8.6  | 8.0  | 8.8  | 9.3  | 10.1 | 0.7                     | *1.5                    |
| <b>60 to 64 years</b>     | 10.2                               | 10.4 | 9.4  | 9.7  | 9.4  | 10.1 | 0.7                     | *-0.3                   |
| <b>65 years and older</b> | 10.5                               | 9.9  | 9.7  | 9.7  | 8.9  | 9.0  | 0.1                     | *-0.9                   |

\*Statistically significant change at 90 percent confidence level.

Source: See Table 1.

People under age 25 had the highest poverty rates of all age groups: about 22.0 percent in 2010. The poverty rate was 1.3 percentage points higher than in 2009 for children (under age 18) and 1.2 percentage points higher for people age 18 to 24. These increases are statistically significant.

Minorities were more likely to be in poverty than the majority. In 2010, more than one-fourth of blacks and Hispanics were in poverty (27.3 percent of blacks and 26.6 percent of Hispanics), versus 10.1 percent of whites (figure 5).

The poverty rates of black and Hispanic children were about three times those of white children.

**Poverty Rate for the Older Population**

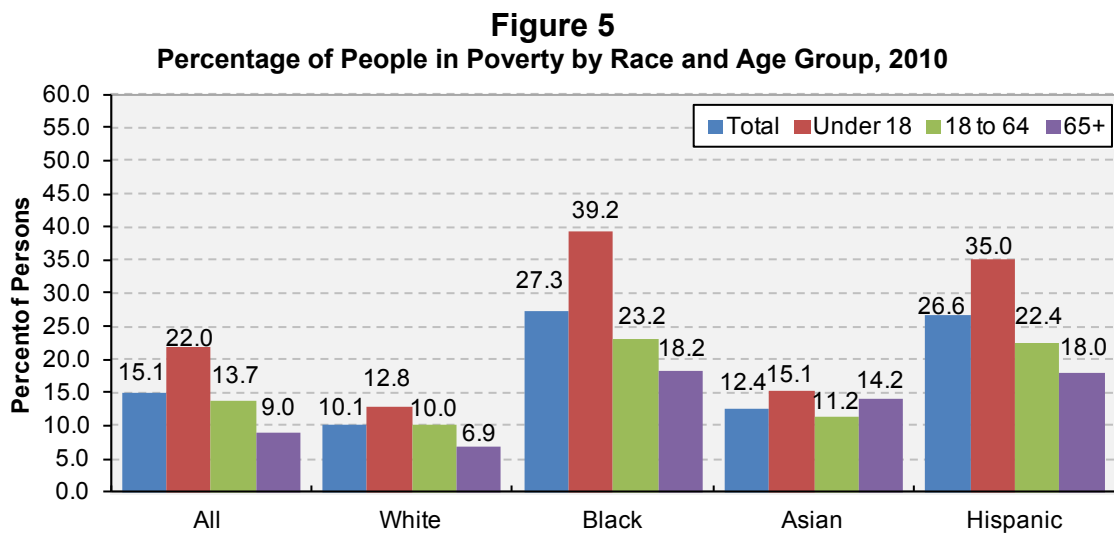
In 2010, the poverty rate for people age 65 or older was 9 percent (virtually unchanged from 2009), the lowest among the age groups. Social Security continued to play a pivotal role in keeping older Americans out poverty.<sup>6</sup> Social Security payments are the main source of income for low-income people age 65 or older. Social Security income accounts for more than 80 percent of total family income for people 65 or older in the lowest income quintile (figure 6).

Nonetheless, certain segments of the population age 65 or older had high poverty rates: 18.2 percent of blacks and 18.0 percent of Hispanics were in poverty, compared with 6.9 percent of whites (figure 5).

Older women experienced higher poverty rates than older men, and poverty rates differed by marital status: Married people were the least likely to be poor, and never married women the most likely (figure 7).

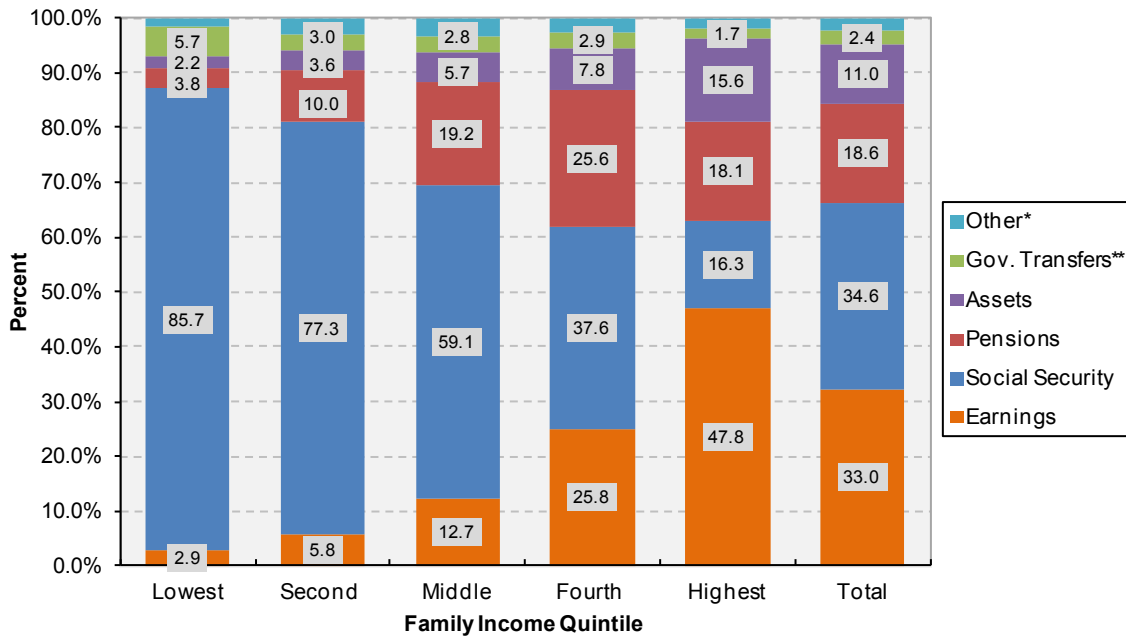
Moreover, a large portion of older people have incomes just barely above the poverty level. This is especially true of the oldest old. Although 10.7 percent of people age 80 or older were poor, 17.9 percent had income below 125 percent of the poverty threshold, and almost half of people age 80 or older had income below 200 percent of the poverty threshold (44.7 percent) (figure 8).

The current official poverty measure developed in the early 1960s is outdated, however. It does not provide adequate information about poverty in the United States, and, in particular, tends to understate poverty for older people.<sup>7</sup>



Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

**Figure 6**  
**Shares of Aggregate Family Income, by Source and Income Quintile**  
**for Persons Age 65 and Older, 2010**



Data Source: U.S. Bureau of the Census, March 2011 Current Population Survey The Annual Social Economic Supplement.

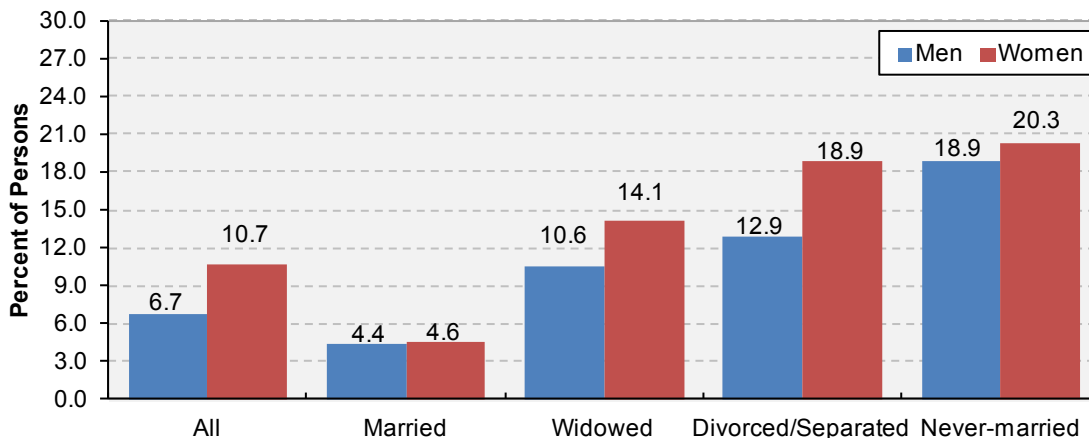
\*Other income includes child support, alimony payments, family financial assistance, and other regular sources of cash income. Because the smallest value of this category, the "Other," cannot be shown and labeled.

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

The Census Bureau has produced a series of alternative or "experimental poverty rates" each year since 1995 based on the National Academy Science panel's recommendations. The experimental poverty rate for the older population was consistently higher than for the entire

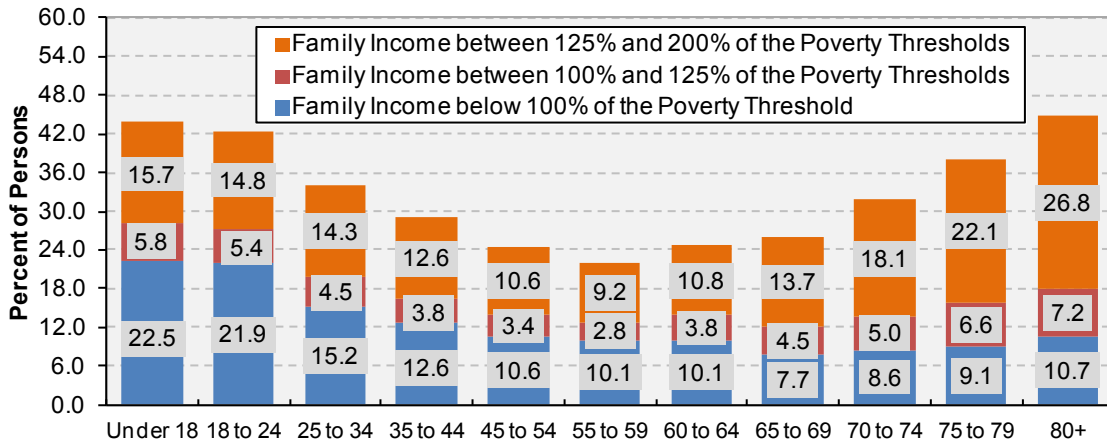
population during the past 11-year period (2000 to 2010). The average experimental poverty rate of older people was 3.2 percentage points higher than that for the entire population (17.2 percent versus 14.0 percent) (figure 9).

**Figure 7**  
**Percentage of People Age 65 and Older in Poverty by Sex and Marital Status, 2010**



Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

**Figure 8**  
**Percent of Persons Poor, Near Poor, and Low-Income by Age Group in 2010**



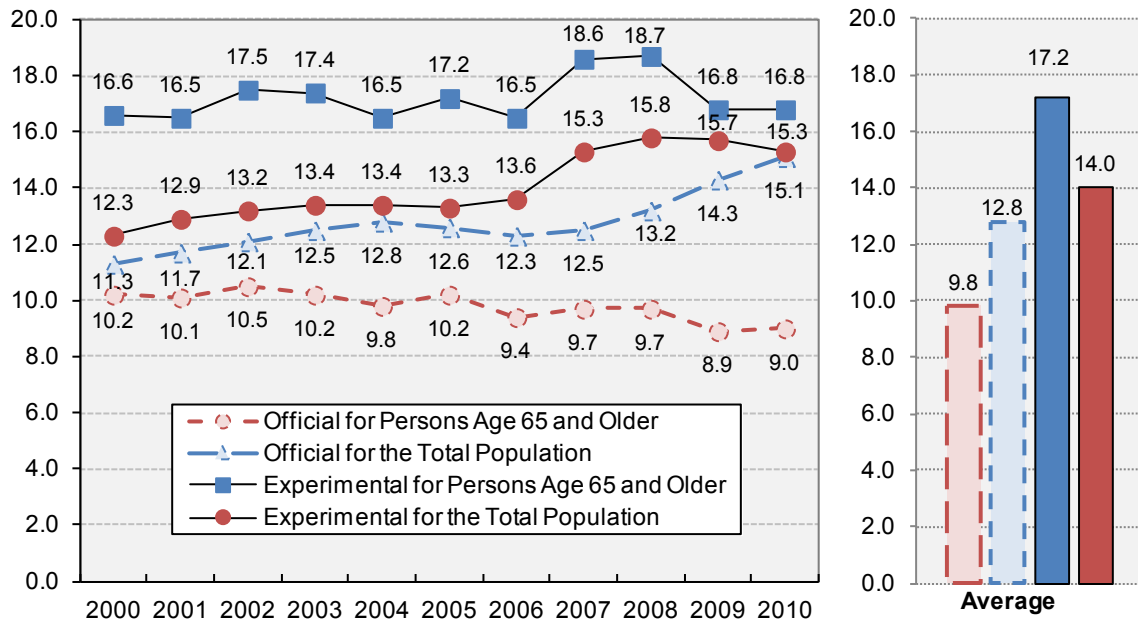
Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

More recently, the Census Bureau began publishing the “Supplemental Poverty Measure” (SPM) this year.<sup>8</sup> In 2010, the SPM poverty rate was 15.9 percent for the older population, 6.9 percent higher than official poverty rate. The difference is statistically significant (figure 10).<sup>9</sup>

**Health Insurance Coverage Falls for Nonelderly Adults**

In 2010, 49.9 million Americans, 16.3 percent of the total population, did not have health insurance coverage. This represents an increase of 0.2 percentage point over 2009 (table 3). Nonelderly

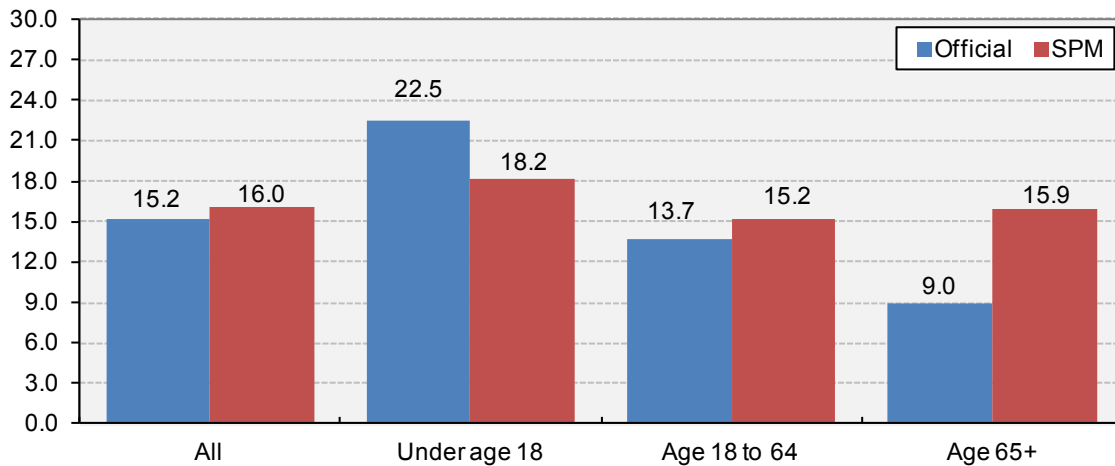
**Figure 9**  
**Poverty Rates Using Official and Experimental (MSI-GA-CE) Measures for Persons Age 65 or Older and the Total Population, 2000 to 2010**



Data Source: PPI tabulation the Census Bureau’s experimental poverty micro data files 2000 to 2010 and the U.S. the Census Bureau website: [http://www.census.gov/hhes/www/povmeas/web\\_tab4\\_nas\\_measures\\_historical.xls](http://www.census.gov/hhes/www/povmeas/web_tab4_nas_measures_historical.xls).



**Figure 10**  
**Official Poverty Rate and Supplemental Poverty Measure Rates by Age Group, 2010**



Data Source: Kathleen Short, *The Research Supplemental Poverty Measure 2010*, U.S. Census Bureau Current Population Report PG60-241 (Washington, DC: U.S. Census Bureau, 2011).

adults, minorities, and the poor were less likely to have health insurance coverage.

**Americans without Health Insurance Coverage**

Thanks to the reach of Medicare, only 2 percent of people age 65 or older were without health insurance in 2010, but that was 0.4 percentage points higher than in 2009 (1.7 percent) and 1.3 percentage points higher than in 2000. Both of the increases were statistically significant.

Younger adults were the least likely to have health insurance coverage, and the rate of

nonelderly adults with health insurance coverage steadily increases with age.

In 2010, 27.2 percent of people age 18 to 24 and 28.4 percent of people age 25 to 34 were without any health insurance coverage. By comparison, 21.8 of people age 35 to 44 and 16.3 percent of people age 45 to 64 were without health insurance.

Health insurance coverage rates declined for nonelderly adults between 2009 and 2010 due to the deteriorating economy and job loss. The coverage decline was statistically significant for adults under age 65 except those age 18 to 24.

**Table 3**  
**Percentage of People Without Health Insurance Coverage by Age, Selected Years 1995 to 2010**

| Age                       | Percentage of People Without Health Insurance Coverage by Age |      |      |      |      |      | Percentage Point Change <sup>1</sup> |              |
|---------------------------|---|------|------|------|------|------|--------------------------------------|--------------|
|                           | 1995  | 2000 | 2007 | 2008 | 2009 | 2010 | 2009 to 2010                         | 2000 to 2010 |
| <b>All Ages</b>           | 15.4  | 14.2 | 15.9 | 15.4 | 16.1 | 16.3 | 0.2                                  | *2.1         |
| <b>Under age 18</b>       | 13.8  | 11.9 | 11.2 | 9.9  | 9.7  | 9.8  | -                                    | *-2.1        |
| <b>18 to 24 years</b>     | 28.2  | 27.6 | 30.6 | 28.6 | 29.3 | 27.2 | *-2.0                                | *-0.4        |
| <b>25 to 34 years</b>     | 22.9  | 21.9 | 26.4 | 26.5 | 28.1 | 28.4 | 0.3                                  | *6.5         |
| <b>35 to 44 years</b>     | 16.6  | 15.5 | 18.8 | 19.4 | 21.0 | 21.8 | *0.8                                 | *6.3         |
| <b>45 to 64 years</b>     | 13.3  | 12.8 | 14.6 | 14.4 | 15.6 | 16.3 | *0.8                                 | *3.5         |
| <b>65 years and older</b> | 0.9   | 0.7  | 1.3  | 1.7  | 1.7  | 2.0  | *0.4                                 | *1.3         |

<sup>1</sup>Figures of percentage point change 2009 to 2010 may not be equal to the difference between figures for 2009 and 2010 because of rounding.

\*Statistically significant change at 90 percent confidence level.

Source: See Table 1.



The percentage of people younger than age 18 without health insurance coverage was 9.8 percent in 2010, virtually unchanged from 2009 but still lower than in 1995 (13.8 percent). Compared to 2007, the percentage of children without health insurance in 2010 decreased by a statistically significant 1.4 percentage points. This decrease reflects an expansion in the number of children covered by the State Children’s Health Insurance Program.

Minorities were less likely than the majority to be covered by health insurance. In 2010—

- Nearly one-third of Hispanics (30.7 percent) were without health insurance coverage (figure 11).
- About one in five blacks (20.5 percent) were without health insurance coverage.
- Nearly 12 percent of whites were without health insurance coverage (11.7 percent).

People in poverty were less likely to be covered by health insurance. In 2010, 31.2 percent of poor people were without any health insurance coverage, compared with 13.6 percent of nonpoor people.

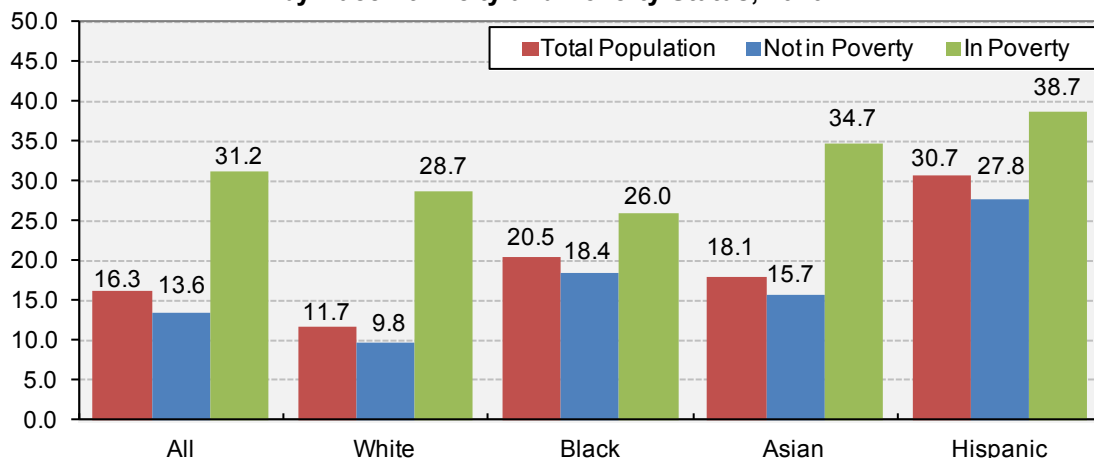
### Coverage by Type of Health Insurance

The majority of people under age 65 who had health insurance were covered by employment-based policies. Almost all people age 65 or older were covered by Medicare. Individuals may be covered by more than one type of insurance.

Among the older population, 95.0 percent with health insurance were covered by Medicare in 2010. About one-third of older people (33.2 percent) with health insurance were covered by employment-based policies, and 29.4 percent directly purchased health insurance. Medicaid recipients totaled 8.8 percent of older people, and 8.2 percent of older people received military health care benefits.

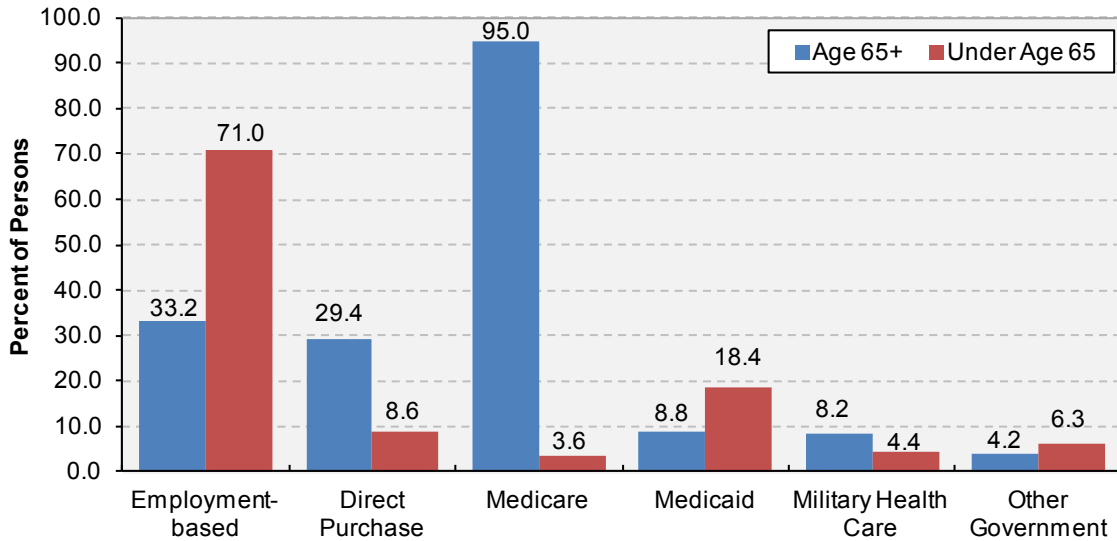
In 2010, 71.0 percent of people under age 65 with health insurance were covered by employment-based policies, and only 8.6 percent directly purchased health insurance. Almost 18.4 percent of people under age 65 with health insurance were covered by Medicaid, and 6.3 percent were covered by other government health care plans (figure 12).

**Figure 11**  
**Percentage of People without Health Insurance Coverage, by Race/Ethnicity and Poverty Status, 2010**



Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

**Figure 12**  
**Percentage of People with Health Insurance Coverage,**  
**by Type of Health Insurance\* and Age, 2010**



\* Individuals may be covered by more than one type of health insurance.

Data Source: AARP Public Policy Institute tabulation of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

## Endnotes

<sup>1</sup> This report is based on *Income, Poverty, and Health Insurance Coverage in the United States: 2010*, published by the U.S. Bureau of the Census in 2011, and on tabulations of the March 2011 Current Population Survey, Annual Social and Economic Supplement.

<sup>2</sup> All money amounts in this report are inflation adjusted and expressed in 2010 dollars.

<sup>3</sup> The census publication that serves as the basis of this fact sheet emphasizes household income. The Census Bureau also collects information on the income of individuals and families. In part because family income is the basis of the official poverty measure in the United States, we also provide an analysis of family income. The Census Bureau defines a household as all the people who occupy a housing unit as their usual place of residence; it defines a family as a group of two or more people who reside together and who are related by birth, marriage, or adoption.

<sup>4</sup> Figures 2, 3, and 4 include one-person families and unrelated individuals living in a household. Median family income is based on the income for all families.

<sup>5</sup> Median income of married couples and all families reported by sex of family head should be interpreted with caution. The Census Bureau generally defines the householder or the

reference person (whom we call the head of the family) as the person (or one of the people) in whose name the home is owned or rented. If a Median income of married couples and all families reported by sex of family head should be interpreted with caution. The Census Bureau generally defines the householder or the reference person (whom we call the head of the family) as the person (or one of the people) in whose name the home is owned or rented. If a married couple owns or rents the home jointly, either the husband or the wife may be identified as the family or household head. The difference in income between male- and female-headed families for the total population is largely driven by the fact that married couples have more income than unmarried persons, and 69 percent of older married couples assigned a man as the reference person. In fact, many decisions by married couples are presumably made jointly (which is one reason why the family income concept is pertinent), and the choice of who is “head” of the family may be arbitrary.

<sup>6</sup> In 2009, income from Social Security kept an estimated 14 million, or 36 percent of, Americans age 65 or older out of poverty. See Selena Caldera, *Social Security Keep Older Americans Out of Poverty*, Fact Sheet 235 (Washington, DC: AARP Public Policy Institute, 2011), <http://assets.aarp.org/rgcenter/ppi/econ-sec/fs235.pdf>.

<sup>7</sup> For a full discussion of the inadequacies of the official poverty measure, see Ke Bin Wu, *Impact of Modernizing the American Poverty Measure on the Poverty Status of Older Persons*, Fact Sheet 205 (Washington, DC: AARP Public Policy Institute, 2010).

<sup>8</sup> In 2009, the Office of Management and Budget's Chief Statistician formed an Interagency Technical Working Group on Developing a Supplemental Poverty Measure. That group included representatives from the U.S. Census Bureau, Bureau of Labor Statistics, Economics and Statistics Administration, Council of Economic Advisers, U.S. Department of Health and Human Services, and Office of Management and Budget. The SPM is similar to the experimental poverty measure. Both are based on National Academy of Science recommendations, but they differ mainly in

thresholds and resources. For a detailed discussing about methodology and data source in the SPM, see [http://www.census.gov/hhes/www/poverty/methods/spm\\_fedregister.html](http://www.census.gov/hhes/www/poverty/methods/spm_fedregister.html).

<sup>9</sup> Kathleen Short, *The Research Supplemental Poverty Measure 2010*, Current Population Report PG60-241 U.S. Census Bureau, 2011.

Fact Sheet 232, December, 2011

AARP Public Policy Institute,  
601 E Street, NW, Washington, DC 20049  
[www.aarp.org/ppi](http://www.aarp.org/ppi)  
202-434-3910, [ppi@aarp.org](mailto:ppi@aarp.org)  
© 2011, AARP.  
Reprinting with permission only.