

Income and Poverty of Older Americans, 2011¹

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- ✓ **Social Security provides households headed by a person aged 65 and older with a stable and reliable source of income, helping to shield them from increases in poverty and drops in median income experienced by other age groups since 2007.**
- ✓ **Median income for households headed by a person aged 55 to 64 dropped 4 percent between 2010 and 2011, the largest decline among any age group.**
- ✓ **The official poverty rate rose from 10.0 to 10.8 percent for people aged 60 to 64 between 2010 and 2011.**
- ✓ **In 2011, the official poverty rate was 8.7 percent for people aged 65 and older. However, a more accurate measure of poverty produced by the Census Bureau shows 15.1 percent of older Americans in poverty.**

Because of the Great Recession and the slow recovery that continues today, real median income in the United States fell for the fourth year in a row in 2011, and poverty rates remained at historically high levels. Median income and poverty rates, however, differ significantly across age groups, race, and ethnicity.

For most older families and households—those headed by a person aged 65 and older—Social Security provides a stable and reliable source of income, helping to shield them from increases in poverty and drops in income experienced by other age groups in recent years. Nonetheless, pockets of low income and high poverty persist among certain older populations.

Median Income Fell Most for Households Headed by a Person Aged 55 to 64

Household Income

Overall, real median household income was \$50,054 in 2011, a decrease of 1.5 percent compared to a year earlier

(table 1).² Median income for households headed by a person aged 65 and older was \$33,118 in 2011, statistically unchanged from the prior year. However, it was the lowest median income of any age group except for households headed by a person aged 15 to 24.

The households with the largest drop in median income were those headed by a person aged 55 to 64. These households, headed by a person nearing traditional retirement age, saw their median income decrease 4.0 percent between 2010 and 2011, from \$58,256 to \$55,937.

Changes in Household Income Since 2000

Overall, real median household income in 2011 was lower than it was in 2000 (\$50,054 in 2011 versus \$54,841 in 2000). This was true for all age groups except households headed by a person aged 65 and older. Two factors largely explain this relationship: (1) growth in average inflation-adjusted Social Security benefits and (2) rise in labor

Table 1
Annual Median Income of Households by Age, Selected Years 2000 to 2011

Age of Householder	Median Income in 2011 Dollars ¹						Percentage Change in Real Income 2010–2011	Percentage Change in Real Income 2000–2011
	2000	2007	2008	2009	2010	2011		
All Ages	54,841	54,489	52,546	52,195	50,831	50,054	*-1.5	*-8.7
15 to 24 years	36,370	34,484	33,709	32,226	29,114	30,460	4.6	*-16.2
25 to 34 years	58,007	55,339	53,692	52,637	51,450	50,774	-1.3	*-12.5
35 to 44 years	70,216	67,388	65,761	64,050	63,355	61,916	*-2.3	*-11.8
45 to 54 years	75,283	71,024	67,219	67,355	64,307	63,861	-0.7	*-15.2
55 to 64 years	58,580	62,248	59,819	59,740	58,256	55,937	*-4.0	*-4.5
65 years and older	30,148	30,703	31,070	32,877	32,454	33,118	2.0	*9.9

¹ 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 P60-243, *Income, Poverty, and Health Insurance Coverage in the United States: 2011*. (Washington, DC: U.S. Government Printing Office, September 2012) and CPS detailed income tables at <http://www.census.gov/hhes/www/income/data/historical/household>.

force participation rates and average earnings among the population aged 65 and older.

Family Income

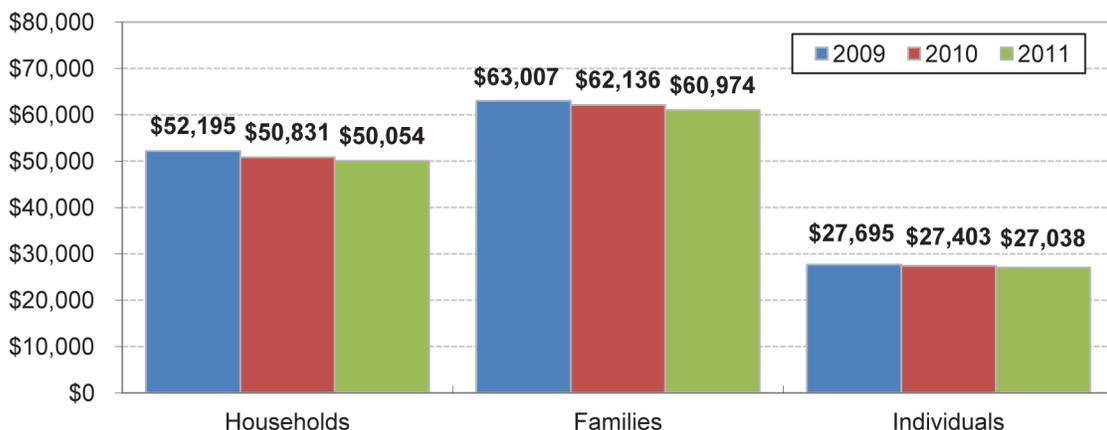
Measured at the family level, overall median income fell 1.9 percent: from \$62,136 in 2010 to \$60,974 in 2011 (figure 1).

Older families had less income than younger families. Median income was \$32,000 for families headed by a person

aged 65 and older and \$45,000 for families headed by a person under 65 (figure 2).³

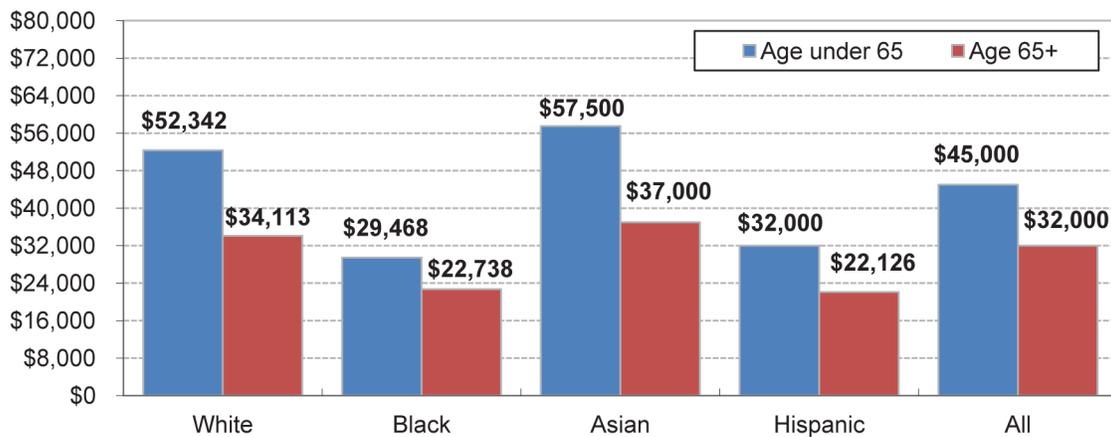
Minority families, both younger and older, had much lower incomes. Median income was \$22,738 for older black families and \$22,126 for older Hispanic families, compared to \$34,113 for older white families. This relationship did not hold for Asian families, who had the highest median income (\$37,000) among all racial/ethnic groups in 2011.

Figure 1
Median Income of Households, Families, and Persons in 2009, 2010, and 2011



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

Figure 2
Median Family Income by Age and Race/Ethnicity of Family Head in 2011*



* Median family income is not adjusted by family size.

Source: Author tabulation of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

The income disparity between black and Hispanic families compared to white families was even greater among younger families.

Among older families, median income declined steadily with age. In 2011, the median income for families headed by a person aged 65 to 69 was \$43,562, nearly double the \$22,000 median income for families headed by a person aged 85 or older (figure 3).

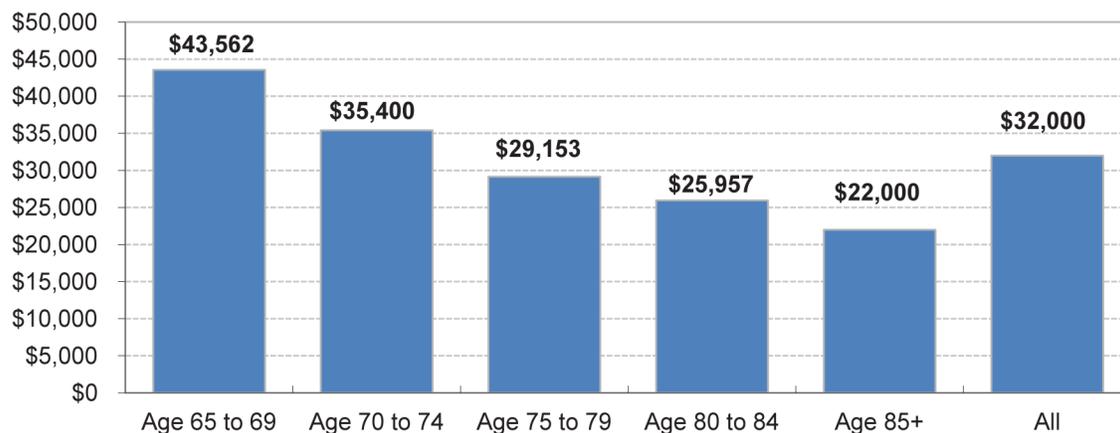
Disparity between male-headed and female-headed families income varied

by marital status. For example, widows had a median income equal to only 77 percent of widowers' income, while the gap between the median family income for never-married men and women was smaller (figure 4).

Overall Poverty Virtually Unchanged, But Large Increases for People Aged 60 to 64

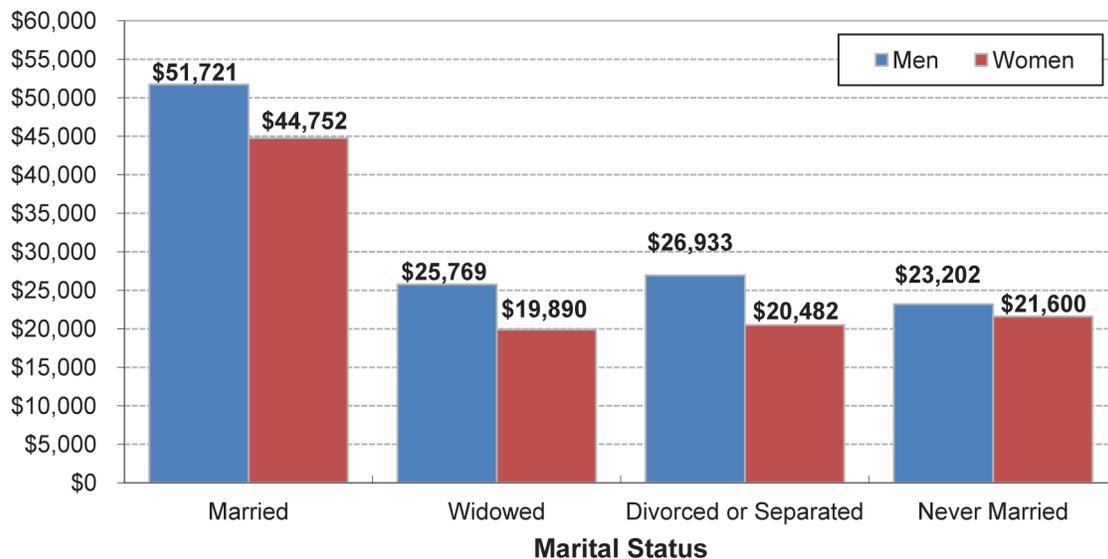
The percentage of Americans living in poverty in 2011 remained at historically high levels—15 percent. This was

Figure 3
Median Family Income by Age of Family Head for Families Headed by People Aged 65+ in 2011



Source: Author tabulation of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

Figure 4
Median Family Income for Family Head Aged 65+ by Marital Status and Sex, 2011



Source: Author tabulation of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

virtually unchanged from 2010, but 3.6 percentage points higher than in 2000 (table 2). Of the 46 million people in poverty in 2011, about 3.6 million were aged 65 and older.

While the overall poverty rate remained virtually unchanged compared to last year, some age groups experienced notable increases. For

example, among people aged 60 to 64, the poverty rate increased from 10.0 to 10.8 percent—the biggest percent increase among any age group. People aged 55 to 59 (0.6 percentage point increase) and aged 25 to 34 (0.5 percentage point increase) experienced similar increases.

Table 2
Percentage of People Below Poverty by Age, Selected Years 2000-2011

Age	Percentage of Persons Below Poverty						Percentage Point Change 2010–2011	Percentage Point Change 2000–2011
	2000	2007	2008	2009	2010	2011		
All Ages	11.4	12.5	13.2	14.3	15.1	15.0	-0.1	*3.6
Under 18	16.8	18.0	19.0	20.7	22.0	21.9	-0.3	*5.1
18 to 24 years	14.6	17.3	18.4	20.7	22.2	20.6	*-1.6	*6.0
25 to 34 years	10.5	12.3	13.2	14.9	15.4	15.9	*0.5	*5.4
35 to 44 years	8.2	9.4	10.4	11.8	12.7	12.2	*-0.5	*4.0
45 to 54 years	6.4	8.5	9.1	10.0	10.7	10.9	0.2	*4.5
55 to 59 years	8.8	8.0	8.8	9.3	10.1	10.7	*0.6	*1.9
60 to 64 years	10.1	9.4	9.7	9.4	10.0	10.8	*0.7	0.7
65 years and older	10.2	9.7	9.7	8.9	8.9	8.7	-0.2	*-1.5

* Statistically significant change at 90 percent confidence level.

Source: Author tabulation of The Census Bureau March 2001 to 2012 Current Population Survey, Annual Economic Supplement. from 2001 to 2010 survey are based on the Census 2000 population controls and from 2011 to 2012 survey are based on the Census 2010 population controls.

Overall, poverty rates varied significantly by age, race, and ethnicity:

- People under age 18 had the highest poverty rate (21.9 percent) of all age groups—roughly double those aged 45 and older.
- More than one-fourth of blacks and Hispanics were in poverty (27.3 percent of blacks and 25.3 percent of Hispanics) versus 10.1 percent of whites (figure 5).
- The poverty rates of black and Hispanic children were nearly three times that of white children.

Poverty Rate for the Older Population

In 2011, the official poverty rate for people aged 65 and older was 8.7 percent (virtually unchanged from 2010), the lowest among any age group.

Social Security continued to play a pivotal role in keeping older Americans out of poverty.⁴ Social Security payments are the main source of income for low-income people aged 65 and older, accounting for more than 80 percent of total family income among those in the lowest income quintile (figure 6).

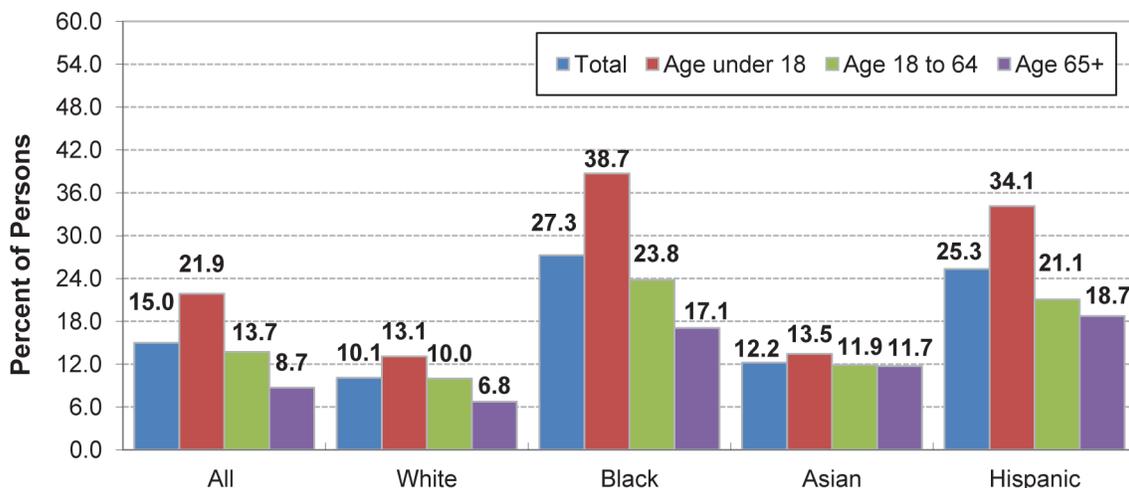
Nonetheless, certain segments of the population aged 65 and older had high poverty rates: 17.1 percent of blacks and 18.7 percent of Hispanics were in poverty, compared with 6.8 percent of whites (figure 5).

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 threshold. This is especially true of the oldest among the group. Although 10.7 percent of people aged 80 and older were poor in 2011, 18.8 percent had income below 125 percent of the poverty threshold, and almost half (44.2 percent) of people aged 80 and older had income below 200 percent of the poverty threshold (figure 8).

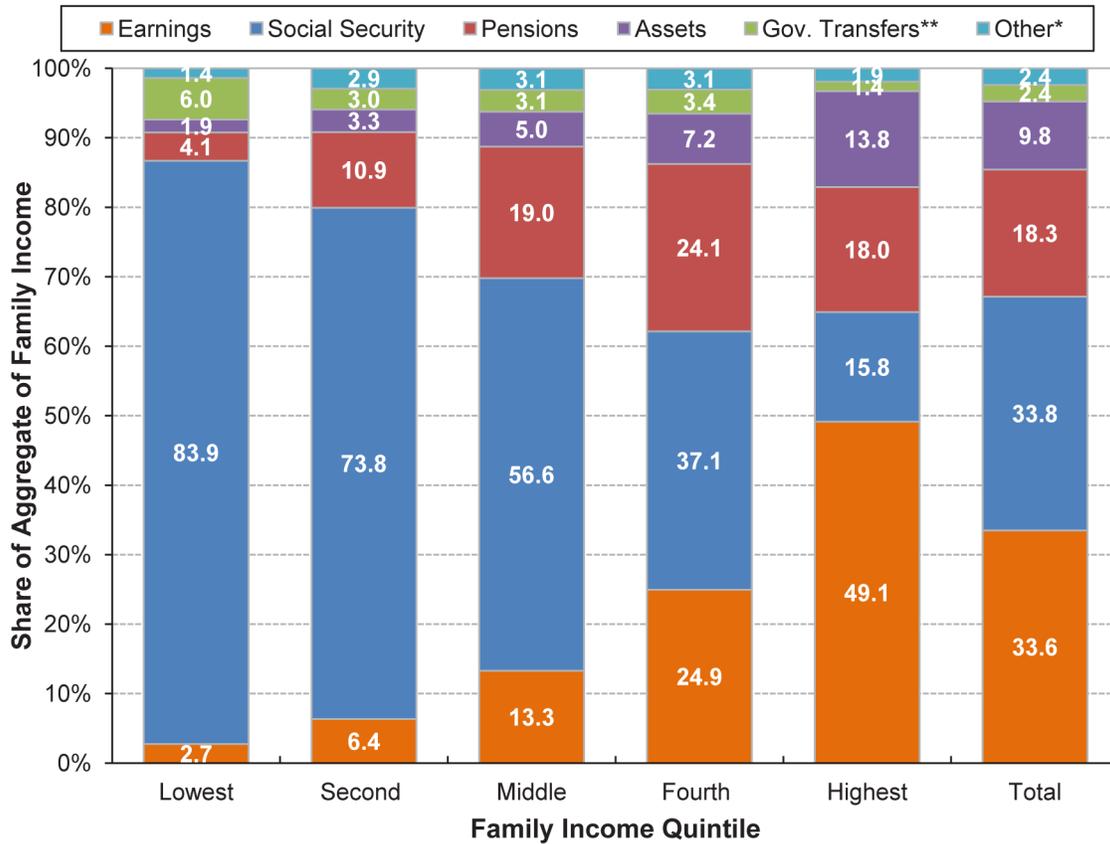
The share of poor older Americans in severe poverty (below 50 percent of the federal poverty threshold) also increased, rising from 21.7 percent in 2000 to 26.0 percent in 2011 (figure 9).

Figure 5
Percentage of People in Poverty by Race and Age Group in 2011



Source: Author tabulation of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

Figure 6
Shares of Aggregate Family Income, by Source and Income Quintile
for People Aged 65 and Older, 2011

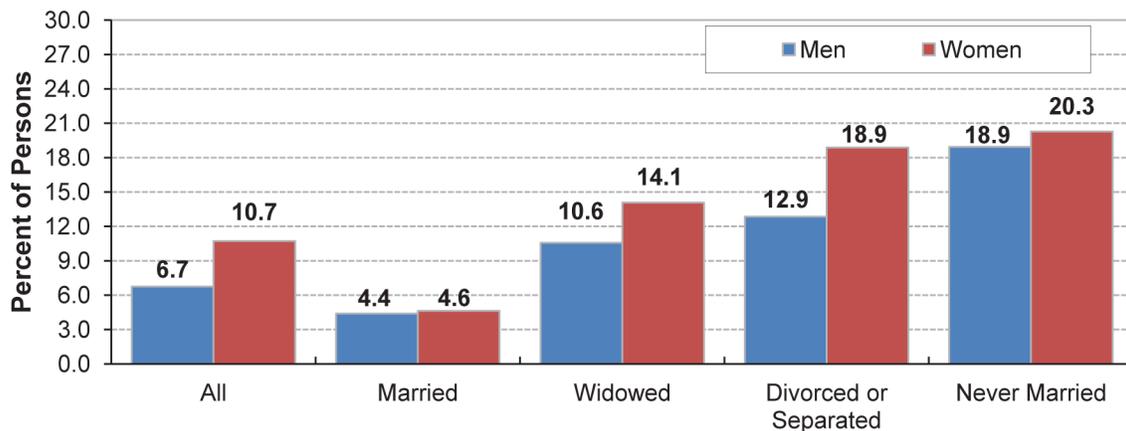


Source: Author tabulation of the March 2012 Current Population Survey, Annual Social Economic Supplement.

*Other income includes child support, alimony payments, family financial assistance, and other regular sources of cash income.

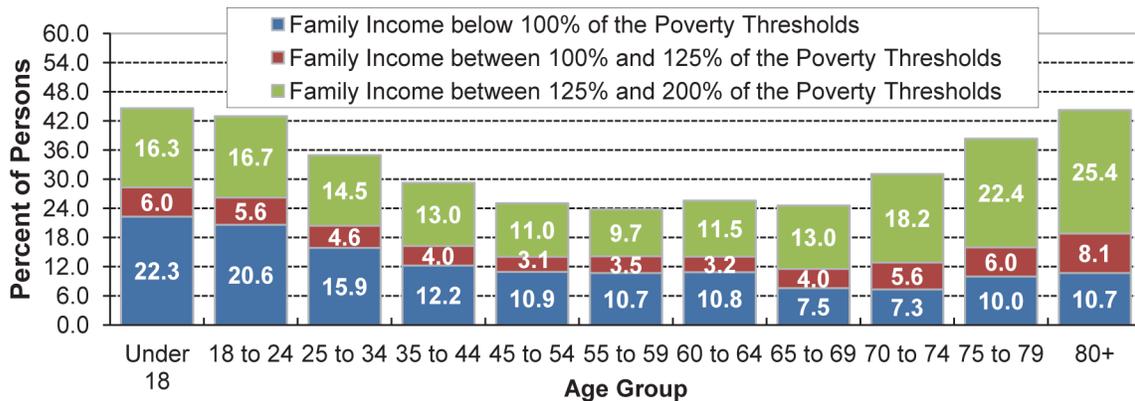
**Government cash transfers include unemployment compensation, workers' compensation, veterans' benefits, Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and education assistance.

Figure 7
Percentage of People Aged 65 and Older in Poverty by Sex and Marital Status in 2011



Source: Author tabulation of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

Figure 8
Percentage of People Poor, Near Poor, and Low Income by Age Group in 2011



Source: Author tabulation of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

Measuring Poverty

The current official poverty measure developed in the early 1960s is outdated. It does not account for rising living standards over time, all the resources available to a family, or geographic variation in cost of living. It also does not account for the impact of large expenses, such as out-of-pocket spending on health care and taxes. As a result, it does not adequately capture poverty in the United States, and tends to understate poverty among older people in particular.⁵

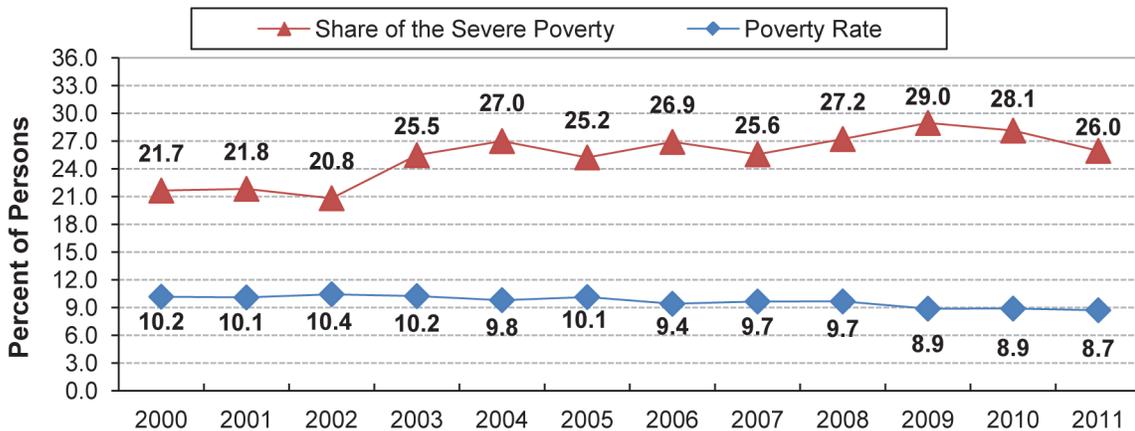
The Census Bureau has produced a series of alternative or “experimental” poverty

rates each year since 1995 based on the recommendations of a National Academy of Sciences (NAS) panel. The NAS panel proposed changes to the official measure to address its perceived weaknesses.

The experimental poverty rate for the older population was consistently higher than the experimental rate for the entire population for each year from 2000 to 2010. The average experimental poverty rate for older people over this period was 3.2 percentage points higher than that for the entire population (17.2 percent versus 14.0 percent).⁶

More recently, the Census Bureau began publishing the “Supplemental Poverty

Figure 9
Share of Poor Older Americans in Severe Poverty* from 2000 to 2011



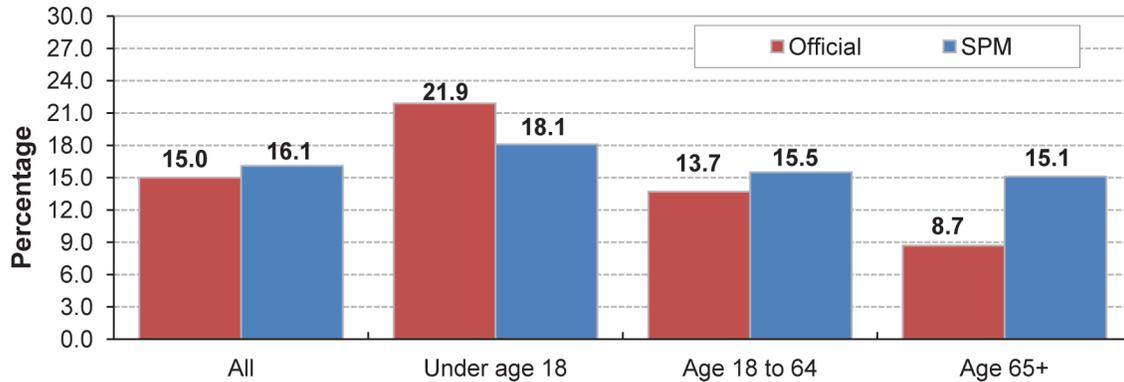
* Severe poverty is defined as people aged 65 and older below 50 percent of the federal poverty line.

Source: Author tabulation of the March 2001 to 2012 Current Population Survey, Annual Social and Economic Supplement. From 2001 to 2010 survey data are based on the Census 2000 population controls and from 2011 to 2012 survey data are based on the Census 2010 population controls.

Measure” (SPM), a measure similar to the experimental measure they had produced previously.⁷ In 2011, the SPM poverty

rate was 15.1 percent for the older population, 6.4 percentage points higher than the official poverty rate (figure 10).⁸

Figure 10
Official Poverty Rates and Supplemental Poverty Measure Rates by Age Group in 2011



Source: Short, Kathleen. (2012). *The Research Supplemental Poverty Measure: 2011*. U.S. Census Bureau Current Population Report PG60-244.

Endnotes

¹ This report is based on *Income, Poverty, and Health Insurance Coverage in the United States: 2011*, published by the U.S. Bureau of the Census in 2012, and the author’s tabulations of the March 2012 Current Population Survey, Annual Social and Economic Supplement.

² All money amounts in this report are inflation adjusted and expressed in 2011 dollars.

³ 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.

⁴ In 2009, income from Social Security kept an estimated 14 million or 36 percent of Americans aged 65 and 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). Accessed at <http://assets.aarp.org/rgcenter/ppi/econ-sec/fs235.pdf>.

⁵ 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).

⁶ Ke Bin Wu, *Income, Poverty, and Health Insurance Coverage of Older Americans 2010*, Fact Sheet 232 (Washington, DC: AARP Public Policy Institute, 2011).

⁷ In 2009, the Office of Management and Budget’s Chief Statistician formed an Interagency Technical Working Group on Developing a Supplemental Poverty Measure (SPM). 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 Sciences recommendations, but they differ mainly in thresholds and resources. For a detailed discussion about methodology and data sources in the SPM, see http://www.census.gov/hhes/www/poverty/methods/spm_fedregister.html.

⁸ Kathleen Short, *The Research Supplemental Poverty Measure: 2011*, Current Population Report PG60-244 U.S. (Washington, DC: Census Bureau, 2012).

Fact Sheet 287, September 2013
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