

## GETTING OLDER, GETTING POORER

### Definition

For international comparisons, the OECD treats poverty as a “relative” concept. The yardstick for poverty depends on the median household income in a particular country at a particular point in time.

The poverty threshold is set at 50% of national median, equivalised household disposable income. It should be noted that the use of a particular arbitrary threshold such as 50% of median income can be very sensitive to the level of minimum pensions in some countries (e.g. Australia or New Zealand), as a larger number of pensioners can be clustered around the 50% of median threshold.

### Overview

In most OECD countries, older women outnumber men, making up 53% of 66-75 year-olds and 60% of those aged over 75. This reflects the fact that women on average, live five and a half years longer than men. However women also make up the bulk of poor pensioners; across the OECD some 15% of women over 65 are living in poverty, compared with 11% of men.

There are two main reasons for this: women build up fewer pension entitlements and they often end up living alone on a relatively small income.

Many pension benefits are earnings-related; since women spend less time in paid work than men, and earn less when they are working, they receive smaller earnings-related pensions. Today’s older women generally spent less time in paid work and earned less than today’s younger women. They also started a family earlier and had more children, often having long gaps without paid work or stopping work altogether. In a number of countries the official retirement age for women was below that of men (although this is now changing), so even if they worked all their lives, they worked fewer years, and thus built up lower pension entitlements.

Indeed, women in OECD countries aged 65 in 2008-09 had on average worked for 13 years less than men of the same age. This shorter working life also means that these women may not meet minimum contributory requirements for non-earnings-related pensions, and may have to rely on old-age safety nets or low-level non-contributory minimum pensions. In the United States, for example, women’s income from public pensions was 40% lower than that of men at the end of the 2000s.

The higher poverty rate in old-age affects both married and single women. Since women live longer than men they are more likely to become widowed and possibly rely on a low survivor’s benefit for income. Living alone is itself a poverty factor – elderly people living alone are 2.5 times more likely to be poor than elderly couples. But in most countries the poverty rate is higher for women living alone than for men living alone, and poverty risks are highest for women over 75.

Many OECD countries have specific mechanisms in place to compensate women who interrupt their careers to raise children, but while these help boost mothers’ pension entitlements, they cannot bridge the gaps caused by career breaks.

### Sources

- OECD (2011), *Pensions at a Glance*, OECD Publishing.
- OECD (2012), *Closing the Gender Gap, Act Now*, OECD Publishing.

### Further information

#### Analytical publications

- OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD countries*.
- OECD (2011), *Divided We Stand, Why Inequality Keeps Rising*, OECD Publishing.
- OECD (2012), *OECD Pensions Outlook*, OECD Publishing.



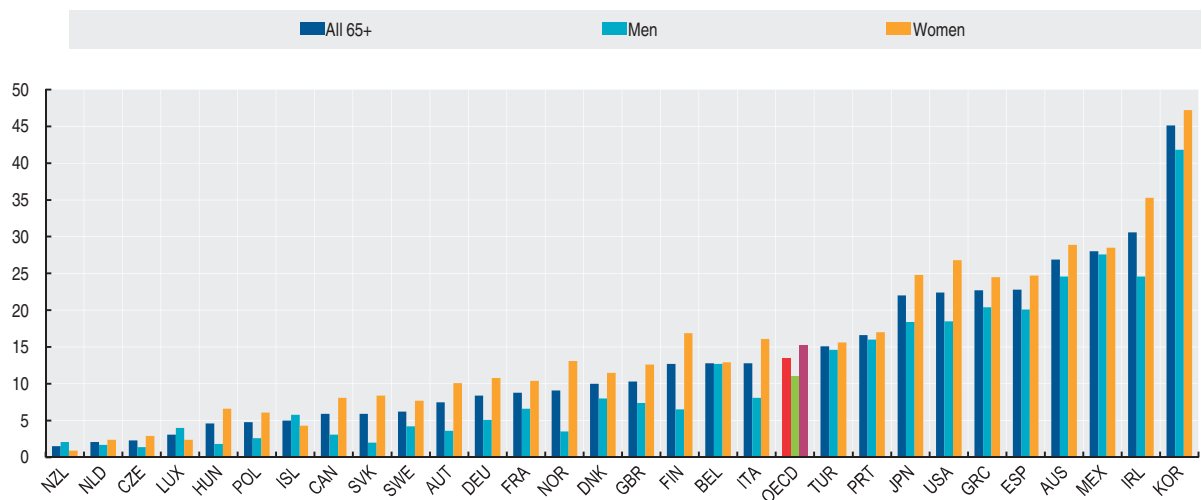
Income poverty rates, by gender, mid 2000s

	All 65+	Older people (aged over 65)						Whole population (all ages)
		By age		By sex		By household type		
		66-75	75+	Men	Women	Single	Couple	
Australia	27	26.1	28.3	24.6	28.9	49.9	17.7	12.4
Austria	7.5	5.3	10.2	3.6	10.1	16.4	3.9	6.6
Belgium	12.8	10.5	16.0	12.7	12.9	16.7	10.0	8.8
Canada	5.9	5.2	6.8	3.1	8.1	16.2	3.9	12.0
Czech Republic	2.3	2.0	2.6	1.4	2.9	5.6	2.0	5.8
Denmark	10.0	6.9	13.7	8.0	11.5	17.5	3.8	5.3
Finland	12.7	8.2	19.5	6.5	16.9	28.0	3.9	7.3
France	8.8	7.2	10.6	6.6	10.4	16.2	4.1	7.1
Germany	8.4	6.5	11.1	5.1	10.8	15.0	4.7	11.0
Greece	22.7	19.2	27.8	20.4	24.5	34.2	17.6	12.6
Hungary	4.6	4.2	5.5	1.8	6.6	11.1	0.8	7.1
Iceland	5.0	5.0	5.0	5.8	4.3	9.8	2.3	7.1
Ireland	30.6	25.8	37.1	24.6	35.3	65.4	9.4	14.8
Italy	12.8	11.2	15.2	8.1	16.1	25.0	9.4	11.4
Japan	22.0	19.4	25.4	18.4	24.8	47.7	16.6	14.9
Korea	45.1	43.3	49.8	41.8	47.2	76.6	40.8	14.6
Luxembourg	3.1	3.4	2.6	4.0	2.4	3.6	2.9	8.1
Mexico	28.0	26.3	31.2	27.6	28.5	44.9	20.9	18.4
Netherlands	2.1	2.2	2.0	1.7	2.4	2.6	2.3	7.7
New Zealand	1.5	1.6	1.4	2.1	0.9	3.2	1.1	10.8
Norway	9.1	3.8	14.6	3.5	13.1	20.0	1.2	6.8
Poland	4.8	5.4	3.8	2.6	6.1	6.0	5.9	14.6
Portugal	16.6	14.4	19.9	16.0	17.0	35.0	15.7	12.9
Slovak Republic	5.9	3.2	10.6	2.0	8.4	10.4	2.9	8.1
Spain	22.8	20.0	26.4	20.1	24.7	38.6	24.2	14.1
Sweden	6.2	3.4	9.8	4.2	7.7	13.0	1.1	5.3
Turkey	15.1	14.9	15.6	14.6	15.6	37.8	17.3	17.5
United Kingdom	10.3	8.5	12.6	7.4	12.6	17.5	6.7	8.3
United States	22.4	20.0	27.4	18.5	26.8	41.3	17.3	17.1
<b>OECD</b>	<b>13.5</b>	<b>11.7</b>	<b>16.1</b>	<b>11.1</b>	<b>15.2</b>	<b>25.0</b>	<b>9.5</b>	<b>10.6</b>

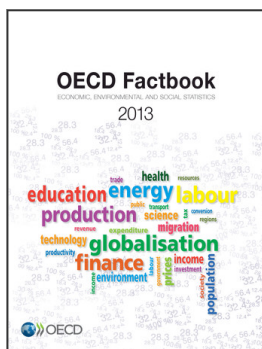
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65 years and over



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