Key results

Incomes of older people are generally lower than those of the population, even when differences in household size are taken into account. On average in OECD countries, over-65s had incomes of 86% of the population as a whole in the late 2000s. Older people's incomes grew faster than the population's between the mid-1990s and the late 2000s in 18 out of 27 countries where data are available. In most OECD countries, public transfers provide the bulk of income in old age.

People over 65 had incomes that were 86.2% of population incomes, on average, in the late 2000s. Older people fared best in France, Israel, Luxembourg, Mexico and Turkey, with incomes around 95% of the national average. In Australia and Korea, by contrast, older people's incomes stood at just two-thirds of population average.

People aged 66-75 have higher relative incomes, on average, than those aged over 75: 90% and 80% of population incomes, respectively. Lower incomes for older retirees are partly explained by the fact that the 75+ group consists of people with longer-than-average life expectancy, mostly women who tend to have lower wages, shorter working hours and longer career breaks.

Older people's incomes are shown in absolute (US dollar) as well as in relative terms. These averaged around USD 21 500 in the late 2000s, ranging from USD 7 000 in Mexico and just over USD 10 000 in Estonia and Hungary to nearly USD 44 000 in Luxembourg.

Income trends

In 18 of the 27 countries for which data are available, incomes of older people grew faster than those of the population as a whole between the mid-1990s and the late 2000s. The largest increases were in Israel, Mexico, New Zealand and Portugal. The largest drops in older people's relative incomes over the 15 years were seen in Chile and Sweden.

Income sources

Of the three main sources of income on which older people draw, public transfers (earnings-related pensions, resource-tested benefits, etc.) are the most important. They account for around 60% of older people's incomes on average. The over-65s most reliant on public transfers live in Hungary and Luxembourg: 86% and 82% respectively of their incomes come from that source. Transfers have a small share in Korea because the public pension scheme dates only from 1988.

Work accounts for 24% and capital for about 18% of older people's incomes on average. Work is especially important in Chile, Japan, Korea and Mexico, where it accounts for more than 40% of old-age income. In another seven OECD countries, work accounts for a quarter or more of old-age incomes. In some, such as Israel and the United States, the normal pension age is higher than age 65. And in others, people keep on working to fill gaps in contribution histories. Also, incomes are measured for households; older people are assumed to draw on the earnings of younger that they live with. Work is likely to be a more important income source for older people where many of them live in multi-generational households.

Capital, mostly private pensions, represents 30% or more of old-age income in Australia, Canada, Chile, Denmark, Iceland, Israel, the Netherlands, New Zealand, the United Kingdom and the United States.

Definition and measurement

Incomes from employment, self-employment, capital and public transfers. The data shown are for disposable incomes (i.e. net of personal income tax and social security contributions). Incomes are measured on a household basis and equivalised to adjust for differences in household size. See *Growing Unequal?* (OECD, 2008) for more details on definitions and data sources. The special chapter on "Incomes and poverty of older people" in *Pensions at a Glance 2009* provides a more detailed analysis.

Further reading

OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, OECD Publishing, *http://dx.doi.org/10.1787/9789264044197-en*.

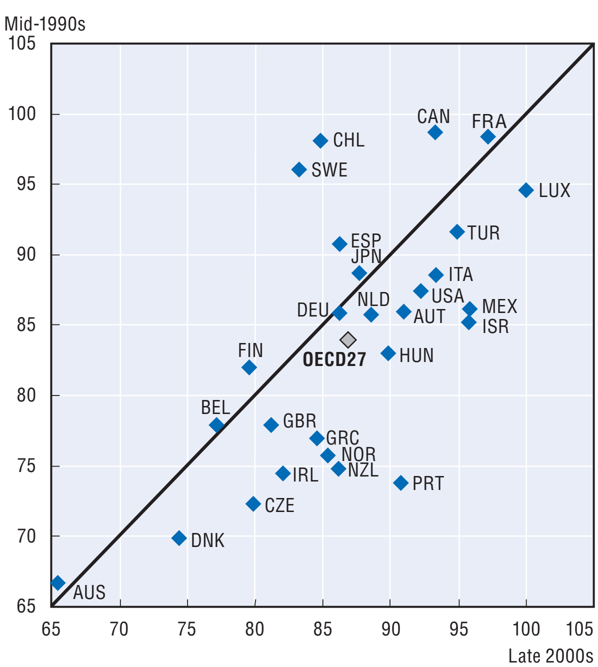
OECD (2009), *Pensions at a Glance 2009: Retirement-income Systems in OECD Countries*, OECD Publishing, *http://dx.doi.org/10.1787/pension_glance-2009-en*.

5.1. Incomes of older people, late 2000s

	Incomes of people aged over 65, percentage of population incomes: All aged over 65	Age 66-75	Aged over 75	Average incomes of over 65s (USD, PPP)		Incomes of people aged over 65, percentage of population incomes: All aged over 65	Age 66-75	Aged over 75	Average incomes of over 65s (USD, PPP)
Australia	65.4	69.3	60.0	21 622	Korea		62.4		15 685
Austria	91.3	95.0	86.0	28 258	Luxembourg	99.9	101.8	96.7	43 761
Belgium	77.1	80.2	73.5	21 180	Mexico	95.8	98.0	92.0	7 088
Canada	93.3	95.8	89.9	31 690	Netherlands	88.6	93.3	81.8	26 353
Chile	84.8	85.6	83.6	12 354	New Zealand	86.2	97.8	69.2	24 048
Czech Republic	79.8	82.5	75.8	13 362	Norway	85.3	95.3	73.0	32 083
Denmark	74.3	79.4	67.2	23 004	Poland	87.5	87.5	87.4	12 653
Estonia	74.5	77.7	70.1	10 135	Portugal	90.8	97.0	83.4	16 591
Finland	79.5	86.4	71.0	22 440	Slovak Republic	82.1	82.3	81.6	12 742
France	97.2	103.4	90.8	27 652	Slovenia	85.9	90.1	79.7	19 169
Germany	85.4	89.6	80.0	24 790	Spain	86.1	90.6	81.5	19 098
Greece	84.4	89.6	77.9	16 418	Sweden	83.2	94.8	66.1	22 860
Hungary	89.8	91.0	87.9	10 239	Switzerland	76.9	81.7	68.9	30 275
Iceland	92.8	102.9	80.0	26 435	Turkey	94.9	99.2	87.0	10 886
Ireland	82.0	86.4	75.4	25 225	United Kingdom	81.2	86.0	75.4	24 170
Israel	95.8	100.0	90.4	19 507	United States	92.2	102.4	79.3	32 821
Italy	93.3	99.1	86.9	23 306	**OECD34**	**86.2**	**90.1**	**79.9**	**21 480**
Japan	87.7	89.0	86.1	22 404					

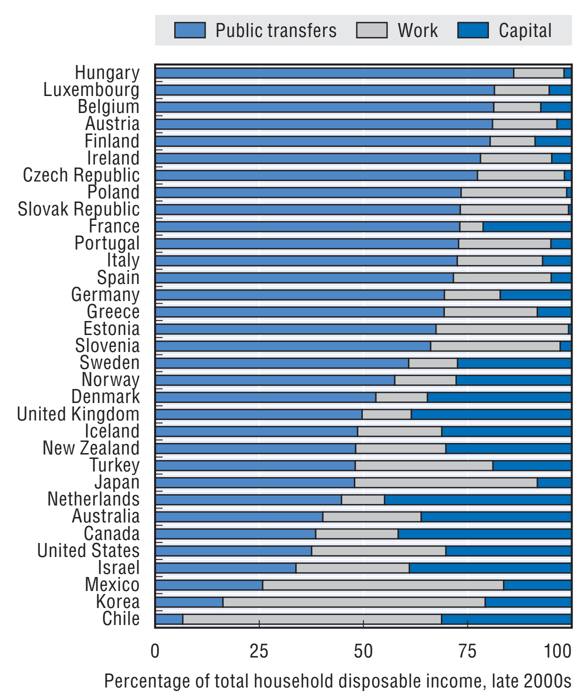
Note: Purchasing power parity (PPP) exchange rates are based on cross-national comparisons of actual consumption.
Source: *OECD Income Distribution Database*; see OECD (2008), Figure 2.4 for relative incomes by age and Table 5.A1.1 for absolute incomes.
StatLink http://dx.doi.org/10.1787/888932907718

5.2. Income trends, mid-1990s to late 2000s



Source: *OECD Income Distribution Database*; see OECD (2008), Figure 2.6.
StatLink http://dx.doi.org/10.1787/888932907737

5.3. Income sources, late 2000s



Note: Income from work includes both earnings (employment income) and income from self-employment. Capital income includes private pensions as well as income from the returns on non-pension savings.
Source: *OECD Income Distribution Database*.
StatLink http://dx.doi.org/10.1787/888932907756

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