

### 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 82% of the population as a whole in the mid-2000s. Older people's incomes grew faster than the population's between the mid-1980s and the mid-2000s in 13 out of the 25 countries where data is available. In most OECD countries, public transfers provide the bulk of income in old age.

People over 65 had incomes that were 82.4% of population incomes, on average, in the mid-2000s. Older people fared best in Austria, France, Luxembourg, Mexico and Poland, with incomes around 96% of the national average. In Ireland 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: 86% and 78% 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. In only three countries do the oldest old have higher incomes than younger people of pension age.

Households headed by a single person aged over 65 have incomes of only 73% of those households headed by someone of the same age group but composed of two or more adults (despite the adjustment for household size in the income measure). But single older people fare relatively well in Luxembourg, Mexico, the Netherlands and Switzerland. This is due to a mix of relatively generous survivors' benefits and benefits for non-working spouses. On the other hand, single older people fare badly in Japan, Korea, the Slovak Republic and Turkey, with incomes under 60% of those of households with two or more people.

Older people's incomes are shown in absolute (US dollar) as well as in relative terms. These averaged around USD 18 000 in the mid-2000s.

### Income trends

In 13 of the 25 countries for which data are available, incomes of older people grew faster than those of the population as a whole between the mid-1980s and the mid-2000s. The largest increases were in Austria, Germany and Norway. The largest drops in older people's relative incomes over these two decades were seen in New Zealand and Turkey.

### 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 France and Hungary: 85% of their incomes come from that source. In Finland, occupational plans – which are publicly provided – are counted as capital income and not as public transfers. Transfers have a small share in Korea because the public pension scheme dates only from 1988.

Work and capital both account for about 20% of older people's incomes on average. Work is especially important in Japan, Korea, Mexico and Turkey, 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 Iceland 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, Denmark, the Netherlands, Switzerland and the United Kingdom (and Finland, see above).

### 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 OECD (2008), *Growing Unequal?* for more details on definitions and data sources. The special chapter on "Incomes and poverty of older people" in OECD (2009), *Pensions at a Glance* provides a more detailed analysis.

### Incomes of older people, mid-2000s

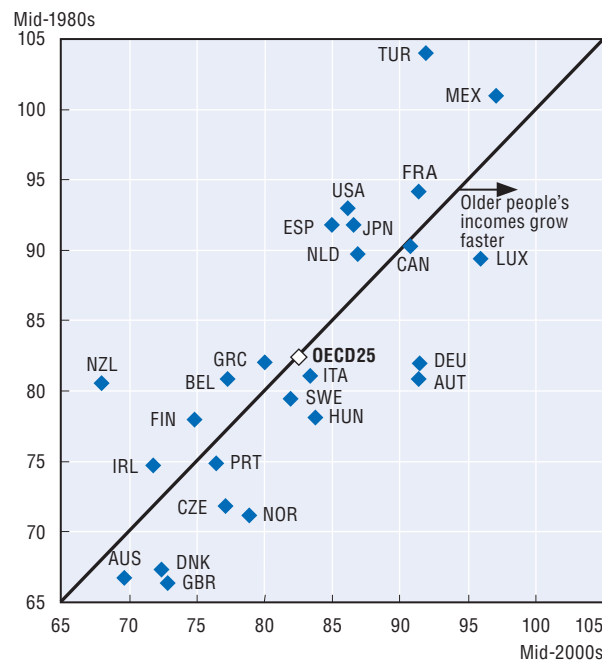
	Incomes of people aged over 65, per cent of population incomes			Incomes of single over 65s relative to other over 65s	Average incomes of over 65s (USD, PPP)	Incomes of people aged over 65, per cent of population incomes			Incomes of single over 65s relative to other over 65s	Average incomes of over 65s (USD, PPP)	
	All aged over 65	Age 66-75	Aged over 75			All aged over 65	Age 66-75	Aged over 75			
Australia	69.7	71.9	66.4	78.1	17 340	Luxembourg	96.0	94.4	98.3	90.3	37 630
Austria	96.6	100.8	91.5	80.2	26 088	Mexico	97.1	98.1	95.1	90.5	6 470
Belgium	76.4	80.5	71.0	81.7	18 217	Netherlands	87.0	89.3	83.8	86.9	26 538
Canada	90.8	94.8	85.4	73.7	26 510	New Zealand	68.0	69.7	64.5	75.8	14 921
Czech Republic	79.1	80.8	76.3	66.1	11 046	Norway	78.9	88.1	69.2	64.7	23 308
Denmark	72.4	76.4	67.6	80.7	17 604	Poland	94.7	94.8	94.6	69.0	9 393
Finland	74.9	78.4	69.6	73.7	17 387	Portugal	79.5	84.1	72.7	69.0	12 507
France	94.5	97.6	91.2	84.4	21 922	Slovak Republic	78.0	83.3	68.9	56.4	7 460
Germany	91.5	96.3	85.5	79.5	22 395	Spain	79.1	81.1	76.4	78.7	15 505
Greece	80.0	83.8	74.4	68.3	15 626	Sweden	82.0	91.6	69.8	65.0	18 165
Hungary	83.8	86.8	78.8	70.0	9 597	Switzerland	80.2	82.0	76.9	88.6	24 185
Iceland	87.8	95.9	77.5	76.3	21 811	Turkey	91.9	89.5	99.7	47.9	5 829
Ireland	65.9	70.4	59.8	62.1	16 838	United Kingdom	72.9	76.7	68.2	79.0	22 053
Italy	83.4	88.4	76.0	70.2	16 687	United States	86.2	95.7	75.8	69.5	28 437
Japan	86.6	88.5	84.2	57.3	22 425	<b>OECD30</b>	<b>82.4</b>	<b>85.9</b>	<b>77.9</b>	<b>73.1</b>	<b>18 271</b>
Korea	66.7	66.3	67.4	59.7	14 238						

Note: Purchasing power parity (PPP) exchange rates are based on cross-national comparisons of actual consumption.

Source: OECD Income-Distribution Database; see OECD (2008), *Growing Unequal?*, Figure 2.4 for relative incomes by age and Table 5.A1.1 for absolute incomes.

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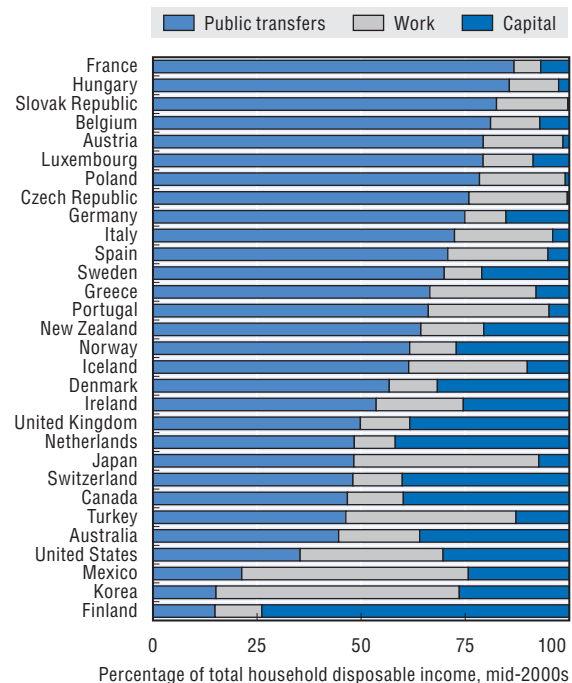
### Income trends, mid-1980s to mid-2000s



Source: OECD Income-Distribution Database; see OECD (2008), *Growing Unequal?*, Figure 2.6.

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### Income sources, mid-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.

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