

OLD-AGE INCOME POVERTY

Key results

On average in the OECD, 12.5% of individuals aged over 65 live in relative income poverty, defined as an income below half the national median equivalised household income. There is large variation between countries. Poverty rates are higher for older people than for the population as a whole, which averages 11.5%. However, this result is driven by a handful of countries. In 20 out of 35 OECD countries, old-age income poverty is lower than for the population as a whole.

According to the latest available figures, poverty rates of people aged over 65 were very high in Korea (46%), Latvia (27%), Australia (26%) and Mexico (26%). By contrast, the Czech Republic, Denmark, France, Luxembourg, the Netherlands and the Slovak Republic have the lowest poverty rates, all between 3% and 4%. Poverty rates are close to the OECD average of 12.5% in Slovenia and the United Kingdom.

Poverty among older age groups

Poverty among the “younger old” (aged 66-75) is less frequent than among the “older old” (aged 75 and over); the average poverty rates are 10.7% and 13.9%, respectively. The difference between the two is over eight percentage points in Israel, Latvia, Sweden, the United Kingdom and the United States. There are many explanations for this pattern. Most significantly, as real earnings have tended to grow over time, each successive cohort of retirees has a higher starting benefit. Also, women predominate among the old. Nevertheless, in two countries – Luxembourg and Poland – the over 75s fare slightly better than their younger counterparts.

One important factor that explains the varying incidence of old-age poverty is the level at which safety-net retirement benefits are set (See the indicator on “Basic, targeted and minimum pensions” in Chapter 3).

Poverty and gender

Older women are at greater risk of poverty than older men in all countries where breakdowns are available. The average old-age poverty rate for men equals 8.7% and 13.6% for women. The smallest poverty gender gaps (less than one percentage point) are observed in Chile and the Netherlands. Differences are also relatively small, around 1.5 percentage points, in Belgium, Denmark, France and Luxembourg.

The largest gender poverty gaps are in Estonia and Latvia where the poverty rates among women are around 18 percentage points higher than among men, followed by Slovenia at 11 percentage points. There are also significant differences around 7 percentage points in Israel, New Zealand, Sweden and the United States.

Poverty and age

In 15 out of 35 countries, older people are more likely to be income poor than the population (Figure 6.4). In these countries the average old-age poverty rate is equal to 21%. The largest difference between the two is found in Korea where older people have poverty rates that are 32 percentage points higher than the total population, followed by Australia and Latvia, at 13 and 10 percentage points, respectively. Older people are thus less likely to be poor than the total population in the other 20 countries. Most notably among these are Greece and Spain, where the old-age poverty rate is 7 and 10 percentage points lower than the overall rate, respectively. In this group of countries the old age poverty equals 6% while the population poverty is 10%.

Definition and measurement

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. Here, the poverty threshold is set at 50% of median, equivalised household disposable income. See OECD (2015) for more details on definitions and data sources.

Further reading

OECD (2015), *In It Together: Why Less Inequality Benefits All*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264235120-en>.

6.3. Income poverty rates by age and gender

Percentage with incomes less than 50% of median household disposable income

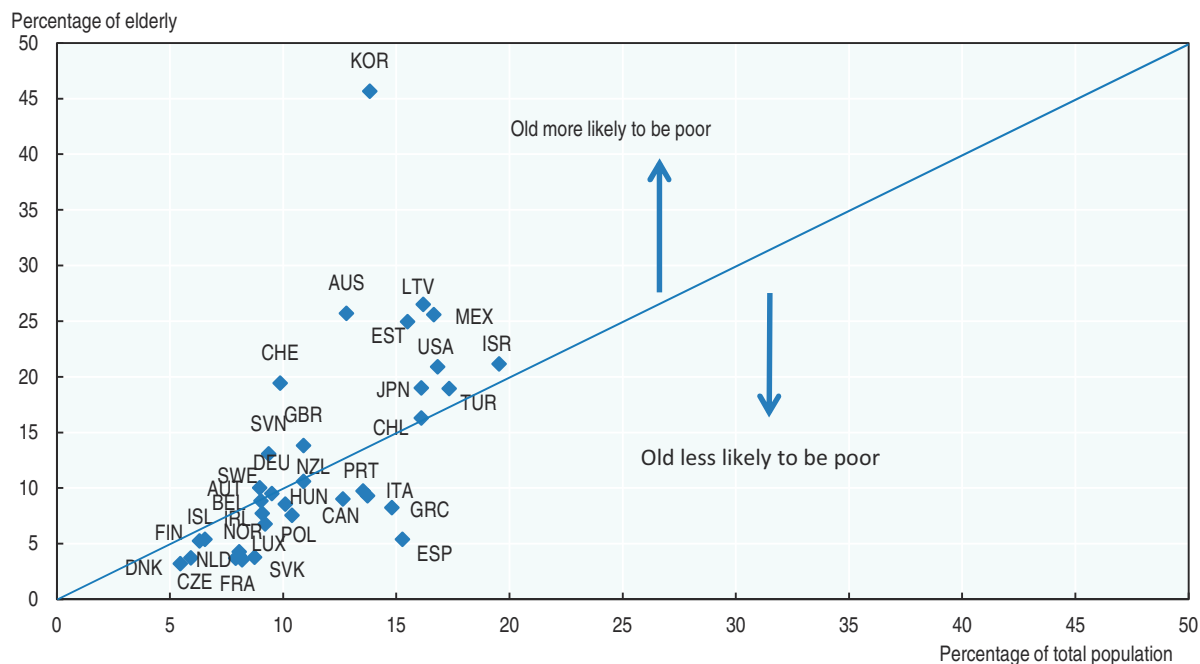
	2014 or latest available						2014 or latest available						
	Older people (aged over 65)					Whole population	Older people (aged over 65)					Whole population	
	By age			By gender			By age			By gender			
	All 66+	66-75	76+	Men	Women		All 66+	66-75	76+	Men	Women		
Australia	25.7	23.4	29.2	23.6	27.5	12.8	Korea	45.7	38.8			13.8	
Austria	8.8	8.1	9.9	7.0	10.3	9.0	Latvia	26.5	22.2	31.6	13.9	32.4	16.2
Belgium	7.7	7.0	8.6	7.0	8.3	9.1	Luxembourg	3.9	4.1	3.4	3.1	4.6	8.1
Canada	9.0	8.5	9.9	6.7	11.0	12.6	Mexico	25.6	22.6	30.3	23.9	27.0	16.7
Chile	16.3	16.2	16.4	16.1	16.4	16.1	Netherlands	3.7	2.5	5.5	3.4	3.9	7.9
Czech Republic	3.7	3.5	4.1	1.5	5.3	5.9	New Zealand	10.6	7.7	15.2	6.6	14.0	10.9
Denmark	3.2	2.1	4.9	2.3	4.0	5.5	Norway	4.3	2.2	7.3	1.9	6.3	8.1
Estonia	25.0	21.9	28.5	13.3	30.8	15.5	Poland	7.6	8.3	6.7	4.6	9.3	10.4
Finland	5.2	2.9	8.5	3.2	6.8	6.3	Portugal	9.7	8.5	11.2	7.1	11.6	13.5
France	3.6	2.8	4.5	2.7	4.2	8.2	Slovak Republic	3.8	3.3	4.8	1.9	4.9	8.7
Germany	9.5	8.4	10.3	6.8	11.5	9.5	Slovenia	13.1	10.3	16.9	6.4	17.8	9.4
Greece	8.2	7.1	9.5	6.9	9.3	14.8	Spain	5.4	4.7	6.2	3.7	6.7	15.3
Hungary	8.6	7.8	9.9	5.0	10.6	10.1	Sweden	10.0	6.6	15.2	6.4	13.1	9.0
Iceland	5.4	4.9	6.1	3.5	7.1	6.5	Switzerland	19.4	16.3	23.8	16.6	21.8	9.9
Ireland	6.8	5.2	9.3	5.7	7.7	9.2	Turkey	18.9	16.2	23.2	17.0	20.4	17.3
Israel	21.2	17.6	26.1	17.7	23.9	19.5	United Kingdom	13.8	10.4	18.5	11.1	16.0	10.9
Italy	9.3	8.9	9.7	6.7	11.2	13.7	United States	20.9	17.6	25.7	17.2	23.9	16.8
Japan	19.0	17.0	21.3	15.1	22.1	16.1	OECD	12.5	10.7	13.9	8.7	13.6	11.5

Note: 2012 for Japan. 2015 for Chile, Finland, Israel, Korea, the Netherlands, the United Kingdom and the United States.

Source: OECD Income Distribution Database, www.oecd.org/social/income-distribution-database.htm.

StatLink  <http://dx.doi.org/10.1787/888933634477>

6.4. Income poverty rates by age



Source: OECD Income Distribution Database, www.oecd.org/social/income-distribution-database.htm.

StatLink  <http://dx.doi.org/10.1787/888933634496>



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