

Key results

On average in the OECD, 14.1% of individuals aged over 65 live in relative income poverty, defined as having an income below half the national median equivalised household disposable income. Their income gap to the relative poverty line is 23.8% on average. Poverty rates are higher for older people than for the population as a whole, which averages 11.6%. However, this result is driven by a handful of countries. In 16 out of 37 OECD countries, the old-age income poverty rate is lower than for the population as a whole. It tends to rise with age during retirement and is higher for women. In recent decades, relative poverty has tended to shift from people aged over 65 to people aged 18 to 25.

According to the latest available figures, relative poverty rates of people aged over 65 exceeded 40% in Korea, were above 30% in Estonia and Latvia, and more than 20% in Australia, Lithuania, Mexico and the United States. By contrast, the Czech Republic, Denmark, France, Iceland, the Netherlands, Norway and the Slovak Republic have the lowest relative poverty rates, below 5%. The first-tier pension level is an important factor influencing old-age poverty rates (see the indicator on “Basic, targeted and minimum pensions” in Chapter 4). There are considerable country differences in wealth (housing or otherwise) held by older people, which is not reflected in income poverty rates.

In 20 OECD countries, older people are more likely to be income poor than the total population (Figure 7.2). The largest difference between old-age and total-population poverty rates is found in Korea where older people have 27 percentage-point higher poverty rates than the total population, followed by Latvia and Estonia. Older people are less likely to be poor than the total population in several countries, especially France, Greece, Luxembourg, the Netherlands and Spain where the old-age poverty rate is at least 4 percentage points lower.

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 OECD average poverty rates are 12.2% and 16.6%, respectively. The difference between the two is particularly high in Korea (+20.5 percentage points), Estonia (+18.7 percentage points) and Latvia (+11.3 percentage points). There are many explanations for this pattern. In Korea, the pension system is still maturing, and current generations still have very low pensions. Moreover, in all three countries, individual pensions are indexed to less than earnings growth (Table 3.3 in Chapter 3). This tends to lower the relative value of pensions compared to earnings when retirees grow older. Also, women predominate among the older age group. Nevertheless, in six

OECD countries – Austria, Chile, Germany, Hungary, Iceland and Poland – the over 75s fare slightly better than their younger counterparts do. Pension reforms that have reduced the generosity of pension systems typically lower the relative income of new generations of retirees.

Poverty and gender

Older women are at greater risk of poverty than older men in all countries except Chile where risks are nearly equal, while in Spain the gender difference is minimal. The average old-age poverty rates for women and men in the OECD equal 16.2% and 11.6%, respectively. Lower earnings-related pension income and longer life expectancy are among the main drivers of higher poverty incidence among women than among men.

The smallest gender differences in the poverty rate apart from Chile and Spain are observed in Brazil, Costa Rica, Denmark, France and the Netherlands with less than 2 percentage points. The largest gender differences, more than 15 percentage points, are in Baltic countries, followed by Korea at about 11 percentage points. There are also significant differences of more than 5 percentage points in Australia, Canada, the Czech Republic, Italy, New Zealand, Poland, Slovenia, Sweden, the United Kingdom and the United States.

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 the total population in a particular country at a particular point in time. Here, the poverty threshold is set at 50% of median, equivalised household disposable income. Poverty depth measures how much the average income of the poor is below the relative poverty threshold, as a percentage of this threshold. See OECD Income Distribution Database for more details on definitions and data sources.

Table 7.2. Income poverty rates by age and gender, latest available year
 Percentage with income lower than 50% of median equivalised household disposable income

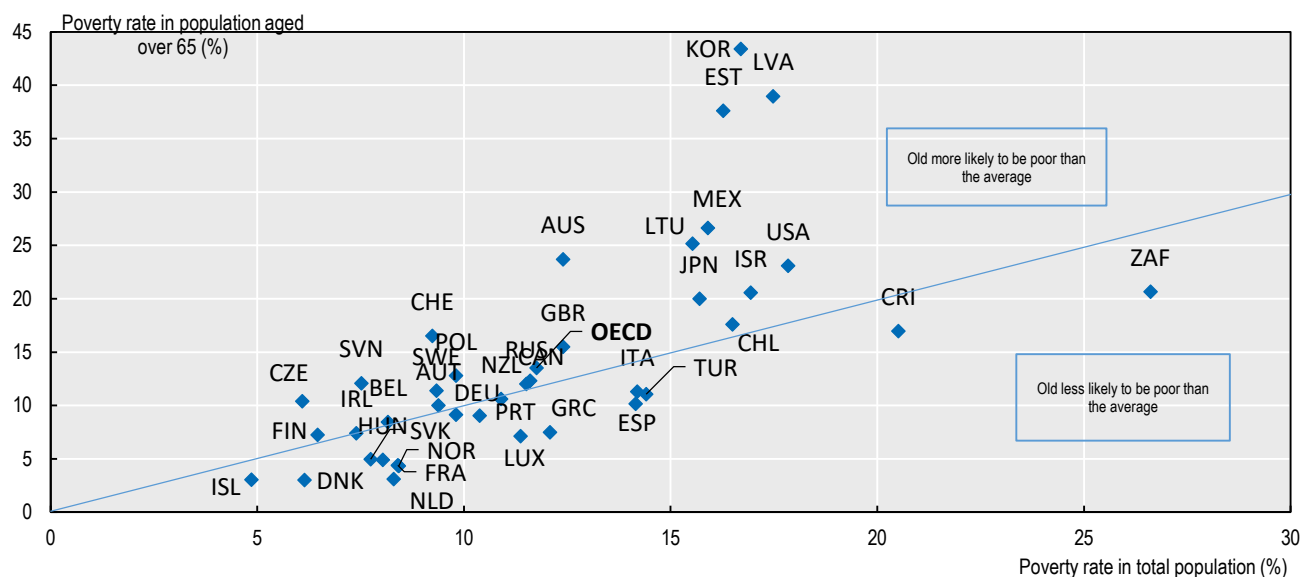
	Older people (aged over 65)					Total population	Older people (aged over 65)					Total population	
	All	By age		By gender			All	By age		By gender			
		Age 66-75	Aged over 75	Men	Women			Age 66-75	Aged over 75	Men	Women		
Australia	23.7	21.6	27.1	21.0	26.2	12.4	Latvia	39.0	33.4	44.7	29.1	43.7	17.5
Austria	10.0	10.6	9.2	7.4	12.1	9.4	Lithuania	25.2	23.3	27.1	11.3	32.1	15.5
Belgium	8.5	7.1	10.3	7.2	9.5	8.2	Luxembourg	7.1	6.7	7.9	5.2	9.2	11.4
Canada	12.3	10.2	15.7	9.3	15.0	11.6	Mexico	26.6	23.9	31.0	25.5	27.6	15.9
Chile	17.6	17.7	17.4	17.6	17.5	16.5	Netherlands	3.1	2.0	4.9	2.8	3.5	8.3
Colombia							New Zealand	10.6	7.7	15.2	6.6	14.0	10.9
Costa Rica	17.0	16.4	17.8	17.8	16.3	20.5	Norway	4.3	2.5	7.2	2.2	6.2	8.4
Czech Republic	10.4	9.4	12.2	4.7	14.8	6.1	Poland	12.8	13.4	11.9	8.1	15.8	9.8
Denmark	3.0	2.0	4.5	2.2	3.7	6.1	Portugal	9.0	8.0	10.2	7.0	10.5	10.4
Estonia	37.6	28.8	47.5	24.6	44.2	16.3	Slovak Republic	5.0	4.5	6.0	2.6	6.5	7.7
Finland	7.2	4.3	11.3	6.0	8.2	6.5	Slovenia	12.1	9.6	15.9	7.2	15.7	7.5
France	4.4	4.0	4.9	3.3	5.2	8.4	Spain	10.2	9.2	11.3	10.1	10.2	14.2
Germany	9.1	9.6	8.8	7.6	10.4	9.8	Sweden	11.4	8.5	15.4	7.5	14.8	9.3
Greece	7.5	7.2	7.7	6.0	8.7	12.1	Switzerland	16.5	14.0	19.6	14.7	18.0	9.2
Hungary	4.9	5.3	4.2	3.0	6.1	8.0	Turkey	11.1	9.0	14.6	9.2	12.5	14.4
Iceland	3.1	4.0	1.1	4.5	1.7	4.9	United Kingdom	15.5	12.8	19.2	12.6	18.0	12.4
Ireland	7.4	6.4	7.5	5.2	8.3	7.4	United States	23.1	19.7	28.3	19.6	25.9	17.8
Israel	20.6	16.8	26.4	18.0	22.6	16.9	OECD	13.1	11.4	15.3	10.1	15.1	11.3
Italy	11.3	10.4	12.2	8.1	13.7	14.2	Russian Federation	12.0	13.2	10.3	7.0	14.5	11.5
Japan	20.0	16.4	23.9	16.4	22.8	15.7	South Africa	20.7	20.5	21.1	13.3	24.7	26.6
Korea	43.4	34.6	55.1	37.1	48.3	16.7							

Notes: Data are for 2018 except for some countries; see note of Table 7.1 for details. Data for Colombia is unavailable.

Source: OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

StatLink  <https://stat.link/4sgc2z>

Figure 7.2. Income poverty rates by age: older vs. total population, latest available year



Note: Data are for 2018 except for some countries; see note of Table 7.1 for details.

Source: OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

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Poverty depth

Substantial country differences exist in the so-called poverty depth measured by the gap between the average income of the poor and the relative poverty line, here defined as 50% of median income (Figure 7.3). Among the elderly, the largest poverty depth – more than 35% of the income at the poverty threshold – is in Iceland, Korea, Mexico, Turkey and the United States. This means that in these countries the average income of those aged 66+ who are relatively poor is less than 65% of the relative poverty line income. In Austria, Israel, Japan, Luxembourg and the Netherlands, the poverty depth of the 66+ also exceeds 30%. The lowest average gaps, of less than 15%, are reported in Canada, the Czech Republic, Denmark, Finland, New Zealand, Norway, the Slovak Republic and Sweden.

Poverty depth is smaller for the elderly (23.8%) than for all poor (29.8%). This is the opposite in only Iceland, Korea, Mexico and Turkey as well as, but to a smaller extent, in Austria, Belgium and Luxembourg.

A higher poverty incidence tends to coincide with larger poverty depth in OECD countries. This effect is even stronger for the total population (coefficient of correlation of 0.40) than for the over-65s (0.32).

Change in poverty in recent decades

The incidence of poverty has substantially changed over time, at least in some countries (Table 7.3). Among the elderly, relative poverty rates fell between 2000 (or first available year thereafter) and 2018 (or latest available year) in 18 out of 32 OECD countries for which data are available, but on average among all countries by only 0.7 percentage points. The largest

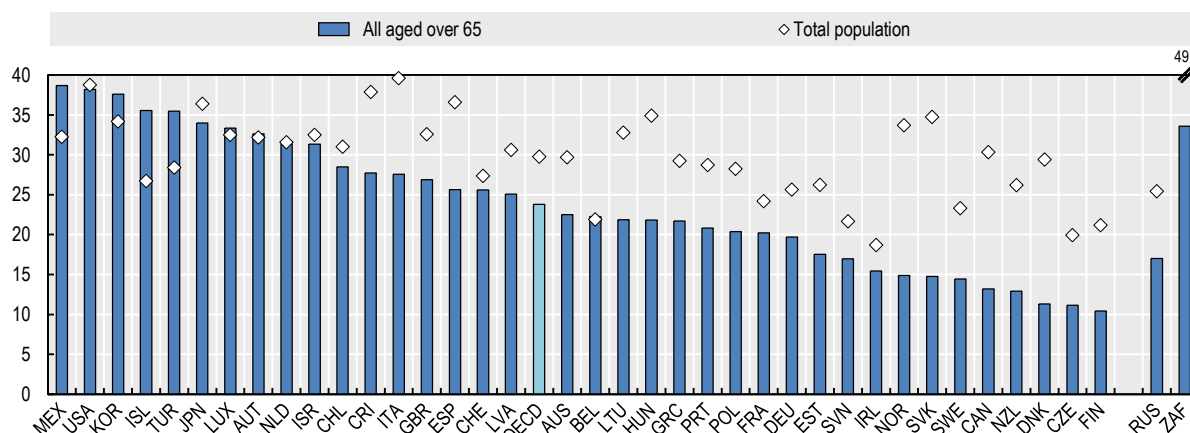
declines were observed in Greece (-12.3 percentage points), Ireland (-11.6 percentage points) and Spain (-9.7 percentage points) while poverty rates increased substantially in Latvia (+15.2 percentage points) and New Zealand (+8.9 percentage points).

Poverty rates increased over recent decades for other age groups – and in particular for young adults. The poverty rate of the 18 to 25-year-olds increased in 21 out of 32 countries between 2000 and 2018 and by 1.0 percentage points on average. It declined most in Iceland (-5.1 percentage point), Ireland (-2.3 percentage points), Latvia (-2.3 percentage points), Poland (-2.5 percentage points) and Sweden (-3.5 percentage points) and increased strongly in Denmark (+5.5 percentage points), Finland (+5.7 percentage points), Greece (+5.7 percentage points), the Netherlands (+7.4 percentage points) and Norway (+6.1 percentage points).

As a result, poverty shifted from the old, who used to have the highest poverty incidence, to young adults. The poverty shift, measured by the difference in poverty-rate changes for the over-65s and the 18-25s, averaged -1.7 percentage points for the OECD-32 between 2000 and the latest available data. The most extreme shift in poverty from the old to the young happened in Denmark (-12.8 percentage points), Greece (-18.1 percentage points), Norway (-14.2 percentage points), Portugal (-10.9 percentage points) and Spain (-13.8 percentage points) since 2000. The strongest poverty shifts in the opposite direction, hence from young to old, were in Canada (+7.1 percentage points), the Czech Republic (+8.7 percentage points), Latvia (+17.6 percentage points), New Zealand (+10.4 percentage points), Poland (+10.9 percentage points) and Sweden (+8.6 percentage points).

Figure 7.3. Income poverty depth by age: older vs. total population, latest available year

Poverty depth is measured as mean income gap of poor population to income at poverty line, percentage



Note: Data are for 2018 except for some countries; see note of Table 7.1 for details. In Spain, for example, the average income of the poor aged over 65 is 25.7% below the income threshold that determines whether a person counts as poor, which equals 50% of the median income in the total population here. That is, their average income is equal to 37.2% of median income. The average income of all poor in Spain is 36.6% below that poverty line. Due to scale, the total population figure of 48.5% for South Africa is not shown on the graph.

Source: OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

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Table 7.3. Change in relative income poverty rates between 2000 and latest available year by age

Percentage-point change in share with income lower than 50% of median equivalised household disposable income

Country (change since 2000 or latest thereafter)	Aged over 65	Age 0-17	Age 18-25	Age 26-65	Total	Poverty shift: aged over 65 vs. 18-25	Country change since 2000 or latest thereafter)	Aged over 65	Age 0-17	Age 18-25	Age 26-65	Total	Poverty shift: aged over 65 vs. 18-25
Australia	2.1	-1.2	1.2	-0.6	0.0	0.9	Korea						
Austria*	-3.3	-0.1	0.0	0.5	-0.3	-3.3	Latvia*	15.2	-8.5	-2.3	-3.0	-0.1	17.6
Belgium							Lithuania*	9.7	-2.3	1.0	-0.8	1.0	8.7
Canada	7.1	-3.5	0.0	-0.8	-0.4	7.1	Luxembourg						
Chile*	0.5	-4.7	0.3	-3.7	-3.6	0.2	Mexico	-0.2	-4.2	-1.8	-2.6	-3.2	1.5
Colombia							Netherlands	0.3	1.3	7.4	2.0	1.9	-7.1
Costa Rica							New Zealand	8.9	-0.5	-1.5	1.0	1.4	10.4
Czech Republic*	8.0	-3.3	-0.7	0.0	0.6	8.7	Norway	-8.2	5.0	6.1	2.8	2.2	-14.2
Denmark	-7.3	2.5	5.5	2.2	1.2	-12.8	Poland*	8.4	-10.5	-2.5	-2.4	-2.6	10.9
Estonia							Portugal*	-9.0	-2.3	1.9	-0.8	-2.2	-10.9
Finland	-1.1	0.5	5.7	1.1	1.2	-6.8	Slovak Republic*	-2.4	2.8	2.3	0.3	0.5	-4.7
France	1.1	2.5	1.1	0.9	1.2	0.1	Slovenia*	-2.6	-0.2	2.0	0.9	0.4	-4.6
Germany	-0.1	2.4	3.9	2.8	2.3	-4.0	Spain*	-9.7	-0.5	4.1	1.8	-0.2	-13.8
Greece	-12.3	1.4	5.7	2.4	-0.3	-18.1	Sweden	5.1	5.8	-3.5	4.7	4.5	8.6
Hungary	3.1	0.1	0.5	1.6	1.5	2.6	Switzerland*	-1.3	1.0	-0.8	-1.1	-0.5	-0.6
Iceland*	-1.4	-2.3	-5.1	0.0	-1.4	3.7	Turkey	-3.9	-1.0	-1.9	-2.1	-2.6	-2.0
Ireland*	-11.6	-5.9	-2.3	-2.8	-4.2	-9.3	United Kingdom	-7.2	-2.1	0.3	0.9	-0.6	-7.5
Israel	-5.0	7.7	2.7	2.5	3.8	-7.7	United States	2.0	-0.3	0.1	-0.3	-0.5	1.9
Italy	-5.6	5.2	2.9	3.5	1.9	-8.5	OECD19	-1.2	1.1	1.8	1.1	0.8	-3.0
Japan							OECD32*	-0.7	-0.5	1.0	0.3	0.1	-1.7

Notes: Data are for 2018 except for some countries; see note of Table 7.1 for details. Historical data for Belgium, Estonia, Korea and Luxembourg are not comparable due to breaks in series and are not shown here. Data for Colombia and Costa Rica are unavailable.

Source: OECD calculations based on OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

StatLink <https://stat.link/inafdm>



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