

### Key Results

On average in the OECD, 13.5% 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 23.5% on average. Poverty rates are higher for older people than for the population as a whole, which averages 11.8%. However, this result is driven by a handful of countries. In 20 out of 36 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, 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 percent in Korea, were above 30 percent in Estonia and Latvia, and more than 20 percent 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 15 OECD countries, older people are more likely to be income poor than the total population (Figure 7.2). In these countries, the average old-age poverty rate is equal to 22% compared to 14% in the total population. The largest difference between the two is found in Korea where older people have 26 percentage-point higher poverty rates than the total population, followed by Estonia, Latvia and Australia. Apart from Finland, where rates are identical, older people are less likely to be poor than the total population in the other 20 OECD countries. Most notably among these are Greece, the Netherlands and Spain, where the old-age poverty rate is about 6 percentage points lower.

G20 countries beyond the OECD paint a very diverse picture. Poverty rates among the over-65s are high in China (39%) and India (23%). Brazil records a lower rate of 8% for the over-65s, far below the rate of 20% in the total population.

#### 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 11.6% and 16.2%, respectively. The difference between the two is particularly high in Korea (+20.4 percentage points), Latvia (+15.2), and Estonia (+13.7). There are many explanations for this pattern. In Korea, the pension system is still maturing guaranteeing a higher pension income to younger generations. Moreover, in all three countries, individual pensions are indexed to less than earnings growth (Table 4.3 in Chapter 4). This lowers the relative value of pensions compared to earnings when retirees grow older, as earnings tend to grow in real terms over time. Also, women

predominate among the older age group. Nevertheless, in five OECD countries – Austria, Chile, Hungary, Luxembourg and Poland – the over 75s fare slightly better than their younger counterparts do.

#### Poverty and gender

Older women are at greater risk of poverty than older men in all countries except Chile where risks are nearly equal. The average old-age poverty rates for women and men in the OECD equal 15.7% and 10.3%, 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 are observed in Brazil, Denmark, France, Hungary, Ireland 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 12 percentage points. There are also significant differences of more than 5 percentage points in Austria, Canada, the Czech Republic, Israel, Japan, 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, in percent of this threshold. See OECD Income Distribution Database for more details on definitions and data sources.

#### Further Reading

OECD (2019), *Income Distribution Database*, <http://www.oecd.org/social/income-distribution-database.htm> (accessed on 15 September 2019).

OECD (2017), *Preventing Ageing Unequally*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264279087-en>.

Table 7.2. **Income poverty rates by age and gender, 2016 or 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	23.2	19.5	28.7	21.2	24.8	12.1	Mexico	24.7	22.5	28.2	23.3	25.9	16.6
Austria	8.7	9.0	8.5	5.9	11.0	9.8	Netherlands	3.1	2.0	4.9	2.8	3.5	8.3
Belgium	8.2	8.0	8.4	7.0	9.1	9.7	New Zealand	10.6	7.7	15.2	6.6	14.0	10.9
Canada	12.2	10.9	14.3	9.3	14.7	12.1	Norway	4.3	2.4	7.3	2.1	6.2	8.4
Chile	17.6	17.7	17.4	17.6	17.5	16.5	Poland	9.3	10.1	8.2	5.5	11.8	10.3
Czech Republic	4.5	4.1	5.4	1.4	6.9	5.6	Portugal	9.5	7.8	11.3	7.2	11.1	12.5
Denmark	3.0	2.0	4.5	2.1	3.7	5.8	Slovak Republic	4.3	3.6	5.7	2.6	5.5	8.5
Estonia	35.7	29.3	43.0	21.4	42.8	15.7	Slovenia	12.3	10.5	15.0	6.8	16.3	8.7
Finland	6.3	3.7	10.0	4.6	7.6	6.3	Spain	9.4	8.7	10.1	7.8	10.6	15.5
France	3.4	2.8	4.1	2.6	3.9	8.3	Sweden	11.3	7.9	16.5	7.3	14.8	9.3
Germany	9.6	8.9	9.4	7.4	10.6	10.4	Switzerland	19.5	15.5	25.0	17.0	21.6	9.1
Greece	7.8	7.6	7.9	6.4	8.8	14.4	Turkey	17.0	14.3	21.0	14.9	18.5	17.2
Hungary	5.2	5.9	4.3	4.8	5.5	7.8	United Kingdom	15.3	12.1	19.7	12.5	17.7	11.9
Iceland	2.8	2.4	3.5	1.7	3.9	5.4	United States	23.1	19.7	28.3	19.6	25.9	17.8
Ireland	6.0	4.9	7.6	5.8	6.1	9.2	<b>OECD</b>	<b>13.5</b>	<b>11.6</b>	<b>16.2</b>	<b>10.3</b>	<b>15.7</b>	<b>11.8</b>
Israel	19.9	17.3	23.8	16.2	23.0	17.9	Other G20 countries						
Italy	10.3	10.0	10.6	7.9	12.1	13.7	Brazil	7.7	7.9	7.3	7.5	7.8	20.0
Japan	19.6	16.7	22.9	16.2	22.3	15.7	China	39.0	37.7	41.5	37.9	40.1	28.8
Korea	43.8	35.5	55.9	37.1	49.0	17.4	India	22.9	23.3	22.2	21.9	24.0	19.7
Latvia	32.7	25.6	40.8	20.0	38.8	16.8	Russian Federation	14.1	15.0	12.7	8.4	17.0	12.7
Lithuania	25.1	21.7	29.2	13.4	31.0	16.9	South Africa	20.7	20.5	21.1	13.3	24.7	26.6
Luxembourg	7.7	8.9	5.4	6.3	8.9	11.1							

Notes: Data are for 2016 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> (September 2019 version).


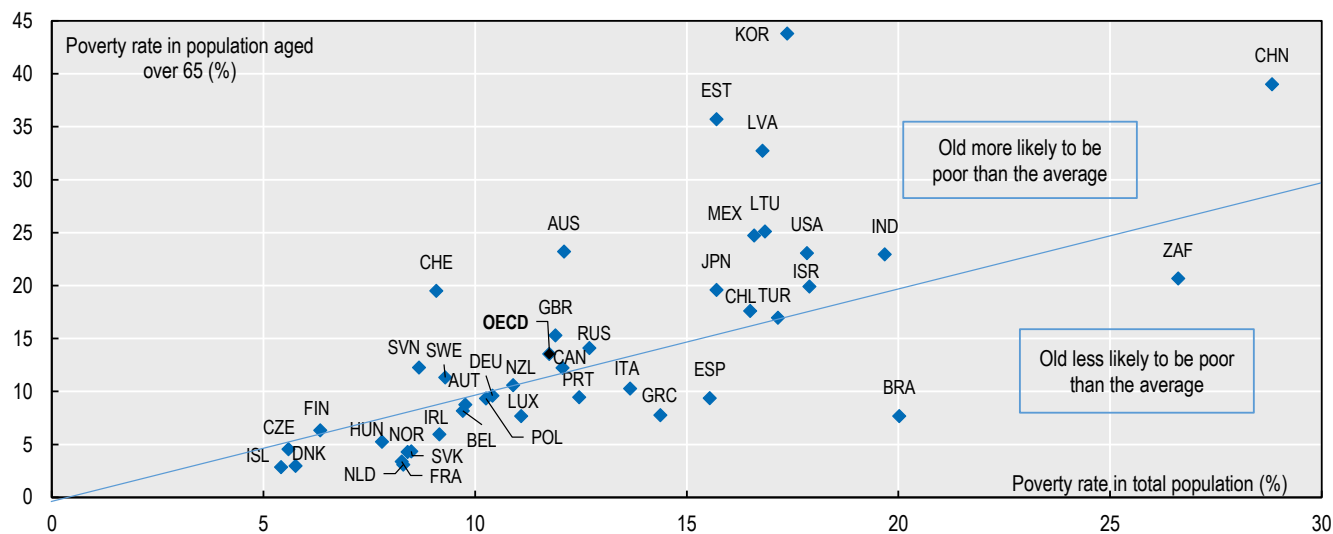

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Figure 7.2. **Income poverty rates by age: older vs. total population, 2016 or latest available year**



Notes: Data are for 2016 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> (September 2019 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 40% of the income at the poverty threshold – is in Hungary, Korea and Mexico. In Japan, the Netherlands, Spain, Turkey and the United States, the poverty depth of the 66+ exceeds 30%. The lowest average gaps of less than 15% are reported in Canada, the Czech Republic, Denmark, Estonia, Finland, Iceland, New Zealand and Sweden.

Poverty depth is smaller for the elderly (23.5%) than for all poor (30.6%). This is the opposite in only Hungary, Ireland, Korea, Mexico and Turkey as well as China and India among non-OECD G20 countries.

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

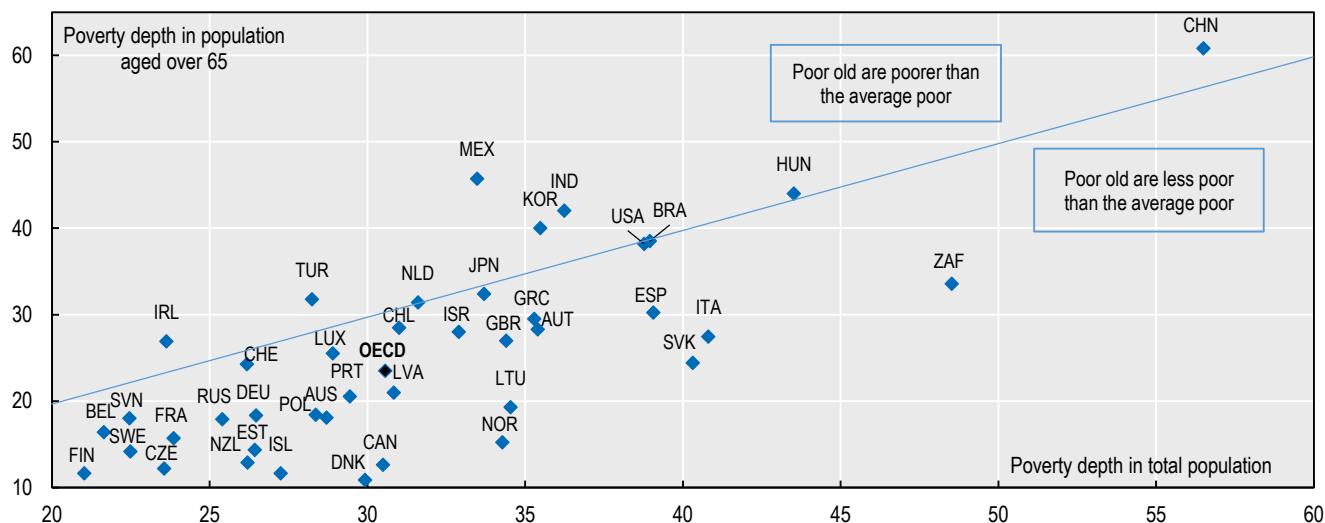
The incidence of poverty has substantially changed over time, at least in some countries (Table 7.3). Among the elderly, relative poverty rates fell between the mid-1990s and 2016 (or latest available year) in 12 out of 19 OECD countries for which data are available and on average by 2.1 percentage points. The largest declines were observed in Greece (-17.5 percentage points), Israel (-9.7) and Norway (-11.8) while poverty rates in Canada (+9.1) and New Zealand (+9.3) increased substantially.

Data are available from the mid-2000s in all OECD countries except Estonia, Korea and Luxembourg. On average, the old-age poverty rate has declined by 1.4 percentage points by 2016.

By contrast, poverty rates increased over recent decades for most parts of the population – and in particular for young adults. Difficult labour market conditions since the great recession contribute to this development. The poverty rate of the 18 to 25 year-olds increased in 16 out of 19 countries between the mid-1990s and 2016 and by 3.6 percentage points (p.p.) on average. They declined only slightly in Australia, Hungary and Mexico, and increased strongly in Denmark (+8.2), Greece (+10.1), Israel (+9.0) and Norway (+7.4). Between the mid-2000s and 2016, the OECD-33 average increased by 1.4 percentage points, with the maximum increase of 9.5 percentage points in Lithuania.

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 -5.7 p.p. for the OECD-19 between the mid-90s and the latest available data and at -2.8 p.p. for the OECD-33 since the mid-2000s. The most extreme shift in poverty from the old to the young happened in Denmark (-15.2), Greece (-27.6), Israel (-18.7) and Norway (-19.2) since the mid-1990s and, among additional countries for which data are available since the mid-2000s, in Ireland (-15.8), Portugal (-14.9) and Spain (-15.4). The strongest poverty shifts in the opposite direction, hence from young to old, were in Canada (+8.4) since the mid-1990s and in Latvia (+12.6) since the mid-2000s.

Figure 7.3. **Income poverty depth by age: older vs. total population, 2016 or latest available year**  
Mean income gap of poor population relative to the poverty line (in % of the poverty-line income)



Note: Data are for 2016 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 30.2% 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 34.9% of median income. The average income of all poor in Spain is 39.1% below that poverty line.

Source: OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (September 2019 version).

StatLink <https://doi.org/10.1787/888934042181>

Table 7.3. **Change in relative income poverty rates between the mid-1990s and 2016 by age**  
Percentage-point change in share with income lower than 50% of median equivalised household disposable income

Country (* change since mid-2000s instead of mid-1990s)	Aged over 65	Age 0-17	Age 18-25	Age 26-65	Total	Poverty shift: aged over 65 vs. 18-25	Country (* change since mid-2000s instead of mid-1990s)	Aged over 65	Age 0-17	Age 18-25	Age 26-65	Total	Poverty shift: aged over 65 vs. 18-25
Australia	0.8	-0.4	-0.2	0.1	0.5	0.9	Latvia*	9.6	-5.8	-3.0	-2.4	-0.8	12.6
Austria*	-4.6	1.8	2.9	0.3	0.1	-7.5	Lithuania*	9.7	-0.4	9.5	0.0	2.6	0.2
Belgium*	-7.4	2.9	2.6	1.5	0.5	-9.9	Luxembourg	..	..	..	..	..	..
Canada	9.1	-4.1	0.6	0.4	0.2	8.4	Mexico	-3.6	-3.0	-1.0	-2.0	-2.6	-2.6
Chile*	0.5	-4.7	0.3	-3.7	-3.6	0.2	Netherlands	-0.4	1.2	4.6	2.8	1.9	-5.0
Czech Republic*	2.2	-1.1	0.7	0.0	0.1	1.5	New Zealand	9.3	1.4	1.7	2.3	2.7	7.6
Denmark	-7.0	1.9	8.2	2.2	1.2	-15.2	Norway	-11.8	4.8	7.4	2.7	1.4	-19.2
Estonia	..	..	..	..	..	..	Poland*	5.0	-8.5	-2.7	-1.1	-2.1	7.7
Finland	1.0	1.6	5.2	2.0	2.1	-4.2	Portugal*	-8.5	1.0	6.4	1.3	-0.2	-14.9
France	-0.8	2.5	1.6	0.3	0.5	-2.3	Slovak Republic*	-2.2	4.4	1.3	1.5	1.2	-3.5
Germany	-0.3	4.3	5.4	3.8	3.3	-5.8	Slovenia*	-2.3	1.1	2.0	2.4	1.6	-4.3
Greece	-17.5	5.6	10.1	2.6	0.8	-27.6	Spain*	-10.2	1.6	5.2	4.1	1.4	-15.4
Hungary	2.8	0.0	-1.0	2.9	1.9	3.9	Sweden	7.1	6.8	2.6	5.5	5.7	4.5
Iceland*	-1.4	-1.9	-0.1	-0.2	-0.9	-1.3	Switzerland*	1.7	-1.5	-0.1	-1.5	-0.6	1.8
Ireland*	-12.5	-3.6	3.3	-0.6	-2.3	-15.8	Turkey	-6.1	6.4	3.6	-0.1	1.5	-9.7
Israel	-9.7	11.5	9.0	3.3	5.9	-18.7	United Kingdom	-2.9	-4.4	2.6	0.9	-0.5	-5.5
Italy	-6.6	-2.5	2.3	0.7	-1.1	-8.9	United States	0.6	-1.2	1.8	2.5	1.3	-1.2
Japan	-3.4	1.8	3.4	1.7	2.0	-6.9	<b>OECD19</b>	<b>-2.1</b>	<b>1.8</b>	<b>3.6</b>	<b>1.8</b>	<b>1.5</b>	<b>-5.7</b>
Korea	..	..	..	..	..	..	<b>OECD33*</b>	<b>-1.4</b>	<b>0.0</b>	<b>1.4</b>	<b>0.7</b>	<b>0.3</b>	<b>-2.8</b>

Notes: Except for some countries, most recent data are for 2016 while mid-1990s data are for 1995 and adjusted for a break in series. Where mid-1990s data are unavailable mid-2000s data are shown, which are for 2005 except for some countries. See note of Table 7.1 for details. Historical data for Estonia, Korea and Luxembourg are not comparable due to breaks in series and are not shown here.

Source: OECD calculations based on OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (September 2019 version).

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