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# Relative Importance of Various Income Sources of the Aged, 1980

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This article looks at the extent to which aged couples and nonmarried persons rely on earnings, retirement pensions, assets, and public assistance. The study notes the importance of these various sources to aged units with different levels of both total money income and retirement income, then examines changes in the relative importance of the different sources over time. The data indicate that 23 percent of all aged units had some income from earnings in 1980 and that 90 percent had income from Social Security. Asset income also was widely received. Twenty-two percent of the aged units had private pension income, and 12 percent had government-employee pensions. Public assistance was received by 10 percent of the aged units.

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Social Security benefits, earnings, private pensions and savings, and means-tested cash assistance are the primary sources of income for the aged population. The Social Security benefit formula is weighted to provide benefits that represent proportionately more of a lower-paid worker's prior earnings than those of a higher-paid worker. Higher-paid workers are more likely than those with lower earnings to have a private pension and/or savings to supplement Social Security. Earnings can also be an important source of income for those who are not fully retired; Social Security benefits are payable to such persons if their earnings do not exceed certain amounts established by the Social Security earnings test. For those with no Social Security benefits or very small benefits, means-tested cash assistance programs—primarily Supplemental Security Income—are available.

This article looks at the extent to which aged couples and nonmarried persons do in fact rely on these various sources of income in addition to Social Security. The first section presents data on the importance—measured in several ways—of these sources to aged couples and nonmarried persons with different levels of total money income. The second section looks at the relative importance of different types of retirement income by levels of total retirement income. Changes in the relative importance of the various sources since 1962 are detailed in the third section.

## Data Base and Limitations

This study uses an extract from the March 1981 Current Population Survey (CPS) conducted by the Census Bureau. The extract represents the 19 million aged units—nonmarried persons and couples—in the United States in which at least one member is aged 65 or older. Nonmarried persons may be widows or widowers, divorced persons, never-married persons, or persons married but living apart.

Respondents in the CPS were asked about their income sources and amounts for calendar year 1980. A couple was counted as having income from a given source if either spouse received it. In this study, only income available directly to a couple or a nonmarried person was considered: if a couple or nonmarried person was living with other family members, the income of those other persons was disregarded.

Because income receipt is self-reported in the CPS, actual amounts are subject to errors—particularly of underreporting. A recent **Bulletin** article,<sup>1</sup> in which adjusted income levels reported in the CPS were matched to information from Social Security and Federal income

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<sup>1</sup> Daniel B. Radner, "Distribution of Family Income: Improved Estimates," **Social Security Bulletin**, July 1982, pages 13-21. In the Radner analysis, aged family units consist of families headed by a person aged 65 or older and unrelated individuals (persons living alone or with nonrelatives). An aged widow and the son and daughter-in-law with whom she is living would be considered one family unit in this construct and would be counted as aged only if the family reported the widow as being the family head. It should be noted that all income is not reported to the Social Security Administration and the Internal Revenue Service. Thus, actual income probably is more than 41 percent higher than nonadjusted income.

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tax records of 1972, found that the adjusted 1972 income of aged family units would be 41 percent higher than was reported. The degree of underreporting varied by the amount of total income a family had and by the type of income received. Underreporting was estimated to be only about 10 percent at the lowest income levels but more than 50 percent at the highest end of the income distribution. Underreporting was less of a problem for income sources that were received regularly than for other sources. If the mean reported income of the aged were adjusted to account for these errors, income from Social Security and Railroad Retirement income would be decreased by 1 percent. In contrast, income from assets (interest, dividends, and income from rental properties, for example) would be increased by 165 percent, self-employment income by 43 percent, wages and salaries by 22 percent, and other income (including private and public employee pensions, public assistance, and veterans' benefits, among others) by 28 percent. If these adjustments were taken into account in calculating the shares of aggregate income each source provided to aged family units, the relative importance of Social Security would decline and the importance of other sources would increase:

Income source	Aggregate share using—	
	Unadjusted CPS	CPS adjusted for underreporting
Social Security.....	32	22
Earnings.....	37	33
Assets.....	17	31
Other.....	15	13

Although the Census Bureau has made attempts to improve reporting of income—particularly income other than earnings—underreporting still is a problem. This is especially true for higher income units.

## Relative Importance by Income Levels

In this section, the importance of the various income sources is examined by the units' total reported money income. The units are divided into four income groups. The percent of units whose incomes fall into each of these categories is as follows:

Income level	All units	Couples	Nonmarried persons
Total number (in millions).	19.0	7.8	11.2
Total percent.....	100	100	100
Less than \$5,000.....	35	9	53
\$5,000-\$9,999.....	31	30	31
\$10,000-\$19,999.....	23	38	12
\$20,000 or more.....	12	24	4

Table 1 shows the percent of aged units receiving income from various sources by total money income and marital status. Earnings were reported by 23 percent of all aged units, usually those with higher income.

Social Security was by far the most common source of income. About 90 percent of the aged units included at least one person who received Social Security benefits in 1980. Receipt of Social Security benefits varied little by income class: almost as high a proportion of the units with incomes of \$20,000 or more received Social Security as did those with total incomes of \$5,000 or less.

Asset income was the next most common source of income. Sixty-six percent of the units had asset income and, although receipt was most likely among those with high incomes, 38 percent of those with incomes of less than \$5,000 reported receipt of some asset income.

Private pensions were received by 22 percent of the units and 12 percent had government-employee pensions (from the Federal, State, or local governments). As would be expected, receipt of these income sources was most common among those with higher incomes.

Public assistance went to 10 percent of the aged units—24 percent of those with total income of less than \$5,000 and very few of those at the higher income levels.

The remainder of this section looks at the relative importance of the various income sources using three measures:<sup>2</sup>

- The percent of all units—that is, of both those who did or did not have income from a particular source—who relied on that source for at least 50 percent of their total income (table 1);
- the percent of those units receiving a given source of income who relied on that source for at least 50 percent of their total income (table 2); and
- the percent of the aggregate income of the aged that is provided by each source (table 1).

## Earnings

As noted, earnings still were a source of income for 23 percent of all aged units—36 percent of the couples and 13 percent of the nonmarried persons. The couples were more likely than the nonmarried persons to have earnings because the unit is counted as having earnings if either spouse did. Those with higher income were more likely to have earnings than those with lower income. Ten percent of all aged units relied on earnings for at least half their total income. And for those with earnings, the earnings were an important source of income—particularly at the higher income levels. For 46 percent of those with total income of \$10,000–\$19,999, earnings

<sup>2</sup> Additional measures and more complete data, including, for example, information on persons aged 55–64 as well as those older than age 64, are available in Susan Grad, **Income of the Population 55 and Over, 1980** (Statistical Report), Office of Research and Statistics, Office of Policy, Social Security Administration, 1982. Earlier reports on income of the aged were published as Staff Paper No. 35 (1976 data) and Staff Paper No. 41 (1978 data).

**Table 1.—Importance of income sources for aged units, by total money income and marital status, 1980**

Income source	All units					Married couples					Nonmarried persons				
	All	Less than \$5,000	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more	All	Less than \$5,000	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more	All	Less than \$5,000	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent of all units with income from—															
Earnings . . . . .	23	6	19	36	58	36	15	23	38	63	13	6	17	31	37
Retirement pensions <sup>1</sup> . . . . .	93	88	98	96	91	95	89	98	97	91	93	88	97	93	90
Social Security . . . . .	90	87	94	92	84	92	84	96	94	84	90	87	92	87	83
Government-employee . . . . .	12	3	10	20	28	15	2	8	17	29	9	3	12	28	25
Private . . . . .	22	4	24	39	36	32	1	22	45	39	14	4	26	26	25
Asset income . . . . .	66	38	72	89	97	69	34	62	88	96	52	38	78	91	98
Public assistance . . . . .	10	24	5	1	0	5	29	6	1	0	14	23	4	1	0
Percent of all units receiving 50 percent or more of total money income from <sup>2</sup> —															
Earnings . . . . .	10	1	5	16	32	16	4	5	15	34	5	1	5	18	24
Retirement pensions <sup>1</sup> . . . . .	75	86	84	62	29	68	85	90	70	32	77	87	80	45	18
Social Security . . . . .	59	84	73	33	1	49	82	83	45	1	66	84	66	8	0
Government-employee . . . . .	4	1	3	8	8	5	1	2	6	8	4	1	4	12	9
Private . . . . .	2	1	2	3	2	2	0	1	2	2	2	1	2	4	3
Asset income . . . . .	9	2	6	14	27	8	4	2	7	21	10	2	9	29	54
Public assistance . . . . .	3	8	1	0	0	1	7	1	0	0	4	8	1	0	0
Share (in percents) of aggregate income from <sup>3</sup> —															
Earnings . . . . .	19	2	8	17	33	24	2	8	17	35	11	1	8	17	22
Retirement pensions <sup>1</sup> . . . . .	55	81	75	59	32	52	80	81	64	34	61	81	70	49	28
Social Security . . . . .	40	79	63	39	16	35	78	72	45	16	48	79	55	28	12
Government-employee . . . . .	7	1	4	9	9	8	1	3	7	9	7	1	6	12	9
Private . . . . .	7	1	6	10	6	8	1	5	11	7	5	1	7	7	5
Asset income . . . . .	22	4	14	21	34	22	4	8	17	31	23	5	18	31	49
Public assistance . . . . .	1	10	1	0	0	1	12	2	0	0	3	10	1	0	0

<sup>1</sup> Amounts of Social Security and Railroad Retirement are excluded from the separate items listed below for persons receiving both sources because the CPS questionnaire asks for the combined amount. Similarly, amounts of government-employee pensions and private pensions are excluded from the items listed below for persons receiving both sources. All pension income is included in the "retirement pensions" category.

<sup>2</sup> Units with zero or negative total income are excluded. In addition, units with negative income from assets are excluded from the importance of assets section; units with negative earnings are excluded from that section; units with a person receiving both Social Security and Railroad Retirement are excluded from the Social Security section; and units with a person receiving both a government-employee and a private pension are excluded from both the govern-

ment-employee and private pension sections.

<sup>3</sup> Amounts of Social Security are excluded from that item for persons receiving both Social Security and Railroad Retirement because the CPS questionnaire asks for the combined amount. (Persons receiving Railroad Retirement only, however, are included under Social Security.) Amounts of government-employee pensions and private pensions are excluded from the separate items for persons receiving both sources. All pension income is included in the retirement pension category, however.

**Source:** Special extract from March 1981 CPS conducted by the Census Bureau. These estimates are based on data reported by respondents to the CPS; because the data are self-reported, they are subject to problems of underreporting.

provided at least half the total income; and for 57 percent of those with earnings and total income of \$20,000 or more, the earnings represented at least half of total income. All in all, earnings provided 19 percent of the aggregate income of aged units, and 33 percent of the aggregate for those with income of \$20,000 or more, as shown in the following tabulation:

Item	All units	Level of total money income			
		\$5,000 or less	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent of all units with earnings . . . . .	23	6	19	36	58
Percent of all units relying on earnings for 50 percent or more of total income . . . . .	10	1	5	16	29
Percent with earnings relying on earnings for 50 percent or more of total income . . . . .	42	24	27	45	56
Share of aggregate income provided by earnings . . . . .	19	2	8	17	33

## Retirement Pensions

**Social Security.** The majority of aged units relied on Social Security benefits for at least half their total income. Social Security represented at least half of total income for 59 percent of all aged units, including those who did not receive Social Security benefits.<sup>3</sup> If only those who actually received Social Security benefits are considered, then 65 percent relied on those benefits for at least half their income and 26 percent of the beneficiaries relied on Social Security for 90 percent or more of their total income. Further, Social Security provided the largest share of any single income source. When all reported income for all units was added, Social Security was found to contribute 40 percent.

By any of these measures, Social Security was more important for units with low to moderate total income

<sup>3</sup> If all income were reported to the CPS, this percentage would be somewhat lower.

than for those with higher income, as shown in the following tabulation:

Item	All units	Level of total money income			
		\$5,000 or less	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent receiving Social Security.....	90	87	94	92	84
Percent of all units relying on Social Security for 50 percent or more of total income.....	59	84	73	33	1
Percent of all units receiving Social Security and relying on it for 50 percent or more of total income.....	65	94	78	36	0
Share of aggregate income provided by Social Security.....	40	79	63	39	16

Eighty-four percent of all aged units with income of \$5,000 or less relied on Social Security benefits for half their total income, compared with 33 percent of those with total income of \$10,000-\$19,999. And Social Security provided 79 percent of the aggregate income reported for units with income of less than \$5,000 but only 16 percent of the aggregate for those with income of \$20,000 or more.

**Government-employee pensions.** Thirty percent of all State and local government employees and most Federal civilian employees are not covered by Social Security.

**Table 2.**—Percent of all aged units with a given source of income who relied on that source for 50 percent or more of total money income, 1980<sup>1</sup>

Income source	All units	Level of total money income			
		Less than \$5,000	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Earnings.....	42	24	27	45	56
Retirement pensions <sup>2</sup> .....	78	95	86	65	32
Social Security.....	65	94	78	36	1
Government-employee.....	35	31	32	40	32
Private.....	7	16	7	7	6
Asset income.....	13	6	8	16	28
Public assistance.....	30	32	22	( <sup>3</sup> )	0

<sup>1</sup> Units with zero or negative total income are excluded. In addition, units with negative total income from assets are excluded from the importance of assets section; units with negative earnings are excluded from that section; units with a person receiving both Social Security and Railroad Retirement are excluded from the Social Security section; and units with a person receiving both a government-employee and a private pension are excluded from the government-employee and private pension sections.

<sup>2</sup> Amounts of Social Security and Railroad Retirement are excluded from the separate items listed below for persons receiving both sources because the CPS questionnaire asks for the combined amount. Similarly, amounts of government-employee pensions and private pensions are excluded from the items listed below for persons receiving both sources. All pension income is included in the "retirement pensions" category.

<sup>3</sup> Too few cases to compute a reliable estimate.

**Source:** Special extract from March 1981 CPS conducted by the Census Bureau. These estimates are based on data reported by respondents to the CPS; because the data are self-reported, they are subject to problems of underreporting.

For retirees who have worked a full career in these non-covered jobs, government-employee pensions are the primary source of retirement income. For those who worked primarily in the State and local jobs covered by Social Security, however, government-employee pensions, like private pensions, are supplements to, rather than substitutes for, Social Security. Government-employee pensions were less commonly received than private pensions. But because for many they are the primary retirement benefit, government pensions were more likely than private pensions to provide half or more of the total income of those who received them. Although only 12 percent of the aged units received government-employee pensions, 35 percent of these recipient units relied on the government pension for at least half their income. In all, government-employee pensions provided 7 percent of the aggregate income of the aged; they were received by 9 percent of the units with total income of \$20,000 or more. Twenty-eight percent of the units in the highest income category received government-employee pension income, as shown in the following tabulation:

Item	All units	Level of total money income			
		\$5,000 or less	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent of units with government-employee pensions.....	12	3	10	19	28
Percent of all units relying on government-employee pensions for 50 percent or more of total income.....	4	1	3	8	8
Percent of units with government-employee pensions and relying on these pensions for 50 percent or more of total income.....	35	31	32	40	32
Share of aggregate income provided by government-employee pensions.....	7	1	4	9	9

**Private pensions.** Because private pensions, as noted, almost always are designed to supplement Social Security benefits, and because those who have private pensions frequently have other sources of income as well, private pensions rarely are the primary source of income for the aged. In all, only 2 percent of all aged units relied on private pensions for at least half their income. And private pensions represented half the income for only 7 percent of those who actually had private pensions. Private pensions accounted for 7 percent of the total income of aged units. As anticipated in the design of the Social Security system, private pension receipt was more common among those with higher total incomes, as shown in the tabulation on the next page.

Item	All units	Level of total money income			
		Less than \$5,000	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent receiving private pensions . . . . .	22	4	24	39	36
Percent of all units relying on private pensions for 50 percent or more of total money income . . . . .	2	1	2	3	2
Percent of units with private pensions and relying on them for 50 percent or more of total income . . . . .	7	16	7	7	6
Share of aggregate income provided by private pensions . . . . .	7	1	6	10	6

### Asset Income

Asset income, like private pensions, often supplements Social Security benefits as a source of retirement income. And like private pensions, asset income is expected to be a more important source for those with higher income than for those with lower income. The 1980 data indicate that asset income was in fact more commonly received by those with higher income and was more likely to represent 50 percent or more of total income among those with higher income. As shown below, the proportion of all units reporting some income from assets ranged from 38 percent of those with income of less than \$5,000 to 97 percent of those with income of \$20,000 or more. And 28 percent of those with income of \$20,000 or more who had assets counted on assets for at least 50 percent of their income. In fact, assets provided 34 percent of the total income of those with \$20,000 or more in income.<sup>4</sup>

Item	All units	Level of total money income			
		Less than \$5,000	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent of units with asset income . . . . .	66	38	72	89	97
Percent of all units relying on assets for 50 percent or more of total income . . . . .	9	2	6	14	27
Percent of units with assets and relying on assets for 50 percent or more of total income . . . . .	13	6	8	16	28
Share of aggregate income provided by assets . . . . .	22	4	14	21	34

Interestingly, assets provided a far larger share of aggregate income than did private pensions for units at

<sup>4</sup> Again, it must be noted that asset income is significantly underreported in the CPS, especially among those with high incomes.

every income level. In all, assets provided 22 percent of the aggregate income of the aged, compared with 7 percent provided by private pensions. More than four times as many units relied on assets for at least half their income (9 percent) than relied on private pensions (2 percent).

### Public Assistance

About 10 percent of all aged units received public assistance, and most of these had total incomes of less than \$5,000. Among those with total incomes of less than \$5,000, 29 percent of the couples and 23 percent of the nonmarried persons received public assistance. Relatively few of those with higher income received public assistance. Among units with less than \$5,000 in income, 8 percent received at least half their income from public assistance; however, among those receiving public assistance, 32 percent got at least half their income from this source. And although public assistance represented only 1 percent of the aggregate income of all aged units, such assistance provided 10 percent of the aggregate income of those with total income of less than \$5,000, as shown in the following tabulation:

Item	All units	Level of total money income			
		\$5,000 or less	\$5,000-\$9,999	\$10,000-\$19,999	\$20,000 or more
Percent of all units with public assistance . . . . .	10	24	5	1	0
Percent of all units relying on public assistance for 50 percent or more of total income . . . . .	3	8	1	0	0
Percent with public assistance and relying on public assistance for 50 percent or more of total income . . . . .	30	32	22	19	0
Share of aggregate income provided by public assistance . . . . .	1	10	1	( <sup>1</sup> )	0

<sup>1</sup> Too few cases to compute a reliable estimate.

### Sources of Retirement Income

Retirement income is often defined to include Social Security, private and government-employee pensions, and asset income. In this section, the 3 percent of all units (1 percent of the couples and 4 percent of the nonmarried persons) who had only nonretirement income—such as from earnings or public assistance—were excluded, and the remaining units were arrayed by quintile according to the level of their retirement income. Different quintile distributions were calculated for all units, for married couples, and for nonmarried persons. For example, 20 percent of all units had \$3,249 or less in re-

retirement income. For married couples, the upper limit for the first quintile was \$5,224, and for nonmarried persons, the upper limit was \$2,699. The dollar limits of the quintile distribution are shown in table 3.

Two measures of the importance of the various sources of retirement income were used: (1) Shares of aggregate retirement income provided by Social Security, government-employee and private pensions, and asset income (table 4); and (2) the percent of aged units who relied on each of those sources for 50 percent or more of their retirement income (table 4).

Social Security provided by far the largest share of retirement income—49 percent for all units—and it was

**Table 3.—Dollar limits for quintile distributions**

Quintile	Aged units (number in millions)	Lower limit	Upper limit
All units .....	18.5	...	...
1st .....	3.7	\$1	\$3,249
2nd .....	3.8	3,250	4,824
3rd .....	3.7	4,825	7,299
4th .....	3.6	7,300	11,849
5th .....	3.7	11,850	...
Married couples ..	7.7	...	...
1st .....	1.6	1	\$5,224
2nd .....	1.5	5,225	7,899
3rd .....	1.5	7,900	10,899
4th .....	1.5	10,900	16,299
5th .....	1.5	16,300	...
Nonmarried persons .....	10.1	...	...
1st .....	2.1	1	\$2,699
2nd .....	2.2	2,700	3,874
3rd .....	2.2	3,875	5,099
4th .....	2.1	5,100	7,799
5th .....	2.2	7,800	...

the source most likely to provide 50 percent or more of retirement income. About 70 percent of all aged units received at least half their retirement income from Social Security.

Social Security was much more significant for those with lower incomes than for those in the upper end of the retirement income distribution. Social Security represented 86 percent of aggregate retirement income for those in the first quintile, but it was only 29 percent of the aggregate for those in the fifth quintile. Similarly, for 83 percent in the first quintile, Social Security provided at least half of all income, compared with only 23 percent for those in the fifth quintile. Social Security was somewhat more important, by either measure, for nonmarried persons than for couples across all income levels. As would be expected, as the importance of Social Security declined, the significance of the other sources—most notably assets—increased.

Asset income provided 28 percent of the aggregate retirement income of all units—30 percent of the income for couples and 26 percent of that for nonmarried persons. Assets provided three times as much of the aggregate retirement income as did either private or government-employee pensions. For units in the fifth quintile, assets accounted for 43 percent of all retirement income.

Government-employee and private pensions each provided 9 percent of the aggregate retirement income of the aged. Each represented less than 1 percent of the aggregate income for those in the lowest quintile. For the highest quintile, government-employee pensions provided 14 percent of the aggregate and private pensions provided 11 percent. Government-employee pensions were somewhat more likely than private pensions to ac-

**Table 4.—Retirement income: Two measures of the importance of income sources for aged units, by quintiles and marital status, 1980**

Income source	All units						Married couples					Nonmarried persons								
	Total	Quintiles					Total	Quintiles					Total	Quintiles						
		1st	2nd	3rd	4th	5th		1st	2nd	3rd	4th	5th		1st	2nd	3rd	4th	5th		
Share (in percent) of income from <sup>1</sup> —																				
Social Security .....	49	86	87	71	56	29	46	85	80	65	50	25	54	87	88	83	61	29		
Government-employee pensions .....	9	1	1	4	7	14	10	1	2	5	9	15	8	1	1	1	6	13		
Private pensions .....	9	1	1	5	11	11	10	1	4	11	15	11	6	1	1	2	7	9		
Asset income .....	28	7	6	13	21	43	30	9	9	15	22	46	26	6	5	8	18	45		
Percent receiving 50 percent or more of income from <sup>2</sup> —																				
Social Security .....	70	83	94	84	67	23	65	82	90	80	60	10	74	83	95	92	78	24		
Government-employee pensions .....	5	1	1	2	6	14	6	1	2	4	8	16	4	1	1	1	4	13		
Private pensions .....	2	1	1	2	3	4	2	1	2	3	3	3	2	1	1	1	2	6		
Asset income .....	13	13	2	5	13	34	15	15	3	7	11	37	13	13	2	3	8	38		

<sup>1</sup> Amounts of Social Security are excluded from that item for persons receiving both Social Security and Railroad Retirement because the CPS questionnaire asks for the combined amount. Persons receiving Railroad Retirement only also are not included. Amounts of government-employee pensions and private pensions are excluded from the separate items for persons receiving both sources.

<sup>2</sup> Units with zero or negative total income are excluded. In addition, units with negative earnings are excluded from the earnings item; units with negative

income from assets are excluded from the assets item; units with a person receiving both Social Security and Railroad Retirement are excluded from the Social Security item, and units with a person receiving both a government-employee and private pension are excluded from those items.

**Source:** Special extract from March 1981 CPS conducted by the Census Bureau. These estimates are based on data reported by respondents to the CPS; because the data are self-reported, they are subject to problems of underreporting.

count for at least 50 percent of retirement income. About 5 percent of all units relied on government-employee pensions for half or more of their retirement income, compared with 2 percent who relied primarily on private pensions. At the upper end of the income distribution, this difference was more striking: 14 percent of those in the highest quintile received at least 50 percent of their retirement income from government-employee pensions, compared with only 4 percent for whom private pensions were the primary income source.

## Trends Since 1962

This section looks at trends in the relative importance of retirement income sources as well as earnings and public assistance since 1962, the first year for which data are available in this form. One of the most significant changes since 1962 has been the decline in the importance of earnings—both in terms of the percent of units with any income from earnings and in terms of the share of aggregate income of aged units that earnings represents (table 5).

Importance of earnings	1962	1980
Percent of aged units with earnings . . . . .	36	23
Percent of aggregate income provided by earnings . . . . .	29	19

Concurrent with the decline in the importance of earnings has come increased reliance on retirement income from Social Security, government-employee and private pensions, and assets.

Receipt of Social Security benefits increased by one-fourth, from 73 percent to 90 percent, although most of this increase occurred between 1962 and 1976. Since 1976, the proportion of units with Social Security income has been fairly constant. The share of aggregate income of the aged provided by Social Security increased with the number of recipients between 1962 and 1976—rising from 31 percent to 40 percent. Since then, like the percent receiving benefits, the aggregate share of income provided by Social Security has remained about the same.

Government-employee pension receipt has more than doubled, from 5 percent to 12 percent. The share of aggregate income of the aged that this source represents, however, has remained at 6–7 percent.

Private pension receipt also has more than doubled, rising steadily from 9 percent to 21 percent of the aged units. The share of aggregate income this source provides also more than doubled—from 3 percent to 7 percent. Most of the increase in private pension receipt and in the share of income provided by private pensions took place between 1962 and 1976.

Asset income also has increased in importance since 1962, and this increase has been noted in each Current Population Survey during the period. In 1962, assets provided 16 percent of the income of aged units; in

**Table 5.—Total money income: Relative importance of specified sources for all aged units, selected years**

Income source	Year					
	1962	1967	1971	1976	1978	1980
Percent of units with income from <sup>1</sup> —						
Earnings . . . . .	36	27	31	25	25	23
Retirement pensions <sup>2</sup> . . . . .	74	89	90	92	93	93
Social Security . . . . .	69	86	87	89	90	90
Private . . . . .	9	12	17	20	21	21
Government-employee . . . . .	5	6	6	9	10	12
Asset income . . . . .	54	50	49	56	62	66
Public assistance . . . . .	13	12	10	11	10	10
Share (in percent) of aggregate income from <sup>3</sup> —						
Earnings . . . . .	29	29	...	23	23	19
Retirement pensions <sup>2,4</sup> . . . . .	40	46	...	55	54	55
Social Security . . . . .	31	34	...	40	39	40
Private . . . . .	3	5	...	7	7	7
Government-employee . . . . .	6	7	...	6	6	7
Asset income . . . . .	16	15	...	18	19	22
Public assistance . . . . .	6	4	...	2	2	1

<sup>1</sup> Data for 1962, 1967, and 1971 from Susan Grad, *Income of the Population 60 and Older, 1971* (Staff Paper No. 26), Office of Research and Statistics, Social Security Administration, 1975, table 10, page 28; 1976, 1978, and 1980 data from Susan Grad, *Income of the Population 55 and Over, 1980* (Statistical Report), Office of Research and Statistics, Office of Policy, Social Security Administration, 1982, table I.

<sup>2</sup> Amounts of Social Security and Railroad Retirement are excluded from the separate items listed below for persons receiving both sources because the CPS questionnaire asks for combined amount. Similarly, amounts of government-employee pensions and private pensions are excluded from the items listed below for persons receiving both sources. All pension income is included in the "retirement pensions" category.

<sup>3</sup> Data for 1962 from Lenore Epstein and Janet Murray, *The Aged Population of the United States: The 1963 Social Security Survey of the Aged* (Research Report No. 19), Office of Research and Statistics, Social Security Administration, 1975, table 3.6, page 291; 1967 data are from Lenore E. Bixby and others, *Demographic and Economic Characteristics of the Aged: 1968 Social Security Survey* (Research Report No. 45), table 2.5, page 18; 1976, 1978, and 1980 data are from Susan Grad, *Income of the Population 55 and Over, 1980* (Statistical Report), Office of Research and Statistics, Office of Policy, Social Security Administration, 1982, table IV.

<sup>4</sup> Railroad Retirement is included under government pensions in 1962 and 1967. In 1976, 1978, and 1980, Railroad Retirement for those who received benefits but not Social Security is included under Social Security. Amounts of Social Security benefits are excluded from that item for persons receiving both Social Security and Railroad Retirement because the CPS questionnaire asks for the combined amount. Similarly, amounts of government-employee pensions are excluded from the separate items for persons receiving both sources. All pension income, however, is included in the retirement pensions category. Individual annuities are not included in 1962 or 1968 but are included in private pensions in 1976, 1978, and 1980.

1980, asset income represented 22 percent of their income. The proportion with asset income increased during the period from 54 percent to 66 percent. By either of these measures—frequency of receipt or aggregate share of income—assets were second in importance only to Social Security and were considerably more important than private pensions.

Finally, as reliance on retirement income increased, public assistance declined in importance. Between 1962 and 1980, the proportion of aged units receiving public assistance declined from 13 percent to 10 percent, and the aggregate share of income provided by public assistance declined markedly—from 6 percent to 1 percent.

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## Summary

Social Security remained both the most common and the most important source of income for aged couples and nonmarried persons. More than four-fifths of units at all income levels received Social Security. As would be expected, Social Security was far less important for those with higher incomes than for those with lower incomes. Only 1 percent of those with incomes of \$20,000 or more relied on Social Security for at least half their total income, in contrast with 84 percent of those with total incomes below \$5,000 and 73 percent of those with incomes of \$5,000-\$9,999. Social Security provided 40 percent of all the aggregate total income and 49 percent of the aggregate retirement income of the aged.

Private pensions are more likely to be received now than in the past—22 percent had private pensions in 1980. Yet because private pensions supplement other income sources—especially Social Security—they usually were not a primary source of income for many aged

units. Only 2 percent of the aged units—even among those with total income of \$20,000 or more—relied on private pensions for at least half their total income. Private pensions provided 7 percent of aggregate total income and 9 percent of aggregate retirement income of the aged.

Earnings were received by one-fifth of the aged units, and for one-tenth earnings supplied at least half of total income. However, earnings have become a far less important source of income for the aged in more recent years than they were in the past.

Assets are an increasingly common source of income for the elderly, and the share of aggregate income provided by assets has also increased. At all income levels, income from assets is far more important than income from private pensions. Assets provide three times as much of the aggregate retirement income of the aged units as do either private or government-employee pensions.