

### Key results

On average, 12.8% of over 65s in OECD countries live in income poverty, defined as an income below half the national median. There is large variation between countries, from three with practically no old-age poverty to four with poverty rates double the OECD average. Poverty rates are higher for older people than for the population as whole, which averages 11.3%.

In 2010, poverty rates of people aged over 65 were very high in Korea (47%) and high in Australia (36%), Mexico (28%) and Switzerland (22%). Hungary, Luxembourg and the Netherlands have the fewest poor elderly: below 2%. Poverty rates are close to the OECD average of 12.8% in Austria, Belgium, Italy, New Zealand and Spain.

In 16 out of 34 countries, the population poverty rate is below the old-age poverty rate. The largest differences between the two are found in Australia, Korea and Switzerland. Older people are relatively less likely to be poor in 18 countries. Most notably among these are Canada, Estonia, Hungary, Luxembourg and the Netherlands, where the old-age poverty rate is between 4.7 and 6.1 percentage points lower than the overall rate.

### Poverty and age

Poverty among the “younger old” (aged 66-75) is generally rarer than among the “older old” (aged 75 and over); the average poverty rates are 11.3% and 13.8%, respectively. The difference between the two is in double digits in Australia and around 8 percentage points higher in Finland, Slovenia, Sweden 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: they make up 53% of 66-75 year olds and 60% of those aged over 75 on average. Nevertheless, in three countries – Chile, Hungary and Poland – the over 75s fare slightly better than their younger counterparts. The differences in Austria, Belgium and the Netherlands are all 0.4 percentage points or lower.

One important factor that explains the varying incidence of old-age poverty is the level at which safety-net retirement benefits are set. In Australia, for example, this benefit was below the poverty thresholds in the late-2000s. By contrast, the basic pension in New Zealand was slightly higher than the country's poverty threshold (see the indicator on “Basic, targeted

and minimum pensions”). Korea's very high old-age poverty rate is primarily due to the fact that the public pension scheme was introduced in 1988, so retirees in the mid-2000s had little or no entitlements.

### Changes over time

Between 2007 and 2010 the overall population poverty rate increased from 11.2 to 11.3. In contrast though the elderly poverty rate for those aged 65 and over decreased from 15.1% to 12.8%. Overall only eight of the 33 OECD countries, for which data is available, showed an increase in old-age poverty over the three year time period. Despite the 2010 results being only the initial findings following the economic crisis it does indicate that pensioner incomes have been protected in comparison to those of the general population.

Time analysis also shows the sensitivity of poverty figures to benefit levels. For example the old-age poverty rate in New Zealand decreased from 23.5 in 2007 to 12.5% in 2010 purely because of the position of the flat rate benefit to the poverty threshold. The same is also true for Ireland where the rate fell from 13.4% to 8.0% over the same timeframe.

### 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 (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.

### Further reading

OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Table 5.3, OECD Publishing, <http://dx.doi.org/10.1787/9789264044197-en>.

### 5.4. Income poverty rates

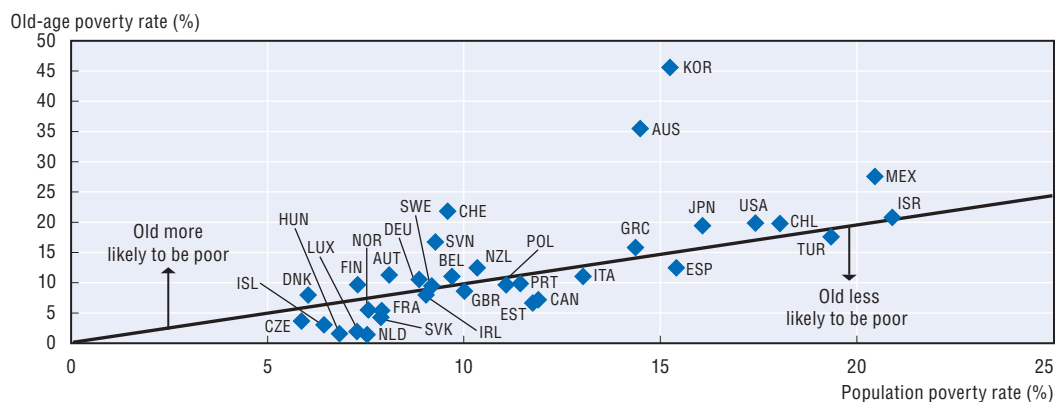
Percentage with incomes less than 50% of median equivalised household disposable income

	2007				2010			
	Older people (aged over 65)			Whole population	Older people (aged over 65)			Whole population
	All 65+	66-75	75+		All 65+	66-75	75+	
Australia	39.2	35.2	44.7	14.6	35.5	31.2	41.5	14.4
Austria	9.9	9.0	11.2	7.2	11.3	11.1	11.5	8.1
Belgium	13.5	12.0	15.4	9.1	11.0	10.9	11.2	9.7
Canada	5.0	5.4	4.5	11.3	7.2	6.9	7.6	11.9
Chile	21.6	21.3	22.1	19.2	19.8	20.0	19.5	18.0
Czech Republic	3.6	3.2	4.2	5.4	3.7	3.4	4.0	5.8
Denmark	12.1	9.3	15.8	6.1	8.0	5.7	11.2	6.0
Estonia	29.5	24.6	36.7	13.9	6.7	4.6	9.5	11.7
Finland	13.0	7.7	19.4	8.0	9.7	6.1	14.0	7.3
France	5.3	3.6	6.8	7.2	5.4	4.5	6.3	7.9
Germany	10.1	8.1	13.0	8.5	10.5	8.5	13.3	8.8
Greece	15.2	11.5	20.7	13.9	15.8	13.2	19.1	14.3
Hungary	4.7	5.1	4.3	6.4	1.6	2.2	0.7	6.8
Iceland	9.4	5.0	14.5	6.5	3.0	0.7	6.0	6.4
Ireland	13.4	12.4	14.7	9.8	8.0	6.9	9.6	9.0
Israel	22.1	21.1	23.4	19.9	20.8	20.1	21.7	20.9
Italy	14.5	14.1	15.0	12.0	11.0	10.5	11.7	13.0
Japan	21.7	19.4	24.5	15.7	19.4	16.6	22.8	16.0
Korea	44.6	43.2		14.8	47.2	45.6		15.2
Luxembourg	2.7	2.6	2.8	7.2	1.9	1.4	2.8	7.2
Mexico	29.0	28.4	30.1	21.0	27.6	26.7	29.1	20.4
Netherlands	1.6	1.6	1.7	6.7	1.4	1.3	1.6	7.5
New Zealand	23.5	19.7	29.3	11.0	12.5	10.2	15.8	10.3
Norway	8.0	4.0	12.6	7.8	5.5	2.7	9.0	7.5
Poland	7.7	8.6	6.4	10.1	9.7	11.2	7.7	11.0
Portugal	15.2	12.6	18.7	13.6	9.9	7.6	12.6	11.4
Slovak Republic	7.2	6.6	8.1	6.7	4.3	3.5	5.7	7.8
Slovenia	17.5	15.1	21.1	8.2	16.7	13.1	22.0	9.2
Spain	20.6	17.4	24.2	13.7	12.5	11.6	13.4	15.4
Sweden	9.9	5.9	15.1	8.4	9.5	6.3	14.2	9.1
Switzerland					21.8	19.4	25.8	9.5
Turkey	13.7	13.9	13.1	17.0	17.6	15.9	20.7	19.3
United Kingdom	12.2	9.9	14.9	11.3	8.6	7.0	10.5	10.0
United States	22.2	18.9	26.3	17.3	19.9	16.4	24.3	17.4
<b>OECD</b>	<b>15.1</b>	<b>13.2</b>	<b>16.7</b>	<b>11.2</b>	<b>12.8</b>	<b>11.3</b>	<b>13.8</b>	<b>11.3</b>

Source: OECD Income Distribution Database; OECD (2008), Table 5.3.

StatLink  <http://dx.doi.org/10.1787/888932907775>

### 5.5. Income poverty rates by age



Source: OECD Income Distribution Database; see OECD (2008), Tables 5.1 and 5.3.

StatLink  <http://dx.doi.org/10.1787/888932907794>



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