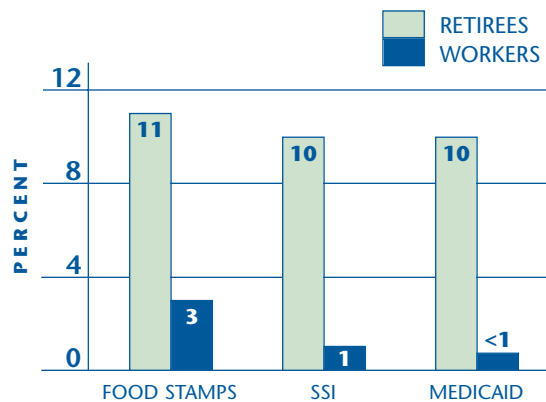




What Benefits Do Young Retirees and Older Workers Receive?

FIGURE 1
Program Participation of People Age 51 to 59, by Work Status

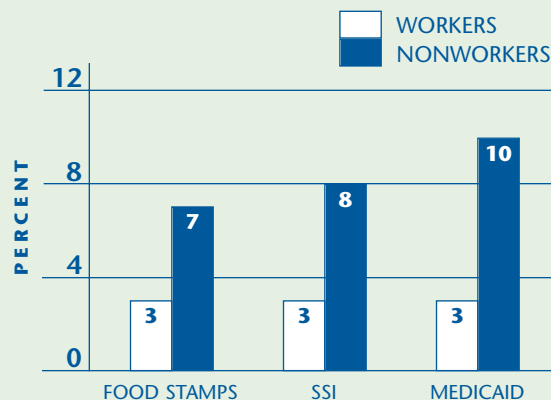


SOURCE: Center on an Aging Society analysis of data from the 1992 *Health and Retirement Study*.

Public benefits are an important source of support for young retirees, particularly for those who say they were “forced” to retire. Privately financed benefits also contribute to the well-being of a substantial proportion of the 2.6 million people age 51 to 59 who are no longer working. The 8.6 million workers age 60 and older rely on public benefits less than their nonworking contemporaries.

Workers of all ages are less likely to participate in means-tested public benefit programs than people who are not working.

FIGURE 2
Program Participation of People Age 60 and Older, by Work Status



SOURCE: Center on an Aging Society analysis of data from the 1993 panel of the *Survey of Income and Program Participation*.

- About one-tenth of young retirees participate in the Supplemental Security Income (SSI) program, which assists low-income, blind, disabled, and aged persons financially. By contrast, just 1 percent of workers in that age group receive SSI benefits.

- Participation in the Medicaid and Food Stamp programs also is higher for young retirees than for workers the same age.

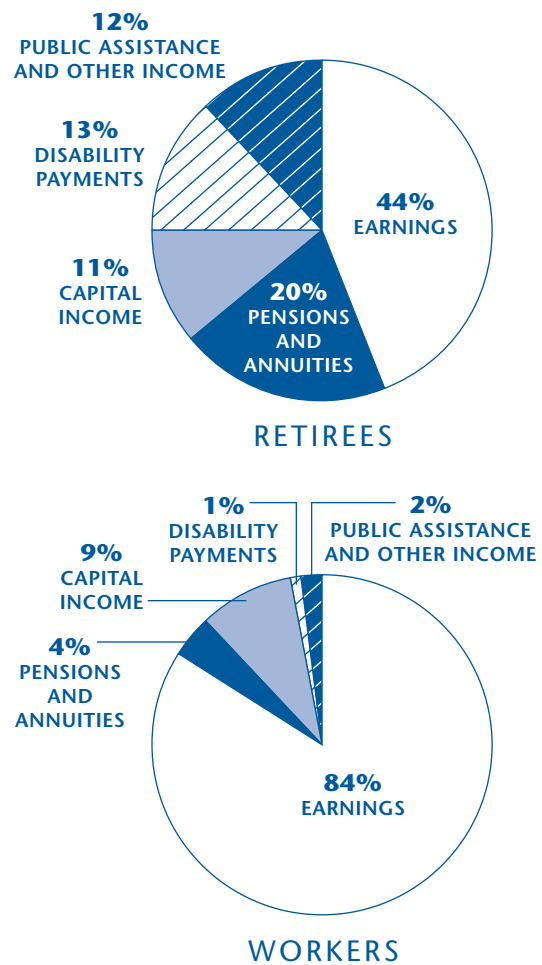
- Relatively small proportions of people age 60 and older participate in means-tested public benefit programs, but in each case, participation is higher among nonworkers than among workers.

Sources of income differ for young retirees and workers

Earnings are a much smaller proportion of income for retirees than for workers. Wages from the spouses of retirees generally are the source of earnings for retiree’s families. Other income sources are critical for many retirees (see Figure 3).

- Pensions and annuities account for 20 percent of family income for young retirees, but for only 4 percent of income for workers the same age.
- Disability payments and public assistance each contribute over 10 percent of family income for young retirees compared to very small proportions of income for workers the same age.

FIGURE 3
Sources of Income for Retirees and Workers Age 51 to 59



SOURCE: Center on an Aging Society analysis of data from the 1992 Health and Retirement Study.

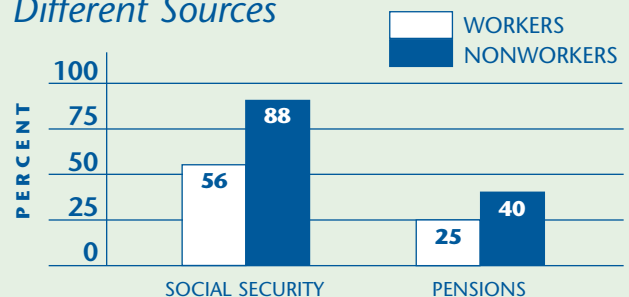
OLDER WORKERS

Older workers rely less on income from Social Security and pensions

Social Security benefits and pensions each are a source of monthly income for smaller proportions of older workers than nonworkers. For example, 56 percent of workers age 60 and older compared to 88 percent of nonworkers the same age receive monthly Social Security payments. Pensions are a source of income for about one-quarter of workers, but for 40 percent of nonworkers (see Figure 4).

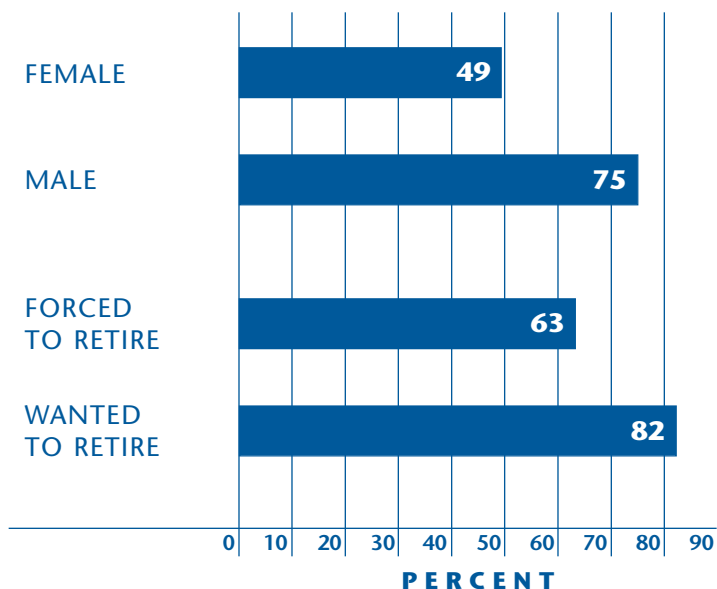
People who are still working may be less likely to claim Social Security or pension benefits because they can rely on wages to provide a portion of their monthly income. Earnings account for 60 percent of older workers’ total family income.

FIGURE 4
Proportion of People Age 60 and Older Receiving Monthly Income from Different Sources



SOURCE: Center on an Aging Society analysis of data from the 1993 panel of the Survey of Income and Program Participation.

FIGURE 5
Proportion of Retirees Age 51 to 59 With a Retirement Plan from a Previous Employer



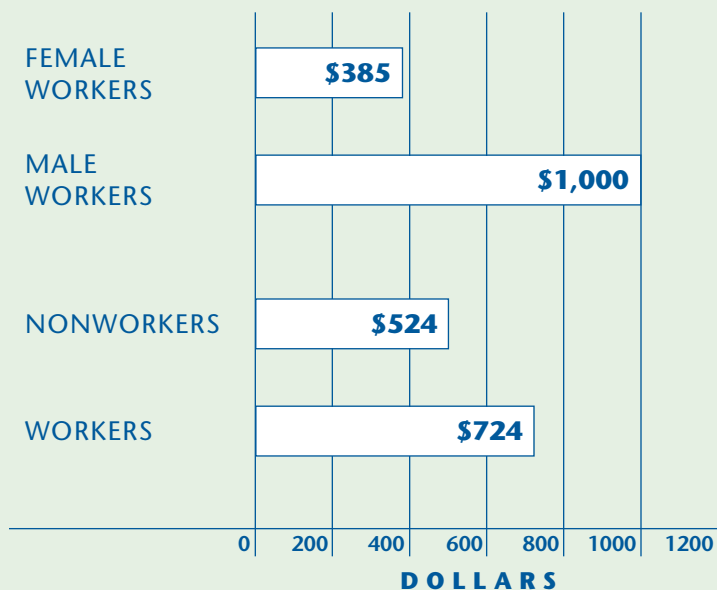
SOURCE: Center on an Aging Society analysis of data from the 1992 *Health and Retirement Study*.

Those who wanted to retire are more likely to have retirement plans

Almost three-quarters—72 percent—of people age 51 to 59 who identify themselves as retirees report that they have a retirement plan from a previous employer. The proportion is higher for those who wanted to retire—82 percent—than for those who say they were forced to retire—63 percent. Also, among young retirees, men are more likely than women to have retirement plans (see Figure 5).

The types of retirement plans that these groups have differ as well. Higher proportions of men and workers who wanted to retire have defined benefit plans while it is more common for women and workers who were forced to retire to have defined contribution plans.

FIGURE 6
Median Monthly Income from Pensions for People Age 60 and Older



SOURCE: Center on an Aging Society analysis of data from the 1993 panel of the *Survey of Income and Program Participation*.

The value of pensions is higher for workers, especially men

Workers age 60 and older rely on Social Security benefits to a lesser extent than nonworkers the same age, but the median monthly income from Social Security benefits for the two groups is similar, \$844 and \$863, respectively.

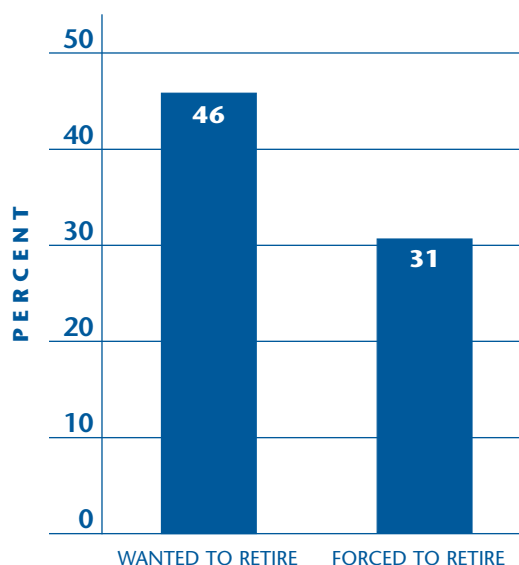
Although pensions are less likely to be a source of income for older workers than for nonworkers the same age, median monthly income from pensions is higher for workers—\$724—than for nonworkers—\$524. Among older workers, income from pensions is much higher for men than for women (see Figure 6).

Financial support from friends or relatives is least likely for those forced to retire

Young retirees are less likely than workers the same age to say that they have friends or relatives who would be willing to give them support over a long period of time if they ever ran into severe financial problems. Some 37 percent of retirees and 42 percent of workers think they would receive financial support if they needed it.

Retirees who say they were forced to retire are less secure about the prospect of future financial assistance from family or friends than those who wanted to retire. Close to half of those who wanted to retire and close to one-third of those who say they were forced to retire think they can rely on family or friends for help with financial matters (see Figure 7).

FIGURE 7
Proportion of Retirees Age 51 to 59 Who Can Rely on Family or Friends for Financial Assistance



SOURCE: Center on an Aging Society analysis of data from the 1992 Health and Retirement Study.

Older workers are more likely than nonworkers to receive and give financial support

There is a small difference in the percentage of workers and nonworkers age 70 and older who report receiving \$500 or more in the past year from relatives or friends—5 and 3 percent, respectively. Differences are greater with respect to providing financial assistance, however. Half of older workers report that they donated \$500 or more to religious or charitable organizations in the past year. By comparison, only about one-third of nonworkers the same age made similar donations. The proportion of workers who gave financial assistance to family members also is higher for workers than for nonworkers (see Figure 8).

FIGURE 8
Proportion of People Age 70 and Older Who Gave Financial Assistance to Others, by Work Status

	WORKERS (%)	NONWORKERS (%)
Gave \$500 or more to religious or charitable organizations	50	34
Gave \$500 or more to children or grandchildren	40	27
Gave \$500 or more to others	9	6

SOURCE: Center on an Aging Society analysis of data from the 1993 study of Assets and Health Dynamics Among the Oldest Old.

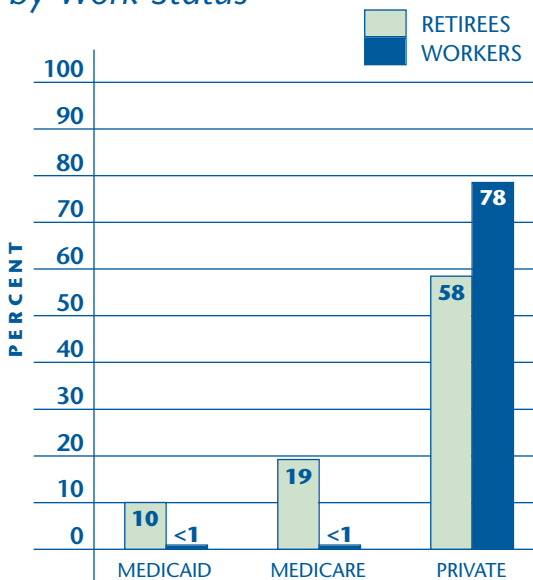
YOUNG RETIREES

Young retirees rely on public health insurance to a greater extent than workers

Almost one-fifth—19 percent—of young retirees have Medicare coverage compared to less than 1 percent of workers the same age. Young retirees—people age 51 to 59—do not qualify for Medicare on the basis of their age. People under age 65 qualify because they have end-stage renal disease or because they are disabled and have been receiving Social Security Disability Insurance for more than 24 months. One-quarter of young retirees receive disability income from sources such as the Social Security Program or the Veteran’s Administration.

Medicaid participation also is much higher for young retirees than for workers the same age (see Figure 9). These statistics suggest that for some, their disability may be the reason they are retired.

FIGURE 9
Health Insurance Coverage for People Age 51 to 59, by Work Status



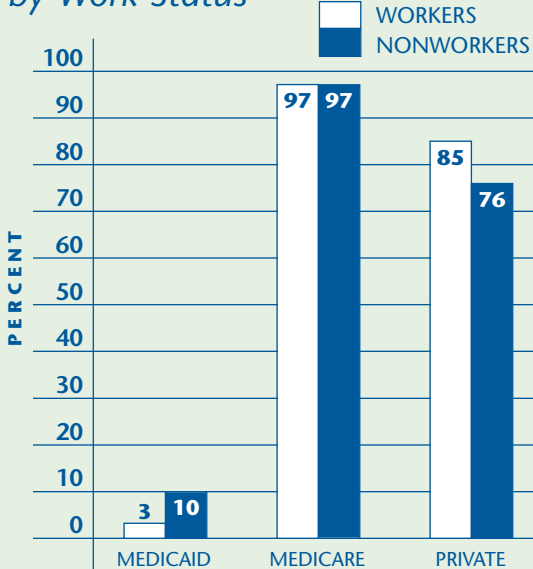
SOURCE: Center on an Aging Society analysis of data from the 1992 *Health and Retirement Study*.

OLDER WORKERS

The type of health insurance coverage differs by work status

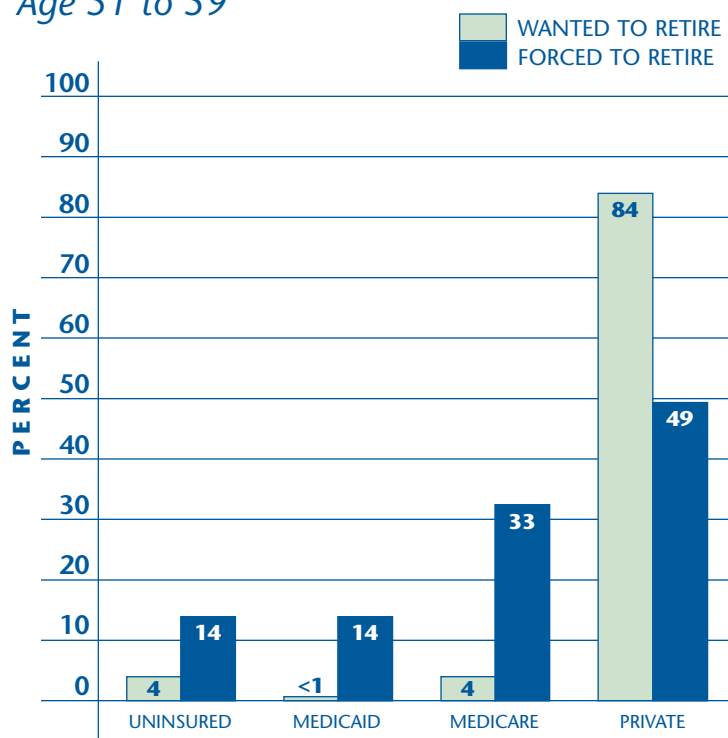
Almost all—97 percent—of workers and nonworkers age 70 and older have Medicare coverage. Sources of additional coverage vary by work status, however. Nonworkers are more than three times as likely as workers to be covered by Medicaid. Private health insurance coverage is more common for workers than for nonworkers. Some 85 percent of workers and 76 percent of nonworkers have private health insurance (see Figure 10). In addition to basic health insurance, private health insurance includes Medigap, other supplemental insurance, and long-term care insurance.

FIGURE 10
Health Insurance Coverage for People Age 70 and Older, by Work Status



SOURCE: Center on an Aging Society analysis of data from the 1993 study of *Assets and Health Dynamics Among the Oldest Old*.

FIGURE 11
Health Insurance Coverage for Retirees
Age 51 to 59



SOURCE: Center on an Aging Society analysis of data from the 1992 *Health and Retirement Study*.

Only half of those forced to retire have private health insurance

Differences between the group of young retirees who say they wanted to retire and those who were forced to retire also are reflected in health insurances statistics. There is a substantial gap between the two groups in terms of the proportions of people who have Medicare and Medicaid coverage. Those who wanted to retire are less likely to have public coverage. The proportion who have private health insurance benefits is higher for those who wanted to retire than for those who were forced to retire (see Figure 11).

ABOUT THE PROFILES

This series, *Data Profiles: Young Retirees and Older Workers*, is supported by a grant from the AARP Andrus Foundation. This *Profile* was written by Laura Summer with assistance from Lee Shirey, both of Georgetown University's Center on an Aging Society. It is the sixth in the series. Previous *Profiles* include:

1. Who Are Young Retirees and Older Workers?
2. How Financially Secure Are Young Retirees and Older Workers?
3. How Healthy Are Young Retirees and Older Workers?
4. Do Young Retirees and Older Workers Differ by Race?
5. What Are the Attitudes of Young Retirees and Older Workers?

The National Academy on an Aging Society is a Washington-based nonpartisan policy institute of The Gerontological Society of America.

ABOUT THE DATA

Unless otherwise noted, the data presented in this *Profile* are from three national surveys of the community-dwelling population living within the United States. The 1993 panel of the Survey of Income and Program Participation (SIPP) was conducted by the U.S. Census Bureau, and provides data for the population age 18 to 84. Wave 1 of the Health and Retirement Study (HRS) provides information for a population age 51 to 61 in 1992. Wave 1 of the study of Assets and Health Dynamics Among the Oldest Old (AHEAD) provides information about respondents age 70 and older in 1993 and 1994. Both the HRS and the AHEAD data sets were sponsored by the National Institute on Aging and the Institute for Social Research at the University of Michigan.



NATIONAL ACADEMY ON AN AGING SOCIETY

1030 15th Street NW, Suite 250, Washington, DC 20005

PHONE 202-408-3375 FAX 202-842-1150

E-MAIL info@agingsociety.org WEBSITE www.agingsociety.org

