Introduction

Economic security is a key component of overall well-being in later life. In addition to facilitating access to valued activities and amenities, a secure source of income is necessary to obtain good quality health care, safe housing, and to meet other needs associated with daily living. Yet after exiting the labor force, the ability to produce income becomes more limited and the risk for poverty is increased. The term "income" as used here is the sum of wages, interest, dividends, Social Security, pensions, public assistance, and any other cash resource received. It does not include the value of assets such as an owned home or investments.

Gender

Figure 1 shows the median personal income of men and women of different age groups in Massachusetts. Personal income includes just the income reported by each individual; in contrast to household income, which includes income reported by all individuals living in the same household. The median personal income is the income value below which half of all the income reports fall. For older men, the overall median person income is $29,100. Median personal income is progressively lower across older ages for this group, such that men aged 64-74 had a median of $33,000 and men aged 85 or older had median personal incomes of $21,600. In contrast, median income levels are similar across age groups for women. The overall median personal income for women is $14,540. For all three age groups, women’s median incomes were $15,000 or under, considerably lower than the median incomes of even the oldest men.
Figures 2 and 3 show the proportion of personal income that the average man and woman aged 65 or older receives from different sources. Among men, sizable shares are reported from Social Security (25%), other retirement income such as pensions (22%), interest and asset income (20%), and earnings (30%). Among older women, a much larger proportion of income is from Social Security (37%), and smaller shares of income are drawn from the other sources shown. A relatively small share of income—4% to 5%—is received by men and women from means-tested payments (e.g., SSI) or other transfers. The heavier reliance of women than men on Social Security income is highlighted in Figure 4, which shows that among the female population aged 65 and older almost 30% report that all of their personal income comes from Social Security (compared to just 16.5% of men).
Race

Figure 5 shows that among adults aged 65 and older in Massachusetts, similar shares of personal income (about 30%) are provided by Social Security for non-Hispanic White and for non-whites and Hispanics. (Note, however, that the median personal income reported by Whites is considerably higher than for others—$20,400 compared to $9,800). Those who are non-white or Hispanic report a much higher percentage of their income as coming from earnings, possibly due to the fact that as a whole, older Hispanics and non-whites tend to be younger than non-Hispanic Whites, and may be participating in the labor force. In contrast, income drawn from assets and interest represent a far larger share of overall income among non-Hispanic Whites than among others—20% of personal income compared to just 9% among Hispanics and non-whites. This difference is reflective of the far higher levels of wealth possessed by older members of the non-Hispanic White population.
An additional look at the income disparities present within the older population is offered in Figure 6. Unlike personal income, household income includes the cash income of all individuals in the household, regardless of age. The median household income in Massachusetts among persons aged 65 and over is $44,500. Median household income reported by race and ethnicity varies greatly. Among Non-Hispanic White seniors, the median household income is $45,000, or just $500 above the median household income for seniors of all races. The median household income of Non-Hispanic Asians is much greater than the overall median household income at $71,200. This is consistent with the fact that older Asian adults often live with their adult children. Because household income reflects the income of all of the members in a household, older Asians’ household incomes would reflect the affluence of their adult children with whom they live, and the combined resources across generations within a household. In contrast, the median household income of older Hispanics is more than $20,000 below the median for Massachusetts seniors as a whole, suggesting a higher potential risk of economic hardship within this population.