

Poverty and income maintenance in old age: A cross-national view of low income older women

Authors: Timothy M. Smeeding, Susanna Sandstrom

Persistent link: <http://hdl.handle.net/2345/4204>

This work is posted on [eScholarship@BC](#),
Boston College University Libraries.

Chestnut Hill, Mass.: Center for Retirement Research at Boston College, 2004

**POVERTY AND INCOME MAINTENANCE IN OLD AGE:
A CROSS-NATIONAL VIEW OF LOW INCOME OLDER WOMEN**

Timothy M. Smeeding and Susanna Sandstrom *

CRR WP 2004-29
Released: November 2004
Draft Submitted: October 2004

Center for Retirement Research at Boston College
550 Fulton Hall
140 Commonwealth Ave.
Chestnut Hill, MA 02467
Tel: 617-552-1762 Fax: 617-552-1750
<http://www.bc.edu/crr>

* Timothy M. Smeeding is the Maxwell Professor of Public Policy and the Project Director of the Luxembourg Income Study (LIS). Susanna Sandstrom is a Research Associate at the World Institute for Development Economic Research (WIDER) and LIS. The research reported herein was performed pursuant to a grant from the U.S. Social Security Administration (SSA) to the Center for Retirement Research at Boston College (CRR). The opinions and conclusions are solely those of the authors and should not be construed as representing the opinions or policy of SSA or any agency of the Federal Government or the CRR. The authors would like to thank Nancy Folbre and Gary Burtless for their comments on an earlier draft. They would also like to thank Mary Santy and Kati Foley for manuscript preparation. Please send comments to Timothy Smeeding at tmsmeed@maxwell.syr.edu.

© 2004, by Timothy M. Smeeding and Susanna Sandstrom. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including © notice, is given to the source.

About the Center for Retirement Research

The *Center for Retirement Research at Boston College*, part of a consortium that includes a parallel centers at the University of Michigan and the National Bureau of Economic Research, was established in 1998 through a grant from the Social Security Administration. The goals of the Center are to promote research on retirement issues, to transmit new findings to the policy community and the public, to help train new scholars, and to broaden access to valuable data sources. Through these initiatives, the Center hopes to forge a strong link between the academic and policy communities around an issue of critical importance to the nation's future.

Center for Retirement Research at Boston College

550 Fulton Hall
140 Commonwealth Ave.
Chestnut Hill, MA 02467
phone: 617-552-1762 fax: 617-552-1750
e-mail: crr@bc.edu
<http://www.bc.edu/crr>

Affiliated Institutions:

American Enterprise Institute
Center for Strategic and International Studies
The Brookings Institution
Massachusetts Institute of Technology
Max Planck Institute for Demographic Research
Syracuse University
Urban Institute

Abstract

Over the past 40 years, great strides have been made in reducing poverty among the elderly in most rich countries. Pensioner poverty, however, has not been eradicated, especially in the Anglo-speaking nations. Poverty rates among older women are much higher than those for older men and much higher in the United States compared to other nations. In general, poverty rates rise with both age and changes in living arrangements, though living alone has a greater effect for women. Poverty rates among older women are highest among the divorced, widowed, and never married (all of which are also expected to rise significantly over the next decades). The challenge is to design retirement benefit systems that guarantee a minimum standard of living for all elderly women, while also preserving incentives for self financed retirement.

Key words:

Poverty, income maintenance, cross-national

Introduction

Great strides have been made in reducing poverty among the elderly in most rich countries over the past 40 years. But pensioner poverty has not been eradicated, especially in the Anglo-speaking nation; and women's poverty status at old age is a concern in all rich societies. In fact, due to demographic and other policy changes, pensioner poverty may rise again in the coming decades. This paper looks at elderly poverty using the Luxembourg Income Study (LIS) database.

Poverty among younger pensioners is no longer a major policy problem in most rich nations. Rather, poverty in old age is almost exclusively an older women's problem. Poverty rates amongst older women change with changes in living arrangements more than with age. We find that poverty is especially a problem amongst older women—those 75 and over and living alone. The solutions to this problem lie in establishing a safety net which helps keep the poorest out of poverty regardless of alternative income sources or policy changes that affect younger and richer elders.

Methodology, Measurement and Data Issues

Differing national experiences in social transfer and anti-poverty programs provide a rich source of information for evaluating the effectiveness of alternative social policies among the elderly. Policymakers in the industrialized countries share common concerns about social problems such as poverty and social exclusion. While poverty measurement is an exercise that is particularly popular in the English-speaking countries, and more recently in Europe, most rich nations share a concern over distributional outcomes and the well-being of the low-income population, especially elderly persons. Interestingly, few Northern European and Scandinavian nations calculate low income or poverty rates. However, most recognize that their social programs already ensure a low poverty rate under any reasonable set of measurement standards

(Björklund and Freeman 1997). Instead they concentrate their efforts on social exclusion, mobility, and inequality (e.g., Atkinson, et. al 2002; Erikson and Goldthorpe 2002).

While there is no international consensus on guidelines for measuring poverty, international bodies such as the United Nations Children's Fund (UNICEF), the United Nations Human Development Report (UNHDR), the Organization for Economic Cooperation and Development (OECD), the European Statistical Office (Eurostat), the International Labor Office (ILO) and the Luxembourg Income Study (LIS) have published several cross-national studies of the incidence of poverty in recent years. As a result, there is considerable agreement on the appropriate measurement of poverty in a cross-national context and on the calculation of the anti-poverty effect of transfers. Most of the available studies and papers therefore share many similarities that help guide our research strategy:

- For purposes of international comparisons, poverty is almost always a relative concept. A majority of cross-national studies define the poverty threshold as one-half of national median income. In this study, we use the 50 percent of median income to establish our national poverty lines. We also use the 40 percent of national median income as our relative poverty threshold because it is closest to the ratio of the official United States poverty line to median United States household (pre-tax) cash income (42 percent in 1998 and 2002). Alternatively, the United Kingdom and the European Union have selected a poverty rate of 60 percent of the median income (Atkinson, et. al 2002; Bradshaw 2003). We use only the 40 and 50 percent standards here, and then concentrate on the 50 percent line in later work.
- Poverty and income measurement is based on the broadest income definition that still preserves comparability across nations. The best current definition is disposable cash and near-cash income (DPI) which includes all types of money income, minus direct income and payroll taxes and including all cash and near cash transfers, such as food stamps and cash housing allowances, and refundable tax credits such as the earned income tax credit (EITC). **We do not include health care benefits in kind, even though they are large (see Garfinkel, Rainwater and Smeeding 2004, on this topic).**
- In determining the anti-poverty effects of social transfers and tax policy, we also use a measure of “before tax and transfer” market income (MI), which includes earnings, income from investments, and private transfers. To this measure we can add private and occupational pensions. In tracing the effects of income transfer policy from MI to DPI poverty, we determine the effects of two additional bundles of government programs: Social Insurance and Taxes (including all forms of universal and social insurance benefits, minus income and payroll taxes) and Social Assistance (which includes all forms of income-tested and asset tested benefits targeted at poor people). Again, in

making these comparisons for all persons and for groups, we use one set poverty line, half of median DPI. In this case, however, we base our analysis on households (with a head 65 and over) not persons.

The data we use for this analysis is from the Luxembourg Income Study (LIS) database, which now contains more than 140 household income data files for 30 nations covering the period 1967 to 2001 (www.lisproject.org). We can, therefore, analyze patterns of poverty and low incomes across a wide range of nations because we are computing the level of relative poverty, and the anti-poverty effect of spending in a short article. We have selected just seven nations for this paper, each with a recent 1998-2000 LIS database.

These include the United States, two Anglo-Saxon nations (Canada and the United Kingdom), two central European nations (Italy, Germany), and two Nordic nations (Finland and Sweden). These were chosen to typify the broad range of rich nations available within LIS and to simplify our analysis. We include all of Germany, including the eastern states of the former German Democratic Republic (GDR).

Poverty and Demography

Despite major progress that has been made over the past 40 years, significant pockets of poverty remain among the elderly, especially among elderly women living alone. The relatively precarious economic position of the elderly in the United States (see Shaw and Lee 2004) is even more evident when we look at comparative data. Table 1 shows “relative poverty” rates, that is poverty measured relative to median income in the country, for eight rich countries using two alternative thresholds: 40 and 50 percent of median income. In this table the United States and the United Kingdom have relatively higher poverty rates for all groupings. Italy and Germany are in the middle range (especially using the half median international poverty line). And Canada, Finland, and Sweden have generally lower overall elder poverty levels. The United States, the United Kingdom, and Italy also stand out with the highest overall elder poverty rate especially at the higher standard, suggesting that they all have a large near-poor population, with

incomes between the 40 and 50 percent lines. The United States and United Kingdom stand out at the 40 percent of median line since no other nation has an elder poverty rate higher than 5.6 percent (Table 1, Panel A).

These patterns are even more striking if we focus on poverty among older women. Older women in general (Table 1, Panel B), women living alone (Panel C), and the oldest (aged 75 and over) women living alone (Panel D), do progressively worse on average and in almost every country. While there is surprisingly little difference between 65 and 75 year old women living alone, in some places the differences are very large. The general pattern is that poverty rates rise within countries as one moves down the table and to the right, suggesting that gender, living arrangements and, to a lesser extent all, tend to increase poverty status. Not only does the average fraction of women who are poor increase as we move down the table, the difference between the percent poor at the 40 and 50 percent poverty standards also widens.

In some nations—e.g., Sweden, Finland and Canada—older women generally do better than in others. And in all nations (even including these three), poverty rates for the older women living alone at the one-half median poverty standard, are 27 percent or more. The United States, with 45-48 percent of older women living alone in poverty at the higher standard, is only close to the United Kingdom with 41 percent in poverty. At the 40 percent of median income standard, the poverty of older women is also highest in the United States (followed closely by the United Kingdom) where rates are between 25-30 percent for 65 and 75 year olds. In other nations older women's poverty is 11 percent or less. In four nations, it is 7 percent or less.

Because of differences in life expectancy, older women make up the majority of the elderly population in every rich country. The fraction of the elderly poor who are women, in general, and women living alone, in particular, is very high. While 55 percent of all persons aged 65 and over are elderly women, 70 percent of the elderly poor are women (unpublished tabulations). Older women living alone average about 29 percent of all persons 65 and over, but are nearly one-half (49 percent) of all poor persons in these nations. At still older ages (aged 75

and over), where needs are greatest, 75 percent of the poor are women and 58 percent are women living alone (Smeeding 2001, Table 3). Thus, the poverty problem at old age, in all of these rich nations, is concentrated among the oldest women, particularly single older women who live alone..

Most current Social Security reform proposals, both in the United States and in other nations are not well attuned to meet the needs of the most vulnerable elders, those 75 or over, especially older women living alone (Steuerle 2001; Smeeding 1999). Indeed, the economic vulnerability of the elderly is likely to be increased if the United States moves toward partial privatization, because such a system would likely be less redistributive toward retirees with low lifetime earnings than the current system (Engelhardt and Gruber 2004). Seniors would probably be exposed to increased administrative costs and greater risks regarding the value and variation in their retirement savings accounts and annuity prices when they retire under such a system (Diamond, 2004). Finally, most of the Social Security reform proposals that do address these issues, only partially address them, for instance, by only considering benefit changes for elderly widows and survivors (e.g., Weaver 2001) and by not including other groups of at-risk elders such as divorcees (Smeeding 2001; 1999).

Income Maintenance and Anti-Poverty Effects

Every nation fights poverty among the old by assembling some combination of three programmatic income maintenance strategies:

- Citizenship retirement (universal pensions)
- Social retirement (social insurance)
- Social safety net (social assistance)

The first strategy usually consists of a universal (or nearly universal), pay-as-you-go, flat-rate benefit, sometimes phased out for those with higher incomes. The second strategy, social insurance, generally ties benefits more closely to earnings histories, although many social

insurance pension systems also provide a modicum of benefit adequacy to all of their participants by filtering benefits toward those with lower lifetime earnings histories.

Countries like the United Kingdom and Canada combine universal and earnings related social insurance pensions. A lower tier provides a higher replacement rate for lower lifetime earners, coupled with an upper tier that is more closely related to contributions up to an earnings ceiling. Social retirement schemes are usually based on individual earnings, supplemented by a spousal benefit package (including survivor's benefits) for those who spent less career time in the paid labor force. In most European and Scandinavian countries, the citizen pension is relatively high while the social insurance tier is smaller (Weaver 2001).

In most societies, these citizenship and/or social retirement schemes are the major source of income of the aged (Shaw and Lee 2004; Engelhardt and Gruber 2004). Many nations, however, also these programs with some form of social assistance or safety net benefit targeted at the low-income population.¹

The effects of both types of benefits on household poverty rates(measured at the 50 percent level) are clearly laid out in Table 2, where we progress from market income (MI) poverty rates (in Column (A)) to disposable income (DI) poverty rates (in Column (D)), factoring in all three types of social spending outlined above. We also include the effects of occupational pensions that are contributory old age income schemes, related to either private or public employment and almost always directly related to previous earnings. We include two separate panels; one for all households, the other for female-headed households, and both measured at the 50 percent needs standard. The poverty rates in Table 2 are for households, not persons, and so they do not directly correspond to the poverty rates in Table 1.

¹ Even if the benefits in principal are divided into the three categories mentioned, it is sometimes very difficult in practice to divide the original variables correctly into the LIS-variables. In many cases, different pensions are combined, or they are hard to split correctly due to insufficient information. Additional information was needed, for instance, to separate the effects of the Canadian Safety net from the Canadian social retirement program.

Moving from left to right, we can identify the sequential impact of each type of old age income support. As expected, poverty rates are highest based on market income alone. Most elderly households do not have sufficient earnings and property income (interest, rent, dividends) to eliminate poverty by themselves. This is particularly true for older female-headed units (Panel B). Countries that have higher labor force participation rates or larger accumulated financial wealth stocks at older ages have lower Market Income (MI) based poverty rates (e.g., United States, Italy), excluding occupational pensions, than do other nations.

The second column (B) adds in occupational pensions and other private transfers. In nations that rely more heavily on such schemes, poverty rates are lower. For instance, elder poverty, including occupational pension benefits, is 38 percent in Finland where employment related pensions have replaced a great deal of public pension spending.² And in the 59 to 65 percent range in the United States, Canada, and Italy, poverty for older women, including occupational pensions, is 57 percent in Finland, and in the 70 to 73 percent range for older women in these same three nations (United States, Canada, and Italy). It is much higher in societies that have much lower (or fewer) occupational pensions, e.g., Sweden and Germany. And since women's labor force participation rates have changed over recent decades, women (panel B) will look increasingly more like all other households (Panel A) in all nations, as the baby boom generation ages into retirement.

Counting these several sources of income sets the stage for measuring the impact of the income maintenance system. Column (C) shows the impact of universal and social insurance programs. Column (D) shows the impact of the social assistance "safety net" programs. The largest affect on old age poverty in every nation comes from the citizenship/social retirement systems in both panels. In general, the larger and more inclusive the social insurance system, and

² The Finnish case is a very hard one to classify, because the most important pensions are occupational, but they are also insured by the Social Insurance System. These schemes are compulsory occupational schemes, providing an earnings-related amount to all workers and self-employed persons, organized by sector and covering almost all Finnish workers and insured by the Finnish Social Security System. These insurances are stronger than the ones made by the Pension Benefit Guarantee Corporation (PBGC) in the United States. But, as they are contributory pensions, they are best classified as occupational pension.

the higher the first tier benefit for lower wage earners, the larger the antipoverty effect (Column (E)). Thus, Sweden and Germany have the largest effects on poverty with 63 to 68 percentage point reductions for the elderly in general, and a 60 percentage point decline for older women in Germany.

In lower spending nations like the United Kingdom and the United States, the effect on poverty is also less, with social retirement reducing elder poverty by only 36 to 39 percentage points overall. For older women, the effects of social retirement on poverty run from 28 to 32 percent reductions in the United States and the United Kingdom. Canada does much better for a low spending nation, with a 45 percent reduction for all households and for reduction for older women.

Because elder women are liable to have less in terms of occupational pensions, earnings, and wealth, they are more likely to be dependent on social insurance and social assistance (safety net) programs to keep them from poverty. This is true in all of these nations, the United States included (Smeeding, Estes, and Glasse 1999). Universal and social insurance pensions can also be very expensive and blunt instruments, spending quite a large amount of public funds to achieve a low poverty result (Smeeding and Smith 1998; Gruber and Wise 2001; Smeeding, 2004).

These benefits set the scene for the final stage impacts of the social assistance or “safety net” programs (in Column (F)). Here skillfully targeted supplements with high participation rates may produce large marginal anti-poverty effects. Take-up rates and other features of the systems also affect the results. In the United Kingdom, Sweden and Canada the safety net impacts are the largest. In the other countries (e.g., Germany and Finland) the effects are small with most of the “heavy lifting” of the elderly from poverty being already accomplished by their social retirement system. In other nations, especially in the United States, the effects are weak, owing to the less than full integration of Supplemental Security Income (SSI) with social retirement, as evidenced by low take up rates in SSI, the relatively low SSI benefit guarantee, relatively low Food Stamp

take-up rates among the elderly, and the stringent liquid asset tests in both programs (Greenbook 2000; Currie 2004; Daly and Burkhauser 2003; Davies and Favreault 2004).

The effects for older women show much the same cross-national pattern, but with larger safety net impacts, again largest in Canada, Sweden and the United Kingdom. In the United States, the safety net effects have below a one percent overall reduction in poverty and an almost zero impact for older women. Thus, while the SSI program and Food Stamps provide some help to low income older Americans, the benefits do not seem to be sufficient to lift them out of poverty.

The net effects of these systems (Column (G)) are to produce widely varying poverty outcomes depending on the mix and strength of each component of the system. Those systems that spend more, especially on social insurance (e.g., Sweden; Germany) end up with lower poverty rates. Those whose spending is modest, but with well-targeted, high participation rate social assistance benefits also seem to do well (e.g., Canada), while those who do not spend as much, or whose systems are not well targeted, do worse, e.g., Italy , the United Kingdom, and especially the United States. Finland has a relatively effective overall set of programs, with all types of support contributing to their low overall poverty rates.

In sum, countries that do best in the fight against elder poverty are those with high minimum “first tier” traditional (defined benefit type) social retirement plans for all elderly (e.g., as in Germany, Italy, and Sweden). But population aging in coming decades will put pressure on these governments to reduce exactly these benefits and to turn their systems more toward defined contribution-type pension plans. Targeted income-tested benefit strategies, as in Canada, Sweden, and the United Kingdom are also relatively successful in reducing elderly female poverty at a much lower overall cost. Such schemes should be considered, especially if national pension systems become a defined contribution variety. Thus, we turn to a closer examination of these strategies.

Benefit Levels: Au Canada?

However it is structured, the minimum old age benefit for a single person from the combined social retirement/social safety net package is an important determinant of poverty. The level of the safety net benefit varies considerably across countries. If a nation has a low minimum benefit package, then poverty rates will be higher than if it has a higher level of minimum benefit generosity. The nation which stands out most clearly in such comparisons is the United States, which has the least generous minimum benefit level of all the nations studied here, far below the next nearest country, the United Kingdom (see Greenbook 2004; Smeeding 2003).

Whether the safety net and social insurance systems are integrated and/or the presence of liquid asset limitations makes a big difference for the overall anti-poverty effectiveness of social spending on the aged. Canada and the United Kingdom, for example, offer a basic quasi-universal pension topped up by an income-tested pension received by over 30 percent of all pensioners. The United States' Social Security system's minimum pension guarantees, on the other hand, vary substantially across countries in their transparency, as well as their generosity. The most notable difference is whether the minimum guarantee is imbedded in a universal or earnings related program or takes the form of a separate program disproportionately rewards the first dollars of earnings in calculating benefit replacement rates, which provides additional benefits to those working at low wages. The United States does not have a specific income guarantee within Social Security. It has, however, only a special minimum benefit for those who work for many years at low wages.

In contrast, the SSI program does offer a minimum guarantee, but it serves only about one twenty-fifth as many aged persons as Social Security, and it suffers from both low take-up rates and asset tests. The take-up rates in SSI among the elderly are only the 55-65 percent range (Currie 2004), while many are not eligible because of the stringent liquid assets tests of \$2,000

for a single person (\$3,000 for a couple). Benefit levels (but not asset levels) are annually adjusted for changes in the Consumer Price Index (CPI). Low take up issues also plague the United Kingdom System (Pudney, Hancock, and Sutherland 2004).

The Canadian case is particularly instructive in each of these comparisons. Canada has managed to achieve much greater poverty reduction among seniors while spending much less on social retirement programs than other rich countries (and slightly more than the United States). The reason is that Canada spends its public pension money differently. In particular, Canada spends a lot on the near-universal Old Age Security and income-tested Guaranteed Income Supplement (GIS) program, with no asset test and a relatively simple annual application process which permits an income test integrated with income tax filing that avoids both stigma and take-up issues. Thus, in effect, the GIS ‘tops up’. The Canadian Pension Plan is the social insurance component of the Canadian system. Over 90 percent of the eligible Canadian elderly participate in GIS (Battle 1997, 2001), compared to about 60 percent elder participation in SSI in the United States (U.S. Congress 2000; McGarry 2000; Weaver 2001; Davies et al. 2000). Canada allocates close to 9 percent of its total tax and transfer retirement income spending on GIS, while the United States allocates less than 2 percent of government retirement income spending on the SSI program. SSI benefits accrue to about 10 percent of the United States aged. GIS benefits reach 33 percent of Canadian elders (Smeeding 2001a; Battle 1997, 2001). By 1999, the Canadians had spent 5.1 billion Canadian dollars (.83 percent of Gross Domestic Product (GDP) or about \$3.5 in United States dollars on GIS benefits for the elderly (Battle 2001). In contrast, with almost 10 times the number of elderly, the United States spent only \$3.9 billion U.S. (.031percent of GDP) on SSI for the elderly in 1999 (United States Congress 2000; Smeeding 2001a).

Future Differences

Older women in the next two decades will look very different from older women of today, mainly because of their earnings histories (Munnell 2004) and their different demography

(Harrington Meyer, Himes, and Wolf 2004). Many will have good occupational pensions and partners who have similar benefits. But not all women of the baby boom cohort will benefit equally from their labor market experiences. Poverty rates among older women are highest among the divorced, widowed and never married women (Smeeding 1999), and these are groups whose prevalence within the elder population will rise significantly over the next decades. For instance, in the United States, divorced and never married women who were 10 percent of all older women in the 1990s will be over 25 percent of all aged in the 2020's. More so, these groups have poverty rates more than double that of the overall elder population, despite the high labor force participation rates and increasingly higher pension benefits of other women in their cohorts.

The current and future challenge will be to encourage self funded occupational and savings-related (IRA, 410k) contributory pension systems which encourage individual responsibility, but at the same time, design systems of retirement benefits that guarantee minimum standards of living for very elderly women, especially those who are survivors, divorcees, or who have never been married. Cutting Social Security benefits will raise older women's poverty (Engelhardt and Gruber 2004). These benefits are also unlikely to increase in future years, in real terms, once eligibility is taken up. Hence, integrating an income tested benefit for those who at older ages have nothing else to rely on seems to be an important part of the anti-poverty effectiveness system for older women. A famous book on Canadian social policy is entitled "Small Differences that Matter" (Card and Freeman 1994) which calls to mind the integrated CPP-GIS system as a model for future United States OASI-SSI interactions. Just maybe our northern neighbors can lead the way to a more effective and not terribly expensive United States retirement income system? one that especially benefits older women living alone?

References

- Atkinson, Anthony, Bea Cantillon, Eric Marlier, and Brian Nolan. 2002. *Social Indicators: The EU and Social Inclusion*. Oxford: University Press.
- Battle, Ken. 2001. "Private Computer Note." April 20.
- Battle, Ken. 1997. "A New Old Age Pension." In Kalman Banting and R. Boadway (eds.), *Reform of Retirement Income Policy*, School of Policy Studies. Kingston, Ontario, Canada: Queens University, pp. 135-89.
- Björklund, Anders, and Richard Freeman. 1997. "Generating Equality and Eliminating Poverty—The Swedish Way." In *The Welfare State in Transition: Reforming the Swedish Model*, edited by Richard B. Freeman, Robert Topel and Birgitta Swedenborg. Chicago: University of Chicago Press.
- Bradshaw, Jonathan. 2003. "Using Indicators at the National Level: Child Poverty in the United Kingdom." Unpublished manuscript. Social Policy Research Unit. United Kingdom: University of York (November).
- Card, David, and Robert Freeman (eds.). 1993. *Small Differences that Matter: Labor Markets and Income Maintenance in Canada and the United States*. Chicago IL: University of Chicago Press.
- Currie, Janet. 2004. "The Take Up of Social Benefits." NBER Working Paper No. 10488. Cambridge, MA: National Bureau of Economic Research, May.
- Daly, Mary C., and Richard V. Burkhauser. 2003. "Left Behind: SSI in the Era of welfare Reform." FRBSF Working Paper 2003-12. San Francisco, CA: Federal Reserve Bank of San Francisco May.
- Davies, Paul S., and Melissa M. Favreault. 2004. "Interactions between Social Security Reform and the Supplemental Security Income Program for the Aged." Center for Retirement Research Working Paper No. 2004-02. Chestnut Hill, MA: Center for Retirement Research at Boston College, February.
- Davies, Paul S., Minh, Huynh, Chad Newcomb, Paul K. O'Leary, Kalman Rupp, and James Sears. 2000. "Modeling SSI Financial Eligibility and Simulation the Effect of Policy Options." Paper presented at the Annual Meeting of the Southern Economic Association, Washington, DC, November.
- Davies, Paul S., Kalman Rupp, and Alexander. Strand. 2001. "The Potential of the Supplemental Security Income Program to Reduce Poverty among the Elderly." Social Security Administration. Office of Research, Evaluation, and Statistics. Washington, DC. June.
- Diamond, Peter. 2004. "Social Security" *American Economic Review* 94 (1), March: 1-24.
- Engelhardt, Gary V., and Jonathan Gruber. 2004. "Social Security and the Evolution of Elderly Poverty." NBER Working Paper No. 10466. Cambridge, MA: National Bureau of Economic Research May.

- Erikson, Robert, and John H. Goldthorpe. 2002. "Intergenerational Inequality: A Sociological Perspective." *Journal of Economic Perspectives* 16(3): 31-44.
- Garfinkel, I., L. Rainwater, and T.M. Smeeding. 2004. "Welfare State Expenditures and the Distribution of Child Opportunities." (In press): *Social Science Quarterly*.
- Greenbook, The. 2004. "Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means, the Green Book" (WMCP 108-6). Committee on Ways and Means: <http://waysandmeans.house.gov/Documents.asp?section=813>.
- Gruber, Jonathan, and David Wise. 2001. "An International Perspective in Policies for an Aging Society." NBER Working Paper No. 8103. Cambridge, MA: National Bureau of Economic Research, January.
- Harrington Meyer, Madonna, Douglas A. Wolf, Christine L. Himes. 2004 (This volume). Linking Benefits to Marital Status: Race and Diminishing Access to Social Security Spouse and Widow Benefits." *Feminist Economics*.
- McGarry, Kathleen. 2000. "Guaranteed Income: SSI and the Well-Being of the Elderly Poor." NBER Working Paper No. 7574. Cambridge, MA: National Bureau of Economic Research. March.
- Munnell, Alicia H. 2004. "Why Are So Many Older Women Poor?" *Just the Facts on Retirement Issues*. . Chestnut Hill, MA: Center for Retirement Research at Boston College, April.
- Pudney, Stephen, Ruth Hancock, and Holly Sutherland. 2004. "Simulating the Reform of Means-Tested Benefits with Endogenous Take-Up and Claim Costs." ISER Working Paper #2004-04. Institute for Social and Economic Research. United Kingdom: University of Essex, April.
- Shaw, Lois B., and Sunhwa Lee. 2003. "Growing Old in the USA: Gender and Income Adequacy." Institute for Women's Policy Research, Washington, DC: July.
- Smeeding, Timothy M. 2004. "Government Programs and Social Outcomes: The United States in Comparative Perspective." Prepared for the Smolensky Conference "Poverty, the Distribution of Income and Public Policy," University of California- Berkeley, December 12-13, 2003
- Smeeding, Timothy M. 2003. "Income Maintenance in Old Age: Current Status and Future Prospects for Rich Countries." *Genus* LIX(1) (April-June): 51-83.
- Smeeding, Timothy M. 2001a. "SSI: Time for a Change?" Mimeo. Center for Policy Research, Maxwell School. Syracuse, NY: Syracuse University. October.
- Smeeding, Timothy M. 2001. "Income Maintenance in Old Age: What Can be Learned from Cross-National Comparisons." Prepared for the Third Annual Joint Conference for the Retirement Research Consortium "Making Hard Choices About Retirement." Washington, DC: May 17-18.

Smeeding, Timothy M. 1999. "Social Security Reform: Improving Benefit Adequacy and Economic Security for Women." Center for Policy Research Policy Brief Series No. 16, The Maxwell School. Syracuse, NY: Syracuse University. November.

Smeeding, Timothy M., Carol L. Estes, and Lou Glasse. 1999. "Social Security Reform and Older Women: Improving the System." Income Security Policy Series Paper 22. Center for Policy Research. Syracuse, NY: Syracuse University. June. <http://www-cpr.maxwell.syr.edu/incomsec/pdf/inc22.pdf>.

Smeeding, Timothy M., and James P. Smith. 1998. "The Economic Status of the Elderly on the Eve of Social Security Reform." Washington, DC: Progressive Policy Institute. November.

Steuerle, C. Eugene. 2001. "Social Security: The Broader Issues." Urban Institute Working Paper Series. Washington, DC: The Urban Institute. September.

Weaver, David A. 2001. "The Widow(er)'s Limit Provision of Social Security." ORES Working Paper Number 92. Washington, DC: Social Security Administration, Office of Research, Evaluation, and Statistics, June.

Table 1. Poverty¹ Rates among the Aged²: Being Old and Being Female
Percent of Population with Income Less than Given Percent of Adjusted
National Median Disposable Income

Country	Year	40 percent	50 percent
A. Elderly			
United States	2000	15.0	24.7
United Kingdom	1999	10.2	20.9
Germany	2000	3.9	10.1
Canada	1998	1.7	7.8
Sweden	2000	2.1	7.7
Italy	2000	5.6	13.7
Finland	2000	1.1	8.5
Average		5.7	13.3
B. Elderly Women (65+)			
United States	2000	17.7	28.6
United Kingdom	1999	14.4	26.2
Germany	2000	4.8	13.0
Canada	1998	1.5	9.6
Sweden	2000	2.5	10.3
Italy	2000	6.8	16.2
Finland	2000	1.8	11.8
Average		7.1	16.5
C. Elderly Women (65+) Living Alone			
United States	2000	29.6	45.5
United Kingdom	1999	25.3	40.7
Germany	2000	7.1	19.6
Canada	1998	1.2	17.7
Sweden	2000	3.6	16.5
Italy	2000	11.0	28.7
Finland	2000	2.8	21.2
Average		11.5	27.1
D. Elderly Women (75+) Living Alone			
United States	2000	30.4	48.3
United Kingdom	1999	26.7	41.3
Germany	2000	6.8	17.7
Canada	1998	0.8	19.8
Sweden	2000	4.3	19.6
Italy	2000	10.5	28.3
Finland	2000	4.2	26.4
Average		12.0	28.8

Source: Luxembourg Income Study and Smeeding (2001).

Notes: ¹Poverty is defined as percentage of elderly living in households with adjusted disposable income less than given percent of median adjusted disposable income for all persons. Incomes are adjusted by $E=.05$ where adjusted DPI=actual DPI divided by household size (S) to the power E: Adjusted DPI=DPI/S^E.

²Aged are all persons at least aged 65 and older. Person level and household level files were matched and income data weighted by the person sample weight from the person level file.

Table 2. Elderly Poverty Rates by Income Maintenance Source and Income Definition and 50 percent Needs Standard

A. Poverty Rate for All Elders Household by Income Definition

	(A) Market Income (MI)	(B) A + Occupational Pensions	(C) B+ Universal and Social Income Transfers - Taxes	(D) C + Social Safety Net Transfers (DPI)	(E) Social Insurance B to C	(F) Safety Net C to D	(G) Total System Effect E + F
United States	71.9	60.5	24.9	24.7	35.6	0.2	35.8
United Kingdom	85.9	70.4	31.0	20.9	39.4	10.1	49.5
Germany	88.4	78.5	10.3	10.1	68.3	0.2	68.5
Canada	78.8	59.1	14.3	7.8	44.8	6.5	51.3
Sweden	88.7	82.0	19.5	7.7	62.5	11.8	74.3
Italy	73.8	65.1	17.4	13.7	47.7	3.7	51.4
Finland	87.8	37.9	11.1	8.5	26.8	2.6	29.4
Average	82.2	64.8	18.4	13.3	46.4	5.0	51.5

B. Poverty Rate for Female Headed Households by Income Definition

	(A) Market Income (MI)	(B) A + Occupational Pensions	(C) B+ Universal and Social Income Transfers - Taxes	(D) C + Social Safety Net Transfers (DPI)	(E) Social Insurance B to C	(F) Safety Net C to D	(G) Total System Effect E + F
United States	80.0	71.9	39.7	39.6	32.2	0.1	32.3
United Kingdom	91.0	84.7	56.3	36.7	28.4	19.6	48.0
Germany	94.0	85.3	19.1	18.9	66.2	0.2	66.4
Canada	84.9	70.5	25.7	15.4	44.7	10.3	55.1
Sweden	96.7	93.3	45.5	16.6	47.8	29.0	76.7
Italy	81.9	72.5	25.2	23.4	47.3	1.7	49.1
Finland	94.8	56.9	25.5	19.8	31.4	5.7	37.1
Average	89.0	76.4	33.9	24.3	42.6	9.5	52.1

RECENT WORKING PAPERS FROM THE
CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

Does Work Pay at Older Ages?

*Barbara A. Butrica, Richard W. Johnson, Karen E. Smith, and Eugene Steuerle,
November 2004*

Poverty and Income Maintenance in Old Age: A Cross-National View of Low Income Older Women

Timothy M. Smeeding and Susanna Sandstrom, November 2004

How Does Marriage Affect the Allocation of Assets in Women's Defined Contribution Plans?

Angela C. Lyons and Tansel Yilmazer, November 2004

Why Don't Americans Save?

Barry Bosworth, November 2004

How Do Pensions Affect Expected and Actual Retirement Ages?

Alicia H. Munnell, Robert K. Triest, and Natalia A. Jivan, November 2004

Sliding Into Poverty? Cross-National Patterns of Income Source Change and Income Decay in Old Age

James M. Williamson and Timothy M. Smeeding, November 2004

The Well-Being Of Retirees: Evidence Using Subjective Data

Keith A. Bender, November 2004

The Impact of Aging on Financial Markets and the Economy: A Survey

Barry P. Bosworth, Ralph C. Bryant and Gary Burtless, October 2004

Social Security Personal-Account Participation with Government Matching

Gary V. Engelhardt and Anil Kumar, October 2004

Providing Guarantees in Social Security

Karen E. Smith, C. Eugene Steuerle, and Pablo Montagnes, August 2004

All working papers are available on the Center for Retirement Research website (<http://www.bc.edu/crr>) and can be requested by e-mail (crr@bc.edu) or phone (617-552-1762).