It's all relative: Understanding the retirement prospects of baby-boomers

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IT'S ALL RELATIVE: UNDERSTANDING THE RETIREMENT PROSPECTS OF BABY-BOOMERS

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ABSTRACT

The aim of this paper is to compare baby boomer retirees with previous generations on their overall level, distribution, and composition of family income and on the adequacy of this income in maintaining their economic well-being in retirement. To do this analysis we use projections of retirement income from the Social Security Administration's Modeling of Income in the Near Term (MINT) data system.

In absolute terms, measured by real per capita income and poverty rates, we find that baby boomers will be better off than current retirees. In relative terms, however, many baby boomers will be worse off than current retirees. First, MINT predicts changes over time in the relative ranking of important subgroups within specific cohorts, with some subgroups experiencing substantial gains in real per capita income and other subgroups experiencing little gain over time. Second, while both pre- and post-retirement incomes are rising, post-retirement incomes do not rise as much as pre-retirement incomes. Consequently, baby boomers are less likely than current retirees to have enough post-retirement income to maintain their pre-retirement living standards. These findings hold up to various definitions of family income and replacement rates.

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I. INTRODUCTION

The economic well-being of future retirees in the baby boom cohort – those born between 1946 and 1964 – is of particular concern to policy makers. Not only is this the largest birth cohort in U.S. history (some 76 million people), but the earliest baby boomers will be eligible for retirement in less than ten years, and, without program changes, the Social Security OASDI Trust Fund is projected to be exhausted by 2041 (U.S. Board of Trustees 2002). Yet, as the tail of the baby boom generation nears middle age, there is still much speculation on how this birth cohort will fare in retirement. Baby boomers grew up in a very different era than current retirees – one accompanied by considerable changes in marriage patterns, earnings and work patterns, retirement policy, and the economy. While these changes will undoubtedly impact baby boomer retirees, it is difficult to know exactly how they will influence their economic well-being. The aim of this paper is to compare baby boomer cohorts with previous generations on their overall level, distribution, and composition of retirement income and on the adequacy of this income in maintaining their economic well-being.

Historically, Social Security and employer-sponsored pensions have been the most important sources of income for many retirees. However, these income sources may be especially affected by the social, demographic, and labor market changes that have transformed retirement expectations for the baby boomer cohort. Social Security benefits, for example, are programmatically linked to marital and earnings histories, while an increasing share of pension benefits come from defined contribution (DC) plans rather than defined benefit (DB) plans. Consequently, much of our analysis focuses on Social Security benefits and DC pension benefits and their contribution to overall retirement income for future retirees.

Our analysis is based on projections of the major sources of retirement income from the Social Security Administration's Model of Income in the Near Term (MINT). MINT starts with data from the 1990 to 1993 U.S. Census Bureau's Survey of Income and Program Participation (SIPP) matched to the Social Security Administration's (SSA) earnings and benefit records through 1999. MINT then projects retirement income (Social Security benefits, pension income, asset income, earnings, Supplemental Security Income (SSI), imputed rent, and income from nonspouse co-resident family members) from the base SIPP year through 2032 for individuals born between 1926 and 1965.[1] MINT is ideal for this analysis because it directly measures the experiences of survey respondents as of the early 1990s – representing the first third to the first half of the lives of the baby boom cohort – and statistically projects their income and characteristics into the future, adjusting for expected demographic and socioeconomic changes.

In Section II, we provide background information on some of the salient historic trends likely to influence the demographic characteristics and well-being of the future retired population. In Section III, we discuss previous research in this area. In Section IV, we describe how MINT projects demographic changes and incomes. In Section V, we present data on the

[1] MINT was designed to analyze the distribution of retirement incomes of individuals born between 1931 and 1960. In order to get spousal incomes for the key cohorts, MINT includes individuals born five years before and after the key cohorts. Spousal incomes are less certain for these out-of-bound individuals.

characteristics of current and future retirees. In Section VI, we report on absolute measures of well-being, namely projected family income and poverty rates. In Section VII, we explore relative measures of well-being, specifically relative incomes and replacement rates. In Section VIII we test the sensitivity of our results. Finally, in Section IX we present our conclusions.

II. BACKGROUND

Trends in Poverty

Since at least 1970 real incomes have been rising and poverty rates have been falling for individuals age 65 and over (figure 1). Their median income (in 2002 dollars) grew from $19,900 in 1970 to $33,800 in 2001 (U.S. Census Bureau 2002). Once identified as having the highest poverty rate of any age group, those age 65 and over have experienced steadily declining poverty rates over the past three decades: from 24.6 percent in 1970 to 10.1 percent in 2001 (U.S. Census Bureau 2003).[2] If these trends continue, future retirees will enjoy even higher incomes and lower poverty rates than current retirees. However, future retirees will likely differ from current retirees on a number of dimensions that may or may not give rise to increased well-being in retirement.

Trends in Marital Patterns

First, baby boomers will enter retirement with fundamentally different marital histories than their predecessors. For example, the median age at first marriage is higher than past history and the proportion of young adults who never marry has risen (Saluter 1996). In addition, divorce rates increased sharply between the 1960s and early 1970s, fell slightly, and then leveled off at a relatively high level in the mid-1980s (Goldstein 1999; DaVanzo and Rahman 1993; Ahlburg and De Vita 1992; Norton and Miller 1992). Using recent rates, several analysts have projected that at least two-fifths of first marriages eventually could end in divorce (Bumpass 1990; Cherlin 1992; Norton and Miller 1992; Schoen and Weinick 1993). Most individuals who divorce will remarry; however, the remarriage rate has decreased, and second marriages themselves often end in divorce (Norton and Miller 1992).

These trends in marriage and divorce rates are depicted in figure 2 for the overall population. The overall trends, however, mask large differences within gender and racial groups. Marriage rates among those not previously married are only slightly higher for women than for men, but women are much less likely than men to remarry after divorce or widowhood (U.S. Census Bureau 1996, table 149). Furthermore, while blacks have long been less likely than whites to marry and remain married (Cherlin 1992; Ruggles 1997), the gap between the groups is growing. Between 1970 and 2000, the proportion of the population 18 and over that are married

[2] These poverty rates are based on the March Current Population Survey (CPS). The poverty rates in this paper are based on the SIPP. SIPP poverty rates historically have been lower than CPS poverty rates. Much of the difference is due to SIPP capturing more occasional incomes and controlling for changes in family composition over the calendar year.

declined by 17 percent for whites (from 73 to 60 percent) and by 43 percent for blacks (from 64 to 37 percent) (Saluter 1996, table A-1; Fields and Casper 2001, table A1).

The trends in marriage, combined with decreasing death rates, suggest that future retirees are more likely to be never married or divorced and less likely to be married or widowed. If the trends continue, there will also be many more nonmarried females and nonmarried blacks in the future retiree population. Nonmarried individuals, ages 55 or older, have poverty rates that are three to four times higher than those of married couples (Koenig 2002, table 8.1). Additionally, blacks and females are more likely to be poor than whites and males. For these reasons, the recent trends in marriage and divorce could increase poverty rates among future retirees.

Trends in Earnings and Work Patterns

Second, baby boomers, particularly women, will retire with different work and earnings histories than previous generations. The 1950s and 1960s were periods when many women, particularly mothers of young children did not work (Bowen and Finegan 1969; Goldin 1990). By the 1980s and 1990s, the majority of women worked and continued working as mothers of young children (Blau 1998; Hayghe and Bianchi 1994). Between 1950 and 2002, labor force participation rates for 20 to 64 year-olds increased by 98 percent to 72 percent for women (figure 3). In contrast, labor force participation rates for working age men actually decreased by 8 percent during this period, down to 87 percent for men (U.S. Bureau of Labor Statistics 2003).

Married women in particular experienced the largest gains in labor force participation rates during this time period (U.S. Census Bureau 2001, table 576). As a result, the single-earner couple is becoming uncommon. Between 1940 and 1998, the proportion of single-earner couples declined from 67 to 15 percent of all families (figure 4). In contrast, dual-earner couples increased by five-fold from 9 to 45 percent of all families. Levy (1998) attributes the increased employment of married women to the economic pressures on working husbands from stagnant wages and high inflation. Furthermore, although black women were more likely than white women to work during this period, white women experienced a larger increase in their labor force participation rate than black women (U.S. Census Bureau 2001, table 568). Black men, whose labor force participation rates are lower than those of white men, experienced a larger decrease in their labor force participation rate during this period than white men.

As women have increased their participation in the labor market, so too have their earnings increased. Since at least 1940, women's median wage and salary earnings for all workers have increased steadily (figure 5). For instance, women's median earnings (in 2002 dollars) rose from $5,900 in 1940 to $15,600 in 1995 (SSA 2002, table 4.B3). In contrast, men's median earnings peaked in 1970 at $27,800 and have declined steadily since, to $24,300 in 1995.[3]

[3] Based on preliminary data, men's median wage and salary earnings increased slightly after 1995 to $26,600 in 1999, while women's median wage and salary earnings continued its increasing trend to $17,100 in 1999 (SSA 2002, table 4.B3).

Increased female labor force participation and earnings coupled with declining male labor force participation and earnings have altered the correlation between husbands' and wives' earnings. Karoly and Burtless (1995) found the earnings of husbands and wives to be negatively correlated in the 1960s, reflecting the choice of women married to higher earning husbands to be full-time mothers. Burtless (1999) reports that the correlation between husband and wife earnings, which was zero in the 1979 economy, increased in the 1994 economy.

This structural shift in couple earnings has implications for Social Security benefits. Social Security pays wives a spouse benefit, based entirely on their husband's earnings, that is effectively 50 percent of their husband's unreduced Social Security benefit (PIA) as long as their own PIA, based on their own earnings, is smaller (Social Security program rules are discussed in more detail later on).[4] As a result, the couple's Social Security benefit is unchanged for any amount of the wife's earnings where the wife's PIA is below 50 percent of the husband's PIA. For example, if a husband's earnings are 100 percent of the average wage, the couple's benefit is unchanged until the wife's earnings are above about 30 percent of the average wage (figure 6). The couple's earnings would increase; yet average Social Security benefits would not. As the wife's earnings increase such that her PIA exceeds 50 percent of her husband's, the couple's Social Security benefits would increase. The higher a husband's earnings, the higher a wife's earnings must be in order to increase the couple's Social Security benefits. For example, if a husband's earnings are 140 percent of the average wage, the couple's benefit is unchanged until the wife's earnings are above about 50 percent of the average wage. Above the Social Security taxable maximum, further increases in earnings have no effect on the couple's Social Security benefit. Because of Social Security's spouse benefit and progressive payment formula, women's increased earnings may not be realized in the couple's Social Security benefit.

The changes in earnings and work patterns have corresponded with increased growth in earnings inequality. Since about 1975, earnings inequality (based on the Gini coefficient) for male full-time workers has more or less increased (figure 7). Although the earnings inequality of female full-time workers is considerably lower than the earnings inequality of males, it also increased between 1975 and 1998. The structural shift in couple earnings together with rising earnings inequality may contribute to the increased inequality in household income that also occurred during this period. Because private pensions and Social Security benefits are linked to earnings histories, this inequality is likely to persist in retirement.

Recent trends in work and earnings patterns will affect both private pensions and Social Security benefits of future retirees. The largest effects will likely be for female retirees. Because recent cohorts of women have higher labor force participation rates than earlier cohorts, they are more likely than earlier cohorts to receive pension income and Social Security retirement benefits based on their own earnings. However, because most women still earn less than men and most blacks still earn less than whites, many black and female retirees will likely continue to be economically vulnerable.

[4] Husbands are also eligible for Social Security spouse benefits as long their own PIA is less than 50 percent of their wife's PIA. However, wives are usually the recipients of spouse benefits.

Trends in Pensions

Third, baby boomers will retire with different pension plans than previous generations. Pensions are an important source of income for older Americans. About 41 percent of those aged 65 or older receive some income from pensions or annuities (Koenig 2002, table 1.1). While Social Security benefits are the largest component of income for these individuals, 9 percent of their total income comes from private pensions or annuities (Koenig 2002, table 7.2).

The current pension system has changed dramatically over the last twenty years with the erosion of DB plans and the emergence of DC plans, 401(k)s, IRAs, and cash balance plans. Today about 42 million Americans have 401(k) accounts through their employers, owning a total of $2 trillion in assets (U.S. Department of Labor 2002b). Only twenty years ago, most employees had DB plans through their employers and 401(k) plans did not exist. The baby boomers will be the first cohort to feel the full impact of the changing pension structure because they are least likely to have DB plans and are more likely to have contributed to DC plans or IRAs throughout their entire working careers. The essence of pension plans under the new pension structure is to increase individuals' responsibility for their own retirement saving and to shift investment risk from employers to employees. Therefore, it is unclear whether the trend away from DB plans and toward DC plans will be beneficial to the retirement prospects of baby boomers.

Trends in Social Security Retirement Policy

Fourth, baby boomers will face different Social Security retirement policies than current retirees. Principally, unlike current retirees who can retire with full benefits at age 65, the first cohort of baby boomers will not be able to retire with full benefits until age 66, while the last cohort of baby boomers will not be able to retire with full benefits until age 67. Under Social Security rules, individuals are paid their full Social Security benefit if they delay benefit take-up until the normal retirement age (NRA). Individuals may take up benefits before the NRA (beginning at age 62), but annual benefits are then reduced to adjust for the fact that early retirees receive benefits over a longer period. Currently, most individuals do not wait until the NRA to collect Social Security retirement benefits. In 2001, more than two-thirds of the benefits awarded were to retirees who opted to begin receiving Social Security benefits at age 62 – despite the reduction in benefits (SSA 2002, table 6.A4).[5] For current retirees, annual retired-worker benefits can be reduced by as much as 20 percent for early retirement. The annual benefit reduction for take-up at age 62 will be even greater for retirees in later birth cohorts. The first cohort of baby boomers can have their benefits reduced by as much as 25 percent, while the last cohort of baby boomers can have their benefits reduced by as much as 30 percent. The penalty is even greater for those who choose to receive spouse benefits before their NRA. All else equal, baby boomers who take early retirement will have lower Social Security benefits than their counterparts in the current retiree population.

[5] This figure represents retired-worker benefits only and includes conversions from nondisabled widow(er)'s benefits to higher retired-worker benefits.

Trends in Economic Growth

Finally, compared with previous birth cohorts, baby boomers have been aging in an era of economic prosperity. Average earnings (adjusted for inflation) grew at an average annual rate of about 2 to 3 percent per year between 1947 and 1973. Between the mid-1970s and early 1990s, however, there was almost no real growth in earnings (Levy and Murnane 1992; Levy 1998). Since the early 1990s, earnings have begun to grow more quickly – with the largest increases in the late 1990s. Between 1995 and 2000, real earnings growth averaged 2.85 percent annually (U.S. Board of Trustees 2002, table V.B1). But the Office of the Chief Actuary (OCACT) is not expecting this high growth rate to be sustained in the future. Under the intermediate cost scenario, the 2002 OASDI Trustees Report assumes that average wages will increase annually by 4.1 percent, and that prices will increase annually by 3.0 percent, which amounts to an annual real wage growth rate of 1.1 percent (figure 8). Because the Social Security benefit base is indexed to wages, continued wage growth will result in increased benefits for future retirees.

III. PREVIOUS RESEARCH

Numerous studies have examined the adequacy of retirement income to protect economic security, often coming to different conclusions. Most of these studies focus on current retirees or individuals on the verge of retirement. For example, Gustman and Steinmeier (1999) examined households ages 51 to 61 in the 1992 Health and Retirement Study (HRS) and found that most of them had already accumulated enough resources to replace a large share of their projected final earnings. Specifically, Gustman and Steinmeier computed a median nominal replacement rate of 86 percent and a real replacement rate of 60 percent. However, these replacement rates may be understated because the authors admittedly exclude additional savings between 1992 and the expected retirement date, post-retirement earnings, and income from transfer programs such as SSI or Medicaid.

Using the same data, Moore and Mitchell (2000) concluded that a majority of households nearing retirement would not be able to maintain current levels of consumption in retirement without continued or additional savings. The authors found that the median household would need to save 16 percent of annual earnings between 1992 and age 62 to achieve a replacement rate of 69 percent. If retirement were delayed to age 65, the required additional savings would decline to 7 percent of earnings per year. Like Gustman and Steinmeier, Moore and Mitchell may understate replacement rates because they exclude additional savings between 1992 and the expected retirement date, as well as post-retirement earnings and income from transfer programs such as SSI or Medicaid.

Haveman et al. (2003) used data from the Social Security Administration's New Beneficiary Data System on retired-worker beneficiaries in 1982 to examine whether retirees saved enough to maintain their pre-retirement living standards. With data on current retirees, they base their replacement rates on annuitized income from observed wealth and actual pre-retirement earnings (from age 50 to one year prior to retirement). The authors found that: the median replacement rate was about 80 percent; only about 30 percent of retiree households had incomes less than 70 percent of pre-retirement earnings; and about five percent of retirees had

incomes below the poverty threshold. Although this analysis addresses the shortcomings of many studies, it still likely understates replacement rates because it excludes post-retirement earnings and SSI income, and overstates poverty because it excludes post-retirement earnings, SSI benefits, and co-resident income.

To assess whether baby boomers, in particular, are on track to afford a comfortable retirement, many studies have compared the baby boomers in middle age with their parents when they were the same age. For instance, Easterlin et al (1990, 1993) analyzed five-year intervals of the March CPS and found baby boomers doing well when they compared their earnings and income with those of their parents at similar ages. Based on their findings, the authors consider the prospects to be good that baby boomers will outdo their parents in retirement. Similarly, Sabelhaus and Manchester (1995) compared the income and consumption of baby boomers when they were ages 25 to 44, with that of their parents' approximate generation when they were the same age. Using the 1960 Decennial Census for the parents' generation and the 1990 March CPS for the baby boom generation, they found that baby boomer households averaged incomes ranging from 46 percent higher than their parents' generation on a per household basis to 89 percent higher on a per capita basis. Although all of these studies consider the retirement prospects for baby boomers to be good, they also find disparities among population subgroups. In particular, those with lower incomes experienced more modest improvements than did those with higher incomes.

Another set of studies attempts to capture the expected incomes of baby boomers at retirement. For example, Wolff (2002) used the 1989 and 1998 Survey of Consumer Finances (SCF) to project the adequacy of expected retirement income for households ages 47 to 64. Those ages 47 to 55 in 1998 include some members of the baby boom cohorts. For this group, Wolff found that 19 percent of households will fail to achieve a poverty level income and that 82 percent of households will have retirement replacement rates of less than 100 percent at their expected retirement age. His results are likely overstated, however, because he excludes post-retirement earnings and SSI benefits, and doesn't project new savings or contributions to DC plans from the time of the survey to retirement. In addition to these income sources, his poverty estimates also leave out co-resident income – a particularly important source of income for nonmarried women.

Smith (2002) projects poverty rates using the Urban Institute's DYNASIM model. Unlike Wolff who projects the retirement income of individuals at their current ages, Smith uses DYNASIM to project the income of individuals at retirement. DYNASIM ages its starting sample in yearly increments, to as far as 2050, integrating important trends and differentials in life course processes, including birth, death, schooling, leaving home, first marriage, remarriage, divorce, disability, work, and earnings. Unlike many other studies that assume workers remain employed until a certain age, Smith uses projected retirement ages and Social Security take-up ages from the retirement model in DYNASIM. DYNASIM also projects current wealth forward to retirement, incorporating additional savings and new contributions to DC plans, and simulates pension and Social Security. Smith finds that poverty rates among the population at or above the Social Security normal retirement age will fall from 12 percent in 1992 to 6 percent in 2020 and to 3 percent in 2040. Nevertheless, she finds that certain subgroups will remain at risk of poverty, in particular never married and divorced women, as well as high school dropouts. The

improvement in poverty rates over time is due largely to the assumption of positive real wage growth. Without real wage growth, she finds that poverty levels would remain at about 12 percent, and certain vulnerable subgroups (e.g. never married women, high school dropouts, and the lowest lifetime earners) would have higher poverty rates in 2040 than in 1992.

Like Smith, we use projections of retirement income to compare the economic well-being of retirees in the baby boom generation with current retirees. To do this, we use the Social Security Administration's MINT data system. MINT captures baby boomers in the first third to the first half of their lives and statistically projects their income and characteristics into retirement, adjusting for expected demographic and socioeconomic changes. With MINT we have a comprehensive measure of retirement resources – one that is based on Social Security benefits, pension income, asset income, earnings, SSI, imputed rent, and co-resident income. This will allow us to more accurately measure total income at retirement, to examine how each component's share of income changes over time, and to assess the adequacy of retirement resources. Using MINT, we examine the retirement income of baby boomers at age 67 and try to understand how the interaction of demographic and economic factors, such as those described in the background section, will impact their economic well-being in retirement.

IV. METHODOLOGY

Description of Model of Income in the Near Term (MINT)

MINT projects the wealth and income of individuals born between 1926 and 1965 from the early 1990s until 2032. It was developed by SSA's Office of Research, Evaluation, and Statistics, with substantial assistance from the Brookings Institution, the RAND Corporation, and the Urban Institute. (For more information see Butrica, Iams, Moore and Waid 2001; Panis and Lillard 1999; and Toder et al. 1999). The projections in this paper are based on MINT3, the most recent version of MINT (Toder et al. 2002).

For persons born between 1926 and 1965, MINT independently projects each person's marital changes, mortality, entry to and exit from Social Security disability insurance (DI) rolls, and age of first receipt of Social Security retirement benefits. It also projects lifetime earnings, Social Security benefits, and other sources of income after age 49 from the early 1990s through the year 2032 or death. These other sources of income include income from pension plans, retirement accounts, nonpension, nonhousing assets, SSI, and income of nonspouse co-residents. It also calculates a rate of return on owner-occupied housing to reflect that homeowners are better off than nonhomeowners. The base data for these projections are the 1990 to 1993 panels of the SIPP, matched to SSA administrative records on earnings, benefits, and mortality.

MINT projects future marital histories and estimates characteristics of future and former spouses. It estimates marital transitions from the reported marital status in the SIPP panels, using gender-specific continuous time hazard models for marriage and divorce. Explanatory variables that predict marital transitions in the equations are age, education, years nonmarried, whether widowed, and calendar year after 1980. The last variable captures the stabilization of divorce rates at a relatively high level in the early 1980's (Goldstein 1999).

MINT also identifies characteristics of spouses, in particular their earnings histories, for all married individuals. Individuals who were married in the 1990 to 1993 SIPP panels and remain married throughout the projection period are exactly matched with their spouses from the survey. Former and future spouses are statistically assigned from a MINT observation with similar characteristics, or a "nearest neighbor." Thus, MINT contains observed and estimated marital histories with the linkages to the characteristics of current, former, and future spouses that are necessary for calculation of spousal and survivors benefits.

MINT imputes earnings histories and disability onset through age 67 using a "nearest neighbor" matching procedure. MINT starts with a person's own SSA recorded earnings from 1951 through 1999. The nearest neighbor procedure statistically assigns to each "recipient" worker the next five years of earnings and Social Security DI entitlement status, based on the earnings and DI status of a "donor" MINT observation born five years earlier with similar characteristics. The splicing of five-year blocks of earnings from donors to recipients continues until earnings projections reach age 67. A number of criteria are used to match recipients with donors in the same age interval. These criteria include gender, minority group status, education level, DI entitlement status, average earnings over the five-year period, presence of earnings in the 4th and 5th years of the five-year period, and age-gender group quintile of average prematch period earnings. An advantage of this approach is that it preserves the observed heterogeneity in age-earnings profiles for earlier birth cohorts in projecting earnings of later cohorts.

In a subsequent process, for all individuals who never become DI recipients, MINT projects earnings, retirement, and benefit take-up from age 50 until death. These earnings replace the earnings generated from the splicing method after age 50. This post-process allows the model to project behavioral changes in earnings, retirement, and benefit take-up in response to policy changes. MINT then calculates Social Security benefits based on earnings histories and past DI entitlement status of workers, marital histories, and earnings histories of current and former spouses.

MINT projects DB pension coverage and benefits starting with the self-reported pension coverage information in the SIPP. MINT then links individuals to pension plans and simulates new pension plans along with job changes. Pension accruals depend on the characteristics of individuals' specific pension plan parameters. MINT also projects wealth from retirement accounts (i.e. DC, IRA, and Keogh plans) by accumulating account balances to the retirement date, along with any new contributions and interest earnings.

MINT also projects housing equity and nonpension, nonhousing wealth (i.e. vehicle, other real estate, farm and business equity, stock, mutual fund, and bond values, checking, saving, money market, and certificate of deposit account balances, less unsecured debt). These projections are based on random-effects models estimated from the Panel Survey of Income Dynamics (PSID), Health and Retirement Study (HRS), and the SIPP. Explanatory variables include age, recent earnings and present value of earnings, number of years with earnings above the Social Security taxable maximum, marital status, gender, number and age of children, education, race, health and disability status, pension coverage, self-employment, and last year of life.

In each year from retirement until death, MINT takes the stock of wealth in retirement accounts and nonpension, nonhousing assets and: (1) decays it based on age-wealth patterns in the SIPP to represent the spend-down of assets in retirement; and (2) converts it into income by calculating the annuity a couple or individual could buy if they annuitized 80 percent of their total wealth. Thus, asset income is derived from a series of annuity estimates based on a declining stock of wealth in retirement.

MINT also projects living arrangements, SSI income, and income of nonspouse co-residents from age 62 until death. Living arrangements depend on the marital status, age, gender, race, ethnicity, nativity, number of children ever born, education, income and assets of the individual, and date of death. For those projected to co-reside, MINT uses a "nearest neighbor" match to assign the income and characteristics of the other family members from a donor file of co-resident families from the 1990 to 1993 SIPP panels. After all incomes and assets are calculated, MINT calculates SSI eligibility and projects participation and benefits for eligible participants.

Finally, MINT projects immigration to represent people who immigrated after the SIPP survey and those who will immigrate in future years. Because immigrants have lower average income than native-born Americans, omitting them from the projection period and analyses of well-being would understate true poverty.

MINT is a useful tool for gaining insights of what we expect to happen to the retirement incomes of future retirees. It projects Social Security benefits and other important sources of income in retirement. MINT also accounts for major changes in the growth of economy-wide real earnings, the distribution of earnings both between and within birth cohorts, and the composition of the retiree population.[6] All these factors will affect the retirement income of future retirees.

Sample Criteria

We separate our analyses into ten-year birth cohorts representing current retirees (born 1926-35), near retirees (1936-1945), early baby boomers (born 1946-55), and late baby boomers (1956-65).[7] We analyze the characteristics and family income of individuals born in these cohorts when they reach age 67 (the age by which most people will have retired). Given the many structural changes impacting women (e.g. increased earnings and labor force participation), we analyze men and women separately. We also separate out married and nonmarried persons. All reported income projections are in 2003 dollars.

[6] MINT uses OCACT projections (from the intermediate cost scenario in the 2002 OASDI Trustees Report), based on economic assumptions external to MINT, of disability prevalence and mortality through age 65 and of the growth of average economy-wide wages and the consumer price index (CPI).

[7] The baby boom cohort is typically represented as those born between 1946 through 1964. For analytical purposes, however, we define the baby boom cohort as those born between 1946 and 1965.

V. CHARACTERISTICS OF CURRENT AND FUTURE RETIREES

In this section, we describe the projected characteristics of retirees in each of the ten-year cohorts. Table 1 pools married and nonmarried retirees and appendix table 1 breaks out the sample by gender and marital status. MINT projects shifts in the composition of marital status among cohorts, reflecting the historical marriage trends discussed earlier. Just over one in four current retirees will be nonmarried compared with about one in three baby boomers. The differences between men and women are pronounced. Nonmarried men will represent 17 percent of all men in the current retiree population, 22 percent of those in the near retiree population, 23 percent of those in the early baby boom population, and 26 percent of those in the late baby boom population. While the compositional change between cohorts is much smaller for women, their numbers are much higher: 39 percent of current retirees, 41 percent of near retirees, 40 percent of early baby boomers, and 43 percent of late baby boomers are projected to be nonmarried at retirement.

Not only will the share of nonmarried retirees increase in the baby boom cohorts, but their composition will also change dramatically. Baby boomer retirees are more likely than current retirees to never marry or to be divorced and they are less likely than current retirees to be widowed. This finding is consistent with the historic trends described in the background section.

Marital status has important implications for the economic well-being of future retirees since among current retirees age 65 or older the never married have the highest poverty rates (26 percent), followed by those who are divorced (17 percent), widowed (16 percent), and married (5 percent). In addition, within marital groups, male and female poverty rates often differ considerably as female poverty rates are significantly higher than male poverty rates (Koenig 2002, table 8.1). Since women are more likely than men to be nonmarried in retirement, and this proportion is projected to increase in the baby boom cohorts, a larger share of the future retiree population will be at risk of poverty.

The racial composition of retirees is also projected to shift between the cohorts as minority group representation increases among baby boomers. Baby boomer retirees are more likely than current retirees to be black, Hispanic, Asian, and Native American. For instance, about one in six current retirees are in a racial/ethnic minority compared with one in four baby boomer retirees. Among married men and women, the proportion of Hispanic retirees in the baby boom cohorts will grow to exceed the proportion of black retirees and become the predominant minority group. Among nonmarried men and women, blacks will continue to be the predominant minority group in the baby boom cohorts as they were in the current retiree cohort. The shift in minority group representation is also expected to influence the retirement income and economic well-being of future retirees since among current retirees 65 or older, blacks are 2.5 times more likely to be poor and Hispanics are about twice as likely to be poor as whites (Koenig 2002, table 8.1).

Baby boomer retirees are about one and a half times more likely than current retirees to be college educated and about half as likely to be high school dropouts. However, the gains in educational attainment between current retirees and early baby boomers are lost somewhat

among late baby boomers. That is, fewer retirees in the late baby boom cohorts will have completed college than in the early baby boom cohorts.

Under Social Security program rules, persons receive old age benefits either as retired workers, spouses, or widow(er)s. Retired-worker benefits are computed by wage indexing annual earnings over a worklife, determining the highest 35 years of annual indexed earnings, and then calculating the average indexed monthly earnings (AIME) and primary insurance amount (PIA) – the benefit payable at the normal retirement age, currently 65. Persons with 40 or more quarters of coverage over their work lives are considered fully insured and receive retired-worker benefits. Auxiliary benefits are paid to spouses and widow(er)s of retired workers. Spouse benefits are effectively one-half of the spouse's PIA, unless reduced for early retirement. Widow(er) benefits are effectively equal to the deceased spouse's PIA, unless reduced for early retirement. Retired workers are dually entitled if their auxiliary benefits as spouses or widow(er)s are larger than their retired-worker benefits.

MINT projections show an increase between current retirees and baby boomer retirees in retired-worker beneficiaries and a corresponding decrease in nonbeneficiaries and auxiliary beneficiaries. This reflects the increase in labor force experience between cohorts: from an average of 26 years among current retirees to 29 years among near retirees, and 32 years among early and late baby boomers.[8] Increased time spent in the labor force, in turn, leads to higher average lifetime earnings among the baby boomers. Different from Social Security's AIME, our measure of own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62. This measure, unlike the AIME, includes Social Security uncovered earnings and earnings above the Social Security taxable maximum. It also includes zeros for Social Security DI beneficiaries. We also create a measure of shared lifetime earnings, the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings is half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried. Both own and shared lifetime earnings are projected to increase with each successive cohort, though at a decreasing rate.

Because of their strong attachment to the labor force and high earnings (relative to women), most men will collect benefits at retirement based entirely on their own earnings. MINT projects little change between cohorts in the type of Social Security benefits that married and nonmarried men are paid. The story is very different for women. Female baby boomer retirees are projected to be more likely than female current retirees to receive only retired-worker benefits and less likely to receive only auxiliary benefits. These changes reflect the increased labor force participation and earnings of female baby boomers relative to female current retirees.

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[8] Labor force experience represents the number of years with positive earnings. Historical earnings in MINT come from two sources of SSA administrative data. Earnings between 1951 and 1981 come from the Summary Earnings Record (SER) and include only Social Security covered earnings. Earnings between 1982 and 1999 come from the Detailed Earnings Record (DER) and include earnings from both Social Security covered and uncovered jobs. The DER also includes earnings over the Social Security taxable maximum. Projected earnings in MINT are based on the DER. We tested the sensitivity of our results to different sources of earnings data. Because it captures total earnings, not just Social Security covered earnings, the DER has fewer years of zero earnings. As a result, the average number of years in the labor force is slightly higher using the DER. However, these data sources exhibit similar earnings patterns over time. Using either data source, baby boomer retirees are projected to have more labor force experience than current retirees.

Butrica and Iams (2000) cite another reason for the increase in the number of females eligible for retired-worker benefits. The authors find an increase in the number of marriages that are projected to end in divorce before 10 years of marriage. Under Social Security program rules, these marriages are deemed ineligible for auxiliary benefits.

Married women in the current retiree population average 18 years of work experience compared with 29 and 30 years in the early and late baby boom populations, respectively. Similarly, work experience is projected to increase between cohorts for nonmarried women. Additional evidence of women's increased work and earnings is the narrowing of the gap over time between own lifetime earnings and shared lifetime earnings. For married women, shared lifetime earnings are almost two and a half times higher than own lifetime earnings among current retirees, but only one and a half times higher than own lifetime earnings among baby boomer retirees. For nonmarried women, the ratio of shared lifetime earnings to own lifetime earnings is 1.7 among current retirees, but only 1.2 among baby boomer retirees.

Given their higher earnings, it seems counterintuitive that fewer nonmarried women than married women are retired-worker beneficiaries; however, this result is due in part to the different eligibility criteria for widow(er)s – whose own PIA must be larger than their deceased spouse's PIA in order to be considered a retired-worker beneficiary. Since most women don't have PIAs larger than their husband's, they are considered to be dually entitled.

VI. ABSOLUTE MEASURES OF WELL-BEING

In this section, we consider the economic well-being of current and future retirees on a couple of different absolute measures: family income and poverty. We begin by describing the overall level of family income, and then discuss its composition. Next we report poverty rates. Finally, we describe the composition of the population in poverty. The results are based on MINT projections of income and poverty at age 67 for individuals born in the 1926-35, 1936-45, 1946-55, and 1956-65 birth cohorts. Our measure of per capita family income includes Social Security benefits, pension income, asset income, earnings, SSI, income from nonspouse co-resident family members, and imputed rental income in 2003 dollars.[9] All of the tables in the main text pool married and nonmarried retirees. The tables in the appendix break out the sample by gender and marital status.

Projected Income

Projected Income Levels. Mean per capita family income is projected to be higher for future retirees than for current retirees; however, most of this difference is due to large increases in per capita family income between the first three ten-year cohorts (table 2). Between the 1926-

[9] Imputed rental income is 3.0 percent of the difference between the house value and the remaining mortgage principal. There is debate over whether to include housing in income measures and replacement rates. Proponents argue that homeowners with identical financial resources as renters are better off because they don't have to pay additional income for housing. Critics argue that only actual income flows should be included. Although we include imputed rent in the income measure we use to describe the overall levels and composition of family income, we do not include imputed rent in the income measure we use to determine replacement rates and poverty rates.

35 and 1936-45 birth cohorts, mean per capita income is projected to increase 21 percent (from $29,000 to $35,000). Between the 1936-45 and 1946-55 birth cohorts, mean income is projected to increase another 26 percent (from $35,000 to $44,000). Finally, between the 1946-55 and 1956-65 birth cohorts, mean income is also projected to increase, but by only 9 percent (from $44,000 to $48,000).

Among current retirees, mean per capita family income is highest for men, those who are widowed, white non-Hispanics, those who are college educated, dually entitled beneficiaries, those with more work experience and those with earnings and income in the highest quintile. These patterns are projected to hold for future retirees, except that never married women as opposed to widowed women, and retired-worker beneficiaries as opposed to dually entitled beneficiaries will have higher incomes in the baby boom cohorts.

Mean per capita income in the top of the earnings and income distributions is growing faster than incomes in the bottom of the distributions. Among current retirees, mean per capita income in the 5th quintile of the own lifetime earnings distribution is about 2 times higher than that in the 1st quintile. Among baby boomers, this is projected to increase to 3 times higher. Among current retirees, mean per capita income in the 5th quintile of the shared lifetime earnings distribution is about 3 times higher than that in the 1st quintile. Among baby boomers, this is projected to increase to over 4 times higher. Finally, among current retirees, mean per capita income in the 5th quintile of the income distribution is about 8 times higher than that in the 1st quintile. This is projected to increase to 10 times for baby boomers. These results suggest that both earnings and income inequality will likely be higher for baby boom retirees than for current retirees.[10]

Some of these patterns differ within marital and gender subgroups (appendix table 2). Nonmarried men in the early baby boom cohorts with less than 30 years of work experience are projected to have lower incomes than their counterparts in the near retiree cohorts. Late baby boomers with less than 20 years of work experience are no better off than early baby boomers; however, late baby boomers with 20 to 29 years of work experience are slightly better off than early baby boomers. Also, nonmarried men in the lowest quintile of own and shared lifetime earnings are slightly worse off in the early and late baby boom cohorts than they are in the cohorts of current and near retirees.

Because mean per capita family income can be skewed by high outliers, table 3 and appendix table 3 report median per capita income. Although lower than mean per capita income, median per capita income exhibits similar patterns across cohorts and within subgroups. Like

[10] Again, we tested the sensitivity of our results to different sources of earnings data. Because it captures total earnings, not just Social Security covered earnings, the DER has fewer years of zero earnings and higher earnings on average than the SER. However, these data sources exhibit similar earnings patterns over time. That is, average earnings are projected to increase over time (although wage growth is higher using DER earnings) and earnings inequality is projected to increase over time (although inequality is somewhat higher using DER earnings). Using either data source, baby boomer retirees are projected to have higher lifetime earnings and higher earnings and income inequality than current retirees.

mean per capita income, median per capita income is projected to increase with each successive cohort at a decreasing rate: $23,000 for current retirees; $28,000 for near retirees; $33,000 for early baby boomers; and $34,000 for late baby boomers.

Composition of Projected Income. In examining the composition of projected family income, we separate non-retirement income from retirement income. Non-retirement income includes income from assets, earnings, SSI benefits, imputed rental income, and co-resident income. Retirement income includes Social Security benefits, DB pension benefits, and income from retirement accounts (i.e. DC pensions, and IRA and Keogh plans). Splitting these sources of income allows us to assess the ability of Social Security benefits, DB pension benefits, and retirement accounts (the traditional sources of income in old age) to protect retirement security.

Nearly all retirees receive income from non-retirement income sources (table 4). Among current retirees, 90 percent have asset income, 29 percent have own earnings, 23 percent have spouse earnings, 5 percent have own SSI benefits, 1 percent have spouse SSI benefits, 80 percent have imputed rent, and 17 percent have co-resident income. Retirees with asset income, earnings, and imputed rental income are projected to increase among the baby boom cohorts, while those with SSI benefits and co-resident income are projected to decrease among the baby boom cohorts.

Nearly all retirees also receive income from retirement income sources. Among current retirees, 88 percent have own Social Security benefits, 53 percent have spouse Social Security benefits, 38 percent have own DB pension income, 23 percent have spouse DB pension income, 38 percent have own retirement account income, and 24 percent have spouse retirement account income. Reflecting the shift in employer pensions from DB to DC, retirees with retirement accounts are projected to increase and those with DB pensions are projected to decrease among the baby boom cohorts. The share with own Social Security benefits is projected to increase, while the share with spouse Social Security benefits is projected to decrease among the baby boom cohorts. However, the share of retirees with any Social Security benefits is projected to increase from 91 percent among current retirees to 94 percent among baby boomer retirees.

Among current retirees, married men and women are more likely than nonmarried men and women to have asset income, imputed rent, and own retirement accounts (appendix table 4). In contrast, nonmarried men and women are more likely than married men and women to have SSI benefits and co-resident income. Married men and nonmarried women are more likely than their counterparts to have own earnings, own Social Security benefits, and own DB pension income.

While most of these relative patterns remain constant across cohorts, there is somewhat of a shift in income sources over time. For instance, married men in the baby boom cohorts are less likely than nonmarried men to have their own Social Security benefits[11], while married women are more likely than nonmarried women to have their own Social Security benefits. Also, married men in the late baby boom cohort are less likely than nonmarried men to have their

[11] Couples tend to coordinate work and retirement decisions (Johnson and Favreault 2001). Much of the difference in Social Security benefit status among married and nonmarried men reflects delayed retirement among married men as they continue to work until their typically younger wife retires.

own DB pension benefits and retirement accounts. Married women in the baby boom cohorts are less likely than nonmarried women to have their own retirement accounts.

Table 4 also shows each income source's contribution to mean per capita family income and how these vary by cohort. The middle panel of table 4 presents mean per capita income by source, and the lower panel of table 4 presents the share of per capita family income held by each source. Among current retirees, $15,000 (53 percent) of family income comes from non-retirement income, including $4,000 from asset income (14 percent), $7,000 from own and spouse earnings (22 percent), $2,000 from imputed rental income (6 percent), and $3,000 from co-resident income (10 percent). Own and spouse SSI benefits account for less than $1,000 and less than 1 percent of family income. The remaining $14,000 (47 percent) of per capita family income is derived from retirement income. Own and spouse Social Security benefits, which average $8,000, makes up the bulk of retirement income and constitutes 28 percent of family income. DB pension benefits and retirement accounts average $5,000 and $1,000, respectively, or 16 and 3 percent of per capita family income.

The share of family income from non-retirement income sources is projected to increase between cohorts, primarily due to the increased importance of asset income. This income source represents 14 percent of mean per capita family income for current retirees, 17 percent for near retirees, 19 percent for early baby boomers, and 20 percent for late baby boomers. The relative importance of family earnings, family SSI benefits, and imputed rental income remain fairly constant across cohorts, while the importance of co-resident income decreases slightly from 10 percent among current retirees to 8 percent among baby boomers.

The share of family income from retirement income sources is projected to decrease slightly between cohorts, primarily due to the decreased importance of DB pension benefits. This income source represents 16 percent of mean per capita family income for current retirees, but only 9 percent of mean per capita family income for late baby boomers. Although the contribution of retirement accounts to family income nearly triples between cohorts (from 3 percent among current retirees to 8 percent among late baby boomers), the increase is not large enough to completely offset the decreased importance of DB pension benefits.[12] The significance of Social Security benefits, on the other hand, remains largely unchanged across cohorts.

Income from assets plays a larger role in total income for nonmarried men than for married men and a smaller role in total income for nonmarried women than for married women (appendix table 6). Own earnings constitute 2 to 3 times more per capita family income for nonmarried women than for married women in every birth cohort. However, own plus spouse earnings represent a larger share of total income for married men and women than they do for nonmarried men and women. The share of total income from imputed rent is between 5 and 7 percent for all men and women. Co-resident income accounts for between one-fifth and one-quarter of total income for nonmarried women in every birth cohort. After Social Security, it is the most important source of income for nonmarried women. In contrast, it represents less than

[12] There are statutory limits on the amount individuals can contribute to retirement accounts. MINT assumes these limits remain fixed at current levels.

15 percent of total income for nonmarried men, and only about 5 percent of total income for married men and married women. The relative importance of family Social Security income, about a third of total income, varies little within gender and marital status. The relative importance of family DB pension benefits and retirements accounts is about the same for married and nonmarried men, but is greater for married women than for nonmarried women. This difference is due entirely to their husband's DB pension benefits, which constitute a 2 to 3 times higher share of family income than their own DB pension benefits. [13]

Own earnings as a fraction of per capita family income are projected to be lower for male baby boomers than for their counterparts in the current retiree population. In contrast, own earnings will likely constitute a larger share of per capita family income for female baby boomers than for their counterparts in the current retiree population.

Table 5 shows each income source's contribution to median per capita family income and how these vary by cohort. Median values are computed as the mean per capita family income of those with per capita family income in the 45th-55th percentiles. This definition of median overcomes the problem of skewing from high income outliers while maintaining a distribution of values. The top panel of table 5 presents median per capita income by source and the bottom panel of table 5 presents the share of per capita family income held by each source.

Among current retirees, $8,000 (37 percent) of median per capita family income comes from non-retirement income sources and $14,000 (63 percent) of median per capita family income comes from retirement income sources. These results differ from those based on mean per capita family income, which depict non-retirement income as the dominant income source. Non-retirement income sources (particularly income from assets), more than retirement income sources, are subject to skewing from high outliers. As a result, mean and median retirement income is virtually identical, while mean non-retirement income is nearly twice as high as median non-retirement income.

Despite differences in income levels and shares, mean and median income patterns across cohorts and within gender and marital groups are similar. The share of median family income from non-retirement income sources is projected to be larger for baby boom cohorts than for the current retiree population. Different from the results based on mean family income, asset income represents a constant share of median family income across cohorts. With median family income, the increase in the share of non-retirement income between cohorts is primarily due to the increased importance of family earnings. As with the results based on mean family income, the share of median family income from retirement income sources is projected to be smaller for baby boom cohorts than for the current retiree population, primarily due to the decreased importance of DB pension benefits.

Projected Poverty

Next we assess the adequacy of family income using poverty rates. Poverty is an absolute concept because individuals are considered poor if they have family incomes below an

[13] Also, MINT does not project DB pension entitlement for spouses who divorced before retirement.

absolute minimum level – the official poverty thresholds of the U.S. Census Bureau. These thresholds vary with family size and age and increase annually with increases in prices as measured by the CPI. For our analyses, we use the 65 and over poverty threshold. Like the U.S. Census Bureau, we do not include imputed rent in the income measure we use to determine poverty rates.

Projected Poverty Rates. The projected increase in real incomes between current and future retirees will cause poverty rates to decline for most future retirees (table 6). As with increases in income, decreases in poverty rates are projected to occur largely between the first three ten-year cohorts. Eight percent of current retirees are expected to be poor at age 67, compared with 6 percent of near retirees, and 4 percent of early and late baby boomer retirees. This decline in poverty largely reflects the effects of higher real earnings on real Social Security benefits and other retirement income for baby boom retirees than for current retirees.

Nearly all demographic and economic subgroups will experience declines in poverty rates over time, and most baby boomer retirees are less likely than current retirees to be poor. However, despite increases in income across cohorts, Social Security auxiliary beneficiaries and those with weak labor force attachments are projected to have higher poverty rates in the baby boom cohorts than in the current retiree population.

Among baby boomer retirees, poverty rates are highest for never married men and women, Hispanics, high school dropouts, Social Security nonbeneficiaries, those with weak labor force attachments, and those with own and shared lifetime earnings in the lowest quintile – historically vulnerable populations. In contrast, poverty rates are lowest for married men and women, white non-Hispanics, those with college educations, Social Security dually entitled and retired-worker beneficiaries, those with many years of work experience, and those with own and shared lifetime earnings in the highest quintile – historically advantaged populations. Poverty rates are highest for nonmarried women, followed by nonmarried men, married men, and married women (appendix table 9).

Composition of the Population in Poverty. Among current retirees, the majority of those who are poor are female, married, white non-Hispanic, high school dropouts, Social Security nonbeneficiaries, those with weak labor force attachments, and those with the lowest own and shared lifetime earnings (table 7). Over time those in poverty are increasingly male, never married, divorced, black non-Hispanic and Hispanic, high school and college graduates, Social Security retired-worker beneficiaries, those with weak labor force attachments, and those with the lowest own and shared lifetime earnings.

A subgroup's share of the poor takes into account both the subgroup's poverty rate and its share of the age 67 population. For example, in the baby boom cohorts, a larger share of never married and divorced retirees is expected to be poor than in the current retiree cohort. This is because their share of the population is larger among the baby boom cohorts and their poverty rates are higher than other marital subgroups.

Black non-Hispanics and Hispanics make up almost one in three of the current retiree population in poverty. In contrast, these minority groups make up just over two in five of the

baby boomer retiree population. This is because their population share is projected to increase between cohorts from 15 percent among current retirees to 22 percent among late baby boomers and because they are projected to have the highest poverty rates of all minority subgroups.

High school and college graduates are expected to make up 42 percent of the current retiree population in poverty and 59 percent of the baby boom retiree population in poverty. Even though their poverty rates are less than a third those of high school dropouts and are projected to decline across cohorts, high school and college graduates make up 72 percent of current retirees and are expected to make up about 88 percent of baby boomer retirees.

Similarly retired worker beneficiaries, who have extremely low poverty rates, comprise three-fifths of the current retiree population and are projected to comprise more than three-quarters of the late baby boomer retiree population. As a result, this group makes up 35 percent of current retirees in poverty and 40 percent of late baby boomer retirees in poverty.

VII. RELATIVE MEASURES OF WELL-BEING

The results in the previous section suggest that baby boomer retirees will enjoy higher incomes and lower poverty rates than current retirees. However, these results are based on absolute measures of well-being. In this section, we consider whether baby boomer retirees will be *relatively* better off than current retirees at age 67. More precisely, we are interested in the ability of baby boomers to maintain their relative economic position in retirement – relative to others in their birth cohort and relative to their own pre-retirement standard of living. To do this we examine their relative family incomes and replacement rates. We begin by talking about relative family incomes. Next we report overall replacement rates, and then describe their distribution. Finally, we discuss the composition of replacement rates. Again, the results are based on MINT projections of income and replacement rates at age 67 for individuals born in the 1926-35, 1936-45, 1946-55, and 1956-65 birth cohorts. Most of the tables in the main text pool married and nonmarried retirees, where the tables in the appendix break out the sample by gender and marital status.

Projected Relative Incomes

Although mean and median per capita family income is projected to increase across cohorts for all subgroups, not everyone will be equally well off in the baby boom cohorts. To provide a better sense of the relative economic well-being of various subgroups, we also present the ratio of mean income in a subgroup to mean income of the entire cohort (table 8) and the ratio of median income in a subgroup to median income of the entire cohort (table 9).

Using these gauges of retirement security, we find that many historically vulnerable populations will have lower relative incomes (mean and median) in both baby boom retiree cohorts than in the current retiree cohorts, including: widowed women, high school dropouts and graduates, Social Security nonbeneficiaries, auxiliary beneficiaries, and dually entitled beneficiaries, those with less than 30 years of work experience, and those with earnings and income in the lowest quintiles.

For example, average per capita family income for high school dropouts in the current retiree cohort is 68 percent of the overall average. The comparable statistic is only 53 percent for those in the early baby boom cohort and 55 percent for those in the late baby boom cohort. This is because overall average income increases by 52 percent between the current retiree and early baby boom cohorts, while average income for high school dropouts increases by only 20 percent. Between the current retiree and late baby boom cohorts, overall average income increases by 66 percent, while average income for high school dropouts increases by only 35 percent. So even though high school dropouts have higher family incomes in the baby boom cohorts than in the current retiree cohort, they are relatively worse off.

Other subgroups, however, are expected to be relatively better off in both baby boom cohorts than in the current retiree cohort. Widowed men, white non-Hispanics, those with strong labor force attachments, and those with earnings and income in the highest quintiles will have higher relative incomes (mean and median) in both baby boom retiree cohorts than in the current retiree cohorts.

Never married women, a historically vulnerable population, will also have higher relative incomes in both baby boom retiree cohorts than in the current retiree cohorts. For these women, the growth in average per capita family income between the current retiree cohort and both baby boom retiree cohorts (78 percent for the early baby boom cohort and 89 percent for the late baby boom cohort) far exceeds the growth in overall average income between the cohorts (66 percent).

In general, MINT predicts changes over time in the relative income ranking of important subgroups within specific cohorts. Some subgroups – mostly the historically advantaged – will experience substantial gains in real per capita income and other subgroups – mostly the historically disadvantaged – will experience little gain over time.

Projected Replacement Rates

Replacement rates provide information regarding the well-being during retirement years relative to well-being during pre-retirement years. Here we consider how well different sources of retirement income maintain a family's pre-retirement living standard – measured as its pre-retirement earnings. An important issue when calculating replacement rates is how to define the pre-retirement earnings used in the denominator. Final earnings are often defined as earnings in the year prior to retirement or average earnings in the last five years before retirement. However, because many individuals experience time out of the workforce and declining earnings later in their careers, Smith (2002) argues that it is more appropriate to define earnings based on the actual patterns of work across a lifetime. Furthermore, individuals, in effect, must pay for their retirement with wages earned over their lifetimes and not just in the peak of their careers. Therefore, we define pre-retirement earnings as shared earnings between ages 22 and 62.[14] We compute our replacement rates as the ratio of per capita family income at age 67 to average

[14] Social Security also considers lifetime earnings in computing Social Security benefits. The two measures of lifetime earnings differ because we average all wages earned between ages 22 and 62, while Social Security averages only the highest 35 years of wages. Also, we use shared lifetime earnings, whereas Social Security uses individual lifetime earnings to compute benefits.

shared earnings between ages 22 and 62. We examine alternate denominators later in this section. While the specific values change using other denominators, the patterns remain constant. We also omit imputed rent and co-resident income from the income measure we use to determine replacement rates. Later in this section we examine the sensitivity of replacement rates to alternate income measures, including imputed rent and co-resident income.

Overall Replacement Rates. Most retirees will not have as much income in retirement as they did in their working years (table 10). Median replacement rates are projected to be 93 percent for current retirees. In other words, per capita family income at age 67 will replace 93 percent of average shared lifetime earnings. Replacement rates are expected to decrease to about 80 percent for future cohorts of retirees. Except for high school dropouts and those with less than 20 years of work experience, all subgroups of baby boomers will have lower replacement rates than their counterparts in the current retiree population.

Among current retirees, replacement rates are highest for never married women, widowed men, Asian and Native Americans, college graduates, Social Security nonbeneficiaries, those with weak labor force attachments, those in the lowest quintiles of own and shared lifetime earnings, and those in the highest quintile of total income. Replacement rates are lowest for divorced men and women, white non-Hispanics and Hispanics, high school dropouts, retired worker beneficiaries, those with many years of work experience, those in the highest quintile of shared lifetime earnings, and those in the lowest quintile of total income. These patterns generally hold across all cohorts of retirees, except in the baby boom cohorts where replacement rates are highest for widowed women and high school dropouts, and lowest for never married men, black non-Hispanics and high school graduates. Because of the Social Security progressive payment formula, individuals with low earnings will have relatively higher replacement rates and those with high earnings will have relatively lower replacement rates.

Replacement rates are higher for nonmarried men and women in the current retiree population than for their married counterparts (appendix table 11). However, nonmarried women are projected to experience the largest decline in replacement rates between cohorts, followed by nonmarried men, married women, and married men. As a result, differences in replacement rates between the nonmarried and married will likely be smaller in the late baby boom retiree population than in the current retiree population. Even so, nonmarried men and women in the baby boom cohorts will have replacement rates that are just as high, if not higher, than those of married men and women.

Distribution. Family income replaces less than 25 percent of shared lifetime earnings for 2 percent of current retirees, less than 50 percent of shared lifetime earnings for 12 percent of current retirees, less than 75 percent of shared lifetime earnings for 35 percent of current retirees, and less than 100 percent of shared lifetime earnings for 55 percent of current retirees (table 11). In other words, 45 percent of current retirees will have per capita income at age 67 that is higher than their average shared earnings between ages 22 and 62. About 15 percent of current retirees will have per capita income at age 67 that is at least twice as high as their average shared earnings between ages 22 and 62.

In contrast, only 35 percent of early baby boomers and 36 percent of late baby boomers will have more than enough income at age 67 to maintain their pre-retirement standard of living. About 9 percent of baby boomer retirees will have per capita income at age 67 that is at least twice as high as their average shared earnings between ages 22 and 62.

All marital groups are projected to experience the deterioration in replacement rates across cohorts. As a result, those in the baby boom cohorts are less likely than current retirees to have enough income to maintain their pre-retirement living standards.

Composition. For individuals with replacement rates between the 45th and 55th percentiles, we compute the ratio of their mean income and their mean shared lifetime earnings for each income component (table 12). As already shown, replacement rates are projected to decline across cohorts. This table shows that the decline is driven by retirement income. Social Security benefits, DB pension benefits, and retirement accounts replace 63 percent of shared lifetime earnings for current retirees. However, these sources of income replace only 53 percent of shared lifetime earnings for near retirees, 50 percent for early baby boomers, and 51 percent for late baby boomers. Although retirement accounts replace a larger fraction of lifetime earnings for future retirees than they do for current retirees, they do not offset the decline in Social Security and DB pension replacement rates.

As already shown, replacement rates are projected to be just as high, if not higher, for nonmarried men and women than for married men and women. This table shows that the differences in replacement rates are due primarily to retirement income. Married men and women have higher non-retirement income replacement rates, but lower retirement income replacement rates than nonmarried men and women. Among current retirees, married men and women have retirement income replacement rates of 57 and 62 percent, respectively. In contrast, nonmarried men and women have retirement income replacement rates of 73 and 72 percent, respectively. Social Security replacement rates account for most of these differences.

The Social Security benefit formula is progressive because it replaces a greater share of earnings for those in the bottom of the earnings distribution and a lower share of earnings for those in the top of the distribution. The consequence is that these replacement rates are highest for nonmarried women and lowest for married men. Despite these differences, per capita Social Security benefits replace a smaller fraction of family lifetime earnings in each successive cohort for all men and women. One reason for lower replacement rates among baby boomers is that the Social Security program was originally designed to help the 1935 average family composed of a working husband, a stay-at-home wife, and their children. However, because of structural changes in marital and earnings patterns, the average baby boom family is headed by two working parents or by a nonmarried working mother (Steuerle and Bakija 1994). Due to their increased earnings and labor force participation, women's lifetime earnings are higher in later cohorts. A second reason for lower replacement rates among baby boomers is that the projected increase in the Social Security NRA will reduce benefits for early retirement in the baby boom cohort by as much as 30 percent, compared with only 20 percent for current retirees.

VIII. SENSITIVITY OF RESULTS

The actual numbers in this study are dependent on our definitions of pre- and post-retirement incomes and our assumptions regarding economies of scale. We use a broad measure of income that includes not only Social Security and pension income, but also income from earnings, SSI, and annuitized income from retirement accounts and nonpension, nonhousing assets. This more comprehensive measure better gauges the family resources available to meet retirement consumption needs. In assessing changes in the level of retirement resources over time, our measure of income also includes imputed rental income and co-resident income and assumes no economies to scale.

In this section we test the sensitivity of our results to alternate economies of scale and definitions of pre- and post-retirement income. While the actual numbers differ, our general findings hold up to these different measures.

First, we test the sensitivity of our income results to different assumptions about the ability of individuals to benefit from living together and sharing resources. Table 13 shows actual income, poverty-adjusted income, equivalent income, and per capita income. We computed poverty-adjusted income using the U.S. poverty thresholds for people age 65 and older. For married individuals, we divided family income by a ratio of the married couple poverty threshold to the nonmarried individual poverty threshold. This adjustment assumes that those who are married need only 1.26 times more income to live equally as well as those who are nonmarried. We computed equivalent income using the square root of family size. For married individuals, we divided family income by the square root of two. This adjustment assumes that those who are married need only 1.41 times more income to live equally as well as those who are nonmarried. Per capita income, on the other hand, is based on the assumption that there are no economies of scale for larger families. In other words, those who are married need twice as much income to live equally as well as those who are nonmarried.

Married retirees have less than twice the income as nonmarried retirees, as is supported by the per capita results. However, they have more than 1.26 times the income as nonmarried retirees, as is supported by the poverty-adjusted results. They also have more than 1.41 times the income as nonmarried retirees, as is supported by the equivalent results.

Regardless of the income measure, the basic results are the same: incomes increase with each successive cohort such that baby boomer retirees are expected to have higher incomes than current retirees. However, late baby boomers are not expected to have significantly higher incomes than early baby boomers. The results are similar for median income (table 14).

Next, we test the sensitivity of our replacement rates to various measures of post-retirement income. If we count only the major sources of retirement income (i.e. Social Security, DB pensions, and retirement accounts) median replacement rates are 58 percent for current retirees, 50 percent for near retirees, 50 percent for early baby boomers, and 49 percent for late baby boomers (table 15). Adding income from assets increases median replacement rates to 72 percent for current retirees, 63 percent for near retirees, 61 percent for early baby boomers, and 61 percent for late baby boomers. Finally, adding earnings and SSI benefits increases median

replacement rates to 93 percent for current retirees, 82 percent for near retirees, 80 percent for early baby boomers, and 81 percent for late baby boomers. This last set of replacement rates are the same as those reported in the previous tables. If, however, we also include imputed rent in our income measure, replacement rates would increase to 100 percent for current retirees, 89 percent for near retirees, 88 percent for early baby boomers, and 87 percent for late baby boomers. Finally, if we include co-resident income, replacement rates would increase to 109 percent for current retirees, 97 percent for near retirees, and 94 percent for early and late baby boomers. Because co-resident income is particularly important to nonmarried women, they would have the highest replacement rates, well over 100 percent in every cohort, if co-resident income were included in the numerator.

Finally, we test the sensitivity of our replacement rates to alternate measures of pre-retirement earnings. As mentioned above, our replacement rates are based on average shared earnings between ages 22 and 62. To test the sensitivity of our results to the choice of the denominator, we also computed replacement rates using average shared earnings between ages 50 and 54 (table 16). For most retirees these replacement rates are lower than those computed with average shared earnings between ages 22 and 62. This is not surprising since most individuals between ages 50 and 54 have not yet retired and are at the peak of their lifetime earnings. Using this denominator, overall replacement rates are 83 percent for current retirees, 75 percent for near retirees, 72 percent for early baby boomers, and 73 percent for late baby boomers. However, for nonmarried women in the first three ten-year cohorts, shared earnings between ages 22 and 62 are higher than those between ages 50 and 54. This is likely because shared earnings between ages 22 and 62 captures more of a former husband's earnings (for those who were married at younger ages) than shared earnings between ages 50 and 54.[15] As a result, replacement rates based on shared earnings between ages 22 and 62 are lower than those computed with shared earnings between ages 50 and 54.

We also computed replacement rates using average shared earnings between ages 55 and 59. Because most individuals between ages 55 and 59 have reduced their work effort or retired altogether, these replacement rates are higher than those computed with average shared earnings between ages 22 and 62. Using this denominator, overall replacement rates are 101 percent for current retirees, 92 percent for near retirees, 86 percent for early baby boomers, and 90 percent for late baby boomers. Because many individuals reduce their work effort just before retirement, average earnings in the years just prior to retirement may understate the living standards that retirees were used to. As a result, these replacement rates may be overstated. However, for married men in the first three ten-year cohorts, shared earnings between ages 55 and 59 are higher than those between ages 22 and 62. As a result, replacement rates based on shared earnings between ages 55 and 59 are lower than those computed with shared earnings between ages 22 and 62.

Our replacement rate and the alternatives already discussed use wage-indexed earnings between ages 22 and 62 to reflect wage growth through age 67. The Social Security system also uses relative wages to compute retirement benefits. If, instead, we used price-indexed earnings

[15] This is particularly true for nonmarried women in older cohorts who were less likely to work and had lower earnings.

to reflect price growth through age 67, our replacement rates would be much higher – well over 100 percent. This is because price growth has been and is projected to be lower than wage growth. Despite differences in replacement rate levels, their patterns over time and between gender and marital groups are generally the same.

However, it is debatable whether price-indexing earnings for replacement rates is even reasonable. Price-indexed earnings take account of past inflation, consequently maintaining the same purchasing power of earnings over time. In contrast, wage-indexed earnings account for both past inflation and real wage growth, in effect preserving the true value of earnings over time. The difference between the two approaches comes down to measuring a family's ability to attain a fixed standard of living (price indexing) versus measuring its actual standard of living (wage indexing). Because replacement rates are intended to gauge a family's ability to maintain his or her pre-retirement living standards, using wage-indexed earnings seems the more appropriate approach.

IX. CONCLUSIONS

The discussion above provides evidence of how the underlying relationships of characteristics have changed between birth cohorts. We speculated, as others have, that because of structural changes in mortality, marriage, lifetime earnings, and work patterns, the retirement incomes of the baby boom generation would differ from those of current retirees.

Consistent with research that examines baby boomers and their parents in middle age, results from the Social Security Administration's Model of Income in the Near Term (MINT) suggest that baby boomers can expect to have higher incomes in retirement than current retirees. As a result, poverty rates are projected to be much lower in the baby boom cohorts than for current retirees.

On an *absolute* scale, it appears that baby boomer retirees will be better off than current retirees. However, the story is very different on a *relative* scale. First, relative to those in their own cohort, many retirees in the baby boom cohorts will be worse off than their counterparts in earlier cohorts. This is because the gains in family income across cohorts are not equally distributed. As a result, MINT predicts changes over time in the relative ranking of important subgroups within specific cohorts, with some subgroups experiencing substantial gains in real per capita income and other subgroups experiencing little gain over time. For example, incomes for never married women will increase by much more than incomes for the overall population. In contrast, incomes for high school dropouts will increase by much less than incomes for the overall population. As a result, never married women will be relatively better off and high school dropouts will be relatively worse off in the baby boom retiree cohorts than current retirees.

Second, relative to their pre-retirement living standards, all baby boom retirees will be worse off than current retirees. This is because post-retirement incomes don't rise as much as pre-retirement incomes. Retirement income sources (e.g. Social Security benefits, DB pension benefits, and retirement accounts), in particular, are expected to replace a smaller share of pre-

retirement income for baby boom retirees than for current retirees. Although retirement accounts (i.e. DC pensions, and IRA and Keogh plans) replace a larger fraction of lifetime earnings for future retirees than they do for current retirees, they do not offset the decline in Social Security and DB pension replacement rates. While women's career earnings have risen over time, much of these gains have come at the expense of men's earnings. Furthermore, because of the spouse benefit and progressive payment formula in Social Security, women's increased earnings often offset rather than add to the couple's Social Security benefit.

While it's true that a rising tide lifts all boats, we find that it lifts the big boats (historically advantaged populations) more than the little boats (historically vulnerable populations). As a result, the rich are projected to get richer, while the poor will gain comparatively little or in some cases fall behind. However, Social Security's progressive payment formula lessens the extent of these differences by limiting gains at the top and providing relatively large returns at the bottom of the income distribution. Regardless of the measure of well-being, certain baby boomer subgroups will remain economically vulnerable, including divorced women, never married men, Hispanics, high school dropouts, Social Security nonbeneficiaries and auxiliary beneficiaries, those with weak labor force attachments, and those with the lowest lifetime earnings. While these economically vulnerable subgroups typically have higher than average replacement rates, high replacement rates do not ensure economic well-being.

While these findings hold up to various measures of family income and replacement rates, they may be somewhat optimistic because of the uncertainty of promised Social Security benefits, increased longevity, and rising health care and long-term care costs. So while Social Security is a life raft for many retirees, it may be a leaky boat.

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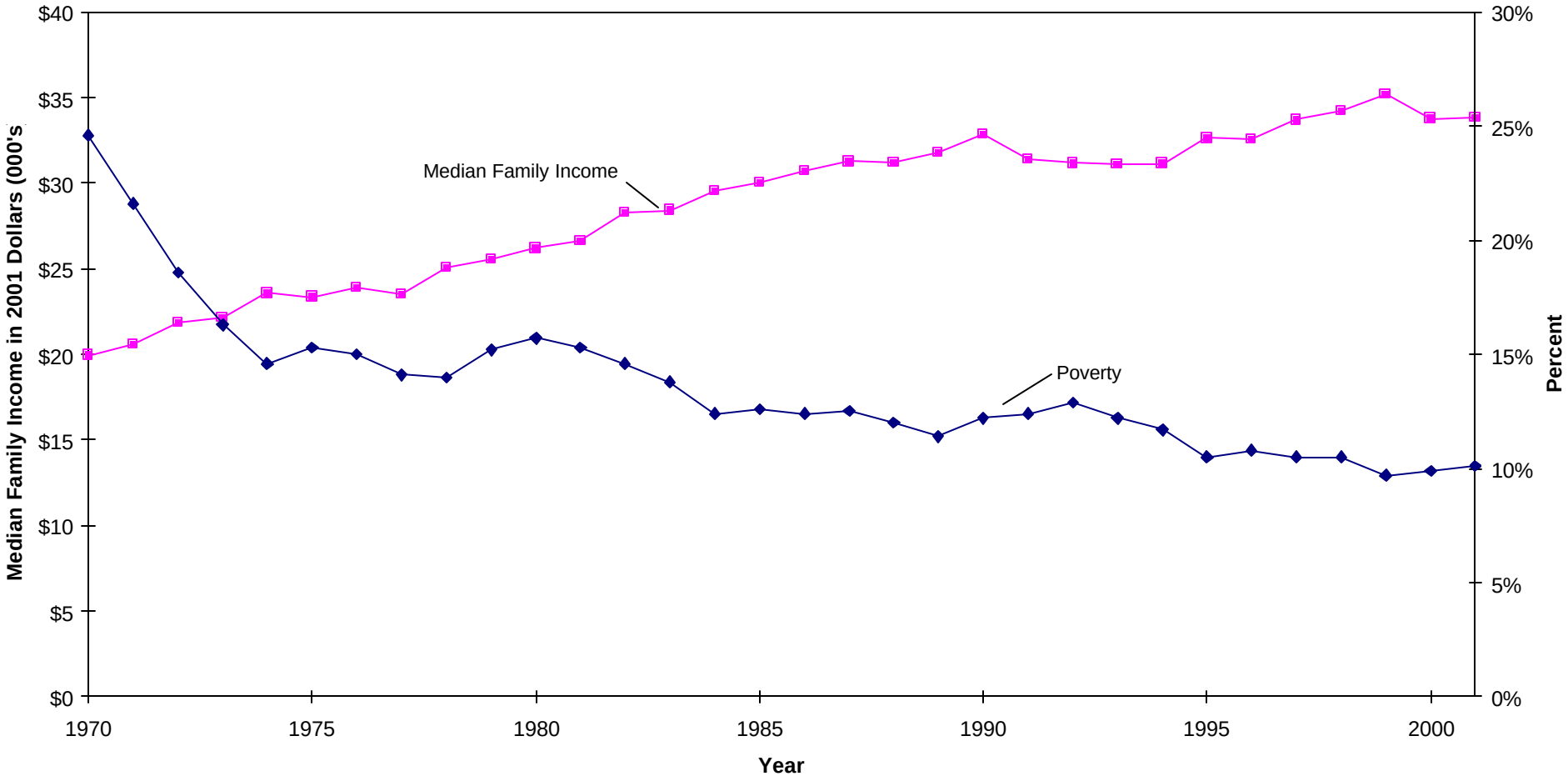
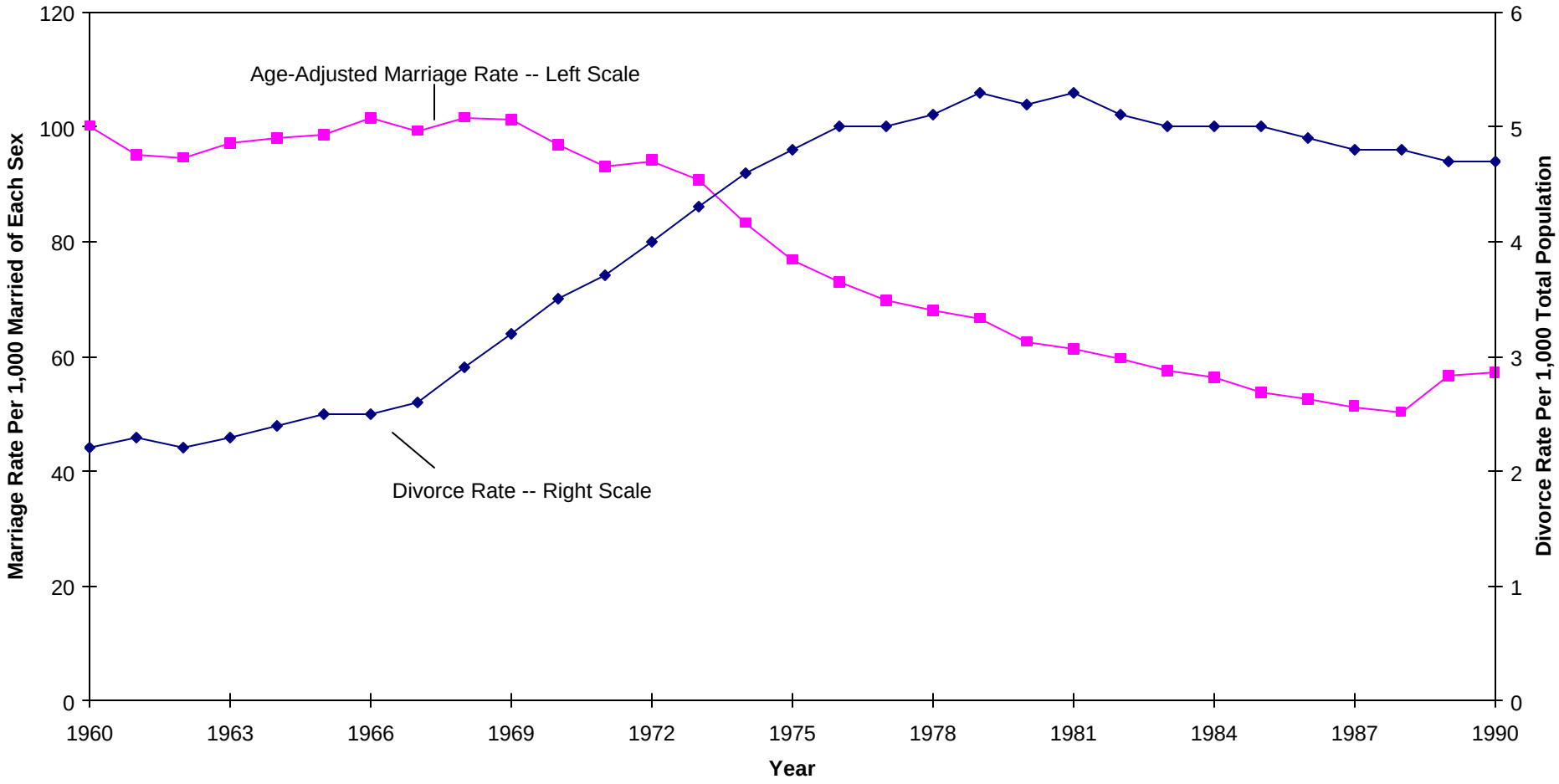
Figure 1. Median Family Income and Poverty Rates of Persons 65 and Older



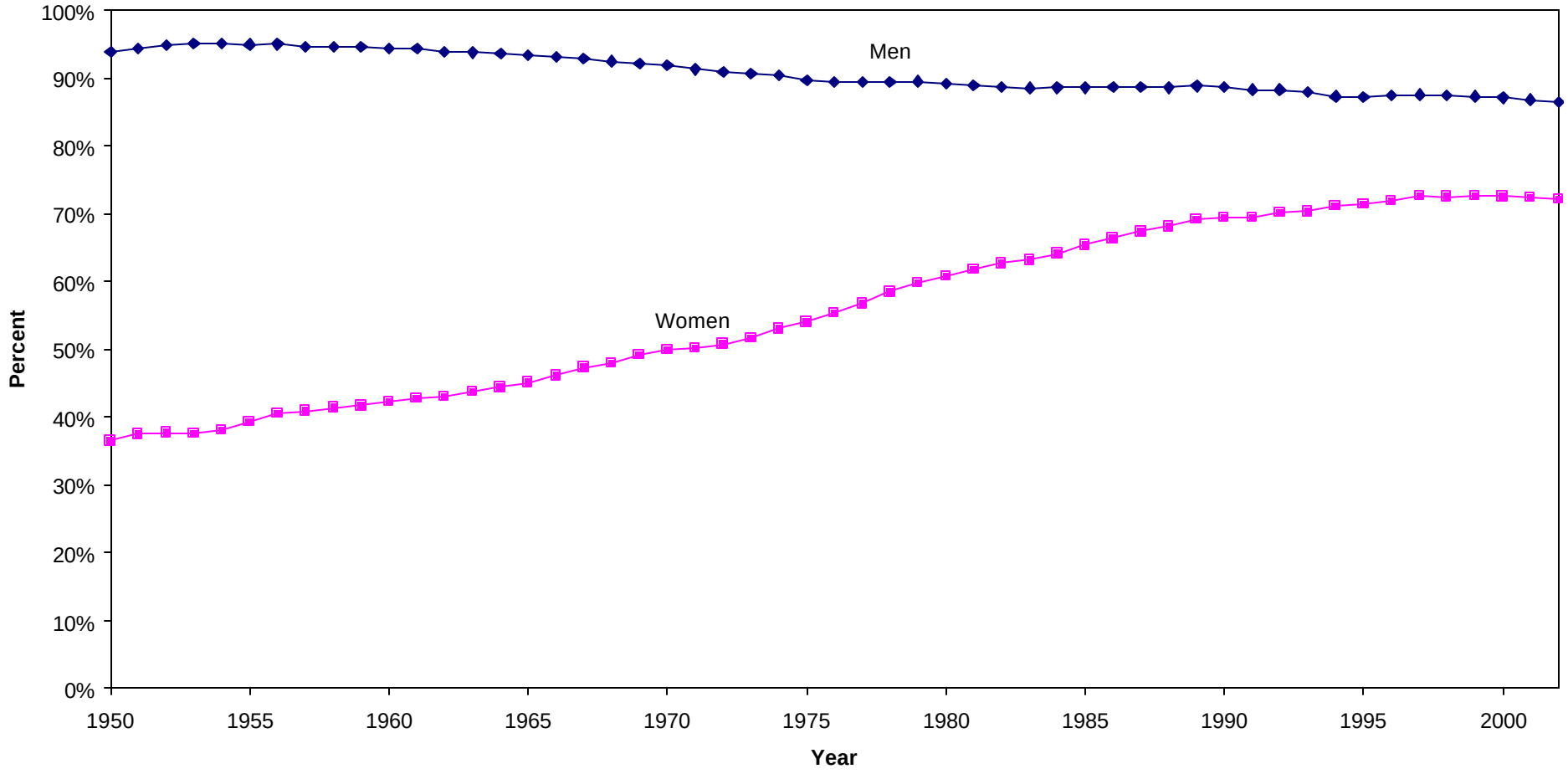
Source: U.S. Census Bureau (2002, 2003).

Figure 2. Marriage and Divorce Rates by Year: 1960-1990



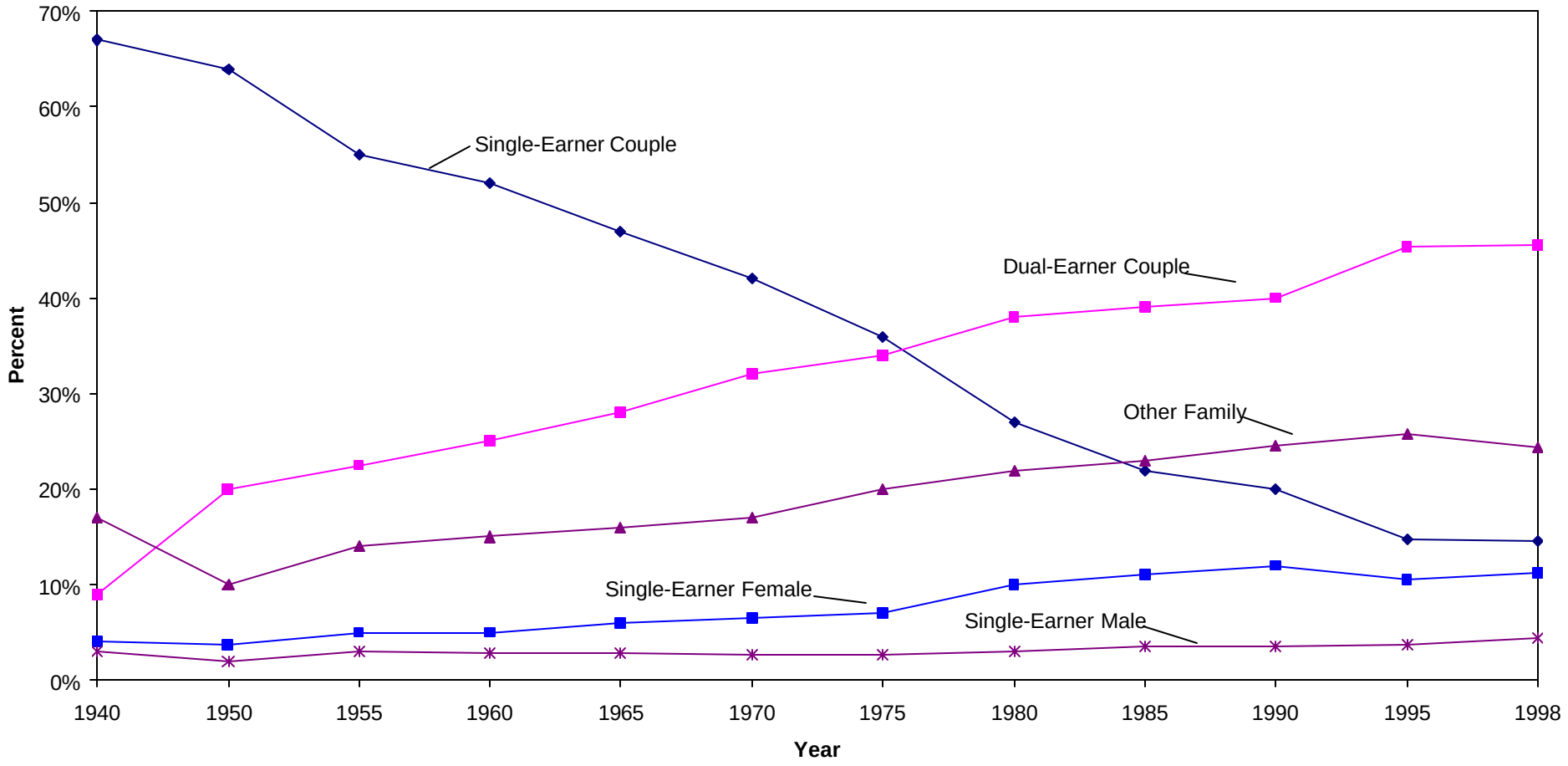
Sources: Bell (1997); Clarke (1995).

Figure 3. Labor Force Participation Rates For 20- to 64-Year-Old U.S. Residents by Gender and Year: 1950 - 2002



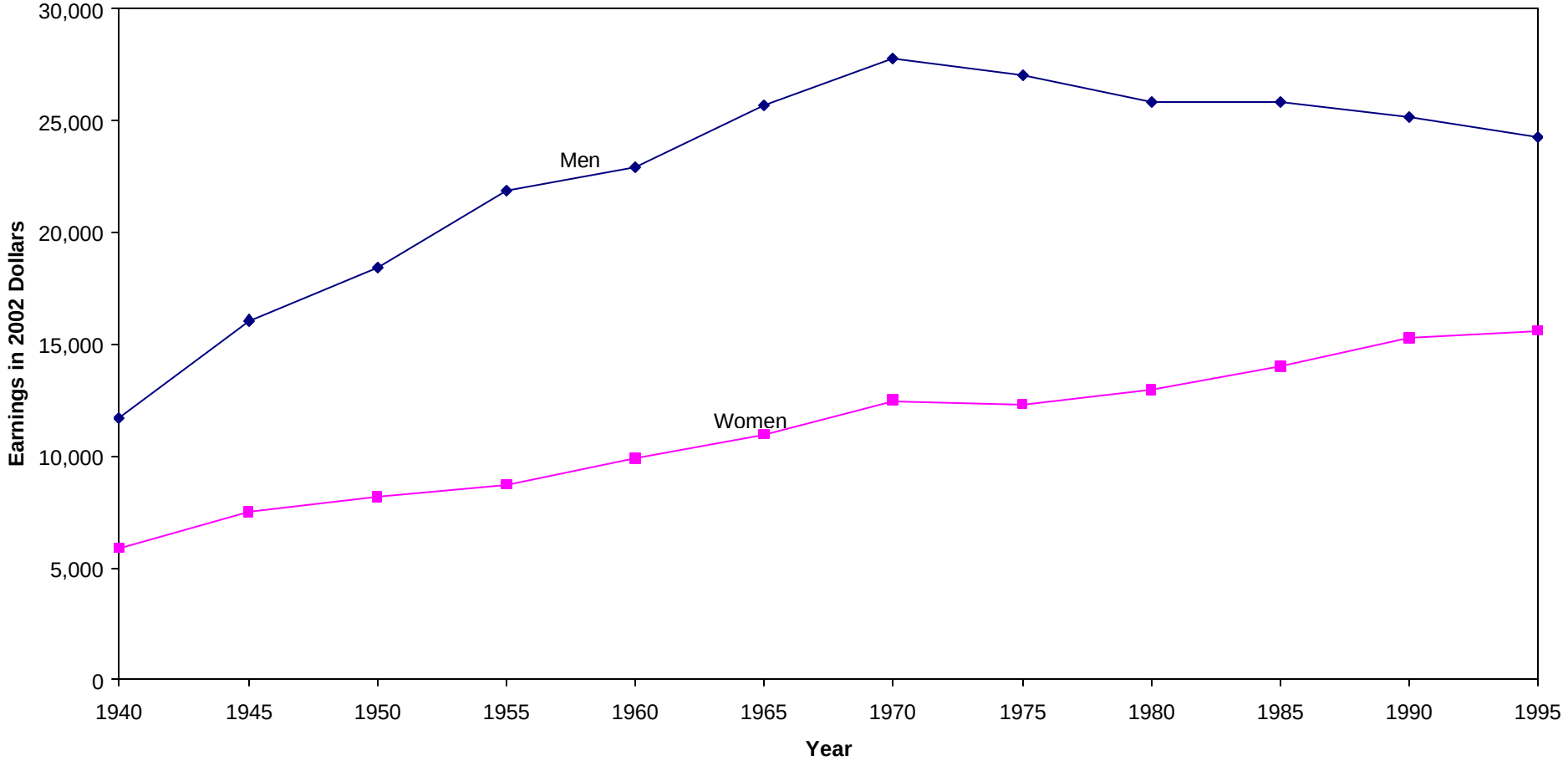
Source: U.S. Bureau of Labor Statistics (2003).

Figure 4. Proportion of Families by Composition and Employment Status: 1940-1998



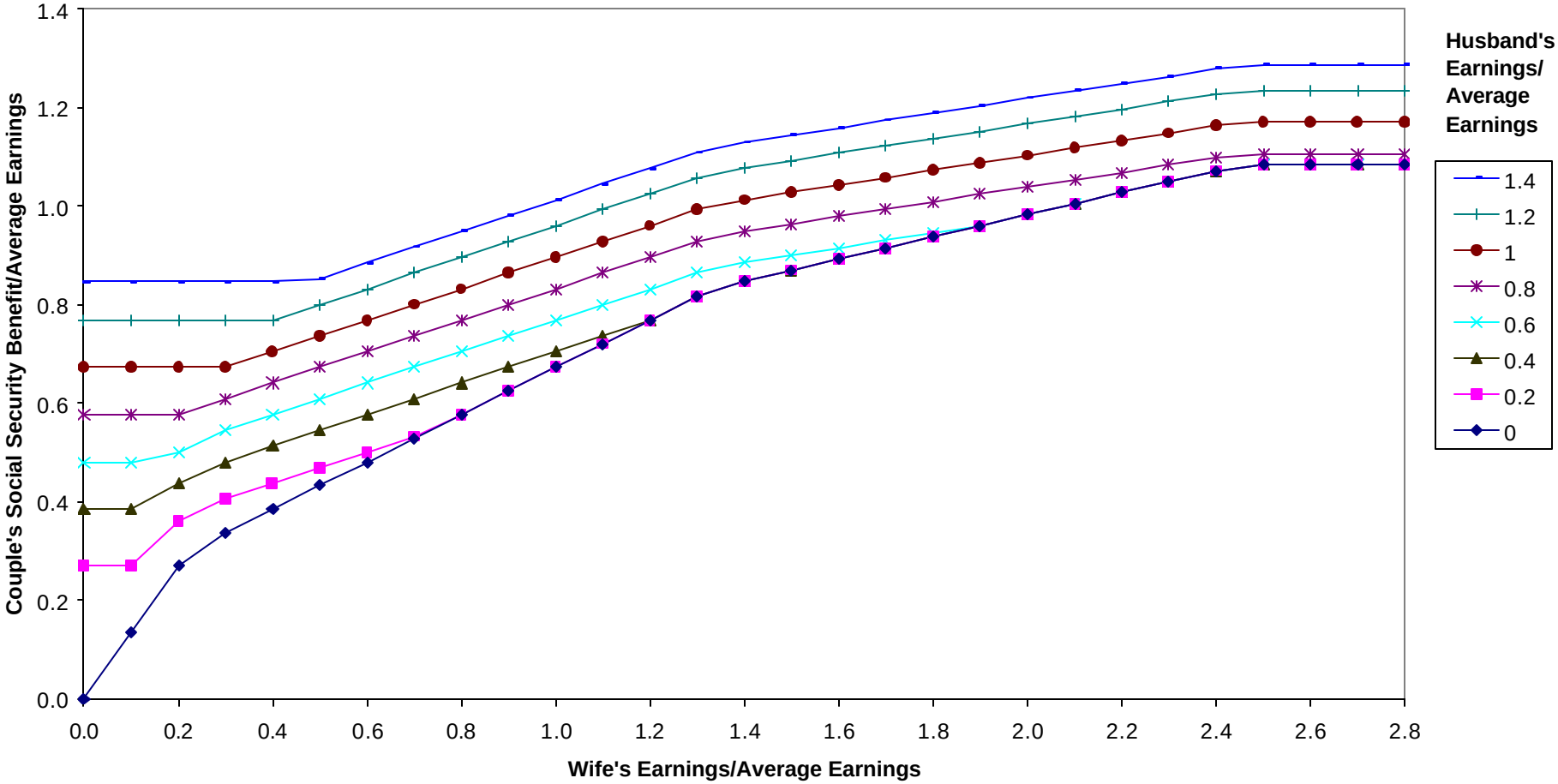
Source: Hayghe (1990); U.S. Bureau of Labor Statistics (1999).

Figure 5. Median Wage and Salary Earnings for Workers by Sex: 1940-1995



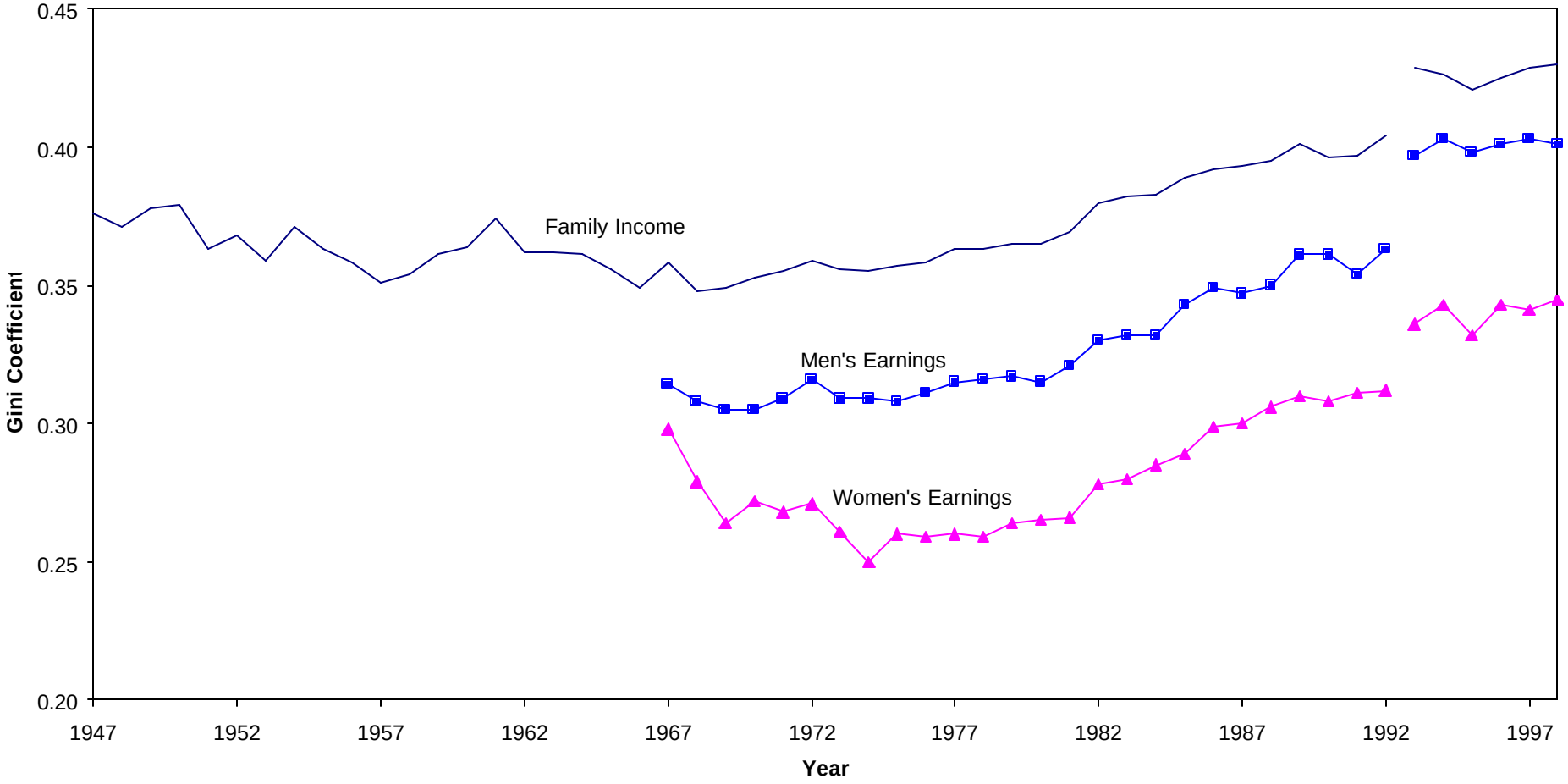
Source: U.S. Social Security Administration (2002).

Figure 6. Couple's Social Security Benefit by Husband's and Wife's Lifetime Earnings



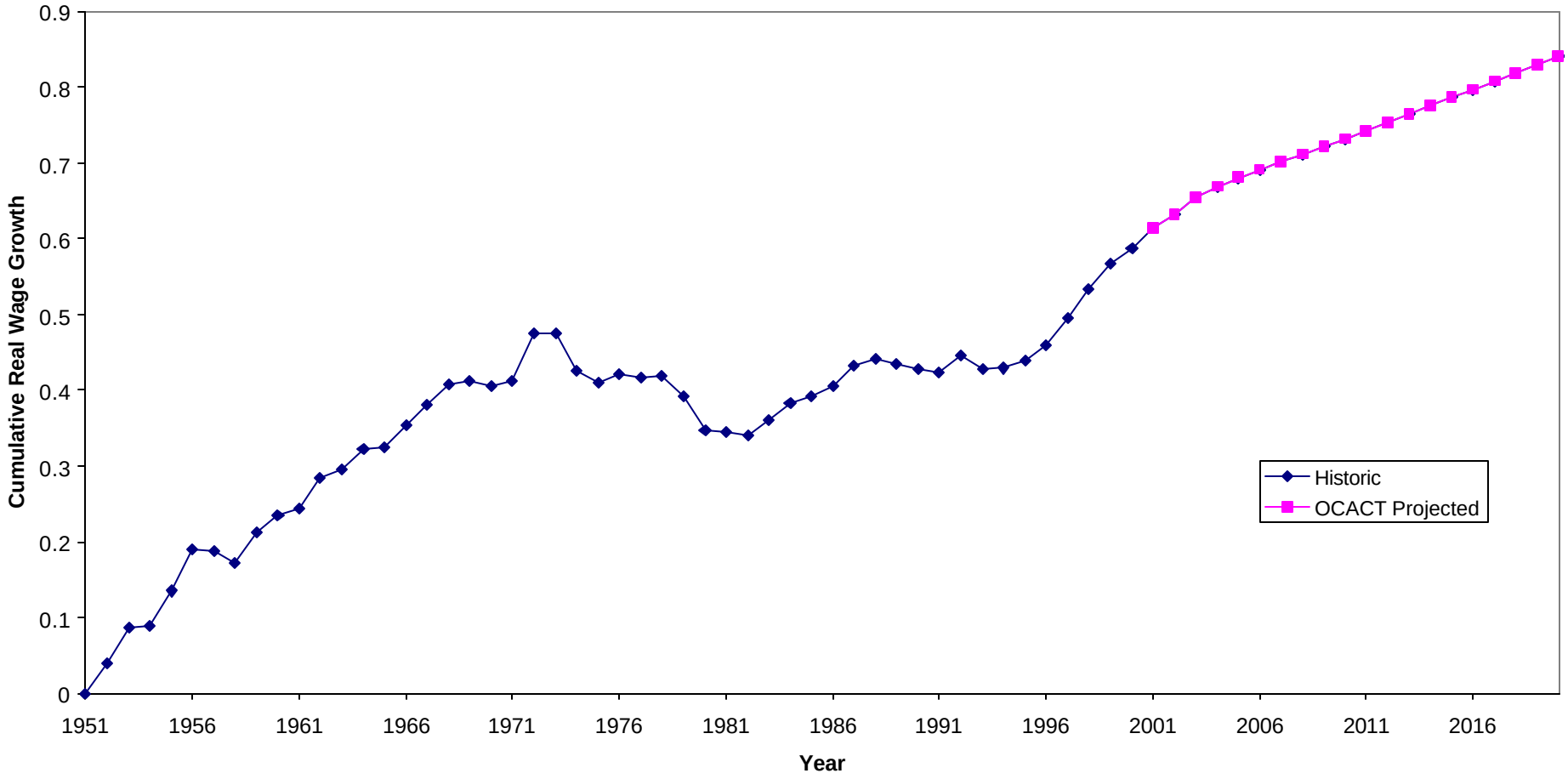
Source: The Urban Institute calculations.

Figure 7. Gini Coefficient for Family Income: 1947-1998 and Earnings of Male and Female Year-Round, Full-Time Workers: 1967-1998



Source: Jones and Weinberg (2000).

Figure 8. Historic and Projected Real Wage Growth: 1951-2020



Source: U.S. Board of Trustees (2002).

Table 1. Projected Characteristics for Individuals at Age 67

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	100%	100%	100%	100%
Gender				
Female	54	54	53	54
Male	46	46	47	46
Marital Status				
Never married	4	5	6	8
Married	71	69	67	64
Widowed	16	12	11	11
Divorced	9	15	17	17
Gender and Marital Status				
Female: Never married	2	3	3	4
Female: Married	33	32	31	30
Female: Widowed	13	10	8	9
Female: Divorced	6	9	10	10
Male: Never married	2	2	2	3
Male: Married	38	36	36	34
Male: Widowed	2	2	2	2
Male: Divorced	4	6	7	7
Race/Ethnicity				
Non-Hispanic white	82	79	76	72
Non-Hispanic black	8	8	9	10
Hispanic	7	8	9	12
Asian & Native American	4	5	6	7
Education				
High school dropout	28	19	11	12
High school graduate	54	58	58	60
College graduate	18	24	31	28
Benefit Type				
Nonbeneficiary	12	8	7	7
Auxiliary only	10	6	3	2
Dually entitled	18	19	18	15
Retired worker	60	67	73	76
MEAN VALUES				
Years in the labor force	26	29	32	32
Own lifetime earnings (thousands, $2003)[a]	$22	$32	$41	$46
Shared lifetime earnings (thousands, $2003)[b]	$23	$32	$41	$45

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62.

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 2. Mean Per Capita Family Income at Age 67 (in thousands, $2003)

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	$29	$35	$44	$48
Gender				
Female	28	34	43	46
Male	30	37	46	50
Marital Status				
Never married	28	35	46	51
Married	28	34	43	46
Widowed	33	40	48	51
Divorced	31	39	45	52
Gender and Marital Status				
Female: Never married	27	35	48	51
Female: Married	27	33	42	46
Female: Widowed	32	37	45	47
Female: Divorced	27	35	42	46
Male: Never married	29	35	43	51
Male: Married	28	34	44	47
Male: Widowed	38	50	59	66
Male: Divorced	37	46	51	60
Race/Ethnicity				
Non-Hispanic white	30	37	48	52
Non-Hispanic black	23	27	32	36
Hispanic	21	27	31	34
Asian & Native American	28	34	42	53
Education				
High school dropout	20	23	24	27
High school graduate	28	32	37	39
College graduate	46	53	66	78
Benefit Type				
Nonbeneficiary	29	34	44	48
Auxiliary only	27	29	29	29
Dually entitled	30	34	43	45
Retired worker	29	36	45	49
Labor Force Experience				
Less than 20 years	25	26	27	29
20 to 29 years	28	34	35	37
30 or more year	32	39	50	54
Lifetime Earnings (Own)[a]				
1st Quintile	23	25	27	28
2nd Quintile	25	29	34	35
3rd Quintile	27	33	37	40
4th Quintile	29	38	46	50
5th Quintile	40	53	77	88
Lifetime Earnings (Shared)[b]				
1st Quintile	17	19	20	22
2nd Quintile	22	26	29	30
3rd Quintile	26	32	37	38
4th Quintile	30	39	49	51
5th Quintile	49	60	86	99
Income Quintile				
1st Quintile	8	10	11	12
2nd Quintile	16	19	22	23
3rd Quintile	23	28	33	34
4th Quintile	32	41	49	53
5th Quintile	65	79	105	119

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 3. Median Per Capita Family Income at Age 67 (in thousands, $2003)

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	$23	$28	$33	$34
Gender				
Female	22	27	32	33
Male	23	29	34	36
Marital Status				
Never married	19	24	30	34
Married	23	28	33	34
Widowed	24	29	34	35
Divorced	21	28	31	34
Gender and Marital Status				
Female: Never married	18	23	33	35
Female: Married	22	27	32	33
Female: Widowed	24	28	33	33
Female: Divorced	20	24	29	31
Male: Never married	21	27	26	33
Male: Married	23	28	34	35
Male: Widowed	28	37	41	44
Male: Divorced	24	33	36	38
Race/Ethnicity				
Non-Hispanic white	24	29	36	37
Non-Hispanic black	17	19	24	26
Hispanic	16	19	23	25
Asian & Native American	18	25	32	38
Education				
High school dropout	16	17	17	19
High school graduate	23	27	30	31
College graduate	36	42	50	57
Benefit Type				
Nonbeneficiary	15	15	18	21
Auxiliary only	20	23	21	21
Dually entitled	24	27	32	33
Retired worker	24	29	34	35
Labor Force Experience				
Less than 20 years	18	19	18	19
20 to 29 years	22	26	26	26
30 or more year	25	31	37	39
Lifetime Earnings (Own)[a]				
1st Quintile	16	18	19	20
2nd Quintile	20	22	25	25
3rd Quintile	22	27	29	31
4th Quintile	24	30	39	40
5th Quintile	31	42	59	67
Lifetime Earnings (Shared)[b]				
1st Quintile	13	14	15	15
2nd Quintile	18	21	23	23
3rd Quintile	22	26	31	32
4th Quintile	26	34	42	43
5th Quintile	37	49	68	78
Income Quintile				
1st Quintile	9	11	12	12
2nd Quintile	16	19	22	23
3rd Quintile	23	28	33	34
4th Quintile	32	40	49	52
5th Quintile	54	69	86	97

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 4. Per Capita Family Income at Age 67, by Source

	Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65
Percent with Family Income at Age 67				
Total Income	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**98**	**99**	**99**	**99**
Income from Assets	90	91	93	94
Earnings	29	31	33	33
Spouse Earnings	23	25	26	26
SSI Benefits	5	3	2	2
Spouse SSI Benefits	1	1	1	1
Imputed Rental Income	80	82	85	84
Co-resident Income	17	16	14	14
Retirement Income	**95**	**95**	**96**	**97**
Social Security Benefits	88	92	93	94
Spouse Social Security Benefits	53	53	52	49
DB Pension Benefits	38	31	31	29
Spouse DB Pension Benefits	23	21	20	17
Retirement Accounts	38	43	45	46
Spouse Retirement Accounts	24	29	29	28
Mean Per Capita Family Income at Age 67 (in thousands, $2003)				
Total Income	**$29**	**$35**	**$44**	**$48**
Non-Retirement Income	**15**	**19**	**25**	**27**
Income from Assets	4	6	9	9
Earnings	4	4	6	6
Spouse Earnings	3	3	4	5
SSI Benefits	0	0	0	0
Spouse SSI Benefits	0	0	0	0
Imputed Rental Income	2	2	3	3
Co-resident Income	3	4	3	4
Retirement Income	**14**	**16**	**20**	**21**
Social Security Benefits	6	7	9	10
Spouse Social Security Benefits	2	3	4	4
DB Pension Benefits	3	2	3	3
Spouse DB Pension Benefits	2	1	1	1
Retirement Accounts	1	1	2	3
Spouse Retirement Accounts	0	1	1	1
Share of Mean Per Capita Family Income at Age 67				
Total Income	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**53**	**55**	**55**	**56**
Income from Assets	14	17	19	20
Earnings	12	12	13	13
Spouse Earnings	10	9	9	10
SSI Benefits	0	0	0	0
Spouse SSI Benefits	0	0	0	0
Imputed Rental Income	6	6	6	5
Co-resident Income	10	10	8	8
Retirement Income	**47**	**45**	**45**	**44**
Social Security Benefits	19	21	20	20
Spouse Social Security Benefits	9	9	8	7
DB Pension Benefits	11	7	6	6
Spouse DB Pension Benefits	5	4	3	3
Retirement Accounts	2	3	5	6
Spouse Retirement Accounts	1	2	2	2

Source: Authors' tabulations of MINT (see text for details).

Table 5. Per Capita Family Income for the Median 10% of Income Recipients, by Source

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Mean Per Capita Family Income of the Median 10% of Income Recipients (in thousands, $2003)				
Total Income	**$23**	**$28**	**$33**	**$34**
Non-Retirement Income	**8**	**11**	**14**	**14**
Income from Assets	3	3	4	4
Earnings	1	2	3	3
Spouse Earnings	1	2	3	3
SSI Benefits	0	0	0	0
Spouse SSI Benefits	0	0	0	0
Imputed Rental Income	2	2	2	2
Co-resident Income	1	2	2	2
Retirement Income	**14**	**16**	**19**	**20**
Social Security Benefits	6	8	9	10
Spouse Social Security Benefits	3	4	4	4
DB Pension Benefits	3	2	2	2
Spouse DB Pension Benefits	2	1	1	1
Retirement Accounts	0	1	1	2
Spouse Retirement Accounts	0	1	1	1
Share of Mean Per Capita Family Income of the Median 10% of Income Recipients				
Total Income	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**37**	**41**	**43**	**42**
Income from Assets	12	12	12	12
Earnings	6	8	9	9
Spouse Earnings	6	8	9	8
SSI Benefits	0	0	0	0
Spouse SSI Benefits	0	0	0	0
Imputed Rental Income	7	7	7	6
Co-resident Income	6	6	5	6
Retirement Income	**63**	**59**	**57**	**58**
Social Security Benefits	26	28	27	29
Spouse Social Security Benefits	14	13	13	12
DB Pension Benefits	12	8	7	6
Spouse DB Pension Benefits	8	5	4	3
Retirement Accounts	2	3	4	5
Spouse Retirement Accounts	1	2	2	2

Source: Authors' tabulations of MINT (see text for details).

Table 6. Poverty Rates at Age 67

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	8%	6%	4%	4%
Gender				
Female	9	7	5	5
Male	6	4	4	4
Marital Status				
Never married	22	18	13	10
Married	5	3	2	3
Widowed	11	9	7	6
Divorced	18	11	9	7
Gender and Marital Status				
Female: Never married	25	21	11	10
Female: Married	6	3	2	2
Female: Widowed	10	9	7	6
Female: Divorced	21	13	10	9
Male: Never married	18	13	15	10
Male: Married	5	3	3	3
Male: Widowed	11	7	6	6
Male: Divorced	12	6	6	5
Race/Ethnicity				
Non-Hispanic white	6	4	3	3
Non-Hispanic black	14	10	8	8
Hispanic	20	15	12	9
Asian & Native American	23	11	8	7
Education				
High school dropout	17	15	16	14
High school graduate	5	4	4	4
College graduate	3	2	1	2
Benefit Type				
Nonbeneficiary	33	32	31	31
Auxiliary only	6	7	9	14
Dually entitled	4	3	2	2
Retired worker	5	3	2	2
Labor Force Experience				
Less than 20 years	17	18	22	23
20 to 29 years	8	5	5	5
30 or more years	2	1	1	1
Lifetime Earnings (Own) [a]				
1st Quintile	22	20	19	19
2nd Quintile	12	7	3	2
3rd Quintile	6	1	0	0
4th Quintile	0	0	0	0
5th Quintile	0	0	0	0
Lifetime Earnings (Shared) [b]				
1st Quintile	31	25	21	20
2nd Quintile	7	3	1	1
3rd Quintile	2	1	0	0
4th Quintile	1	0	0	0
5th Quintile	0	0	0	0

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 7. Composition of Population in Poverty at Age 67

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	100%	100%	100%	100%
Gender				
Female	64	65	60	60
Male	36	35	40	40
Marital Status				
Never married	11	14	16	18
Married	48	40	37	38
Widowed	21	19	15	15
Divorced	21	27	32	30
Gender and Marital Status				
Female: Never married	6	10	8	10
Female: Married	25	19	16	17
Female: Widowed	17	16	13	12
Female: Divorced	15	21	23	21
Male: Never married	4	4	8	8
Male: Married	23	22	21	21
Male: Widowed	4	3	3	3
Male: Divorced	6	6	9	9
Race/Ethnicity				
Non-Hispanic white	58	55	50	45
Non-Hispanic black	14	15	15	17
Hispanic	16	21	24	27
Asian & Native American	11	10	11	10
Education				
High school dropout	59	50	41	41
High school graduate	36	40	49	49
College graduate	6	10	10	10
Benefit Type				
Nonbeneficiary	50	47	49	47
Auxiliary only	7	7	6	8
Dually entitled	8	11	8	6
Retired worker	35	35	38	40
Labor Force Experience				
Less than 20 years	68	71	72	73
20 to 29 years	21	18	18	18
30 or more years	12	11	10	9
Lifetime Earnings (Own) [a]				
1st Quintile	55	70	85	89
2nd Quintile	29	25	13	10
3rd Quintile	15	4	1	1
4th Quintile	1	1	0	0
5th Quintile	0	.	0	.
Lifetime Earnings (Shared) [b]				
1st Quintile	77	87	94	95
2nd Quintile	17	10	4	5
3rd Quintile	4	3	1	0
4th Quintile	1	0	0	0
5th Quintile	0	0	0	0

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 8. Ratio of Subgroup to Cohort Mean Per Capita Family Income at Age 67[a]

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	100%	100%	100%	100%
Gender				
Female	98	97	97	97
Male	102	104	104	104
Marital Status				
Never married	97	99	104	107
Married	96	96	98	96
Widowed	113	112	108	106
Divorced	107	111	103	108
Gender and Marital Status				
Female: Never married	92	99	108	107
Female: Married	94	94	95	95
Female: Widowed	110	105	102	98
Female: Divorced	94	98	94	96
Male: Never married	102	100	98	107
Male: Married	98	97	100	97
Male: Widowed	132	142	134	138
Male: Divorced	128	131	116	125
Race/Ethnicity				
Non-Hispanic white	104	105	107	108
Non-Hispanic black	80	75	73	74
Hispanic	72	75	70	71
Asian & Native American	96	96	96	109
Education				
High school dropout	68	65	53	55
High school graduate	97	91	83	81
College graduate	160	149	149	162
Benefit Type				
Nonbeneficiary	101	95	99	100
Auxiliary only	95	81	66	61
Dually entitled	105	97	97	94
Retired worker	99	103	102	102
Labor Force Experience				
Less than 20 years	87	75	62	60
20 to 29 years	98	98	79	76
30 or more years	110	110	112	112
Lifetime Earnings (Own)[b]				
1st Quintile	78	70	61	58
2nd Quintile	87	81	76	72
3rd Quintile	95	92	84	83
4th Quintile	101	107	105	103
5th Quintile	139	150	174	184
Lifetime Earnings (Shared)[c]				
1st Quintile	59	55	46	47
2nd Quintile	77	74	65	62
3rd Quintile	90	91	84	79
4th Quintile	105	111	111	106
5th Quintile	169	169	194	206
Income Quintile				
1st Quintile	29	28	26	24
2nd Quintile	55	54	51	47
3rd Quintile	79	79	75	71
4th Quintile	111	115	112	109
5th Quintile	226	224	238	248

Notes:

[a]Computed as the ratio of mean income in a subgroup to mean income of the entire cohort.

[b]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[c]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 9. Ratio of Subgroup to Cohort Median Per Capita Family Income at Age 67[a]

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	100%	100%	100%	100%
Gender				
Female	98	97	97	96
Male	102	104	104	104
Marital Status				
Never married	86	87	91	100
Married	100	100	101	100
Widowed	108	106	104	104
Divorced	93	100	95	99
Gender and Marital Status				
Female: Never married	78	82	100	103
Female: Married	98	98	99	97
Female: Widowed	104	102	100	97
Female: Divorced	88	87	88	90
Male: Never married	94	98	81	97
Male: Married	102	101	104	102
Male: Widowed	125	133	126	129
Male: Divorced	105	119	109	111
Race/Ethnicity				
Non-Hispanic white	105	106	108	107
Non-Hispanic black	75	70	72	75
Hispanic	69	69	69	72
Asian & Native American	78	90	96	110
Education				
High school dropout	71	63	52	56
High school graduate	103	98	91	90
College graduate	161	154	153	167
Benefit Type				
Nonbeneficiary	65	56	56	63
Auxiliary only	87	82	62	61
Dually entitled	105	99	98	98
Retired worker	105	105	104	103
Labor Force Experience				
Less than 20 years	80	69	55	56
20 to 29 years	98	93	79	76
30 or more years	111	113	114	113
Lifetime Earnings (Own)[b]				
1st Quintile	69	66	58	57
2nd Quintile	90	81	77	74
3rd Quintile	99	96	90	90
4th Quintile	105	110	118	116
5th Quintile	136	153	180	195
Lifetime Earnings (Shared)[c]				
1st Quintile	56	52	45	45
2nd Quintile	79	76	71	69
3rd Quintile	96	96	95	93
4th Quintile	116	122	128	125
5th Quintile	162	177	206	228
Income Quintile				
1st Quintile	39	39	37	36
2nd Quintile	71	69	68	66
3rd Quintile	100	100	100	100
4th Quintile	141	145	148	151
5th Quintile	240	251	261	285

Notes:

[a]Computed as the ratio of median income in a subgroup to median income of the entire cohort.

[b]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62.

[c]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 10. Median Replacement Rates[a] at Age 67

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	93%	82%	80%	81%
Gender				
Female	95	84	80	81
Male	91	80	81	81
Marital Status				
Never married	106	87	82	81
Married	91	81	80	80
Widowed	105	90	90	92
Divorced	87	79	75	77
Gender and Marital Status				
Female: Never married	113	94	84	86
Female: Married	92	84	80	79
Female: Widowed	105	89	89	89
Female: Divorced	87	75	72	75
Male: Never married	95	80	80	78
Male: Married	90	78	80	81
Male: Widowed	111	94	97	101
Male: Divorced	87	84	80	80
Race/Ethnicity				
Non-Hispanic white	92	81	80	80
Non-Hispanic black	97	76	75	77
Hispanic	92	90	86	87
Asian & Native American	184	141	106	102
Education				
High school dropout	86	85	93	97
High school graduate	91	79	77	78
College graduate	114	88	85	84
Benefit Type				
Nonbeneficiary	177	255	176	158
Auxiliary only	105	91	94	102
Dually entitled	91	83	80	84
Retired worker	88	78	78	78
Labor Force Experience				
Less than 20 years	115	113	119	121
20 to 29 years	99	87	82	86
30 or more years	84	75	77	76
Lifetime Earnings (Own)[b]				
1st Quintile	114	116	108	111
2nd Quintile	104	86	78	80
3rd Quintile	95	77	73	74
4th Quintile	85	76	76	73
5th Quintile	82	73	79	78
Lifetime Earnings (Shared)[c]				
1st Quintile	177	137	115	117
2nd Quintile	96	82	77	78
3rd Quintile	86	76	73	73
4th Quintile	81	74	75	73
5th Quintile	82	73	78	79
Income Quintile				
1st Quintile	66	63	64	64
2nd Quintile	73	65	63	65
3rd Quintile	84	75	74	75
4th Quintile	106	94	91	94
5th Quintile	146	126	128	124

Notes:

[a]Replacement rates are calculated as the ratio of income at age 67 to shared lifetime earnings. Income includes Social Security benefits, DB pension benefits, annuitized income from non-pension, non-housing assets and retirement accounts, earnings, and SSI income. It does not include co-resident income or imputed rental income.

[b]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62.

[c]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 11. Distribution of Replacement Rates[a] at Age 67

	Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65
	< 25%			
Total	2%	2%	2%	2%
Married Men	2	3	2	2
Married Women	1	1	1	1
Nonmarried Men	2	1	1	2
Nonmarried Women	4	3	3	3
	< 50%			
Total	12%	17%	17%	17%
Married Men	13	19	17	17
Married Women	10	15	15	16
Nonmarried Men	10	15	15	18
Nonmarried Women	13	17	19	19
	< 75%			
Total	35%	44%	45%	44%
Married Men	38	47	45	44
Married Women	34	42	45	46
Nonmarried Men	32	41	42	43
Nonmarried Women	32	43	46	44
	< 100%			
Total	55%	63%	65%	64%
Married Men	58	66	66	65
Married Women	56	61	65	66
Nonmarried Men	52	62	62	62
Nonmarried Women	51	60	63	61
	< 200%			
Total	85%	89%	91%	91%
Married Men	87	92	93	93
Married Women	86	89	91	91
Nonmarried Men	80	88	90	90
Nonmarried Women	82	87	89	88

Notes:

[a]Replacement rates are calculated as the ratio of income at age 67 to shared lifetime earnings. Income includes Social Security benefits, DB pension benefits, annuitized income from non-pension, non-housing assets and retirement accounts, earnings, and SSI income. It does not include co-resident income or imputed rental income. Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 12. Median Replacement Rates[a] at Age 67, by Source

	Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65
	Total			
Total Income	**93%**	**82%**	**80%**	**81%**
Nonretirement Income	**30**	**29**	**30**	**30**
Income from Assets	15	14	15	15
Earnings	15	14	15	15
SSI Benefits	0	0	0	0
Retirement Income	**63**	**53**	**50**	**51**
Social Security Benefits	38	34	32	31
DB Pension Benefits	21	14	12	10
Retirement Accounts	4	6	7	9
	Married Men			
Total Income	**90%**	**79%**	**80%**	**81%**
Nonretirement Income	**32**	**33**	**35**	**35**
Income from Assets	13	14	16	15
Earnings	20	19	19	21
SSI Benefits	0	0	0	0
Retirement Income	**57**	**46**	**45**	**46**
Social Security Benefits	32	29	28	27
DB Pension Benefits	21	11	11	10
Retirement Accounts	4	5	7	9
	Married Women			
Total Income	**92%**	**84%**	**80%**	**79%**
Nonretirement Income	**30**	**29**	**29**	**29**
Income from Assets	19	16	16	15
Earnings	11	13	13	14
SSI Benefits	0	0	0	0
Retirement Income	**62**	**56**	**52**	**50**
Social Security Benefits	37	34	31	31
DB Pension Benefits	21	16	13	11
Retirement Accounts	5	6	7	9
	Nonmarried Men			
Total Income	**96%**	**85%**	**83%**	**83%**
Nonretirement Income	**22**	**23**	**28**	**26**
Income from Assets	15	14	17	17
Earnings	8	9	10	8
SSI Benefits	0	0	0	0
Retirement Income	**73**	**62**	**55**	**57**
Social Security Benefits	45	38	34	34
DB Pension Benefits	25	17	12	11
Retirement Accounts	3	8	9	13
	Nonmarried Women			
Total Income	**100%**	**84%**	**80%**	**83%**
Nonretirement Income	**27**	**23**	**22**	**25**
Income from Assets	15	14	13	15
Earnings	12	8	9	10
SSI Benefits	1	0	0	0
Retirement Income	**72**	**62**	**58**	**58**
Social Security Benefits	50	45	41	39
DB Pension Benefits	17	11	11	11
Retirement Accounts	4	6	6	7

Notes:

[a]Replacement rates are calculated as the ratio of income at age 67 to shared lifetime earnings. Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Table 13. Sensitivity Analysis of Mean Family Income at Age 67 by Family Size Adjustment

	Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65
	Total			
Actual Income	$49	$58	$73	$78
Poverty Adjusted Income[a]	40	49	61	65
Equivalent Income[b]	37	45	56	60
Per Capita Income	29	35	44	48
	Married Men			
Actual Income	$57	$69	$89	$93
Poverty Adjusted Income[a]	45	54	70	74
Equivalent Income[b]	40	49	63	66
Per Capita Income	28	34	44	47
	Married Women			
Actual Income	$54	$66	$84	$91
Poverty Adjusted Income[a]	43	53	67	72
Equivalent Income[b]	38	47	60	64
Per Capita Income	27	33	42	46
	Nonmarried Men			
Actual Income	$35	$45	$51	$59
Poverty Adjusted Income[a]	35	45	51	59
Equivalent Income[b]	35	45	51	59
Per Capita Income	35	45	51	59
	Nonmarried Women			
Actual Income	$30	$36	$44	$48
Poverty Adjusted Income[a]	30	36	44	48
Equivalent Income[b]	30	36	44	48
Per Capita Income	30	36	44	48

Notes:

[a]Poverty adjusted family income divides a married individual's income by 1.26.

[b]Equivalent family income divides a married individual's income by 1.41.

Source: Authors' tabulations of MINT (see text for details).

Table 14. Sensitivity Analysis of Median Family Income at Age 67 by Family Size Adjustment

	Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65
	Total			
Actual Income	$39	$47	$56	$56
Poverty Adjusted Income[a]	32	39	47	47
Equivalent Income[b]	30	36	43	43
Per Capita Income	23	28	33	34
	Married Men			
Actual Income	$46	$56	$68	$70
Poverty Adjusted Income[a]	36	44	54	55
Equivalent Income[b]	33	40	48	49
Per Capita Income	23	28	34	35
	Married Women			
Actual Income	$44	$54	$65	$66
Poverty Adjusted Income[a]	35	43	51	53
Equivalent Income[b]	31	38	46	47
Per Capita Income	22	27	32	33
	Nonmarried Men			
Actual Income	$24	$33	$34	$38
Poverty Adjusted Income[a]	24	33	34	38
Equivalent Income[b]	24	33	34	38
Per Capita Income	24	33	34	38
	Nonmarried Women			
Actual Income	$22	$26	$31	$33
Poverty Adjusted Income[a]	22	26	31	33
Equivalent Income[b]	22	26	31	33
Per Capita Income	22	26	31	33

Notes:

[a]Poverty adjusted family income divides a married individual's income by 1.26.

[b]Equivalent family income divides a married individual's income by 1.41.

Source: Authors' tabulations of MINT (see text for details).

Table 15. Sensitivity Analysis of Median Replacement Rates[a] at Age 67, by Source

	Birth Cohort			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
	Total			
Retirement Income[b] (A)	58%	50%	50%	49%
A+Income from Assets (B)	72	63	61	61
B+Earnings+SSI (C)	93	82	80	81
C+Imputed Rent (D)	100	89	88	87
D+Co-resident Income	109	97	94	94
	Married Men			
Retirement Income[b] (A)	51%	44%	44%	43%
A+Income from Assets (B)	63	55	55	54
B+Earnings+SSI (C)	90	78	80	81
C+Imputed Rent (D)	95	85	87	86
D+Co-resident Income	101	90	90	91
	Married Women			
Retirement Income[b] (A)	60%	52%	51%	50%
A+Income from Assets (B)	75	66	63	62
B+Earnings+SSI (C)	92	84	80	79
C+Imputed Rent (D)	99	91	87	85
D+Co-resident Income	107	96	92	90
	Nonmarried Men			
Retirement Income[b] (A)	64%	55%	54%	55%
A+Income from Assets (B)	79	72	70	71
B+Earnings+SSI (C)	96	85	83	83
C+Imputed Rent (D)	104	91	89	88
D+Co-resident Income	119	102	98	97
	Nonmarried Women			
Retirement Income[b] (A)	69%	57%	55%	56%
A+Income from Assets (B)	80	68	64	67
B+Earnings+SSI (C)	99	85	80	83
C+Imputed Rent (D)	110	94	89	92
D+Co-resident Income	135	111	103	104

Notes:

[a]Replacement rates are calculated as the ratio of income at age 67 to average shared lifetime earnings. Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

[b]Retirement income includes Social Security benefits, DB pensions, and retirement accounts.

Source: Authors' tabulations of MINT (see text for details).

Table 16. Sensitivity Analysis of Replacement Rates[a] at Age 67 by Denominator

	Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65
	Total			
Wage-Indexed Shared Earnings 22-62	93%	82%	80%	81%
Wage-Indexed Shared Earnings 50-54	83	75	72	73
Wage-Indexed Shared Earnings 55-59	101	92	86	90
Price-Indexed Shared Earnings 22-62	108	107	107	107
	Married Men			
Wage-Indexed Shared Earnings 22-62	90%	78%	80%	81%
Wage-Indexed Shared Earnings 50-54	77	69	70	73
Wage-Indexed Shared Earnings 55-59	86	78	78	83
Price-Indexed Shared Earnings 22-62	104	102	106	106
	Married Women			
Wage-Indexed Shared Earnings 22-62	92%	84%	80%	79%
Wage-Indexed Shared Earnings 50-54	81	76	69	70
Wage-Indexed Shared Earnings 55-59	109	97	89	89
Price-Indexed Shared Earnings 22-62	108	111	106	105
	Nonmarried Men			
Wage-Indexed Shared Earnings 22-62	96%	85%	83%	83%
Wage-Indexed Shared Earnings 50-54	97	81	76	73
Wage-Indexed Shared Earnings 55-59	116	97	93	99
Price-Indexed Shared Earnings 22-62	112	110	110	109
	Nonmarried Women			
Wage-Indexed Shared Earnings 22-62	99%	85%	80%	83%
Wage-Indexed Shared Earnings 50-54	101	88	80	81
Wage-Indexed Shared Earnings 55-59	135	114	99	101
Price-Indexed Shared Earnings 22-62	116	111	107	110

Note:

[a]Replacement rates are calculated as the ratio of income at age 67 to shared earnings.

Income includes Social Security benefits, DB pension benefits, annuitized income from non-pension, non-housing assets and retirement accounts, earnings, and SSI income. It does not include co-resident income or imputed rental income. Shared earnings is the average of wage-indexed shared earnings between the ages indicated in the label, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 1. Projected Characteristics for Individuals at Age 67, by Gender and Marital Status

	Married Men				Married Women				Nonmarried Men				Nonmarried Women			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Marital Status																
Never married	.	.	.	.	.	.	.	.	24	19	21	26	9	13	16	19
Married	100	100	100	100	100	100	100	100	.	.	.	.	.	.	.	.
Widowed	.	.	.	.	.	.	.	.	30	23	20	18	63	47	38	38
Divorced	.	.	.	.	.	.	.	.	46	58	59	56	28	41	47	44
Race/Ethnicity																
Non-Hispanic white	84	80	78	73	83	80	78	72	78	80	76	73	78	74	72	68
Non-Hispanic black	6	7	7	7	6	7	7	8	13	9	12	12	12	13	13	15
Hispanic	6	8	10	13	6	7	8	12	7	7	9	12	7	9	10	12
Asian & Native American	4	5	6	7	5	6	7	8	3	3	4	4	2	4	5	5
Education																
High school dropout	27	18	11	13	25	17	12	11	34	21	11	13	32	22	12	13
High school graduate	50	52	54	58	62	65	61	62	46	53	58	58	55	59	62	62
College graduate	23	30	35	30	13	19	28	27	20	26	31	29	14	19	26	25
Benefit Type																
Nonbeneficiary	9	8	8	7	15	7	6	6	10	6	5	5	14	12	9	8
Auxiliary only	1	1	1	1	19	14	6	5	2	0	0	1	14	5	2	2
Dually entitled	1	2	2	2	26	26	24	21	4	6	8	7	42	45	38	33
Retired worker	89	90	89	90	41	53	64	69	84	89	87	88	30	39	51	58
MEAN VALUES																
Years in the labor force	33	34	35	34	18	23	29	30	31	33	34	34	21	25	30	31
Own lifetime earnings[a]	$38	$51	$60	$63	$9	$16	$26	$31	$29	$44	$50	$58	$11	$19	$29	$33
Shared lifetime earnings[b]	$25	$36	$45	$48	$22	$32	$42	$46	$23	$36	$42	$51	$19	$26	$35	$38

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62. Reported in thousands of 2003 dollars.

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried. Reported in thousands of 2003 dollars.

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 2. Mean Per Capita Family Income at Age 67, by Gender and Marital Status (in thousands, $2003)

	Married Men				Married Women				Nonmarried Men				Nonmarried Women			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	$28	$34	$44	$47	$27	$33	$42	$46	$35	$45	$51	$59	$30	$36	$44	$48
Marital Status																
Never married									29	35	43	51	27	35	48	51
Married	28	34	44	47	27	33	42	46								
Widowed									38	50	59	66	32	37	45	47
Divorced									37	46	51	60	27	35	42	46
Race/Ethnicity																
Non-Hispanic white	30	37	48	51	29	35	45	49	38	47	56	64	31	36	46	50
Non-Hispanic black	21	24	30	31	21	24	30	30	25	32	30	43	26	29	37	40
Hispanic	19	21	28	31	17	21	26	30	26	35	36	40	27	37	39	40
Asian & Native American	27	31	42	50	25	29	38	48	41	50	56	76	32	44	47	56
Education																
High school dropout	18	19	20	22	18	19	20	23	23	26	26	32	24	31	32	34
High school graduate	26	31	35	37	27	31	37	38	33	40	40	43	30	33	38	40
College graduate	45	50	66	77	45	52	63	73	62	70	81	102	43	50	63	73
Benefit Type																
Nonbeneficiary	38	35	52	53	21	28	34	41	57	43	42	52	24	35	42	47
Auxiliary only	18	22	24	21	28	29	30	31	n/a	n/a	n/a	n/a	27	30	31	33
Dually entitled	33	33	36	33	28	33	45	48	40	37	40	43	32	35	42	44
Retired worker	27	34	44	47	28	35	43	46	33	46	53	61	31	38	46	50
Labor Force Experience																
Less than 20 years	19	18	19	22	26	28	32	34	24	30	21	21	27	28	29	30
20 to 29 years	25	29	28	30	28	35	40	41	30	39	30	32	31	36	35	37
30 or more years	30	37	49	52	30	37	47	50	40	49	58	67	34	41	51	54
Lifetime Earnings (Own)[a]																
1st Quintile	12	14	17	20	24	26	31	32	19	24	19	18	23	27	29	31
2nd Quintile	19	20	24	26	26	31	38	39	19	22	24	28	27	30	34	36
3rd Quintile	20	24	29	31	29	36	43	46	27	31	34	37	32	38	42	45
4th Quintile	24	31	38	40	37	46	53	55	32	40	49	51	41	51	57	61
5th Quintile	37	47	68	77	47	65	87	91	59	72	97	114	64	66	98	102
Lifetime Earnings (Shared)[b]																
1st Quintile	15	16	18	20	15	17	18	20	20	24	20	21	21	23	25	28
2nd Quintile	21	24	26	27	20	25	27	27	24	28	32	33	26	31	33	35
3rd Quintile	24	30	35	35	24	31	35	35	32	37	42	41	32	36	42	45
4th Quintile	29	36	47	48	29	38	48	48	35	49	55	56	35	46	55	57
5th Quintile	45	56	84	93	50	58	82	95	61	74	103	124	48	62	87	100
Income Quintile																
1st Quintile	8	10	11	12	8	10	12	12	8	10	11	11	8	10	11	11
2nd Quintile	16	19	23	23	16	19	23	23	16	19	22	23	16	19	22	23
3rd Quintile	23	28	33	34	23	28	33	34	23	28	33	35	23	28	33	34
4th Quintile	32	41	49	52	32	40	49	52	32	41	50	52	32	40	50	54
5th Quintile	64	77	107	115	67	77	106	120	75	89	115	139	62	79	98	111

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62.

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 3. Median Per Capita Family Income at Age 67, by Gender and Marital Status (in thousands, $2003)

	Married Men				Married Women				Nonmarried Men				Nonmarried Women			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	$23	$28	$34	$35	$22	$27	$32	$33	$24	$33	$34	$38	$22	$26	$31	$33
Marital Status																
Never married									21	27	26	33	18	23	33	35
Married	23	28	34	35	22	27	32	33								
Widowed									28	37	41	44	24	28	33	33
Divorced									24	33	36	38	20	24	29	31
Race/Ethnicity																
Non-Hispanic white	24	30	37	38	23	29	35	36	25	35	39	41	24	27	32	35
Non-Hispanic black	17	20	24	25	17	20	24	24	17	19	21	30	17	19	24	27
Hispanic	15	19	24	25	14	16	21	24	18	18	24	25	17	27	23	24
Asian & Native American	17	23	30	39	16	21	30	34	26	46	38	44	22	34	41	44
Education																
High school dropout	16	18	17	19	15	16	16	19	17	17	17	20	16	18	19	20
High school graduate	23	27	30	31	23	27	30	30	26	32	30	34	23	25	28	29
College graduate	36	42	51	60	35	42	48	52	46	55	60	70	39	38	47	56
Benefit Type																
Nonbeneficiary	17	18	24	26	14	15	17	20	22	11	12	7	11	13	14	20
Auxiliary only	17	15	18	14	20	23	22	23	n/a	n/a	n/a	n/a	19	21	19	20
Dually entitled	31	28	29	27	23	28	35	36	18	29	30	32	24	26	30	31
Retired worker	23	29	35	36	24	29	33	34	24	34	35	39	24	28	33	34
Labor Force Experience																
Less than 20 years	15	15	16	17	19	23	23	23	15	13	9	11	18	16	17	17
20 to 29 years	19	23	22	24	23	28	30	29	18	22	17	21	23	25	24	24
30 or more years	24	30	38	39	26	31	36	37	27	37	40	44	27	31	37	38
Lifetime Earnings (Own)[a]																
1st Quintile	10	14	16	16	18	22	23	24	10	9	8	11	16	16	18	19
2nd Quintile	16	17	20	22	22	25	29	29	12	13	17	19	20	21	24	26
3rd Quintile	17	21	26	26	25	30	35	35	18	22	25	30	25	29	31	33
4th Quintile	20	26	33	35	31	39	44	43	24	32	40	41	33	40	47	47
5th Quintile	29	39	52	60	38	52	66	69	44	58	74	85	50	53	75	81
Lifetime Earnings (Shared)[b]																
1st Quintile	12	14	15	16	13	15	16	16	13	13	12	14	14	13	15	15
2nd Quintile	18	21	23	23	17	22	23	23	17	20	23	24	19	22	24	25
3rd Quintile	21	26	31	31	21	27	31	30	24	28	31	33	23	27	31	34
4th Quintile	26	32	41	43	26	34	41	41	27	39	46	45	29	37	44	45
5th Quintile	35	48	66	77	35	48	64	74	44	59	77	95	40	49	69	78
Income Quintile																
1st Quintile	9	11	12	13	9	11	13	13	8	10	12	12	9	10	12	12
2nd Quintile	16	19	23	23	16	19	23	23	16	19	22	23	16	19	22	22
3rd Quintile	23	28	33	34	23	28	33	34	23	28	33	35	23	28	32	34
4th Quintile	32	40	49	51	32	40	48	51	31	40	50	52	32	40	50	53
5th Quintile	51	66	85	97	50	65	85	98	61	75	92	108	59	72	84	94

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62.

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 4. Percent with Income Source at Age 67, by Gender and Marital Status

	Birth Cohort				Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65	1926-35	1936-45	1946-55	1956-65
	Married Men				Married Women			
Total Income	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**99**	**100**	**100**	**100**	**99**	**100**	**100**	**100**
Income from Assets	94	94	96	97	93	94	95	95
Earnings	37	35	38	37	20	27	29	29
Spouse Earnings	35	42	44	47	30	29	31	32
SSI Benefits	2	1	1	1	3	2	1	1
Spouse SSI Benefits	2	1	1	1	1	1	1	1
Imputed Rental Income	87	88	92	93	86	88	90	90
Co-resident Income	14	13	11	11	15	15	13	12
Retirement Income	**96**	**96**	**96**	**97**	**96**	**96**	**97**	**97**
Social Security Benefits	91	92	92	93	85	93	94	94
Spouse Social Security Benefits	62	67	69	65	89	88	89	88
DB Pension Benefits	49	37	34	29	22	23	26	25
Spouse DB Pension Benefits	16	21	24	20	50	42	37	32
Retirement Accounts	46	48	50	49	36	39	41	42
Spouse Retirement Accounts	26	38	39	40	42	46	48	46
	Nonmarried Men				Nonmarried Women			
Total Income	**100%**	**100%**	**100%**	**100%**	**99%**	**99%**	**100%**	**100%**
Non-Retirement Income	**94**	**97**	**98**	**99**	**96**	**96**	**98**	**99**
Income from Assets	83	88	90	93	81	82	86	89
Earnings	28	32	32	29	28	29	32	33
SSI Benefits	7	4	4	2	10	7	4	3
Imputed Rental Income	57	66	71	67	67	68	73	73
Co-resident Income	20	18	15	15	24	21	19	19
Retirement Income	**95**	**96**	**97**	**97**	**92**	**92**	**94**	**95**
Social Security Benefits	90	94	95	95	86	88	91	92
DB Pension Benefits	43	36	34	35	41	32	32	30
Retirement Accounts	31	44	45	51	32	39	44	45

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 5. Mean Per Capita Family Income at Age 67, by Source, Gender, and Marital Status (in thousands, $2003)

	Birth Cohort				Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65	1926-35	1936-45	1946-55	1956-65
	Married Men				Married Women			
Total Income	**$28**	**$34**	**$44**	**$47**	**$27**	**$33**	**$42**	**$46**
Non-Retirement Income	**15**	**19**	**25**	**27**	**13**	**17**	**22**	**24**
Income from Assets	4	6	9	9	5	6	9	10
Earnings	5	4	6	7	1	2	3	3
Spouse Earnings	4	5	6	8	4	4	6	7
SSI Benefits	0	0	0	0	0	0	0	0
Spouse SSI Benefits	0	0	0	0	0	0	0	0
Imputed Rental Income	1	2	3	2	2	2	3	2
Co-resident Income	1	2	2	2	1	2	2	2
Retirement Income	**13**	**15**	**19**	**19**	**14**	**16**	**20**	**21**
Social Security Benefits	5	7	8	8	3	4	5	6
Spouse Social Security Benefits	2	3	4	4	5	6	7	7
DB Pension Benefits	4	3	3	3	1	1	1	1
Spouse DB Pension Benefits	1	1	1	1	4	3	3	3
Retirement Accounts	1	1	2	3	0	1	1	1
Spouse Retirement Accounts	0	1	1	1	1	1	2	3
	Nonmarried Men				Nonmarried Women			
Total Income	**$35**	**$45**	**$51**	**$59**	**$30**	**$36**	**$44**	**$48**
Non-Retirement Income	**19**	**25**	**28**	**32**	**16**	**21**	**25**	**28**
Income from Assets	6	9	11	14	3	4	6	7
Earnings	7	6	8	8	4	6	8	9
SSI Benefits	0	0	0	0	0	0	0	0
Imputed Rental Income	2	3	3	3	2	3	3	3
Co-resident Income	5	6	6	6	7	9	8	9
Retirement Income	**16**	**21**	**23**	**27**	**13**	**15**	**19**	**20**
Social Security Benefits	9	13	14	15	9	11	13	14
DB Pension Benefits	6	5	5	6	4	3	3	3
Retirement Accounts	1	3	4	6	1	1	2	3

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 6. Share of Mean Per Capita Family Income at Age 67, by Source, Gender, and Marital Status

	Birth Cohort				Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65	1926-35	1936-45	1946-55	1956-65
	Married Men				Married Women			
Total Income	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**54**	**55**	**57**	**58**	**49**	**51**	**52**	**53**
Income from Assets	13	17	20	19	17	19	21	22
Earnings	17	13	14	14	4	7	7	7
Spouse Earnings	13	14	14	17	16	13	13	14
SSI Benefits	0	0	0	0	0	0	0	0
Spouse SSI Benefits	0	0	0	0	0	0	0	0
Imputed Rental Income	5	7	6	5	6	6	6	5
Co-resident Income	5	5	4	4	5	5	4	4
Retirement Income	**46**	**45**	**43**	**42**	**51**	**49**	**48**	**47**
Social Security Benefits	19	20	17	17	11	13	13	13
Spouse Social Security Benefits	7	9	9	8	18	18	17	16
DB Pension Benefits	14	9	7	6	4	3	3	3
Spouse DB Pension Benefits	2	2	3	2	15	10	8	6
Retirement Accounts	3	4	5	6	1	2	2	3
Spouse Retirement Accounts	1	2	2	2	2	4	5	6
	Nonmarried Men				Nonmarried Women			
Total Income	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**54**	**54**	**54**	**54**	**55**	**59**	**57**	**58**
Income from Assets	17	20	22	24	10	11	14	14
Earnings	19	14	15	13	12	16	18	18
SSI Benefits	1	0	0	0	1	1	0	0
Imputed Rental Income	5	6	6	6	7	7	7	7
Co-resident Income	13	14	11	10	25	24	18	18
Retirement Income	**46**	**46**	**46**	**46**	**45**	**41**	**43**	**42**
Social Security Benefits	27	28	28	26	29	30	30	29
DB Pension Benefits	17	11	9	10	13	7	7	7
Retirement Accounts	3	6	8	10	2	4	6	6

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 7. Mean Per Capita Family Income of the Median 10% of Income Recipients, by Source, Gender, and Marital Status

	Birth Cohort				Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65	1926-35	1936-45	1946-55	1956-65
	Married Men				Married Women			
Total Income	**$23**	**$28**	**$34**	**$35**	**$22**	**$27**	**$32**	**$33**
Non-Retirement Income	**9**	**13**	**16**	**17**	**8**	**10**	**13**	**13**
Income from Assets	2	3	4	4	3	3	4	4
Earnings	2	2	3	3	1	2	2	2
Spouse Earnings	2	3	5	6	1	2	2	3
SSI Benefits	0	0	0	0	0	0	0	0
Spouse SSI Benefits	0	0	0	0	0	0	0	0
Imputed Rental Income	1	2	2	2	2	2	2	2
Co-resident Income	1	2	2	2	1	2	2	2
Retirement Income	**14**	**15**	**18**	**18**	**14**	**17**	**19**	**20**
Social Security Benefits	6	7	8	8	3	5	6	6
Spouse Social Security Benefits	2	3	4	4	6	7	7	8
DB Pension Benefits	4	3	2	2	1	1	1	1
Spouse DB Pension Benefits	1	1	1	1	4	3	3	2
Retirement Accounts	1	1	2	2	0	0	1	1
Spouse Retirement Accounts	0	0	1	1	1	1	1	2
	Nonmarried Men				Nonmarried Women			
Total Income	**$24**	**$33**	**$34**	**$38**	**$22**	**$26**	**$31**	**$33**
Non-Retirement Income	**7**	**12**	**12**	**14**	**8**	**9**	**11**	**12**
Income from Assets	3	5	5	7	2	3	4	5
Earnings	2	4	4	4	2	2	4	3
SSI Benefits	0	0	0	0	0	0	0	0
Imputed Rental Income	2	3	2	2	2	2	3	3
Co-resident Income	1	1	1	2	2	1	1	1
Retirement Income	**17**	**20**	**22**	**24**	**15**	**17**	**19**	**21**
Social Security Benefits	10	14	15	16	10	13	15	16
DB Pension Benefits	6	4	4	3	4	3	3	3
Retirement Accounts	1	2	3	4	1	1	2	2

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 8. Share of Mean Per Capita Family Income of the Median 10% of Income Recipients, by Source, Gender, and Marital Status

	Birth Cohort				Birth Cohort			
	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers	Current Retirees	Near Retirees	Early Baby Boomers	Late Baby Boomers
	1926-35	1936-45	1946-55	1956-65	1926-35	1936-45	1946-55	1956-65
	Married Men				Married Women			
Total Income	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**39**	**46**	**46**	**49**	**36**	**39**	**42**	**40**
Income from Assets	11	12	12	11	14	13	13	11
Earnings	8	8	9	10	3	6	7	7
Spouse Earnings	9	12	15	17	5	7	7	9
SSI Benefits	0	0	0	0	0	0	0	0
Spouse SSI Benefits	0	0	0	0	0	0	0	0
Imputed Rental Income	6	7	7	5	7	7	7	6
Co-resident Income	6	6	5	7	7	6	7	7
Retirement Income	**61**	**54**	**54**	**51**	**64**	**61**	**58**	**60**
Social Security Benefits	26	26	24	23	14	17	18	18
Spouse Social Security Benefits	10	11	12	12	25	25	23	24
DB Pension Benefits	19	9	7	5	3	3	3	4
Spouse DB Pension Benefits	3	3	3	3	18	11	8	7
Retirement Accounts	3	4	5	5	1	2	2	3
Spouse Retirement Accounts	1	1	2	3	2	3	5	5
	Nonmarried Men				Nonmarried Women			
Total Income	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non-Retirement Income	**29**	**38**	**36**	**38**	**35**	**34**	**37**	**37**
Income from Assets	13	16	16	17	9	11	13	15
Earnings	6	11	10	10	9	9	12	9
SSI Benefits	0	0	0	0	1	0	0	0
Imputed Rental Income	6	8	7	5	9	9	9	8
Co-resident Income	4	3	3	5	7	5	4	5
Retirement Income	**71**	**62**	**64**	**62**	**65**	**66**	**63**	**63**
Social Security Benefits	43	44	44	43	46	49	48	48
DB Pension Benefits	25	13	12	9	16	12	9	9
Retirement Accounts	2	6	8	11	2	5	6	7

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 9. Poverty Rates at Age 67, by Gender and Marital Status

	Married Men				Married Women				Nonmarried Men				Nonmarried Women			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	5%	3%	3%	3%	6%	3%	2%	2%	13%	8%	8%	7%	15%	12%	9%	8%
Marital Status																
Never married									18	13	15	10	25	21	11	10
Married	5	3	3	3	6	3	2	2								
Widowed									11	7	6	6	10	9	7	6
Divorced									12	6	6	5	21	13	10	9
Race/Ethnicity																
Non-Hispanic white	3	2	1	1	3	2	1	1	12	6	5	5	14	10	8	6
Non-Hispanic black	9	5	5	4	9	4	3	4	21	17	16	9	20	17	10	12
Hispanic	17	12	8	7	23	16	11	7	21	22	17	12	18	17	16	15
Asian & Native American	23	12	7	6	28	10	7	6	3	3	14	10	19	18	12	10
Education																
High school dropout	12	11	13	10	16	12	12	11	24	20	28	19	21	22	21	21
High school graduate	2	2	2	2	3	1	1	2	8	6	6	5	13	10	9	7
College graduate	1	1	1	1	1	2	1	1	7	2	3	3	9	7	4	3
Benefit Type																
Nonbeneficiary	30	25	22	22	27	25	24	25	30	48	48	56	47	44	46	40
Auxiliary only	10	15	15	17	3	5	6	12	n/a	n/a	n/a	n/a	10	13	12	17
Dually entitled	2	2	1	1	1	1	0	0	17	9	9	4	6	5	3	3
Retired worker	2	1	1	1	3	1	1	1	11	5	5	4	15	11	7	6
Labor Force Experience																
Less than 20 years	27	26	23	21	10	8	10	13	36	38	50	47	23	29	33	32
20 to 29 years	7	3	3	3	2	1	1	1	26	14	21	12	13	10	10	11
30 or more years	1	1	0	0	1	0	0	0	5	2	1	1	5	3	2	1
Lifetime Earnings (Own)[a]																
1st Quintile	45	34	23	20	13	9	7	9	43	46	54	44	28	30	28	26
2nd Quintile	18	9	3	2	4	1	0	0	43	28	10	5	17	12	5	4
3rd Quintile	8	1	0	0	1	0	0	0	22	5	1	1	7	1	0	0
4th Quintile	1	0	0	0	1	0	0	0	1	1	0	0	0	0	0	0
5th Quintile	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Lifetime Earnings (Shared)[b]																
1st Quintile	28	19	15	14	27	16	12	13	41	33	35	32	35	35	30	27
2nd Quintile	3	1	1	0	3	1	0	0	18	6	0	2	15	6	3	2
3rd Quintile	0	0	0	0	1	0	0	0	3	2	1	0	5	2	1	0
4th Quintile	0	0	0	0	0	0	0	0	0	1	0	0	3	0	0	0
5th Quintile	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 10. Composition of Population in Poverty at Age 67, by Gender and Marital Status

	Married Men				Married Women				Nonmarried Men				Nonmarried Women			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Marital Status																
Never married	.	.	.	.	.	.	.	.	32	32	39	40	16	22	19	24
Married	100	100	100	100	100	100	100	100	.	.	.	.	.	.	.	.
Widowed	.	.	.	.	.	.	.	.	26	20	15	15	44	34	29	27
Divorced	.	.	.	.	.	.	.	.	42	48	46	45	39	44	52	49
Race/Ethnicity																
Non-Hispanic white	46	46	41	36	44	40	29	34	69	58	50	56	71	63	61	49
Non-Hispanic black	12	10	13	12	9	9	9	13	20	21	25	16	17	18	15	22
Hispanic	23	28	30	37	25	34	42	33	10	20	19	22	9	13	18	22
Asian & Native American	19	17	16	15	22	18	20	19	1	1	7	6	3	6	6	7
Education																
High school dropout	71	60	55	47	68	64	63	53	61	54	39	38	44	39	28	35
High school graduate	25	29	38	43	30	27	31	37	28	39	47	48	48	50	61	57
College graduate	4	11	7	10	2	9	6	10	11	8	14	15	8	11	11	9
Benefit Type																
Nonbeneficiary	58	58	64	61	67	54	66	57	24	36	30	39	43	42	44	39
Auxiliary only	3	3	6	9	8	22	16	23	n/a	n/a	n/a	n/a	10	6	3	4
Dually entitled	0	1	1	1	3	4	2	0	5	6	9	4	17	19	12	12
Retired worker	38	38	30	29	23	20	16	20	67	57	59	56	30	34	40	46
Labor Force Experience																
Less than 20 years	68	76	82	84	87	88	91	89	41	54	56	68	64	68	67	63
20 to 29 years	16	10	9	11	8	9	7	8	36	27	32	19	26	23	20	26
30 or more years	17	15	9	6	5	2	3	3	23	20	13	13	10	10	13	11
Lifetime Earnings (Own)[a]																
1st Quintile	51	73	87	92	76	88	98	97	24	43	75	88	54	69	84	85
2nd Quintile	23	19	10	8	19	12	1	3	42	42	21	10	34	29	15	14
3rd Quintile	23	7	2	1	4	0	1	.	32	13	2	2	12	3	1	1
4th Quintile	3	2	1	0	1	.	0	.	2	2	0	1	0	0	0	0
5th Quintile	0	.	.	.	.	.	.	.	.	.	2	.	.	.	.	.
Lifetime Earnings (Shared)[b]																
1st Quintile	90	90	95	97	88	94	98	98	73	79	95	96	65	85	91	92
2nd Quintile	9	7	4	3	9	5	1	1	24	16	1	4	26	12	7	7
3rd Quintile	1	2	1	0	3	1	1	1	3	4	2	.	7	3	1	1
4th Quintile	0	0	.	1	0	.	0	.	0	1	.	1	3	0	1	1
5th Quintile	0	.	.	.	.	.	.	.	.	.	2	.	0	0	.	.

Notes:

[a]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62

[b]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

Appendix Table 11. Median Replacement Rates[a] at Age 67, by Gender and Marital Status

	Married Men				Married Women				Nonmarried Men				Nonmarried Women			
	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65	Current Retirees 1926-35	Near Retirees 1936-45	Early Baby Boomers 1946-55	Late Baby Boomers 1956-65
Total	90%	78%	80%	81%	92%	84%	80%	79%	96%	85%	83%	83%	99%	85%	80%	83%
Marital Status																
Never married									95	80	80	78	113	94	84	86
Married	90	78	80	81	92	84	80	79								
Widowed									111	94	97	101	105	89	89	89
Divorced									87	84	80	80	87	75	72	75
Race/Ethnicity																
Non-Hispanic white	89	77	79	80	90	82	79	78	96	85	83	82	99	84	79	80
Non-Hispanic black	100	74	75	73	94	70	71	74	98	80	72	83	95	83	77	83
Hispanic	88	83	84	85	92	96	88	86	85	100	84	89	104	93	87	94
Asian & Native American	186	141	102	99	218	191	116	109	115	92	112	89	112	97	105	98
Education																
High school dropout	77	75	85	86	89	101	104	100	86	86	86	101	91	88	101	105
High school graduate	89	76	76	77	90	81	76	76	95	81	80	80	98	83	78	80
College graduate	109	85	87	88	111	90	84	80	126	92	91	84	127	86	79	83
Benefit Type																
Nonbeneficiary	268	246	170	143	143	1868	259	205	288	108	137	117	90	206	174	161
Auxiliary only	154	110	111	129	94	86	89	91	n/a	n/a	n/a	n/a	122	102	122	107
Dually entitled	196	111	91	108	85	80	77	78	101	89	95	101	96	84	81	85
Retired worker	85	76	78	78	92	80	77	77	90	83	81	81	98	76	75	78
Labor Force Experience																
Less than 20 years	249	196	164	153	99	101	104	109	231	159	150	131	112	110	115	117
20 to 29 years	115	97	85	92	89	83	80	80	111	94	82	97	104	87	82	88
30 or more years	82	74	77	77	85	76	76	75	87	79	79	78	86	72	75	76
Lifetime Earnings (Own)[b]																
1st Quintile	737	327	152	145	101	101	96	99	293	231	140	121	117	117	106	109
2nd Quintile	185	104	89	92	92	82	77	77	161	91	78	85	103	84	76	79
3rd Quintile	109	83	76	76	87	77	74	74	100	79	73	75	94	73	70	72
4th Quintile	85	76	76	74	86	79	74	71	81	80	79	77	88	71	74	72
5th Quintile	80	71	77	77	87	79	79	77	93	82	88	82	89	71	83	79
Lifetime Earnings (Shared)[c]																
1st Quintile	184	137	116	119	178	144	124	122	171	115	103	109	172	127	111	115
2nd Quintile	101	83	78	78	96	87	78	76	85	78	75	79	95	77	75	78
3rd Quintile	85	76	75	74	86	77	73	72	89	80	74	74	85	72	70	73
4th Quintile	80	73	76	75	82	75	74	72	84	86	77	76	83	72	73	71
5th Quintile	81	71	79	80	83	74	76	78	87	75	86	81	86	71	73	75
Income Quintile																
1st Quintile	60	53	59	59	66	63	65	64	79	69	72	66	73	72	67	67
2nd Quintile	68	62	63	63	75	66	63	64	71	61	63	66	82	67	65	68
3rd Quintile	79	72	74	76	84	78	74	73	88	75	73	74	95	80	75	76
4th Quintile	103	91	89	93	107	95	90	93	97	95	97	97	118	102	96	100
5th Quintile	146	125	128	123	154	140	131	129	156	118	125	116	131	116	123	124

Notes:

[a]Replacement rates are calculated as the ratio of income at age 67 to shared lifetime earnings. Income includes Social Security benefits, DB pension benefits, annuitized income from non-pension, non-housing assets and retirement accounts, earnings, and SSI income. It does not include co-resident income or imputed rental income.

[b]Own lifetime earnings is the average of an individual's wage-indexed earnings between ages 22 and 62.

[c]Shared lifetime earnings is the average of wage-indexed shared earnings between ages 22 and 62, where shared earnings are computed by assigning each individual half the total earnings of the couple in the years when the individual is married and his or her own earnings in years when nonmarried.

Source: Authors' tabulations of MINT (see text for details).

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