

ABSTRACT

This paper presents the results of the RIM study into the distribution of income and assets of Australians aged 60 and over. RIM is using the data developed by this study to set the initial stock of assets of the retired in its new aggregate population model, RIMGROUP. The study has generated a considerable amount of information about the distribution of income and assets of older Australians by age, gender, retirement status and income level which I present in this paper. The data show that pension income is the major income source of older Australians, followed by interest income and then superannuation pensions, which are mainly received by males.

Sources of income and the assets of older Australians

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**Paper presented to the fourth Colloquium of Superannuation Researchers
4 & 5 July 1996**

RIM Conference paper 96/2 (revised)

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The RIM Task Force is jointly sponsored by the Commonwealth Departments of the Treasury, Social Security and Finance.

I would like to thank my colleagues on the RIM Task Force and others who provided comments on this paper. The RIM Task force would also like to express its appreciation to the Department of Social Security and to the Australian Taxation Office for providing the data on which I have based this paper.

The views expressed in this paper are those of the author and do not necessarily reflect those of the RIM Task Force, the Government or any of the sponsoring Departments of the RIM Task Force.

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SOURCES OF INCOME AND THE ASSETS OF OLDER AUSTRALIANS

INTRODUCTION

This paper outlines the results of the RIM study of the income and assets of older Australians. The purpose of this study has been to provide an estimate of the initial assets of Australian retirees for use in RIM's aggregate population model, RIMGROUP. However, the study also has the scope to provide insights into the workforce participation patterns of older Australians, their sources of income, financial and non-financial asset holdings and how these vary by age, gender and whether retired or not.

DATA SOURCES, METHODOLOGY AND DEFINITIONS

Data sources

I have utilised administrative data from the Department of Social Security (DSS) and from the Australian Taxation Office (ATO) to estimate the income, by income source, gender, retirement status and age, of older Australians. I have used the same data sources to estimate the corresponding asset values of older Australians. Details of these data files are:

- **The DSS unit record file.** This is a file containing a 10% random sample of all DSS pensioners as at 2 December 1994. The file covers age pensioners, mature age allowees, invalid pensioners, rehabilitation pensioners, wife and carer pensioners. It lists details of the type and amount of pension paid, income items counted for the income test and asset items counted for the assets test. The file is an anonymous unit record file containing records for 58,225 couples and 147,797 single people. For this paper I have utilised records for 134,168 women and 62,525 men *aged over 60*. I have reweighted age specific data from this file so that they reproduce the age gender profile of the full DSS population and to allow for the number of Department of Veterans' Affairs (DVA) beneficiaries. In the absence of a detailed breakdown of DVA pensioners by income source, I have assumed they have similar income levels and characteristics to the DSS pensioner population.
- **The ATO file.** The ATO compiled this file to RIM's specifications in response to a request for data from the Task Force. The file comprises a highly disaggregated table setting out details of income by income band, occupation, self employment status, age and gender for all Australian taxpayers for the 1992-93 income year. The table gives details of the taxable incomes of individual taxpayers classified into the following levels of detail:
 1. tax status (taxable/ not taxable);
 2. gender;
 3. age (single years of age from 16 to 70, then 5 year age groups to age 95);

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4. occupation (managers, professionals, para-professionals, tradespersons, clerks, salespersons & personal service workers, plant & machinery operators, labourers & related workers, defence forces and other);
5. taxable income ranges (\$5000 increments from \$0 to \$100,000, \$100,000 increments to \$500,000, \$500,000 to \$1 million and \$1 million and over);
6. eligibility to claim deductions for superannuation contributions (ie whether self employed or not); and
7. category of income, with details of the amount paid and number of persons in each range.

I have also obtained age specific population estimates for the Australian population for years covered by the DSS and ATO files from the RIM population model, POPMOD.

Methodology

I have obtained estimates of the income distribution of the aged in Australia for 1992-93 by combining the 1992-93 ATO data file with scaled and reweighted data from the December 1994 DSS sample file. This entailed a number of steps:

- Reweighting and re-basing the December 1994 DSS unit record data to 1992-93 values and levels:
 - I re-estimated income data on the December 1994 DSS file to 1992-93 values by deflating the asset levels by the CPI and recalculating interest and dividend flows using data for interest rates and dividend yields in each period;
 - I re-weighted the number of people in the rebased DSS file to the 1992-93 population level using age and gender specific population estimates from POPMOD;
- I merged the DSS data with our estimate of “non-pensioner” records from the ATO file. Because income source information is at the lowest level of the ATO extended table structure, RIM cannot get a direct estimate of the income or assets of pensioners and non-pensioners from the ATO file. I have proxied non-pensioners by selecting only those records where the amount of pension paid is below \$2000. I chose this threshold, rather than a zero cutoff, because choosing zero would have discarded information for many people at the margin whose records are in cells where some members of the cell receive some pension payment. Even with this cutoff, the study is still likely to under-select non-pensioners, particularly in the lower income ranges selected.

This approach to merging the two files allowed me to retain the maximum detail from the more detailed DSS unit record file, while supplementing it with information on the remainder of the population from the ATO file. Where the ATO file did not include the details contained in the DSS file, I have estimated the missing information using age specific information from the DSS file. This was

necessary to estimate items like non-financial assets which the ATO file did not contain.

Data definitions

- On both the DSS and the ATO files I have estimated the value of *financial assets* from income data using assumed rates of return for each asset class. While the DSS file includes asset values for the assets test, these data are generally not as reliable as the income data from the file. This is because the assets test only applies in a minority of cases and where the test is not applicable, DSS do not appear to maintain data.
- I have loosely defined financial assets to include interest bearing deposits, superannuation pensions, rollover annuities, allocated pensions, shares, rental property and own businesses. Financial assets *do not* include the value of accrued superannuation benefits and the balances of rollover accounts where these have not yet been paid or have not yet become payable. This is because income from these accounts is not assessable income of the individual for tax purposes, nor do DSS count them for the pension income or assets tests before age pension age. The under-estimation of assets due to not counting assets in rollover funds and superannuation will mainly affect estimates of assets of people aged under 65. This is because of the requirement that these monies be paid out before a person's 65th birthday.
- The asset values also include the value of non-financial assets but *not* the value of a person's principal residence. The DSS file gives details of *the home ownership* status of individuals but does not give details of the value of the home.
- The DSS file provides the value of non-financial assets (such as cars, caravans, household effects, etc) as measured for the assets test. While the quality of these data may not be as high as the income based data for the reasons outlined above, it is the only source of information available on non-financial assets. Because the ATO file provides no information on the value of non-financial assets we have estimated these using data from the DSS file.
- The files do not provide any direct information on the retirement status of older Australians. I have used the level of personal exertion income, ie that from wages or salaries and from a person's own business, as a proxy for retirement status. I have counted a person as being retired if their income from personal exertion was less than \$5400 in 1992-93. This corresponds with the monthly income threshold for superannuation contributions under the SGC as well as to around 10 hours per week of casual employment.
- The tables in this paper present results on an individual basis rather than household or income unit basis. While income unit data are available from the DSS file, the ATO file does not provide such information.
- Pensions include age pensions, mature age allowances, invalid pensions, rehabilitation pensions, wife and carer pensions. Mature age allowance was not introduced as a benefit until March 1994, prior to that MAA recipients

received unemployment benefit. In this paper I treat MAA as if it had been in place in 1992-93.

SOME RESULTS: THE RETIREMENT AND INCOME CHARACTERISTICS OF OLDER AUSTRALIANS

Overview of the results

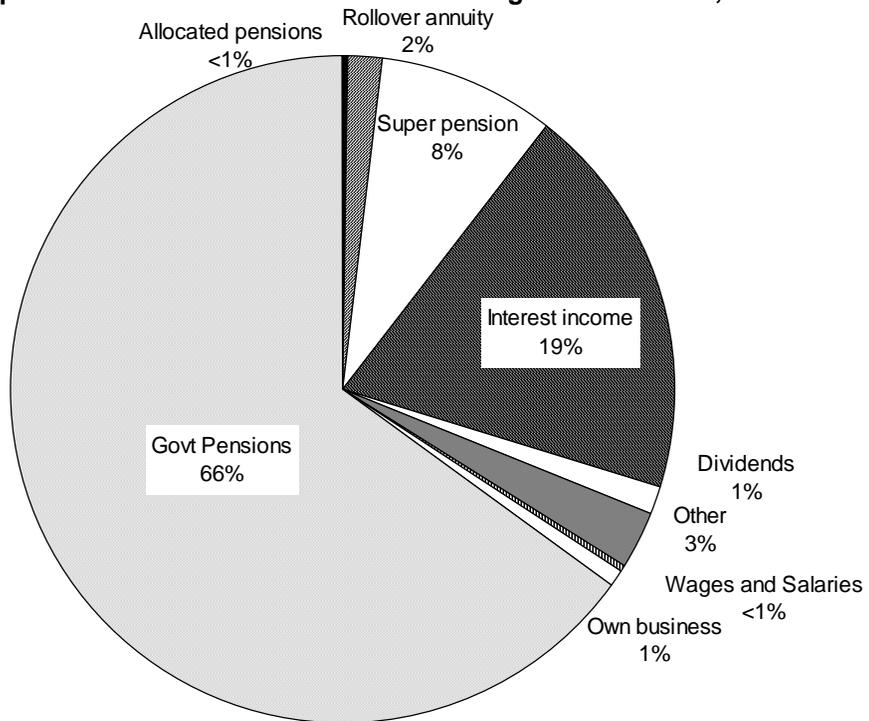
This study covers some 2.18 million Australians aged 60 and over, or 80% of the total population aged 60 and over. The survey is representative of *all* pensioners aged 60 and over and the coverage rate increases with age. 96% of the women and 87% of the men covered by the study were retired.

The study estimates that *retirees* aged 60 and over had received total incomes of \$20,129 million in 1992-93.

The most important source of income was pensions, with retirees aged 60 and over receiving \$13,099 million in pensions in 1992-93 (compared with an actual expenditure on age and veteran's pensions of \$12,978 million). Pensions made up 66% of their total income. 73% of *all* (ie including people not covered by the study) Australians aged 60 or over received a pension benefit with 49% of these receiving benefits at the full rate.

The next most important income source for retirees aged 60 and over was interest which amounted to about \$3,861 million or 19% of the group's total income. The third most important source of income was superannuation pensions, 80% of which were paid to men, of around \$1,703 million or 8.5% of the total income of the group. Other income sources were much less significant, although there is some evidence of allocated pensions being taken up amongst the 60 to 70 year old age groups, particularly by men. Chart 1 illustrates the importance of different income sources to retired Australians aged 60 and over.

Chart 1: Composition of the total income of retirees aged 60 and over, 1992-93

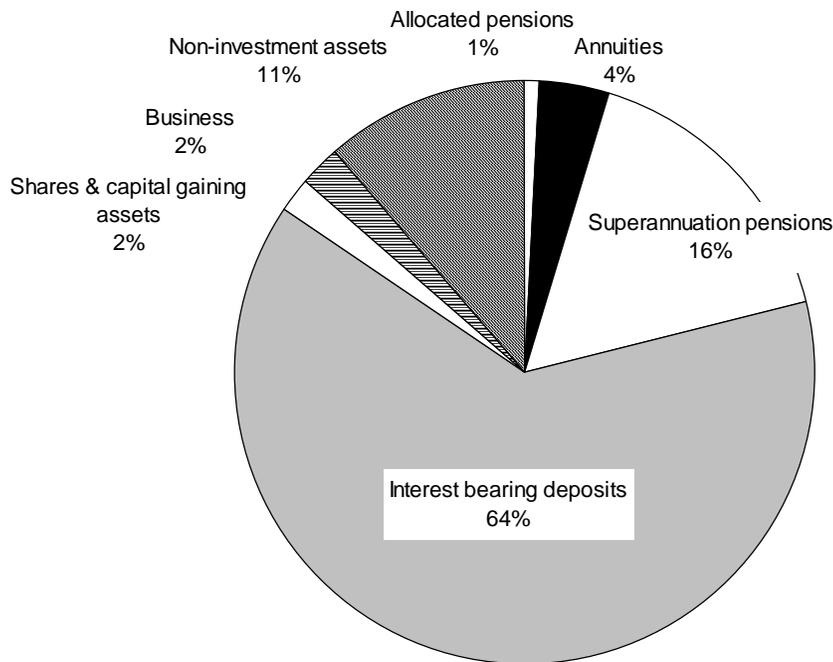


The study estimates that the total non-housing, non-superannuation assets of *retirees* aged 60 and over were around \$119 billion at mid 1992-93. Of these some \$13.4 billion were non-income producing. The largest single asset class was interest bearing deposits which were around \$76 billion, followed by the value of superannuation pension entitlements at \$19.5 billion.

The women's share of these assets was \$61 billion or 51% and the men's share was \$58 billion or 42%. However, as women comprise 55% of the population aged 60 and over, their average wealth is somewhat lower than that of men.

Chart 2 shows the composition of the total assets of retirees aged 60 and over.

Chart 2: Composition of the non-housing, non-superannuation assets of retirees aged 60 and over, mid-1992-93



The results in more detail

The remainder of this section looks at the distribution of the income and assets of Australians aged 60 and over in more detail, by age, gender, pension and retirement status.

Table 1 provides details of the labour force status of older Australians obtained from this study. As noted above, I have counted people as retired if their wage, salary or business income was below \$5400pa.

Table 1 also shows the level of coverage of the combined DSS and ATO files and the amount by which the study population differs from the corresponding POPMOD population estimates. Reasons why the study does not cover the whole population include:

- Spouses of taxpayers whose income is too high for them to qualify for a pension under the joint means test, but who do not have sufficient income of their own to need to lodge a tax return, are not represented in the study. This will also be the case for other non-taxpayers who do not qualify for a pension for any reason.
- Non-pensioners who fall into cells within the ATO file where there are significant numbers of age pensioners and the average payment exceeds \$2000 were not selected from the ATO file. This may be a particular problem in the younger age groups in the study, particularly as it is likely that the majority of the younger people not covered may also not be retired.

Table 1: Persons aged 60+, Labour force status
Females : 1992-93

Age	Number of Persons		% of study population		Study population	Non coverage
	Labour Force Status		Labour Force Status			
	Retired	Not retired	Retired	Not retired		
60 to 64 yrs	246,467	21,971	91.8%	8.2%	268,438	96,727
65 to 69 yrs	272,202	11,094	96.1%	3.9%	283,297	69,611
70 to 74 yrs	250,428	5,231	98.0%	2.0%	255,658	37,267
75 to 79 yrs	197,835	2,584	98.7%	1.3%	200,418	29,082
80 to 84 yrs	138,287	1,678	98.8%	1.2%	139,966	11,129
85 to 89 yrs	70,985	927	98.7%	1.3%	71,912	5,767
90 to 94 yrs	26,630	1,485	94.7%	5.3%	28,115	1,355
95 yrs and over	7,145	342	95.4%	4.6%	7,486	612
ALL	1,209,978	45,312	96.4%	3.6%	1,255,290	251,550

Males : 1992-93

Age	Number of Persons		% of study population		Study population	Non coverage
	Labour Force Status		Labour Force Status			
	Retired	Not retired	Retired	Not retired		
60 to 64 yrs	137,854	59,387	69.9%	30.1%	197,242	165,030
65 to 69 yrs	233,209	31,576	88.1%	11.9%	264,785	60,455
70 to 74 yrs	187,348	12,220	93.9%	6.1%	199,569	39,680
75 to 79 yrs	132,581	5,064	96.3%	3.7%	137,644	24,666
80 to 84 yrs	75,666	3,632	95.4%	4.6%	79,298	8,864
85 to 89 yrs	30,561	1,395	95.6%	4.4%	31,956	3,915
90 to 94 yrs	7,862	2,085	79.0%	21.0%	9,947	-324
95 yrs and over	1,337	527	71.7%	28.3%	1,864	-63
ALL	806,418	115,886	87.4%	12.6%	922,303	302,225

The retirement rates in Table 1 appear to overstate the retirement rates of the 60 to 64 age group but the rates for people aged 65 to 90 are quite close to those estimated in RIM's modelling of retirement (see Mr Bacon's paper "Retirement in Australia"¹). The retirement rates for people aged over 90 appear to *overstate* the number of people who are not retired, particularly for men. This result appears to come from data from the ATO file and may indicate problems with the data, for instance, an incorrect coding of ages.

Tables 2 to 4 provide details of the pension status of older Australians. Table 2 provides details for *all* persons aged over 60, while Table 3 provides details for *retirees* and Table 4 for people who have not retired. The "Persons" column in Table 2 contains population estimates for the whole population from POPMOD and the non-pensioner numbers include the non-coverage estimates from Table 1. I have based Tables 3 and 4 entirely on the number of people obtained from the study.

Table 2 shows pensions are a major source of income for older Australians, with 54% of women and 44% of men aged 60 and over receiving a full rate pension

¹ Bruce R Bacon, "Retirement in Australia: A model of retirement - "RETMOD"". Retirement Income Modelling Task Force, Conference Paper 96/1, July 1996.

payment. A further 27% of women and 20% of men aged 60 and over receive a part pension. The proportion of older Australians receiving full rate pensions rises with age possibly as people run down their retirement savings so that some part rate pensioners become full raters and some non-pensioners become part rate pensioners.

Table 2: Persons aged 60+, by age and pension status

Females : 1992-93

Age	Number of Persons			% of ALL			Persons (POPMOD) ALL
	Age Pension Status			Age Pension Status			
	Non pensioner	Part pensioner	Full rate pensioner	Non pensioner	Part pensioner	Full rate pensioner	
60 to 64 yrs	116,357	91,499	157,309	31.9%	25.1%	43.1%	365,165
65 to 69 yrs	77,695	103,079	172,134	22.0%	29.2%	48.8%	352,908
70 to 74 yrs	41,864	84,347	166,714	14.3%	28.8%	56.9%	292,925
75 to 79 yrs	31,628	58,527	139,345	13.8%	25.5%	60.7%	229,500
80 to 84 yrs	12,878	38,936	99,281	8.5%	25.8%	65.7%	151,095
85 to 89 yrs	6,807	20,723	50,149	8.8%	26.7%	64.6%	77,679
90 to 94 yrs	3,460	8,178	17,832	11.7%	27.8%	60.5%	29,470
95 yrs and over	996	2,375	4,727	12.3%	29.3%	58.4%	8,098
ALL	291,686	407,664	807,490	19.4%	27.1%	53.6%	1,506,840

Males: 1992-93

Age	Number of Persons			% of ALL			Persons (POPMOD) ALL
	Age Pension Status			Age Pension Status			
	Non pensioner	Part pensioner	Full rate pensioner	Non pensioner	Part pensioner	Full rate pensioner	
60 to 64 yrs	249,475	19,020	93,777	68.9%	5.3%	25.9%	362,272
65 to 69 yrs	95,047	85,330	144,863	29.2%	26.2%	44.5%	325,240
70 to 74 yrs	52,519	64,014	122,716	22.0%	26.8%	51.3%	239,249
75 to 79 yrs	31,362	37,656	93,292	19.3%	23.2%	57.5%	162,310
80 to 84 yrs	12,781	21,441	53,940	14.5%	24.3%	61.2%	88,162
85 to 89 yrs	5,615	8,764	21,492	15.7%	24.4%	59.9%	35,871
90 to 94 yrs	2,162	2,322	5,139	22.5%	24.1%	53.4%	9,623
95 yrs and over	545	373	883	30.3%	20.7%	49.0%	1,801
ALL	449,509	238,919	536,100	36.7%	19.5%	43.8%	1,224,528

Table 3 shows that dependence on pensions is higher amongst retirees with less variation by age than in the general population. Around two thirds of retirees, both men and women, aged over 60 were on full rate pensions, with a further 32% of women and 28% of men receiving part pensions. By contrast, Table 4 shows that very few people aged over 60 who were *not retired* received full rate pensions, regardless of age. Amongst the non-retired, 66% of women and 90% of men aged over 60 were non-pensioners.

Table 3: Persons aged 60+ and retired, by age and pension status**Females: 1992-93**

Age	Number of Persons			% of ALL			Persons ALL
	Age Pension Status			Age Pension Status			
	Non pensioner	Part pensioner	Full rate pensioner	Non pensioner	Part pensioner	Full rate pensioner	
60 to 64 yrs	5,604	83,578	157,285	2.3%	33.9%	63.8%	246,467
65 to 69 yrs	1,242	98,836	172,124	0.5%	36.3%	63.2%	272,202
70 to 74 yrs	1,203	82,530	166,695	0.5%	33.0%	66.6%	250,428
75 to 79 yrs	774	57,726	139,334	0.4%	29.2%	70.4%	197,835
80 to 84 yrs	496	38,520	99,271	0.4%	27.9%	71.8%	138,287
85 to 89 yrs	323	20,542	50,120	0.5%	28.9%	70.6%	70,985
90 to 94 yrs	705	8,103	17,822	2.6%	30.4%	66.9%	26,630
95 yrs and over	56	2,361	4,727	0.8%	33.0%	66.2%	7,145
ALL	10,403	392,197	807,378	0.9%	32.4%	66.7%	1,209,978

Males: 1992-93

Age	Number of Persons			% of ALL			Persons ALL
	Age Pension Status			Age Pension Status			
	Non pensioner	Part pensioner	Full rate pensioner	Non pensioner	Part pensioner	Full rate pensioner	
60 to 64 yrs	26,510	17,589	93,755	19.2%	12.8%	68.0%	137,854
65 to 69 yrs	7,733	80,675	144,801	3.3%	34.6%	62.1%	233,209
70 to 74 yrs	3,798	60,939	122,611	2.0%	32.5%	65.4%	187,348
75 to 79 yrs	3,128	36,283	93,170	2.4%	27.4%	70.3%	132,581
80 to 84 yrs	953	20,786	53,926	1.3%	27.5%	71.3%	75,666
85 to 89 yrs	487	8,594	21,480	1.6%	28.1%	70.3%	30,561
90 to 94 yrs	424	2,311	5,128	5.4%	29.4%	65.2%	7,862
95 yrs and over	81	373	883	6.1%	27.9%	66.0%	1,337
ALL	43,113	227,551	535,754	5.3%	28.2%	66.4%	806,418

Table 4: Persons aged 60+ and NOT retired, by age and pension status**Females: 1992-93**

Age	Number of Persons			% of ALL			Persons ALL
	Age Pension Status			Age Pension Status			
	Non pensioner	Part pensioner	Full rate pensioner	Non pensioner	Part pensioner	Full rate pensioner	
60 to 64 yrs	14,026	7,921	24	63.8%	36.1%	0.1%	21,971
65 to 69 yrs	6,842	4,243	10	61.7%	38.2%	0.1%	11,094
70 to 74 yrs	3,394	1,817	19	64.9%	34.7%	0.4%	5,231
75 to 79 yrs	1,772	801	11	68.6%	31.0%	0.4%	2,584
80 to 84 yrs	1,253	416	10	74.7%	24.8%	0.6%	1,678
85 to 89 yrs	717	181	29	77.3%	19.5%	3.1%	927
90 to 94 yrs	1,400	75	10	94.3%	5.1%	0.7%	1,485
95 yrs and over	328	14	0	95.9%	4.1%	0.0%	342
ALL	29,733	15,467	112	65.6%	34.1%	0.2%	45,312

Males: 1992-93

Age	Number of Persons			% of ALL			Persons ALL
	Age Pension Status			Age Pension Status			
	Non pensioner	Part pensioner	Full rate pensioner	Non pensioner	Part pensioner	Full rate pensioner	
60 to 64 yrs	57,935	1,431	22	97.6%	2.4%	0.0%	59,387
65 to 69 yrs	26,859	4,655	62	85.1%	14.7%	0.2%	31,576
70 to 74 yrs	9,041	3,075	105	74.0%	25.2%	0.9%	12,220
75 to 79 yrs	3,568	1,373	122	70.5%	27.1%	2.4%	5,064
80 to 84 yrs	2,964	655	14	81.6%	18.0%	0.4%	3,632
85 to 89 yrs	1,213	170	12	87.0%	12.2%	0.9%	1,395
90 to 94 yrs	2,062	11	11	98.9%	0.5%	0.5%	2,085
95 yrs and over	527	0	0	100.0%	0.0%	0.0%	527
ALL	104,171	11,368	346	89.9%	9.8%	0.3%	115,886

Tables 5 to 8 provide details of the age and income distribution of older Australians. Table 5 gives the income distribution for *all persons* aged over 60 in the study, Table 6 provides the income distribution of *full rate age pensioners*, Table 7 provides the income distribution of *part pensioners* and Table 8 provides the income distribution of *non-pensioners*.

Table 5 shows that most older Australians have *individual* total incomes, including pensions, in the range from \$5400 to \$15,000. This range accounts for 76% of men and 90% of women aged over 60. The availability of pensions ensures most people do not have incomes below the full pension.

Table 5: ALL Persons aged over 60, distribution by age and income
Females 1992-93

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
	<i>% of all in age group</i>								
\$0 - \$5,400	5.7%	2.7%	1.9%	1.5%	1.0%	0.7%	0.7%	0.8%	2.6%
\$5,401 - \$10,000	64.5%	66.6%	69.0%	70.3%	68.5%	60.4%	48.2%	45.4%	66.5%
\$10,001 - \$15,000	16.8%	21.7%	23.2%	23.6%	26.2%	34.0%	41.8%	46.9%	23.1%
\$15,001 - \$20,000	4.6%	4.4%	3.3%	2.9%	2.8%	3.1%	4.8%	3.3%	3.7%
\$20,001 - \$25,000	3.5%	2.0%	1.1%	0.7%	0.6%	0.7%	1.2%	0.9%	1.7%
\$25,001 - \$30,000	1.5%	0.6%	0.4%	0.2%	0.2%	0.3%	0.8%	0.7%	0.6%
\$30,001 - \$50,000	2.2%	1.0%	0.6%	0.3%	0.4%	0.4%	1.5%	1.3%	1.0%
\$50,001 - \$75,000	0.8%	0.5%	0.3%	0.2%	0.1%	0.1%	0.4%	0.3%	0.4%
\$75,001 - \$100,000	0.3%	0.3%	0.1%	0.1%	0.1%	0.2%	0.3%	0.2%	0.2%
\$100,001 & over	0.2%	0.3%	0.1%	0.2%	0.1%	0.1%	0.3%	0.2%	0.2%
ALL (number)	268,307	283,223	255,456	200,288	139,892	71,864	27,609	7,480	1,254,118

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
	<i>% of all in age group</i>								
\$0 - \$5,400	7.1%	3.2%	1.7%	1.9%	1.3%	0.8%	3.1%	3.7%	3.3%
\$5,401 - \$10,000	50.4%	54.3%	58.8%	63.5%	62.8%	59.5%	45.4%	37.3%	56.6%
\$10,001 - \$15,000	9.6%	20.1%	22.4%	21.6%	21.6%	26.0%	26.2%	29.3%	19.0%
\$15,001 - \$20,000	4.1%	6.0%	5.3%	4.5%	5.0%	5.1%	6.0%	7.8%	5.1%
\$20,001 - \$25,000	4.3%	3.4%	2.0%	1.7%	1.7%	1.9%	2.7%	3.1%	2.8%
\$25,001 - \$30,000	4.3%	2.8%	3.7%	2.0%	2.7%	1.9%	2.5%	2.0%	3.1%
\$30,001 - \$50,000	12.8%	6.3%	4.4%	3.4%	3.4%	2.8%	8.7%	10.4%	6.5%
\$50,001 - \$75,000	4.0%	2.2%	1.1%	0.9%	0.9%	1.2%	3.3%	3.9%	2.0%
\$75,001 - \$100,000	1.7%	0.7%	0.3%	0.3%	0.3%	0.4%	1.3%	1.6%	0.7%
\$100,001 & over	1.7%	1.0%	0.4%	0.2%	0.3%	0.3%	0.9%	1.0%	0.8%
ALL (number)	196,010	264,534	199,092	137,334	79,161	31,871	9,903	1,858	919,763

Table 6 shows that, consistent with the impact of means testing, almost all (89% of males and 94% of females) full rate age pensioners have *individual* total incomes below \$10,000 and that none have incomes below \$5400.

Table 7 shows that part pensioners have a wider distribution of income, with most (47% of males and 58% of females) falling into the \$10,000 to \$15,000 income band with 36% of male part pensioners and 17% of female part pensioners having incomes above this level.

Table 8 shows that as we would expect, non-pensioners tend to have significantly higher incomes than pensioners at all ages. 59% of male non-pensioners and 61% of female non-pensioners had incomes over \$25,000.

Table 6: Distribution of full rate pensioners aged over 60 by age and income**Females, 1992-93**

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
	<i>% of all in age group</i>								
\$0 - \$5,400	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$5,401 - \$10,000	96.3%	96.3%	96.0%	94.2%	90.7%	82.3%	70.7%	68.0%	93.6%
\$10,001 - \$15,000	3.5%	3.6%	3.9%	5.6%	9.0%	17.3%	28.6%	31.3%	6.2%
\$15,001 - \$20,000	0.1%	0.1%	0.0%	0.1%	0.1%	0.2%	0.3%	0.6%	0.1%
\$20,001 - \$25,000	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%
\$25,001 - \$30,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%
\$30,001 - \$50,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$50,001 - \$75,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$75,001 - \$100,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$100,001 & over	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ALL (number)	157,309	172,134	166,714	139,345	99,281	50,149	17,832	4,727	807,490

Males 1992-93

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
	<i>% of all in age group</i>								
\$0 - \$5,400	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$5,401 - \$10,000	94.0%	89.7%	88.6%	88.3%	87.5%	83.6%	79.1%	69.1%	89.4%
\$10,001 - \$15,000	5.5%	9.8%	11.0%	11.5%	12.1%	15.6%	19.9%	27.6%	10.2%
\$15,001 - \$20,000	0.3%	0.4%	0.2%	0.1%	0.3%	0.3%	0.5%	1.7%	0.3%
\$20,001 - \$25,000	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.5%	0.8%	0.1%
\$25,001 - \$30,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
\$30,001 - \$50,000	0.1%	0.0%	0.1%	0.0%	0.0%	0.2%	0.0%	0.8%	0.0%
\$50,001 - \$75,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
\$75,001 - \$100,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$100,001 & over	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ALL (number)	93,777	144,863	122,716	93,292	53,940	21,492	5,139	883	536,100

Table 7: Distribution of part rate pensioners aged over 60 by age and income**Female 1992-93**

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
	<i>% of all in age group</i>								
\$0 - \$5,400	11.0%	6.7%	5.3%	4.6%	3.1%	1.8%	0.4%	0.8%	6.3%
\$5,401 - \$10,000	22.9%	21.7%	19.1%	16.1%	14.3%	10.0%	5.6%	5.1%	18.9%
\$10,001 - \$15,000	42.6%	53.5%	62.3%	67.2%	71.0%	76.0%	77.9%	84.5%	58.3%
\$15,001 - \$20,000	12.4%	11.5%	9.5%	9.5%	9.7%	9.5%	13.9%	8.3%	10.8%
\$20,001 - \$25,000	8.3%	4.9%	2.9%	2.1%	1.5%	1.7%	1.9%	1.1%	4.3%
\$25,001 - \$30,000	1.7%	1.0%	0.6%	0.4%	0.3%	0.5%	0.0%	0.3%	0.9%
\$30,001 - \$50,000	1.1%	0.5%	0.3%	0.1%	0.2%	0.6%	0.3%	0.0%	0.5%
\$50,001 - \$75,000	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$75,001 - \$100,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$100,001 & over	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ALL (number)	91,499	103,079	84,347	58,527	38,936	20,723	8,178	2,375	407,664

Male 1992-93

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
	<i>% of all in age group</i>								
\$0 - \$5,400	8.6%	3.8%	2.7%	2.1%	2.3%	1.4%	1.6%	1.6%	3.4%
\$5,401 - \$10,000	21.2%	14.7%	12.7%	12.2%	11.4%	10.0%	8.9%	7.0%	13.8%
\$10,001 - \$15,000	40.3%	44.4%	48.1%	49.8%	49.2%	55.7%	60.3%	70.0%	47.0%
\$15,001 - \$20,000	12.8%	15.2%	15.8%	15.6%	17.3%	17.3%	15.9%	21.7%	15.5%
\$20,001 - \$25,000	6.0%	6.6%	5.0%	5.4%	5.3%	5.7%	1.6%	0.0%	5.7%
\$25,001 - \$30,000	4.2%	3.9%	3.4%	3.7%	3.2%	2.0%	4.0%	0.0%	3.6%
\$30,001 - \$50,000	6.3%	10.2%	10.5%	9.4%	9.8%	6.4%	7.1%	0.0%	9.6%
\$50,001 - \$75,000	0.6%	1.2%	1.7%	1.8%	1.4%	1.6%	0.6%	0.0%	1.4%
\$75,001 - \$100,000	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
\$100,001 & over	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ALL (number)	19,020	85,330	64,014	37,656	21,441	8,764	2,322	373	238,919

Table 8: Distribution of non-pensioners aged over 60 by age and income**Females 1992-93**

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
<i>% of all in age group</i>									
\$0 - \$5,400	26.6%	9.5%	11.6%	15.9%	14.0%	11.5%	10.3%	10.3%	19.0%
\$5,401 - \$10,000	3.5%	3.7%	3.4%	1.6%	6.6%	3.9%	15.2%	15.9%	4.2%
\$10,001 - \$15,000	2.4%	2.6%	2.6%	2.6%	3.0%	1.4%	4.3%	6.4%	2.6%
\$15,001 - \$20,000	4.2%	4.4%	9.3%	6.1%	6.6%	13.5%	7.2%	6.6%	5.4%
\$20,001 - \$25,000	8.9%	7.7%	4.6%	6.5%	6.3%	10.8%	9.6%	9.3%	8.0%
\$25,001 - \$30,000	12.7%	8.0%	8.0%	4.3%	8.4%	7.2%	12.3%	12.7%	10.4%
\$30,001 - \$50,000	24.4%	27.7%	27.3%	24.8%	26.1%	19.1%	24.6%	24.9%	25.4%
\$50,001 - \$75,000	10.2%	17.8%	17.0%	14.3%	8.8%	9.7%	7.1%	6.4%	12.5%
\$75,001 - \$100,000	3.5%	9.1%	7.8%	9.2%	10.0%	12.1%	4.6%	3.4%	6.0%
\$100,001 & over	3.4%	9.6%	8.4%	14.8%	10.2%	10.8%	4.9%	4.0%	6.5%
ALL (number)	19,499	8,011	4,394	2,416	1,674	993	1,599	377	38,963

Males 1992-93

TOTAL INCOME	60 to 64 yrs	65 to 69 yrs	70 to 74 yrs	75 to 79 yrs	80 to 84 yrs	85 to 89 yrs	90 to 94 yrs	95 yrs and over	ALL
<i>% of all in age group</i>									
\$0 - \$5,400	14.7%	15.5%	13.5%	28.2%	14.3%	9.2%	11.0%	10.3%	15.3%
\$5,401 - \$10,000	7.8%	3.7%	2.0%	3.7%	2.8%	7.9%	9.1%	9.5%	6.0%
\$10,001 - \$15,000	7.3%	3.1%	1.9%	3.1%	1.8%	2.8%	7.0%	6.6%	5.5%
\$15,001 - \$20,000	6.4%	7.1%	1.7%	2.3%	2.3%	2.8%	8.2%	8.0%	5.9%
\$20,001 - \$25,000	8.7%	9.2%	5.3%	4.2%	4.3%	5.4%	8.4%	8.6%	8.2%
\$25,001 - \$30,000	9.2%	12.1%	40.5%	20.4%	37.2%	26.7%	6.2%	6.1%	13.9%
\$30,001 - \$50,000	28.6%	23.4%	16.2%	16.9%	15.7%	17.1%	28.4%	30.9%	25.3%
\$50,001 - \$75,000	9.3%	13.6%	8.3%	9.1%	9.9%	14.1%	12.9%	12.0%	10.3%
\$75,001 - \$100,000	4.0%	4.9%	4.8%	6.8%	6.3%	8.0%	5.3%	5.0%	4.5%
\$100,001 & over	4.0%	7.4%	5.8%	5.3%	5.5%	5.9%	3.5%	3.2%	5.1%
ALL (number)	83,213	34,340	12,363	6,386	3,781	1,616	2,443	602	144,744

Tables 10 to 13 show the average income of older Australians *by source*. Table 10 provides details for retired full rate pensioners, Table 11 for retired part rate pensioners, Table 12 for retired non-pensioners and Table 13 for non-retired persons.

Table 10 shows that the main source of income for full rate pensioners, regardless of age, is their pension, accounting for around 90% of their income in all age groups for both men and women. The bulk of the rest of their income, on average, comes from interest. The average income of both male and female full rate pensioners was about the same, reflecting the impact of the age pension as their main source of income. More women are paid at the single pension rate, reflecting their more favourable mortality experience, offsetting their lower level of interest receipts.

Table 11 shows that pensions account for around 43% of the income of female part pensioners and 33% of the income of male part pensioners. The degree of dependence on the age pension varies by age, tending to increase for older age groups, probably as the real value of financial assets declines with age. Interest income is still the main source of income of female part pensioners accounting for 37% of their total income. Superannuation pensions are the main source of non-pension source of income for male part pensioners, accounting for 31% of their total income, followed by interest which accounted for 22% of total income.

The recent rapid growth of allocated pension products is evident in the data for males and, to a lesser extent, females in the 60 to 70 year age groups. The data are likely to overstate the impact of allocated pensions in 1992-93 because the DSS data relate to December 1994 and will have been influenced by the rapid growth in allocated pensions since they were legitimised in 1992.

Table 11 also shows that, on average, female part pensioners have incomes 28% lower than those of male part pensioners.

Table 12 shows that interest was the main source of income of retired non-pensioner females, accounting for 41% of their total income, followed by dividends which accounted for 26% of their total income. These figures vary by age group. By contrast, interest income was the main source of income for non-pensioner males, accounting for 52% of their income, followed by superannuation pensions which accounted for 30%. Dividends only accounted for 5% of the income of males but are more important for older males. The average income of female retired non-pensioners was 38% less than that of male retired non-pensioners.

Table 12 shows some government pension income for the retired non-pensioners. This arises because of the method of selecting non-pensioners from the ATO file which selected all records where the pension paid was under \$2000pa as a proxy for non-pensioners.

Table 13 shows that the main source of income for non-retirees was business income for both males (45%) and females (48%). Male non-retirees also received around 36% of their income from wages and salaries compared with 21% for females, with wage income being an important source of income for males in all age groups. Female non-retirees received a much smaller portion of their average incomes from wages and salaries (21%) and a higher proportion from dividends (14%) and interest (13%). As we saw in the income distribution table, the non-retired have significantly higher total incomes than the retired groups and, as Table 13 shows they receive very little of their income from Government pensions. Also, the average income of non-retired women is much closer to that of non-retired men, although the relativities change with age groups.

**Table 10: Average Income by source of income: All RETIRED full rate pensioners aged 60 and over
Females, 1992-93**

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	0.0%	0.6%	0.2%	9.2%	0.6%	0.5%	0.3%	0.2%	88.5%	\$7,981
65 to 69 yrs	0.0%	0.4%	0.2%	9.8%	0.5%	0.7%	0.2%	0.2%	88.2%	\$8,187
70 to 74 yrs	0.0%	0.2%	0.2%	9.2%	0.3%	0.9%	0.1%	0.2%	88.9%	\$8,307
75 to 79 yrs	0.0%	0.1%	0.3%	8.5%	0.2%	0.8%	0.1%	0.1%	89.9%	\$8,483
80 to 84 yrs	0.0%	0.1%	0.5%	7.2%	0.2%	0.8%	0.1%	0.1%	91.1%	\$8,685
85 to 89 yrs	0.0%	0.2%	0.6%	6.1%	0.2%	0.6%	0.0%	0.1%	92.3%	\$9,035
90 to 94 yrs	0.0%	0.2%	0.7%	5.2%	0.2%	0.5%	0.0%	0.1%	93.1%	\$9,390
95 yrs and over	0.0%	0.1%	1.2%	4.2%	0.1%	0.5%	0.0%	0.1%	93.7%	\$9,671
ALL	0.0%	0.3%	0.3%	8.6%	0.3%	0.7%	0.1%	0.2%	89.5%	\$8,372

Males, 1992-93

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	0.2%	1.2%	0.4%	6.6%	0.3%	0.2%	0.1%	0.3%	90.7%	\$7,934
65 to 69 yrs	0.2%	1.3%	0.6%	10.8%	0.6%	0.4%	0.1%	0.3%	85.7%	\$8,350
70 to 74 yrs	0.0%	0.4%	1.1%	12.5%	0.4%	0.9%	0.1%	0.4%	84.3%	\$8,474
75 to 79 yrs	0.0%	0.1%	1.3%	11.8%	0.3%	1.1%	0.1%	0.2%	85.0%	\$8,504
80 to 84 yrs	0.0%	0.1%	1.9%	10.8%	0.1%	1.2%	0.1%	0.2%	85.6%	\$8,658
85 to 89 yrs	0.0%	0.3%	2.1%	9.9%	0.2%	0.7%	0.1%	0.2%	86.5%	\$8,913
90 to 94 yrs	0.0%	0.3%	1.4%	7.5%	0.2%	0.4%	0.1%	0.4%	89.8%	\$9,072
95 yrs and over	0.0%	0.7%	3.1%	7.6%	0.1%	0.3%	0.1%	0.3%	88.0%	\$9,797
ALL	0.1%	0.7%	1.0%	10.6%	0.4%	0.7%	0.1%	0.3%	86.2%	\$8,395

Table 11: Average Income by source of income: All RETIRED part rate pensioners aged 60 and over
Females, 1992-93

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	0.4%	4.6%	5.6%	38.6%	3.1%	4.8%	0.5%	1.8%	40.5%	\$11,547
65 to 69 yrs	0.3%	4.6%	6.8%	36.0%	3.1%	6.2%	0.2%	1.3%	41.5%	\$11,621
70 to 74 yrs	0.0%	2.2%	7.0%	37.3%	2.6%	7.0%	0.2%	1.1%	42.5%	\$11,430
75 to 79 yrs	0.0%	1.2%	8.4%	37.7%	2.4%	5.8%	0.1%	1.0%	43.3%	\$11,444
80 to 84 yrs	0.0%	1.5%	9.0%	35.0%	2.4%	5.2%	0.1%	1.2%	45.7%	\$11,652
85 to 89 yrs	0.0%	1.8%	10.4%	32.0%	2.4%	4.9%	0.0%	0.9%	47.6%	\$12,205
90 to 94 yrs	0.0%	1.2%	7.4%	35.7%	2.8%	3.8%	0.0%	1.2%	47.8%	\$12,781
95 yrs and over	0.0%	0.3%	7.2%	35.3%	2.6%	3.9%	0.1%	0.9%	49.6%	\$12,266
ALL	0.2%	3.0%	7.3%	36.8%	2.8%	5.8%	0.2%	1.3%	42.7%	\$11,600

Males, 1992-93

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	1.5%	6.1%	25.0%	22.1%	1.9%	1.6%	0.4%	1.5%	39.9%	\$13,745
65 to 69 yrs	2.0%	8.1%	28.2%	21.7%	2.6%	4.8%	0.1%	0.9%	31.5%	\$16,231
70 to 74 yrs	0.1%	2.6%	33.2%	21.7%	2.4%	6.9%	0.1%	0.8%	32.2%	\$16,698
75 to 79 yrs	0.0%	1.5%	33.9%	21.8%	1.7%	6.9%	0.1%	0.6%	33.4%	\$16,559
80 to 84 yrs	0.0%	1.0%	36.5%	20.5%	1.5%	5.6%	0.1%	0.6%	34.1%	\$16,424
85 to 89 yrs	0.0%	1.2%	28.7%	24.1%	2.0%	4.6%	0.1%	0.6%	38.7%	\$15,678
90 to 94 yrs	0.0%	0.1%	26.4%	25.3%	2.1%	3.2%	0.0%	0.8%	42.1%	\$15,415
95 yrs and over	0.0%	0.0%	12.1%	26.6%	1.3%	5.4%	0.0%	1.7%	52.9%	\$13,045
ALL	0.8%	4.4%	31.0%	21.8%	2.2%	5.6%	0.1%	0.8%	33.2%	\$16,200

**Table 12: Average Income by source of income: All RETIRED Non pensioners aged 60 and over
Females, 1992-93**

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	0.0%	0.0%	4.5%	39.3%	13.6%	1.6%	12.6%	20.7%	7.7%	\$4,405
65 to 69 yrs	0.2%	1.3%	3.8%	31.0%	51.7%	0.4%	1.9%	9.2%	0.4%	\$14,092
70 to 74 yrs	0.0%	1.1%	16.1%	41.4%	21.2%	7.9%	1.8%	8.5%	1.9%	\$12,419
75 to 79 yrs	0.0%	0.7%	21.8%	47.4%	16.9%	3.8%	1.3%	6.9%	1.0%	\$15,186
80 to 84 yrs	0.0%	0.9%	11.9%	47.2%	28.1%	0.3%	1.2%	8.7%	1.8%	\$13,179
85 to 89 yrs	0.0%	0.0%	16.2%	43.6%	33.1%	1.7%	0.5%	2.7%	2.1%	\$24,377
90 to 94 yrs	0.0%	0.0%	18.4%	45.4%	22.3%	0.0%	8.2%	5.3%	0.5%	\$15,717
95 yrs and over	0.0%	0.0%	0.3%	65.9%	13.1%	0.0%	12.5%	6.9%	1.3%	\$11,859
ALL	0.0%	0.6%	9.8%	40.7%	26.3%	2.5%	5.3%	11.6%	3.2%	\$8,533

Males, 1992-93

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	1.5%	4.6%	21.1%	61.4%	5.3%	1.5%	0.8%	3.9%	0.0%	\$14,909
65 to 69 yrs	1.0%	1.8%	39.8%	38.1%	4.8%	0.4%	2.6%	9.1%	2.5%	\$10,470
70 to 74 yrs	0.0%	0.6%	57.9%	31.4%	2.0%	2.5%	0.2%	1.0%	4.4%	\$15,974
75 to 79 yrs	0.0%	1.7%	49.5%	25.9%	8.4%	9.6%	0.1%	2.1%	2.7%	\$10,292
80 to 84 yrs	0.0%	0.0%	55.1%	25.0%	11.2%	3.9%	0.1%	3.5%	1.1%	\$11,401
85 to 89 yrs	0.0%	1.1%	29.0%	47.1%	13.6%	3.2%	0.4%	2.9%	2.8%	\$14,053
90 to 94 yrs	0.0%	0.0%	37.0%	34.3%	11.7%	0.6%	4.1%	7.2%	5.1%	\$10,893
95 yrs and over	0.0%	0.0%	0.0%	70.3%	12.8%	0.0%	4.8%	11.6%	0.5%	\$9,291
ALL	1.1%	3.5%	29.5%	52.4%	5.3%	1.9%	1.0%	4.2%	1.0%	\$13,730

**Table 13: Average Income by source of income: ALL NON RETIREES aged 60 and over
Females, 1992-93**

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	0.0%	0.2%	1.7%	7.5%	8.0%	0.2%	31.7%	47.3%	3.6%	\$34,558
65 to 69 yrs	0.0%	0.1%	2.4%	12.5%	13.4%	0.2%	15.2%	53.1%	3.0%	\$43,069
70 to 74 yrs	0.0%	0.1%	2.5%	17.1%	19.9%	0.2%	12.0%	45.5%	2.7%	\$46,364
75 to 79 yrs	0.0%	0.0%	1.6%	19.4%	23.5%	0.1%	7.6%	45.9%	2.0%	\$57,757
80 to 84 yrs	0.0%	0.0%	1.6%	21.3%	23.8%	0.0%	10.6%	40.9%	1.8%	\$57,856
85 to 89 yrs	0.0%	0.0%	1.5%	24.1%	24.5%	0.1%	8.2%	39.8%	1.8%	\$63,740
90 to 94 yrs	0.0%	0.0%	0.9%	16.3%	11.0%	0.0%	31.9%	39.4%	0.5%	\$41,732
95 yrs and over	0.0%	0.0%	0.8%	14.3%	8.1%	0.0%	37.0%	39.2%	0.6%	\$38,545
ALL	0.0%	0.1%	1.9%	12.6%	13.6%	0.2%	21.2%	47.5%	2.9%	\$41,053

Males, 1992-93

Age	Allocated pensions	Rollover annuity	Super pension	Interest income	Dividends	Other income	Wages and salaries	Business	Govt Pensions	TOTAL (\$pa)
60 to 64 yrs	0.0%	0.0%	2.0%	3.5%	4.8%	0.0%	47.4%	42.1%	0.3%	\$44,028
65 to 69 yrs	0.0%	0.1%	4.8%	5.7%	6.0%	0.1%	28.2%	53.6%	1.6%	\$49,516
70 to 74 yrs	0.0%	0.1%	14.9%	10.9%	10.0%	0.2%	20.3%	40.7%	3.0%	\$44,066
75 to 79 yrs	0.0%	0.1%	9.3%	14.1%	15.4%	0.1%	17.2%	41.0%	2.8%	\$50,860
80 to 84 yrs	0.0%	0.0%	11.9%	17.3%	15.9%	0.2%	20.7%	31.9%	2.1%	\$48,388
85 to 89 yrs	0.0%	0.0%	9.3%	22.3%	18.6%	0.0%	18.3%	30.0%	1.4%	\$56,552
90 to 94 yrs	0.0%	0.0%	2.2%	9.1%	9.0%	0.0%	47.6%	31.9%	0.1%	\$43,594
95 yrs and over	0.0%	0.0%	1.7%	6.7%	7.3%	0.0%	52.2%	32.2%	0.0%	\$41,456
ALL	0.0%	0.1%	4.9%	6.2%	6.8%	0.1%	36.3%	44.5%	1.1%	\$46,094

Tables 14 to 17 show the average non-housing assets of older Australians by age and type of asset. I have derived the financial asset estimates in these tables from the income data whereas I calculated the non-investment assets directly from data for the DSS assets test. These asset values do not include a person's interest in their principal residence, nor do they include amounts in held in superannuation funds or rollover accounts.

**Table 14: Average assets by age: RETIRED full rate pensioners aged 60 and over
Females, 1992-93**

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$56	\$711	\$224	\$14,352	\$227	\$375	\$6,566	\$22,512
65 to 69 yrs	\$15	\$509	\$186	\$15,727	\$188	\$260	\$5,171	\$22,058
70 to 74 yrs	\$0	\$212	\$221	\$14,958	\$121	\$304	\$3,348	\$19,163
75 to 79 yrs	\$0	\$113	\$264	\$14,113	\$83	\$213	\$2,290	\$17,076
80 to 84 yrs	\$0	\$75	\$388	\$12,333	\$70	\$173	\$1,831	\$14,870
85 to 89 yrs	\$0	\$147	\$495	\$10,753	\$72	\$152	\$1,857	\$13,476
90 to 94 yrs	\$0	\$145	\$559	\$9,605	\$111	\$188	\$1,723	\$12,331
95 yrs and over	\$0	\$80	\$1,080	\$8,070	\$68	\$162	\$1,905	\$11,365
ALL	\$14	\$332	\$272	\$14,116	\$140	\$264	\$3,858	\$18,995

Males, 1992-93

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$272	\$1,283	\$387	\$10,326	\$137	\$412	\$7,687	\$20,504
65 to 69 yrs	\$307	\$1,325	\$631	\$17,731	\$245	\$447	\$8,218	\$28,905
70 to 74 yrs	\$15	\$345	\$981	\$20,759	\$170	\$597	\$6,207	\$29,074
75 to 79 yrs	\$11	\$95	\$1,106	\$19,776	\$117	\$412	\$3,334	\$24,851
80 to 84 yrs	\$0	\$100	\$1,511	\$18,340	\$55	\$422	\$2,400	\$22,827
85 to 89 yrs	\$0	\$218	\$1,664	\$17,292	\$98	\$377	\$2,593	\$22,242
90 to 94 yrs	\$0	\$219	\$1,096	\$13,347	\$94	\$727	\$1,563	\$17,046
95 yrs and over	\$0	\$587	\$2,678	\$14,615	\$35	\$504	\$2,120	\$20,539
ALL	\$136	\$700	\$889	\$17,480	\$160	\$467	\$5,931	\$25,762

Table 14 shows a substantial difference in the changes in asset holdings of men and women full rate age pensioners as they age. The table shows that the assets of female full rate age pensioners fall much more markedly in value as age increases than those of male full rate age pensioners. This may reflect their lower level of average financial assets, meaning that it is more likely that their drawdowns could exceed the real earnings on their accounts.

As we would expect, Tables 14, 15 and 16 show there is also a very substantial difference in the average non-housing assets of full rate pensioners, part pensioners and non-pensioners. At the start of 1992-93, the assets test threshold *for home owners* was \$110,750 for a single person and \$78,750 (each) for couples. Table 14 shows that the average assets of full rate pensioners are well below these limits. Table 15 shows that the average assets of both male and female part pensioners are within the range at which the assets test would *start* to apply to couples. Whether a person is subject to the assets test would depend upon whether it reduced their pension entitlement by more than the income test or not and on their marital status. Because of these factors, having assets within the assets testing range does not necessarily mean the assets test will apply. Table 16 shows that the average assets of the non-pensioner group are well within the assets testing range for most age groups. Tables 15 and 16 both show that the assets test is likely to have a greater impact on men. Its final impact, however, on couples will depend upon the amount by which the couple's *combined* assets exceeded the assets test threshold.

**Table 15: Average assets by age: RETIRED part rate pensioners aged 60 and over
Females, 1992-93**

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$952	\$8,511	\$10,252	\$87,607	\$1,824	\$4,109	\$11,158	\$124,413
65 to 69 yrs	\$595	\$7,457	\$11,073	\$82,081	\$1,850	\$3,042	\$10,226	\$116,323
70 to 74 yrs	\$15	\$3,083	\$9,878	\$83,756	\$1,508	\$2,531	\$8,395	\$109,167
75 to 79 yrs	\$0	\$1,466	\$10,383	\$84,783	\$1,388	\$2,269	\$8,084	\$108,374
80 to 84 yrs	\$0	\$1,653	\$10,192	\$80,148	\$1,409	\$2,657	\$8,282	\$104,341
85 to 89 yrs	\$0	\$1,993	\$11,656	\$76,735	\$1,467	\$2,214	\$8,400	\$102,465
90 to 94 yrs	\$0	\$1,425	\$8,450	\$89,558	\$1,828	\$3,030	\$6,995	\$111,286
95 yrs and over	\$0	\$335	\$7,941	\$85,042	\$1,625	\$2,221	\$8,509	\$105,673
ALL	\$356	\$4,856	\$10,416	\$83,711	\$1,639	\$2,962	\$9,360	\$113,300

Males, 1992-93

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$4,065	\$11,600	\$47,760	\$59,637	\$1,337	\$3,961	\$12,809	\$141,168
65 to 69 yrs	\$5,881	\$16,243	\$55,951	\$69,171	\$2,160	\$2,848	\$13,630	\$165,885
70 to 74 yrs	\$302	\$4,822	\$60,615	\$71,038	\$2,004	\$2,659	\$11,748	\$153,188
75 to 79 yrs	\$0	\$2,532	\$55,561	\$70,953	\$1,442	\$2,036	\$10,778	\$143,302
80 to 84 yrs	\$0	\$1,520	\$56,033	\$66,209	\$1,278	\$2,010	\$9,591	\$136,640
85 to 89 yrs	\$0	\$1,698	\$40,765	\$74,113	\$1,552	\$1,924	\$10,389	\$130,441
90 to 94 yrs	\$0	\$120	\$36,204	\$76,548	\$1,677	\$2,481	\$11,659	\$128,688
95 yrs and over	\$0	\$0	\$14,053	\$68,109	\$884	\$4,485	\$7,900	\$95,431
ALL	\$2,480	\$8,555	\$55,669	\$69,208	\$1,830	\$2,642	\$12,087	\$152,470

**Table 16: Average assets by age: RETIRED non-pensioners aged 60 and over
Females, 1992-93**

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$0	\$0	\$3,120	\$31,540	\$15,179	\$636	\$7,766	\$58,241
65 to 69 yrs	\$461	\$2,341	\$6,504	\$78,224	\$174,557	\$2,473	\$34,588	\$299,147
70 to 74 yrs	\$0	\$1,074	\$17,413	\$84,065	\$57,750	\$2,234	\$17,163	\$179,699
75 to 79 yrs	\$0	\$833	\$25,704	\$117,735	\$56,746	\$3,696	\$17,670	\$222,384
80 to 84 yrs	\$0	\$810	\$11,159	\$101,052	\$80,337	\$6,421	\$20,963	\$220,743
85 to 89 yrs	\$0	\$0	\$26,455	\$172,989	\$182,617	\$2,759	\$42,856	\$427,677
90 to 94 yrs	\$0	\$0	\$2,337	\$41,896	\$29,718	\$1,594	\$8,666	\$84,211
95 yrs and over	\$0	\$0	\$205	\$127,319	\$35,922	\$4,389	\$15,818	\$183,654
ALL	\$55	\$504	\$7,896	\$58,524	\$51,625	\$1,694	\$14,615	\$134,914

Males, 1992-93

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$3,880	\$8,610	\$39,645	\$173,320	\$7,210	\$1,396	\$12,469	\$246,530
65 to 69 yrs	\$1,802	\$2,244	\$48,584	\$75,717	\$8,355	\$811	\$9,280	\$146,794
70 to 74 yrs	\$0	\$843	\$83,173	\$92,625	\$7,018	\$444	\$11,163	\$195,266
75 to 79 yrs	\$0	\$1,494	\$43,469	\$49,210	\$18,719	\$418	\$8,972	\$122,282
80 to 84 yrs	\$0	\$0	\$46,413	\$51,190	\$30,057	\$1,562	\$12,874	\$142,096
85 to 89 yrs	\$0	\$1,039	\$26,273	\$111,048	\$40,990	\$3,450	\$24,977	\$207,777
90 to 94 yrs	\$0	\$0	\$30,046	\$67,740	\$29,632	\$2,364	\$18,056	\$147,838
95 yrs and over	\$0	\$0	\$3	\$118,100	\$28,574	\$2,948	\$9,206	\$158,831
ALL	\$2,709	\$5,891	\$45,191	\$135,159	\$9,381	\$1,176	\$11,728	\$211,234

Table 17 shows the average assets of non-retired older Australians. These are much greater than those of retired people and at a level where the assets test would have a substantial impact. They also have a much greater share of total assets in business assets, shares and capital gaining assets than retirees.

**Table 17: Average assets by age and type: Non-retired persons aged 60 and over
Females, 1992-93**

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$16	\$832	\$9,117	\$47,321	\$70,766	\$94,729	\$36,594	\$259,375
65 to 69 yrs	\$0	\$848	\$14,425	\$97,882	\$148,873	\$147,891	\$57,070	\$466,988
70 to 74 yrs	\$0	\$699	\$14,040	\$143,577	\$238,903	\$113,617	\$66,200	\$577,035
75 to 79 yrs	\$0	\$113	\$9,106	\$201,838	\$353,974	\$124,183	\$88,131	\$777,346
80 to 84 yrs	\$0	\$0	\$8,481	\$222,408	\$357,980	\$143,456	\$91,692	\$824,018
85 to 89 yrs	\$0	\$0	\$8,191	\$276,321	\$406,289	\$164,498	\$107,806	\$963,105
90 to 94 yrs	\$0	\$0	\$3,214	\$122,498	\$119,441	\$112,976	\$41,508	\$399,638
95 yrs and over	\$0	\$0	\$2,627	\$99,206	\$81,333	\$105,828	\$31,839	\$320,833
ALL	\$8	\$698	\$10,699	\$93,648	\$144,626	\$115,519	\$51,587	\$416,786

Males, 1992-93

AGE	Allocated pensions	Annuities	Super pensions	Interest earning deposits	Shares and capital gaining assets	Business & other assets	Non-investment assets	TOTAL ASSETS
60 to 64 yrs	\$18	\$124	\$12,298	\$27,516	\$54,908	\$48,238	\$36,963	\$180,063
65 to 69 yrs	\$343	\$694	\$29,084	\$51,105	\$76,416	\$101,653	\$56,901	\$316,196
70 to 74 yrs	\$0	\$520	\$70,318	\$87,226	\$114,501	\$104,820	\$75,599	\$452,984
75 to 79 yrs	\$0	\$452	\$46,390	\$130,273	\$203,791	\$110,117	\$101,195	\$592,218
80 to 84 yrs	\$0	\$0	\$51,905	\$151,019	\$199,670	\$91,459	\$107,376	\$601,429
85 to 89 yrs	\$0	\$0	\$46,503	\$227,670	\$273,828	\$103,978	\$153,355	\$805,335
90 to 94 yrs	\$0	\$0	\$8,397	\$71,242	\$102,465	\$83,295	\$58,854	\$324,254
95 yrs and over	\$0	\$0	\$6,017	\$49,669	\$78,636	\$79,512	\$45,536	\$259,371
ALL	\$102	\$327	\$26,034	\$51,897	\$81,694	\$74,261	\$53,317	\$287,633

Table 18 shows the average assets of *pensioners* by age and their home ownership status and the proportion of *pensioners* who are home owners by age. Table 18 only contains information for pensioners because the ATO does not collect information on home ownership.

Table 18 shows that, overall, three quarters of pensioners are home owners and that home owners are substantially wealthier than non-home owners. Not only do home owners have greater non-housing assets, as measured by this study, but they also have the equity in their own homes (which we have not measured in this study). The study shows that female home owners have twice the non-housing assets of non-home owners and that male home owners have 2.5 times the non-housing assets of non-home owners.

Table 18 also shows both that the proportion of pensioners who are home owners falls as we examine older age groups and that the difference in the value of non-housing assets declines. These shifts probably reflect a movement of older people into alternative accommodation arrangements such as “granny flats”, living with children or family, aged person hostels and nursing homes. This causes a change in the composition of the older population with home owners becoming non-home owners and bringing with them their greater asset holdings and possibly the proceeds of the sale of their home. Indeed, the sale of the family home may be a major means of financing a person’s later retirement.

While this study cannot yield any information on the value of the housing assets of older Australians, RIM has done other work in this area. RIM has examined data from the Income Distribution Survey for 1989-90 and estimated the value of the wealth of pensioners, including the value of their housing assets². Based on that work, I estimate the total value of the housing assets

² See Bruce R Bacon, “*Pensioner’s Share of Wealth: An Income Distribution Survey Analysis*”. Retirement Income Modelling Task Force, Working Paper 96/1, forthcoming.

of age pension age Australians, (ie men aged 65 *and over* and women aged 60 and over) at around \$193 billion in 1992-93. Based on this, housing would account for well over 64% of the total assets of *age pension age* Australians who I estimate would have had total assets of around \$305 billion in 1992-93. Older Australians also hold a disproportionate share of the total housing stock in Australia. The IDS data show that the average value of a pension age person's share in the value of their house was around \$85,000, compared with an average value for the general population of \$55,000.

Table 18: Average assets by age and home ownership status
Pensioners aged over 60
Females, 1992-93

Age	Average assets			Number of persons		
	Non-home owners	Home owners	ALL	Non-home owners	Home owners	ALL
60 to 64 yrs	\$29,462	\$67,818	\$61,055	17.6%	82.4%	249,491
65 to 69 yrs	\$29,267	\$65,419	\$58,583	18.9%	81.1%	275,727
70 to 74 yrs	\$28,685	\$56,355	\$50,179	22.3%	77.7%	251,754
75 to 79 yrs	\$26,099	\$51,237	\$44,671	26.1%	73.9%	198,376
80 to 84 yrs	\$28,184	\$46,427	\$40,539	32.3%	67.7%	138,499
85 to 89 yrs	\$32,303	\$45,553	\$40,181	40.5%	59.5%	71,090
90 to 94 yrs	\$35,233	\$50,472	\$43,060	48.6%	51.4%	26,525
95 yrs and over	\$37,979	\$52,047	\$43,206	62.8%	37.2%	7,115
ALL	\$29,154	\$58,686	\$51,536	24.2%	75.8%	1,218,579

Males, 1992-93

Age	Average assets			Number of persons		
	Non-home owners	Home owners	ALL	Non-home owners	Home owners	ALL
60 to 64 yrs	\$37,619	\$101,067	\$84,289	26.4%	73.6%	136,024
65 to 69 yrs	\$35,101	\$97,851	\$84,559	21.2%	78.8%	233,340
70 to 74 yrs	\$34,314	\$86,340	\$75,739	20.4%	79.6%	190,282
75 to 79 yrs	\$32,512	\$69,471	\$61,228	22.3%	77.7%	133,791
80 to 84 yrs	\$28,216	\$65,862	\$56,853	23.9%	76.1%	76,166
85 to 89 yrs	\$39,849	\$61,372	\$55,181	28.8%	71.2%	30,657
90 to 94 yrs	\$43,132	\$62,270	\$55,397	35.9%	64.1%	7,728
95 yrs and over	\$44,752	\$53,778	\$48,824	54.9%	45.1%	1,298
ALL	\$34,713	\$86,287	\$74,527	22.8%	77.2%	809,285

CONCLUSIONS

This paper has shown that Government pensions, particularly the age pension, are the major income source for older Australians at present. Over half of all females aged 60 and over and 44% of males receive full rate pensions and a further 27% of females and 20% of men receive part pensions.

Apart from the Government pension benefits, the other main source of income in retirement is interest income, supplemented to some extent by dividends and, for males, superannuation pensions. A large proportion of the superannuation pension income we see is received as almost the sole income of a sub-group of men in our study. Aside from these superannuation pension benefits, there is little *direct* evidence that the current generation of retirees rely upon superannuation saving as a source of retirement income. However, these people may have financed a significant

proportion of their investment in fixed interest and shares by investing lump sums. Direct superannuation investments such as allocated pensions and rollover annuities account for very little of the income or assets of older Australians at present, although the data do show some evidence of the recent rapid growth of allocated pension products.

For people in the 60 to 65 age groups, the data will not have reflected the value of superannuation balances and amounts in rollover accounts which DSS do not count for the income or assets tests.

Like most Australians, older Australians hold most of their wealth as equity in their own home, with three quarters of Australians aged 60 and over being home owners. Based on this study and data from the income distribution survey, 64% of the wealth of *age pension age* Australians is in the form of housing assets. Further, older Australians who own their own homes also have substantially higher non-housing wealth than non-home owners. This probably indicates that the non-home owners are people who have not had the opportunity to save, either through housing or by any other means.

The lack of a split between pensioners and non-pensioners in our ATO data file, due to an oversight in our original specification, has made this study more difficult. This is something that RIM will aim to rectify in order to improve our estimates of the assets of existing retirees.