
Old-Age Poverty Higher in U.S. Than Most Developed Countries

By Editor Test *Wed, Nov 11, 2009*

About one-fourth of over-65-year-olds in America have incomes lower than half the U.S. median household income, a report by the Organization for Economic Co-operation and Development said.

In a report published earlier this year, the Paris-based Organization for Economic Co-operation and Development said that nearly one-fourth (24%) of over-65-year-olds in the United States have incomes lower than half the country's median household income (the OECD definition of poverty).

The high risk of old-age poverty in the United States is mainly due to the relatively low level of the Social Security safety net, which provides the average U.S. retiree with an income that's only 18% of average earnings, the 279-page report said. Only Hungary has a lower value at 16%, while the OECD average is 27%.

The financial crisis hurt all of the 30 developed countries that belong to the OECD. Collectively, private pension funds in those countries, which include all of the major Western nations plus the Pacific Rim nations of Japan, Korea, Australia and New Zealand, lost US\$5.4 trillion in value in 2008.

The pension fund losses were highest within the United States, mainly because U.S. pension funds had about 59% of their assets in equities when the crisis hit, compared with an average of 36% in equities in the 20 OECD countries where data are available.

In the United States, private pensions and other investments provide 44% of retirement incomes, which is 24 percentage points more than the OECD average of 20%. Comparable figures are found in Canada (at 41.0%) and Ireland (at 42.9%).

The report, "Pensions at a Glance 2009: Retirement Income Systems in OECD Countries," can be obtained from the [OECD](#).

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