

Key results

On average in the OECD, the Gini of disposable income equals 0.309 among people aged over 65. The highest value is observed for Costa Rica (0.502) and the lowest in the Czech Republic (0.201). Two other measures of income inequality, the P90/P10 and the P50/P10 ratios, paint a similar picture across countries as the coefficient of linear correlation between the Gini and both percentile ratios are very high at 0.94 and 0.81, respectively. Income inequality tends to be lower among the elderly than in the total population. For the Gini this holds for just under two-thirds of OECD countries and by 0.009 points on average.

According to the latest available figures, the Gini of disposable income for people aged over 65 was very high in Costa Rica (0.502), Mexico (0.473), Chile (0.441), the United States (0.411) and Korea (0.406). By contrast, the Czech Republic (0.201), the Slovak Republic (0.205), Norway (0.226), the Netherlands (0.235), Belgium and Denmark (both 0.237) as well as Finland (0.240) have the lowest Gini values (Table 7.4). Such a range means that there are huge differences in the level of old-age income inequality across OECD countries.

In 23 OECD countries, income inequality for the total population (measured by the Gini index) is higher than among older people. The largest difference equalling 0.050 between the two Ginis is found in the Netherlands, followed by the Czech Republic, Luxembourg and Greece. Important factors that explain a lower level of inequality in old-age are first-tier pension benefits, other redistributive features of earnings-related pension schemes and ceilings on pensionable earnings (Chapter 3). Yet, older people are more unequal than the total population in 14 countries, most notably Korea and Mexico.

Except for the Russian Federation, income Ginis for people over 65 in G20-countries lie far above the OECD average. The age pattern is similar to the OECD average except for China and India where Ginis for the over-65s markedly exceed those for the total population.

P90/P10 and P50/P10 ratios

The coefficient of correlation between the Gini and both the 90/10 and the 50/10 percentile ratios are very high (0.94 and 0.81, respectively), indicating a very similar country ranking of income inequality as for the Gini. Also the age pattern follows mostly the one observed for the Gini.

On average in the OECD, a person at the 90th percentile of the disposable income distribution among the over-65-year-olds has an income equal to 4.0 times the one at the tenth percentile. At the fiftieth percentile, the income is 1.9 times the P10 level. Among OECD countries, highest P90/P10 ratios for older people are again in Costa Rica (9.9), Mexico (9.8), the United States (6.9) and Chile (6.6). For the P50/P10 ratio, the United States and Chile rank highest, followed by Israel.

Percentile ratios are extremely high in China where P90/10 and P50/P10 ratios are equal to 29.0 and 8.9, respectively.

The Czech Republic (2.4), Denmark (2.3) and the Netherlands (2.4) are the only countries reporting a P90/P10 ratio below 2.5. Denmark (1.3) and the Netherlands (1.4) report the lowest P50/P10 ratios with Australia, Belgium, the Czech Republic, Estonia, Iceland and the Slovak Republic at 1.5.

Change of inequality over time

Income inequality among people older than 65 has barely changed on average over recent decades. The average Gini index has been broadly stable between 2000 and the latest available data, with an average Gini increase of 0.004. The same is true for income inequality for the total population since 2000, with an average Gini decrease of -0.005 (Figure 7.4).

While the average movements in inequality at older ages were moderate in the OECD, there are substantial country differences. Inequality among older people decreased markedly since 2000 in Greece, Israel, Mexico and the Slovak Republic (by more than 0.05 in the Gini index). At the other end of the country range, New Zealand and (albeit from a very low level) Sweden report large increases in inequality since 2000 (by more than 0.07).

Definition and measurement

Gini and percentile ratios are core measures of inequality, here based on the distribution of equivalised household disposable income. The Gini index is defined between 0 (complete equality between all) and 1 (complete inequality, i.e. one person receives all income). Percentile ratios indicate the ratio of incomes of two persons who are at different positions in the disposable income distribution. The P90/P10 ratio compares the income at the 90th percentile to the one at the tenth percentile while the P50/P10 uses accordingly the 50th percentile in the numerator. See OECD Income Distribution Database for more details on definitions and data sources.

Table 7.4. Income inequality by age: older vs. total population, latest available year
Gini coefficient, P90/P10 and P50/P10 ratios of the distribution of equivalised disposable household income

	Gini		P90/P10 ratio		P50/P10 ratio			Gini		P90/P10 ratio		P50/P10 ratio	
	Aged over 65	Total population	Aged over 65	Total population	Aged over 65	Total population		Aged over 65	Total population	Aged over 65	Total population	Aged over 65	Total population
Australia	0.346	0.325	3.5	4.3	1.5	2.2	Luxembourg	0.272	0.318	3.4	4.1	1.9	2.1
Austria	0.271	0.280	3.4	3.5	1.9	2.0	Mexico	0.473	0.418	9.8	6.4	3.2	2.5
Belgium	0.237	0.258	2.6	3.2	1.5	1.9	Netherlands	0.235	0.285	2.4	3.4	1.4	1.9
Canada	0.292	0.301	3.4	4.0	1.8	2.1	New Zealand	0.354	0.349	3.8	4.3	1.6	2.1
Chile	0.441	0.460	6.6	7.2	2.5	2.5	Norway	0.226	0.262	2.6	3.1	1.6	1.9
Colombia							Poland	0.263	0.281	3.2	3.6	1.9	2.0
Costa Rica	0.502	0.497	9.9	11.0	2.4	3.0	Portugal	0.336	0.317	4.2	4.1	1.8	2.0
Czech Republic	0.201	0.249	2.4	3.0	1.5	1.8	Slovak Republic	0.205	0.236	2.5	3.0	1.5	1.8
Denmark	0.237	0.264	2.3	3.0	1.3	1.8	Slovenia	0.251	0.249	3.1	3.1	1.7	1.8
Estonia	0.297	0.305	3.4	4.7	1.5	2.4	Spain	0.300	0.330	3.7	4.8	1.9	2.4
Finland	0.240	0.269	2.7	3.1	1.6	1.8	Sweden	0.295	0.280	3.1	3.4	1.6	2.0
France	0.275	0.292	3.0	3.5	1.7	1.9	Switzerland	0.306	0.299	3.9	3.7	2.0	1.9
Germany	0.269	0.289	3.1	3.6	1.7	2.0	Turkey	0.369	0.397	4.6	5.4	2.1	2.3
Greece	0.265	0.306	3.2	4.1	1.8	2.2	United Kingdom	0.331	0.366	3.8	4.5	1.9	2.2
Hungary	0.255	0.289	2.8	3.4	1.6	1.9	United States	0.411	0.390	6.9	6.2	2.7	2.7
Iceland	0.275	0.250	2.6	2.8	1.5	1.7	OECD	0.309	0.318	4.0	4.4	1.9	2.2
Ireland	0.281	0.292	3.1	3.5	1.6	1.9							
Israel	0.382	0.348	6.0	5.3	2.6	2.6	Brazil	0.440	0.470	5.5	8.7	1.9	3.0
Italy	0.315	0.330	4.0	4.6	2.0	2.4	China	0.545	0.514	29.0	23.0	8.9	7.8
Japan	0.339	0.334	4.8	5.2	2.4	2.6	India	0.536	0.495	13.2	9.4	3.7	2.9
Korea	0.406	0.345	6.5	5.5	2.5	2.7	Russian Federation	0.292	0.317	3.5	4.3	1.7	2.1
Latvia	0.362	0.351	4.5	5.3	1.7	2.6	South Africa	0.600	0.620	12.5	25.6	2.4	4.8
Lithuania	0.322	0.361	3.7	5.4	1.8	2.4							

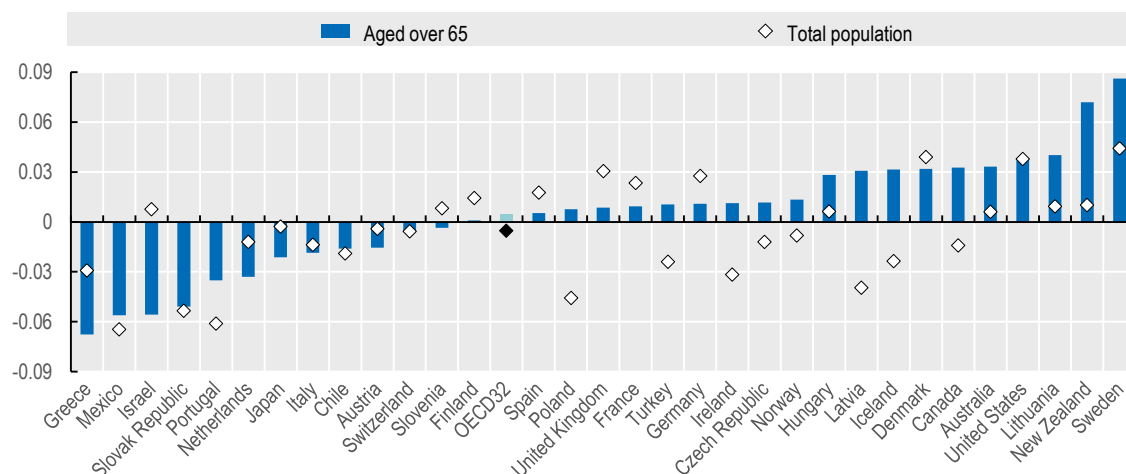
Notes: Data are for 2018 except for some countries; see note of Table 7.1 for details.

Source: OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

StatLink  <https://stat.link/zg2eo8>

Figure 7.4. Change in income inequality over time: older vs total population

Change in Gini of disposable income between 2000 and latest available year



Note: Disposable income here refers to equivalised disposable household income. Data are for 2018 except for some countries; see note of Table 7.1 for details. Historical data for Belgium, Estonia, Korea and Luxembourg are not comparable due to breaks in series and are not shown here. Data for Colombia and Costa Rica are unavailable.

Source: OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

StatLink  <https://stat.link/gyjiv0>



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