

**BACKGROUND DATA RELATING
TO RETIREMENT INCOME**

Scheduled for a Public Hearing
Before the
HOUSE COMMITTEE ON WAYS AND MEANS
on February 6, 2019

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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INTRODUCTION AND SUMMARY

The Committee on Ways and Means has scheduled a hearing on February 6, 2019, regarding improving retirement security for America's workers. This document, prepared by the staff of the Joint Committee on Taxation, provides background data relating to retirement income.¹

Generally, in retirement, individuals may derive the resources to support their living needs from one or more of three sources: income from pension benefits accumulated during their working years under employer pension plans or individual retirement arrangements; benefits received under Social Security, which also are based on an individual's employment history; and other assets. The tables that follow provide data related to the extent to which current retirees use these sources and data indicative of the extent to which the next generation of retirees may draw upon these same sources.

¹ This document may be cited as follows: Joint Committee on Taxation, *Background Data Relating to Retirement Income*, (JCX-4-19), February 4, 2019. This document can be found on the Joint Committee on Taxation website at www.jct.gov.

I. DATA RELATING TO RETIREMENT SAVINGS

A. Overview

A retired individual generally has three primary sources of funds to support him or herself in retirement: distributions or benefits from qualified retirement plans² or individual retirement arrangements (IRAs); Social Security and/or railroad retirement benefits; and other assets held outside of qualified plans. Some taxpayers who consider themselves to be retired may supplement these sources with earned income. Some retired individuals may also receive Supplemental Security Income (SSI),³ Medicaid, certain Veteran's benefits, and other public assistance.⁴

Table 1 displays tabulations of the percentage of individuals, aged 65 and above, who draw on each particular source of income.⁵ Examining individuals rather than households may understate the overall income and standard of living for households that have two or more members since each source of income is attributed to only one member of the household. Based on these data, a large majority of individuals aged 65 and above draws on Social Security income. Far fewer rely on earned income. Only 3.7 percent of individuals in the lowest income quartile report earned income, whereas 48.4 percent of individuals in the highest income quartile continue to have earned income after the age of 65. These estimates change after the age of 70 and 75 as the majority of individuals eventually retire.⁶

There is a similar difference across the income distribution in the percentage of individuals who draw on pensions as a source of income after the age of 65. Only 5.0 percent of individuals in the lowest income quartile, compared to 62.4 percent of individuals in the highest income quartile draw on pension income, which includes interest, dividends, and capital gains on retirement saving, such as savings in IRAs and 401(k) accounts. As might be expected, a large portion of high income individuals (85.1 percent) have available income from assets outside of qualified plans. Lower income individuals are more likely to draw income from SSI and public assistance programs than are higher income individuals.

² The term "qualified retirement plans" refers to defined benefit or defined contribution plans, or both.

³ Supplemental Security Income is a Federal income supplement program funded by general tax revenues and designed to help aged, blind, and disabled people who have little or no income to meet basic needs for food, clothing, and shelter.

⁴ Some individuals may also receive gifts from relatives or others to provide financial support in retirement.

⁵ Calculations in Jim Poterba, "Retirement Security in an Aging Population," *American Economic Review*, May 2014, Vol. 104, No. 5.

⁶ Census data show that a significant percentage of men and women aged 62 or older work in paid employment. For example, in 2009, 33 percent of men and 42 percent of women aged 65 to 69 worked in paid employment. Patrick P. Purcell, "Older workers: Employment and retirement trends," 2009, *Congressional Research Service*.

**Table 1.—Income Sources for Individuals Aged 65+ by Total Income Quartile, 2018
(percentage of all individuals)**

Income Quartile				
Income Type	Lowest 25 percent	Second 25 percent	Third 25 percent	Highest 25 percent
Social Security	65.9 ⁷	93.8	88.3	76.7
Earnings	3.7	9.0	24.3	48.4
Pension Income	5.0	21.0	53.8	62.4
Asset Income	38.0	52.6	70.5	85.1
SSI/Public Assistance	8.2	2.8	1.2	0.5
Other Income	2.1	4.3	9.0	12.8

Source: Current Population Survey, 2018. Calculations in Poterba, 2014, updated for 2018 by Poterba.

Columns may not add to 100 percent because some individuals have multiple sources of income.

Note: Data is categorized by quartiles based on individual income. The lowest quartile is individuals with annual income less than \$12,000; the second lowest quartile, \$12,000 to \$22,816; the third quartile, \$22,816 to \$48,000; the highest quartile, greater than \$48,000.

Table 2 displays tabulations of the size of various sources of income for individuals aged 65 and above, as a percentage of total income. For individuals in the lowest income quartile, Social Security benefits are the predominant source of income (they constitute 84.6 percent of total income), whereas individuals in the highest income quartile rely on a much more varied mix of income sources. This reflects both the progressivity of Social Security benefits as well as the higher participation rates of high income individuals in employer sponsored retirement plans (see Table 4 below) and their greater ability to save over the life cycle.

⁷ In general, survey data may contain significant reporting errors. If lower income households are more likely to understate their Social Security income, this estimate may understate the true percentage of individuals in the lowest income quartile who receive Social Security benefits. See for example, Howard Iams and Patrick Purcell, "Social Security Income Measurement in Two Surveys," *Social Security Bulletin*, 2013, Vol. 73, No. 3.

Table 2.–Percent of Total Income by Source for Individuals Aged 65+, 2018

Income Type	Income Quartile			
	Lowest 25 percent	Second 25 percent	Third 25 percent	Highest 25 percent
Social Security	84.6	82.4	52.5	17.0
Earnings	2.5	5.0	15.1	42.4
Pension Income	2.5	6.7	22.4	24.9
Asset Income	2.7	3.6	6.8	13.2
SSI/Public Assistance	6.7	0.9	0.3	0.1
Other Income	1.0	1.4	3.0	2.4

Source: Current Population Survey, 2018. Calculations in Poterba, 2014, updated for 2018.

Notes: All income=100 percent.

Data is categorized by quartiles based on individual income. The lowest quartile is individuals with annual income less than \$12,000; the second lowest quartile, \$12,000 to \$22,816; the third quartile, \$22,816 to \$48,000; the highest quartile, greater than \$48,000.

Tables 1 and 2 above are estimated using the Current Population Survey, which some research suggests is prone to under-counting pension income relative to that reported on administrative records.⁸ It may therefore be useful to supplement Tables 1 and 2 with an examination of other sources of data, including tax data which may contain other types of measurement error but is less susceptible to reporting errors.

The subsequent sections of this pamphlet provide additional data that is descriptive of the sources of retirement income for current retirees and the potential of such sources to provide income for the next generation of retirees.

⁸ Chris E. Anguelov, Howard M. Iams, and Patrick Purcell, “Shifting Income Sources of the Aged,” *Social Security Bulletin* 2012, Vol. 72, No. 3.; Adam Bee and Joshua Mitchell, “Do Older Americans Have More Income Than We Think?” 2017, SEHSD Working Paper 2017-39.

B. General Data on Qualified Retirement Plan Participation

Data show that a significant share of workers is not covered by any employer-provided retirement plan. However, there are disparities in the reported magnitude of coverage, depending on the data source, the definition of coverage, and the population considered. Coverage under a retirement plan may refer to whether an employee is offered access to a retirement plan (“access”), whether an employee chooses to participate in a retirement plan when offered (“take-up”), and whether any employee with access or not participates in a retirement plan (“employee participation”). The available sources of retirement coverage data include four household surveys (the Current Population Survey (“CPS”), the Survey of Income and Program Participation (“SIPP”), the Panel Study on Income Dynamics (“PSID”), and the Survey of Consumer Finances (“SCF”)), along with an employer survey (the National Compensation Survey (“NCS”)), and tax data.

Household surveys often provide a rich source of detail about household characteristics. However, they may be subject to serious individual reporting error. The four household surveys listed above suggest estimated participation in an employer-provided defined benefit or defined contribution plan for private sector employees ranging between 40 and 55 percent over the period 1991-2012.⁹ In contrast to the NCS, household surveys report that employers offer retirement plans and employees choose to participate in these retirement plans at significantly lower rates, suggesting significant respondent error in the surveys.¹⁰ Researchers attempt to correct for possible respondent errors through a variety of methods, including using matched tax data from W-2 records.¹¹ However, a lack of information about access, take-up, and participation in defined benefit plans in the W-2 records necessitates assumptions about such coverage, leading to estimates of access, take-up, and participation rates that are significantly higher than in the NCS.

According to the NCS,¹² in 2017, 66 percent of U.S. workers employed in the private sector had access to a qualified retirement plan and 50 percent of workers employed in the

⁹ Alicia Munnell and Dina Bleckman, “Is Pension Coverage a Problem in the Private Sector?” *Boston College Center for Retirement Research*, April 2014, Number 14-7.

¹⁰ See tabulations by Munnell and Bleckman, 2014. In 2012, the CPS reports that employers offered coverage under a retirement plan to 52 percent of private, part-time and full-time workers, while the NCS reports 64 percent. The CPS reports that 43 percent of private, part-time and full-time employees participated in these plans, while the NCS reports 48 percent.

¹¹ Irena Dushi, Howard M. Iams, and Jules Lichtenstein, “Assessment of Retirement Plan Coverage by Firm Size, Using W-2 Tax Records,” *Social Security Bulletin*, 2011, Vol. 71, No. 2.

¹² The NCS is an annual survey conducted by the U.S. Department of Labor, Bureau of Labor Statistics (“BLS”). Each release contains data categorized as civilian, private industry, and State and local government workers in the United States. Data on the private sector refers to workers in private industry, not including State and local government workers. Also excluded are Federal government workers, the military, agricultural workers, private household workers, and the self-employed.

private sector participated in a qualified retirement plan (see Table 3).¹³ This translates to a take-up rate of 75 percent, meaning 75 percent of those with access participated.¹⁴ Take-up rates were stable at between 74 and 76 percent over the seven-year period, 2011 to 2017. These take-up rates indicate that while a large percentage of employees participate in an employer plan if available to them, some employees do not.

Table 3.–Retirement Benefits: Access, Participation and Take-Up Rates in the Private Sector by Year (percentage of all workers)

Year	Access Rate	Employee Participation Rate	Take-Up Rate
2011	64	49	76
2012	65	48	75
2013	64	49	76
2014	65	48	75
2015	66	49	74
2016	66	49	75
2017	66	50	75

Source: Bureau of Labor Statistics, National Compensation Survey Data, 2011-2017.

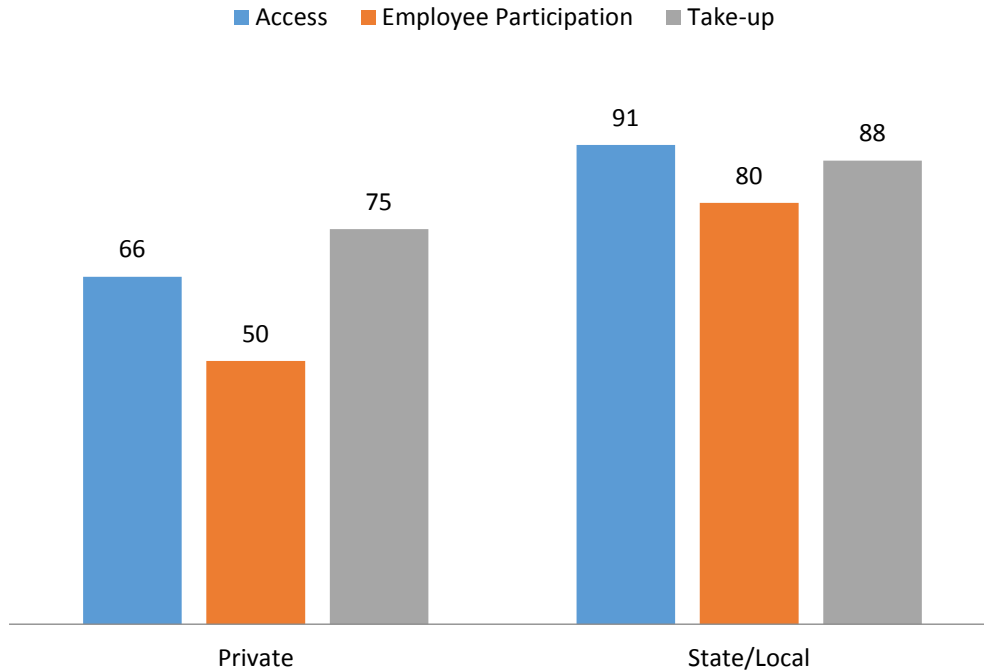
Note: All workers = 100 percent. Rates are rounded to the nearest percent. As a result, take-up rates may not be exactly equal to the employee participation rate divided by the access rate as presented in this table.

¹³ The term “qualified retirement plans” refers to defined benefit or defined contribution plans, or both. Employees are considered to have access to a qualified retirement plan if at least one type of plan is available for their use and they are participants if they have fulfilled requirements, including making required contributions.

¹⁴ Take-up rates are calculated to be participation among those employees who are offered access to an employer plan. Therefore, $Take\ Up = \frac{Employee\ Participation}{Access}$.

Rates of access, participation, and take-up in qualified retirement plans vary by a number of worker and industry characteristics. Figure 1 shows that access rates are lower in the private sector than they are in the State and local government sector. In addition, the take-up rate in the private sector is 75 percent compared to an 88 percent take-up rate in the State and local government sector.

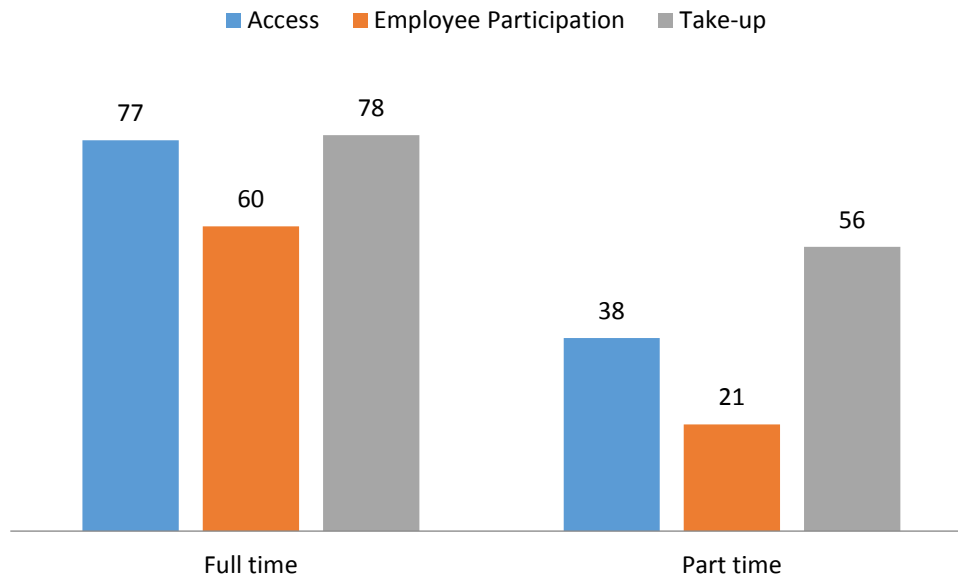
**Figure 1.—Access, Participation, and Take-up Rates by Sector in 2017
(percentage)**



Source: Bureau of Labor Statistics, National Compensation Survey Data, 2017.
Note: All workers=100 percent.

The data in Figure 2 show that access, employee participation, and take-up rates are significantly higher for full time workers than for part time ones. Overall participation rates are only 21 percent for part time workers, compared to a 60 percent participation rate for full time workers.

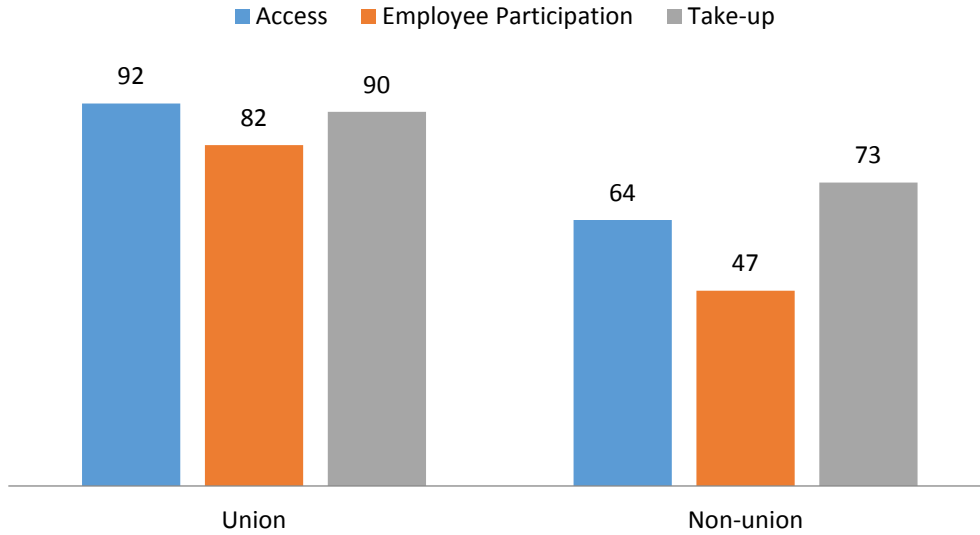
Figure 2.—Access, Participation, and Take-up Rates in the Private Sector by Full-time Status in 2017 (percentage)



Source: Bureau of Labor Statistics, National Compensation Survey Data, 2017.
Note: All workers=100 percent.

There is also a disparity in take-up rates between union and non-union workers. As shown in Figure 3, access, employee participation, and take-up rates are significantly higher for union workers than they are for non-union workers.

Figure 3.—Access, Participation, and Take-up Rates in the Private Sector by Union Status in 2017 (percentage)



Source: Bureau of Labor Statistics, National Compensation Survey Data, 2017.
Note: All workers=100 percent.

The NCS also contains data on employee occupations, along with the average wage for each occupation. Table 4 uses NCS data, classifying individuals by the average wage for their occupation, to show access, employee participation, and take-up rates across the wage distribution. Participation rates are 21 percent for those employees with occupations in the lowest quartile of the wage distribution, and they are 77 percent for those in the highest quartile. Access and take-up rates also differ across the wage distribution, with all rates increasing as wages increase.

Table 4.—Retirement Benefits: Access, Participation, and Take-Up Rates in the Private Sector by Wage Centile, 2017
(percentage of all workers)

Wage Centile ¹	Access Rate	Employee Participation Rate	Take-Up Rate
Lowest 10 percent	33	14	41
Lowest 25 percent	42	21	51
Second 25 percent	66	46	70
Third 25 percent	83	64	81
Highest 25 percent	89	77	88
Highest 10 percent	89	81	90

Source: Bureau of Labor Statistics, National Compensation Survey Data, 2017.

Notes: All workers=100 percent.

¹ Hourly wages for the 10th, 25th, 50th, 75th, and 90th percentiles are \$9.79, \$12.25, \$18.16, \$29.44, and \$46.10, respectively.

As reported above, past participation in qualified plans, including accrued defined benefit plan benefits, and past saving in IRAs are important financial resources for many current retirees. Table 5 uses tax data to estimate the percentage of tax units¹⁵ with primary taxpayer aged 65 and above that have a taxable IRA or pension distribution.¹⁶ Keeping in mind that tabulations of individuals will differ from tabulations of tax units, these estimates are consistent with the

¹⁵ The unit of observation in the Joint Committee’s Individual Tax Model is a tax unit. A tax unit is the collection of individuals appearing on a Form 1040 as primary, secondary, or dependent filers. Tax units differ from households in that households can be comprised of multiple tax units. For example, unmarried cohabitating couples, multi-generational households, and roommates will generally be comprised of multiple tax units.

¹⁶ Qualified Roth distributions that satisfy appropriate requirements are tax-free. As a result, information on distributions from Form 1040 will not account for Roth distributions, and the estimates in Table 5 will likely understate the amount of total IRA and pension distributions.

general pattern seen in Table 1, where the percent of tax units drawing on IRA or pension distributions increases through much of the income distribution. In addition, the data show that tax units with primary filers aged 65 and above with the highest levels of AGI (\$200,000 and above) draw on their taxable distributions and pensions at lower rates than those with AGI of \$30,000 to \$200,000. This is consistent with the ability of higher income tax units to delay drawing down IRA and pension income by relying on earned income (see Tables 1 and 2 above) and other income from assets held outside of qualified plans and IRAs.

Table 5.—Tax Units Aged 65+ with Taxable IRA or Pension Distribution, 2019

AGI category	Percent of tax units with taxable IRA or pension distribution
Less than \$10,000	37.7
\$10,000 to \$20,000	76.9
\$20,000 to \$30,000	78.7
\$30,000 to \$40,000	80.5
\$40,000 to \$50,000	83.1
\$50,000 to \$75,000	83.6
\$75,000 to \$100,000	85.5
\$100,000 to \$200,000	86.2
\$200,000 to \$500,000	79.7
\$500,000 to \$1,000,000	69.4
Greater than \$1,000,000	62.8

Source: JCT staff calculations based on the Individual Tax Model.

Note: These tabulations do not include distributions from Roth accounts.

Using data on annual distributions from retirement accounts reported on Form 1099-R, Table 6 provides information on the percent of individuals with distributions from defined contribution (“DC”) and IRA plans versus defined benefit (“DB”) plans.¹⁷ With the exception of those in the highest AGI categories (\$200,000 and above), the percentage of individuals with distributions from IRAs or DC plans and DB plans and the average amount of these distributions generally increases with income. Furthermore, in AGI categories less than \$200,000, a larger percentage of individuals reports distributions from DB plans than they do from IRA or DC plans. For AGI categories greater than \$200,000, this pattern is reversed and a larger percentage of individuals report distributions from IRA or DC plans than they do from DB plans.

Table 6.—Individuals Aged 65+ with Annual Distributions from Defined Contribution (DC) and IRA versus Defined Benefit (DB) Plans, 2015

AGI category	Percent of individuals with IRA or DC distribution	Average distribution from IRA or DC Plan	Percent of individuals with DB distribution	Average distribution from DB Plan
Less than \$10,000	24.8	\$1,156	30.8	\$1,846
\$10,000 to \$20,000	33.7	\$2,106	46.9	\$4,606
\$20,000 to \$30,000	36.4	\$2,828	50.5	\$7,006
\$30,000 to \$40,000	38.2	\$3,397	52.4	\$8,984
\$40,000 to \$50,000	40.4	\$4,071	53.9	\$10,774
\$50,000 to \$75,000	43.5	\$5,423	55.5	\$13,506
\$75,000 to \$100,000	46.9	\$7,538	55.8	\$16,027
\$100,000 to \$200,000	49.7	\$12,534	53.0	\$18,996
\$200,000 to \$500,000	48.8	\$24,399	39.1	\$17,145
\$500,000 to \$1,000,000	42.4	\$30,939	25.6	\$10,489
Greater than \$1,000,000	37.1	\$33,773	21.9	\$9,869

Source: JCT staff calculations.

Notes: All individuals=100 percent. Data for this table are from distributions net of rollovers for accounts on Form 1099-R determined by Joint Committee Staff to be pension or IRA distributions, including Roth IRAs and Roth 401(k)s.

¹⁷ Form 1099-R does not separately identify defined benefit and defined contribution distributions. However, Joint Committee staff have developed an algorithm to classify the type of account on a Form 1099-R, which is used in the construction of Table 6.

C. Data Related to Social Security Benefits as a Source of Retirement Income

Table 1, above, shows that nearly all individuals draw on Social Security benefits as a source of retirement income, and Table 2 documents that for many individuals, these benefits are an important source of retirement income.

Table 7, using tax data, shows tabulations of the percentage of tax units with primary taxpayer aged 66 to 75 and aged 76 to 85 that draw on Social Security income. Based on these data, nearly all tax units aged 65 and above rely on Social Security income as a source of income. Higher income tax units are more likely to delay drawing on this source of income, but by age 85, nearly all do so.

Table 7.—Tax Units Aged 65+ with Social Security Income, 2019

AGI category	Age 66 to 75		Age 76 to 85	
	Percent of tax units with Social Security income	Average value of annual Social Security income	Percent of tax units with Social Security income	Average value of annual Social Security income
Less than \$10,000	94.1	\$21,219	95.0	\$19,383
\$10,000 to \$20,000	95.3	\$23,635	98.8	\$22,871
\$20,000 to \$30,000	92.8	\$25,066	96.3	\$24,548
\$30,000 to \$40,000	90.0	\$26,331	95.8	\$24,697
\$40,000 to \$50,000	91.8	\$25,941	94.7	\$25,313
\$50,000 to \$75,000	91.5	\$25,893	97.0	\$24,682
\$75,000 to \$100,000	92.7	\$28,776	98.4	\$27,997
\$100,000 to \$200,000	91.5	\$33,994	96.8	\$32,162
\$200,000 to \$500,000	85.6	\$37,526	99.0	\$36,860
\$500,000 to \$1,000,000	78.6	\$38,569	98.0	\$38,780
Greater than \$1,000,000	74.1	\$40,387	100.0	\$42,175

Source: JCT staff calculations based on the Individual Tax Model.

Note: Tabulations include Tier 1 Railroad Retirement benefits.

Table 8, using tax data, shows the percentage of tax units with a primary or secondary taxpayer between the ages of 50 and 59 who pays FICA or SECA taxes, by AGI category. While an imperfect measure of future Social Security benefits to be paid,¹⁸ this statistic offers some idea of the percentage of tax units that may be eligible for Social Security benefits in the future.

**Table 8.—Tax Units, Aged 50 to 59, that Pay FICA or SECA Tax, 2019
(percentage)**

AGI category	Percent of tax units that pay FICA/SECA
Less than \$10,000	34.7
\$10,000 to \$20,000	87.6
\$20,000 to \$30,000	89.9
\$30,000 to \$40,000	92.2
\$40,000 to \$50,000	93.2
\$50,000 to \$75,000	93.3
\$75,000 to \$100,000	93.9
\$100,000 to \$200,000	94.5
\$200,000 to \$500,000	94.2
\$500,000 to \$1,000,000	91.8
Greater than \$1,000,000	89.9

Source: JCT staff calculations based on the Individual Tax Model.

¹⁸ For individuals born in 1929 or later, Social Security benefits are eligible to be paid at age 62 or later, and only after 40 quarters (10 years) of FICA or SECA tax payments. Whether an individual pays FICA/SECA at ages 50 to 59 does not necessarily indicate whether or not he or she attains 40 quarters of credits by the end of his or her work life.

D. Assets Held Outside of Qualified Plans and Individual Retirement Arrangements

Tables 1 and 2, above, document that in addition to qualified retirement plans, IRAs, Social Security and/or railroad retirement benefits, individuals may rely on other assets held outside of qualified plans and IRAs as sources of income in retirement. Assets accumulated in bank accounts, mutual funds, and stock held directly or in a brokerage account are examples of such additional sources of income for retirement. These assets can provide current income through regular payment of interest and dividends. These assets may also provide a source of income as the individual decumulates asset holdings. As the individual ages he or she may draw down bank balances and sell shares of mutual funds or other equities to finance current consumption.

Table 9, below, shows the percentage of tax units with interest and dividend income, for primary taxpayers aged 55 to 64, 65 to 74, and 75 and above. These data provide some information on the extent to which current retirees, generally tax units aged 65 or greater, and the next generation of retirees, tax units aged 55 to 64 in the table, have assets producing interest and dividend income. Generally, assets with a higher valuation will generate greater annual interest and dividend income for the tax unit. Table 9 provides some insight regarding the extent of asset holdings by both current retirees and the next generation of retirees by reporting statistics on interest and dividend income in three categories: tax units with less than \$100 in annual interest and dividend income; tax units with annual interest and dividend income of at least \$100 but less than \$500; and tax units with \$500 or more in annual interest and dividend income. For all age groups, tax units in higher AGI categories are more likely to have significant interest and dividend income.

**Table 9.–Percent of Tax Units with Interest and Dividend Income, 2019
(percentage of returns)**

AGI category	Age 55 to 64			Age 65 to 74			Age 75 +		
	Less than \$100	\$100 and \$500	\$500 and Above	Less than \$100	\$100 and \$500	\$500 and Above	Less than \$100	\$100 and \$500	\$500 and Above
Less than \$10,000	91.1	4.4	4.5	82.0	7.8	9.3	75.6	11.8	12.6
\$10,000 to \$20,000	88.3	4.6	7.1	74.7	10.6	14.6	53.7	15.1	31.2
\$20,000 to \$30,000	86.5	5.0	8.5	69.7	10.5	19.8	44.0	14.9	41.1
\$30,000 to \$40,000	84.3	6.6	9.0	63.1	13.1	23.9	38.2	13.8	48.0
\$40,000 to \$50,000	81.5	8.6	9.9	61.9	11.8	26.2	32.8	16.6	50.6
\$50,000 to \$75,000	73.4	10.6	16.0	55.2	14.4	30.4	28.0	15.8	56.1
\$75,000 to \$100,000	67.1	13.4	19.5	48.6	14.8	36.5	23.0	11.1	65.9
\$100,000 to \$200,000	53.2	15.2	31.6	36.5	14.2	49.3	15.2	9.3	75.6
\$200,000 to \$500,000	29.0	14.7	56.3	21.2	11.1	67.7	7.4	3.9	88.7
\$500,000 to \$1,000,000	8.9	8.2	83.0	6.5	5.3	88.2	2.7	4.0	93.3
Greater than \$1,000,000	3.8	3.1	93.1	2.2	2.2	95.5	2.5	2.5	97.5
Total, All Taxpayers	72.5	9.3	18.2	60.9	11.4	27.7	50.9	12.6	36.5

Source: JCT staff calculations.

In addition to a lifetime of saving and the accumulation of financial assets, for many retired individuals, years of mortgage payments generate an important source of retirement income - the income they consume in kind by owning their own home. Home ownership means that some of the individual's other financial resources are not consumed by rental payments.¹⁹ The value of their home provides an important source of additional financial wealth for many retired individuals. Similarly, homeownership by the next generation of retirees may provide both a source of in-kind income and financial wealth.

Table 10 shows the home ownership rates of those households with a householder aged 55 or above as well as the share of those owners that have no mortgage on their residence. Home ownership is relatively high for these households, with older households owning at slightly higher rates. Furthermore, the presence of a mortgage for owners drops significantly with age, with only 26 percent of owners aged 75 and above having mortgages compared to nearly 64 percent of owners aged 55 to 64. This suggests that as households enter and progress through retirement, a large share own their homes outright, allowing them to consume housing without regular housing payments (*i.e.*, rent or principal and interest on a loan) as well as possible significant equity in their property.

¹⁹ The homeowner will incur maintenance expenses and property taxes.

Table 10.—Home Ownership and Mortgage Status by Age Group, 2015

Age	Percent of households that own home	Percent of owners that have a mortgage
55-64	68.2	63.5
65-74	72.8	44.9
75+	75.1	26.2

Source: JCT staff calculations using the 2016 Survey of Consumer Finances.

Note: These tabulations do not include those living on working farms and in mobile homes.