

The paper will be based on the output of the AIM research project (EU 6th Framework Programme) to be delivered in January 2008. The analysis was planned to be completed by October 2007 but is delayed due to an extremely long procedure of obtaining the EU-SILC 2005 database. Instead in March 2007 it was first available in July, but due to the problems at Eurostat it was only in the first week of October 2007 that we obtained the correct password and decoded data.)

Introduction

Due to an increasing life expectancy and number of elderly, the issue of the economic and material position of the population aged 55 years and over is becoming ever more important. This is further stressed by the reforms of pension systems that decrease pension entitlements and threaten to push more elderly below the relative poverty threshold. We will investigate the absolute income of the relatively poor elderly persons as well as its components, the material hardship, and subjective evaluation of own situation by this population group. Previous research has shown very interesting differences in various aspects of the economic/material position in the New and Old Member Countries. Our paper will add to this knowledge by focusing on the persons aged 55 years and over and individual age groups of the elderly. We will compare the situation of the elderly with that of the younger population.

Data and method

The paper will use the EU-SILC 2005 database (data for 2004).

The methods to be applied in investigating and comparing the economic and material position of the elderly include standard poverty and income inequality measures as well as descriptive statistics. Logistic regression will be used to identify the factors influencing the situation of the elderly.

The New Member States will be compared with Old Member States, and within-group differences will be analysed. The stress will be on the cross-sectional analyses that are not provided by Eurostat.

The elderly (all persons aged 55 years and over, and age groups 55-59, 60-64, 65-74, and 75 years and over) will be compared with the population below 55 years of age.

In order to allow comparisons across households of different size and composition, household, income will be weighted using the modified OECD equivalence scale (the first adult in the household is assigned the weight 1, all other adults 0.5 and each child below 14 years of age is assigned the weight 0.3). The sum of values for household members is the number of equivalent adults. The household income divided by the number of equivalent adults is the equivalised household income.

The current monetary disposable household income will be used as the measure of resources. This definition of income includes income from employment (including fringe benefits), self-employment income, income from occasional work, pensions, social

benefits, income from capital and royalties, and private transfers. It does not include benefits in kind, savings withdrawals or loans received.

Absolute income position of the elderly

We will investigate the absolute income of the elderly:

- median income and
- relative shares of income components.

This will be done in relation to their educational and labour market status and retirement behaviour.

Relative income position of the elderly

- Share of the elderly in the two lowest income deciles and in the top decile of the distribution of disposable income in the population;
- the median disposable income (in constant prices) of the elderly compared to the younger (population below 55 years of age);
- inequality of disposable income (total population; between elderly and non-elderly; within elderly age groups).

Also these analyses will take into account the educational and labour market status and retirement behaviour of the elderly.

Relative poverty among the elderly

- Poverty incidence and
- poverty gap

among the elderly (also by age groups), compared to non-elderly, according to poverty thresholds equal to 40%, 50%, 60% and 70% of the median equivalised disposable income.

Relative poverty and material hardship

Shares of elderly (in age groups) and non-elderly below 60% of the median of equivalised disposable income who report not being able to afford basic needs, not being able to afford warm meals, not being able to afford all consumer durables or holiday, payment arrears, capacity to face unexpected financial expenses, having bad housing conditions, no access to medical services, etc.

Relative and subjective poverty

Shares of elderly (in age groups) and non-elderly below 60% of the median of equivalised disposable income who report:

- not being able to make ends meet,
- incapacity to afford paying for one week annual holiday away from home,

- incapacity to afford meal with meat, chicken, fish (or vegetarian equivalent) every second day,
- incapacity to face unexpected financial expenses,
- inability to keep home adequately warm.

Relative poverty and objective indicators

Shares of elderly (in age groups) and non-elderly below 60% of the median of equivalised disposable income with

- unfavourable housing conditions (leaking roof, damp walls/floors/foundation, or rot in window frames or floor; without bath or shower in dwelling; without indoor flushing toilet for sole use of household),
- arrears on payments (mortgage or rent, utility bills)
- unmet need for medical examination or treatment,
- unmet need for dental examination or treatment.

Risk factors of poverty and material hardship among the elderly

Multivariate analysis will be used to identify the characteristics of (elderly) persons that determine their lower or higher risk of poverty (absolute, relative and subjective) and material hardship. Explanatory variables to be used are:

- demographic variables (sex, age, attained educational level and living arrangement),
- economic characteristics (self defined current economic status, most frequent activity status, number of years spent in paid work, work intensity of the household),
- tenure status, and
- general health status.