

METHODOLOGY

The analysis for "[Examining the Nest Egg: The Sources of Retirement Income for Older Americans](#)" was conducted using the first wave of the re-engineered 2014 Survey of Income and Program Participation (SIPP) and the 2014 Social Security Administration (SSA) Supplement on Retirement, Pensions, and Related Content.



We intentionally selected these data sources because of concerns among the research community that some national datasets – particularly the Current Population Survey (CPS) – under report retirement income.

In response to these concerns, The Center for Retirement Research (CRR) at Boston College developed a study, "[How Much Income Do Retirees Actually Have? Evaluating the Evidence from Five National Datasets](#)," examining the various data sources and the issue of underreporting of retirement income.

CRR found that:

- **There are well-placed concerns about CPS estimates** on retirement income, but other measures of retirement income are available and generally accurate.
- **Researchers should feel comfortable using** the Survey of Consumer Finances (SCF), the Health and Retirement Study (HRS), the Panel Survey of Income Dynamics (PSID) and **the SIPP to draw conclusions about retirement income** for the typical older household.
- Retirement income estimates from four commonly used surveys (SCF, HRS, PSID, and SIPP) are largely consistent with administrative data, especially in the middle of the income distribution.

Using the SIPP data for "Examining the Nest Egg" was the correct approach given that Social Security Administration (SSA) [data](#) largely is consistent with our findings. SSA finds that among older Social Security beneficiaries, "21 percent of married couples and about 45% of unmarried persons rely on Social Security for 90% or more of their income." "Examining the Nest Egg" finds a large portion (40%) of older Americans rely only on Social Security income in retirement.

While the SSA data varies slightly from our analysis, the variance is attributable to the fact that **we look exclusively at income from retirement-related sources**, such as Social Security, pensions, and income from retirement savings programs (401(k)s and 403(b)s). "Examining the Nest Egg" **intentionally does not consider wages as income from retirement sources** because the goal of the research is to evaluate the adequacy of the nation's retirement infrastructure. Wages are only included in the total income, but not as a form of income from retirement sources.

Wages do help many older Americans meet their basic expenses, and for certain research purposes it would be appropriate to include wages. But **wages are not relevant for this research because wages are not income from a retirement program**. Moreover, for many workers, wage income later in life can be a sign of deficiencies with the U.S. retirement savings infrastructure, as many older Americans continue to work because they lack sufficient retirement income.

