

# Social Security is an **Essential Lifeline** for America's Women and Families

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Social Security is the largest source of retirement income for most seniors, helping millions pay for food, housing and other necessities late in life. Fifty-four million Americans<sup>1</sup>, including 26.1 million adult women who are widowed, retired or face a serious disability, depend on it.<sup>2</sup> There is no other guaranteed wage-replacement program, public or private, that offers the same level of economic security — yet lawmakers continue to consider deep cuts and potentially punitive structural changes to the program.

## What is Social Security?

Social Security is an insurance program designed to protect the economic security of those who are no longer able to work due to old age, disability or death. The program is funded through payroll taxes and is separate from the federal budget. Only wages below a certain ceiling are taxed and, therefore, high-income earners pay a lower percentage of their total income into the program than lower-income earners.

Nearly 96 percent of workers in the United States contribute to Social Security, and a person can claim old-age benefits as early as age 62, although benefits are reduced for those who take them early. Workers with disabilities can claim benefits for themselves, their spouses and their young children. If a worker dies, his or her spouse and children can claim benefits.

## Women, Families and Social Security

**Social Security is the primary source of income for most women age 65 and older.** Women comprise 52 percent of Social Security beneficiaries, and they rely on it for a greater percentage of their retirement income than do men.<sup>3</sup> Social Security is especially important for women of color: 58.8 percent of African American women and 57.6 percent of Latina women (age 65 and older) receive more than half their income from Social Security.<sup>4</sup> Without access to Social Security, 58 percent of women and 48 percent of men above the age of 75 would be living below the poverty line.<sup>5</sup> Women are more reliant on Social Security benefits to keep them out of poverty because they live longer, earn less and are less likely to have a pension and other supplemental retirement income.

**Women receive lower benefits than men.** The average annual income from Social Security for all women age 65 and older is about \$9,800, compared with about \$12,700 for men in the same age group.<sup>6</sup>

**Social Security is not just a retirement plan; it is a family protection plan.** Nearly all Americans depend on Social Security at some point in their lives. Most beneficiaries are retirees, but millions of others are workers with disabilities, widows and widowers, and children who have lost the support of a parent through death or disability. Some 3.3 million children receive Social Security benefits because one or both of their parents are disabled, deceased or retired. These monthly benefits help stabilize families across generations.

**Americans oppose cuts to Social Security.** In a November 2010 survey, 82 percent of voters said they opposed Social Security cuts to reduce the deficit, including 83 percent of Democrats, 78 percent of Independents, 82 percent of Republicans and 74 percent of Tea Party supporters.<sup>7</sup>

## Congress Should Strengthen Social Security – Not Cut It

Despite the fact that Social Security is central to most Americans' retirement plans, some lawmakers want to cut back on benefits to reduce the federal deficit. This approach would cause massive hardship to millions of older women and their families.

**In reality, Social Security does not contribute to the federal deficit.** Social Security has a \$2.6 trillion surplus. It can pay 100 percent of promised benefits for the next 25 years and more than 75 percent of its commitments after that. Changing Social Security will not reduce the federal deficit or the national debt.<sup>8</sup> **Instead, Congress can – and should – protect and strengthen the program by following these rules:**

- ▶ **Don't raise the retirement age.** Social Security's full retirement age has been gradually increasing from age 65 to 67 for individuals born after 1960. Raising the retirement age is the same as cutting benefits because workers will have to pay more to get the same level of benefits.
- ▶ **Don't cut Social Security benefits for the middle class.** "Means testing," or determining benefits based on income or some other measure, will not produce any significant savings unless it affects the benefits of the middle class. *And* it is administratively expensive. Social Security's current administrative expenses are 0.9 percent of total expenditures. If the program were means tested, potential beneficiaries would likely have to produce bank accounts, value of assets (such as houses and cars), and tax returns which dramatically increase the administrative costs of the program.
- ▶ **Do lift the cap on the amount of wages subject to payroll tax.** Eliminating the cap on wages of more than \$106,800 per year would go a long way toward eliminating the shortfall, and it would affect a small number of people; only about six percent of workers earn more than the cap.
- ▶ **Do ensure equity for spouses and caregivers.** Benefits based on women's work records are often low because many women spend part of their adult lives outside the workforce, caring for children and other dependents. Many leaders have proposed wage credits for child care years; they should be considered as part of any Social Security reform effort.

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<sup>1</sup> The Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds. (2011). *The 2011 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. US Government Printing Office. Retrieved on 29 June, 2011 from <http://www.socialsecurity.gov/OACT/TR/2011/tr2011.pdf>

<sup>2</sup> English, A., & Lee, S. (2010, March). *Who Are Social Security Beneficiaries?* Institute for Women's Policy Research. Retrieved 30 June 2011, from <http://www.iwpr.org/publications/pubs/who-are-social-security-beneficiaries-updated>

<sup>3</sup> U.S. Social Security Administration. (2008, December). *Annual Statistical Supplement to the Social Security Bulletin 2009*. (Table 5.A6 — Number and average monthly benefit, by age, sex, type of benefit, and race, p. 5.27). Retrieved 24 May 2011, from <http://www.ssa.gov/policy/docs/statcomps/supplement/2009/supplement09.pdf>

<sup>4</sup> U.S. Social Security Administration, Office of Retirement and Disability Policy. (2008). *Income of the Population 55 or Older, 2008*. (Table 9.B4. Percentage distribution of persons in beneficiary families, by race, Hispanic origin, and sex, 2008). Retrieved 24 May 2011, from [http://www.socialsecurity.gov/policy/docs/statcomps/income\\_pop55/2008/sect09.html#table9.b4](http://www.socialsecurity.gov/policy/docs/statcomps/income_pop55/2008/sect09.html#table9.b4)

<sup>5</sup> Hayes, J., Hartmann, H., & Drago, B. (2011, January). *Social Security: Especially Vital to Women and People of Color, Men Increasingly Reliant*. Institute for Women's Policy Research. Retrieved 22 June 2011, from <http://www.iwpr.org/publications/pubs/social-security-especially-vital-to-women-and-people-of-color-men-increasingly-reliant>

<sup>6</sup> Hayes, J., Hartmann, H., & Lee, S. (2010, March). *Social Security: Vital to Retirement Security for 35 Million Women and Men*. Institute for Women's Policy Research. Retrieved 30 June 2011, from <http://www.iwpr.org/publications/pubs/social-security-vital-to-retirement-security-for-35-million-women-and-men>

<sup>7</sup> Social Security Works. (2010, November). *Highlights of 2010 Election Voters' Opinions About Social Security Based on Lake Research Partners Survey, 10/31-11/2, 2010*. Retrieved 13 May 2011, from <http://socialsecurity-works.org/wp-content/uploads/2010/11/SSSCHighlightsofElectionPollonSocialSecurity.pdf>

<sup>8</sup> The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds. (2010, August). *The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Retrieved 13 May 2010, from <http://www.ssa.gov/OACT/TR/2010/tr2010.pdf>

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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at [www.NationalPartnership.org](http://www.NationalPartnership.org).

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