

## Women and Social Security

While Social Security is a program that is vitally important to all Americans, it is especially important to the financial security of women. There are a number of reasons why this is so. First of all, women live longer than men. On average, women today who reach age 65 outlive men by two years. These additional years of longevity increase the risk that women may outlive their savings or that their pensions may lose their purchasing power.

Additionally, women are less likely than men to have an employer-provided pension. On average, only 23 percent of women receive a pension compared to 27 percent of men. Moreover, when women do have pensions, they tend to be smaller on average than those received by men. Stated simply, women depend substantially in retirement on the benefits they receive from Social Security. These benefits last a lifetime and unlike many pensions, are adjusted for increases in inflation. In 2011, 48 percent of elderly unmarried women receiving Social Security relied on it for 90 percent or more of their total income.

What follows is a description of the kinds of benefits women can receive from Social Security, followed by a discussion of some recent proposals the National Committee has put forward to enhance benefits for women.

A woman who works a sufficient length of time in Social Security-covered employment becomes eligible for her own Social Security benefit. If she is married, she also may be eligible for a spouse benefit or widow benefit based on her husband's earnings record.

A married woman who is not eligible for Social Security based on her own work record can receive a spouse or widow benefit. A married woman who is eligible for her own Social Security benefit can receive part of her spouse or widow benefit if it is higher than her own benefit. In other words, she can receive her benefit plus the difference between her benefit and the spouse or widow benefit. Under the "Government Pension Offset," a woman who works in non-Social Security-covered public employment can receive a Social Security spouse or widow benefit only if it exceeds two-thirds of her public annuity.

If divorce occurs before 10 years of marriage, a woman is eligible only for her own Social Security benefit. If divorce occurs after 10 or more years of marriage, an unmarried divorced woman is eligible for the same spouse or surviving spouse benefit she would have received had there been no divorce.

If a woman remarries after age 60 (50 if disabled), she may still receive a surviving spouse benefit. However, early retirement severely reduces these benefits. A young disabled widow or an older widow with no work experience may have no choice but to apply for a reduced benefit at the earliest age of eligibility. Social Security offers little incentive for widows to delay benefits, especially if the deceased spouse retired early, as benefits are capped based on the husband's early retirement.

*22 million women aged 65 and older receive Social Security benefits*



Severely disabled widows who have not yet reached full retirement age are eligible for early widow benefits, although benefits are reduced as if retirement were a voluntary choice. The reduction at age 50 is 28.5 percent. Disabled widow benefits are not payable before age 50 and disability must occur within seven years of widowhood or seven years of eligibility for mother benefits (caring for a dependent child under age 16 or disabled).

There is no gender discrimination in how Social Security benefits are determined. Nevertheless, an average female worker generally receives a substantially smaller Social Security check than a male worker. In 2011, the average monthly Social Security benefit of a retired man was \$1,316, while the average monthly benefit of a retired woman was \$1,015. This is explained, in part, because women generally have lower earnings than men. For example, in 2011, the median earnings of full-time working age women were \$36,500 annually, compared to \$48,000 annually for men. Additionally, women are more likely to spend years outside the workforce devoted to unpaid caregiving.

About 22 million women aged 65 and older receive Social Security benefits. A woman who reaches age 65 can expect to live an additional 20 years. For these women, Social Security represents a vitally important source of income, and is often their only available hedge against inflation. Without Social Security, over half of these women would be living in poverty. Even with Social Security, 11 percent of older women still live in poverty; for widows, the rate is worse, at 15 percent. This is 50 percent higher than the poverty rate for all people 65 and older.

Currently, when a woman's husband dies and she begins to collect widow benefits, total household Social Security benefits decrease by 33 to 50 percent. The reduction is larger for households in which both spouses had nearly equal earnings. As more women entered the workforce in the second half of the twentieth century, their contribution to total household income increased. However, Social Security rules have not been updated to reflect this societal change. Consequently this increased share of household income contributed by wives will not result in higher widows' benefits. On the contrary, more widows will experience a reduction approaching 50 percent of household income.

### **NATIONAL COMMITTEE POSITION**

Women deserve an adequate retirement income whether a work life is spent in the home, in the paid workforce, or a combination of the two. The National Committee supports changes that safeguard benefits for women, especially those with the greatest need, and improve benefit equity between one-earner and two-earner couples.

The following proposals would improve benefit equity and safeguard benefits for women. The National Committee urges the Congress to enact these program improvements as quickly as possible.

- **Improving Survivor Benefits.** Women living alone often are forced into poverty because of benefit reductions stemming from the death of a spouse. Widows from low-earning or wealth-depleted households are particularly at risk of poverty. Providing a widow or widower with 75 percent of the couple's combined benefit treats one-earner and two-earner couples more fairly and reduces the likelihood of leaving the survivor in poverty.



### Recommendations Continued

- **Providing Social Security Credits for Caregivers.** We recommend that, in computing the Social Security retirement or disability benefit that imputed earnings for up to five family service years would be granted to a worker who leaves or reduces his/her participation in the work force to provide care to children under the age of six or to elderly family members.
- **Enhancing the Special Minimum Primary Insurance Amount (PIA).** The Special Minimum Benefit is intended to provide a slightly more generous benefit amount to individuals who work for many years in low-wage employment. We propose to update the method by which this benefit amount is calculated so that more individuals, many of them women, can qualify for this computation. In calculating the benefit we would give individuals credit for up to 10 years spent outside the workforce providing care to family members.
- **Equalizing Rules for Disabled Widows.** Widows can qualify for disabled widow's benefits beginning at age 50. They are the only disabled persons whose benefits are subject to an actuarial reduction. Under our proposal, disabled widows should receive 100 percent of their benefit without any reduction, just like disabled workers, and they would be able to qualify for disabled widow's benefits at any age. Moreover, the seven-year application period should also be eliminated.
- **Benefit Equality for Working Widows.** Under current law, a widow's benefit is capped at the amount the deceased husband would receive if he were still alive. If a husband retires before normal retirement age, his widow generally inherits his early retirement reduction. Under our proposal, the widow's benefit would no longer be tethered to the reduction her deceased spouse elected to receive when he applied for retirement benefits. Instead, the benefit would be reduced only by the widow's own decisions about when to retire.
- **Strengthening the COLA.** We propose that future cost-of-living adjustments (COLAs) be based on the Bureau of Labor Statistics' experimental Consumer Price Index (CPI) for the Elderly (CPI-E). We believe this index more accurately measures the effect of inflation on the price of goods and services that are purchased by seniors than does the current CPI, the CPI-W, which reflects price increases based on the purchasing patterns of urban workers.
- **Restoring Student Benefits.** Social Security pays benefits to children until age 18, or 19 if they are still attending high school, if a working parent has died, become disabled or retired. In the past, those benefits continued until age 22 if the child was a full-time student in college or a vocational school. Congress ended post-secondary students' benefits in 1981. This benefit would help women who must defer saving for their retirement because they are assisting their children with college expenses.
- **Improving the Basic Benefit of all Current and Future Beneficiaries.** After years of operating under a COLA which does not reflect the higher inflation attributable to health expenditures and the fact that seniors devote a higher percentage of their monthly spending to health care costs, seniors need to have their increased costs offset by an across-the-board benefit increase. Women, especially, who have worked a lifetime with low pay (often the result of sex-based wage discrimination) are financially vulnerable in retirement because they are less likely to have private pensions or discretionary income that would allow for saving.



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### Recommendations Continued

- **Equal Benefits for Same-Sex Married Couples and Partners.** Gay and lesbian same-sex couples, whether married or not, are denied a host of benefits under state and federal law that are routinely provided to heterosexual married couples. To end this discrimination, we propose that the Social Security Act be revised to provide benefits to domestic partners and the members of same-sex marriages just as they are provided to heterosexual married couples. Further, the children of these relationships should receive Social Security benefits under the same terms and conditions as children of heterosexual couples.
- **Improving Benefits for Disabled Adult Children.** One of the categories of childhood benefits that is payable on a worker's record is benefits to an adult child who becomes disabled before reaching age 22. We propose that disabled adult children be allowed to reestablish entitlement to benefits after divorce and that their benefit be computed without regard to the family maximum.

These proposals, and options for financing them, are discussed in more detail in the report prepared by the National Committee to Preserve Social Security and Medicare Foundation, the Institute for Women's Policy Research, and the National Organization for Women Foundation entitled "[Breaking the Social Security Glass Ceiling: A Proposal to Modernize Women's Benefits.](#)"

### CONCLUSION

Despite the dramatic increases that have occurred in women's participation in the labor force, and the economic benefits derived from that participation, women continue to have fewer assets and income in retirement, and depend more heavily than do men on Social Security as the primary source of their financial well-being in retirement. We owe it to our mothers, grandmothers and daughters to address this inequity and improve the Social Security program for future generations.

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