INSTITUTE FOR WOMEN'S POLICY RESEARCH
1200 18TH STREET NW, SUITE 301 ✦ WASHINGTON, DC 20036

"The Importance of Social Security Benefits to Women"

Testimony before the
National Commission on Fiscal Responsibility and Reform

Heidi Hartmann, Ph.D.
President
Institute for Women's Policy Research

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Tel: (202) 785-5100 ♦Fax: (202) 833-4362 ♦http://www.iwpr.org

Social Security provides a critical income source for women. Women receive benefits both as workers and as spouses or survivors of workers.

Spouse or family benefits are especially important for women because many women do not earn sufficient credits throughout their working career to be eligible for their own benefits due to caregiving for children or other family members. Many other women earn much less than their husbands and rely on spousal and widow's benefits in retirement. A recent analysis shows that 30 percent of women workers spent four or more years out of paid work during a 15-year period, compared with only 4 percent of men.[1] A larger percentage of women (51 percent) than of men (1 percent) become eligible for Social Security benefits as spouses, caregivers of minor children, and widows/ers (see Table 1). In other words ***half*** of all women recipients rely on family benefits compared with only 1 percent of men.

Table 1. Adult Social Security Beneficiaries by Gender (All Ages), 2008

	WOMEN	MEN
RETIRED WORKER BENEFICIARIES	**18,141,411**	**16,502,851**
Eligible for retired worker benefit	15,817,829	16,455,822
Receiving own benefit	9,483,507	16,315,556
Receiving own benefit + spouse benefit	6,334,322	140,266
Eligible for spouse benefit only	2,323,582	47,029
SURVIVOR BENEFICIARIES	**4,465,868**	**75,599**
Eligible as widows/ers	4,464,374	75,400
Eligible as aged parents	1,494	199
DISABLED WORKER BENEFICIARIES	**3,650,870**	**3,930,051**
Disabled workers	3,502,167	3,924,524
Spouses of disabled workers	198,703	5,527
ALL ADULT BENEFICIARIES	**26,258,149**	**20,508,501**
Spouse or family beneficiaries as a % of all adult beneficiaries	**50.7%**	**1.3%**

Source: Annual Statistical Supplement 2009, Tables 5.A1.1, 5.A1.2, 5.A1.3, 5.A1.4, 5.A1.6, 5.A1.7, 5.A7, and 5.A16 (Washington, DC: Social Security Administration)

With increases in women's labor force participation, the percentage of women who are eligible for retiree benefits on the basis of their own earnings record has increased, while the percentage of women eligible only as dependents (on the basis on their husband's record only) has declined. Yet, because of women's lower lifetime earnings than men's,[2] many married women eligible for their own benefits actually receive more than their own records would entitle them to through spousal benefits. Most married women workers receive the amount based on their husband's earnings' records, up to 50 percent of the husband's benefit – these beneficiaries are called

[1] Rose, Stephen and Heidi I. Hartmann. 2004. *Still a Man's Labor Market: The Long-Term Earnings Gap*. Washington, DC: Institute for Women's Policy Research.

[2] Although the ratio of women's median annual earnings to men's improved greatly among full-time, year-round workers, from 59.4 percent in 1970 to 77.1 percent in 2008, there still remains a large gender gap in lifetime earnings. According to a report by Rose and Hartmann (2004), women in the prime working ages of 26-59 earn only 38 percent of what men earn across a 15-year period (see footnote 1 for reference).

"dually entitled" beneficiaries. In that situation, they receive their own benefit plus an amount that brings them up to the level of the spousal benefit. When the husband passes away, the wife can receive her own benefit or 100 percent of the husband's benefit, whichever is larger; very often the husband's benefit is larger.

Retired Worker Benefits

The majority of both women and men have work records that make them eligible for their own retired worker benefits (87.2 percent of women and 99.7 percent of men). A greater proportion of women (12.8 percent = 2,323,582/18,141,411) than of men (0.3 percent = 47,029/16,502,851), however, have access to benefits only as a spouse (see Table 1).

Workers are eligible to receive their full retiree benefits at the full retirement age, which is gradually increasing from 65 to 67 for those born in 1938 and later. The full retirement age is 66 years as of 2010.

When workers are eligible for retirement benefits from Social Security, spouses can also be eligible for family benefits:

- Spouses who are aged 62 or older;
- Spouses who are younger than 62, if they care for a worker's entitled child under age 16 or an adult child who is disabled prior to age 22;
- Divorced spouses aged 62 or older who were married to the worker for at least 10 consecutive years and who are unmarried at the time.

Survivor Benefits

As with retired worker benefits, both men and women may be eligible to receive benefits based on the earnings records of spouses. At the death of a spouse, a survivor of retirement age may receive either her/his own benefit or an amount equal to her/his spouse's benefit, whichever is higher. Because most men out earn their wives, especially over the lifetime, few (75,400) take widowers' benefits. Because most women earn less than their husbands, 4.5 million widows avail themselves of survivor benefits (see Table 1).

Disabled Worker Benefits

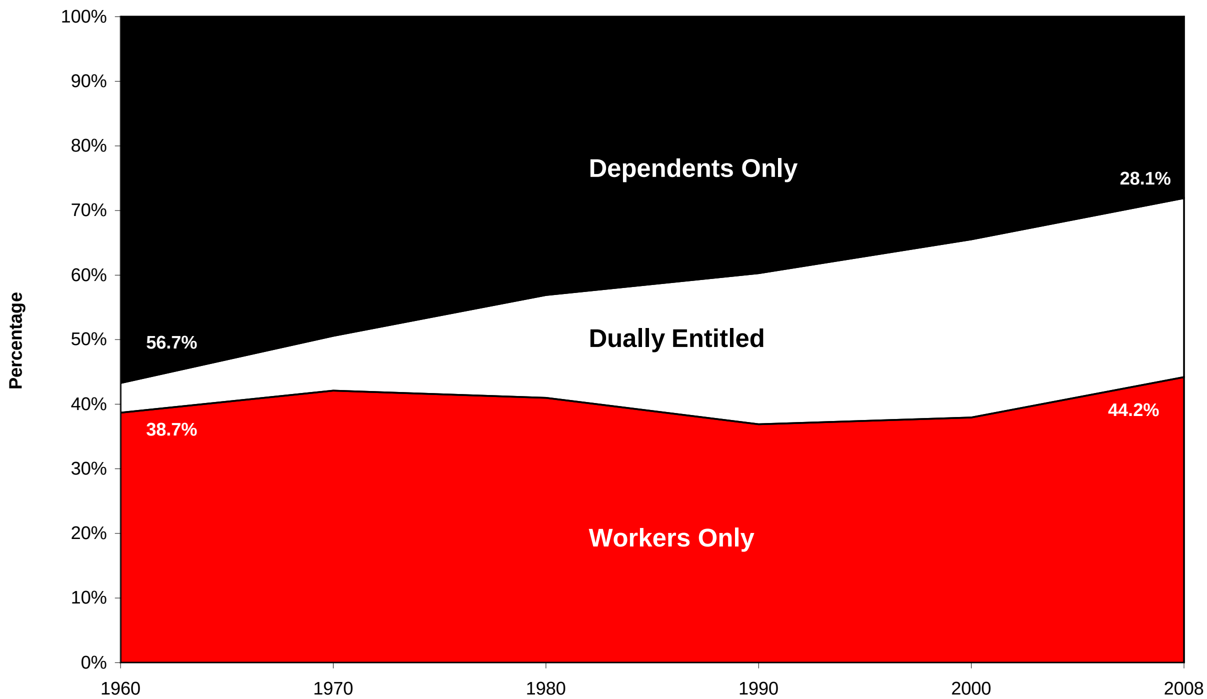
In the same way workers earn retired worker benefits, workers earn credits by working and paying in taxes that can make them eligible for benefits should they become disabled. And similar to spousal eligibility for retired worker benefits, retirement-age spouses of disabled workers are also eligible for benefits based on the disabled worker's benefits. (Spousal benefits also go to a caregiving parent of any age and divorced spouses who had a ten-year marriage to the disabled worker.) Again, we see in Table 1 that many more wives of disabled workers (198,703) than husbands of disabled workers (5,527) receive benefits as spouses.

Changing Eligibility for Spousal Benefits

As women's labor force participation has increased over time, the proportion of older women receiving benefits as dependents (on the basis of their husbands' earnings records only) has declined substantially–from 57 percent in 1960 to 28 percent in 2008 (see Figure 1). Please note, however, that nearly three in ten women (28 percent) are still eligible for benefits only as a wife or widow.

The proportion of women who are "dually entitled"–those who are receiving benefits on the basis of both their own earnings record and that of their husbands–has increased dramatically from a mere 5 percent in 1960 to 28 percent in 2008. These two groups total 56 percent; this is the share of women receiving benefits today (in 2008) that depends totally or partially on husbands' earnings to provide them with Social Security benefits. Of the 44 percent of women aged 62 and older not currently receiving benefits as a spouse (receiving own worker benefits), some may switch to widows' benefits upon the death of a spouse or former spouse. The share receiving benefits from their own worker records has increased from 39 percent in 1960 to 44 percent in 2008 (see Figure 1).

Figure 2: Women's Entitlement Status, 1960-2008
(All Women Recipients Aged 62 and Older)



Source: Annual Statistical Supplement to the Social Security Bulletin 2009, Table 5.A1.4. (Washington, DC: Social Security Administration).

Spousal benefits, it seems, are always on the chopping block, as if no one depends on them anymore. But 3 of 10 women 62 and older would not have any social security benefits today were it not for their access to benefits through their husband's earnings records either as wives (2.4 million) or as widows (4.1 million). An additional 2.7 million wives and 3.6 million widows see their own worker benefits increased because of their access to benefits based on the earnings record of a husband or former husband.[3] It is obvious that spousal benefits cannot be eliminated unless they are replaced with something equally or more useful to women.

[3] Social Security Administration. 2009. *Annual Statistical Supplement to the Social Security Bulletin*, 2009. <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2009/5a.pdf> (June 29, 2010).

A case can be made for replacing them with something better, because as we have seen in Figure 1, women's access to spousal and survivors' benefits is declining (having fallen from 61.3 percent of all women aged 62 and older receiving those benefits in 1960 to 55.8 percent in 2008), and a smaller share of total benefit dollars is being directed toward wives, widows, and divorced wives. This phenomenon is occurring because of two major demographic shifts. The first is the increased work and earnings of women across the life course, so that for many wives, their own earnings records as workers result in higher Social Security benefits than their spousal benefits would (in other words for many wives, 100 percent of their own worker benefits is more than 50 percent of their husbands' worker benefits). The second is the decline of marriage so that a smaller share of women has been married to one man for ten consecutive years. The high rate of nonmarriage among the baby boom and beyond means that fewer women will have husbands at the time of retirement or have had husbands for ten consecutive years in the past. Moreover nonmarriage is greater among Black and Hispanic women than it is among white women, and these women of color also tend to have lower lifetime earnings than white women.[4]

Unfortunately what women are gaining in Social Security benefits based on their own increased earnings is not compensating them for what they are losing in spousal benefits due to their decreased marriage rates. Thus spousal benefits need to be improved or supplemented not eliminated.

One possible way to improve on the spousal benefit is to also provide a benefit for caregiving. For example, a worker who reduced hours at work for caregiving could receive a credit on her/his earnings record equal to $15,000 if her/his earnings were $0 in a year when s/he was giving care to a child under 6. The credit would phase out as earnings increased but would still supplement earnings so that the caregiving worker's earnings record would be more robust than it would have been without the caregiving credit (see Table 2). Caregiving credits would have the effect of increasing future Social Security benefits for workers who take time out, or reduce work time, to provide care. Caregiving credits would go to all eligible parents, whether married or not, and thus would provide supplementary benefits for mothers who do not marry (as a partial substitute for the benefits the unwed father's earnings record does not provide to the mother). Caregiving credits also would go to mothers who are married for less than the currently required 10 years of marriage for a divorced woman to be eligible for spousal benefits based on her former husband's earnings record.

Table 2. Sample Caregiving Credit

EARNINGS	CREDIT	SOCIAL SECURITY EARNINGS RECORD
$0	$15,000	$15,000
$7,500	$12,500	$20,000
$10,000	$11,500	$21,500
$15,000	$7,500	$22,500
$20,000	$3,000	$23,000
$30,000	$0	$30,000

Source: Heidi Hartmann. 2009. *Achieving Equity for Women: Policy Alternatives for a New Administration*. Washington, DC: Institute for Women's Policy Research.

[4] Meyer, Madonna Harrington. 1996. ''Making Claims as Workers or Wives: The Distribution of Social Benefits.'' *American Sociological Review* 6(3): 449–465.

For working women who are married but have also provided caregiving over their lifetimes, caregiving credits may also serve to increase their own worker benefits. A married woman whose own worker benefits equals 50 percent or more of her husband's benefits gains nothing from the existence of spousal benefits but would gain from caregiving credits. A married woman (or a woman with a past ten-year marriage) could be given the option of choosing whichever benefit formula helped her most, spousal benefits or caregiving credits.

Because never married and divorced women have high poverty rates in old age, and many have had children, caregiving credits can be expected to be of great help to them in increasing their Social Security benefits.

Wearing my hat as an officer of the National Council of Women's Organizations, the national coalition of more than 200 women's groups representing more than 10 million women, I would like to let you know that most women's organizations are strongly against cuts in Social Security benefits of any kind. With an aging population, the nation simply has to set aside more money to provide for people who are no longer working. How much of this funding of the aged is done privately by individuals or collectively by the Social Security program is the political decision that is being made when Congress reforms Social Security, whenever that may be. In the view of the Task Force on Older Women's Economic Security of the National Council of Women's Organizations, women are much better protected from the risks of being female in our society when the government, through the Social Security system, guarantees inflation-adjusted life-time benefits. Social Security coverage is virtually universal and it is the only national retirement program that guarantees inflation-protected benefits until death. Because women live longer than men, and have lower incomes than men, this guarantee is especially important to women. Moreover, women's organizations argue that now is not the time to cut benefits, not now and not in the next several decades. It will take a long time for people's personal wealth to recover from the recent loss of housing wealth. Private pensions are still far from universal and women are less likely to have pensions than men. In the absence of other retirement systems, which will surely take decades to develop, cutting Social Security benefits for any income group simply places too much risk on Americans, and especially on American women.

Therefore, the National Commission on Fiscal Responsibility and Reform should not be discussing cuts to Social Security benefits but, rather, should be recommending ways to increase revenues to pay for current law benefits. Other than increasing revenue, should the Commission want to do anything additional it should consider ways to increase Social Security benefits for those who are particularly disadvantaged and for whom the current system does not work well enough. To pay for these added benefits, recommendations for increasing revenues further should be offered.

Let me also point out as an economist and as a member of the National Academy of Social Insurance that Social Security has contributed not one cent to the current annual deficit or the accumulated national debt. Because Social Security benefits are fully funded for at least 25 more years, the National Commission, charged with reducing the deficit beginning in 2015, should leave Social Security off the table. By focusing on Social Security, the National Commission is barking up the wrong tree.