

CELEBRATING 75 YEARS OF SOCIAL SECURITY

August 2010

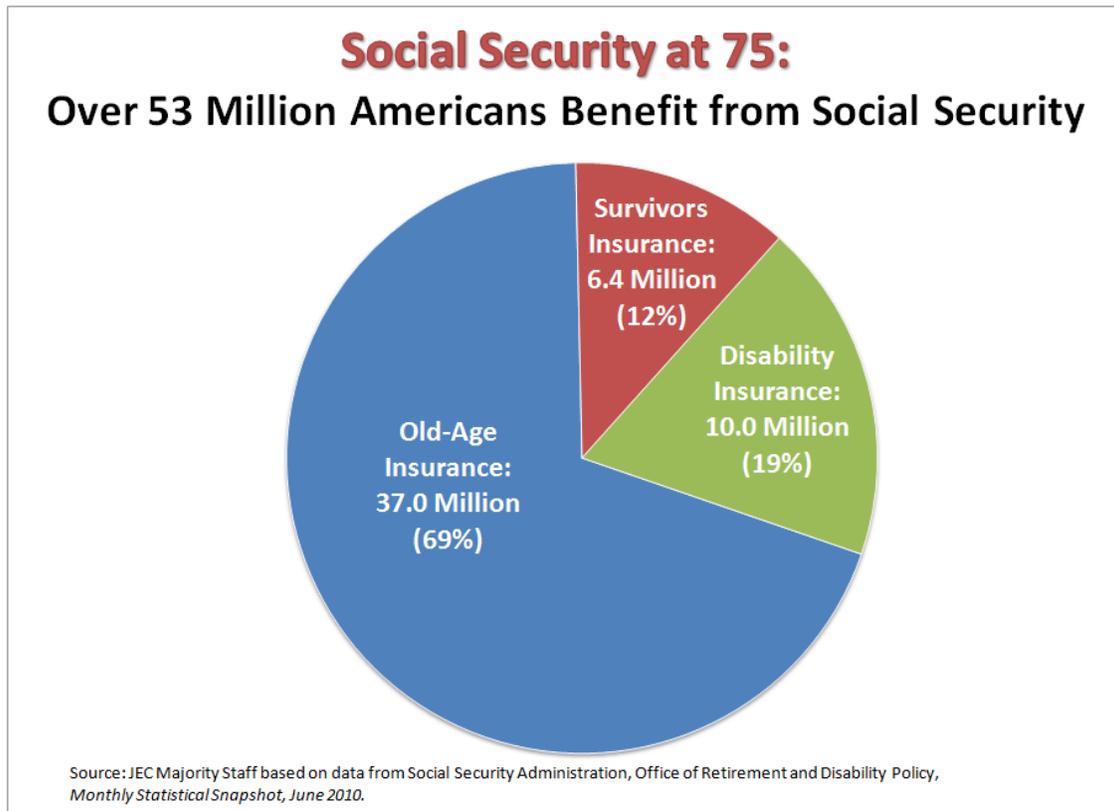
August 14th marks the 75th anniversary of the passage of the Social Security Act. For three-quarters of a century, Americans have relied on Social Security for their own economic security and that of their loved ones following retirement, disability, or unexpected loss of life. In 2008, Social Security kept an estimated 20 million Americans out of poverty—including 13 million older Americans and 1 million children.¹

As debate around Social Security continues, it is important to understand who receives Social Security benefits, the amounts of those benefits and the extent to which beneficiaries rely on those benefits for their economic well-being. The following charts illustrate the critical role Social Security continues to play in strengthening Americans' economic security and highlight the need for policies to bolster the program in coming years.

**REPORT BY THE U.S. CONGRESS JOINT ECONOMIC COMMITTEE
REPRESENTATIVE CAROLYN B. MALONEY, CHAIR
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Social Security benefits Americans of all ages.

There are three components of Social Security (OASDI)—retirement (old-age) insurance, survivors insurance, and disability insurance. In June 2010, 53.4 million Americans received payments through one of these three programs.¹ Nearly 70 percent of Social Security beneficiaries receive payments from the retirement component of the program, making it the largest piece of the social security pie. These included over 34.1 million retired workers, as well as 2.9 million spouses and children of retired workers.



A significant number of Americans receive benefits through the survivors and disability components of the program. In June, 6.4 million children, widows, widowers, and parents of deceased workers received payments through the survivors insurance program.² Survivors insurance and old-age insurance together make up the Old-Age and Survivors Insurance Trust Fund (OASI). All together, 43.4 million beneficiaries received benefits through OASI in June. Additionally, 8.0 million disabled workers, along with 2.0 million children and spouses of disabled workers, received payments through the disability insurance program.

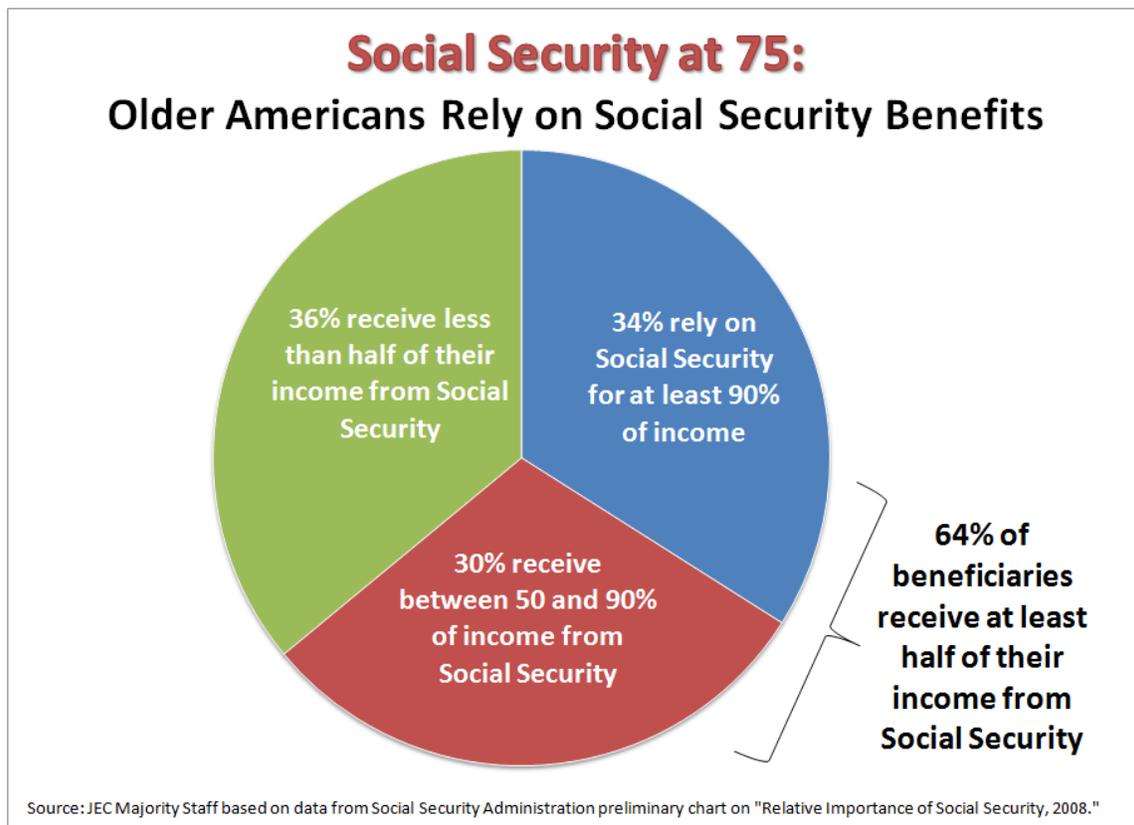
Americans of all ages rely on all three components of Social Security. The majority of recipients are older Americans; approximately 80 percent (42 million) of all OASDI beneficiaries in 2009 were age 62 or older.³ Of those, 5.1 million were at least 85 years old. Social Security beneficiaries last year also included 8 million working-age adults (ages 18-61) and 3 million children under 18.

Social Security helps older Americans make ends meet.

Among all major sources of income of Americans 65 years and older, Social Security benefits are by far the most common.⁴ In 2008, 87 percent of elderly households received income from Social Security.⁵

Asset income was the second most common source of income, with 54 percent of households drawing income from their assets. Last year, more elderly households relied on Social Security for a portion of their income than relied on private pensions (28 percent), government employee pensions (14 percent), or earnings (26 percent).

Older Americans' reliance on Social Security income for maintaining a high quality of life is even more apparent when viewed through the lens of the share of their total incomes coming from Social Security. While 36 percent of elderly households received less than 50 percent of their income from Social Security, the remaining 64 percent received at least half of their income from the program, making it the largest source of income among those households.⁶ More than half of those households—34 percent of all elderly Americans or couples that include one person older than 65—received 90 percent or more of their income from Social Security programs.

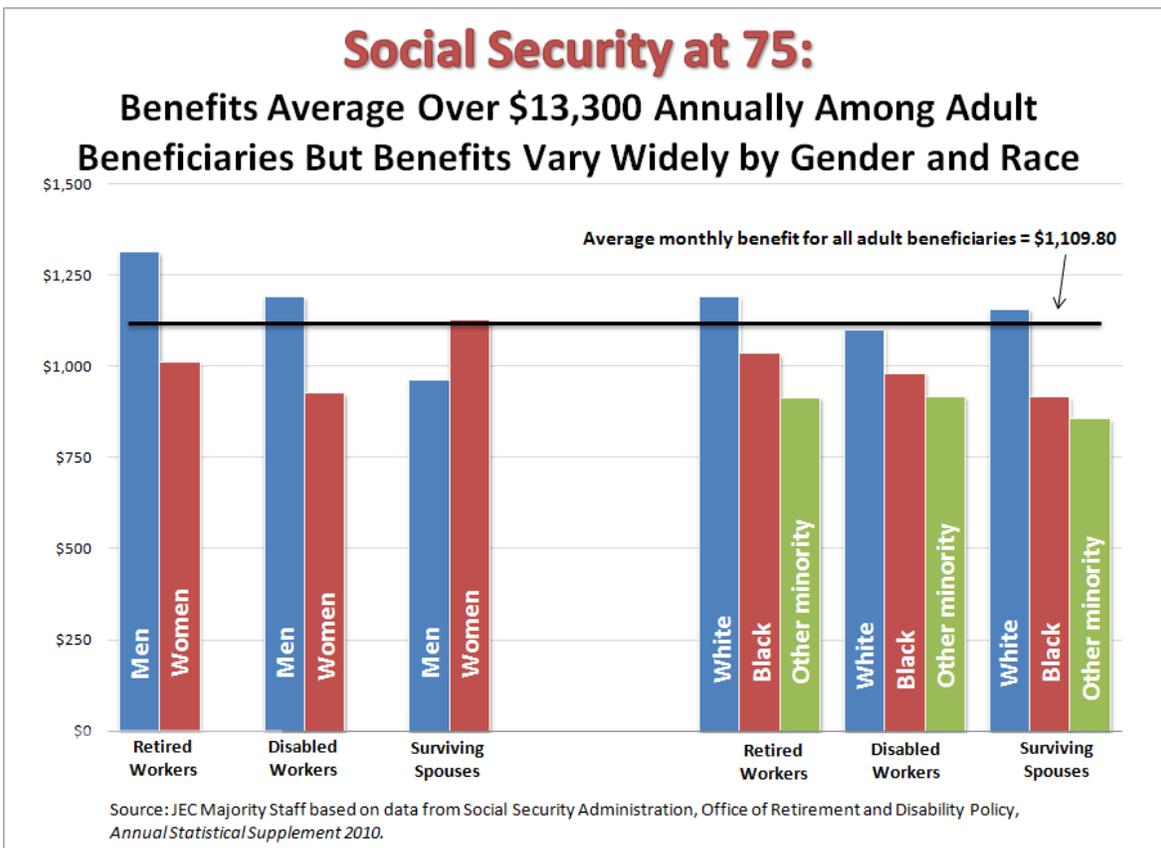


Social Security can be bolstered to enhance economic security of all Americans.

Among all recipients of Social Security benefits, the average monthly benefit in 2009 was \$1,064.40, or the equivalent of roughly \$12,772 annually.⁷ Among adults, the average monthly benefit was \$1,109.80. Benefits were slightly higher among retired workers and widowed survivors of workers. Among adult beneficiaries, benefits paid based on a man's work were generally higher than those paid based on a woman's. Retired and disabled males received more than retired and disabled females; widows received higher survivor benefits than widowers. For example, in 2009, female retired workers received, on average, \$300 less per month—\$3,600 per year—than male retired workers.

Similarly, minority workers typically receive smaller benefits than white workers. Across all beneficiary categories, the average monthly benefit for whites of \$1,103 was \$198 more than the average monthly benefit for blacks, and \$304 more than the average monthly benefit for other minorities.

Social Security benefits are based on an individual’s lifetime earnings, with average monthly earnings calculated for the 35 years in which the worker earned the most. Consequently, minorities and women—groups that typically have lower lifetime earnings—are more likely to receive smaller benefits once they become eligible for Social Security.



The Social Security program has been a stalwart for 75 years; Americans continue to rely on Social Security benefits in retirement, and in the event of income loss due to unexpected disability or death. However, the noticeable discrepancies among benefits across gender and racial groups highlight that employment and income disparities experienced during people’s working lives have financial consequences that last throughout retirement. To ensure that Social Security remains a keystone of economic security, helping all Americans achieve a satisfactory standard of living in their retirement, it is critical that women and minorities continue to make gains in income equality.

¹Social Security Administration, Office of Retirement and Disability Policy. *Monthly Statistical Snapshot*, June 2010.
²Social Security Administration, Office of Retirement and Disability Policy. *Monthly Statistical Snapshot*, June 2010.
³Social Security Administration, Office of Retirement and Disability Policy. *Annual Statistical Supplement 2010*. Data is for December 2009, and is the most current available for statistics reported.
⁴Social Security Administration, Office of Retirement and Disability Policy. “Receipt of Income, 1962 and 2008”. Data for 2008 is available on www.ssa.gov as part of *Fast Facts and Figures About Social Security*, 2010.
⁵The term “elderly household” refers to an individual who is 65 years or older and couples that include at least one person aged 65 or older. Couples may be married or separated, and living together or separately.
⁶Social Security Administration, Office of Retirement and Disability Policy. “Relative Importance of Social Security, 2008”. Data for 2008 is available on www.ssa.gov as part of *Fast Facts and Figures About Social Security*, 2010.
⁷Social Security Administration, Office of Retirement and Disability Policy, *Annual Statistical Supplement 2010*. Data is for December 2009, and is the most current available for statistics reported.