

Social Security: A Key Retirement Resource for Women

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- ✓ **More than a quarter of older women rely on Social Security for nearly all of their family income.**
- ✓ **In 2010, Social Security kept roughly 38 percent of older women out of poverty, although older women still are more likely to be in poverty than older men.**

Social Security is an especially important income source for older women. Women are less likely to have other sources of retirement income, such as pensions and savings, making Social Security one of their few sources of retirement income. Moreover, three key features of the Social Security program—progressivity of the benefit formula, guaranteed benefits for life, and inflation-adjusted benefits—are particularly beneficial to women.

The progressivity of the Social Security benefit formula helps lower lifetime earners. Women earn less on average than men (in 2010, women's earnings for all occupations were 81 percent of men's earnings¹), are more likely to work part-time, and are more likely to have gaps in their employment.² All these factors result in lower lifetime earnings for women. While Social Security benefits increase with lifetime earnings, Social Security replaces a higher share of average lifetime earnings for low earners than for higher earners.

Social Security benefits are guaranteed for life and are adjusted to keep pace with inflation. Since women tend to live longer than men, these features are particularly important to them. Other sources of retirement income, such as

pensions, are rarely indexed to inflation, and older women may outlive other financial assets.

In 2010, 17 million women received retired worker benefits, 2.3 million received spouse benefits, and 4.4 million received survivor benefits.³

Women with at least 40 quarters of earnings in covered employment (generally at least 10 years) are eligible for Social Security retirement benefits. Reduced retirement benefits may be claimed as early as age 62, and benefits are increased until age 70 if claimed after the full retirement age (currently age 66, but increasing to age 67 for people born in 1960 or later).

Married women may be eligible to receive spouse benefits based on their husband's earnings. The wife of a covered worker who claims at her full retirement age can receive a benefit equal to 50 percent of her husband's full retirement benefit; a wife who claims earlier (as early as age 62) receives reduced benefits.⁴ Generally, divorced women who were married for at least 10 years and have not remarried also can receive spouse benefits.

The widow of an insured worker is eligible for survivor benefits based on

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her husband's earnings. A widow can receive a benefit up to 100 percent of her husband's full retirement benefit at her full retirement age. Widows can claim a reduced survivor benefit as early as age 60.⁵ Divorced women who were married at least 10 years and have not remarried before age 60 also can receive survivor benefits.

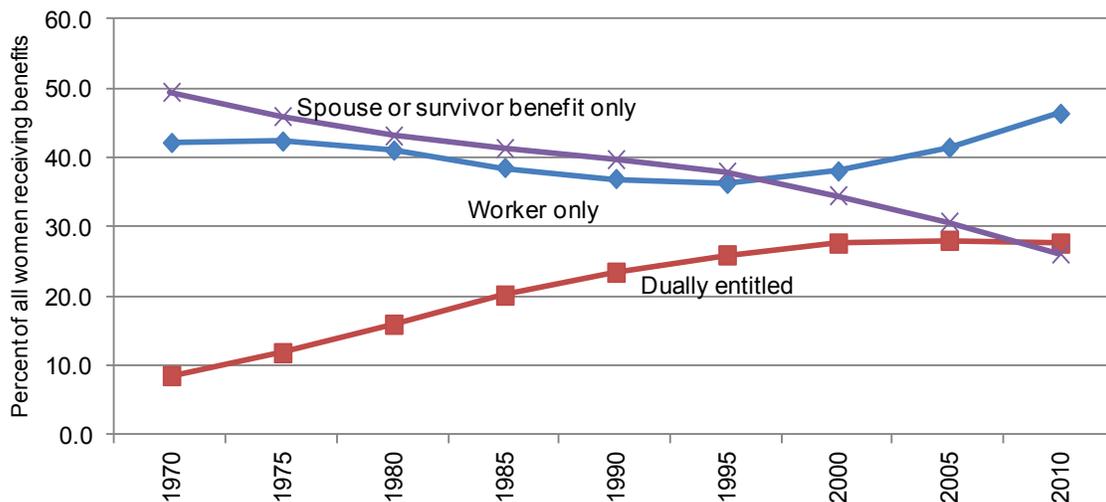
Women who can claim a retirement benefit based on their own earnings and a spouse or survivor benefit based on their husband's earnings are dually entitled. Generally, dually entitled married and divorced women will not receive both benefits, but only the higher benefit amount.

Married women can choose to receive a spouse benefit at their full retirement age first and delay receipt of their own retirement benefit so that they can earn delayed retirement credits⁶ on their own benefits. Dually entitled widows have more flexibility with respect to which benefit they claim. They may choose to delay receipt of one benefit until full retirement age or later in order to maximize the benefit amount.

As women's labor force participation rates and lifetime earnings have increased, more and more older women are receiving retirement benefits based on their own work histories. The share of older women beneficiaries who are dually entitled—eligible for both a benefit based on their own work history and a spouse or survivor benefit—increased from 9 percent in 1970 to 28 percent in 2010. The share of women receiving only a retired or disabled worker benefit also increased, though more gradually, from 42 percent to 46 percent. The share of women beneficiaries receiving only a spouse or widow benefit has decreased over this same period from 49 percent to 26 percent (see figure 1).

This trend is expected to continue as women born in later years—the trailing boomers (1956–1965) and generation Xers (1966–1975)—reach retirement age. As women's labor force participation increases and the gender gap in earnings decreases, more women are expected to receive retired worker benefits based on their own earnings. Fewer women are expected to receive spouse benefits. However,

Figure 1
Women Age 62 or Older Receiving Social Security Benefits, by Type of Benefit, 1970–2010



Note: Worker-only beneficiaries include both retired and disabled workers.

Dually entitled beneficiaries are entitled to both a worker benefit and a spouse or survivor benefit.

Source: Social Security Administration, "Annual Statistical Supplement, 2011," Table 5.A14.

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since men's earnings still remain higher than women's, women are expected to continue receiving survivor benefits.⁷

Social Security Is an Important Source of Retirement Income for Older Women

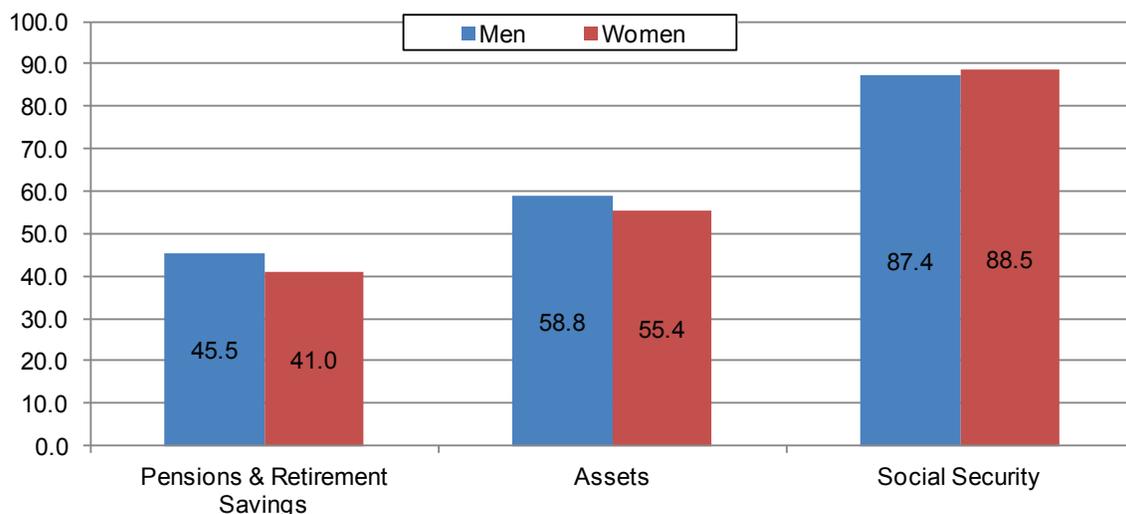
Older women are slightly more likely than older men to receive family income from Social Security, but they are slightly less likely than men to receive family income from pensions and savings or assets (see figure 2). Women are more likely to receive spouse and survivor benefits than men—in 2010, 23 percent of women beneficiaries received a spouse or survivor benefit, compared to fewer than 1 percent of men⁸—resulting in a greater share of women receiving any Social Security income.

Older minority women also are more likely to include Social Security as a source of family income but less likely to receive family income from pensions and retirement savings or assets than men of the same race or ethnicity.

However, minority women are less likely than white women to have any of the three major sources of retirement income (see figure 3).

Among minority women, Hispanic and Asian women are the least likely to receive Social Security income—only 77 percent of Hispanic women and 68 percent of Asian women receive any Social Security family income. The higher shares of immigrants and naturalized citizens in these populations—54 percent of all older Hispanic women and 80 percent of all older Asian women were either naturalized citizens or immigrants in 2010—account in part for their lower receipt of benefits. Immigrants may not be eligible to receive benefits,⁹ and naturalized citizens may not have enough years of work in the United States when they retire to be eligible for Social Security benefits. In contrast to the Hispanic and Asian populations, only 7 percent of older white women and 8 percent of older African American

Figure 2
Sources of Retirement Income for Older Americans, by Gender, 2010

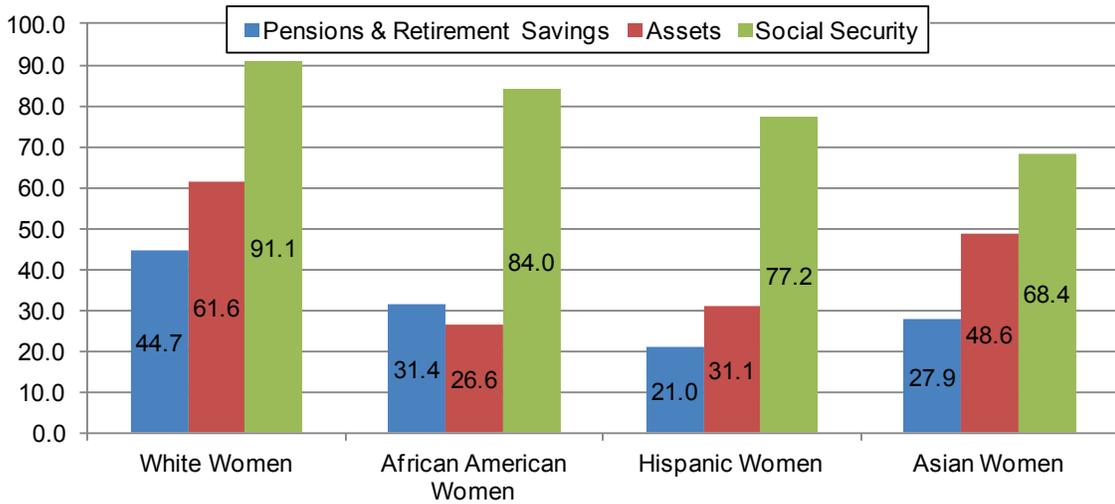


Note: Unit of measure is individuals 65 and older; income includes income from all family members.

Pensions and retirement savings include income from employer pensions, government employee pensions; regular payments from companies or unions, annuities, or paid-up insurance policies, and individual retirement accounts, Keough, or 401(k) payments. Assets income includes interest, dividends, income from estates or trusts, and net rental income or royalties.

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

Figure 3
Sources of Retirement Income for Older Women, by Race and Ethnicity, 2010



Note: Unit of measure is individuals 65 and older; income includes income from all family members.

Pensions and retirement savings include income from employer pensions, government employee pensions, regular payments from companies or unions, annuities, or paid-up insurance policies, and individual retirement accounts, Keough, or 401(k) payments. Assets income includes interest, dividends, income from estates or trusts, and net rental income or royalties.

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

women were naturalized citizens or immigrants in 2010.¹⁰

Never-married older women are least likely to have any family income from

Social Security. Only 71 percent of never-married women received family income from Social Security in 2010, compared to 90 percent of married and widowed women (see figure 4).

Figure 4
Percentages of Older Women with Any Family Income from Pension, Assets, or Social Security, by Marital Status, 2010



Note: Unit of measure is individuals 65 and older; income includes income from all family members.

Pensions and retirement savings include income from employer pensions, government employee pensions; regular payments from companies or unions, annuities, or paid-up insurance policies, and individual retirement accounts, Keough, or 401(k) payments. Assets income includes interest, dividends, income from estates or trusts, and net rental income or royalties.

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

More than a Quarter of Older Women Rely on Social Security for Nearly All of Their Family Income

Older women count on Social Security for a larger share of their retirement income than men. In 2010, 26.3 percent of older women relied on Social Security for 90 percent or more of their family income, compared to 20.2 percent of older men (see figure 5).

Widowed older women have the highest rates of reliance on Social Security—more than a third of them rely on Social Security for 90 percent or more of their family income. Reliance rates for divorced older women are also high. Just under a third of divorced women depend on Social Security for almost all of their family income (see figure 6).

Social Security Keeps Older Women out of Poverty

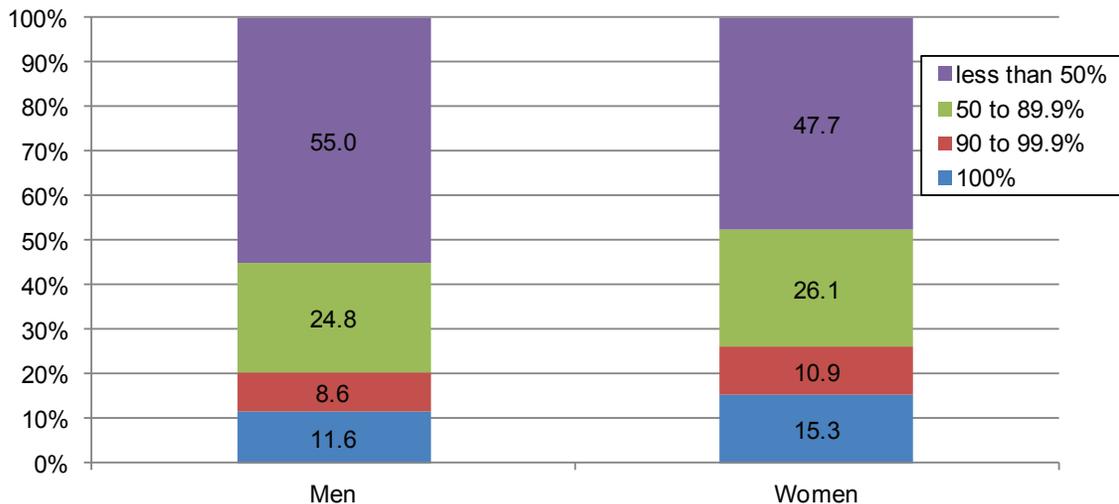
Social Security plays a key role in keeping older women out of poverty. In 2010, Social Security kept roughly 38 percent of older women out of

poverty, compared to 32 percent of older men. Older women are still more likely to face poverty, even with the boost Social Security income provides. Almost 11 percent of older women lived in poverty in 2010, compared to 7 percent of older men (see table 1).

Social Security keeps fewer minority women out poverty than white women. Older Hispanic and Asian women are the least likely to be kept out of poverty because of Social Security (see table 2), in part because they are least likely to receive any Social Security income. The larger share of foreign-born women in the Hispanic and Asian populations affects the role Social Security plays in their retirement income. Many immigrants are not eligible for benefits or, if they are eligible, receive lower benefits because they have fewer years of work and lower lifetime earnings in the United States than native-born people.

Social Security kept 45 percent of widowed women and 34 percent of married women out of poverty (see figure 7). Poverty rates also are lowest and rates of receipt of Social Security

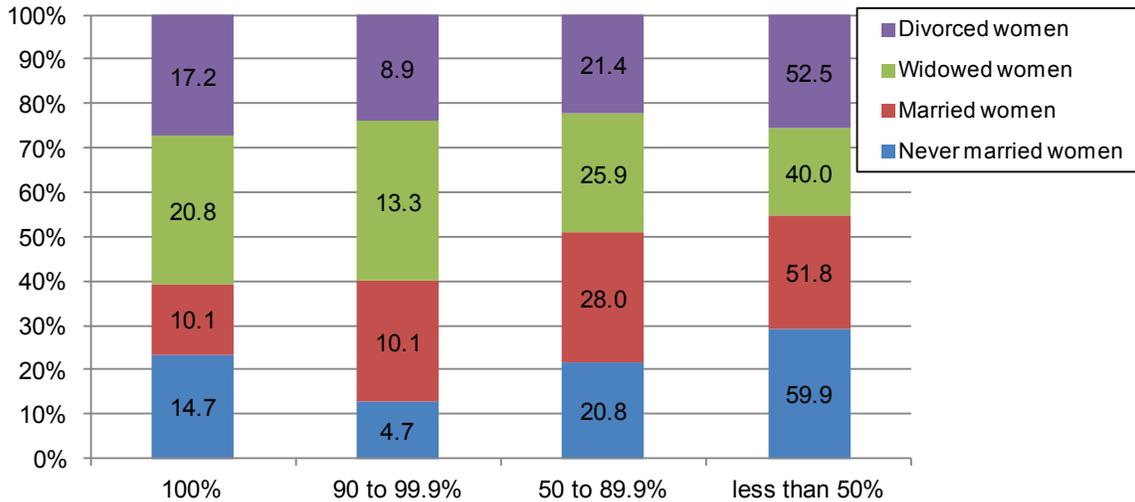
Figure 5
Social Security as a Share of Older Women’s Family Income, by Gender, 2010



Note: Family income includes income from all family members, including those in related subfamilies; people with zero family income, negative family income, or negative family asset income are excluded. The elderly include people aged 65 or older.

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

Figure 6
Social Security as a Share of Older Women’s Family Income, by Marital Status, 2010



Note: Family income includes income from all family members, including those in related subfamilies; people with zero family income, negative family income, or negative family asset income are excluded. The elderly include people aged 65 or older.

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

Table 1
Social Security Keeps Older Americans Out of Poverty, by Gender, 2010

	Above Poverty	Above Poverty because of SS	Below Poverty 2010
Male	61.1	32.1	6.7
Female	51.5	37.8	10.7

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

Table 2
Social Security Keeps Older Americans Out of Poverty, by Gender, Race, and Ethnicity, 2010

	Above Poverty	Above Poverty because of SS	Below Poverty 2010
White			
Male	62.1	33.0	5.0
Female	51.6	40.1	8.3
African American			
Male	52.8	32.7	14.5
Female	45.2	34.3	20.6
Hispanic			
Male	55.5	30.3	14.2
Female	52.4	26.7	20.9
Asian			
Male	67.8	18.5	13.8
Female	62.7	22.7	14.6

Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

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income highest for married and widowed women. This illustrates the success of Social Security’s survivor and spouse benefits in bolstering the retirement income of married and widowed women.

Proposals to Benefit Women

A number of Social Security reform proposals are intended to benefit women. An enhanced minimum benefit targeting workers with long careers and low lifetime earnings would benefit low-income women. An enhanced minimum benefit would ensure that workers receive a minimum level of benefits regardless of their lifetime earnings. This proposal is particularly effective at targeting never-married and divorced women with low lifetime earnings but enough years of covered employment to be eligible for Social Security.

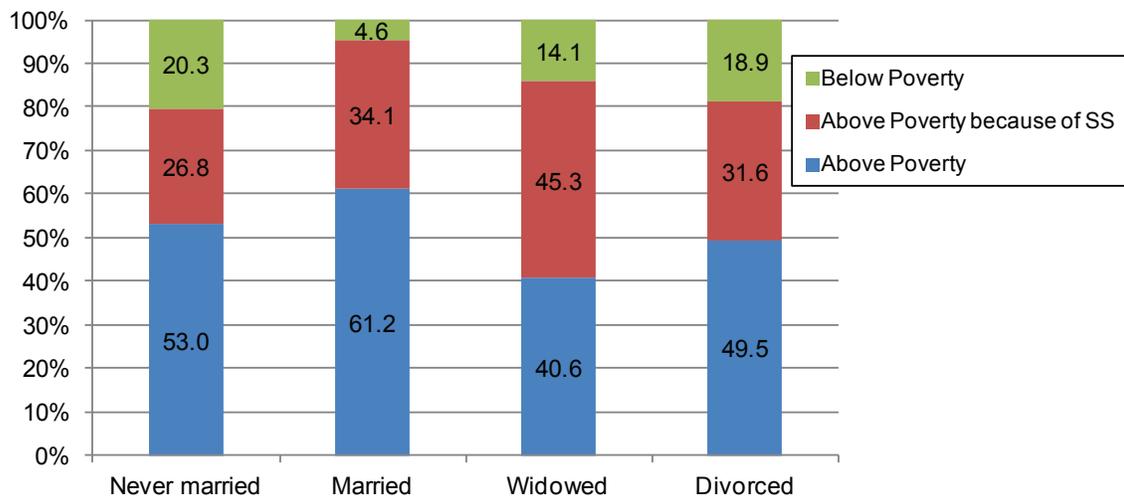
Caregiving credits are often proposed in addition to an enhanced minimum benefit. This proposal would treat time spent out of the labor force providing unpaid caregiving as time spent working for the purposes of Social Security benefit calculation. Caregiving credits would be beneficial to people of any

marital status who spend time out of the labor force to care for children—and since women are more likely to be caregivers, this proposal is particularly targeted to them.

Other proposals target married and divorced women. Some proposals suggest tying the survivor benefit to the couple’s combined earnings, rather than the deceased worker’s earnings. An increased survivor benefit would help women with significant work histories who would otherwise experience a decrease in income after the death of their spouse. Decreasing the number of years of marriage required for divorced spouses to be eligible for spouse benefits may be a way to target the higher poverty rates of divorced women, who are less likely to have any Social Security income than married and widowed women.

While Social Security benefits provide women with critical retirement income, further reforms could do even more to reduce pockets of poverty among older women. Older minority women, never-married women, and divorced women are more likely to be in poverty and less likely to receive Social Security.

Figure 7
Poverty Status of Women Age 65 and Over, by Marital Status, 2010



Source: AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

Endnotes

¹ “BLS Spotlight on Statistics: Women at Work,” <http://www.bls.gov/spotlight>.

² Alicia H. Munnell and Natalia Zhivan, *Earnings and Women’s Retirement Security* (Boston, MA: Center for Retirement Research, January 2006).

³ Social Security Administration, “Number of Social Security Recipients at the End of December 2010,” <http://www.ssa.gov/cgi-bin/currentpay.cgi>; Social Security Administration, “Social Security Beneficiary Statistics,” <http://www.ssa.gov/OACT/STATS/OAbenies.html>; Social Security Administration, “Benefits Paid by Type of Beneficiary,” <http://www.ssa.gov/OACT/ProgData/icp.html>.

⁴ Women caring for a child less than 16 years old or a disabled child can receive full spouse benefits regardless of age.

⁵ Disabled widows can receive survivor benefits as early as age 50. Widows caring for a child under age 16 or a disabled child can receive full survivor benefits at any age.

⁶ Delayed retirement credits refer to the increase in Social Security benefits that can be earned up until age 70 by delaying retirement past the full retirement age. The specific percentage by which the retired worker’s benefit increases for each month of delay depends on the worker’s date of birth.

⁷ Barbara A. Butrica and Karen E. Smith, “The Impact of Changes in Couples’ Earnings on Married Women’s Social Security Benefits,” *Social Security Bulletin*, 72, no. 1 (2012).

⁸ AARP PPI tabulations of Social Security Administration, “Annual Statistical Supplement, 2011,” <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/>.

⁹ Immigrants must be present legally, legally authorized to work in the United States, and have a Social Security number in order to have quarters of earnings in covered employment reported to the Social Security Administration.

¹⁰ AARP PPI tabulations of U.S. Bureau of the Census, *Current Population Survey*, March 2011.

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