

## Social Security: A Key Retirement Resource for Women

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- ✓ **More than a quarter of women age 65 and older rely on Social Security for nearly all of their family income.**
- ✓ **Social Security keeps roughly 38 percent of older women out of poverty, yet they still are more likely to be in poverty than are older men.**
- ✓ **Married and widowed women are more likely to have family income from Social Security than are divorced or never-married women.**

Social Security is especially important for women age 65 and older because they are less likely than are older men to have family income<sup>1</sup> (including their own income) from pensions, savings, or other sources. 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 for women.

### Key Features of Social Security

The progressivity of the Social Security benefit formula—which ensures that benefits replace a higher share of preretirement earnings for low earners than for higher earners—is important to women because they are more likely to be lower lifetime earners than are men.

In 2011, for example, women's earnings for full-time work in all occupations were 82 percent of men's earnings. Women are also more likely to work part time and to have gaps in their employment.<sup>2</sup> All those factors result in lower lifetime earnings for women. While the dollar amount of Social

Security benefits increases with lifetime earnings, the progressivity of the benefit formula helps protect workers with low average career earnings that result from low wages or limited work histories or both.

Because women tend to live longer than men, two additional features of Social Security are particularly important to women: benefits are guaranteed for life and are adjusted to keep pace with inflation. Other sources of retirement income, such as pensions, are rarely indexed to inflation, and older women may outlive other financial assets.

### Millions of Women Benefit from Social Security

In 2013, 18.8 million women received Social Security retired worker benefits, 2.3 million received spousal benefits, and 4.2 million received survivor benefits.<sup>3</sup>

In general, women who have worked for at least 10 years in employment that is subject to Social Security payroll taxes<sup>4</sup> are eligible for Social Security retirement benefits based on their own

work records. The Social Security Administration calculates retirement benefits based on a person's average lifetime earnings. A full, unreduced benefit is available at full retirement age (FRA, which is currently age 66 but increases to age 67 for people born in 1960 or later).<sup>5</sup> The earliest age a person can claim retirement benefits is 62. A person who delays claiming benefits after FRA may earn delayed retirement credits,<sup>6</sup> which increase benefits for each month up until age 70.

A married woman may be eligible to receive spousal benefits based on her husband's earning record. 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.<sup>7</sup> Generally, divorced women who were married for at least 10 years and have not remarried also can receive spousal benefits.

A widow is eligible for survivor benefits that are based on her husband's earnings, provided he has met the eligibility requirements. A widow can receive a benefit up to 100 percent of her husband's full retirement benefit if she claims at her full retirement age. Widows can claim a reduced survivor benefit as early as age 60.<sup>8</sup> Divorced women who were married at least 10 years and have not remarried before age 60 also can receive survivor benefits.

### Some Women Are Dually Entitled

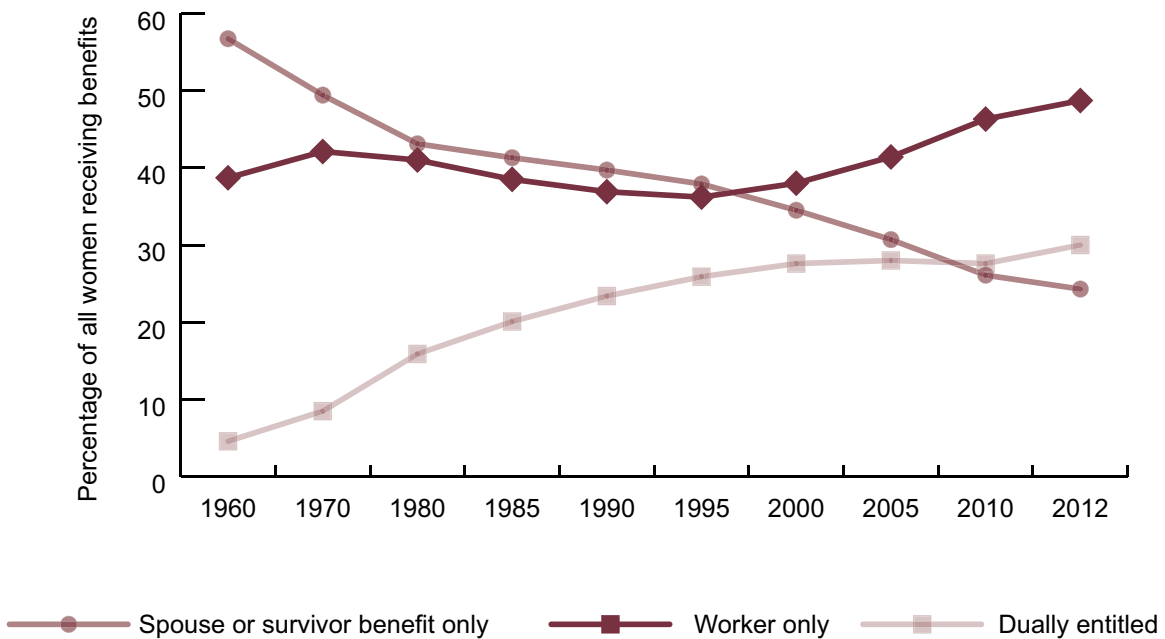
Women who can claim a retirement benefit based on their own earnings and also a spousal or survivor benefit based on their husband's earnings are referred to as "dually entitled." Dually entitled married and divorced women will not receive the total of both benefits; effectively, they receive the higher benefit amount.

Dually entitled married women who are below FRA will, if they file for benefits, be deemed to have filed for both the spousal and retired worker benefit. If a dually entitled woman is at or above FRA, or if she is a widow above the early retirement age, then she can choose to claim one benefit while delaying the second benefit. Delayed retirement credits may be added to a woman's own retired worker benefit after FRA, but they are not added to spousal or survivor benefits.

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 spousal or survivor benefit—increased from 5 percent in 1960 to 27 percent in 2012. The share of women beneficiaries receiving only a spousal or widow benefit has decreased over this same period, from 57 percent to 24 percent (see figure 1). In 2012, about 51 percent of women beneficiaries relied on auxiliary benefits as a spouse or widow only (24 percent) or as a dually entitled worker (27 percent). In 2012, almost half (49 percent) of women received benefits based only on their own work records.

This trend toward fewer women receiving only spousal or survivor benefits and toward more receiving some or all of their benefits based on their own earnings record is expected to continue as women born in later years—the trailing boomers (1956–1965) and generation Xers (1966–1975)—reach retirement age. Those women have higher average labor force participation rates and earnings that are more comparable to men's. However, because men's earnings still remain higher than women's, many women are expected to continue receiving survivor benefits.<sup>9</sup>

**Figure 1**  
**Women Age 62 or Over Receiving Social Security Benefits, by Type of Benefit, 1960–2012**



Notes: 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. Survivors include a small number of parent beneficiaries.

Source: Social Security Administration, Annual Statistical Supplement, 2013, table 5.A14.

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

Older women are slightly more likely than are older men to have family income (including their own income) from Social Security, but they are slightly less likely than are men to live in a family that receives income from pensions, retirement savings, or assets (see figure 2).

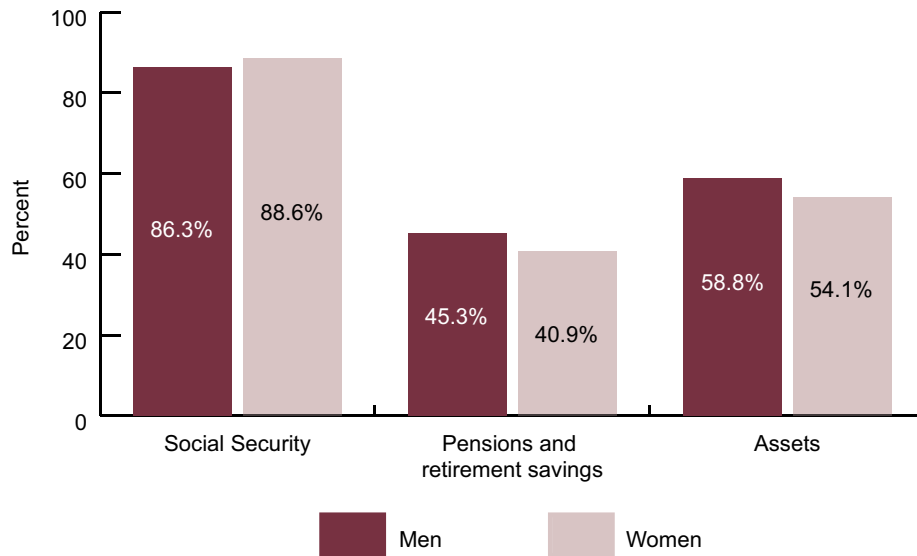
On an individual basis (that is, without considering family income sources) 84.8 percent of older women received Social Security benefits, compared to 83.0 percent of older men. By contrast, 23.2 percent of older women received income from pensions and retirement savings, compared to 38.8 percent of

men. The median Social Security benefit for men is about 36 percent higher than that for women (\$16,295 versus \$11,999).<sup>10</sup>

Women’s higher rate of receipt of Social Security benefits, in the person and family measures of income, is because older women are more likely to receive spousal and survivor benefits than are men—in 2012, about 24 percent of female beneficiaries received a spousal or survivor benefit only, compared to less than 1 percent of male beneficiaries.<sup>11</sup>

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

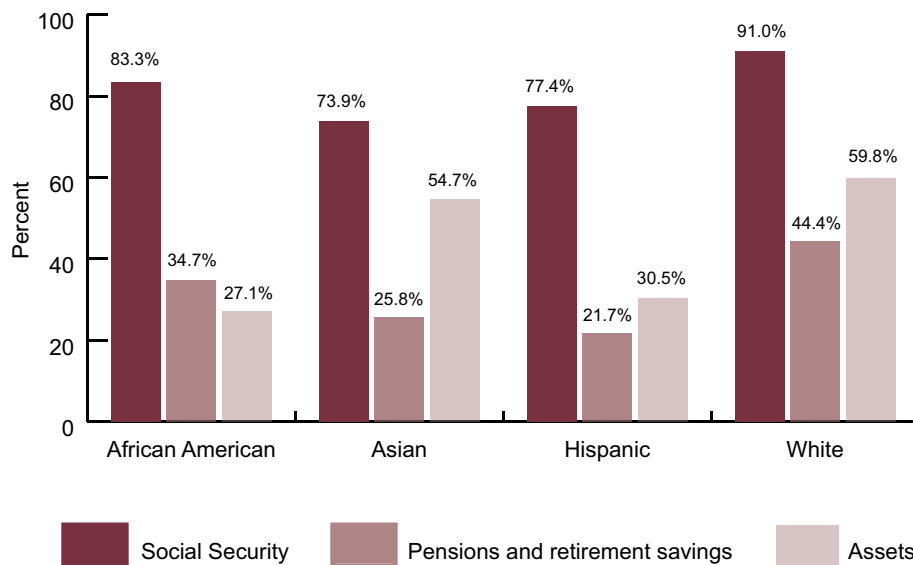
**Figure 2**  
**Percentage of Older Men and Women with Any Family Income from Pensions, Assets, or Social Security, 2012**



Note: Family income includes income from all family members, including those in related subfamilies. The elderly include people age 65 and older. Pensions and retirement savings include retirement; disability and survivor pensions from government, military, railroad, union, and private employers; and regular payments from IRAs, 401(k)s, Keoughs, paid-up insurance policies, and annuities.

Source: Author's tabulations of US Census Bureau, "Current Population Survey," March 2013.

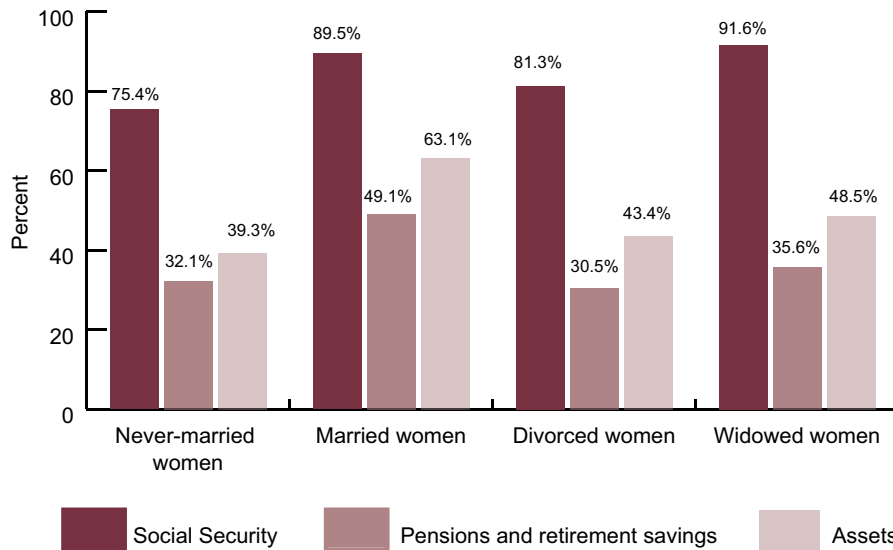
**Figure 3**  
**Percentage of Women Age 65 and Over with Any Family Income from Pensions, Assets, or Social Security, by Race and Ethnicity, 2012**



Note: Family income includes income from all family members, including those in related subfamilies. Pensions and retirement savings include retirement; disability and survivor pensions from government, military, railroad, union, and private employers; and regular payments from IRAs, 401(k)s, Keoughs, paid-up insurance policies, and annuities.

Source: Author's tabulations of US Census Bureau, "Current Population Survey," March 2013.

**Figure 4**  
**Percentage of Women Age 65 and Over with Any Family Income from Pensions, Assets, or Social Security, by Marital Status, 2012**



Note: Family income includes income from all family members, including those in related subfamilies. The elderly include people age 65 and older. Pensions and retirement savings include retirement; disability and survivor pensions from government, military, railroad, union, and private employers; and regular payments from IRAs, 401(k)s, Keoughs, paid-up insurance policies, and annuities.

Source: Author's tabulations of US Census Bureau, "Current Population Survey," March 2013.

ethnicity. However, minority women are less likely than are white women to live in a family that has income from any of the three major sources of retirement income (see figure 3).

Among minority women, Hispanic (77.4 percent) and Asian (73.9 percent) women are the least likely to live in a family that receives Social Security income. The higher shares of immigrants and naturalized citizens in those populations—51.5 percent of all older Hispanic women and 81.4 percent of all older Asian women were either naturalized citizens or immigrants in 2012—account in part for their lower receipt of benefits.

Immigrants may not be eligible to receive benefits,<sup>12</sup> and naturalized citizens may not have enough years of work in the United States when they retire to be eligible for Social Security benefits.

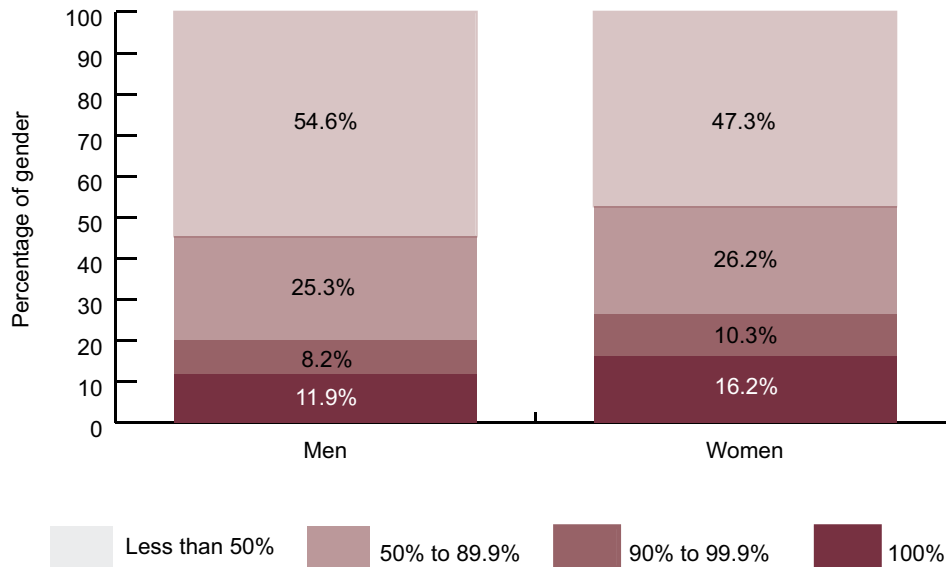
In contrast to the Hispanic and Asian populations, only 6 percent of older white women and 9 percent of older African American women were naturalized citizens or immigrants in 2012.<sup>13</sup>

Never-married older women are least likely to have any family income from Social Security. Only 75.4 percent of never-married women lived in a family that received income from Social Security in 2012, compared to 89.5 percent of married women and 91.6 percent of widowed women (see figure 4).

**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 family retirement income than do older men. In 2012, 26.5 percent of older women

**Figure 5**  
**Social Security as a Share of Older Americans' Family Income, by Gender, 2012**



Note: Family income includes income from all family members, including those in related subfamilies. People with zero or negative family income, negative family earnings, or negative family asset income are excluded. The elderly include beneficiaries and nonbeneficiaries age 65 and older.

Source: Author's tabulations of US Census Bureau, "Current Population Survey," March 2013.

relied on Social Security for 90 percent or more of their family income, compared to 20.1 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: about 26 percent of them depend on Social Security for almost all of their family income (see figure 6).

### **Social Security Keeps Older Women Out of Poverty**

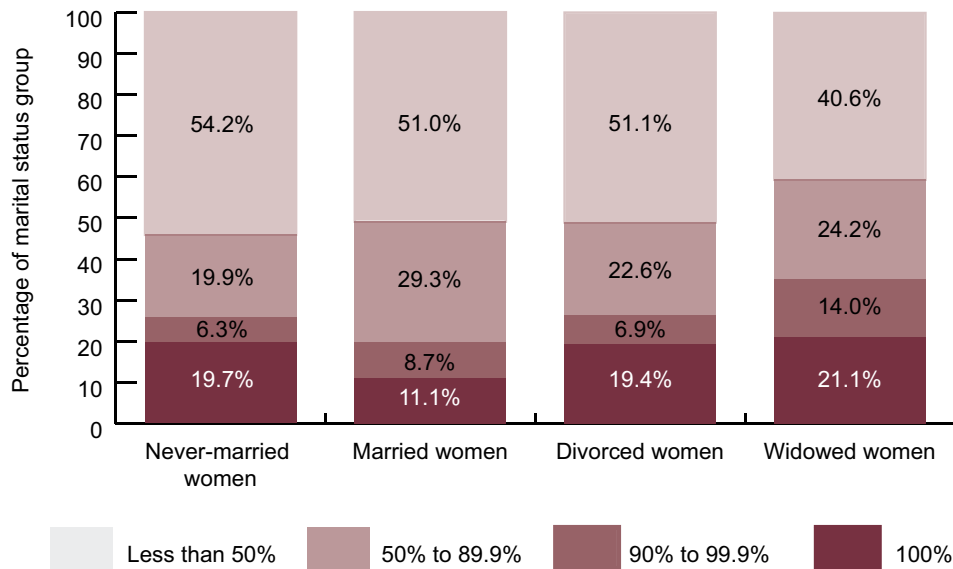
Social Security plays a key role in keeping older women out of poverty. In 2012, family income from Social Security kept almost 37.5 percent of older women out of poverty, compared to almost 32.5 percent of older men.

Older women are still more likely to face poverty, even with the boost that Social Security income provides. About 11 percent of older women lived in poverty in 2012, compared to almost 7 percent of older men (see table 1).

Social Security keeps fewer minority women out of poverty than white women. Older Hispanic and Asian women are the least likely to be kept out of poverty because of family income from Social Security (see table 2), despite having lower overall poverty rates than do African Americans.<sup>14</sup> This is, in part, because a larger share of Asian and Hispanic women are foreign born, which can affect eligibility for Social Security benefits or the level of benefits.

Social Security kept 44.3 percent of widowed women and 34.2 percent of married women out of poverty (see figure 7). Poverty rates (with

**Figure 6**  
**Social Security as a Share of Older Women’s Family Income, by Marital Status, 2012**



Note: Family income includes income from all family members, including those in related subfamilies. People with zero or negative family income, negative family earnings, or negative family asset income are excluded. The elderly include beneficiaries and nonbeneficiaries age 65 and older.

Source: Author’s tabulations of US Census Bureau, “Current Population Survey,” March 2013.

**Table 1**  
**Social Security Keeps Older Americans Out of Poverty, by Gender, 2012**

	Above poverty without Social Security income	Below poverty	Above poverty because of Social Security
<b>Total</b>	55.6%	9.1%	35.3%
<b>Male</b>	60.8%	6.6%	32.5%
<b>Female</b>	51.5%	11.0%	37.5%

Source: AARP PPI tabulations of US Census Bureau, “Current Population Survey,” March 2013.

or without Social Security) also are lowest (figure 7) and rates of Social Security receipt are highest (figure 4) for married and widowed women. This finding illustrates the success of Social Security’s survivor and spousal benefits in bolstering the retirement income of married and widowed women.

### Reform Proposals Could Benefit Women

Some people have proposed expanding Social Security benefits in ways that would benefit women. For example, expanding the minimum benefit for workers with long careers and low

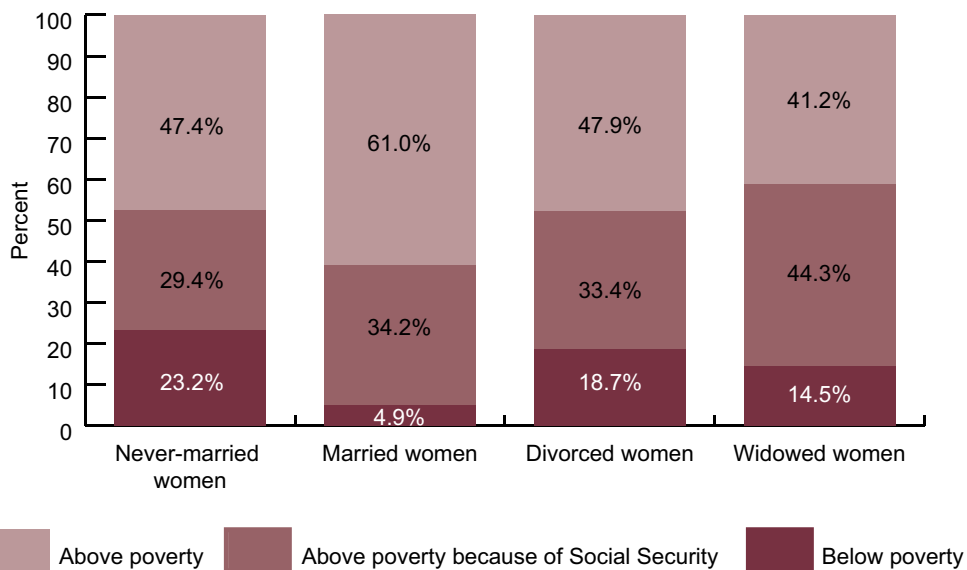
**Table 2**  
**Social Security Keeps Older Americans Out of Poverty,**  
**by Gender, Race, and Ethnicity, 2012**

	Above poverty without Social Security income	Below poverty	Above poverty because of Social Security
<b>African American</b>	49.4%	17.1%	33.5%
Male	55.2%	13.2%	31.7%
Female	45.0%	21.3%	33.7%
<b>Asian</b>	69.7%	11.8%	18.6%
Male	70.4%	11.7%	17.9%
Female	66.8%	11.9%	21.3%
<b>Hispanic</b>	50.4%	18.8%	30.9%
Male	49.8%	19.1%	31.2%
Female	47.2%	21.8%	31.1%
<b>White</b>	57.1%	6.7%	36.2%
Male	62.0%	4.6%	33.4%
Female	51.9%	8.6%	39.5%

Note: Family income includes income from all family members, including those in related subfamilies. People with negative or zero family income, negative family earnings, or negative family asset income are excluded. The elderly include beneficiaries and nonbeneficiaries age 65 and older.

Source: Author's tabulations of US Census Bureau, "Current Population Survey," March 2013.

**Figure 7**  
**Social Security Is Vital to Poor and Low-Income Older Women, 2012**



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

Source: Author's tabulations of US Census Bureau, March 2013, Current Population Survey.



## Social Security: A Key Retirement Resource for Women

lifetime earnings could help ensure that workers receive a minimum level of income. This proposal could be effective at targeting never-married and divorced women with low lifetime earnings, but with many years of covered employment.

Caregiving credits are often proposed as another way to raise benefits for women. Such credits can be structured many different ways. In general, the proposals would credit—for purposes of Social Security—time spent not working for pay while providing unpaid care to a child or an older family member. Caregiving credits would benefit more women than men because women are more likely to spend time out of the labor force as caregivers.

Other proposals target married and divorced women. Some proposals would base survivor benefits on the couple's combined earnings, rather than on the earnings of the deceased spouse as under current law. This proposal would

increase survivor benefits for women who have had paid employment, but who would otherwise experience a large drop in family income after the death of their spouses. Decreasing the number of years of marriage required for divorced spouses to be eligible for spousal 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 do married and widowed women.

Although 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 are less likely to receive Social Security. However, any enhancements to the program would have costs and would need to be considered carefully in the context of the program's long-term solvency.

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## Endnotes

<sup>1</sup> This Fact Sheet primarily examines women's sources of retirement income in the context of their families, which may include anybody related by birth, marriage, or adoption, and of related subfamily members, all of whom are residing together. Family income includes the person's own Social Security benefits and other retirement income. Individuals living with no other family members are treated as one-person families.

<sup>2</sup> Bureau of Labor Statistics, *Women in the Labor Force: A Databook*, February 2013, <http://www.bls.gov/cps/wlf-databook-2012.pdf>.

<sup>3</sup> Social Security Administration, *Number of Social Security Recipients at the End of December 2013*, <http://www.ssa.gov/cgi-bin/currentpay.cgi>. Dually entitled women, who are entitled to benefits on the basis of their own work record as well as a spouse's work record, are included in the figure for retired workers.

<sup>4</sup> To be eligible for retired-worker benefits, an individual must earn 40 "quarters of coverage." A worker may earn a maximum of four quarters of coverage per calendar year. In 2014, a worker earns one quarter of coverage for each \$1,200 of earnings subject to Social Security payroll taxes, up to a maximum of four quarters of coverage for earnings of \$4,800 or more. To earn 40 quarters of coverage, a worker must work for at least 10 years. Fewer quarters of coverage may be required for Social Security disability benefits.

<sup>5</sup> Reduced retirement benefits may be claimed as early as age 62.

<sup>6</sup> Delayed retirement credits refer to the increase in Social Security benefits that can be earned up until age 70 by delaying claiming benefits past the full retirement age.

## Social Security: A Key Retirement Resource for Women

<sup>7</sup> Spouses caring for a child under 16 years old or a disabled child can receive full spousal benefits regardless of age.

<sup>8</sup> Disabled widows can receive survivor benefits as early as age 50. Widows caring for a child who is under age 16 or is disabled may receive full survivor benefits at any age. Surviving children may receive benefits through age 17 (or through age 18 if the child is still in primary or secondary school).

<sup>9</sup> B. A. Butrica and K. E. Smith, “The Impact of Changes in Couples’ Earnings on Married Women’s Social Security Benefits,” *Social Security Bulletin* 72, no. 1 (2012).

<sup>10</sup> Ke Bin Wu, “Sources of Income for Older Americans, 2012,” AARP Public Policy Institute, Fact Sheet 2013, December 2013, <http://www.aarp.org/money/low-income-assistance/info-12-2013/sources-of-income-for-older-americans-2012-AARP-ppi-econ-sec.html>.

<sup>11</sup> AARP tabulations of data from the Social Security Administration, *Annual Statistical Supplement, 2013* (2014), table 5.A1, <http://www.socialsecurity.gov/policy/docs/statcomps/supplement>. In 2012, about 173,000 men received Social Security benefits only as spouses or survivors.

<sup>12</sup> Immigrants must be legally present, be 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.

<sup>13</sup> AARP PPI tabulations of data from the US Census Bureau, “Current Population Survey,” March 2013, <http://www.census.gov/cps/>.

<sup>14</sup> If one sums the two right columns in table 2, 55.0 percent of older African American women would be in poverty without Social Security income, compared to 33.2 percent, 52.9 percent, and 48.1 percent of Asian, Hispanic, and white women, respectively.

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