

Social Security is a Women's Issue

Social Security is a federal government entitlement program funded by a payroll tax. It provides retirement income, health care for the aged, and disability coverage for eligible workers and their dependents. In recent months, the possibility of destabilizing Social Security, most notably by privatizing it, has sparked intense debate throughout the United States. Amidst this debate, it is important to consider the effects of changes to Social Security on the nation's women.

Women make up a large percentage of Social Security beneficiaries.

- 27 million women currently receive Social Security benefits, either as retirees, spouses of retirees, survivors, or disabled workers.¹
- Women are 58 percent of all Social Security beneficiaries age 62 and older, and approximately 70 percent of all beneficiaries 85 and older.²
- Of women aged 65 and older, 91 percent of whites, 88 percent of blacks, and 76 percent of Hispanics receive Social Security.³

Social Security is a critically important source of income for older women.

- For unmarried women—including widows—age 65 and older, Social Security comprises 52 percent of their total income, compared to only 38 percent of unmarried elderly men's retirement income.²
- Only 30 percent of all older women receive income from a private pension, compared with 47 percent of men.¹
- The poverty rate for older women would be significantly higher without Social Security, increasing from 12.4 percent to over 50 percent.³

Social Security's progressive benefit formula helps women and other low wage workers.

- For workers with a lifetime of low wages—many of whom are women—Social Security provides proportionately higher monthly benefits through a formula that is weighted to help low-income workers.²

- Because of pay discrimination and time out because of caregiving obligations, women on average contribute less to Social Security than men. The progressive benefit formula—which would be absent in a private system—provides lower-wage workers a higher return relative to their contributions than high-wage workers.²

Privatizing Social Security would create substantial risks for women.

- Critically important family benefits for death and disability would be lost if Social Security were to be privatized. Among adult beneficiaries, women are more than 10 times as likely as men to receive benefits as spouses or widows of retired, disabled, or deceased workers.¹
- Currently, the Social Security Administration cannot take gender into account when calculating benefits. Thus, even though women typically live longer than men, women and men with identical work histories receive identical benefits. The private market, on the other hand, can take gender into account when calculating benefits. This would lead to lower monthly benefits for women, even though payments over a lifetime would remain the same.³
- Young workers—and their children—moving to private accounts would have to pay the costs of the transition, in addition to having their investments reduced 20 to 30 percent for brokers' and administrative fees.⁴

Sources:

¹Institute for Women's Policy Research. 2005. "Who are Social Security Beneficiaries?" www.womenandsocialsecurity.org

²Social Security Administration. 2005. "Women and Social Security." <http://www.ssa.gov/pressoffice/factsheets/women-alt.htm>.

³Beedon, Laurel and Sara Rix. 2003. "Social Security and Women: Some Facts." American Association of Retired Persons Public Policy Institute. <http://www.aarp.org/research/socialsecurity/benefits/aresearch-import-368-FS96.html>

⁴National Organization for Women. 2005. "Talking Points about Women, Social Security, and Privatization." <http://www.now.org/issues/economic/social/index.html>.