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April 2005

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President Bush has focused the recent debate over Social Security reform almost entirely on the retirement benefits of the program. Yet Social Security offers much more than that. It also offers benefits to the spouses and children of retirees, to disabled workers and their families and to the widows, widowers and children of deceased workers. All in all, in 2003, only 49.7 percent of Social Security beneficiaries received their own retirement check. The other half received some form of family-based insurance benefit.

This half of the program is too often ignored in President Bush's push to privatize Social Security. For instance, in Little Rock, Ark., on February 4, 2005, he described Social Security as a "system where the money came in and was supposedly going to accumulate, and passed out when people retired." By framing the debate in this way, he is addressing only half of Social Security's beneficiaries – and his proposal to change Social Security ignores what would happen to many of those who receive benefits other than their own retirement checks.

Even if most people aren't fully aware of the exact extent of all family-based insurance benefits that Social Security provides, there is a general sense that they are important aspects of the program worth preserving. At a recent stop in Montana on February 3, 2005, the president responded to a question on disability benefits by stating that under privatization, "[n]othing changes when it comes to the disabled." But proposals to privatize Social Security also lead to cuts in disability and survivorship benefits, even if the president may not want to admit this given the broad support for these family insurance benefits.

With the creation of Social Security, America made a commitment to support those workers and their families who can no longer support themselves. Thus, Social Security's benefits are a broad-based family benefit. Given the importance of Social Security beyond workers' retirement checks and given that these benefits would be affected by privatization, it makes sense to have a full appreciation of what Social Security does and for whom. Here are just a few of the highlights:

- Half of all Social Security beneficiaries receive some form of insurance benefit.
- More than one-fourth of Social Security's expenditures are for survivorship and disability benefits.
- There are 3.9 million children receiving Social Security benefits.
- The survivorship program especially benefits women, whereas the disability program especially benefits African-Americans.

Social Security's Insurance Value and Privatization

The name says it all. Social Security is actually a short-hand for programs that are subsumed under the abbreviation OASDI. This stands for Old Age and Survivors Insurance and Disability Insurance. The retirement benefits under the Old Age program already provide some benefits to workers' spouses who have low or no earnings records of their own. The survivors insurance part was added in 1939, only four years after Social Security's creation and before the first beneficiaries got their checks. Benefits are available to the widows and widowers of workers and their children, among other dependents. It took another 17 years before the disability program was added in 1956 (SSA, 1997). Disabled workers and their dependents are covered under this part of Social Security.

All aspects of Social Security are subject to severe cuts under privatization. Under Social Security privatization, part of Social Security's income, which is predominantly used to pay for current benefits, could be diverted into private accounts and would no longer be available for benefit payments. To cover Social Security's shortfall, those who favor privatization typically favor cutting benefits. However, the cuts would apply not only to retirement, but also to survivorship and disability benefits.

In evaluating the proposals of the President's Commission to Strengthen Social Security (CSSS), Peter Diamond and Peter Orszag (2002) called the cuts to benefits for the disabled "draconian." For beneficiaries who start getting disability benefits in 2050, benefits would be reduced 33 percent under one of CSSS' proposals and 19 percent under the other. Similar benefit cuts would occur for the young children of deceased workers. Although the CSSS did not directly recommend these severe cuts to disability and survivorship benefits, it counted on them to make the numbers for its proposals add up, according to the analysis conducted by Diamond and Orszag (2002).

One is hard-pressed to find the president addressing the potential for such benefit cuts or even discussing the non-retirement benefits of Social Security in general. His proposals do not specifically mention what would happen to family insurance benefits under Social Security, and the few statements he has made simply claim that disability insurance, for example, would not change under his plans. However, as pointed out above and notwithstanding such claims to the contrary, privatization would likely lead to substantial cuts in survivorship and disability benefits.

Workers' Own Retirement Benefits Are Only Part of the Story

Although most of the discussion over Social Security privatization focuses on workers' own retirement benefits, this is only half of Social Security's story. In 2003, slightly more than half of all people who received benefits from Social Security did so not on the basis of their own earnings, but because of Social Security's other insurance functions. Only 49.7 percent of all recipients received a retirement benefit based on their own career earnings (table 1). An additional 13.1 percent of recipients received larger retirement checks than their own earnings would have warranted due to the spousal benefit

provision of Social Security. Typically, spouses receive the larger of either their own retirement benefit or 50 percent of their spouses' retirement benefit.¹ For more than 6 million people, mainly women, the latter rather than the former was the case.

Table 1
Distribution of Social Security Beneficiaries between Own Retirement Benefits and Other Benefits in 2003

	<i>Retired Workers</i>			<i>Other</i>
	Total	Own	Dual	
Number of beneficiaries	29,547,530	23,364,460	6,183,070	17,505,610
Percent of total beneficiaries	62.8 %	49.7 %	13.1 %	37.8 %
Average Monthly Benefit (\$)	\$922.10	n/a	n/a	\$703.13

Notes: n/a stands for "not available." "Own" refers to workers receiving retirement benefits based on their own earnings records. "Dual" refers to workers having dual entitlements based on their own earnings record and their spouse's earnings record if their own earnings records produce benefits that are less than 50 percent of the spouse's benefit. Source is SSA (2005).

Substantial numbers of Social Security beneficiaries receive benefits either because their spouses or parents passed away or because they or the family's primary wage earner became disabled. In 2003, 6.8 million people received benefits under the survivorship program and another 7.6 million people received benefits from the disability program (table 2). More than 27 percent of Social Security's expenditures went to pay for more than 14 million beneficiaries under these two programs.

Table 2
Distribution of Beneficiaries and Expenditures between Survivorship and Disability Programs in 2003

	<i>Survivorship</i>	<i>Disability</i>
Number of program participants	6,804,720	7,598,270
Percent of total OASDI participants	14.5%	16.2 %
Percent of total OASDI expenditures	13.6 %	13.9 %
Average monthly benefit	\$792.00	\$722.50

Source is SSA (2005) and authors' calculations

¹ Technically, it is called a dual entitlement if the beneficiary receives the larger benefit as 50 percent of the spouse's benefit. The beneficiary is entitled to his or her own benefit and an additional benefit to reach the 50 percent of the spouse's benefit.

Women and Minorities Benefit from Social Security's Insurance Programs

When discussing Social Security, most people's first thought is of the old age benefit. Yet, across all three programs, 3.9 million children received Social Security benefits in 2003 (SSA, 2005). Even under the retirement program, 480,490 children received benefits in 2003 (table 3). The share of children out of all retirement beneficiaries is relatively larger for African-Americans than for whites. In 2003, close to 4 percent of all African-American retirement benefit recipients were children.

More importantly, though, the retirement program is an income support program for spouses of workers, regardless of race. In 2003, 2.6 million spouses, the vast majority women, received Social Security benefits as part of their spouse's retirement benefits. When the dual entitlements are included, this adds to 27 percent of recipients of Social Security's retirement program.

Table 3
Distribution of Dependents that Receive Retirement Benefits, by Race, in 2003

	<i>All races</i>		<i>White</i>		<i>Black</i>	
	Number	Percent of OA beneficiaries	Number	Percent*	Number	Percent**
Children	480,490	1.5%	350,110	1.2%	96,830	3.7%
Spouses	2,622,130	8.0%	2,378,990	8.2%	123,750	4.7%
Spouses (incl. dual entitlements)	8,805,200	27.0 %	n/a	n/a	n/a	n/a

Notes: n/a stands for "not available." * indicates percent of all White retirement beneficiaries, and ** indicates percent of all Black retirement beneficiaries. Source is SSA (2005) and authors' calculations.

The largest number of children receiving Social Security benefits can be found under the survivors program. In 2003, 1.9 million children received benefits from this part of Social Security (table 4). Comparable to the distribution of beneficiaries under Social Security's retirement program, there was a proportionately larger share of African-American children than white children that received survivorship benefits. This reflects the higher mortality rates of African-Americans compared to whites at younger ages.

Still, close to three-quarters of beneficiaries under the survivors program were other dependents, particularly widows (SSA, 2005). Close to 5 million survivors of deceased workers other than children received Social Security benefits in 2003. That is, Social Security supports more than 30 times as many surviving spouses of deceased workers as of disabled workers (tables 4 and 5).

Table 4
Distribution of Dependents that Receive Survivor Benefits, by Race, in 2003

	<i>All races</i>		<i>White</i>		<i>Black</i>	
	Number	Percent of SI beneficiaries	Number	Percent*	Number	Percent**
Children	1,906,680	28.0%	1,234,420	22.8%	418,120	47.9%
Other dependents (e.g. spouses)	4,898,040	72.0%	4,183,460	77.2%	454,750	52.1%

Notes: * indicates percent of all White retirement beneficiaries, and ** indicates percent of all Black retirement beneficiaries. Source is SSA (2005) and authors' calculations.

The number and relative share of children receiving Social Security benefits is larger under the disability program than under the retirement program and close to that of the survivorship program. A total of 1.6 million children received benefits from the disability program (table 5). As with the two other parts of Social Security, there was a relatively larger share of African-American children than white children receiving Social Security benefits. A full quarter of all African-American disability beneficiaries were children, while only one-fifth of all white disability beneficiaries were children (table 5).

While the disability program is an important income support measure for millions of disabled workers and their families, few spouses of disabled workers qualify for benefits under this program (table 5).

Table 5
Distribution of Disability Beneficiaries, by Race, in 2003

	<i>All races</i>		<i>White</i>		<i>Black</i>	
	Number	Percent of DI beneficiaries	Number	Percent*	Number	Percent**
Disabled	5,867,460	77.2%	4,220,300	78.6%	991,810	74.2%
Spouses	151,500	2.0%	113,830	2.1%	18,490	1.4%
Children	1,579,310	20.8%	1,034,290	19.3%	327,110	24.8%

Notes: * indicates percent of all White retirement beneficiaries, and ** indicates percent of all Black retirement beneficiaries. Source is SSA (2005) and authors' calculations.

One of the reasons why there is a relatively larger share of African-American children than white children receiving disability benefits is that there are higher incidence rates of disability among African-American adults, especially at younger ages. While 24.1 percent of African-American disability beneficiaries were between the ages of 25 and 44, only 21.3 percent of white disability beneficiaries were in that age range in 2003 (table 6).

Table 6
Distribution of Disability Beneficiaries by Age and Race

Age	<i>All Races</i>	<i>Black</i>		<i>White</i>	
	Number	Number	Percent of total*	Number	Percent of total**
25 – 44 years	1,323,250	239,580	24.1%	898,350	21.3 %
45 – 65 years	4,487,770	741,270	74.7%	3,284,970	77.8%

Notes: * indicates percent of all White retirement beneficiaries, and ** indicates percent of all Black retirement beneficiaries. Source is SSA (2005) and authors' calculations. Totals do not add to 100 percent as disability beneficiaries under the age of 25 are excluded.

Conclusion

Social Security is much more than a retirement program, even though the debate over Social Security privatization leaves the opposite impression. Slightly less than half of all Social Security beneficiaries actually receive their own retirement benefit. The other half of beneficiaries receive some insurance benefit: spousal, survivorship or disability benefits. A closer look at the distribution of beneficiaries across different parts of the Social Security program shows that children, especially African-American children, are particular beneficiaries under the disability program. In comparison, widows depend to a large degree on the survivorship program. As Social Security privatization progresses, it is crucial to have a complete understanding of the family-based benefits that Social Security provides and how they would be affected under any privatization proposal.

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