



## Why Social Security Matters to Children and Families: What Every Policymaker Should Know

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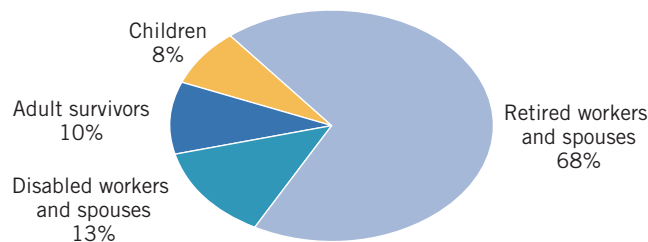
Social Security has provided a reliable retirement safety net for the elderly for more than six decades. But the program also provides working parents with valuable—and irreplaceable—insurance protection for their families against the tragedies of serious disability and death.

Over 5 million children benefit from Social Security—as dependents of workers who have died or become disabled, or as family members in households where an adult relies on Social Security. The program provides more benefits to children than any other social program.

### What is Social Security?

- Social Security is a *retirement insurance program*. It provides retirees with a minimum guaranteed income that is intended to supplement personal savings and private retirement programs.
- Social Security is also a *family insurance program* for workers, their spouses, and their children. It provides income support to disabled workers and their families, as well as to the survivors of workers who die.
- Nearly 48 million Americans—almost 44 million adults and 4 million children—receive Social Security benefits each month.<sup>1</sup>
- About 1 in 3 Social Security beneficiaries is not a retiree but receives support through the survivor or disability components of the program.<sup>2</sup>
- About 8% of Social Security beneficiaries are children.<sup>3</sup>

### Social Security Beneficiaries by Type, December 2004



Note: Percentages may not add to 100 because of rounding.

Source: U.S. Social Security Administration, Office of the Chief Actuary. (2005). *Fact sheet on the old-age, survivors, and disability insurance program* <[www.ssa.gov/OACT/FACTS/fs2004\\_12.html](http://www.ssa.gov/OACT/FACTS/fs2004_12.html)>.

### How Many Children Benefit from Social Security?

	Number (in millions)
Children under age 18	3.1
Students aged 18 and 19	0.1
Disabled children aged 18 and over*	0.8
Total	4.0

In addition to the 3.1 million children under age 18 who are direct beneficiaries, another 2.2 million children under age 18 live in families with a relative who receives Social Security benefits. In other words, over 5 million children under age 18 benefit from Social Security.

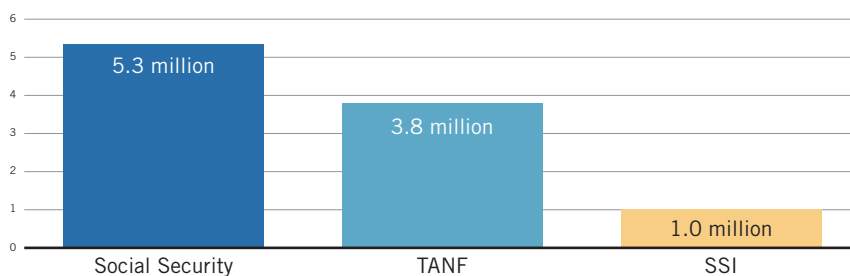
\* Nearly 760,000 severely disabled adults who became disabled before age 22 receive Social Security on the same terms as minor children, i.e., as dependents of deceased, disabled, or retired workers.

Sources: U.S. Social Security Administration, Office of the Chief Actuary. (2005). *Fact sheet on the old-age, survivors, and disability insurance program* <[www.ssa.gov/OACT/FACTS/fs2004\\_12.html](http://www.ssa.gov/OACT/FACTS/fs2004_12.html)>; Hill, C. & Reno, V. (2003). *Children's stake in Social Security* (Social Security Brief No. 14). Washington, DC: National Academy of Social Insurance

### How Does Social Security Affect Children and Families?

- About 3.1 million children under the age of 18 receive Social Security benefits because a parent has died, retired, or can no longer work because of disability.<sup>4</sup>
- Another 2.2 million children under the age of 18 live in households where at least one adult is receiving Social Security benefits.<sup>5</sup>
- Over 7% of American children currently benefit from Social Security.
- More children benefit from Social Security than from the nation's primary cash welfare program, Temporary Assistance for Needy Families (TANF), or from Supplemental Security Income (SSI), a program that provides support to disabled people (adults and children) who are low-income.<sup>6</sup>
- 96% of all U.S. workers hold jobs covered by Social Security.<sup>7</sup>

### Number of Children Under Age 18 who Benefit, by Program Type



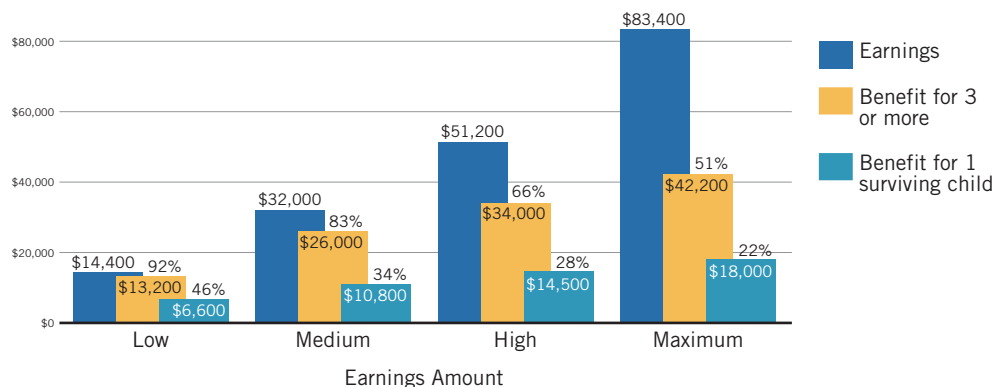
Sources: U.S. Social Security Administration, Office of the Chief Actuary. (2005). *Fact sheet on the old-age, survivors, and disability insurance program* <[www.ssa.gov/OACT/FACTS/fs2004\\_12.html](http://www.ssa.gov/OACT/FACTS/fs2004_12.html)> and Hill, C. & Reno, V. (2003). *Children's stake in Social Security* (Social Security Brief No. 14). Washington, DC: National Academy of Social Insurance; U.S. Department of Health and Human Services, Administration for Children and Families. (2004). *Characteristics and financial circumstances of TANF recipients* (6th Annual Report to Congress) <[www.acf.hhs.gov/programs/ofa/annualreport6/chapter10/chap10.htm](http://www.acf.hhs.gov/programs/ofa/annualreport6/chapter10/chap10.htm)>; U.S. Social Security Administration, Office of Policy. (2005). *Monthly statistical snapshot: Supplemental Security Income benefits, December 2004* <[www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/)>.

- About 97% of workers aged 20 to 49 in covered employment have acquired survivor protection for their spouses and children. About 91% of covered workers aged 21 to 64 have acquired disability protection through Social Security.<sup>8</sup>
- Social Security is the primary, if not the only, source of life and disability insurance for many American families, especially those headed by younger workers.<sup>9</sup>
- In 2001, Social Security provided a young worker with a young spouse and two young children the equivalent of a life insurance policy with a face value of about \$403,000 and a long-term disability insurance policy with a face value of \$353,000.<sup>10</sup>

## What Are the Effects of Social Security on Child Poverty?

- Social Security comprises a substantial share of total income for the families of child beneficiaries—43% on average.<sup>11</sup>
- The percent of earnings replaced by Social Security varies by earnings level, with lower earners and their families receiving a higher proportion of past earnings than higher earners.
- The children who benefit most from Social Security are the children who are already at higher risk of suffering from the effects of living in a low-income family.
- Three quarters of children of deceased workers live in mother-only families, as do 57% of children of disabled workers.<sup>12</sup>
- African Americans and Latinos are more likely than whites to need the survivor and disability protections that Social Security provides.
- About 26% of African-American beneficiaries and 20% of Latino beneficiaries were children compared to 10% of white beneficiaries.<sup>13</sup>
- Social Security is not only an important resource for poor children; the program also prevents middle- and low-income children from falling into poverty.<sup>14</sup>

### Social Security Benefits for Children of Deceased Workers Compared to Past Earnings, 2004



Note: For family of a deceased worker age 40 in 2004. The earnings level for the maximum worker does not equal the tax maximum in the year prior to entitlement due to the historical ad hoc increases of the tax maximum.

Source: Reprinted from Reno, V. P.; Graetz, M. J.; Apfel, K. S.; Lavery, J.; & Hill, C. (Eds.). (2005). *Uncharted waters: Paying benefits from individual accounts in federal retirement policy*. Washington, DC: National Academy of Social Insurance, p. 159, Figure 8-1 <[www.nasi.org/publications2763/publications\\_show.htm?doc\\_id=212927](http://www.nasi.org/publications2763/publications_show.htm?doc_id=212927)>.

## What's at Stake for Children and Families in the Current Social Security Debate?

- There are currently two major debates about Social Security. The first focuses on how to deal with projected shortfalls in the trust fund, predicted to occur in 40 to 50 years.<sup>15</sup>
- The second debate focuses on the merits of creating private accounts to replace part of the Social Security system. Although such accounts would exacerbate the projected shortfall, proponents argue that they would ultimately provide greater security.
- But security for whom? What about child beneficiaries—how would they be affected? What about the surviving spouses of workers who have died? And what about disabled workers and their families?
- Policymakers should consider how various proposals would affect families across generations.
- Given the importance of the survivor and disability components of Social Security, any responsible proposal for changing the program must address how the children and spouses of deceased workers and disabled workers and their families would be affected.

## Endnotes

*This fact sheet is part of the National Center for Children in Poverty's Social Security Resources. For more in-depth information, see Cauthen, N. K. (2005). Whose security? What Social Security means to children and families. New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health, at: [www.nccp.org](http://www.nccp.org).*

1. U.S. Social Security Administration, Office of the Chief Actuary. (2005). *Fact sheet on the old-age, survivors, and disability insurance program*. Washington, DC: U.S. Social Security Administration <[www.ssa.gov/OACT/FACTS/fs2004\\_12.html](http://www.ssa.gov/OACT/FACTS/fs2004_12.html)> (accessed February 10, 2005).
2. Ibid.
3. Ibid.
4. Ibid.
5. Hill, C. & Reno, V. (2003). *Children's stake in Social Security* (Social Security Brief No. 14). Washington, DC: National Academy of Social Insurance.
6. U.S. Department of Health and Human Services, Administration for Children and Families. (2004). *Characteristics and financial circumstances of TANF recipients* (6th Annual Report to Congress) <[www.acf.hhs.gov/programs/ofa/annualreport6/chapter10/chap10.htm](http://www.acf.hhs.gov/programs/ofa/annualreport6/chapter10/chap10.htm)> and U.S. Social Security Administration, Office of Policy. (2005). *Monthly statistical snapshot: Supplemental Security Income benefits, December 2004* <[www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/)>.
7. Workers who are not covered include state and local employees who are covered by other public retirement programs.
8. See U.S. Social Security Administration in endnote 1.
9. See Hill & Reno in endnote 5.
10. Ibid.
11. Newcomb, C. (2003-2004). Demographic and economic characteristics of families receiving Social Security. *Social Security Bulletin*, 65(2).
12. Ibid.
13. Rawlston, V. A. (2000). *The impact of social security on child poverty*. Washington, DC: National Urban League.
14. See Hill & Reno in endnote 5.
15. It should be noted that there is a lack of consensus among experts about whether a shortfall is inevitable. Many analysts have argued that even if the projected shortfall occurs, minor adjustments in the system could restore the solvency of the trust fund.