



Briefing Paper

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Women and Social Security: Benefit Types and Eligibility

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Social Security provides monthly benefits to qualified retired and disabled workers, their family members, and survivors of deceased workers. At the end of 2008, Social Security provided monthly benefits to 50.9 million beneficiaries, including both workers and their family members, totaling \$615.4 billion. Workers can earn eligibility for Social Security by contributing to the system through payroll taxes or self-employment taxes. The current payroll tax rate is 6.2 percent for employees, which is matched by employers at an equal rate of 6.2 percent. Self-employed workers pay a combined rate of 12.4 percent. There is a maximum yearly amount of earnings subject to Social Security taxes (often called the “earnings cap”) – currently \$106,800 for 2010 – which varies from year to year according to wage increases; the benefit is also calculated up to this maximum amount.

How Does One Become Eligible for Social Security Benefits?

When workers pay Social Security taxes, they earn “credits” toward Social Security benefits (which used to be called “quarters of coverage”). One credit is earned for a specific amount of annual earnings that changes yearly according to wage increases; in 2010 one credit equals \$1,120 in annual earnings. Workers can earn up to a maximum of four credits per year. Annual earnings of at least \$4,484 in 2010 give workers the maximum four credits regardless of when during the year these earnings are accumulated.¹ Workers need different numbers of credits to be eligible for different types of benefits (described below). For women (or men) who may take time off from their work over the life course, the credit remains on their Social Security record even if they stop working without having enough credits to qualify for benefits. When they return to work, they can start adding more credits. No benefits are paid until a worker has the required number of credits, unless an individual is eligible for spousal or family benefits.

Spouse or family benefits are important for women because many women do not earn sufficient credits throughout their working career to be eligible for their own benefits due to caregiving for children or other family members. A recent analysis shows that 30 percent of women workers spent 4 or more years out of paid work during a 15-year period, compared with only 4 percent of

¹ Before 1978, when employers reported employees’ wages every 3 months, credits were called “quarters of coverage (QC).” Back then, workers got a QC or credit if they earned at least \$50 in a 3-month calendar quarter. Starting with 1978, credits are now based on workers’ total wages and self-employment income during the year, no matter when workers do the actual work (credits are still recorded quarterly). This change is important for women, since many women are likely to take time off during the year for caregiving or other reasons. Even if workers do not work continuously throughout the whole year, they can now earn the maximum number of four credits if their total earnings from employment covered by Social Security are large enough.

men.² A larger percentage of women than men become eligible for Social Security benefits as spouses, caregivers of minor children, widows, surviving dependent parents, and so forth.

This Briefing Paper describes how women can be eligible for different types of Social Security benefits – retired worker, disabled worker, and survivor benefits – not only as a worker, but also as a spouse or a family member. It also shows how Social Security provides a critical income source for women at different ages as well as for children, by examining data on current beneficiaries.

Retirement Benefits

To be eligible for one's own retired worker benefits, one needs to earn at least 40 credits, that is, at least 10 years of work with the maximum of 4 credits per year. The benefit amount is based on how much a worker earned during his/her working career; specifically, it is based on the average of the highest 35 years with earnings (earnings in earlier years are indexed by average wage growth to bring them up to date). Higher lifetime earnings result in higher benefits, although the benefit formula gives somewhat more generous benefits to workers with lower earnings (relative to earnings).

Workers are eligible to receive their full retiree benefits at the full retirement age, which is gradually increasing from 65 to 67 for those born in 1938 and later; the full retirement age is 66 years as of 2010. Workers can choose to receive their retiree benefits before the full retirement age, beginning at age 62 (called the “early retirement age”)³, if they do so, their retiree benefits will be permanently reduced. Early retirement benefits are 20 to 30 percent lower than they would be if workers wait until they reach their full retirement age.⁴ Conversely, if people choose to delay their retirement beyond the full retirement age, the benefit increases automatically by a certain percentage (and may increase by more if a higher earning year replaces a lower one in the calculation of the 35 highest earning years).

Family Benefits for Retired Workers

When workers are eligible for retirement benefits from Social Security, certain family members can also be eligible for family benefits. Eligible family members include:

- Spouses who are aged 62 or older;
- Spouses who are younger than 62, if they care for a worker's entitled child under age 16 or an adult child who is disabled prior to age 22;
- Divorced spouses aged 62 or older who were married to the worker for at least 10 consecutive years and who are unmarried at the time;
- Children up to age 18 or 19, if they attend elementary or secondary school full-time; and
- Disabled children, even if they are age 18 or older, who were disabled prior to age 22.

² Rose, Stephen and Heidi I. Hartmann. 2004. *Still a Man's Labor Market: The Long-Term Earnings Gap*. Washington, DC: Institute for Women's Policy Research.

³ While the full retirement age is being increased incrementally from 65 to 67 by 2022, the early retirement age of 62 remains the same.

⁴ Early retirement benefits are 25 percent lower for 2010 retirees 62 years of age. This reduction is actuarially neutral meaning that a worker with the average life span would receive the same lifetime benefits whether he or she retires early or not.

When workers have family members who are eligible for benefits based on the worker's eligibility, each family member can receive up to 50 percent of the worker's full benefits. However, there is a limit to the maximum benefit payable to a family based on the eligible worker's record ("maximum family benefit"), which is usually 150-180 percent of the worker's own benefit.⁵ The benefit paid to a divorced spouse is not included in the maximum benefit payable to a family. (When both husband and wife in a married couple receive retirement benefits based on each of their own earnings records, each of their own benefits will not be counted in the maximum benefit for the other.)

Spousal Benefits for Retired Workers

A spouse who has never worked in paid jobs or has not worked to earn sufficient credits to be eligible for his/her own retired worker benefits can receive a spousal benefit that is 50 percent of the eligible worker's full benefit. If a spouse has his/her own earnings record for one's own retiree benefits, the spouse will receive the higher amount of either one's own retiree benefits or spousal benefits.

With increases in women's labor force participation, the percentage of women who are eligible for retiree benefits on the basis of their own earnings record has increased, while the percentage of women eligible only as dependents (on the basis on their husband's record only) has declined. Yet, because of women's lower lifetime earnings than men's,⁶ many married women eligible for their own benefits actually receive more than their own records would entitle them to through spousal benefits. Most married women workers receive the amount based on their husband's earnings' records, up to 50 percent of the husband's benefit – these beneficiaries are called "dually entitled" beneficiaries. In that situation, they receive their own benefit plus an amount that brings them up to the level of the spousal benefit. When the husband passes away, the wife can receive her own benefit or 100 percent of the husband's benefit, whichever is larger; very often the husband's benefit is larger.

Timing of Spousal Retirement

The lower earner in a married couple has several options regarding timing of retirement benefits that can increase life-time benefit receipt. The options differ depending on the earnings difference between the husband and wife.

For wives who are low earners relative to their husbands and who receive higher retirement benefits as spouses than as workers, it can be to their advantage to collect their own worker benefits early, and delay receipt of spousal benefits until they have their maximum value, when their husband retires at his full retirement age. For example, if husband and wife are the same age, at 62 the wife can retire and collect her worker benefit solely. If her husband works to his full retirement age, at 66 the wife can then take spousal benefits, which will top up her worker benefits to a level equal to 50 percent of her husband's benefits. Her early retirement penalty

⁵ The worker always receives his or her own benefit. The difference between the worker's full benefit and the family maximum is divided equally between all eligible dependents.

⁶ Although the ratio of women's median annual earnings to men's improved greatly among full-time, year-round workers, from 59.4 percent in 1970 to 77.1 percent in 2008, there still remains a large gender gap in lifetime earnings. According to a report by Rose and Hartmann (2004), women in the prime working ages of 26-59 earn only 38 percent of what men earn across a 15-year period (see footnote 2 for reference).

then “disappears.” This strategy is appropriate when the wife’s own worker benefits equal less than 50 percent of her husband’s worker benefits and she has been married at least ten years (so that in the event of divorce she will not lose her valuable spousal benefits).

Alternatively, a wife whose lifetime earnings result in benefits that are higher than 50 percent of her husband’s can choose to take spousal benefits at her own age 66, allowing her own worker benefits to increase to their maximum value (at age 70). At age 70 she can switch from spousal benefits to worker benefits, and if her spouse predeceases her, she can switch again to receiving benefits based on her husband’s record, as a widow.

Current Recipients of Retired Worker Benefits

Table 1. Retired Worker Beneficiaries (December 2008)

WOMEN	Number of Beneficiaries	% of Subtotal	% of Total
Eligible for retired worker benefit	15,817,829	87.2%	
Receiving own benefit	9,483,507	52.3%	
Receiving own benefit + spouse benefit	6,334,322	34.9%	
Eligible for spouse benefit only	2,323,582	12.8%	
Subtotal	18,141,411	100.0%	51.6%
MEN			
Eligible for retired worker benefit	16,455,822	99.7%	
Receiving own benefit	16,315,556	98.9%	
Receiving own benefit + spouse benefit	140,266	0.8%	
Eligible for spouse benefit only	47,029	0.3%	
Subtotal	16,502,851	100.0%	46.9%
CHILDREN			
Under age 18	285,944	54.4%	
Students age 18-19	17,310	3.3%	
Disabled adult children	221,943	42.3%	
Subtotal	525,197	100.0%	1.5%
TOTAL	35,169,459		100.0%

Source: Annual Statistical Supplement 2009, Tables 5.A1.1, 5.A1.4, 5.A7, and 5.A16 (Washington, DC: Social Security Administration)

According to data from the Social Security Administration, about 35 million women, men, and children received retired worker benefits as of December 2008, accounting for nearly two-thirds of all Social Security beneficiaries (total 50.9 million). Among all retired worker beneficiaries, 51.6 percent are women (18.1 million) and 1.5 percent are children (525,197) of retired workers, consisting of minor or in-school children and disabled children (some of whom are older; see Table 1).

The majority of both women and men have work records that make them eligible for their own retired worker benefits (87.2 percent of women and 99.7 percent of men), but a greater proportion of women than men (12.8 percent of women and 0.3 percent of men) have access to benefits only as a spouse (as a wife or a widow). Even among women eligible for their own retired worker benefits, many are “dually entitled” beneficiaries who receive a benefit amount that is increased based on their husbands’ earnings records: about 6.3 million women receive this type of benefit increase, accounting for 34.9 percent of all women retired worker beneficiaries.⁷ That is, the benefit level for these women based on their own earnings records would be less than 50 percent of their husbands’ benefits if the husband is still living or less than 100 percent of their husbands’ benefits if they are widowed. Combined with women receiving benefits only as a spouse (12.8 percent), a little less than half of all women retired worker beneficiaries rely on husbands’ earnings records, either fully or partially, for their Social Security benefits.

Disability Benefits

To qualify for disability benefits, a non-blind worker must have recent work activity and the worker must have a medical condition that meets Social Security’s definition of disability.⁸ The number of earnings credits required to qualify for disability benefits depends on the age when the worker becomes disabled. If a worker becomes disabled at:

- Age 23 or younger: the worker may qualify if she/he has 6 credits (1 and ½ years of work) earned in the 3-year period ending when the disability starts;
- Age 24 to 30: the worker may qualify if she/he has credits for working half the time between 21 and the time he/she becomes disabled. For example, if the worker becomes disabled at age 27, she/he would need 12 credits (3 years of work) earned in the past 6 years (between ages 21 and 27); and
- Age 31 or older: the worker needs between 20 and 40 credits (5 to 10 years of work) depending on the age she/he becomes disabled (please see the SSA website for details at <http://www.ssa.gov/dibplan/dqualify3.htm>).

When the worker receiving disability benefits reaches full retirement age, disability benefits automatically convert to retirement benefits, but the amount remains the same. In addition to the worker eligible for disability benefits, family members can also qualify for benefits based on the worker’s earnings record. Eligible family members include:

- Spouses who are age 62 or older;
- Spouses who are younger than 62, if they care for a worker’s entitled child under age 16 or an adult child who is disabled prior to age 22 and receiving Social Security benefits;

⁷ Putting it differently, among all women eligible for their own retired worker benefits (15.8 million), about 40 percent are “dually entitled” – those who receive benefits based on both their own earnings record and their husband’s earnings record. Women receiving only their own retiree benefits include some married women who are eligible for spousal benefits, but who do not receive spousal benefits because their own retiree benefits are higher.

⁸ Social Security uses a strict definition of disability. A worker is considered disabled if she/he cannot do work that she/he did before and cannot adjust to other work because of a medical condition(s). One’s disability must also last or be expected to last for at least one year or result in death. There are special rules for blind people or people with severely impaired vision.

Table 2. Disabled Worker Beneficiaries (December 2008)

WOMEN	Number of Beneficiaries	% of Subtotal	% of Total
By entitlement status			
Disabled workers	3,502,167	95.9%	
Spouses of disabled workers	148,703	4.1%	
Eligible due to minor children	72,668	2.0%	
Eligible due to age (62+)	76,035	2.1%	
By age			
Age under 40	422,083	11.6%	
Age 40-49	769,648	21.1%	
Age 50-59	1,391,535	38.1%	
Age 60 - 64	1,067,604	29.2%	
Subtotal	3,650,870	100.0%	39.4%
MEN			
By entitlement status			
Disabled workers	3,924,524	99.9%	
Spouses of disabled workers	5,527	0.1%	
By age (Disabled workers only)			
Age under 40	436,720	11.1%	
Age 40-49	797,008	20.3%	
Age 50-59	1,522,736	38.8%	
Age 60 - 64	1,168,060	29.8%	
Subtotal	3,930,051	100.0%	42.4%
CHILDREN			
Age under 18	1,552,104	91.7%	
Students, age 18-19	54,981	3.2%	
Disabled adult children	84,788	5.0%	
Subtotal	1,691,873	100.0%	18.2%
TOTAL	9,272,794		100.0%

Note: ^aTotals may not add to 100.0 due to rounding.

Source: Annual Statistical Supplement 2009, Tables 5.A1.2, 5.A1.3, and 5.A1.4. (Washington, DC: Social Security Administration)

- Divorced spouses age 62 or older who were married to the worker for at least 10 consecutive years and who are unmarried;
- Children up to age 18 or 19, if they attend elementary or secondary school full-time; and
- Disabled children, even if they are age 18 or older, who were disabled prior to age 22.

Each family member may be eligible to receive up to 50 percent of the disabled worker's benefit. But there is a limit to the total amount of benefits payable to a family based on the worker's Social Security record ("maximum family benefits"). The maximum family benefit is 85-150 percent of the worker's disability benefit, including the worker's own benefit. The amount of benefits payable to an eligible divorced spouse does not count in the family's maximum amount.

Current Recipients of Disability Benefits

Approximately 9.3 million women, men, and children received disability benefits, accounting for 17.3 percent of all Social Security beneficiaries in December 2008. In addition to benefits provided to eligible workers who became disabled, the disability component of Social Security provides important benefits to their family members, especially to their children: children account for 18.2 percent of all disability beneficiaries with nearly 1.7 million recipients (see Table 2). Among women beneficiaries of disability benefits, about 4 percent are eligible as spouses of disabled workers and half of these women are eligible due to their care of minor children. For both women and men receiving disability benefits either based on their own eligibility or as a spouse, close to one-third (33 percent) are under age 50 and another nearly 40 percent are between age 50 and 59, illustrating the importance of Social Security disability insurance for both family members and workers who are well below retirement ages.

Survivor Benefits

When a worker dies, certain family members may be eligible for survivor benefits based on the worker's earnings record. The number of required earnings credits is based on the worker's age at the time of death. The worker needs to be either fully insured or currently insured at the time of death. To be fully insured, a worker must have a number of credits that equals the number of years elapsing between age 21 and the year in which he/she dies. If a worker dies before achieving fully insured status, the worker must be at least currently insured for benefits to be paid to family members. To be currently insured, the worker must have earned 6 credits in the previous 3 years preceding the death. (No worker needs more than 40 credits to be fully insured for any Social Security benefit.)

The following family members can be eligible for survivor benefits:

- Surviving spouse at any age if she/he cares for the worker's child who is either under age 16 or disabled;
- Children up to age 18 or 19, if they attend elementary or secondary school full-time;
- Disabled children including those aged 18 and older if disabled prior to age 22;
- Surviving spouse at full-retirement age is eligible for full benefits or reduced benefits as early as age 60, and if disabled as early as age 50; and if not remarried before age 60
- Surviving divorced spouse who was married to the worker for at least 10 consecutive years and not remarried before age 60 (age 50 if disabled); and
- Dependent parents aged 62 or older.

Table 3. Survivor Beneficiaries (December 2008)

	Number of Beneficiaries	% of Subtotal	% of Total
WOMEN			
By entitlement status			
Nondisabled widows (age 60+)	4,094,903	91.7%	
Disabled widows (age 50+)	220,296	4.9%	
Widowed mothers caring for minor or disabled children	149,175	3.3%	
Aged parents	1,494	0.03%	
Subtotal	4,465,868	100.0%	69.2%
MEN			
By entitlement status			
Nondisabled widowers (age 60+)	55,254	73.1%	
Disabled widowers (age 50+)	9,711	12.8%	
Widowed fathers caring for minor or disabled children	10,435	13.8%	
Aged parents	199	0.3%	
Subtotal	75,599	100.0%	1.2%
CHILDREN			
Age under 18	1,280,182	66.9%	
Students, age 18-19	69,607	3.6%	
Disabled adult children	564,735	29.5%	
Subtotal	1,914,524	100.0%	29.7%
TOTAL	6,455,991		100.0%

Note: ^aTotals may not add to 100.0 due to rounding.

Source: Annual Statistical Supplement 2009, Tables 5.A1.4, 5.A1.5, 5.A1.6, and 5.A1.7 (Washington, DC: Social Security Administration)

The amount of survivor's benefits is based on the earnings of the person who died. The amount a survivor receives is a percentage of the deceased worker's basic Social Security benefit. For example, widows (or widowers) caring for children under age 16 and children themselves can each receive 75 percent of the worker's benefit. Widows (or widowers) can receive 100 percent of the worker's benefit at full retirement age. There is a limit to the total benefits that can be paid to a widow(er) or other family members each month ("maximum family benefits"), which is generally between 150 and 180 percent of the deceased's benefit amount.

Current Recipients of Survivor Benefits

About 6.5 million women, men, and children received survivor benefits and account for nearly 13 percent of overall Social Security beneficiaries in December 2008. Of all survivor beneficiaries, women and children are the majority of beneficiaries—women make up 69.2 percent of the beneficiaries and children make up 29.7 percent—indicating the importance of Social Security benefits for family members upon the death of a male earner (see Table 3). Excluding children, 98 percent of survivor beneficiaries are women.

Among women, nondisabled widows make up the majority of survivor benefit recipients (91.7 percent) who are all age 60 and older.⁹ A small percentage of mothers (3.3 percent of all survivor recipients) but more than 150,000 mothers—caring for minor or disabled children—also receive survivor benefits. These mothers along with widowed fathers, tend to be relatively young—75 percent of these mothers and fathers are under age 50 (data not shown). Among child beneficiaries, 66.9 percent are under age 18 and 29.5 percent are adult children with a disability.

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⁹ Many wives and widows who have their own earnings records but also receive benefits based on their husbands’ records (“dually entitled”) are included in the category of retired worker beneficiaries.