

# Briefing Paper



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## The Importance of Social Security in the Incomes of Older Americans Differences by Gender, Age, Race/Ethnicity, and Marital Status

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Social Security is the largest source of income for most older Americans and is even more vital to particular demographic subgroups of older Americans. Analyzing the Current Population Survey Annual Social and Economic Supplement (ASEC) for calendar year 2011, this briefing paper examines the role of Social Security and other income sources in the retirement security of older Americans. It explores the unique value of Social Security to different gender, age, race/ethnic, and marital groups. It finds that significant shares of the older population rely on Social Security for the majority of their income and that Social Security lifts 14.8 million people out of poverty.

### Income Sources in Retirement

**Social Security is the most common source of income for older women and men and the largest source of income for most older Americans.**

Figure 1 shows the share of women and men aged 65 and older receiving income from each income source. The figure reveals that Social Security is the most common source of income for both women and men, with 85 percent and 84 percent receiving income from Social Security, respectively. Figure 2 graphs the average annual amount from each income source and shows that Social Security is the largest source of income for women aged 65 and older and the second largest source of income for men of the same age, with men receiving \$13,234 and women receiving \$10,418 on average from Social Security in 2011.<sup>1</sup>

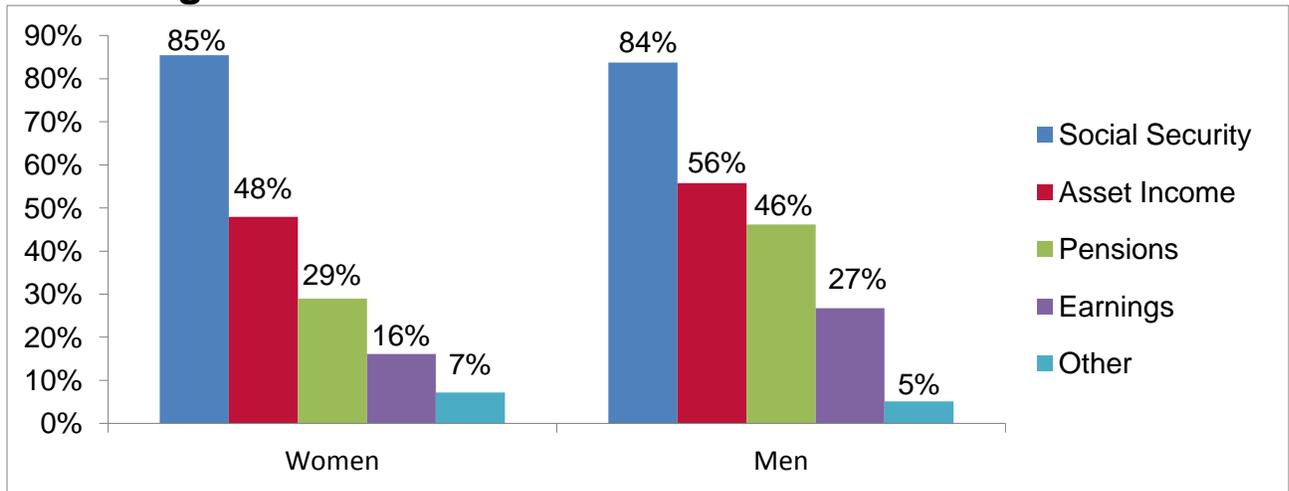
**Older women are less economically secure than older men.**

In 2011, women aged 65 and older received a total income of \$22,069, on average, and men in the same age range received \$41,134, on average. Figure 2 shows that women receive less income than men on average from every major source of income (Social Security, assets, pensions, and earnings). One reason for this is that men are more likely than women to receive any income at all from assets, pensions, and

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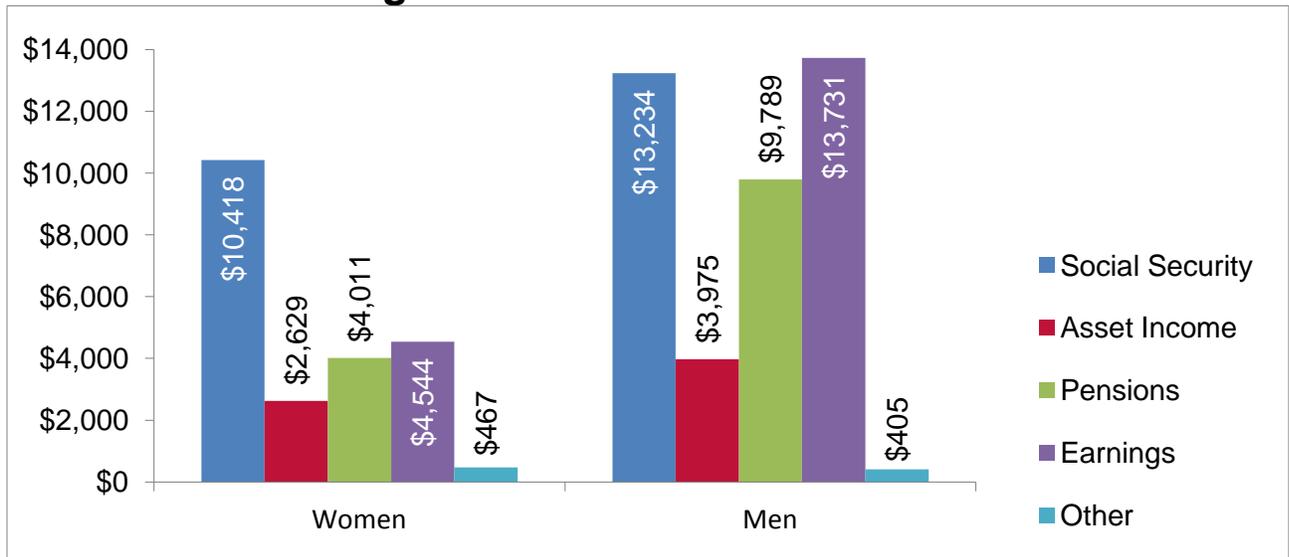
<sup>1</sup> Men receive more from earnings (on average) than they do from Social Security, but only a minority of men (27 percent) work at age 65 and beyond.

**Figure 1. Percent of Women and Men Aged 65 and Older Receiving Income from Each Source**



**Source:** Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Figure 2. Average Annual Income from Each Source among Women and Men Aged 65 and Older**



**Source:** Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Average annual income for each source includes zero values.

earnings, as shown in Figure 1. This does not, however, fully account for the gap—even when women do receive income from a particular source, they still receive less than men. To illustrate this point, Table 1 presents the median annual income from each source only for people who receive income from that source. For each source of income, older men receive more than older women.<sup>2</sup>

Because older women have less income than older men and they receive a greater share of their income from Social Security than from any other source (Figure 2), they are more reliant on Social Security than older men.

**Table 1. Median Annual Income Received from Each Source among Women and Men Aged 65 and Older Who Received Each Source**

| Source             | Women    | Men      |
|--------------------|----------|----------|
| Social Security    | \$11,357 | \$15,557 |
| Asset Income       | \$600    | \$905    |
| Pensions           | \$9,600  | \$15,600 |
| Earnings           | \$19,000 | \$30,000 |
| Other              | \$4,800  | \$5,880  |
| All Income Sources | \$15,323 | \$27,657 |

**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Zero values are excluded.

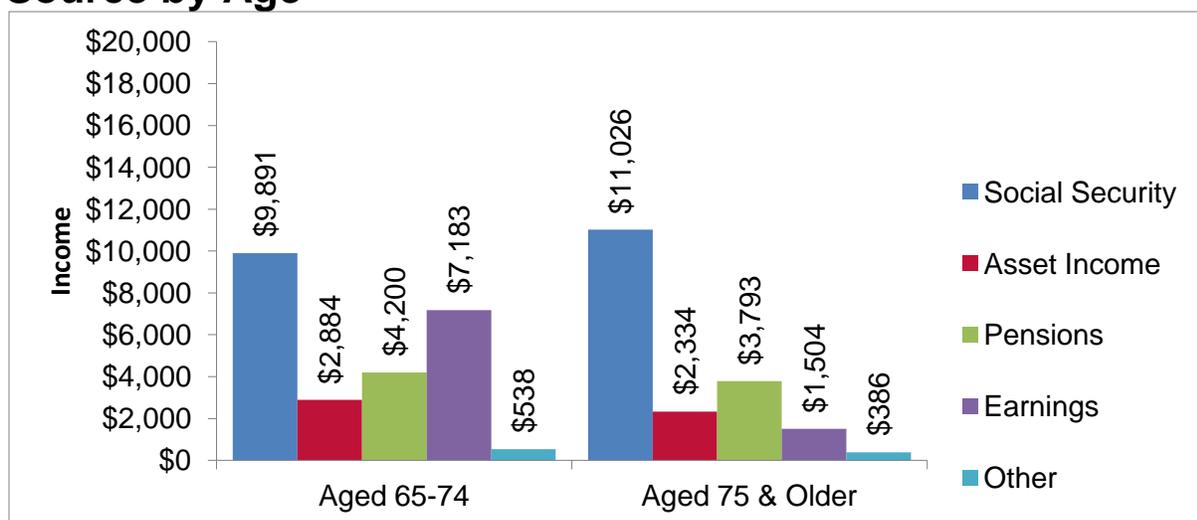
Social Security is designed to redistribute income to lower earners and its policies that provide benefits to spouses of workers tend to disproportionately benefit women, but these features do not make up for an entire work-lifetime of gender inequality in earnings. Social Security also does not compensate for racial/ethnic inequality in earnings. While Social Security redistributes income to lower earners, it does not counteract a lifetime of lower earnings due to less education, fewer years working, or discrimination.

<sup>2</sup> Additionally, Table 1 reveals that asset (savings) income is not a significant source of income for most people. The average asset income for older women and men, including those who do not receive any income from assets, is \$2,629 and \$3,975, respectively. Among only those who receive income from assets, the median income for older women and men is \$600 and \$905, respectively. This tells us that asset income is highly skewed with the upper end of asset holders earning by far the most asset income and that, for most people, asset income is a small source of income. Those who receive income from the “other” income category receive more than Figure 2 reveals. The median income received from the “other” category, among those who receive any income at all from this source, is \$4,800 for older women and \$5,880 for older men. “Other” income includes government transfers for unemployment benefits, workers compensation, Supplemental Security Income (SSI), welfare, and educational assistance, as well as private transfers for child support, alimony, and educational assistance. Similarly, Figure 2 gives a misimpression of the importance of pensions and earnings to the average older person; while these sources of income look fairly substantial, in reality, fewer than half of older Americans have those income sources (Figure 1). For those who do have them they constitute an even more important source of income, as shown in Table 1.

## Social Security is even more important to the oldest population, those aged 75 and older.

As people age, their incomes tend to fall and the composition of their income often changes. They are commonly less willing or able to work, so their earnings drop. And their retirement savings (assets and pensions) are often drawn down in their retirements, such that Social Security often comprises a larger share of their income. Figures 3a and 3b display the average annual income from each income source for women and men in different age groups. On average, women and men aged 65-74 have total incomes of \$24,697 and \$46,868, respectively, while women and men aged 75 and older have average total incomes of \$19,043 and \$32,572. The figures display the tendency for earnings, asset income, and pensions to be smaller among the older age group. Of particular significance, average income from earnings is dramatically smaller among the older age group. Figures 3a and 3b also illustrate how Social Security is a significantly larger share of the incomes of the older age group (women and men aged 75 and older) than the younger group (those aged 65-74), and that this greater reliance on Social Security at older ages is especially large for women. Social Security benefits constitute, on average, 40 percent of the total income of the younger women, while they constitute 58 percent of the total income of the older women. Similarly, Social Security constitutes, on average, 28 percent of the income of younger men, compared with 42 percent for older men.

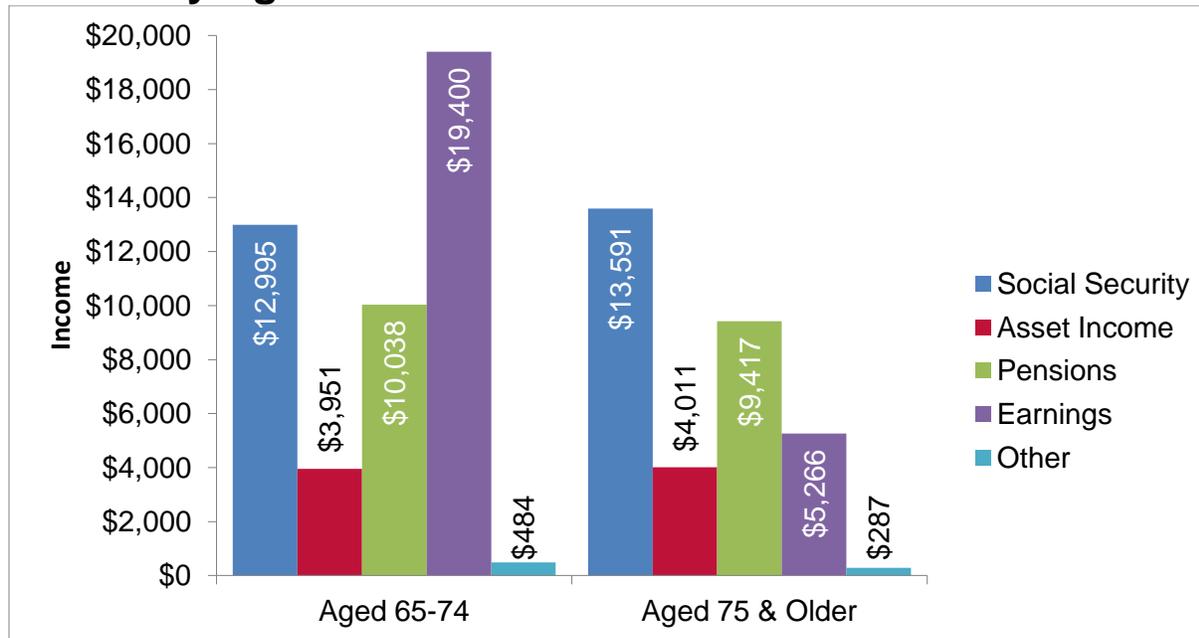
### Figure 3a. Older Women's Average Annual Income from Each Source by Age



**Source:** Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Average annual income for each source includes zero values.

**Figure 3b. Older Men's Average Annual Income from Each Source by Age**



**Source:** Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Average annual income for each source includes zero values.

**Inequalities in the incomes of older Americans are also prevalent by race/ethnicity.**

Older white people tend to have larger incomes than older Black people, and older Black people tend to have larger incomes than older Latinas/os. The gender and age patterns already observed hold within race/ethnic groups: women tend to receive less than men from all major sources of income, and the oldest (those aged 75 and older) receive less income than the younger group (those aged 65-74).

Examining each source of income in Table 2, white men in both age groups receive more from Social Security, assets, pensions, and earnings than Black men and Latinos. In both age groups, Black men receive more from Social Security and pensions than Latinos (Table 2).

Among women, white women in both age groups receive the highest average total income (Table 2). However, while white women in both age groups receive the highest average income from Social Security, assets, and pensions, black women in both age groups have higher average earnings, and the older Hispanic women receive more, on average, in earnings than do white women (Table 2). These differences suggest that women of color work more out of a need for income.

As with men, Black women and Latinas receive more from the “other” category than do white women, but the income received from this source for all groups is not a large amount of money on average (Table 2). Among those who receive this source of income, however, it is a larger source than income from assets or savings (Table 1). The “Other” income category includes government transfers for

unemployment benefits, workers compensation, Supplemental Security Income (SSI), welfare, and educational assistance, as well as private transfers for child support, alimony, and educational assistance.

### **Women’s incomes are more equitable across race/ethnicity than are men’s.**

While white women’s average incomes are larger than Black women’s and Black women’s are larger than Latinas', there is slightly less inequality by race/ethnicity among women than among men. For example, in 2011, as can be shown using data from Table 2, the average total income of men aged 65-74 was about \$51,000 for whites, \$31,000 for Blacks, and \$26,000 for Latinos, a percentage change (from the highest income to the lowest) of 49 percent. Meanwhile, the average total income of women of the same age was approximately \$26,000 for whites, \$24,000 for Blacks, and \$16,000 for Latinas (Table 2), a percentage change (from the highest income to the lowest) of 39 percent.

**Table 2. Average Amount Received from Each Income Source by Gender, Age, and Race/Ethnicity**

|                          | White, not Hispanic |          | Black, not Hispanic |          | Hispanic |          |
|--------------------------|---------------------|----------|---------------------|----------|----------|----------|
|                          | Women               | Men      | Women               | Men      | Women    | Men      |
| <b>Overall</b>           |                     |          |                     |          |          |          |
| Social Security          | \$10,917            | \$14,025 | \$9,825             | \$10,794 | \$7,648  | \$9,237  |
| Asset Income             | \$3,081             | \$4,542  | \$675               | \$985    | \$639    | \$1,261  |
| Pensions                 | \$4,286             | \$10,626 | \$4,080             | \$7,291  | \$1,909  | \$4,390  |
| Earnings                 | \$4,424             | \$14,661 | \$5,682             | \$8,154  | \$3,924  | \$8,510  |
| Other                    | \$375               | \$343    | \$613               | \$627    | \$674    | \$592    |
| Total Income             | \$23,083            | \$44,196 | \$20,875            | \$27,850 | \$14,794 | \$23,991 |
| <b>Aged 65–74</b>        |                     |          |                     |          |          |          |
| Social Security          | \$10,340            | \$13,790 | \$9,653             | \$11,011 | \$7,374  | \$9,144  |
| Asset Income             | \$3,460             | \$4,578  | \$591               | \$861    | \$821    | \$1,335  |
| Pensions                 | \$4,546             | \$10,971 | \$4,250             | \$7,806  | \$1,769  | \$4,312  |
| Earnings                 | \$7,183             | \$21,210 | \$8,496             | \$10,295 | \$5,360  | \$10,787 |
| Other                    | \$448               | \$428    | \$701               | \$700    | \$614    | \$650    |
| Total Income             | \$25,977            | \$50,976 | \$23,691            | \$30,674 | \$15,939 | \$26,227 |
| <b>Aged 75 and Older</b> |                     |          |                     |          |          |          |
| Social Security          | \$11,551            | \$14,357 | \$10,052            | \$10,361 | \$8,043  | \$9,397  |
| Asset Income             | \$2,665             | \$4,490  | \$786               | \$1,231  | \$378    | \$1,135  |
| Pensions                 | \$3,999             | \$10,137 | \$3,855             | \$6,261  | \$2,110  | \$4,523  |
| Earnings                 | \$1,390             | \$5,377  | \$1,976             | \$3,871  | \$1,856  | \$4,634  |
| Other                    | \$295               | \$223    | \$498               | \$481    | \$759    | \$495    |
| Total Income             | \$19,901            | \$34,584 | \$17,167            | \$22,205 | \$13,147 | \$20,183 |

**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Average annual income for each source includes zero values. The population groups “Asian Americans and Hawaiian/Pacific Islanders” and “other” are excluded from the analysis because of small sample sizes.

**Unmarried women and men living alone receive a larger share of income from Social Security than those living in families.**

For older Americans, Social Security comprises a larger share of the incomes of unmarried individuals living alone (or with non-family roommates), especially women, than those of the married and unmarried living with family. Table 3 presents the share of total income from each income source by family type. Because it presents family income, the categories for married couple families and unmarried-female- and male-headed families capture shared family income, while the categories for unmarried individuals living alone or with roommates capture individual income. Unmarried older women living alone receive the largest portion of their income from Social Security, with Social Security benefits comprising 48 percent of their average total income, compared with 28 percent for married couple families and 29 percent for unmarried-female-headed families (Table 3). Unmarried older men living alone are also more reliant on Social Security, with Social Security benefits comprising 35 percent of their average income compared with 28 percent for married couple families and 27 percent for unmarried-male-headed families (Table 3).

**Table 3. Average Amount Received from Each Income Source as a Percent of Average Total Income for Families with at least One Family Member Aged 65 and Older (by Family Type)**

|                        | <b>Married Couple Families</b> | <b>Unmarried-Male-Headed Families</b> | <b>Unmarried Men Living Alone</b> | <b>Unmarried-Female-Headed Families</b> | <b>Unmarried Women Living Alone</b> |
|------------------------|--------------------------------|---------------------------------------|-----------------------------------|---|-------------------------------------|
| <b>Social Security</b> | 28%                            | 27%                                   | 35%                               | 29%                                     | 48%                                 |
| <b>Asset Income</b>    | 9%                             | 4%                                    | 12%                               | 3%                                      | 11%                                 |
| <b>Pensions</b>        | 18%                            | 12%                                   | 25%                               | 10%                                     | 21%                                 |
| <b>Earnings</b>        | 44%                            | 53%                                   | 27%                               | 53%                                     | 18%                                 |
| <b>Other</b>           | 1%                             | 4%                                    | 1%                                | 5%                                      | 2%                                  |
| <b>Total Income</b>    | 100%                           | 100%                                  | 100%                              | 100%                                    | 100%                                |

**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Notes:** Average annual income for each source includes zero values. Unmarried women and men living alone includes individuals residing by themselves and with non-family roommates or boarders. Calculations based on average individual income for unmarried women and men living alone and average family income for married couples and unmarried male- and female-headed families (same sex couples are excluded from married couple families by the ASEC and are therefore included in the other categories).

**Unmarried older women have lower total incomes.**

As illustrated in Table 4, married couple families have a larger total income than unmarried men and women both living alone and with family. However, the total incomes of married couple families and individuals living with family (in families headed by unmarried women and men) are family incomes, so reflect the income shared by two or more people, whereas the total incomes of those living alone reflect individual incomes. With this in mind, we see that unmarried men living alone are at least about as well off as married couple families and unmarried-male-headed families. On average, their income is nearly half the average income of married couple families, which reflects the income of two of more people, and

also more than half the average income of unmarried-male-headed families, which also reflects the income of two or more people. However, unmarried women living alone and unmarried-female-headed families are less affluent. The average income of unmarried women living alone is much less than half that of married couple families, and just more than half the average income of unmarried-female-headed families.

In summary, Table 4 shows that unmarried women living in families headed by unmarried women and unmarried women living alone have lower incomes. Older women are more likely to be in this situation because they are more likely to outlive their husbands and live longer than men (Hartmann and English 2009). About 37 percent of women aged 65 and older are widowed, compared with about 12 percent of older men (U.S. Census Bureau 2013b).

**Table 4. Average Amount Received from Each Income Source for Families with at least One Family Member Aged 65 and Older (by Family Type)**

|                        | Married Couple Families | Unmarried-Male-Headed Families | Unmarried Men Living Alone | Unmarried Female-Headed Families | Unmarried Women Living Alone |
|------------------------|-------------------------|--------------------------------|----------------------------|----------------------------------|------------------------------|
| <b>Social Security</b> | \$19,917                | \$14,326                       | \$12,772                   | \$13,217                         | \$12,387                     |
| <b>Asset Income</b>    | \$6,727                 | \$2,112                        | \$4,211                    | \$1,554                          | \$2,717                      |
| <b>Pensions</b>        | \$12,765                | \$6,042                        | \$8,983                    | \$4,557                          | \$5,557                      |
| <b>Earnings</b>        | \$32,056                | \$27,984                       | \$9,612                    | \$24,675                         | \$4,566                      |
| <b>Other</b>           | \$908                   | \$2,160                        | \$437                      | \$2,275                          | \$642                        |
| <b>Total Income</b>    | \$72,374                | \$52,625                       | \$36,015                   | \$46,279                         | \$25,870                     |

**Source:** Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

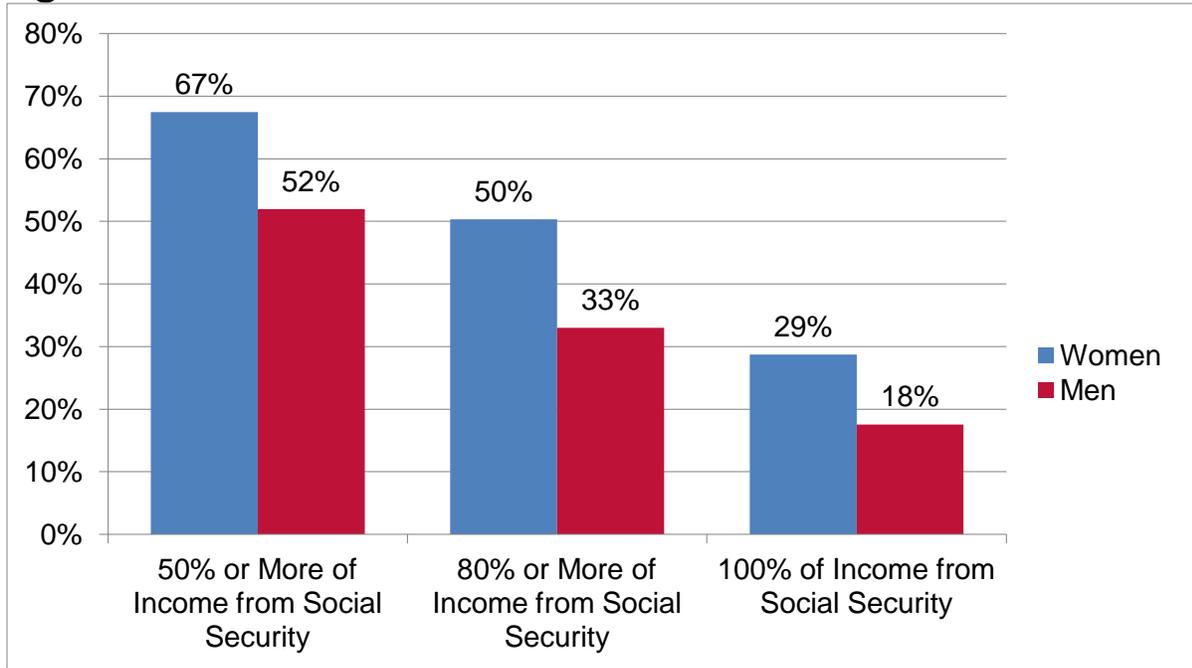
**Notes:** Average annual income for each source includes zero values. Unmarried women and men living alone includes individuals residing by themselves and with non-family roommates or boarders. Average individual-level income is displayed for unmarried women and men living alone and average family-level income is displayed for married couple families and unmarried male- and female-headed families.

## Reliance on Social Security

**Many older Americans rely on Social Security for the majority of their income and older women are even more reliant on Social Security than are older men.**

Social Security is a vital component of older Americans' income packages, particularly women's. More than half of men and two-thirds of women aged 65 and older receive 50 percent or more of their income from Social Security (Figure 4). A significant share of women and men aged 65 and older receive 80 percent or more of their income from Social Security (50 percent and 33 percent, respectively). Even a sizeable share of older women and men receive 100 percent of their income from Social Security (29 percent and 18 percent, respectively).

**Figure 4. Reliance on Social Security for Women and Men Aged 65 and Older**



**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Social Security is even more important for the oldest (those aged 75 and older).**

Table 5 shows that, for both women and men, a greater share of those aged 75 and older than those aged 65-74 rely on Social Security for at least half of their income.

**Table 5. Social Security as a Percentage of Total income for Women and Men by Age**

|   | Men | Women |
|---|-----|-------|
| <b>50% or More of Income from Social Security</b> |     |       |
| Aged 65-74  | 46% | 60%   |
| Aged 75+  | 60% | 76%   |
| <b>80% or More of Income from Social Security</b> |     |       |
| Ages 65-74  | 29% | 44%   |
| Aged 75+  | 38% | 57%   |
| <b>100% of Income from Social Security</b>        |     |       |
| Aged 65-74  | 16% | 26%   |
| Aged 75+  | 20% | 32%   |

**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**People of color generally rely more on Social Security than whites.**

Social Security is particularly important to the retirement security of Black and Hispanic men and women. As shown in Table 6, 59 percent and 61 percent of older Black and Hispanic men, respectively, receive 50 percent or more of their income from Social Security, compared with 51 percent of older white men. This race/ethnic gap widens significantly for higher levels of reliance (Table 6).

Overall, women’s reliance on Social Security is more equitable across race/ethnicity than men's. Table 6 shows that 68 percent of older white and older Black women and 72 percent of Hispanic women receive 50 percent or more of their income from Social Security. However, as with men, these figures are more unequal for greater levels of reliance on Social Security (Table 6).

For all racial/ethnic groups of women and men shown, women are more reliant on Social Security than are men. The greatest gender difference shown is among whites.

**Table 6. Social Security as a Percentage of Total income for Women and Men Aged 65 and Older by Race/Ethnicity**

|   | <b>Men</b> | <b>Women</b> |
|---|------------|--------------|
| <b>50% or More of Income from Social Security</b> |            |              |
| White, not Hispanic                               | 51%        | 68%          |
| Black, not Hispanic                               | 59%        | 68%          |
| Hispanic  | 61%        | 72%          |
| <b>80% or More of Income from Social Security</b> |            |              |
| White, not Hispanic                               | 31%        | 50%          |
| Black, not Hispanic                               | 41%        | 53%          |
| Hispanic  | 49%        | 61%          |
| <b>100% of Income from Social Security</b>        |            |              |
| White, not Hispanic                               | 15%        | 26%          |
| Black, not Hispanic                               | 30%        | 40%          |
| Hispanic  | 37%        | 45%          |

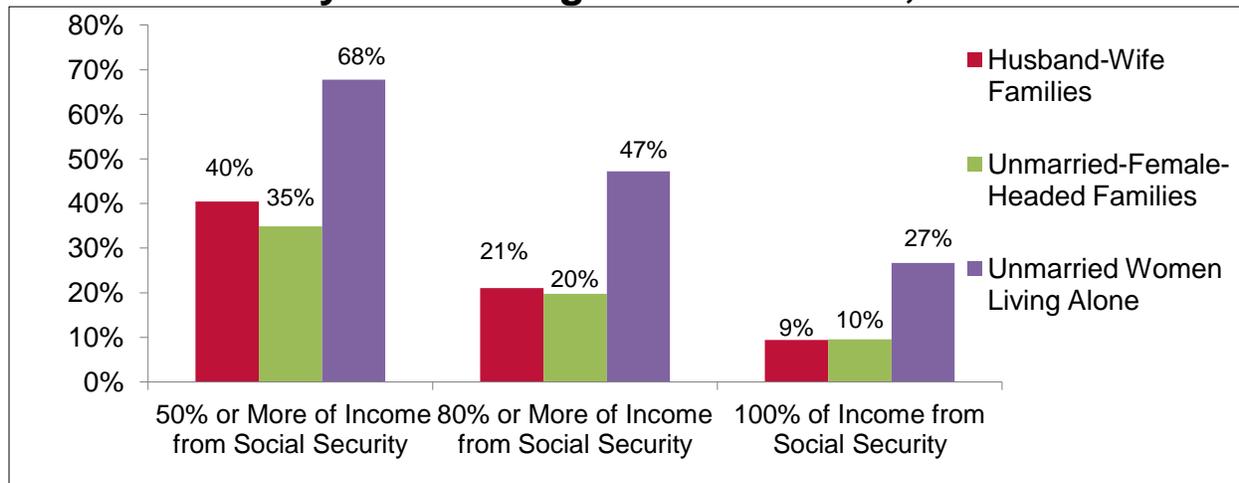
**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Unmarried men and women living without family are more reliant on Social Security than married couple families.**

Unmarried individuals living alone, especially women, are more likely to be reliant on Social Security benefits than married couple families and unmarried individuals living with family (Figures 5a and 5b). Married couple families are the next most likely to be reliant on Social Security, followed by unmarried-female-headed families and then unmarried-male-headed families. As shown in Figure 5a, 68 percent of unmarried women living alone, compared with 40 percent of married couple families and 35 percent of unmarried-female-headed families, receive 50 percent or more of their income from Social Security. This

disparity is comparable for men, as 57 percent of unmarried men living alone receive 50 percent or more of their income from Social Security, compared with 40 percent of married couple families and 32 percent of unmarried-male-headed families (Figure 5b).

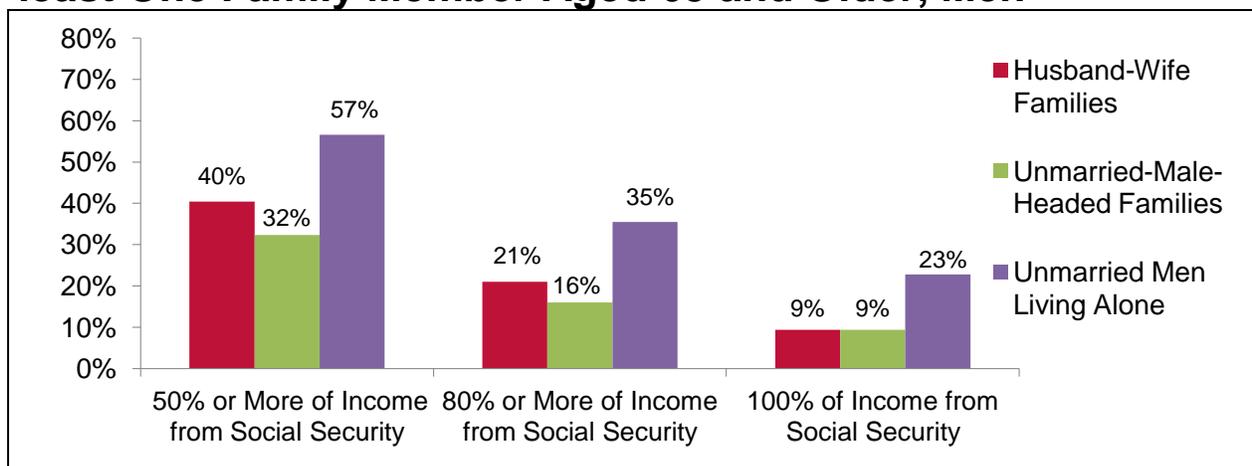
**Figure 5a. Reliance on Social Security For Families with at least One Family Member Aged 65 and Older, Women**



**Source:** Source: Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Notes:** Unmarried women and men living alone include individuals residing by themselves and with non-family roommates or boarders. Calculations based on average individual income for unmarried women and men living alone and average family income for husband-wife families and unmarried male- and female- headed families.

**Figure 5b. Reliance on Social Security For Families with at least One Family Member Aged 65 and Older, Men**



**Source:** Source: Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Notes:** Unmarried women and men living alone include individuals residing by themselves and with non-family roommates or boarders. Calculations based on average individual income for unmarried women and men living alone and average family income for husband-wife families and unmarried male- and female- headed families.

## Social Security and Poverty

### **Older women and minorities are more likely to live in poverty.**

According to IWPR’s analysis of ASEC data, 8.7 percent of Americans aged 65 and older live in poverty. Women in this age group are more likely to live in poverty than men, with 10.7 percent living in poverty compared with 6.2 percent, respectively. Older minorities are much more likely to live in poverty than non-minorities: 6.7 percent of older white Americans, 17.1 percent of older Black Americans, and 18.7 percent of older Hispanic Americans live in poverty. Older women minorities are hit particularly hard by poverty—IWPR’s analysis shows that 20.5 percent of older black women and 19.7 percent of older Latinas live in poverty. Moreover, Americans aged 75 and older are more likely to live in poverty than those aged 65–74; this poverty age gap is largest among women.

### **Across gender, age, race/ethnicity, and marital status, Social Security lifts significant shares of older Americans out of poverty.**

Table 7 presents current poverty rates by gender, age, and race/ethnicity and estimations of poverty rates were Social Security not available.<sup>3</sup> The estimates of poverty rates were Social Security not available do not account for the possibility that some Americans might save or work more if they didn’t have Social Security, or the possible adverse changes in consumer spending and unemployment were Social Security unavailable. Still, the estimates convey some indication of the importance of Social Security to the welfare of older Americans.

According to the estimates in Table 7, without Social Security women, as a whole, would be much more likely than men to live in poverty and older age groups would be more likely to do so than younger groups. In other words, gender and age inequality in poverty would be exacerbated were Social Security not available. Without Social Security, 32 percent of men aged 65–74 would be in poverty, as would 48 percent of men aged 75 and older; 41 percent of women aged 65–74 and 58 percent of women aged 75 and older would also be in poverty (Table 7).

### **Social Security lifts 14.8 million people aged 65 and older out of poverty.**

Table 8 shows that Social Security lifts 14.8 million women and men out of poverty. For white women and men, a larger number is brought out of poverty in the older age groups than the younger age groups. As already demonstrated, Social Security reliance increases by age, so it is not surprising that the number of people lifted above poverty by Social Security also increases by age. This is not the case, however, for Blacks and Hispanics; these populations live in deeper poverty at all ages than do whites. In addition, within each age and race/ethnic group more women are lifted out of poverty than are men.

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<sup>3</sup> These estimates use the Census Bureau’s poverty thresholds, which vary according to family size and structure.

**Table 7. Poverty Rates With and Without Social Security by Gender, Age, and Race/Ethnicity**

|                            |                         | Men        |          | Women      |          |
|----------------------------|-------------------------|------------|----------|------------|----------|
|                            |                         | Aged 65–74 | Aged 75+ | Aged 65–74 | Aged 75+ |
| <b>Overall</b>             | With Social Security    | 6%         | 7%       | 9%         | 13%      |
|                            | Without Social Security | 32%        | 48%      | 41%        | 58%      |
| <b>White, not Hispanic</b> | With Social Security    | 4%         | 5%       | 7%         | 11%      |
|                            | Without Social Security | 30%        | 47%      | 39%        | 59%      |
| <b>Black, not Hispanic</b> | With Social Security    | 11%        | 14%      | 17%        | 25%      |
|                            | Without Social Security | 40%        | 56%      | 49%        | 62%      |
| <b>Hispanic, any race</b>  | With Social Security    | 18%        | 16%      | 19%        | 21%      |
|                            | Without Social Security | 50%        | 59%      | 48%        | 59%      |

**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Table 8. Number of Older Men and Women Lifted Above the Poverty Line by Social Security (by Age and Race/Ethnicity)**

|                            | Men        |           | Women      |           |
|----------------------------|------------|-----------|------------|-----------|
|                            | Aged 65-74 | Aged 75+  | Aged 65-74 | Aged 75+  |
| <b>Overall</b>             | 2,919,695  | 3,063,863 | 3,945,076  | 4,915,113 |
| <b>White, not Hispanic</b> | 2,238,251  | 2,547,687 | 3,092,188  | 4,159,830 |
| <b>Black, not Hispanic</b> | 283,491    | 202,342   | 389,160    | 337,607   |
| <b>Hispanic, any race</b>  | 257,850    | 203,695   | 297,604    | 269,411   |

**Source:** Authors’ calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Table 8 is based on a comparison of the number of people currently in poverty counting their income from Social Security with the number of people who would be in poverty if Social Security were not available.

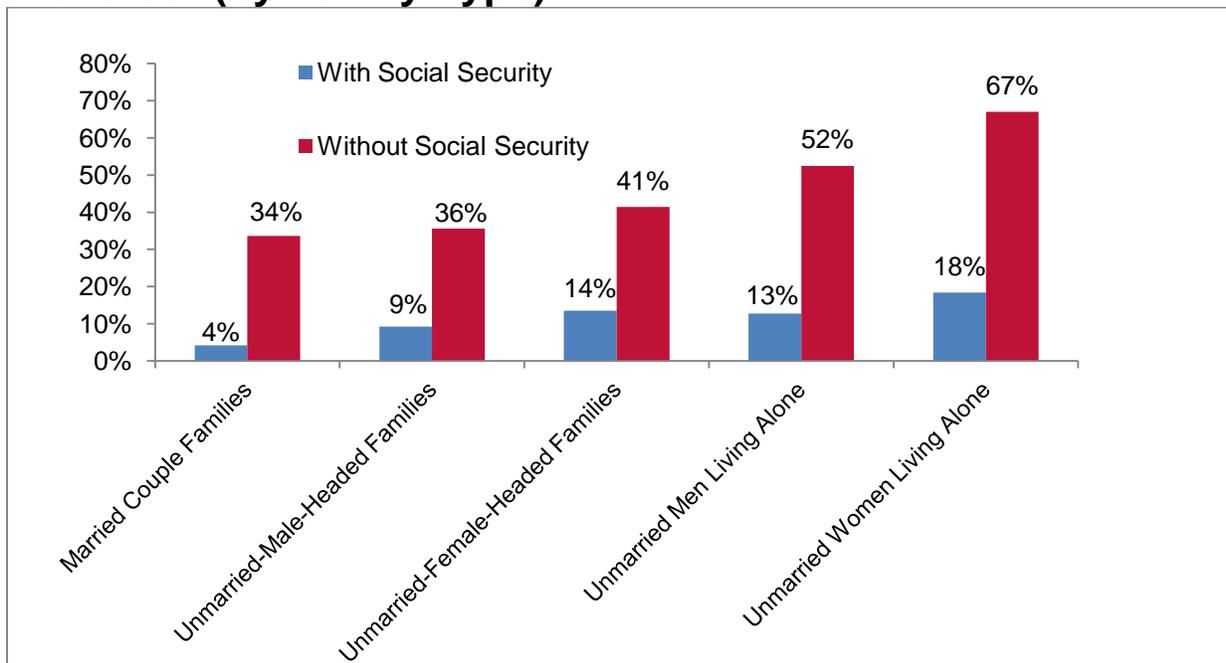
**Social Security greatly reduces poverty for everyone, particularly the unmarried living alone.**

Figure 6 displays poverty rates and estimated poverty rates by family type were Social Security unavailable. It shows that Social Security reduces poverty for all family types, but particularly for those more in need—unmarried women and men living alone.

Women and the unmarried tend to have higher rates of poverty. Without Social Security, we estimate poverty rates would be 67 percent for unmarried women living alone, 52 percent for unmarried men living alone, 41 percent for unmarried-female-headed families, 36 percent for unmarried-male-headed families, and 34 percent for married couple families (Figure 6).

Figure 6 illustrates how Social Security dramatically reduces poverty for everyone, but especially for unmarried women and men living alone. Social Security pulls 49% of unmarried women living alone out of poverty, 39% of unmarried men living alone, 27% of both unmarried-female- and unmarried-male-headed families, and 30% of married couple families (Figure 6).

**Figure 6. Poverty Rates With and Without Social Security Among Families with at least One Family Member Aged 65 and Older (by Family Type)**



**Source:** Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Unmarried women and men living alone include individuals residing by themselves and with non-family roommates or boarders.

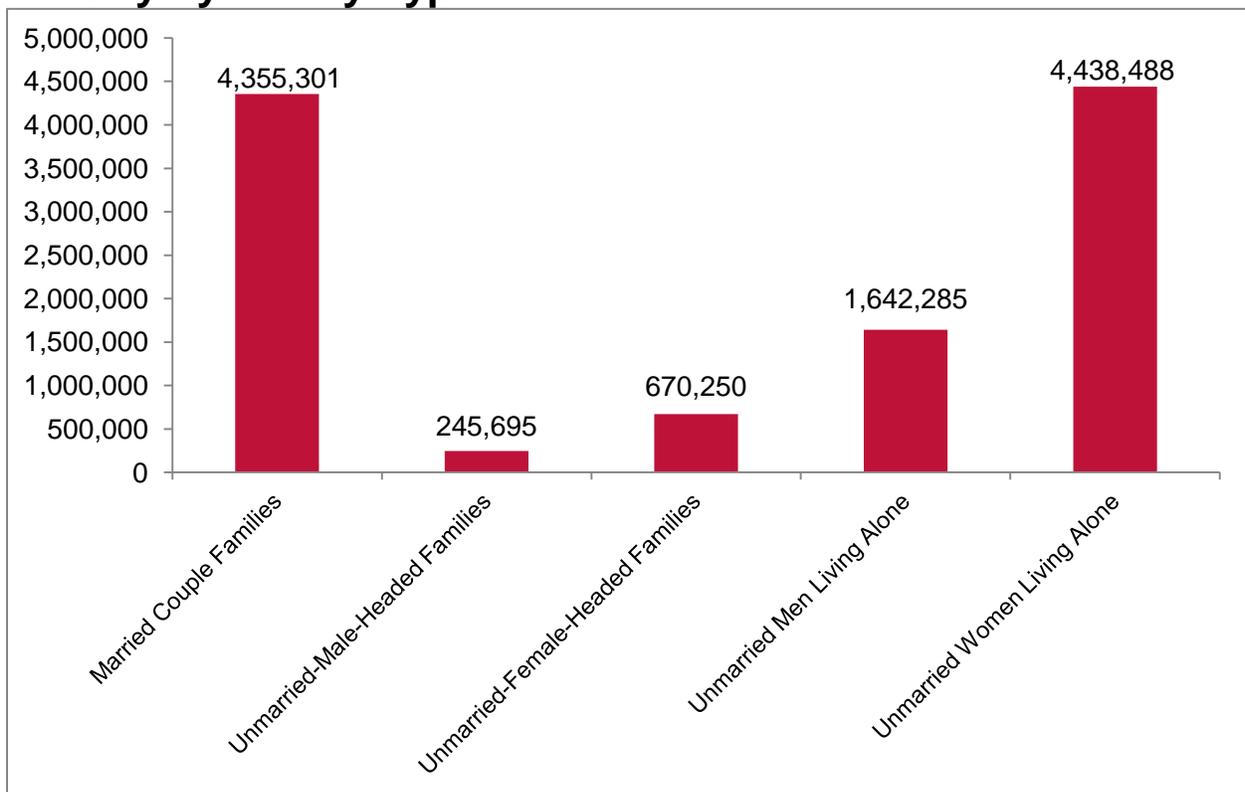
**Social Security plays a particularly important role in lifting unmarried women above Poverty.**

While unmarried men and women are particularly vulnerable to living in poverty, there are more unmarried women than unmarried men, as reflected in Figure 7. As previously mentioned, this is because women live longer than men on average and are likely to outlive their husbands (Hartmann and English

2009). Indeed, Social Security lifts more unmarried women than unmarried men out of poverty. Figure 7 illustrates this point.

Figure 7 displays the number of families of each family type lifted above the poverty line by the benefits they receive from Social Security. It shows that the largest numbers of families lifted above poverty by Social Security are unmarried women living alone. Social Security lifts more than 6 million unmarried women and men living alone out of poverty. Figure 7 also illustrates the disproportionate share of women aged 65 and older who do not live in married couple families. The majority of older women are single, while the majority of older men are married (Hartmann and English 2009).

**Figure 7. Number of Families (with at least One Family Member Aged 65 and Older) that Social Security Lifts Above Poverty by Family Type**



**Source:** Source: Authors' calculations based on 2012 Current Population Survey Annual Social and Economic (ASEC) Survey. Earnings and income data are for the calendar year 2011.

**Note:** Unmarried women and men living alone include individuals residing by themselves and with non-family roommates or boarders.

## Conclusion

Social Security continues to be the most common source of income among older Americans. It is also the largest source of income except for those still working. Financially vulnerable populations, including

women, people of color, and unmarried individuals living alone, especially benefit from Social Security, as the system provides proportionately higher benefits to low life-time earners and spousal benefits tend to be used more by women than men. In addition, older retirees rely on Social Security more than younger ones, since earnings become less available, pensions tend to decline in value, and assets are depleted with age.

According to the 2011 IWPR report, *Social Security: Especially Vital to Women and People of Color, Men Increasingly Reliant*, reliance on Social Security for older men and women has been increasing since 1999. In 1999 46 percent of older women and 29 percent of older men received 80 percent or more of their income from Social Security. In 2010 51 percent of older women (an increase of five percentage points) and 34 percent of older men (also an increase of five percentage points) received 80 percent or more of their income from Social Security.

This growth in reliance is in part a reflection of the decline of the pension system. As more retirees become covered by defined contribution plans, as opposed to defined benefit plans, older Americans are increasingly unable to rely on pensions as a steady source of income. While defined benefit plans, in which retirees receive benefits as an annuity or income stream for life insured by the U.S. government, were once common, more workers with pensions are currently enrolled in defined contribution plans, where earnings are not guaranteed. Instead, earnings are the outcome of investment decisions and are subject to changes in the financial markets, an exposure that has resulted in significant losses for older Americans in the recent recession and recovery (Hartmann, Hayes, and Drago 2011). With less income stability in pensions, earnings, and assets, Social Security is increasingly more important to older American's economic security.

Furthermore, Social Security lifts 14.8 million older Americans (aged 65 and older) out of poverty.

Moreover, as the U.S. population ages and the share of those aged 65 and older grows, Social Security will become even more important to Americans' financial well-being. Currently 13 percent of the U.S. population is aged 65 and older (U.S. Census Bureau 2012). This share is projected to increase to 20 percent by 2050 (U.S. Census Bureau 2008).

Social Security is a vital component of Americans' retirement security. The findings of this briefing paper suggest that Social Security benefits could be strengthened to reduce the poverty of older Americans further, since 8.7 percent of all older Americans live in poverty and poverty rates are even higher for older women and minorities. People with low or sporadic earnings due to care-giving duties, illness, volatility in the labor market, or lack of labor market skills tend to receive low benefits contributing to the disproportionate share of poverty borne by older women and minorities (Hartmann and Hill 2000; Reno and Lavery 2009).

Despite room for improvement, as the most common source of income for older Americans, Social Security is the mainstay of retirement security for older Americans.

## Notes on Data and Methods

This study is based on data from the 2012 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) collected jointly by the Bureau of the Census and the Bureau of Labor Statistics. The CPS is a household survey that collects labor force information for individuals aged 15 years and older; People in the Armed Forces or living in institutions, such as long-term care hospitals and nursing homes, are not eligible for interview. The ASEC supplement is the primary source of detailed information on income from different sources for CPS eligible individuals. Evidence suggests that these data underreport most sources of incomes, including Social Security payments. Lump sum distributions from pensions are especially likely to be omitted. Nonetheless, it provides the most current and comprehensive picture of income available for the United States. Information on earnings and income for the previous year is collected in February and March of each year. Analyses presented here apply to calendar year 2011.

The sources of income reported may have been aggregated from multiple measures in the original file. Asset income includes interest, dividends, and rent. Pensions include employment-based retirement income as well as Veterans' benefits and survivor benefits from a government, company, or union pension. Earnings include earned income from wage and salary employment or self-employment in a business or farm. Other income includes government transfers such as cash assistance, workers' compensation, or unemployment benefits and personal transfers such as alimony or child support payments.

The analyses of individual income sources for women and men (Figures 1, 2, 3a, and 3b; Tables 1 and 2) include income for all individuals aged 65 and older. The analyses of the percentage of individual income received from Social Security (Figure 4; Tables 5 and 6) only include individuals aged 65 and older with positive total personal income. About 3.5 percent of the observations for individuals aged 65 and older are excluded using this criteria.

The analyses of family income sources are based on the Census Bureau definition of families (individuals living together who are related by blood, marriage, or adoption) where at least one member is aged 65 or older; as of 2012 the Census Bureau did not recognize same-sex marriage even in states where legal recognition had been granted and edited any reported same-sex marriages to be same-sex unmarried partnerships. The earnings of all co-resident family members have been aggregated using the Census Bureau's definition.

The analysis of poverty (Figures 6 and 7; Tables 7 and 8) is also at the family level. The figures use the Census Bureau's official poverty threshold in relation to total family income and what that relationship would be without the family's income from Social Security. The estimates do not account for the possibility that some Americans would work or have saved more if Social Security were not available, nor do they account for the adverse effects on consumer spending and unemployment that would result if the payments were not made. Nonetheless, the estimates provide some sense of how important Social Security is to the welfare of older Americans.

The analyses of the percentage of family income received from Social Security (Figures 5a and 5b) only include families with one or more individuals aged 65 and older or unmarried individuals living alone with positive total family or personal income. Only 1.2 percent of the observations for families or

unmarried individuals living alone with someone aged 65 and older are excluded using this criteria at this level.

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