



# ISSUE BRIEF

## Children and Social Security: So Much More Than a Retirement Program

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When most of us think of Social Security, we think of a program for retired seniors. However, Social Security also helps children and the disabled.

It's true that Social Security serves approximately 29 million retired workers,<sup>1</sup> and has been remarkably effective in decreasing poverty, particularly among elderly women.<sup>2</sup>

But, in addition to providing insurance to retirees, Social Security provides insurance to four other groups:

- ◆ workers who are disabled,
- ◆ children (and some spouses) of workers who have retired or become disabled,
- ◆ children (and some spouses) of workers who are deceased,
- ◆ adults who were disabled before the age of 22 and who are eligible for Social Security because of a parent's disability, retirement, or death.

The children of disabled, retired, or deceased workers can receive Social Security until they turn age 18 (or 19 if they are still in high school). For those who were disabled before the age of 22 and whose parents are also disabled, retired, or deceased, those individuals can receive Social Security benefits for as long as they remain disabled.

### How many non-retirees does Social Security help?

Almost a third of people receiving Social Security (almost 18 million people) are not retired.<sup>1</sup> The most recent data indicate that **about 3 million children under age 18 are receiving Social Security.**<sup>3</sup>

These 3 million children included:

- ◆ 1.3 million children (under 18) of deceased workers,
- ◆ 260,000 children (under 18) of retired workers, and
- ◆ 1.4 million children (under 18) of disabled workers.

In addition, about 108,000 18 and 19-year-olds receive

Social Security because they are still in high school and are the children of deceased, retired, or disabled workers.

In fact, **Social Security provides benefits to more children than any other federal program.**<sup>1</sup> That's more than welfare or any other program providing income directly to individual children and their families.

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However, the number of children affected by Social Security is even greater than 3 million because many children live with family members who receive Social Security (even if the children do not).

A recent analysis by the National Academy of Social Insurance, a research organization, suggests that approximately another 2.4 million children live with other family members receiving Social Security.<sup>4</sup> They estimate that **the total number of children benefiting from Social Security is about 5.4 million**, about 7 to 8 percent of the population of children in the United States.

Social Security also serves adults who are not retired, including:

- ◆ about 742,000 adults who were disabled before age 22 and who are eligible for Social Security because of a parent's disability, retirement, or death,
- ◆ nearly 5.3 million disabled workers,
- ◆ 157,000 spouses of disabled workers,
- ◆ over 195,000 widowed mothers and fathers,
- ◆ 4.8 million spouses of deceased workers, and
- ◆ 2.7 million spouses of retired workers.<sup>3</sup>

The Social Security Administration also administers the Supplemental Security Income program (SSI), which provides aid to aged, blind, and disabled persons with low-income. Unlike Social Security, you don't need to have been employed (and paid FICA taxes) to qualify. Eligibility for the program is based on economic need (including level of income and value of assets). In December 2001, this program served 6.7 million individuals including about 880,000 children. However, this program is separate from what is generally known as "Social Security."

### **How much does Social Security income help children and non-retired families?**

The Social Security Administration reports that the average monthly payment for a child receiving Social Security in December 2001 was \$390.<sup>3</sup> The average payment to a family with children (including others' payments in addition to the child's) was \$852 in 1996; more recent data are not available.<sup>5</sup>

Clearly, Social Security is an important source of income for these families. In fact, in 1996 Social Security made up about 40% of the family income of children who received Social Security checks.<sup>5</sup> For almost a third of these families, Social Security made up over half of their family income.

**Social Security pulls almost 900,000 children out of poverty every year.**<sup>6</sup> For millions more – some of whom remained in poverty even with this income – it provided an important income boost.

Most people receiving Social Security are White, but African Americans are disproportionately likely to receive Social Security.<sup>5</sup> This is particularly true for children. While African Americans make up only 16 percent of the population of children in the U.S., nearly a quarter of children receiving social security are African American.

A 2001 report by the National Urban League, suggests that **African American children are 4 times more likely to be pulled out of poverty by Social Security** than White children.<sup>7</sup> Just over one-third of African American children receiving Social Security in 1996 were poor compared to 44% of all Black children in the U.S.<sup>5</sup> In contrast, White and Hispanic children receiving Social Security had similar poverty rates to other Whites and Hispanics in the U.S.

### **What does this mean for reforming Social Security?**

As we debate the costs and benefits of reforming the Social Security system, it is important to consider what reforms would mean for children, the disabled, and other family

members of disabled or deceased workers who rely on Social Security as an essential safety net.

Unfortunately, discussions about reform have focused almost exclusively on the retirement program. Some of those who want to privatize Social Security argue that it would allow workers who die to leave the money set aside for Social Security for their heirs. Those who believe that private

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accounts are necessary to protect heirs apparently do not understand that the current system provides a generous safety net for children of deceased workers. In fact, private accounts would leave very little to heirs of most workers who die before retirement age; only those who died near retirement age and earned very high salaries are likely to have substantial private accounts to leave for heirs. If all individuals' current payments went into a personal, private account with their name on it, it would not be enough to support children and families whose primary breadwinners die or become disabled at a young age, before they had earned enough Social Security dollars to support their families. In fact, low earners might never earn enough Social Security dollars to support their families with a personal, private account.

The transition from our current Social Security system to personal private accounts would cost billions of dollars. Plans to privatize Social Security pay for these transition costs by decreasing benefits, hoping that private accounts would earn more interest and thus make up for the smaller benefits. However, the benefits paid to children and disabled adults through SSDI are based on the same formulas (based on earnings) as those made for retirement benefits. In other words, if retirement benefits are lowered, the benefits received by these needy groups would also be lowered. That is why it is important to consider what special efforts are needed to protect these groups.

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References ⇨

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