

OVERVIEW OF THE SOCIAL SECURITY ADMINISTRATION

MISSION

To advance the economic security of the Nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs.

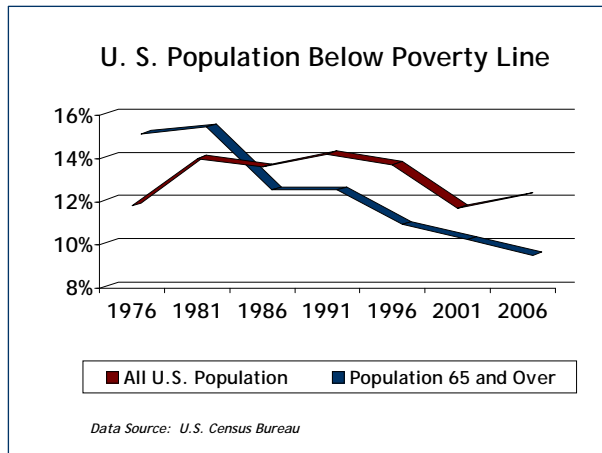
THE SOCIAL SECURITY PROGRAMS AND HOW THEY BENEFIT THE PUBLIC

Few Government agencies touch the lives of as many people as the Social Security Administration (SSA). SSA administers one of the Nation's largest entitlement programs, the Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly referred to as Social Security. Monthly cash benefits are financed through payroll taxes paid by workers through their employers and by self-employed workers. Monthly benefit payments under the OASDI programs are based on an individual's taxable earnings during his or her lifetime.

SSA also administers the Supplemental Security Income (SSI) program which is designed to provide or supplement the income of aged, blind, or disabled adults and children with limited income and resources. SSI payments are financed by general tax revenues.

Over 54 million people, one sixth of the total population, receive monthly Social Security or SSI benefit payments. Through their tax revenues, 163 million workers are earning valuable Social Security coverage for themselves and their families. The following table, *Number of Beneficiaries as of September 30th of Each Year*, indicates the number of people receiving OASDI, SSI and/or the combined benefits. During the last ten years, the number of Old-Age and Survivors Insurance (OASI) beneficiaries has grown by eight percent, Disability Insurance (DI) by 40 percent, and SSI (includes persons receiving only SSI benefits and those who receive combined SSI and OASDI benefits) by 11 percent.

Number of Beneficiaries as of September 30th of Each Year (in Millions)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OASI only	37.9	38.0	38.7	38.9	39.2	39.4	39.6	40.0	40.4	40.9
DI only	6.3	6.5	6.6	6.8	7.1	7.5	7.8	8.2	8.5	8.8
SSI only	4.2	4.2	4.2	4.3	4.4	4.4	4.6	4.6	4.7	4.8
Total of beneficiaries receiving OASI, DI or SSI only	48.4	48.7	49.5	50.0	50.7	51.3	52.0	52.8	53.6	54.5
SSI and OASDI	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6



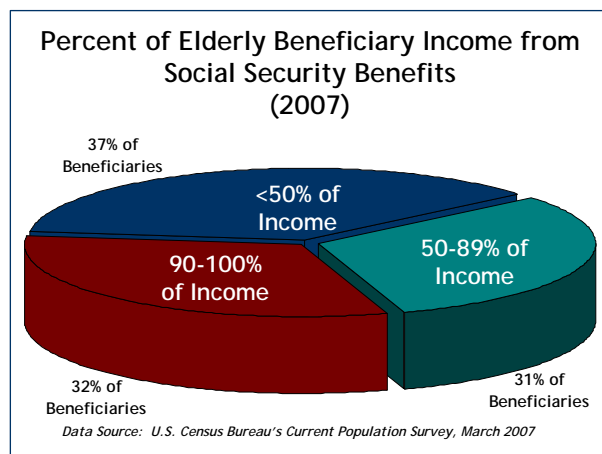
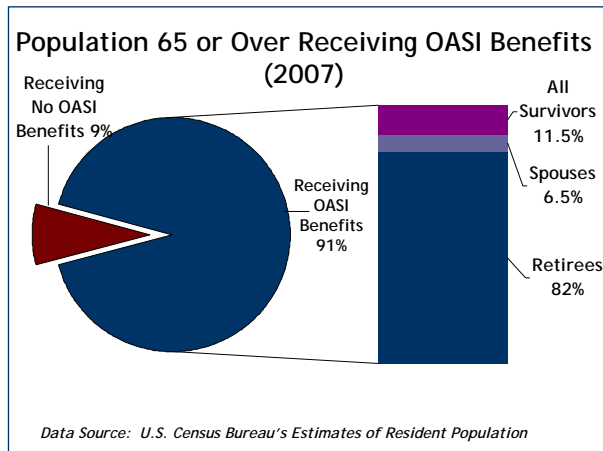
Social Security and SSI benefits play a significant role in the improved economic security of the Nation's people. In 1936, when Social Security Numbers were first assigned to workers, most of the Nation's elderly were living in poverty. Over the past 30 years, poverty among the elderly has been reduced by 37 percent, decreasing from 15 percent in 1976 to 9.4 percent in 2006 and is expected to continue to decline in future years. As shown in the chart, *U.S. Population Below Poverty Line*, the percentage of the population age 65 and over in the United States who lives below the Federal poverty level has been consistently lower than that of the general population since the 1980s. In 2006, the total population of the elderly was 12.3 percent compared to 9.4 percent of the elderly below the poverty line.

The poverty level gives an indication of how Social Security and SSI benefits are improving the quality of life of the elderly; millions more are protected in the event of disability or death. In addition to food stamps, Medicaid, low income housing and other social services, SSI recipients with little or no income may receive an SSI Federal benefit up to 73.2 percent of the Federal poverty level for an individual and 81.9 percent for a couple. Additionally, the portion of the poverty gap not filled by Federal SSI may be filled by State SSI supplemental payments.

OLD-AGE AND SURVIVORS INSURANCE (OASI) BENEFITS

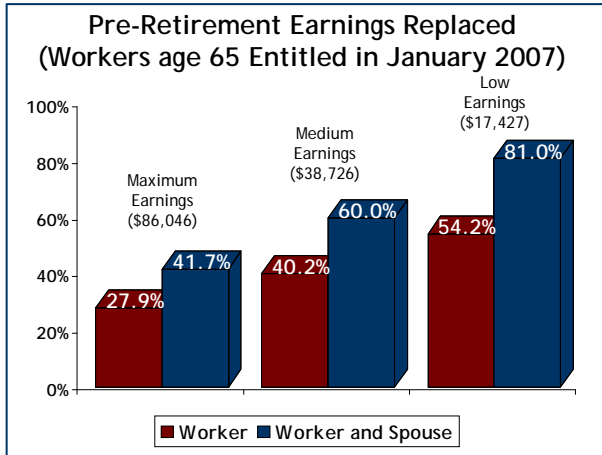
Working Americans can count on benefits when they retire if they have qualified by working and paying Social Security taxes for at least ten years over the course of their lifetime. Benefits are also paid to certain members of retired workers' families and their survivors.

The chart, *Population 65 or Over Receiving OASI Benefits*, shows as of 2007, 91 percent of the total population that is 65 years of age or over receives OASI benefits and nine percent of the total population do not receive OASI benefits. Of the 91 percent that receive benefits, 82 percent are retired, 6.5 percent receive benefits due to their spouse's earnings and 11.5 percent receive survivor's benefits.



As of 2007, approximately 97 percent of eligible persons age 20-49 have survivor protection for their children under age 18 and for surviving spouses caring for children under age 16. During this same period, 91 percent of the population over 65 were receiving benefits. Social Security benefits comprised 37 percent of all income for individuals and married couples age 65 and over.

As shown in the chart, *Percent of Elderly Beneficiary Income from Social Security Benefits*, Social Security benefits comprise at least 90 percent of total income for one-third of the elderly beneficiaries. For nearly two-thirds of elderly beneficiaries, it is their major income source (50-100 percent of their income).



The basic benefit structure of the Social Security system has remained unchanged in principle since 1939. Monthly benefits related to the worker's previous earnings are payable to retired and disabled workers, to eligible survivors, and to their families. Benefits based on prior earnings reflect workers' prior standards of living and the earnings from which they paid Social Security taxes. The level of career average earnings replaced by Social Security benefits varies because the benefit formula is progressive. The proportion of previous earnings that is replaced (earnings replacement) is greater for lower than for higher earners because lower earners have less ability to save and invest during their careers. This weighting shows the greater economic needs of the person at a lower earnings level and the

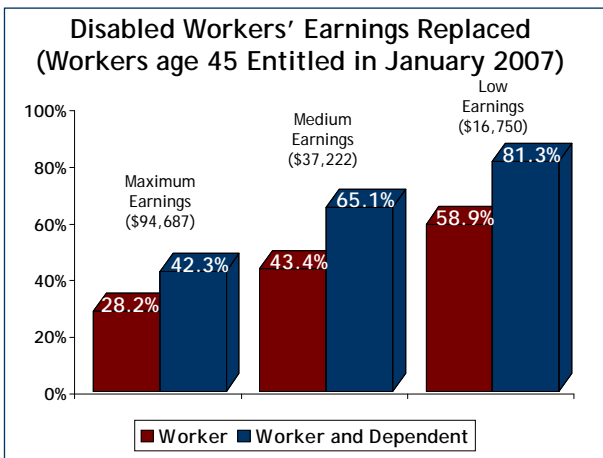
greater likelihood that higher paid workers will have supplementary pensions and private savings. The chart, *Pre-Retirement Earnings Replaced*, shows the earnings replacement rate in 2007 for single workers and couples (e.g., worker with a spouse age 65 or older who is not insured) at various earnings levels. The earnings amounts represent the average of the worker's career earnings wage-indexed¹ to 2006.

DISABILITY INSURANCE (DI) BENEFITS

Disability under Social Security is determined based on a person's inability to work. SSA considers a person disabled under Social Security rules if the person cannot perform the work he did before the Agency determined that he could not adjust to other work because of his medical condition(s). A person's disability must also last or be expected to last for at least one year or result in death. In order to qualify for DI benefits, a person must have worked long enough and recently enough under Social Security to be insured in addition to being disabled.

DI benefits provide a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. SSA evaluates the work activity of persons claiming or receiving disability benefits. The Agency uses earnings guidelines to evaluate a person's work activity to decide whether the work activity is substantial gainful activity. A person is considered to be performing substantial gainful activity if he/she is earning more than a certain amount of money per month. Once benefits begin, they continue for as long as the person is disabled and does not perform substantial gainful activity. Social Security offers programs that provide incentives for people who would like to return to the workforce. The Agency also conducts periodic continuing disability reviews to determine whether current beneficiaries remain disabled.

The chart, *Disabled Workers' Earnings Replaced*, shows the earnings replacement rate in 2007 for disabled workers and their dependents at various earnings levels. The earnings amount represents the average of the workers' career earnings wage-indexed through 2006.

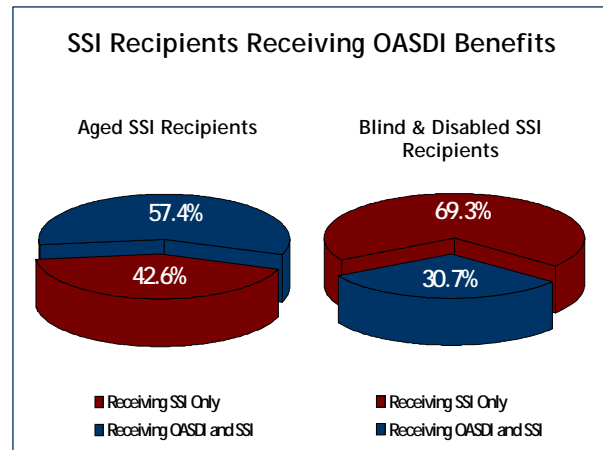


¹ For more information on wage-indexing, please see: <http://www.ssa.gov/OACT/COLA/AWI.html#Series>.

SUPPLEMENTAL SECURITY INCOME (SSI) PROGRAM

SSI is a means-tested program designed to provide or supplement the income of aged, blind, or disabled people with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues, not the Social Security OASDI Trust Funds. Children, as well as adults, can receive payments based on disability or blindness.

The definition of disability for adults used in the SSI program is the same as that used in the DI program, with the exception of statutory blindness for which different rules apply. Like the DI program, there is a separate definition of disability for children applying for SSI benefits. There are general provisions to encourage returning to work and special work incentives for all recipients. SSI is the sole source of income for most recipients. However, as of September 2007, 35.1 percent of all SSI recipients also received Social Security benefits. The chart to the right, *SSI Recipients Receiving OASDI Benefits*, illustrates that a larger percentage of aged SSI recipients (57.4 percent) are receiving both OASDI and SSI benefits while a smaller percentage of blind and disabled SSI recipients (30.7 percent) receive both OASDI and SSI benefits.



AGENCY ORGANIZATION

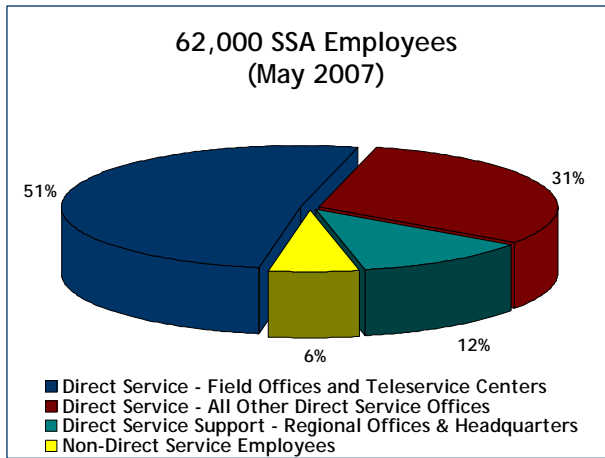
The Social Security Administration (SSA) has provided direct service to the American public at critical stages in their lives and has ranked among the premier agencies in Government service for over 70 years. Agency programs touch the lives of over 95 percent of all Americans. As the Federal agency charged with managing and delivering these programs for people across the country, SSA's success is dependent upon how well it manages its limited resources to meet the needs of the American people.

In FY 2007, as in prior years, SSA's limited resources were primarily used to process its workloads including:

- Paying benefits to over 54 million people every month;
- Making decisions on nearly 656 thousand hearings and appellate actions;
- Issuing over 17.6 million Social Security cards;
- Processing over 265 million earnings items for crediting to workers' earnings records;
- Handling 57 million calls to SSA's 800-number;
- Issuing over 146 million Social Security Statements;
- Processing over 764 thousand periodic continuing disability reviews;
- Processing over one million non-disability SSI redeterminations to ensure that SSI eligibility is still met; and
- Administering components of the Medicare programs, including subsidy applications, calculating and withholding premiums, making eligibility determinations, and taking applications for replacement Medicare cards.

SSA's organization is centrally managed with a nationwide network of over 1,300 offices which includes Field Offices, Regional Offices, Teleservice Centers (800-number), Program Service Centers, Hearing Offices, and State Disability Determination Services. The public can also conduct business and obtain information via SSA's website at www.socialsecurity.gov.

SSA's organizational structure is designed to provide timely, accurate, and responsive service to the public. By integrating support services for all of its programs, SSA enhances efficiency, avoids duplication of effort, and increases opportunities to provide one-stop service to the public. SSA's Field Offices are the primary points for face-to-face contact with the public. Teleservice Centers offer national toll-free telephone service at 1-800-SSA-1213. The Program Service Centers process a wide variety of workloads, as well as answer 800-number calls. The Office of Central Operations, which includes the Data Operations Center, processes retirement and disability-related workloads, maintains records of worker's earnings, and also has an expanded role in answering 800-number calls. The State Disability Determination Service offices process medical decisions for the SSA Field Offices. The Hearing Offices make decisions on appeals of SSA determinations.



As shown in the chart, 62,000 SSA Employees, around 58,000 of SSA's employees deliver direct service to the public or directly support the services provided by the Agency's front-line staff. Roughly 31,500 employees work in over 1,200 SSA Field Offices (including Resident Stations) and 35 Teleservice Centers.

Approximately 19,000 employees provide direct service from the Agency's Program Service Centers, Hearing Offices, the Office of Central Operations, the Office of General Counsel, the Office of the Inspector General, the Office of Public Inquiries, the Office of Quality Performance, and [Social Security Online](#). Another 7,500 employees in Regional Offices and Headquarters directly

support the services delivered by Social Security's front-line workers. The disability programs also depend on the work of over 15,000 employees in State Disability Determination Services.

SSA's employees in non-direct service positions perform equally important functions in developing information technology and public information products, ensuring sound fiscal stewardship, developing and implementing uniform program policies and procedures, and supporting the workforce by providing, maintaining, and safeguarding the Agency's facilities. SSA's administrative expenses, driven by the size of the programs the Agency administers, are less than two percent of total outlays.

ORGANIZATION OF THE SOCIAL SECURITY ADMINISTRATION

