



Women and Social Security*

This special feature is based on a chart briefing presented in September 1984 to congressional committee staffs and other groups particularly interested in the status of women under social security. It presents first findings from the Social Security Administration's New Beneficiary Survey about average social security benefits, other pension receipt rates, marital status, and number of children raised by women entering retirement in the early 1980's. It also presents projections for the year

2030 of average benefits for all married, widowed, divorced, and never-married women and men aged 62 or older. The survey data show an increase in average social security benefits and in pension receipt rates among both women and men over the past decade. About two-thirds of the women are married as they enter retirement. The remaining third, who enter retirement unmarried, include about 24 percent who are widows, 7 percent who are divorced, and 5 percent who have never been married. Unmarried women's average social security benefits, based either on their own work records or on deceased or former husbands' work records, are higher than the individual benefits of married women, but considerably lower than the combined benefits married women share with their husbands, and slightly lower than the average benefits received by their unmarried male counterparts. Projections of benefits for all aged persons in 2030 show that real benefits (expressed in 1984 dollars) will be considerably higher than those received today because the wages on which future benefits are based are assumed to rise more rapidly than inflation. The relationships among average benefits of married and unmarried women and men in 2030, however, are projected to be similar to those found today.

*The chart briefing on which this article is based was coordinated and presented by Virginia P. Reno, Program Analysis Staff, Office of Research, Statistics, and International Policy (ORSIP), Office of Policy, Social Security Administration. The New Beneficiary Survey data and the marital history data from the Census Bureau were prepared by Howard Iams of the Program Analysis Staff. The microsimulation projections of benefits in 2030 were prepared by Benjamin Bridges, David Pattison, Bernard Wixon, and Delores Johnson of the Division of Economic Research, ORSIP, and by Richard Kasten and Frank Sammartino of the Office of the Assistant Secretary for Planning and Evaluation in the Department of Health and Human Services.

Status of New Beneficiaries, 1982

The Social Security Administration undertook the New Beneficiary Survey (NBS) to provide more up-to-date information about the worklives and economic well-being of persons recently entering retirement. A previous survey of this type had been conducted nearly 15 years earlier, and was therefore considerably out of date. The NBS has some new features that will enable researchers to obtain a more complete look at the status of women entering retirement today. The previous survey interviewed only retired workers of both sexes.

The NBS includes not only women who enter retirement with retired-worker benefits, but also those

who start receiving benefits as widows or wives. It also includes samples of divorced women who enter retirement with spouse or survivor benefits based on their ex-husband's work records. The survey represents persons who first received benefits between mid-1980 and mid-1981. Interviews were conducted in late 1982.

The charts that follow present some of the first findings about the women in the 1982 New Beneficiary Survey. The social security benefit data are from Social Security Administration records that were linked to the survey data. The information about marital status, pension receipt, and number of children raised are from the survey interviews.¹

¹For further information about the survey design, see Linda Drazga Maxfield, "The 1982 New Beneficiary Survey: An Introduction," *Social Security Bulletin*, November 1983, pages 3-11.

Average Benefits of New Beneficiaries

Chart 1 shows average social security benefits for couples and for unmarried men and women in the survey. The couples are made up of new beneficiary married women (both retired-worker and wife beneficiaries) and include all cases in which both the husband and wife are entitled to social security benefits. As can be seen:

- The couples have considerably higher benefits than do the unmarried individuals. Husbands, in general,

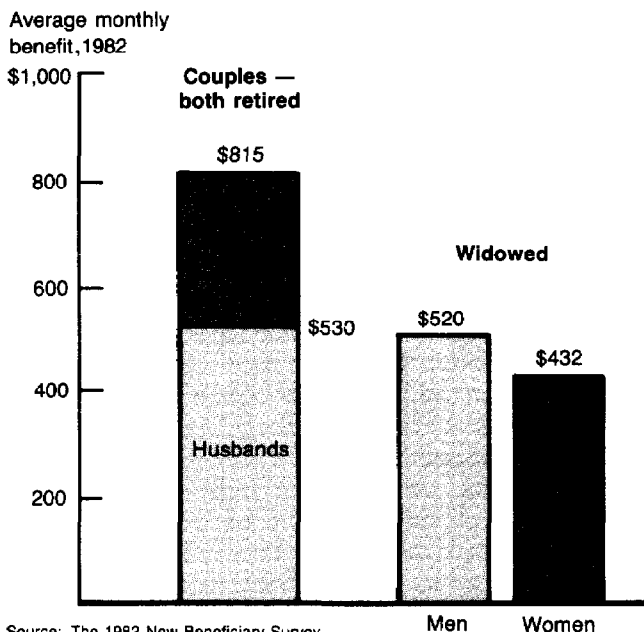
tend to have worklives that produce above-average benefits.

- The 1982 average benefit of \$815 for couples is well above the poverty threshold for aged couples (\$486 a month) in 1982.

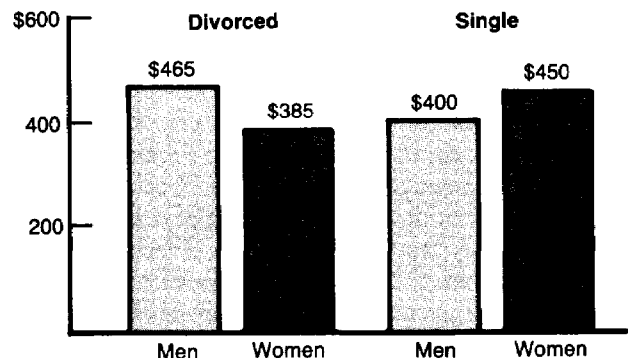
Although benefits of the widowed, divorced, or single (never-married) new beneficiaries are well below those of couples, the data show some encouraging signs:

- The average benefit for all unmarried new beneficiary women (including both retired workers and those who received only a widow's, divorced wife's, or surviving divorced wife's benefit) was \$420. For male retired workers, the average benefit was \$460.
- Both of these average amounts were above the poverty threshold for an aged person living alone in 1982 (\$386). The previous new beneficiary survey, conducted in 1970, found that unmarried new retired workers (both men and women) had median benefit incomes that were only about two-thirds of the poverty threshold.

Chart 1. — Couples receive considerably higher average social security benefits than do the unmarried



Source: The 1982 New Beneficiary Survey.



- Among widowed and divorced new beneficiaries in 1982, the average benefits for women were about 83 percent of the averages for men.

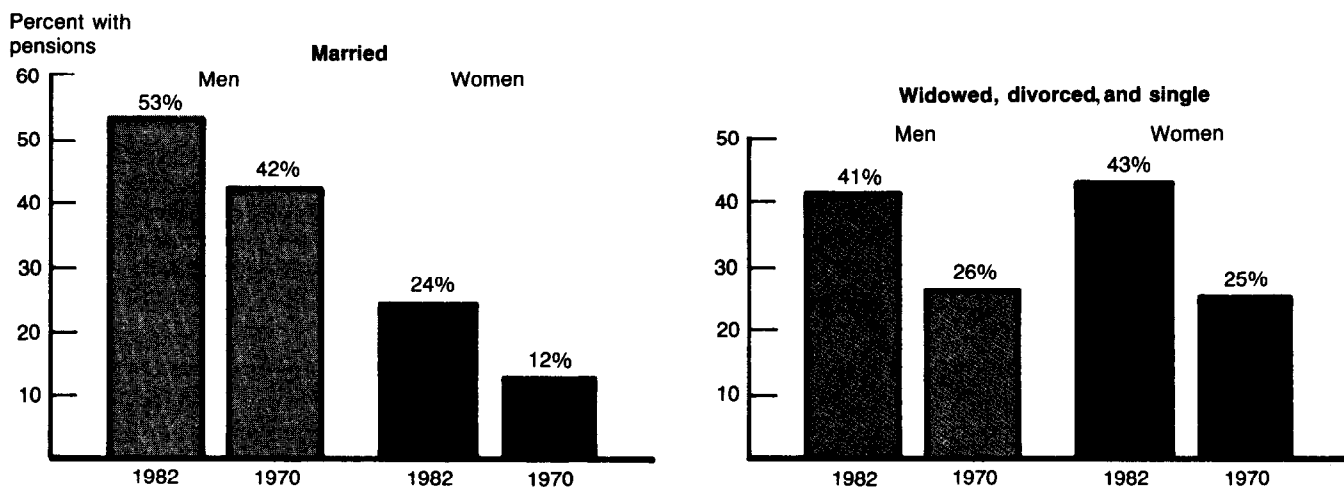
- Among never-married persons, the average benefit for women was actually higher than that for men.

New Retired Workers with Other Pensions

Chart 2 shows the proportion of new retired-worker beneficiaries in 1970 and 1982 who reported they had pensions in addition to social security benefits. The pensions include private pensions and public pensions from government employment at the local, State, or Federal level. The new retired workers in 1982 were considerably more likely to have such pensions. In 1970, only about one-fourth of the unmarried men and women had pensions. By 1982, pensions were received by more than 40 percent of the unmarried new retired workers (41 percent of the men and 43 percent of the women).

Married women continued to be less likely than other new retired workers to have other pensions, although they, too, showed significant improvement in the period. The proportion of married men with pensions reached 53 percent in 1982.

Chart 2. — Other pensions are more common among new retired workers now than in the past



Source: The 1982 New Beneficiary Survey.

New Beneficiary Married Women

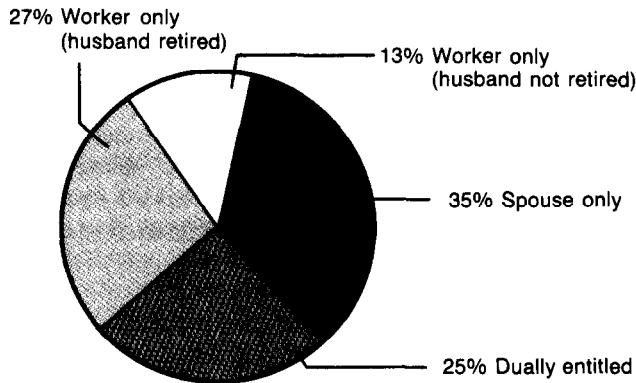
Most women are married when they enter retirement. This was true of 64 percent of the new beneficiary women in 1982. Chart 3 shows the types of benefits received by the married women in the survey:

- 35 percent of the married women received benefits solely as wives on their husband's work record.
- 65 percent were insured for benefits as workers.

They include:

- 25 percent who were dually entitled — that is, their retired-worker benefit was supplemented by a partial wife's benefit;
- 27 percent who were entitled to a higher benefit as a worker than as a wife, so they received only a retired-worker benefit; and
- 13 percent who received retired-worker benefits only and whose husbands were not yet retired. Some of these women may become dually entitled when their husbands retire.

Chart 3. — About two-thirds of the married female beneficiaries are insured for benefits as workers

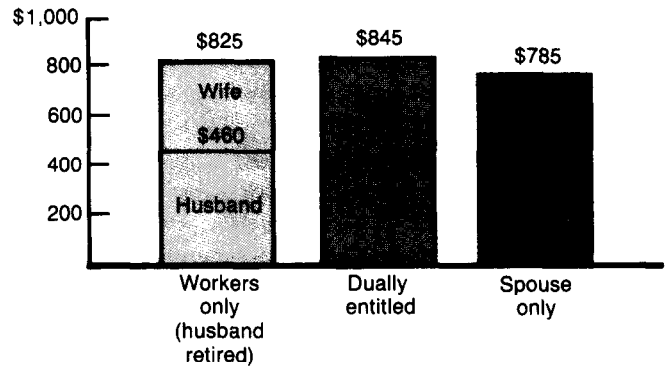


Source: The 1982 New Beneficiary Survey.

Chart 3 also shows social security benefit levels among the three types of couples in which both the wife and husband had retired. In general, average benefits did not vary greatly among the three types of couples. To the extent that they did vary, the couples in which the wife was dually entitled received somewhat more, because the husbands tended to have higher benefits. Couples in which the wife was not insured received somewhat less than those in the other two groups.

Other pensions were more commonly received by those couples in which the wife received retired-worker benefits only. Altogether, 57 percent of these couples received pensions from the husband's or the wife's work, or both, in 1982. In all, 34 percent of these couples had a pension earned by the wife. And in 18 percent of these couples, both the husband and wife had a pension. This information is found in the tabulation, which shows the

Average monthly benefit for couples, 1982



percentage of couples with pensions in 1982, by type of the wife's social security benefit.

Pension recipient	Retired-worker only — husband retired	Dually entitled	Wife's benefit only
Couples with pensions ¹	57	51	48
Both husband and wife	18	4	4
Husband only	23	40	38
Wife only	16	6	5
All wives with pensions	34	11	10
All husbands with pensions	41	44	43

¹Percentages may not add to total because of rounding.

Couples were far less likely to have pensions for both partners when the wife was dually entitled or received only a wife's benefit under social security.

Potential Survivor Income

Married women entering retirement have a high probability of becoming widowed at more advanced ages. Their long-term economic security hinges, in part, on the income they can expect to receive if they should outlive their husbands. The sources of this income may include social security survivor benefits, pensions based on their own work, and any survivor benefits that might be paid from their husbands' pension plans.

In chart 3, the average benefits received by their husbands illustrate in a rough way the relative level of survivor benefits the women might receive from social security:

- For the women who received retired-worker benefits only, the husband's average benefit was somewhat lower than was the case for the other two groups of women. (Some of the women receiving retired-worker benefits only may have received higher benefits than did their husbands. They would continue to receive their worker's benefits.)
- On the other hand, the women who received retired-worker benefits only were more likely to receive their own pensions — about 1 in 3 had pensions, compared with 1 in 10 of the other married women.

Finally, to investigate the potential availability of survivor benefits from other pension plans, the survey asked married workers who were receiving or expecting pensions from one of their jobs whether, if they should die, the pension plan would pay regular monthly benefits to their spouse. Of the married men responding to this question, about 2 in 3 said a survivor benefit would be paid, as the tabulation shows.

Pension receipt status	Married	
	Men	Women
Percent receiving or expecting a pension ¹	53	25
Survivor benefit payable	31	8
Survivor benefit not payable	16	14
Not reported	5	3

¹Percentages may not add to totals because of rounding.

Although historical data are limited on this issue, these data suggest that married women are more likely than in

the past to have some type of survivor protection from their husband's pension plans.

New Beneficiary Widows

Nearly one-fourth (24 percent) of new beneficiary women were widows. The new beneficiary widows include women who first received social security benefits on the basis of old age either as widows at age 60 or older or as retired workers at age 62 or older. Chart 4 shows the proportion who received each type of benefit:

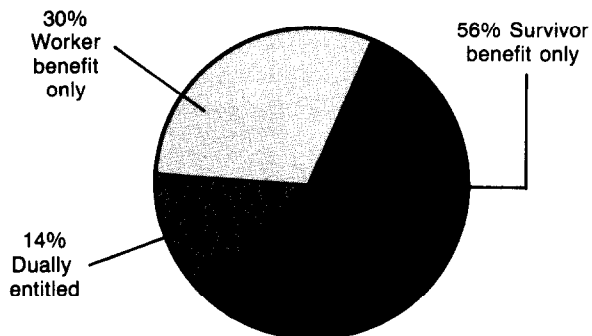
- Many of the widows (30 percent) received benefits solely as retired workers.
- 14 percent were dually entitled.
- More than half (56 percent) claimed survivor benefits only. Many of these widows, however, were insured for benefits on their own work records (29 percent were insured, while 27 percent were not). Unlike wives, widows are not required to claim their worker's benefit when they file for benefits on their husband's work record. In fact, because the widow's benefit is first payable at age 60, 2 years before the eligibility age for retired-worker benefits, many of the widows were too young to claim the worker's benefit.

Among the widows, the highest benefits were received by the relatively small group who were dually entitled. The smallest benefits were received by those who claimed survivor benefits only. For all three groups of widows, the average benefits were above the 1982 poverty threshold.

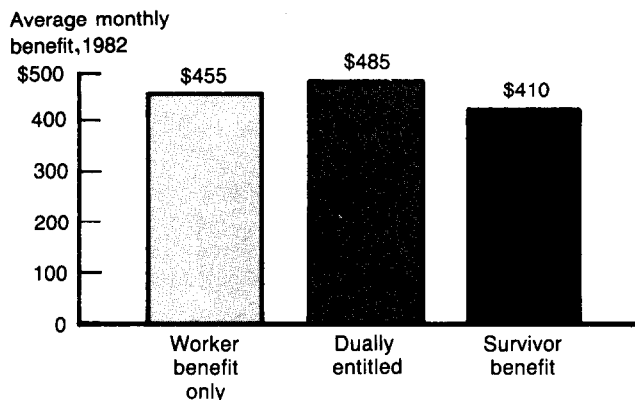
Other pensions were received by 36 percent of the widows. The widows who received retired-worker benefits only were the most likely to have other pensions: 45 percent had such pensions, compared with about a third of the other widows.

Widows who said that they received pensions were asked whether the pension was from their own work or was a survivor pension based on their deceased husband's work. The limited historical data available suggest that only negligible proportions of widows in the late 1960's received survivor pensions. This survey shows that, although the proportion receiving such pensions is still small, it is no longer negligible — about 13 percent. The widows claiming only survivor benefits under social security were the most likely to have other survivor

Chart 4. — About one-fourth of new beneficiary women are widows and many claim survivor benefits



Source: The 1982 New Beneficiary Survey.



pensions as well. About 17 percent of these widows reported such pensions, compared with about 8 percent of the widows who received retired-worker benefits only. This information is found in the tabulation, which shows the percent of widows with pensions by the type of pension and by the type of social security benefit.

Type of pension	Total	Retired-worker only	Dually entitled	Survivor benefit only
Total with pension ...	36	45	33	32
Survivor	13	8	10	17
From own work ...	23	37	23	15

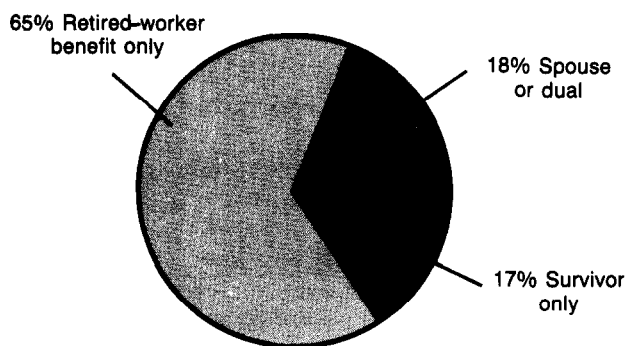
New Beneficiary Divorced Women

Seven percent of all the women entering retirement were divorced. Chart 5 reveals that:

- The large majority (65 percent) of divorced women received benefits solely as retired workers.
- 17 percent claimed only surviving spouse benefits on their deceased ex-husband's work records. (Three in 4 of these women were insured, but, like widows, they may claim only the survivor benefit.)
- 18 percent received only a divorced wife's benefit or were dually entitled, usually to a wife's rather than a survivor's benefit. (One in 2 of these women were insured as workers, but their own benefit was smaller than the benefit based on the ex-husband's work record.)

The highest benefits among the divorced women were received by the large group that claimed retired-worker benefits only. The average benefit for these women was 87 percent as high as that of divorced men. And they were as likely as divorced men to receive other pensions (38 percent did).

Chart 5. — Seven percent of new beneficiary women are divorced and most receive retired-worker benefits

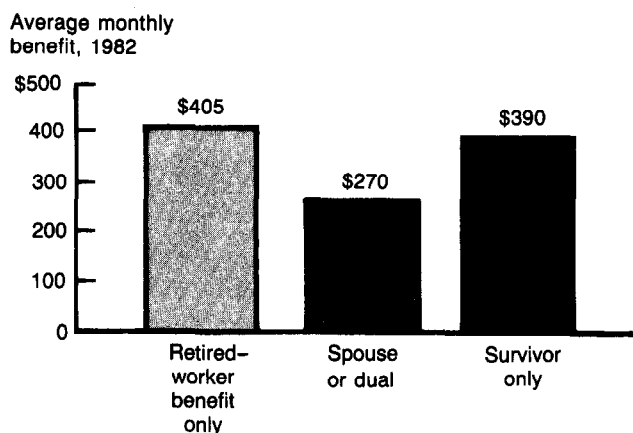


Source: The 1982 New Beneficiary Survey.

The next highest benefits for divorced women were for those who claimed survivor benefits only. Their average benefit of \$390 was just above the 1982 poverty threshold for an aged person living alone. About 1 in 5 (22 percent) of these women had pensions in addition to their social security survivor benefits.

The lowest benefits for divorced women were for those who received a divorced wife's benefit only or who were dually entitled, usually to a divorced wife's benefit. The women in these categories represent a relatively small proportion (about 1 percent) of all women entering retirement. Just 14 percent of these women had other pensions.

The survey also requested information about receipt of alimony or support payments. Such payments were infrequently received. Divorced women who were dually entitled or received only a divorced wife's benefit were more likely than others to report such payments. Thirteen percent did so, compared with 5 percent of the divorced women who received retired-worker benefits only.

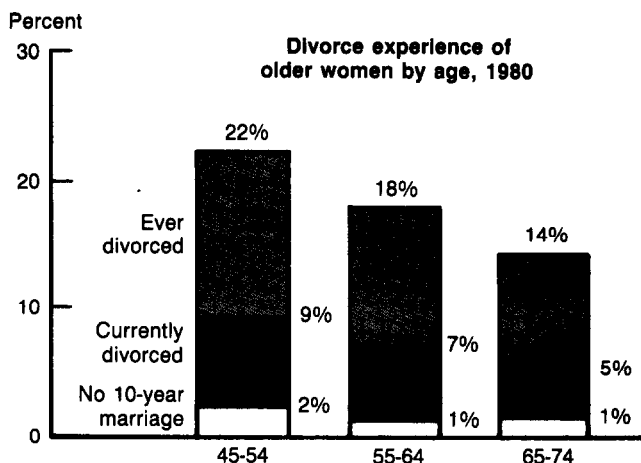


Divorce Experience of Older Women

Considering the relatively high divorce rates of the late 1970's and early 1980's, one might expect that divorced women would account for a larger portion of current new retirees than they do. Chart 6 provides data from the Bureau of the Census to help investigate this issue. The data show that:

- By the older ages, many of the women who had ever been divorced had remarried. Of women aged 55-64, for example, 18 percent had been divorced, but only 7 percent were currently divorced. The others had remarried.
- Also, among older women whose last marriage ended in divorce, few had not been married for at least 10 years. These data suggest that most divorced women entering retirement are potentially eligible for benefits on their ex-husband's work record. The data from the New Beneficiary Survey indicate, however, that the large majority of the divorced women receive higher benefits based solely on their own work.

Chart 6. — Many ever-divorced women have remarried



Source: Marital History Supplement to the June 1980 Current Population Survey.

- Finally, the data illustrate the increasing prevalence of divorce in each younger age group.

Child-Rearing Experience of New Beneficiary Women

Large families were common for the women in the New Beneficiary Survey, as shown in chart 7. Four in 10 of the ever-married women had raised three or more children. (Two in 10 had raised four or more children.) Only about 1 in 10 had raised no children.

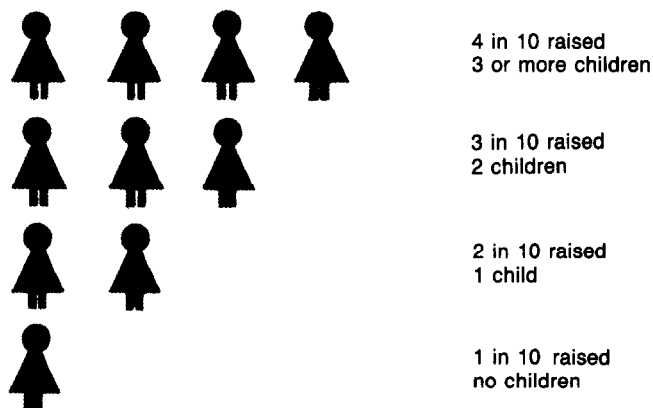
Similar numbers of children were reported by the married, the widowed, and the divorced women. Because divorced women were entitled to higher benefits on their own work records than were married women, it was expected that they may have raised fewer children. That was not the case, however. The divorced women were about as likely as the married women to have had large families.

The women in the New Beneficiary Survey represent the first wave of the mothers of the baby boom. They were in their thirties in the 1950's, when birth rates were high and labor-force participation rates were low for women with young children. In general, the married and divorced women who received only a wife's benefit tended to have raised somewhat more children than those who received only retired-worker benefits.

Also, the small group of women who did not raise children tended to have somewhat higher benefits than those who did. This is particularly true among the divorced

women. The small group of divorced women who had had no children received an average benefit of \$465, the same as the average for all divorced men and about \$90 more than the average for divorced women who raised children.

Chart 7. — Large families were common among those women who were ever married



Source: The 1982 New Beneficiary Survey.

Projections for the Future

Projections for the future are essential in evaluating the current system. Two microsimulation models are used to help assess the projected benefits of aged women. Both models are revised versions of a model developed at the Urban Institute in the 1970's. One model, MICROSIM, was recently implemented by the Office of Research, Statistics, and International Policy in the Social Security Administration. The other model, DYNASIM, was refined and used by the Office of the Assistant Secretary for Planning and Evaluation in the Department of Health and Human Services. Both models incorporate assumptions about future economic and demographic trends that are consistent with the 1983 intermediate (II-B) assumptions of the Board of Trustees of the Federal Old-Age, Survivors, and Disability Insurance Trust Funds. These assumptions include:

- Wages will grow about 1½ percent faster than prices over the long term (5.5 percent, compared with 4 percent).
- The fertility rate will average about 2.0 over the long term.
- Women's labor-force participation rates will continue to increase.

- The high divorce rates experienced in the late 1970's will continue.

Using these assumptions, the models simulate work and marital histories of individuals in the future. These work and marital histories are then used to calculate social security benefits for future beneficiaries.

The two models produce quite similar results. This consistency is encouraging because, given the complexity of the models and of present law, ample opportunities exist for introducing "glitches" that could bias the results. The similarity between the results of the two models, which were independently implemented, suggests that these kinds of problems do not affect the simulation results.

On the other hand, it is important to keep in mind that these projections are only simulations based on current knowledge and assumptions. Actual experience could turn out to be very different. Fertility rates could be higher or lower than assumed. Women's labor-force participation rates and earnings could rise more rapidly or more slowly than assumed. And other economic trends could be different from those used in the simulation. Projecting the status of women 45 years into the future based on what is known today is like projecting the status of women today based on what was known in 1938. More complete historical data and more sophisticated models are now available, but the future could still turn out to be very different from what is shown in the projections.

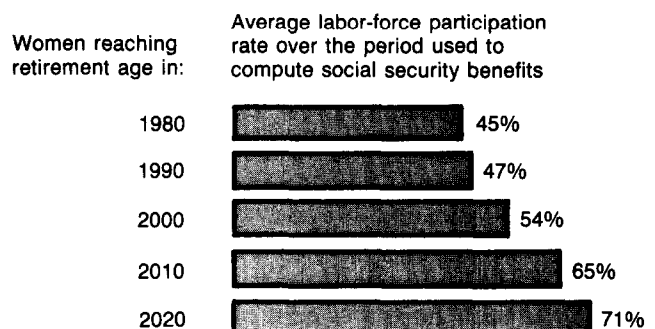
Labor-Force Experience of Women Retiring in the Future

Women retiring in 2020 will have much more complete worklives than women retiring over the next 20 years, according to historical labor-force participation rates and rates projected by the Office of the Actuary of the Social Security Administration. Chart 8 shows the average labor-force participation rates of women approaching retirement (ages 60-64) now and in the future. The participation rate is the average over the portion of their lives that is normally used to calculate social security benefits — that is, the period since age 21, or 1950 if later, up to age 62. For the 1980 retirees, it is the period since 1950, when the women were in their early thirties. For the 1990 and later retirees, it is the period since they were in their early twenties. As can be seen:

- The group reaching retirement age in 2020 is projected to have had much more complete

worklives, for benefit computation purposes, than women reaching retirement age in 1990 or even in 2000.

Chart 8. — Women retiring in 2020 will have more complete work histories than those retiring in the next 20 years



- For those retiring in 1990 or 2000, benefits will be based on their earnings since their early twenties. These women were in their twenties in the 1950's or 1960's, and had relatively low labor-force participation rates then.

The sharp increase in the employment of young women occurred after 1970. These women will be reaching retirement age after 2010.

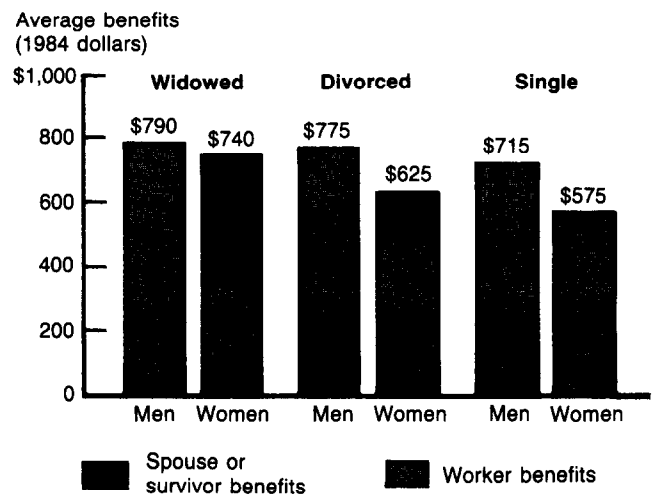
The remaining charts use an average of results of the two simulation models to show projected benefits for persons aged 62 or older in 2030.

Benefits by Marital Status, 2030

Chart 9 shows the average benefits in 2030 (in 1984 dollars) for widowed, divorced, and single (never-married) men and women aged 62 or older. The chart shows that:

- Average benefits for widows are projected to be about 95 percent of the average for widowed men. Survivor benefits are an important component of that overall average benefit for widows; about half is projected to be from benefits based on their own work record, while the other half is from survivor benefits (for those who are not insured or who receive partial survivor benefits in addition to their worker's benefits).
- Among the divorced and never-married beneficiaries, the average benefit for women is projected to be about 80 percent of the average for men.
 - For the divorced women, spouse or survivor benefits are an important part of the total benefit. These benefits account for about one-fourth of the overall average benefit.
 - For the never-married persons, the difference in average benefits for men and women reflects the difference in projected earnings of the two groups.

Chart 9. — Average monthly benefits for unmarried women in 2030 are projected to be 80-95 percent as high as those for men



Source for simulations: Microsim and Dynasim.

The average benefits, in 1984 dollars, are projected to be considerably higher than those paid today because wages, on which future benefits will be based, are assumed to rise more rapidly than prices. A rough sense of the relative level of these projected benefits can be obtained by comparing them with 1984 poverty thresholds, which are approximately \$525 a month for an aged couple and \$415 for an aged person living alone. All of the projected average benefits are well above those levels.

Benefits for Couples by Wife's Benefit Type, 2030

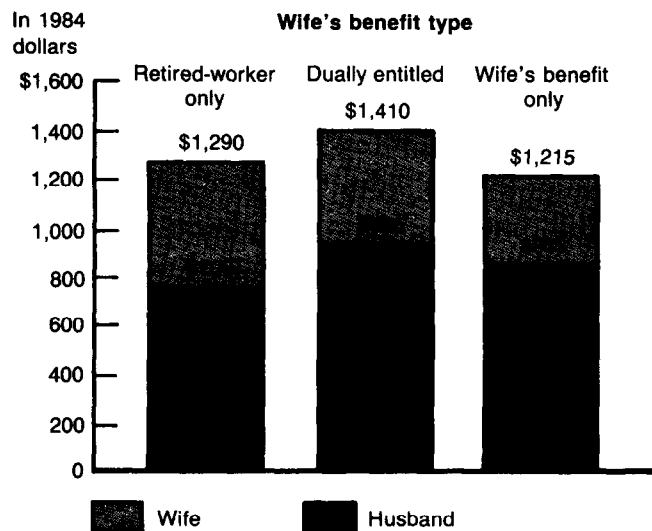
Chart 10 shows benefit amounts for couples aged 62 or older in which both the husband and wife are receiving benefits, by the type of benefit the wife is receiving. The models indicate that by 2030 very few women in such

couples (7 percent) will receive only a wife's benefit. The majority (53 percent) are projected to receive worker benefits only, while 40 percent are projected to be dually entitled.

As is true of new beneficiaries today, the projected average benefits in 2030 will not vary greatly among the three types of couples. Couples in which the wife

is dually entitled are projected to receive slightly more than those in the other two groups, mainly because the husbands will have higher benefits. Couples in which the wife receives a wife's benefit only will receive slightly less than those in the other two groups.

Chart 10. — Average monthly benefits for couples in 2030 are projected to be slightly higher where the wife is dually entitled



Source for simulations: Microsim and Dynasim.

Summary of Findings

The New Beneficiary Survey shows that among women entering retirement in 1982:

- The majority were married and they, together with their husbands, had average social security benefits that were well above the poverty threshold.
- About half the newly retired couples received pensions in addition to social security.
- The average benefit for all unmarried (widowed, divorced, and never-married) women was also above the poverty threshold — a considerable improvement over the finding in the 1970 new beneficiary survey that median benefits of both unmarried men and women amounted to only about two-thirds of the poverty threshold.
- Unmarried female retired workers were as likely as the unmarried men to receive pensions in addition to social security benefits — 43 percent of the women and 41 percent of the men had such pensions. In the previous new beneficiary survey, only about one-fourth of the unmarried men and women had pensions.
- Survivor benefits from their husband's pensions were more likely to be available to women than formerly was true.
- Divorced women accounted for 7 percent of the new beneficiary women. The majority (65 percent) received retired-worker benefits only. Their average benefit was 87 percent as high as that of divorced

men and they were as likely as divorced men to have other pensions.

- The small group of new beneficiary women who received a divorced wife's benefit had low benefits. They represent about 1 percent of all the new beneficiary women.
- Large families were common. Also, women entering retirement over the next decade are likely to have had large families as they, too, were of child-bearing age during the baby boom of the 1950's.

Projections from the microsimulation models of benefits in 2030 show that:

- Real benefits (in 1984 dollars) will be considerably higher than those paid today, because the wages on which future benefits are based are projected to rise more rapidly than prices.
- With that projected growth, average benefits in 1984 dollars are well above the 1984 poverty threshold for widowed, divorced, and never-married men and women as well as for couples.
- Widows are projected to have average benefits about 95 percent as high as those of widowers.
- Divorced women are projected to have benefits about 80 percent as high as those of divorced men.
- Most married women will have worker benefits that are higher than the wife's benefits based on their husband's work record.