



IS SOCIAL SECURITY WORKING FOR WOMEN?

SOCIAL SECURITY PROVIDES BENEFITS on a gender-neutral basis and yet, because of historical differences in the American workplace, family structure, and longevity, the program provides different levels of retirement security for women and men. Women are likely to rely more on Social Security benefits than men.

Women Are More Likely to Have Breaks in Employment

Women leave the workforce temporarily or permanently for pregnancy, child care, and other family care responsibilities more than men. As a result, women tend to have shorter work histories that lead to smaller Social Security benefits.

Women on Average Earn Less

Benefits are based on wages reported to the Social Security Administration, and higher wages mean higher monthly benefits. While women’s incomes have increased relative to men’s over time, they still lag. In 2011, the average covered wage reported to the Social Security Administration was \$39,500 for men and \$29,250 for women, according to the Social Security Administration.

Women Are More Likely to Be Single, Widowed, or Divorced in Retirement

Married by Age Group

	Women	Men
65-74	47%	71%
75-84	29%	67%
85 and older	12%	49%

Individuals generally rely more on Social Security benefits than couples do, according to the Census Bureau.

Women Generally Live Longer and so Will Need More Assets in Retirement

Because women on average live longer than men, their time in retirement will be longer and their need for retirement income must last longer than for men. In addition, because women generally have less wealth and income from other sources, this money must be spread out over a longer expected lifetime. Thus, Social Security benefits are typically a more significant component of women’s retirement security.



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Options That Could Address Challenges Faced by Women

Modify the Computation Period for Benefits

Social Security currently uses a 35-year averaging period of wages in its formula to calculate benefits, so people who take time out from the workforce to care for children or other family members face lower benefits. To address this issue, it has been suggested that workers receive special credit for income for a certain number of years of child care or that the averaging period could be reduced to 30 years to knock out no-income years.

Enhance Benefits for Low Earners with Long Careers

Guaranteeing that individuals who have worked at least 30 years at the minimum wage would retire with an income of between 100 percent and 120 percent of the poverty line would protect low-income workers, disproportionately women, against poverty.

Change Spousal Benefits

Some have suggested changing the spousal benefit, which currently provides retirees with 50 percent of their spouse's benefit or their own earned benefit, whichever is higher. Surviving retirees receive the higher amount of their own benefit or their spouse's. Proposals have been made to lower the 50-percent spousal benefit or eliminate it in favor of an earning-sharing proposal for couples. These could benefit dual-earner retirees, and make it fairer for couples who contribute more into Social Security, but could reduce benefits to low-earning and nonworking women.



Additional Resources From the Academy

Academy Testimony to U.S. Senate Hearing on "Social Security: Is a Key Foundation of Economic Security Working for Women?" [READ MORE...](#)

Issue Brief on 2015 Social Security Trustees Report [READ MORE...](#)

Social Security Reform Options [READ MORE...](#)

How Would Social Security Reform Proposals Affect Women?

- Reduce benefits across board**
One proposal would reduce all Social Security benefits for all beneficiaries by 3 percent. This option would have a greater impact on women because of their longer life expectancy and greater reliance on Social Security relative to other types of retirement income.
- Increase payroll tax**
The payroll tax rate for Social Security is 12.4 percent, split equally between employers and employees. Increases to the tax rate provide a greater hardship on lower-paid workers, which would affect more women, although the immediacy of the impact could be lessened if phased in gradually.
- Increase full retirement age**
Raising the full retirement age beyond the current 66-67 age range would encourage healthy workers with jobs to continue their employment. This would reduce benefits for men and women who could not find or continue in employment in older ages.
- Change benefit formula**
There are several approaches to changing the benefit formula. One would reduce the formula percentages each year, and another would increase the 35-year averaging period for calculating benefits. Most of these options would result in lower benefits and generally disproportionately affect women because of their relative longevity and workforce participation.
- Lower COLAs**
Another change would reduce cost-of-living adjustments (COLA) that Social Security beneficiaries receive annually. Lower COLAs reduce benefits cumulatively, which would have a bigger impact on the oldest elderly, who comprise mostly women.
- Increase limit on taxable earnings**
Payroll taxes are capped (the limit was \$118,500 in 2015). Raising, or even eliminating, the limit would affect women less than men generally.

net positive , net negative , net neutral