

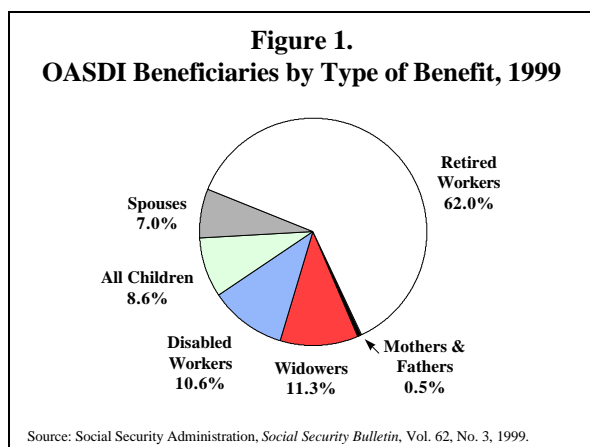
## Social Security: Some Basic Data<sup>1</sup>

### Who Receives Social Security Benefits?

**Age and Beneficiary Status.** A total of 44.9 million people received monthly Social Security (Old Age, Survivors, and Disability Insurance) benefits as of March 1999. Of this total:

- 70.8 percent are age 65 and older;
- 8.7 percent are age 62 through 64;
- 13.9 percent are 18 through 61; and
- 6.6 percent are younger than 18.

By far, the largest category is retired workers, followed by widow/ers and disabled workers. (See Figure 1.)



**Gender.** Of all adult beneficiaries, 42 percent are men, and 58 percent are women. Men receive benefits primarily as retired workers (81 percent). The beneficiary categories of spouse and widower together represent less than one percent of the adult male beneficiary population.

In contrast, just over half of women beneficiaries (56 percent) receive benefits as retired workers. Twelve percent receive benefits as spouses of retired workers, and 20 percent receive benefits as widows.<sup>2</sup> Just under one percent are receiving benefits as mothers of dependent children.<sup>3</sup>

**Workers with Disabilities.** Disabled workers and their families represent just over 11 percent of Social Security beneficiaries. Of the 4.7 million disabled workers:

- 58 percent are men; and
- 42 percent are women.

Disabled widow/ers represent 4 percent of the Social Security Disability Insurance beneficiaries.

**Dependent Children.** In all, more than 3.8 million children<sup>4</sup> of retired, deceased, and disabled workers receive Social Security benefits. Of these:

- 77.4 percent are under age 18;
- 4.0 percent are students age 18-19;
- 18.6 percent are age 18 and older and have disabilities;
- 11.5 percent are children of retired workers;
- 49.9 percent are children of deceased workers; and
- 38.6 percent are children of disabled workers.

### How Much Do Beneficiaries Receive?

**Retired workers.** The average monthly benefit for retired workers as of March 1999 was \$780. The average benefit amount for:

- retired men is \$878;
- retired women is \$677;
- their spouses is \$418; and
- their children is \$360.

**Deceased workers.** The average monthly benefit for widow/ers as of March 1999 was \$740. The average benefit for:

- widow/ers of the deceased worker who are also parents of the deceased worker's children is \$538;
- children of deceased workers is \$512;
- parents of deceased workers is \$653. (A parent must be 62 or older and be receiving at least one-half support from the deceased insured worker.)

**Disabled workers.** The average monthly benefit for disabled workers as of March 1999 was \$733. The average benefit for:

- spouses of disabled workers is \$181; and
- children of disabled workers is \$209.

### How Does Social Security Affect the Incomes of People 65 and Older?

Social Security is a source of income for 90 percent of those age 65 and older.<sup>5</sup> Of the beneficiaries age 65 and older:

- 63 percent receive at least half of their total income from Social Security;
- 30 percent receive 90 percent or more of income from Social Security; and
- 18 percent receive 100 percent of income from Social Security.

### Who Pays for Social Security?

In March 1999, 148.5 million people worked in jobs covered by Social Security.

- 139.8 million were wage and salaried tax payers.<sup>6</sup>
- 14.4 million were self-employed taxpayers.<sup>7</sup>

In 1998, 25.7 percent of Social Security beneficiaries also contributed to the system by paying taxes on their benefits.<sup>8</sup>

### How Much Do Workers Pay?

- Wage and salaried workers pay a total of 6.2 percent of their earnings in FICA<sup>9</sup> tax for Old Age, Survivors, and Disability Insurance (OASDI) and 1.45 percent for Medicare Part A (Hospital Insurance).

This 7.65 percent is matched by their employers for a total contribution of 15.3 percent.

- FICA taxes for OASDI (6.2 percent) are paid on income up to the taxable maximum amount (\$76,200 in 2000). There is no taxable maximum amount for Medicare (HI).
- Self-employed workers pay 15.3 percent of their taxable earnings in Self-Employment Contributions Act (SECA) tax. This is an amount equivalent to the employer and employee contributions for Social Security and Medicare combined.<sup>10</sup>

<sup>1</sup> Unless otherwise noted, the most recent available data from the Social Security Administration, Office of Research, Evaluation and Statistics are used in the text and graphics.

<sup>2</sup> The fact that individuals receive benefits as spouses or widow/ers does not mean they have never been in the paid labor force. It means that the amount of their spousal or widow/ers benefit is higher than the benefit they earned with their own paid work.

<sup>3</sup> The numbers in the paragraph do not add up to 100 percent because not all categories of beneficiaries have been discussed.

<sup>4</sup> Children represent 8.5 percent of all beneficiaries.

<sup>5</sup> Only 43 percent have income other than Social Security.

<sup>6</sup> This category includes workers who also have employment as self-employed workers.

<sup>7</sup> This category includes workers who also have employment as wage and salary workers.

<sup>8</sup> See the AARP/PPI Fact Sheet "Will Your Social Security Benefits Be Taxed?" (D15235) for more information.

<sup>9</sup> Federal Insurance Contributions Act.

<sup>10</sup> The self-employed compute their SECA tax based on 92.35 percent of their net annual income. The 92.35 percent is equal to 100 percent of the net annual income minus 7.65 percent – the amount equivalent to the employer's share of the tax. They may deduct one-half of the combined tax from income subject to federal income tax.

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