

Social Security and Hispanics: Some Facts

Social Security provides protections for workers and their families should the breadwinner retire, become disabled, or die. Some assert that while Hispanics¹ and African Americans bear a large portion of the cost of the program, they will receive little in benefits. What benefits do Hispanic workers and their families receive from Social Security? Here are the facts.

1. Social Security's progressive benefit formula protects low- and moderate-wage earners.

Hispanics and African Americans make up a disproportionately large segment of workers earning low and moderate wages.^{2,3} Social Security's benefit formula ensures that lower-wage workers and their families receive a higher return relative to their contributions than high-wage workers.

Social Security replaces approximately 56 percent of a worker's lifetime average earnings for low-wage workers, 42 percent for average-wage workers and 35 percent for high-wage workers.⁴

2. Hispanics are growing as a portion of the nation's older population.

In 1997, Hispanics comprised only 4.9% of the U.S. population age 65 and older. However, this share is projected to increase significantly. By 2010, older Hispanics are expected to account for 7.2% of the older U.S. population, 11.2% by 2030 and 17.5% by 2050.⁵

3. More than 75 percent of older Hispanics receive Social Security benefits.

More people over age 65 receive income from Social Security than any other

source. Of Hispanics age 65 or older:⁶

- 77 percent have income from Social Security;
- 15 percent have income from private pensions or annuities; and
- 28 percent have income from assets.

4. Over three-quarters of older Hispanics rely on Social Security for half or more of their total income.⁷

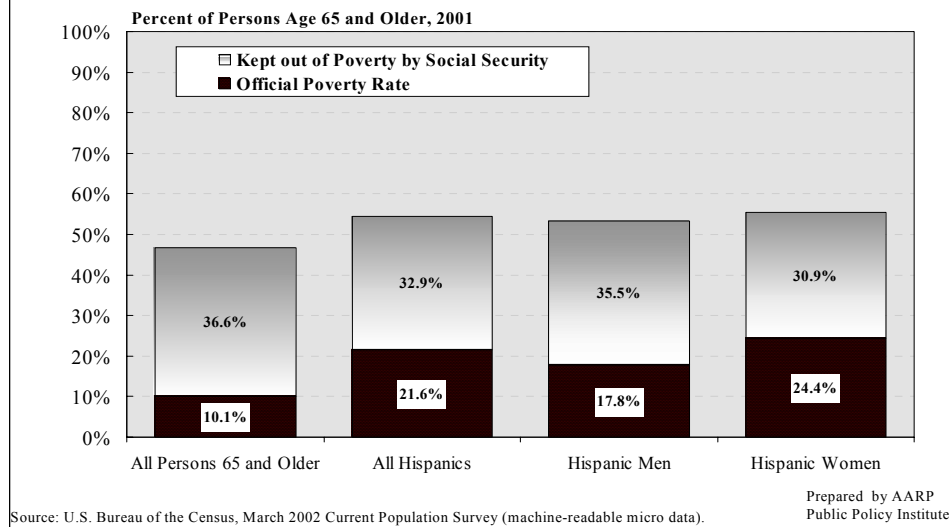
Older Hispanics are less likely to have income from private pensions and assets than whites.⁸ With less income from these and other sources, the importance of Social Security is increased.⁹

- 76 percent of all Hispanics over age 65 rely on Social Security for 50 percent or more of their total income;
- 48 percent rely on Social Security for 90 percent or more of their total income; and
- 38 percent rely on Social Security for their total income.

For older *non-married* Hispanic men and women, Social Security represents an even greater portion of their overall income.¹⁰

- 83 percent of non-married Hispanic women and 81 percent of non-married Hispanic men over age 65 rely on Social Security for 50 percent or more of their total income.
- 55 percent of women and 53 percent of men rely on Social Security for at least 90 percent of their income.
- 46 percent and 45 percent of these women and men, respectively, rely on Social Security for 100 percent of their income.

Figure 1
Social Security Reduces the Percent of Hispanics Age 65 and Older Living in Poverty



5. Without Social Security, almost 33 percent of older Hispanics would fall into poverty.

Social Security helps keep people age 65 and older out of poverty. This is especially important for older Hispanics whose poverty rate of almost 22 percent is already more than twice that of the general population over age 65. (See Figure 1.)

6. Social Security protects workers and their families in several important ways.

- Social Security benefits are indexed for inflation, and unlike a savings account, cannot be depleted over time.
- Social Security’s benefit formula ensures that those who earn lower wages receive proportionally higher benefits relative to their contributions than do high wage earners.
- Social Security ensures protection not only for workers, but also for families of workers who retire, become disabled or die.

¹ Persons of Hispanic origin may be of any race.
² The Census Bureau reports in *QT-01. Profile of General Demographic Characteristics: 2000* that approximately 12.5 percent of the U.S. population is of Hispanic origin and approximately 12 percent is African American.
³ Kijakazi, Kilolo. 2001. *Low-Wage Earners: Options for Improving Their Retirement Income*. Washington, DC: Center on Budget and Policy Priorities (January).
⁴ Low-wage earners are defined as having career earnings at 45 percent, average-wage earners 100 percent, high-wage earners 160 percent of the SSA average wage index respectively. Tables available at: www.ssa.gov/OACT/TR/TR03/VI_OASDHI_dollars.html#wp119381.
⁵ National Council of La Raza. *Hispanic Retirement Fact Sheet*, available at: www.nclr.org/policy/socialsecurity/ssfactsheet.htm
⁶ Social Security Administration. 2002. *Income of the Population 55 or Older, 2000*. Table 1.3.
⁷ Ibid. Table 6.B4.
⁸ Ibid. Table 1.3. Of whites age 65 and older, 31 percent have private pensions or annuities and 63 percent have income from assets.
⁹ Ibid. Table 6.B4.
¹⁰ Ibid. Table 6.B4.

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