Who Receives Benefits from Social Security?¹
More than 49 million people receive monthly Old Age, Survivors, and Disability Insurance benefits (OASDI). About 91 percent of the population age 65 and older received benefits at the end of 2006. The poverty rate for those age 65 and older is 10.1 percent,² but without Social Security that rate would rise to 46 percent.³

Retired Workers
Almost two-thirds (63 percent) of Social Security beneficiaries are retired workers, of whom 51 percent are men and 49 percent are women. About 9 percent of retired worker beneficiaries are ages 62 to 64.

Disabled Workers
Fourteen percent of all beneficiaries—more than 6.8 million people—are disabled workers, of whom 54 percent are men and 46 percent are women. The average age of disabled workers is 52.

Spouses⁴
About 2.5 million beneficiaries are wives or husbands of retired workers, and more than 156,000 are spouses of disabled workers. Spouses of retired or disabled workers represent approximately 5.4 percent of all beneficiaries.

Adult Survivors of Deceased Workers
About 9.5 percent of beneficiaries are aged or disabled widows or widowers, aged dependent parents, or widowed mothers or fathers with child beneficiaries in their care.

Children⁵
Children represent 8.2 percent of beneficiaries. Of these 4 million children,

- 78% are under age 18
- 19% are disabled and are age 18 or older
- 3% are students ages 18 or 19
- 12% are children of retired workers
- 47% are children of deceased workers
- 41% are children of disabled workers

For a worker with average income, a spouse and two small children, Social Security’s survivor protection is equivalent to a life insurance policy with a value of $433,000.

Who Depends on Social Security?
Social Security benefits represent 41 percent of the income of people age 65 and over.⁷,⁸

- Among elderly Social Security beneficiaries, 21 percent of married couples and about 43 percent of unmarried persons rely on Social Security for 90 percent or more of their income.
- Among African Americans receiving Social Security, 32 percent of elderly married couples and 54 percent of unmarried elderly persons relied on Social Security for 90 percent or more of their income in 2004.
- Among Hispanics receiving Social Security, 39 percent of elderly married couples and 58 percent of elderly unmarried persons relied on Social Security for 90 percent or more of their income in 2004.
- Among elderly unmarried women receiving Social Security benefits, 46 percent relied on Social Security for 90 percent or more of their income in 2004.

Who Pays for Social Security?⁹
Today, about 163 million people work in jobs covered by Social Security. The Federal Insurance Contributions Act (FICA) taxes workers paid in 2006 represented $626 billion in Social Security revenue. Income to the OASDI trust funds from taxation of benefits in
2006 was $17 billion, about two percent of total revenues to the trust funds.

The Social Security trust funds are invested in interest-bearing U.S. securities. In 2006, the effective annual rate of interest earned on the OASDI trust funds was 5.3 percent, generating $102 billion in income.

How Much Did Beneficiaries Receive in 2006?

<table>
<thead>
<tr>
<th>Average Monthly Retirement Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired Worker</td>
<td>$1,031</td>
</tr>
<tr>
<td>Retired Worker &amp; Spouse, Ages 62 and Older</td>
<td>$1,712</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Monthly Survivor Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged Widow(er) Alone</td>
<td>$1,008</td>
</tr>
<tr>
<td>Widowed Parent &amp; Two Children</td>
<td>$2,147</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Monthly Disability Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disabled Worker, Spouse under 65, and One Child</td>
<td>$1,642</td>
</tr>
</tbody>
</table>

Source: Office of the Chief Actuary, SSA, Fact Sheet, January 2, 2007, Table C.

Social Security Solvency

According to the Social Security actuaries, the OASDI trust funds are not solvent for the long term, primarily as a result of low fertility rates, the eligibility of the oldest baby boomers for early retirement in 2008, and growing income inequality, which has had the result of reducing the ratio of earnings subject to the Social Security FICA (payroll) tax relative to covered earnings. Annual cost will exceed tax income starting in 2017. Interest income will more than offset the shortfall in non-interest income, and the dollar amount of assets will continue to rise until 2027. Redemption of the trust fund assets (held in the form of Treasury securities) will result in exhaustion of the trust funds in 2041. (The Congressional Budget Office projects the depletion date will be 6 years later, in 2046.15) After the trust funds are exhausted, workers will continue to pay into Social Security, sufficient to pay about 75 percent of promised benefits in 2041 and 70 percent of promised benefits in 2081.

The actuarial deficit of the OASDI trust funds for the 75-year period beginning 2007 is 1.95 percent of taxable payroll. According to the Social Security Trustees, solvency for the next 75 years could be achieved by a permanent 13 percent reduction in all benefits starting in 2007, or by increasing the Social Security tax rate from 12.4 to 14.35 percent.

Endnotes


4 About 6.3 million retired workers have dual entitlement (i.e., they receive benefits as both a worker and as a spouse). Persons entitled to both a worker’s benefit and a greater spousal or widow(er)’s benefit receive the worker’s benefit amount plus the difference between this benefit and the spousal or widow(er)’s benefit amount.


6 Social Security Administration internal memorandum, November, 2006.


8 Social Security Administration, Press Office, Social Security Is Important to African Americans, Social Security Is Important to Hispanics, and Social Security Is Important to Women. All three documents were published online in June 2006.

9 Except where noted, current data and projections are based on intermediate cost assumptions from 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.