

Social Security

Nearly two-thirds of retirees count on Social Security for most of their retirement income, and over 30% of Social Security recipients receive survivor or disability benefits. Nearly 60% of all Social Security recipients are women. Social Security serves as a critical safety net for women of all ages, from all income levels, and all racial-ethnic backgrounds. The current program provides women a guaranteed, inflation adjusted lifetime benefit and is a primary source of income for many women. Women are able to receive retirement income, disability benefits and survivors benefits from Social Security—all of which help pay for necessary food, clothing and shelter.

Created in 1935, Social Security is a program that provides cash benefits for retirees, survivors benefits to family members of workers who have passed away, and benefits for disabled individuals and their families. The Social Security system is tied to the employment and earnings history of individuals. The Social Security system itself is funded by payroll taxes that are paid by both the employee and employer on the first \$102,000 an individual makes.

VIEW POINTS

There has been much discussion about the Social Security system being in ‘crisis’ and if and how the Social Security system should be reformed. One response to the belief that Social Security is in crisis is to reform Social Security by creating private accounts. Private accounts are individual accounts that would allow people to invest their Social Security taxes in financial markets. When financial markets go up—investments would go up, and when financial markets experience a downturn, investments would lose money. Advocates of private accounts argue that individuals investing the stock market would receive more money through investing than from social security alone, and that individuals would be able to leave their accounts to family members upon their death. Those who support private accounts, however, do not believe that privatization will fix the long-term funding needs facing the system.

Advocates for maintaining the current Social Security system do not support privatization. They argue that privatization would negatively affect the well-being of women and families. Opponents of creating private accounts believe: 1) Private accounts would result in steep benefit cuts and cost trillions of dollars to create and maintain. 2) Individuals who choose to put their money into private accounts would have their Social Security benefits dictated by the changes in the market, thus losing the guaranteed, inflation adjusted, lifetime benefit of Social Security. 3) Because women earn less over the course of the lifespan compared to men—as a result of the wage gap, part-time employment, and leaving the workforce to take care of family members among other reasons—their contributions to their own account would be limited. 4) Unlike Social Security, which provides a guaranteed lifetime benefit, private accounts by their nature have only the amount the individuals contributed to them. Thus, individuals may outlive the amount in their account. 5) In addition to the risk of private accounts, these accounts may not protect individuals and their families in cases of disability or provide survivor benefits upon death. 6) Unlike current survivors and widows benefits, private accounts can be inheritable by anyone the individual chooses. Therefore if a husband or father does not leave his account to his spouse or daughter, women may lose their survivor and widows benefits.

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YWCA POSITION

The YWCA opposes any plan that would replace Social Security benefits with privatized Social Security accounts which would result in steep benefit cuts and cost trillions of dollars to create and maintain. The YWCA supports strengthening Social Security to ensure that women, girls and their families will continue to have full, guaranteed, inflation adjusted Social Security benefits.

FACTS

- **Social Security is an important program for women of all ages, from all income levels, and all racial-ethnic backgrounds.** Among adults, women are more than 10 times as likely as men to receive benefits as spouses or widows, disabled, or deceased workers (32% of women versus 3% of men).¹
- **Women of color benefit from Social Security.** More than 60% of African American women age 65 and older would be poor without Social Security, compared to half of all women in that age group.¹ For unmarried Latinas, 83% rely on Social Security for 50% or more of their total income.² Asian American women live three years longer than the majority of women, and so depend on Social Security that much longer.³
- **Women and children benefit from Social Security.** Women and children represent more than 60% of those receiving Social Security checks.⁴
- **Social Security is not just a retirement program, but serves as a safety net to also protect people in times of death and disability.** More than one-third of Social Security checks go to people with disabilities, their spouses and children, and survivors of workers who have died.⁵
- **Social Security's current benefit structure benefits women.** Because of the pay gap between women and men, and because women work part-time and/or take time out from work to take care of children, parents and others, women benefit from the progressive nature of the current system, which would be lost under private accounts. In addition, private accounts do not guarantee a minimum benefit to ensure vulnerable women and children remain out of poverty.
- The transition costs for creating private accounts Replacing Social Security's guaranteed benefits with private accounts would cost trillions of dollars of debt that would have to be paid by today's and tomorrow's children and grandchildren.

¹ National Partnership for Women & Families. "Privatizing Social Security Would Harm African American Women"

<http://www.nationalpartnership.org/portals/p3/library/SocialSecurity/SocialSecurityAfricanAmericanWomen.pdf>

² League of United Latin American Citizens. (February 2005) "LULAC Fights for Social Security: LULAC Calls for Reform Not Elimination"

<http://www.lulac.org/Issues/Releases/socialsecurity.html>

³ Older Women's League. "Primer II: Retirement Security & Women of Diverse Communities" <http://www.socialsecuritymatters.org/resources/primer2.PDF>

⁴ Lee, Sunhwa. Institute for Women's Policy Research. (March 2005) "Who Are Social Security Beneficiaries?" http://womenandsocialsecurity.org/Women_Social_Security/pdf/D461.pdf

⁵ Consortium for Citizens with Disabilities. (March 2005) "How Does Social Security Help People With Disabilities & Their Families" <http://www.c-c-d.org/FactSheets/2031405.pdf>