

## Children and Families Have a Stake in Social Security

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### Stronger Together

First in a Series of Fact Sheets on Intergenerational Public Policy Solutions

Social Security is more than a retirement program for older adults. It pays more benefits to children than any other federal program.<sup>1</sup> Six and a half million children in the United States received part of their family income from Social Security in 2005, with many receiving assistance from Social Security's survivors benefits program.<sup>2</sup> This program serves vulnerable children who have lost a parent and who might otherwise be at risk of slipping into poverty. Remarkably, the survivors benefits program protects 98 percent of the children in the United States in the event they were to lose a parent.<sup>3</sup>

Social Security provides vital financial security for our nation's children, families, and older adults. In fact, almost a third of the more than 50 million people who receive Social Security benefits today are younger than age 65.<sup>4</sup> As the nation's most successful income protection program, Social Security manifests our intergenerational interdependence and supports families, not just individuals. Policymakers are considering reforms to address Social Security's long-term funding shortfall. Proposals often include cutting benefits, though proponents of this option rarely address how such reductions would affect vulnerable children, families, and people with disabilities. All proposed reforms must be examined in view of their impact on families, and across generations and vulnerable groups.

#### SOCIAL SECURITY – A PROGRAM FOR ALL AGES

Social Security was founded on the belief that those who work long and hard should not become destitute due to retirement or disability, nor should their families suffer in the event of early death. The program provides many essential protections for people of all ages:

- Spouses and children of workers who have died or become disabled receive critical income protection that often means the difference between financial stability and economic hardship.
- Social Security cash benefits protect the families of fallen service members.

**Senator Lindsey Graham (R-SC)** lost both of his parents when he was in his early twenties. His 13-year-old sister was also orphaned and over the next decade, Social Security survivors benefits helped meet her needs. According to Senator Graham, Social Security "made a world of difference to my family."<sup>5</sup>

- Social Security benefits support severely disabled children and their family caregivers.
- Older adults raising grandchildren depend on Social Security as a vital source of family income.
- Retirement benefits shield older adults from poverty and reduce economic pressure on adult children who might otherwise need to support them while raising their own families.

#### SOCIAL SECURITY PROTECTS CHILDREN AND FAMILIES

Social Security protects substantial numbers of children:

- 3.1 million children younger than 18 receive Social Security benefits as dependents of deceased, disabled, or retired workers.<sup>6</sup>
- While not receiving benefits themselves, 3.4 million children younger than 18 live in households in which at least one relative receives Social Security benefits.<sup>7</sup>
- Almost a million adults who have been disabled since childhood receive benefits as the dependents of deceased, disabled, or retired parents.<sup>8</sup>
- The program is the only major source of life and disability protection for the vast majority of the nation's 73 million children.<sup>9</sup>

Social Security provides substantial benefits:

- A young working parent with a spouse and two children younger than age 18 would need to purchase a \$433,000 term life insurance policy to provide equivalent protection for his/her children.<sup>10</sup>
- The disability insurance for wage earners is valued at more than \$414,000 for a family with two children younger than 18.<sup>12</sup>
- In 2008, a widowed mother with two children received an average benefit of \$2,243 per month, or \$26,916 per year; a disabled worker with a spouse and children received an average of \$1,690 per month, or about \$20,280 per year.<sup>12</sup>

Social Security protects the most vulnerable children and families:

- Social Security kept 1.3 million children from falling into poverty in 2005. It supports more children than the Temporary Assistance for Needy Families (TANF) program.<sup>13</sup>
- Among children in families who received Social Security, approximately 42 percent, or more than 2.7 million children, would have been considered poor based on family income other

than Social Security. With the additional benefits, the poverty rate among these children is reduced to 22.5 percent, or less than 1.5 million.<sup>14</sup>

- Because African Americans are more likely than whites to die or become disabled before retirement, Social Security is a critical source of support for African American children, more than a fifth of whom receive benefits.<sup>15</sup>
- Latino families have lower lifetime earnings, longer life expectancies, higher disability rates, and are generally larger than white and African American families, making Social Security insurance protection extremely important for Latino children.<sup>15</sup>

*When **Senator Al Franken's (D-MN) wife Franni was seventeen months old, her father died in a car accident, leaving behind a wife and five children. "My mother-in-law worked in the produce department of grocery store, but that family made it because of Social Security survivor benefits."***<sup>17</sup>

## SOCIAL SECURITY MUST BE STRENGTHENED

People of all ages have a stake in the outcome of debates about reforming Social Security. According to a recent poll, the current financial crisis has spurred strong public support for Social Security, with nearly nine in ten Americans saying its protections for retired workers, the disabled, and the widowed spouses and children of deceased workers are more important than ever.<sup>18</sup> In economic downturns when jobs, employee incomes, and employer benefits are at even greater risk, Social Security's safety net is essential. This means:

- Social Security's life and disability protections for today's children will take on added importance for the wellbeing of families, especially in difficult economic times.
- Policymakers should consider restoring Social Security's survivor benefits to age 22 for youth who remain enrolled in college. Removed in 1981, this benefit would increase America's economic competitiveness by allowing more youth to enroll in and graduate from college.
- As today's children become working adults and parents, they will need these guaranteed life and disability protections for their families.
- When today's children retire, Social Security's guaranteed benefits will be one important source of retirement income.

Generations United supports a strong and solvent Social Security program that meets its obligations for current and future beneficiaries. As the dialogue about how to achieve long-term solvency for Social Security continues, policymakers must consider how reforms will affect vulnerable children, people with disabilities, spouses of deceased workers, retirees - and families as a whole.

**For more information on Social Security, visit [www.gu.org/socialsecurity.asp](http://www.gu.org/socialsecurity.asp)**

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GU's web site, [www.gu.org](http://www.gu.org), contains additional information about intergenerational topics.

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- <sup>1</sup> U. S. Social Security Administration. *Survivors Benefits*. SSA Publication No. 05-10084, August 2009, ICN 468540.
- <sup>2</sup> Lavery, Joni and Virginia P. Reno (2008). *Children's Stake in Social Security* (Social Security Brief No. 27). Washington, DC: National Academy of Social Insurance.
- <sup>3</sup> See note 1 above.
- <sup>4</sup> U.S. Social Security Administration. Office of Retirement Policy and Disability Policy. *Fast Facts & Figures About Social Security, 2009*.
- <sup>5</sup> Babington, Charles. "Graham Fills Social Security Void with a Plan Bound to Irk All Sides." *The Washington Post*. 2, Apr. 2005: A4.
- <sup>6</sup> See note 2 above.
- <sup>7</sup> *Ibid.*
- <sup>8</sup> National Academy of Social Insurance. *Who Gets Social Security?* Accessed January 5, 2010 at <http://www.nasi.org/learn/socialsecurity/who-gets>.
- <sup>9</sup> Kingson, Eric. *Social Security: Financing Problem or Crisis? Reform or Restructure?* Accessed January 5, 2010 at <http://74.125.47.132/search?q=cache:KuMJs4nw0gJ:depts.washington.edu/geroctr/Curriculum3/TeachingModule/SocialSecurityReform.ppt+Social+Security+and+73+million+children+cd=7&hl=en&ct=clnk&gl=us&client=firefox-a>.
- <sup>10</sup> See note 2 above.
- <sup>11</sup> *Ibid.*
- <sup>12</sup> *Ibid.*
- <sup>13</sup> *Ibid.*
- <sup>14</sup> U.S. Congressional Research Service. *Social Security's Effect on Child Poverty* (RL33289; January 21, 2008), by Thomas Gabe.
- <sup>15</sup> Cauthen, Nancy K. (2005). *Whose Security? What Social Security Means to Children and Families*. New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health.
- <sup>16</sup> *Ibid.*
- <sup>17</sup> Al Franken for U.S. Senate. Accessed January 7, 2010 at <http://www.alfranken.com/page/content/message>.
- <sup>18</sup> Reno, Virginia P. and Joni Lavery (2009). *Economic Crisis Fuels Support for Social Security: Americans' Views on Social Security*, August. ©National Academy of Social Insurance. ISBN: 1-884902-53-7.

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Because we're stronger together®

Generations United (GU) is the national membership organization focused solely on improving the lives of children, youth, and older people through intergenerational strategies, programs, and public policies. GU represents more than 100 national, state, and local organizations and individuals representing more than 70 million Americans. Since 1986, GU has served as a resource for educating policymakers and the public about the economic, social, and personal imperatives of intergenerational cooperation. GU acts as a catalyst for stimulating collaboration between aging, children, and youth organizations providing a forum to explore areas of common ground while celebrating the richness of each generation.