

Not Just Your Mom's Retirement

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Did you know that children, disabled workers and families of prematurely deceased workers all collect Social Security benefits? The program truly serves the role of government safety net as it was intended—lending a hand to Americans in their time of need. The personal investment accounts idea being floated by the White House and its surrogates would effectively shred that safety net. Duff Campbell and Entmacher of the National Women's Law Center show how.

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Women take note: As President Bush wraps up his two-day conference on the economy, he will step up his campaign to privatize Social Security. What's at stake is not only the economic security of older women. What's at stake is the economic security of women and their families throughout their lives.

Social Security is the foundation of women's economic security in retirement. The program provides 90 percent or more of the income received by more than 40 percent of unmarried women—widows, divorced and never-married women. Without Social Security, more than half of older women would be poor. But Social Security also provides less widely known protections that are critical for women and their families earlier in their lives.

A True Safety Net

Social Security offers support to Americans when the unexpected happens. It replaces lost income for workers and their spouses and children when a worker becomes disabled or dies prematurely. For a young family, Social Security provides the equivalent of a life insurance policy worth over \$400,000 and a disability insurance policy worth over \$350,000, according to the Social Security actuaries. Because they have higher rates of premature disability and death, these insurance benefits are especially important to African American and Latino women and their families. One in five African American and Latino beneficiaries is under age 55, compared to one in 10 white

beneficiaries.

In addition, more children receive income support from Social Security than from Temporary Assistance to Needy Families (TANF). More than five million children under age 18 receive part of their family income from Social Security—while more than four million children receive family income from TANF. About 750,000 adults who have been severely disabled since childhood receive benefits based on a parent's work record; these benefits provide lifetime income support to a disabled adult child, even after the parent has died.

The income that Social Security provides to the elderly benefits multiple generations. Reliable, inflation-adjusted Social Security income has helped many older Americans live more independent lives. It has eased the financial burden on adult children who may be raising and trying to save for their own families.

Privatization Promises Only A Portion Of Current Benefit

Although President Bush has not presented a specific privatization plan, he has pointed to a plan developed by his Social Security Commission as a "good blueprint" for Congress to follow. Under this plan, Social Security benefits would be cut for all future retirees, whether they participated in private accounts or not. The cuts would grow deeper over time; for an average earner retiring in 2075, Social Security benefits would be cut by nearly half, whether or not the worker chose to participate in a private account. If the worker had participated in a private account, Social Security retirement benefits would be cut an additional 23 percent.

Private accounts are unlikely to make up for these cuts in Social Security benefits, even for those who contribute and work until retirement. The nonpartisan Congressional Budget Office (CBO) recently concluded that the Commission's plan would likely mean lower total retirement income for future retirees—even when the value of the individual account was combined with the reduced Social Security benefit. For those born in the 1970s with earnings in the middle of the income distribution, CBO projects that the combination of the private account and reduced Social Security benefits would equal just 77 percent of current Social Security benefits. For children born in this decade, the combination would provide just a little more than half of benefits.

For those whose working lives are cut short by premature disability and death, the cuts in Social Security survivor and disability benefits proposed by President Bush's Commission would be even more devastating. These workers would have accumulated little in their private accounts to make up for the reduction in Social Security benefits. A study by the National Urban

League, for example, found that an African-American man dying in his 30s would only have enough in his private account to cover less than two percent of the survivors' benefits now provided by Social Security to his widow and children.

Women will fight to protect and strengthen Social Security—because we're all more secure when we're in this together. Social Security embodies the American value of coming together to help one another, especially in times of need. Taking money out of Social Security and putting it into private accounts would unravel this system of mutual support—and women and their families especially would be the worse for it.