

# Social Security and older workers

Authors: Tay McNamara, Jason Dobbs, Patrick Healey,  
Katherine Kane

Persistent link: <http://hdl.handle.net/2345/3393>

This work is posted on [eScholarship@BC](#),  
Boston College University Libraries.

---

Chestnut Hill, Mass.: Sloan Center on Aging & Work at Boston College, 2007

This work is licensed under the Creative Commons Attribution-NonCommercial 3.0  
Unported License (<http://creativecommons.org/licenses/by-nc/3.0/>).

## SOCIAL SECURITY AND OLDER WORKERS

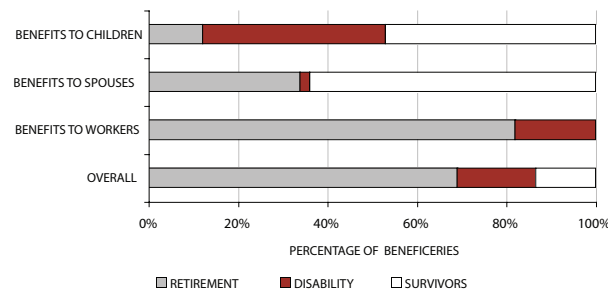
**Project Team:** Tay McNamara, Ph.D., with Jason Dobbs, Patrick Healey, & Katherine Kane

Although Social Security law encompasses a range of social programs, this fact sheet presents information about the Old Age Security and Disability Income (OASDI) program, which accounts for the majority of Social Security benefits provided to older adults. Beneficiaries of the OASDI program include retirees, current or former spouses, disabled workers, and spouses and dependent children of deceased workers.

### Question 1: Who receives Social Security benefits?

- According to the Social Security Administration, “In 2004, 90% of married couples and 88% of nonmarried persons aged 65 or older received Social Security benefits.” (Social Security Administration, 2006a: 7).
- In 2006, almost 50,000,000 individuals received Social Security benefits through OASDI. Of those, 63% were retired workers and 6% were their dependents or spouses. The remaining 31% of beneficiaries claimed benefits under the disability (18%) or survivors (13%) programs. (McNamara, 2006).

**Figure 1: OASDI Benefits By Type and Beneficiary**



Source: Based on OASDI Monthly Statistics, November 2006

### Question 2: How much of the average income of older adults is accounted for by Social Security?

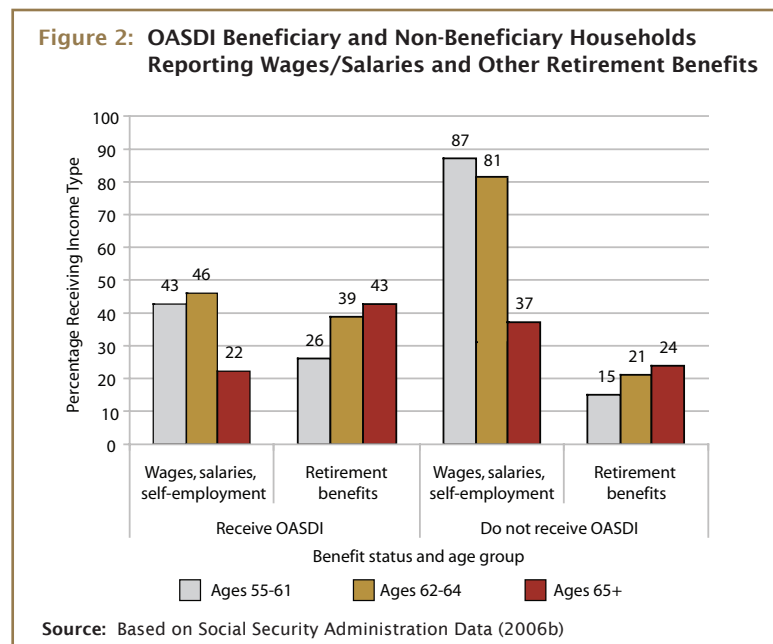
- According to the Social Security administration, Social Security “was 90% or more of income for 21% of aged beneficiary couples and 43% of aged nonmarried beneficiaries. Total income excludes withdrawals from savings and nonannuitized IRAs or 401(k) plans; it also excludes in-kind support, such as food stamps and housing and energy assistance.” (Social Security Administration, 2006a: 7).
- While Social Security represented 100% of the income received by 13% of persons age 65 and above in 1980, it represented 100% of the income received by 17% of persons age 65 and above in 1998. (AARP, 2002).
- While Social Security represented 50% of the income received by 34% of persons age 65 and above in 1980, it represented 50% of the income received by 42% of persons age 65 and above in 1998. (AARP, 2002).
- According to the Social Security Administration, the average new beneficiary received \$810 a month through the Social Security program. (Social Security Administration, 2006a: 15).
- “For the average earner, retiring at age 62 — a common retirement age — Social Security today replaces 33 percent of pre-retirement earnings.” (Center for Retirement Research, 2006: 7).
- For the average earner, retiring at age 65, Social Security replaces about 41% of pre-retirement earnings. (Center for Retirement Research, 2006: 8).

### Question 3: What are older workers expectations about Social Security?

- According to the A Work-Filled Retirement survey, “4 in 10 workers believe their principle source of retirement income will come from employer-sponsored pensions or 401(k) plans. Twenty-two percent believe their own personal savings will be their main income source, with Social Security the third most cited primary retirement income source (14%).” (Reynolds, Ridley, & Van Horn, 2005: 18).
- According to the A Work-Filled Retirement survey, “a substantial share of workers (35%) is currently saving nothing to supplement expected Social Security payments. When asked about their savings behavior, 46% agree they are doing a good job of saving for retirement. That response is lower than in 2000, when 52% thought they were doing a good job.” (Reynolds, Ridley, & Van Horn, 2005: 3).

### Question 4: What is the relationship between Social Security benefits and employment?

- Of households with at least one adult aged 55-61, 43% of those that received OASDI benefits reported receiving wage, salary, or self-employment income as well, compared to 87% of households that did not receive OASDI benefits. (Social Security Administration, 2006b: 14-15).
- Of households with at least one adult aged 62-64, 46% of those that received OASDI benefits reported receiving wage, salary, or self-employment income as well, compared to 81% of households that did not receive OASDI benefits. (Social Security Administration, 2006b: 14-15).
- Of households with at least one adult aged 65 or older, 22% of those that received OASDI benefits reported receiving wage, salary, or self-employment income as well, compared to 37% of households that did not receive OASDI benefits. (Social Security Administration, 2006b: 14-15).



#### References

AARP. (2002, May). Beyond 50: summary tables and charts. Research report. (Table: Social security). Washington, DC: Gist, J., Figueiredo, C., & Ng-Baumhackl, M. Retrieved July 15, 2005, from <http://www.aarp.org/research/reference/statistics/aresearch-import-298.html>

Center for Retirement Research at Boston College. (2006, August). An Update on Private Pensions. Chestnut Hill, MA: Munnell, A.H., and Perun, P. Retrieved on November 1, 2006, from [http://www.bc.edu/centers/crr/issues/ib\\_50.pdf](http://www.bc.edu/centers/crr/issues/ib_50.pdf)

McNamara, T. K. (2006). [Analysis of November 2006 OASDI Monthly Statistics]. Unpublished raw data

Reynolds, S., Ridley, N., & Van Horn, C., Ph.D. (2005, August). A Work-Filled Retirement: Workers' Changing Views on Employment and Leisure. *Worktrends*, 8.1 (Summer '05)

Social Security Administration, Office of Policy. (2006a, September). *Fast Facts & Figures About Social Security, 2006*. Washington, DC: Author. Retrieved January 8, 2007, from [http://www.ssa.gov/policy/docs/chartbooks/fast\\_facts/2006/fast\\_facts06.pdf](http://www.ssa.gov/policy/docs/chartbooks/fast_facts/2006/fast_facts06.pdf)

Social Security Administration, Office of Policy. (2006b, May). *Income of the Population 55 or Older, 2004*. Washington, DC: Author. Retrieved January 8, 2007, from [http://www.socialsecurity.gov/policy/docs/statcomps/income\\_pop55/2004/incpop04.pdf](http://www.socialsecurity.gov/policy/docs/statcomps/income_pop55/2004/incpop04.pdf)