

# Women and Social Security in the United States

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*Those concerned about the treatment of women in public programs have been eyeing the social security system from this angle in recent years. Various proposals for modifying the position of working wives under the program and its provisions for family protection have been put forth. To help in assessing such proposals, this article reviews the program's purposes, evolution, and general scope with emphasis on those provisions that seem to differ in their impact on men and women. The benefit status of women as workers and as dependents is examined, and a look is taken at benefit levels and the extent to which a woman's dependents may draw benefits on her record. Attention is drawn to the more controversial provisions, and some of the proposed modifications are noted.*

SOCIAL SECURITY provisions have been closely scrutinized in recent years by those concerned about the treatment of women under all public programs. Some aspects of the old-age, survivor, disability, and health insurance (OASDHI) program have come under increasing attack as unfair to working wives. Ironically, some aspects are also characterized as favoring women.

Understanding of the detailed structure as well as the general objectives of the system is essential if various proposals for modifying family protection or the position of working wives under the system are to be properly assessed. This article sketches the program's purposes, evolution, and general scope with the emphasis on those provisions that differ or appear to differ in their impact on men and women. The benefit status of women as workers and as dependents is examined,

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as well as the relative size of benefit payments, and the extent to which a woman's dependents may draw benefits on her record. Attention is then drawn to the more controversial provisions, and certain proposed modifications are noted.

## SCOPE AND EVOLUTION

The OASDHI program provides monthly cash benefits to workers and their dependents to replace a portion of earnings lost because of retirement, death, or severe disability. Since mid-1966 it has also provided hospital and voluntary medical insurance beginning at age 65. As the basic income-maintenance program for the United States, it helps support more than 1 in 8 Americans—27 million individuals.

Under the original Social Security Act of 1935, the program was limited to protection for wage and salary workers in industry and commerce against loss of income by retirement at age 65 or later. Coverage was gradually expanded. Now more than 9 in 10 persons in paid employment, including the self-employed, are covered.

Social security contributions on earnings up to a specified maximum, paid by employees, employers, and the self-employed, finance the cash benefits and hospital insurance. For 1972 the tax rate is 5.2 percent for employees and employers alike and 7.5 percent for the self-employed (with 0.6 percent allocated for hospital insurance in each case) on covered earnings up to \$9,000.<sup>1</sup> (Median earnings in covered employment are approaching \$5,000—perhaps \$6,500 for men, \$3,000 for women.) Working women are subject to the same tax provisions as working men, and their benefit rights as workers are similar.

<sup>1</sup> Beginning January 1973, under P.L. 92-336, enacted July 1, 1972, the rates are to be changed to 5.5 percent each for employers and employees and 7.8 percent for the self-employed (with 0.9 percent allocated for hospital insurance in each case). The contribution and benefit base will rise to \$10,800 in 1973 and to \$12,000 in 1974 and will be increased automatically thereafter as wages rise.

## Benefits for Workers

Cash benefits for an insured worker are based on his average earnings in employment covered under social security. Retirement benefits are generally based on annual earnings after 1950, averaged up to the year a man attains age 65 (age 62 for women), minus the low 5 years. In calculating survivor or disability benefits, the worker's covered earnings after 1950 (or the year age 21 is attained, if later) are averaged up to the year of death or disability, minus the low 5 years. Earnings covered before 1951 may be included in the average if it is to the worker's advantage.

Under the present law, at least 10 years (40 calendar quarters) of creditable work will eventually be needed by all persons to meet the length-of-service requirement for retirement benefits—that is, to earn fully insured status. When coverage was extended to major new groups in the 1950's, the law was amended so that workers near retirement age could become insured within a short time (a minimum of 6 quarters of coverage). This privilege of such a "new start" was made available to all workers with covered employment after 1950.

The work requirement was reduced (from one-half the elapsed quarters to one-third in 1960 and to one-fourth in 1961), so that now 1 quarter of coverage is needed for each year after 1950 and before the year of death or age 62 for women (age 65 for men). Thus, for example, a man retiring at age 65 in 1972 needs 21 quarters and a woman needs 18 quarters. Transitional insured status with a small flat benefit was provided in 1965 for those aged 72 or older with 3-5 quarters of coverage. The next year, special benefits were extended to certain persons aged 72 and over (or reaching that age before 1972) who could not meet even these minimal work requirements.

For disability benefits, coverage requirements are more stringent. The individual must have worked in half the quarters during the 10 years immediately before the onset of disability or, if under age 31, in half the elapsed quarters since attainment of age 21.

The benefit formula is weighted to provide a larger earnings replacement for low earnings. Beginning September 1972, under the social security provisions of P.L. 92-336, the formula calls for about eleven-tenths of the first \$110 earned,

plus roughly two-fifths of the next \$540, about one-fourth of the next \$100, and one-fifth of the last \$250. The nominal earnings-replacement rate of the primary insurance amount (PIA) for retired or disabled workers thus ranges from more than 100 percent of average monthly earnings used in the benefit computation for those with less than \$126 in average monthly earnings to 55 percent of taxable earnings for those now retiring at age 65 with the maximum creditable earnings. In relation to earnings immediately before retirement, the replacement rate may be much lower.

## Family Protection

As early as 1939 the Social Security Act was amended to strengthen protection for families by providing benefits for the dependents and survivors of insured workers. In an attempt to avoid detailed investigations of family financial relationships, it was decided to base dependency determinations on the then generally accepted presumption that a man is responsible for the support of his wife and children.

In line with this presumption, benefits based on the work record of a retired or deceased worker were first provided to children under age 18 and to a wife or widow aged 65 or older.<sup>2</sup> Widows under age 65 with entitled children in their care were also eligible for benefits. Amendments in 1950 provided comparable benefits to mothers of entitled children upon the retirement of their husbands or the death of a divorced husband.

With enactment of disability insurance for workers aged 50-64 in 1956 and its extension to young workers in 1960, the dependents of disabled workers were given the same benefit rights as dependents of retired workers.

In the early years of the program, child benefits were payable on the earnings record of a working mother without a husband, but they were not available to children of a working wife when her husband was present. Nor were benefits payable to the husband or widower of a working wife. Amendments in 1950 and 1967 altered this

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<sup>2</sup> Benefits were also provided for a deceased worker's parents, if they were the only survivors and could show they had been dependent on the worker at the time of death—that is, receiving more than half their support from the worker.

situation. Benefits are now payable to children upon the death, disability, or retirement of their mothers under the same conditions as when the father's support is lost. Initially, children were deemed dependent if they were under age 18. Enactment of disability insurance, however, extended benefits to disabled children aged 18 and over if the disability had started before age 18 and they were otherwise eligible. In 1965, family protection was improved by continuing benefits for children up to age 22 while they attend school full time. A man is now eligible for a benefit as a dependent husband or widower if his wife has been providing at least half his support.

Monthly amounts now payable to individual dependents vary from 50 percent of the PIA for the spouse or child of a beneficiary to 75 percent for the child of an insured worker who dies and 82½ percent for a widow (if the amount is not reduced because the woman claims her benefit early). Maximum total benefits for a family vary between 150 percent and 188 percent of the PIA.

In an effort to improve the adequacy of benefits for survivors, the amount for a survivor child was raised in 1960—from 50 percent to 75 percent of the PIA. The next year, the benefit for widows, widowers, and parents of deceased workers was raised by 10 percent, from 75 percent of the PIA to 82½ percent. For the widowed who had been receiving benefits this change meant an increase from 50 percent to 55 percent of the benefit that had been payable to a married couple with neither entitled before age 65. A proposal to increase the benefit for widows and dependent widowers to 100 percent of the PIA is included in proposed amendments to the Social Security Act now before Congress.

Because of the family protection built into the social security program and the growth in labor-force participation by women, an increasing number of women approach retirement age with overlapping benefit credits—as dependents of their husbands and as retired workers in their own right. A woman who simultaneously qualifies for both a retired worker's benefit and a wife's or widow's benefit is generally entitled first to her own benefit and then, if the dependent's benefit is larger, to a supplement equal to the difference in amounts. In effect, she receives the larger of the two benefits but retains her status

as a retired worker. Thus, her own benefit is predicated on her own retirement, but her dependent wife's benefit is payable only if both she and her husband are retired.

### Early Retirement Benefits

In 1956, women became eligible for benefits as early as age 62, with the benefits for women workers and wives reduced to take account of the longer period over which they would be paid.<sup>3</sup> This change, too, grew out of a desire to increase family protection. The "early retirement" provision was designed to ease the financial strain on a married couple when the husband retired at age 65 or soon after. Because a woman is characteristically several years younger than her husband, most couples previously had to manage on one benefit during his first years in retirement. It was quickly decided, however, that the same option would have to be provided to women workers (including nonmarried women) and, without a reduction, to widows whose situation was considered one of particular hardship.

Only 5 years later, the eligibility age for men was also reduced to age 62—partly as an economic stimulant. The same actuarial reduction was applied, but the benefit-computation point was not reduced from age 65 to age 62 as it had been for women.

In 1965, widows were made eligible for benefits at ages 60–61 if they accepted an actuarial reduction.<sup>4</sup> Two years later, reduced benefits were authorized for disabled widows and dependent widowers as early as age 50.

### THE PROGRAM IN ACTION

About 13.8 million women (out of a total of 23 million adult beneficiaries) were receiving social security benefits at the end of 1971—about half of them on the basis of their own work, the other half as wives or widows (table 1). For December 1971, their social security

<sup>3</sup> For benefits claimed at age 62, the actuarial reduction is 20 percent for workers and 25 percent for wives, with proportionately less reduction as age approaches 65.

<sup>4</sup> A bill pending in Congress would make dependent widowers eligible for reduced benefits at ages 60–61.

TABLE 1.—Social security benefits paid to women and their dependents, December 1971

Type of beneficiary	Beneficiaries with benefits in current payment status			Monthly benefits paid			
	Number (in thousands)	Percent of total	Percentage distribution	Total amount (in millions)	Percent of total	Percentage distribution	Average amount
Total.....	14,246	52 2	100 0	\$1,418	46 4	100 0	-----
Women beneficiaries.....	13,775	<sup>1</sup> 59 9	96 7	1,390	<sup>1</sup> 50 8	98 0	\$100 90
Workers <sup>2</sup> .....	6,447	41 4	45 3	738	35 4	52 0	114 40
Retired.....	5,075	42 9	42 0	679	38 0	47 9	113 60
Disabled.....	472	28 6	3 3	59	4 1	24 4	124 80
Dependents and survivors.....	6,924	99 8	48 6	633	99 9	44 6	91 40
Wives.....	3,000	99 7	21 1	198	99 7	14 0	66 00
Widows and mothers.....	3,924	99 9	27 5	436	99 9	30 6	110 80
Special age-72 beneficiaries.....	404	85 6	2 8	19	85 7	1 4	45 20
Dependents and survivors of insured women.....	471	4 2	3 3	28	3 0	2 0	60 40
Children.....	459	10 7	3 2	28	8 6	1 9	60 00
Dependent husbands and widowers.....	12	2	1	1	1	.1	75 10

<sup>1</sup> Calculated as percent of benefits for men and women beneficiaries

<sup>2</sup> Women receiving dual benefits are counted as workers

checks averaged just over \$100. In addition, 400,000 women were on the rolls as special beneficiaries under the 1966 provision that made benefits available to certain persons aged 72 and older who were not insured; December 1971 checks averaged less than \$45. (Effective September 1972, benefits are 20 percent higher.)

Nearly half a million persons were on the social security rolls as either dependents of women beneficiaries or survivors of insured women workers. Of this group, child beneficiaries accounted for all but about 12,000 who were entitled as dependent husbands and dependent widowers.

Aggregate payments to all types of women beneficiaries and to their dependents or survivors accounted for 46 percent of all monthly social security benefits paid in December 1971; such beneficiaries accounted for 52 percent of the total number on the rolls. The disparity between these proportions reflects women's lower earnings, their more frequent claiming of reduced early retirement benefits, the large number drawing dependents' benefits at some fraction of the amount payable to insured workers, and their preponderance among the special age-72 beneficiaries. The importance of dependents' provisions for women, both now and in the future, is suggested by the fact that during the past few years they represented 38 percent of all workers with covered earnings and their social security taxes accounted for about 27 percent of all taxes collected from workers and the self-employed.

The number and composition of women receiving benefits under the social security system has changed dramatically during the past two decades.

The increasing employment of women will undoubtedly bring more changes in the future.

### Benefits for Working Women

The number of women receiving benefits as retired workers multiplied twentyfold between 1950 and 1971 (table 2), while the number of retired men beneficiaries rose less than sixfold. This difference reflects the larger number of women entering the rolls before age 65 and, most important, the steady growth since the late thirties in the labor-force participation of women, particularly married women.

More than 4 in 10 retired workers drawing social security benefits at the end of 1971 were women; they numbered 6 million. About half a million women were drawing disabled-worker benefits; they accounted for nearly 3 in 10 among the 1.6 million workers under age 65 receiving benefits because of severe disability. The lower proportion of women receiving disability benefits reflects the fact that women less often than men have the substantial, recent work in covered employment that is required for such benefits. It seems likely also that they less often work in hazardous occupations and industries. About 60 percent of the women retirees on the rolls in December 1971 but barely 40 percent of the men had elected an actuarial reduction to obtain benefits before age 65.

During the past two decades the average benefit paid to retired women has represented 75-80 percent of the average paid to retired men (table 3). This ratio is considerably more favorable to

TABLE 2.—Women receiving social security benefits, by type of beneficiary, 1950–71

Type of beneficiary	Beneficiaries with benefits in current-payment status at end of year (in thousands)					
	1950	1955	1960	1965	1970	1971
Total.....	1,305	3,418	7,251	10,198	13,257	13,775
Women worker beneficiaries.....	302	1,222	2,944	4,530	6,085	6,447
Retired.....	302	1,222	2,845	4,276	5,661	5,975
Full benefit.....	302	1,222	1,896	2,192	2,352	2,371
Benefit reduced, claimed before age 65.....			949	2,083	3,309	3,604
Disabled.....			99	254	424	472
Wives of retired- and disabled-worker beneficiaries.....	508	1,182	2,331	2,795	2,943	3,000
With beneficiary child in her care.....	9	57	165	332	409	439
Husband retired.....	9	57	111	169	168	173
Husband disabled.....			55	164	241	266
Without children (aged 62 and over) <sup>1</sup> .....	499	1,125	2,166	2,463	2,533	2,561
Husband retired.....	499	1,125	2,144	2,434	2,492	2,516
Full benefit.....			1,373	1,116	862	826
Benefit reduced, claimed before age 65.....			771	1,318	1,630	1,690
Husband disabled.....			22	29	42	45
Widows of insured workers.....	484	992	1,943	2,840	3,747	3,898
With beneficiary child in her care <sup>2</sup> .....	169	292	401	472	523	535
Without children.....	314	700	1,542	2,369	3,224	3,363
Aged 60 and over <sup>3</sup> .....			1,542	2,369	3,175	3,307
Disabled aged 50–62.....					49	57
Mothers of insured workers.....	12	22	33	33	27	26
Special aged-72 beneficiaries.....					455	404

<sup>1</sup> Before 1956, aged 65 and over.

<sup>2</sup> Includes surviving divorced wives (1,566) at end of 1971

<sup>3</sup> Before 1956, aged 65 and over; from 1958 to 1964, aged 62 and over.

women than the ratio of women's earnings to men's earnings,<sup>5</sup> largely because the formula for computing benefits is designed to replace a much higher proportion of the first \$110 of earnings than of higher earnings.

Because the benefit amount earned by women is often very small, about 1 in 6 of the retired women at the end of 1971 were dually entitled and receiving a supplementary benefit as a wife or widow—more often as a widow. (The benefit amounts shown for retired women workers in tables 1 and 3 include these supplements.) It is estimated that the aggregate supplement in December 1971 probably accounted for roughly 5 percent of the aggregate amount recorded for retired women.

Only women workers whose own benefit is small qualify for a supplement. The monthly benefit amount of more than two-thirds of the married women who were dually entitled at the end of 1970 was at the statutory minimum or lower because of an actuarial reduction. Among widows the corresponding proportion was about half. The December 1971 supplement for women retirees probably averaged close to \$17 if they were married and \$41 if they were widowed, increasing

their own benefit by 25 percent and 50 percent, respectively. According to the Social Security Administration's Survey of New Beneficiaries (1968–70), many married women claim retirement benefits at age 62 or soon thereafter, while their husbands continue working. When their husbands retire, the income of the couple usually drops sharply, but her individual benefit may be increased by a supplement based on his earnings record.

### Wives' and Widows' Benefits

Despite the steep climb in the number of retired women beneficiaries, about half the aged women receiving benefits at the end of 1971 were entitled only on their husband's earnings record—testimony to the value of the social security provisions for family protection.<sup>6</sup> The number of wife and widow beneficiaries entitled on account of age as wives and as widows exceeded 2.5 million and 3.3 million, respectively, at the end of 1971. The sevenfold growth from their number in 1950 is attributable to several factors: The "new start" provision, the reduction in eli-

<sup>5</sup> Average earnings of women are only about 60 percent of those of men for full-time year-round jobs—less than 50 percent when part-time jobs and irregular work are included.

<sup>6</sup> The number receiving survivor benefits on the death of a working son or daughter is so small, in comparison with the number of widows, that such beneficiaries are not discussed separately.

gibility age for benefits, and the growth in the population of aged women.

The number of younger women receiving benefits because they had entitled children in their care totaled barely 1 million in December 1971—about 1 for every 6 aged wife and widow beneficiaries. More than 530,000 of them were young widows. Perhaps 80,000 additional women could have received benefits if their earnings had been lower. Remarriage of some widowed mothers has been made easier because the benefits of her children continue even though hers are terminated if she remarries.

Although children of retired workers were eligible for benefits from the beginning of the program, it was not until 1950 that the wives of retired men were made eligible for benefits for the care of entitled children. Only about 170,000 married women were receiving such a benefit at the end of 1971. If it were not for their own or their husband's earnings, 30,000 additional women could have received the benefit.

Men on the disability benefit rolls are of course more likely than retired men to have children under age 18, and consequently the young wife's benefit was relatively more important to the family. Almost one-fourth of the men receiving disability benefits (some 270,000) had wives who were eligible for benefits because they had in their care children entitled on the disabled father's earnings record.

### Benefits for Women's Dependents

At the end of 1971, fewer than 9,000 men were drawing benefits as dependent husbands (less than the number a decade earlier) and only slightly more than 3,000 dependent widowers were on the rolls. These figures are not surprising, since most men who are not disabled do work and earn more than half their own support.

With children the situation is different. As 1971 ended, 460,000—or more than one-tenth of all child beneficiaries—were receiving benefits on their mother's work record (table 4). The number of children in this group had increased nearly fivefold since 1960, while the total number of children entitled on their father's record doubled.

A major portion of the rise in the number of children entitled on their mother's account re-

TABLE 3.—Social security benefits paid to retired and disabled workers and to selected types of dependents, by sex, December 1971

Type of beneficiary	Beneficiaries with benefits in current-payment status (in thousands)		Average monthly benefit amount	
	Women	Men	Women	Men
Retired worker.....	5,975	7,950	\$113 60	\$146 10
Full benefit.....	2,371	4,877	126 20	156 40
Reduced benefit, claimed before age 65.....	3,604	3,073	105 30	129 80
Disabled worker.....	472	1,175	124 80	155 20
Aged wives and husbands.....	2,561	9	69 60	64 00
Full benefit.....	833	7	79 70	67 30
Reduced benefit, claimed before age 65.....	1,728	2	64 60	54 90
Aged widows and widowers.....	3,307	3	113 60	105 10
Full benefit.....	2,643	3	113 30	105 10
Reduced benefit, claimed before age 62.....	664	-----	114 60	-----

sulted from the 1967 provision eliminating the requirement of recent covered work for the mother. Extension of benefits to the disabled in the late 1950's and to students in 1965 were also important.

Children of working women who died before reaching retirement age accounted for almost

TABLE 4.—Children receiving social security benefits based on mother's earnings and men receiving such benefits as dependents of women workers, by type of beneficiary, 1950-71

Type of beneficiary	Beneficiaries with benefits in current-payment status at end of year (in thousands)					
	1950	1955	1960	1965	1970	1971
Child beneficiaries						
Total number.....	9,986	44,881	96,264	182,603	416,320	459,396
Percent of all child beneficiaries.....	1 4	3 5	4 8	5 9	10 1	10 7
Entitled because of mothers'—						
Death.....	9,901	44,465	80,762	130,548	308,167	336,204
Retirement.....	85	416	10,689	16,837	25,507	27,268
Disability <sup>1</sup> .....	-----	-----	4,813	35,118	82,646	95,926
Age						
Under 18.....	9,986	44,881	85,761	151,062	337,716	370,967
18 and over, disabled before age 18 <sup>2</sup> .....	-----	-----	10,503	20,132	29,605	31,474
18-21, students <sup>3</sup> .....	-----	-----	-----	11,409	46,999	56,955
Men beneficiaries <sup>4</sup>						
Dependent husbands of women beneficiaries	797	10,063	14,737	11,507	8,937	8,649
Wife retired.....	797	10,063	14,526	10,997	8,413	8,132
Wife disabled.....	-----	-----	211	510	524	517
Dependent widowers of insured women workers.....	63	1,066	2,053	2,804	3,151	3,169

<sup>1</sup> First payable in 1958

<sup>2</sup> First payable in 1957.

<sup>3</sup> First payable in 1965

<sup>4</sup> Excludes a very small number receiving benefits as fathers of deceased women workers, information not available by sex of the deceased worker for father beneficiaries. Total number of father beneficiaries at end of 1970 was 1,461.

three-fourths of the 460,000 child beneficiaries on the rolls in December 1971 as dependents of women; children of women entitled to disability benefits represented about one-fifth. Because women rarely bear children after age 40, only a few retired women have entitled children and most of those are older than age 18 (disabled or students aged 18-21).

Child's benefits based on a mother's earnings record are perhaps most important when the children have no father. They are also very valuable, however, when her husband survives her and he must employ someone to help care for the children and the home.

### DIFFERING EFFECTS—SOME ISSUES

Complaints of discrimination against women appear to stem mainly from the provision that a married woman who has worked in employment covered under social security may draw a benefit at age 62 or later based either on her own or her husband's earnings, whichever is larger, but not two full benefits. Less clearly understood but of growing concern is the allied problem that, when both husband and wife work, the couple's benefits may be somewhat smaller than if total family earnings were the same but only the husband had worked (see below). In other words, although family protection has been emphasized in the evolution of the social security provisions, the program incorporates no direct measure of family earnings and their replacement. These and related issues have been discussed in earlier reports.<sup>7</sup>

#### Benefits for Working Wives

The woman's benefit based on her husband's work may be larger than her own retirement benefit because the covered earnings of women, on the average, are lower than those of men. This fact reflects their less regular and extended em-

ployment, their greater concentration in low-paid occupations and industries, as well as any past (if not present) discrimination in pay for the same work. Thus, in many cases the working wife receives a retirement benefit no larger than the nonworking wife may receive as a dependent. Hence, according to some, a woman's own work and her social security contribution have bought no benefit. This interpretation, of course, ignores the fact that before reaching retirement age the working woman had insurance protection against loss of her own earnings due to disability or death for herself and her dependents.

#### Married Couples' Benefits and Contributions

When both husband and wife work, their combined retirement benefit varies somewhat with the relative amount earned by each. If their combined earnings are below the taxable maximum for one worker (or even slightly above), the sum of the benefits to which they are entitled on their respective work records is usually smaller than one and one-half times the amount to which a man with a dependent wife would be entitled if his earnings had been equal to their combined earnings.<sup>8</sup> This is not the case when their combined earnings are considerably above the taxable maximum for one worker. In that event, however, the couple will pay more social security taxes and get a larger benefit than if only one spouse worked and earned the same amount. Whether or not the husband himself earns as much as the combined earnings of the couple is a choice not ordinarily open. The comparison nevertheless raises questions of equity.

Various proposals have been advanced to improve the retirement benefits of married couples when both spouses work. One proposal would allow each of these couples the option of having a PIA calculated on the basis of their combined earnings (up to the annual taxable maximum for one worker) with 50 percent added as the spouse's benefit and each entitled to half the sum. A form

<sup>7</sup> See *Report of the 1971 Advisory Council on Social Security, 1971*; *Report of the Task Force on Social Insurance and Taxes to the Citizens' Advisory Council on the Status of Women, 1968*; and Joseph A. Pechman, Henry J. Aaron, and Michael K. Taussig, *Social Security: Perspectives for Reform*, Washington, The Brookings Institution, 1968.

<sup>8</sup> This situation is aggravated to the extent that a wife receiving a retirement benefit is entitled to a supplementary benefit only when her husband's earnings are at least three times as large as hers. Moreover, if the wife earns more, a husband is not entitled to a secondary benefit unless there is proof that his wife had provided half his support.

of this proposal being considered by Congress contains a provision applicable to couples with both members having had 20 years of covered employment after marriage. Such a provision must be limited to couples with each spouse having extensive covered employment after marriage, or the benefit cost would run high and administration would be complicated.

An alternative approach with particular attention to the financial difficulties of women whose marriage breaks up when they are middle-aged or younger would credit to each spouse half their combined earnings every year during the period of marriage. It is argued that such earnings credits would yield a better retirement benefit for women with many years of low or zero earnings and would also help if a widow or divorcee with young children becomes disabled or dies. Provision for splitting earnings credits, however, would not generally increase the retirement benefit for the couple that continues marriage, and it would have variable effects on the retirement benefits of couples with second and third marriages of either partner.

It has also been suggested that instead of a special provision for calculating the retirement benefits of married couples, the social security tax rate might be reduced for a working wife (or for all women). Or, alternatively, some payment in excess of her own retirement benefit might be guaranteed every working wife.

Such provisions have a cost that would have to be met by tax increases for all covered workers, including those without dependents. Furthermore, all raise questions of equity in relation to the situation of the single worker.

### **Noncoverage of Homemaking Activities**

Some women are concerned that their work at home—housekeeping activities and the care of children and of older family members who are ill or disabled—is not considered employment for social security purposes. Some in the women's liberation movement believe that this attitude denigrates such activities and results in an unfavorable image of what had traditionally been considered "women's work." More important, lack of coverage means there is no benefit to help meet the real cost of providing substitute homemaking

and child care services in the event of the woman's death or severe disability.

With respect to benefits earned, the time spent in home-care activities by women who work for pay during part of their lives does diminish the size of the retirement benefit to which their own earnings record entitles them. Moreover, if the young housewife becomes disabled or dies, her covered employment may not be sufficient to entitle her to disability benefits or her children to survivor benefits. The question of the value to be imputed to unpaid work and the related question of who should pay the "contribution" or the cost of such credits have been discussed but with many conflicting answers.

### **Age Computation Point**

When the early retirement option was extended to men, the retention of the age-65 computation point for the men had the effect of allowing a woman to exclude 3 more years of low earnings than a man.<sup>9</sup> The result is that a woman may receive a somewhat higher benefit than that received by a man who retires after exactly the same amount of employment with identical earnings. For workers retiring at age 65 with the maximum benefit attainable this year (before September), the differential was 4 percent (\$224.70, compared with \$216.10).

A proposal to eliminate this inequity by amending the Social Security Act has been before the Congress for some time. It provides that the number of years used to calculate a man's average monthly earnings be figured up to age 62 (as it is for women).

### **Entitlement of Men Dependents**

Entitlement for spouses differs for men and women. A wife or widow who is not entitled to a retirement benefit on her own work record is automatically entitled to a benefit on her husband's earnings record when she meets age and

<sup>9</sup> A woman who claims benefits at age 65 may exclude the 8 years of lowest earnings from the calculation; a man may drop only 5 years. If the man claims benefits at age 62, he can in fact exclude only 2 past years (the 3 remaining before he reaches age 65 are counted among the 5 that may be dropped).



other criteria. A husband or aged widower, on the other hand, is entitled to a benefit on the basis of his wife's earnings only if he was dependent on her for half of his support. A widower with entitled children in his care, unlike the widowed mother, is not entitled to a benefit for himself. Neither a divorced husband nor a surviving divorced husband aged 62 and over has even a qualified right to the type of benefit a divorced wife or a surviving divorced wife may receive. Up to now, it has been not seemed reasonable to most people either to assume that men generally are dependent on their wives or to require a test of dependency for wives or widows.

### **Earnings Replacement and Taxes**

Certain other features of OASDHI, particularly the benefit calculation and the ceiling on taxable earnings, likewise may appear to have an uneven impact on men and women workers. Any such differences, however, result not from differentiation between the sexes in the details or application of these provisions but from the operation of economic and demographic factors.

Thus, individual retirement benefits replace a larger share of covered earnings for women than for men. The benefit formula is the same (except for the age-65 computation point for men) for both sexes and is weighted to replace proportionately more of low than of higher covered earnings. The higher replacement occurs, therefore, both because women earn less than men on the average and because women live about 4 years longer.

To the extent that men are more likely than women to have earnings above the taxable maximum, the man's benefit (apart from any benefit going to his wife) replaces a smaller fraction of total preretirement earnings than does the

woman's. It follows also that social security taxes represent a smaller proportion of total earnings (covered plus noncovered) for men than for women.

IN SUMMARY, social insurance has an uneven impact upon women and men. In part the differences result from economic and demographic factors outside the social security system, such as women's lower earnings and longer life expectancy. In part also, they result from the diversity of women's roles as workers, wives, widows, and mothers.

Over the years, OASDHI's evolution has been significantly influenced by the necessity to accommodate these diverse and changing needs. The concept that a man is responsible for the support of his wife and children led to the creation of a broad structure of social security family protection. At the same time, the steady growth of labor-force participation by women, particularly married women, has been reflected in a phenomenal growth in the number of women entitled to benefits on the basis of their own earnings records. Complaints that the OASDHI system discriminates against women have proliferated as a result of this growth.

Various proposals have been advanced to relate the retirement benefits of married couples to their combined earnings. Whatever the form of such a provision, its costs would most likely have to be met by tax increases on all covered workers, including those without dependents. Other suggestions reflect the concern that family care and housekeeping activities performed by women are not considered employment for social security purposes. Consideration of alternative proposals for modifying the program are but part of the continuing assessment of social security in the United States.