

Overview of the Social Security Administration

Mission

To advance the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs.

The Social Security Programs and How They Benefit the Public

Few government agencies touch the lives of as many people as the Social Security Administration (SSA). There are about 53 million individuals—one in six of the total population—who receive monthly Social Security or Supplemental Security Income (SSI) benefit payments. Through their payroll taxes, almost all workers are earning valuable Social Security coverage for themselves and their families. The following table provides the number of individuals receiving Old-Age, Survivors, and Disability Insurance (OASDI), SSI programs and the combined programs. Over the ten year period from the beginning of October 1996 through the end of September 2005, the number of Old-Age and Survivors Insurance (OASI) beneficiaries has grown by 6 percent, Disability Insurance (DI) by 37 percent and SSI by 10 percent.

Number of Beneficiaries as of September 30 th of Each Year (In Millions)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
OASI	37.6	37.8	37.9	38.0	38.7	38.9	39.2	39.4	39.6	40.0
DI	6.0	6.1	6.3	6.5	6.6	6.8	7.1	7.5	7.8	8.2
SSI and OASDI	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5
SSI only	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.4	4.6	4.6
Total ¹	47.8	48.1	48.4	48.7	49.5	50.0	50.7	51.3	52.0	52.8

Source: Social Security Administration's Master Beneficiary Record and Supplemental Security Record

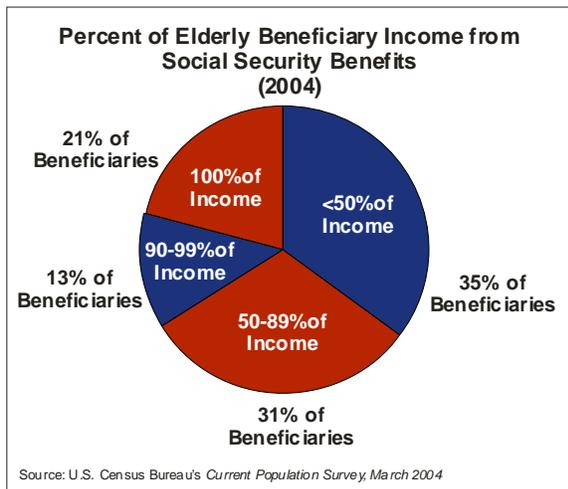
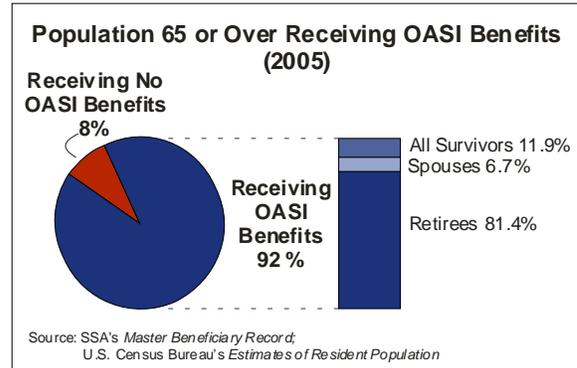
¹Sum of OASI, DI, and SSI only

The combined OASDI programs provide a comprehensive package of protection against the loss of earnings due to retirement, disability and death. Monthly cash benefits are financed through payroll taxes paid by workers and their employers, and by self-employed persons. Social Security benefits are intended to replace a portion of these lost earnings, but people are encouraged to supplement Social Security with savings, pensions, investments, and other insurance. The monthly benefit amount to which an individual (or spouse and children) may become entitled under the OASDI programs is based on the individual's taxable earnings during his or her lifetime. The maximum amount

of earnings on which contributions were payable in 2004 was \$87,900, increased to \$90,000 in 2005, and will increase to \$94,200 in 2006.

Old-Age and Survivors Insurance (OASI) Program:

This program is financed by the OASI Trust Fund. To qualify for OASI benefits, a worker must have paid Social Security taxes (*Federal Income Contributions Act* and/or *Self-Employment Contributions Act*) for at least 10 years (or 40 credits) over the course of his or her lifetime, with the exception of those individuals born before 1929 who need fewer credits to qualify. Working Americans can count on benefits when they retire, with reduced benefits payable as early as age 62. Benefits are also paid to certain members of retired workers’ families and to survivors.

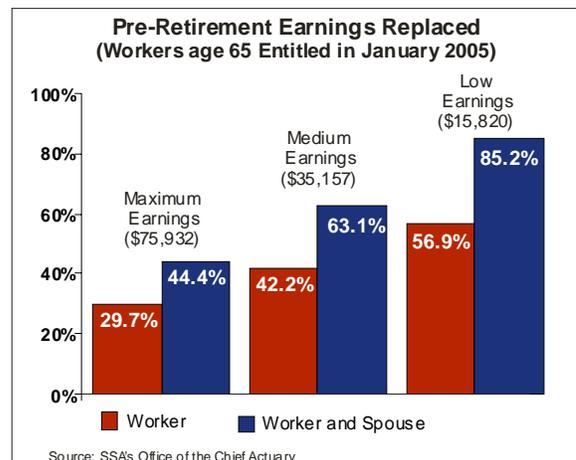


About 97 percent of persons aged 20-49 who worked in Social Security-covered employment in 2004 have acquired survivorship protection for their children under age 18 and surviving spouses caring for children under age 16. For persons age 65 or over in calendar year 2004, as shown in the chart, *Population 65 or Over Receiving OASI Benefits*, 92 percent were receiving benefits. Retired workers account for the largest category of beneficiaries over age 65. In 2004, Social Security benefits comprised 39 percent of the aggregate share of all income to individuals and married couples 65 and over. Other sources of income include assets (12 percent), earnings (26 percent), and pensions (19 percent) both Government and private.

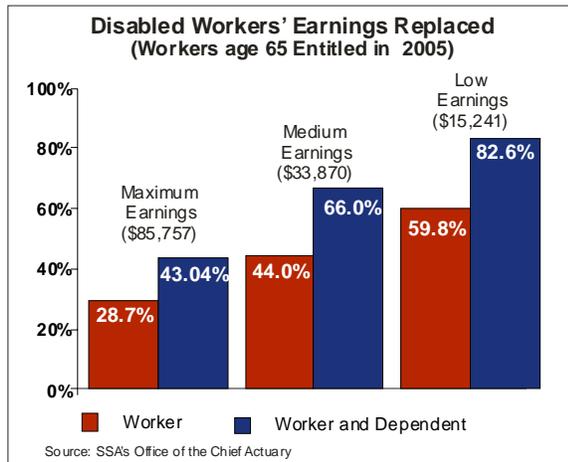
As shown in the chart, *Percent of Beneficiary Income from Social Security Benefits*, while many of the Nation’s

beneficiary individuals and married couples aged 65 and older in 2004 have income from other sources, a portion of the beneficiary population relies heavily on Social Security benefits. Social Security benefits comprise 90 to 100 percent of total income for one-third of the elderly beneficiaries; and for almost two-thirds of the elderly beneficiaries, it is their major income source (50 – 100 percent of their income).

The chart, *Pre-Retirement Earnings Replaced*, shows the earnings replacement rate in 2005 for individuals and couples (i.e., worker with a spouse age 62 or older who is not insured) at various earnings levels. These levels represent average earnings over the worker’s career, which are wage-indexed through 2004. The level of pre-retirement (career-average) earnings replaced by Social Security benefits for a worker retiring at full retirement age varies because the benefit formula is progressive. It is weighted in favor of workers who have lower earnings since they have less opportunity to save and invest during their working years.



Disability Insurance (DI) Program: To qualify for DI benefits, an individual must meet a test of recent covered work before becoming disabled. Disability benefits provide a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. About 9 out of 10 people age 21 through 64 who worked in Social Security-covered employment in 2003 will receive benefits if they become disabled and meet other factors of entitlement. Workers are considered disabled if SSA determines that they have a physical or mental impairment that prevents them from engaging in substantial gainful activity. The disability must have lasted, or be expected to last, for a continuous period of not less than 12 months or expect to result in death.



Once benefits begin, they continue for as long as the individual is disabled and does not perform substantial gainful work. However, Social Security offers programs that provide incentives for people who want to work, would like to try to work, or who return to work. SSA also conducts periodic continuing disability reviews to determine whether beneficiaries are still disabled.

The chart, *Disabled Workers' Earnings Replaced*, shows the earnings replacement rate in 2005 for disabled workers and their dependents at various earnings levels. These levels represent average earnings over the worker's career, wage-indexed through 2004.

The table below presents a historical perspective on medium earnings replacement for each of the OASI and DI programs.

Medium ¹ Earnings Replaced Historical Perspective						
	1955	1965	1975	1985	1995	2005
Disabled Worker ²	NA	33.9%	44.2%	43.0%	44.2%	44.0%
Retired Worker	29.0%	28.6%	40.5%	41.5%	43.2%	42.2%

Source: Social Security Administration, Office of Chief Actuary

¹ 'Medium' earnings refer to career-average earnings at about 100 percent of the national average wage index.

² Based on a 45-year-old disabled worker. Data is not available for disability benefit payments for 1955 since the program began in 1957.

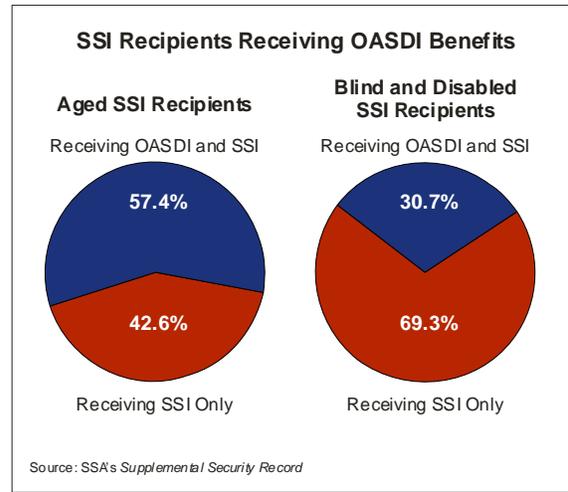
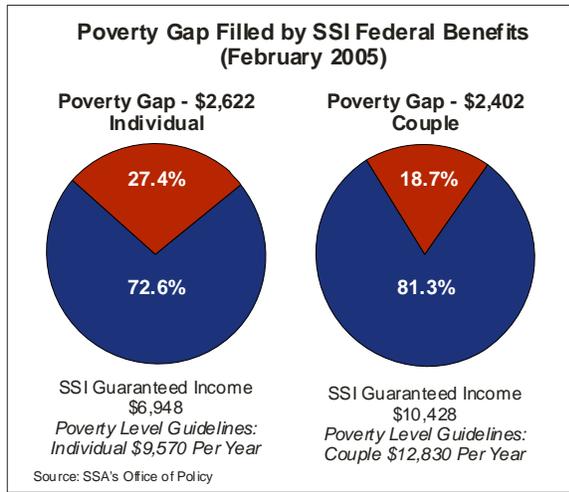
Supplemental Security Income (SSI) Program: SSI is a means-tested program designed to provide or supplement the income of aged, blind or disabled individuals with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues, not the Social Security trust funds. Children, as well as adults, can receive payments based on disability or blindness.

The definition of disability for adults used in the SSI program, as well as continuing disability review procedures, is the same as those used in the DI program, with the exception of statutory blindness for which different rules apply. There is a separate definition of disability for children seeking SSI benefits. There are general provisions to encourage working and special incentives to those recipients who are disabled or blind. The Federal benefit rate and eligibility requirements are uniform nationwide; however, most States provide a supplement to the Federal SSI benefit.

The chart, *Poverty Gap Filled by SSI Federal Benefits*, shows that SSI recipients with little or no income may receive the full SSI Federal benefit, which is 72.6 percent of the Federal poverty level for an individual and 81.3 percent for a couple.

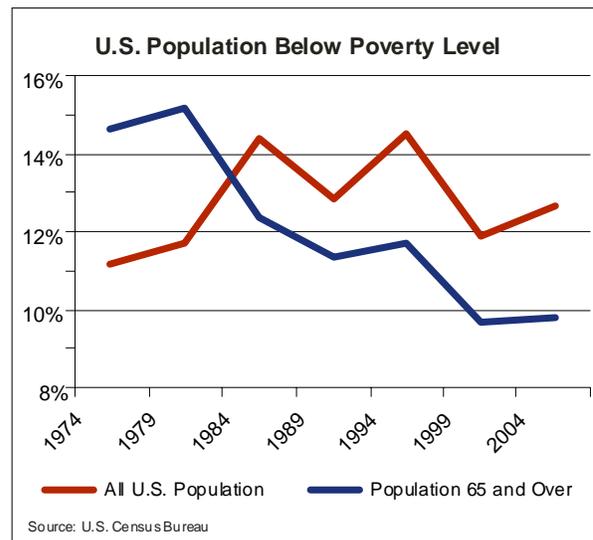
The portion of the poverty gap not filled by Federal SSI may be filled by State SSI supplemental payments. Also, SSI recipients may be eligible for food stamps, Medicaid, low income housing and other social services.

In September 2005, 35.3 percent of all SSI recipients also received Social Security benefits. Most recipients did not have any other income. For 3.9 percent of the recipients, earnings were a source of additional income. As illustrated in the chart, *SSI Recipients Receiving OASDI Benefits*, more aged recipients (57.4 percent) receive Social Security benefits than blind and disabled recipients (30.7 percent).



Social Security's Effect on the American Public: Social Security touches the lives of virtually every person in America. Whether after the loss of a loved one, at the onset of disability, or during the transition from the workforce to retirement, Social Security programs and employees are available to offer support to the people of this country. Widely considered the Nation's most successful domestic Federal program, Social Security provides a basic level of protection to all covered workers based on their past earnings. SSI provides a backup for the Social Security program by guaranteeing a minimum level of income to needy aged and disabled adults and children.

It is clear that Social Security and SSI benefits have had a significant role in the improved economic security of the nation's people. Poverty among elderly has been reduced by 33 percent over the past 30 years, decreasing from 14.6 percent in 1974 to 9.8 percent in 2004. Poverty rates of the elderly are expected to decline further in the future because earnings, on which Social Security benefits and pensions are based, tend to increase more rapidly than the poverty thresholds, which are indexed to price growth. In 1936, when Social Security Numbers were first assigned to workers, most of the Nation's elderly were living in poverty. Today, monthly benefits are an important part of the quality of life of the elderly and millions more who are protected in case of disability or death.



The portion of the population with enough work credits to be qualified for Social Security benefits has grown steadily over the years. The percentage of people aged 20 and over

with enough work credits to qualify for Social Security benefits increased from 77 percent in 1970 to 87 percent in 2005. Although men are more likely than women to have sufficient credits, the gender gap is shrinking. The proportion of men with enough work credits to qualify for Social Security benefits has remained essentially stable at 92 percent. By contrast, the proportion of women with enough covered work has increased from 63 percent in 1970 to 84 percent today.

As shown in the chart on the previous page, *U.S. Population Below Poverty Level*, the percentage of the population age 65 and over in the United States who live below the Federal poverty level has been consistently lower than that of the general population since the 1980s. In 2004, the poverty rate of the elderly was 9.8 percent compared with 12.7 percent for the total population.

Rates of poverty and program coverage provide an indication of how Social Security and SSI benefits are improving the lives of the Nation's people. However, the Agency's programs are not the only factors that affect the economic status of the aged and survivor populations and persons with disabilities. Savings, investments, other public and private retirement plans, medical coverage, other Government Programs, and the state of the economy also play important roles. Moreover, most of the important features of SSA's programs are established by law and cannot be altered by the Agency, but only by Congress.

As discussions continue on how best to strengthen the Social Security programs for the future, the Agency's goal is to ensure that the public has the information needed to understand the issue. SSA provides information to educate the public about the financing challenges facing the Social Security programs. SSA has conducted numerous analyses related to fiscal distributional and administrative aspects of Social Security programs for the Administration and Congress.

Workloads

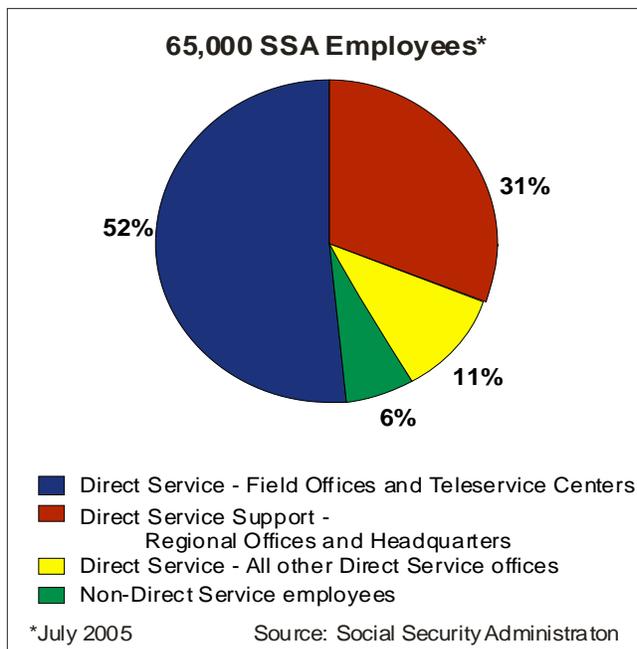
In FY 2005, as in prior years, the largest use of SSA's administrative resources went to processing its priority workloads. These workloads included:

- Paying benefits to almost 53 million people every month.
- Evaluating evidence, and making determinations of eligibility for benefits on more than 8 million new claims.
- Making decisions on over 1.6 million hearings and appellate actions.
- Issuing over 17 million new and replacement Social Security cards.
- Processing 257 million earnings items for crediting to workers' earnings records.
- Handling approximately 56 million calls to SSA's 800-number.
- Issuing over 143 million *Social Security Statements*.
- Processing over 1.5 million periodic continuing disability reviews.
- Processing over 1.7 million non-disability SSI redeterminations to ensure that SSI eligibility is still met.

Agency Organization

SSA has been the primary face of the Federal Government, and overall the public views the Agency's performance and service favorably. The Nation's citizens expect SSA's employees to be respectful, responsive, and reliable. SSA has ranked among the premier agencies in Government service for over 70 years as the Federal agency charged with managing and delivering these important programs for many people and in many communities across the country.

SSA's organization is centrally managed with a nationwide network of over 1,500 offices, which includes Field Offices, Regional Offices, Teleservice (800-Number) Centers, Program Service Centers, Hearings Offices, and State Disability Determination Services. Individuals can also conduct business and obtain information via SSA's website (www.socialsecurity.gov). SSA's organizational structure is designed to provide timely, accurate and responsive service to the public. By integrating support services for all of its programs, SSA enhances efficiency, avoids duplication of effort, and increases opportunities to provide one-stop service to the public. SSA's Field Offices are the primary points for face-to-face contact with the public. Teleservice Centers offer national toll-free telephone service at 1-800-SSA-1213. The Program Service Centers process a wide variety of workloads, as well as answer 800-number calls. The Office of Central Operations, which includes the Data Operations Center, processes disability-related workloads, international and earnings operations, and also has an expanding role in answering 800-number calls. The Hearings Offices and Appeals Council make decisions on appeals of SSA determinations.



Approximately 61,000 of SSA's 65,000 employees deliver direct service to the public or directly support the services provided by our front-line workers. The public is most familiar with the 34,000 employees in SSA's 1,332 Field Offices and 36 Teleservice Centers. They are also served by 20,100 employees in the Program Service Centers, the Office of Central Operations, the Hearings Offices, the Appeals Council, the Office of General Counsel, the Office of the Inspector General, the Office of Public Inquiries, and by staff providing direct service via the Internet. Another 6,800 employees in Regional Offices and Headquarters directly support the services delivered by Social Security's front-line workers. Additionally, the disability programs depend on the work of some 16,275 employees in State Disability Determination Services.

SSA's remaining employees in non-direct service perform equally important functions in developing other information technology and public information products, ensuring sound fiscal stewardship, developing and implementing uniform program policies and procedures, and supporting the workforce by providing, maintaining and safeguarding the work spaces. Whether within SSA or at the Disability Determination Services, each and every employee in front-line and staff positions plays an important role in the success of Social Security programs.

Organization of the Social Security Administration

