

MARRIED WOMEN’S PROJECTED RETIREMENT BENEFITS: AN UPDATE

by Howard M. Iams*

This note uses the latest version of the Social Security Administration’s Modeling Income in the Near Term microsimulation model to update earlier projections of Social Security retirement benefits for married women. Changes in women’s earnings in the late twentieth and early twenty-first centuries will sharply change the predominant type of Social Security benefits received by current and future beneficiary wives. Benefit levels will be determined more by wives’ own lifetime earnings than by the lifetime earnings of their husbands. At least four-fifths of wives in the late baby boom (born 1956–1965) and generation X (born 1966–1975) cohorts will receive their initial Social Security benefits based solely on their own earnings. For wives in those cohorts, benefits based on their own earnings record will account for most (91–92 percent) of their total Social Security benefit amount.

Introduction

The Social Security Act of 1935 provided for the general welfare of workers by establishing a system of federal old-age benefits. The 1939 amendments to the act added auxiliary benefits for women based on what was viewed as the traditional American family—men were “breadwinners”; women were wives (or widows); and husbands and wives remained married for a lifetime (Berkowitz 2002). Subsequent amendments extended benefits to divorced wives and survivors of insured workers.¹ Today, Social Security provides monthly retirement-age benefits to qualified workers and auxiliary benefits to their wives, ex-wives, and widows based on their marital histories and lifetime earnings (Social Security Administration [SSA], n.d.).²

Increasing numbers of women now receive Social Security retirement benefits based on their own earnings. Many women, however, continue to receive benefits based partly or entirely on the earnings records of their current or former husbands because their marriage-based benefits are higher than they would be if they were based solely on their own earnings records. Because benefit amounts are higher than they otherwise would be for a substantial

number of beneficiaries, marriage-based auxiliary benefits have an important effect on program costs. In December 2014, Social Security paid retirement-age benefits to 26.3 million women aged 62 or older (SSA 2016, Table 5A.14). Slightly more than half of those beneficiaries (51.1 percent, or 13.4 million women) received benefits based on their own earnings, while the remainder (48.9 percent, or 12.9 million women) received benefits based at least in part on marriage.³

In December 2014, about 2.3 million women aged 62 or older received auxiliary benefits based solely on their spouses’ earnings and another 3.1 million were dually entitled to both their own retired-worker benefits and auxiliary benefits. In addition,

Selected Abbreviations

FRA	full retirement age
GenX	Generation X
MINT	Modeling Income in the Near Term
PIA	primary insurance amount
SIPP	Survey of Income and Program Participation
SSA	Social Security Administration

* Howard M. Iams is the acting director of the Office of Policy Evaluation and Modeling, Office of Research, Evaluation, and Statistics, Office of Retirement and Disability Policy, Social Security Administration.

Note: Contents of this publication are not copyrighted; any items may be reprinted, but citation of the Social Security Bulletin as the source is requested. The Bulletin is available on the web at <https://www.socialsecurity.gov/policy/docs/ssb/>. The findings and conclusions presented in the Bulletin are those of the author and do not necessarily represent the views of the Social Security Administration.

3.7 million widows received higher monthly Social Security benefits based on their deceased spouses' earnings records and 3.8 million dually entitled widows received a survivor benefit that was higher than their own retired-worker benefit would have been. Thus, about 23 percent of female beneficiaries aged 62 or older received only wife/widow benefits and another 26 percent received dual-entitlement benefits in December 2014. That is a marked shift from earlier years, such as 1960, when 57 percent of female beneficiaries aged 62 or older received only auxiliary benefits and 5 percent received dual-entitlement benefits.

Two major trends have contributed to the shift from auxiliary to retired-worker benefits for women at retirement. First, women's participation in the labor force increased dramatically after 1960 (Goldin 2006; Blau and Kahn 2007). This was particularly true for married women (Bureau of Labor Statistics 2014), including mothers of young children (Cohany and Sok 2007, Chart 1). The majority of this increase occurred by the 1990s, resulting in more women in post-World War II birth cohorts earning eligibility for Social Security retirement benefits based on their own lifetime earnings. Second, marriage trends began to change in ways that resulted in lower percentages of women born after 1945 becoming eligible for benefits as wives or widows of eligible workers (Stevenson and Wolfers 2007; Kennedy and Ruggles 2014; Tamborini and Whitman 2007; Iams and Tamborini 2012; Butrica and Smith 2012).

Social Security Program Rules

This section provides a brief overview of the Social Security program rules applicable to women aged 62 or older who are eligible for marriage-based retirement benefits as the wife, divorced ex-wife, or widow of an insured worker. The wife of a retired worker is eligible for a spousal benefit of up to 50 percent of her husband's primary insurance amount (PIA), if claimed at her full retirement age (FRA).⁴ A wife generally must be married to the insured worker for at least 1 continuous year before she can receive benefits based on her husband's record. A divorcee may be eligible for a divorced-spouse benefit of up to 50 percent of her ex-spouse's PIA if the marriage lasted 10 years (120 months) and the ex-spouse is alive.⁵ A dually entitled woman—who is eligible for benefits based on her own and on her spouse's lifetime earnings—receives her retired-worker benefit supplemented by the difference between that amount and the spousal

benefit amount. If the wife's own retired-worker benefit is higher than her spousal benefit, she receives only her retired-worker benefit (Iams and Tamborini 2012; SSA, n.d.).

Social Security also provides auxiliary benefits to widows of insured workers. If a widow collects benefits at her FRA, her widow's benefit can equal up to 100 percent of her deceased husband's PIA. A reduced benefit (71–99 percent of the deceased worker's PIA) is available as early as age 60 (age 50 if the survivor is disabled).⁶ A divorcee with a 10-year marriage may qualify for a survivor's benefit if her ex-husband dies. (In this note, "widow" includes qualifying surviving divorced ex-wives.) If the widow benefit exceeds her own retired-worker benefit, then she is dually entitled and receives her own retired-worker benefit supplemented by the difference between it and her surviving-spouse benefit. If her own retired-worker benefit is larger than the widow benefit, then she is only eligible for her own retired-worker benefit.

Methodology

This analysis uses version 7 of SSA's Modeling Income in the Near Term (MINT7) microsimulation model⁷ to update Butrica and Smith (2012), which used MINT6 to project married women's retirement benefits. The sample population is separated into four birth cohorts: war babies (born 1937–1945), leading boomers (born 1946–1955), trailing boomers (born 1956–1965), and generation X (GenX, born 1966–1975). All Social Security benefit projections are in 2013 wage-adjusted dollars. A more detailed methodology for MINT7's projections is described in Smith and Favreault (2013b), in Butrica, Smith, and Iams (2012), and in the previous version of the estimates in Butrica and Smith (2012).

MINT7

SSA uses MINT to estimate the income, assets, and demographic characteristics of future retirees. Version 7 uses data from the 2004 and 2008 panels of the Census Bureau's Survey of Income and Program Participation (SIPP) matched to Social Security administrative earnings and benefit records through 2010 as the basis for its projections. For individuals born from 1926 through 1979, MINT7 projects the major sources and levels of retirement income by year (through 2099), from age 55 until death. Because Social Security benefits are tied closely to beneficiaries' marital events, MINT7 independently

projects each person's marital changes, mortality, entry to and exit from the Social Security Disability Insurance program, and age of first receipt of Social Security benefits.⁸

MINT7 directly measures the experiences of respondents included in the SIPP interviews (2004–2010), representing the first half of the lives of leading boomers and first third of the lives of trailing boomers. MINT7 measures the changes in earnings and benefits through 2010 then statistically projects respondents' income and characteristics into the future, accounting for major changes in the growth of economy-wide real earnings, the distribution of earnings both between and within birth cohorts, and the composition of the retiree population. Those factors will all affect the retirement income of future boomer and GenX retirees. The Urban Institute performed the MINT7 calculations for this analysis under contract to SSA (Smith and Favreault [2013a, Chapter 3]) to match the procedures used for MINT6 in Butrica and Smith (2012).

Changes from MINT6

This section outlines the most important changes in MINT between versions 6 and 7. For example, in MINT7, the war babies cohort includes individuals born 1937–1945, rather than 1936–1945 as in MINT6. More importantly, MINT7 uses more recent data than MINT6, with combined 2004 and 2008 SIPP panels matched to Social Security administrative earnings and benefits data through 2010.

MINT inputs include projections of net immigration, disability prevalence through age 65, mortality rates, and the growth in average economy-wide wages and the consumer price index (CPI). MINT7 uses projections from *The 2012 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (Board of Trustees 2012).⁹ By comparison, MINT6 used projections from the *2009 Trustees Report*, which did not account for the Great Recession of 2007–2009.

MINT7 accounts for the economic effects of the Great Recession, including the decline in employment and earnings from 2007 through 2010 and subsequent slower earnings growth for the more recent cohorts. The wage-growth assumptions in MINT7 result in lower projected Social Security benefits for the more recent birth cohorts than those projected with MINT6.¹⁰

MINT7 projects that the trend observed from 2007 through 2010—an increase in the share of workers postponing retirement and a decline in the share of

eligible workers claiming Social Security benefits at their earliest retirement age—will continue. MINT7 projects a smaller share of workers who will claim their benefits at age 62 (one-third) than MINT6 projected (two-fifths), as well as a smaller share claiming benefits by age 65 (80 percent versus 90 percent).

Using recent data indicating racial differences in marital histories, MINT7 estimated separate models for blacks and nonblacks to project marriage and divorce patterns overall. MINT7 projects a decrease in the share of persons who are married in future cohorts and an increasing share of women who are single at age 67.

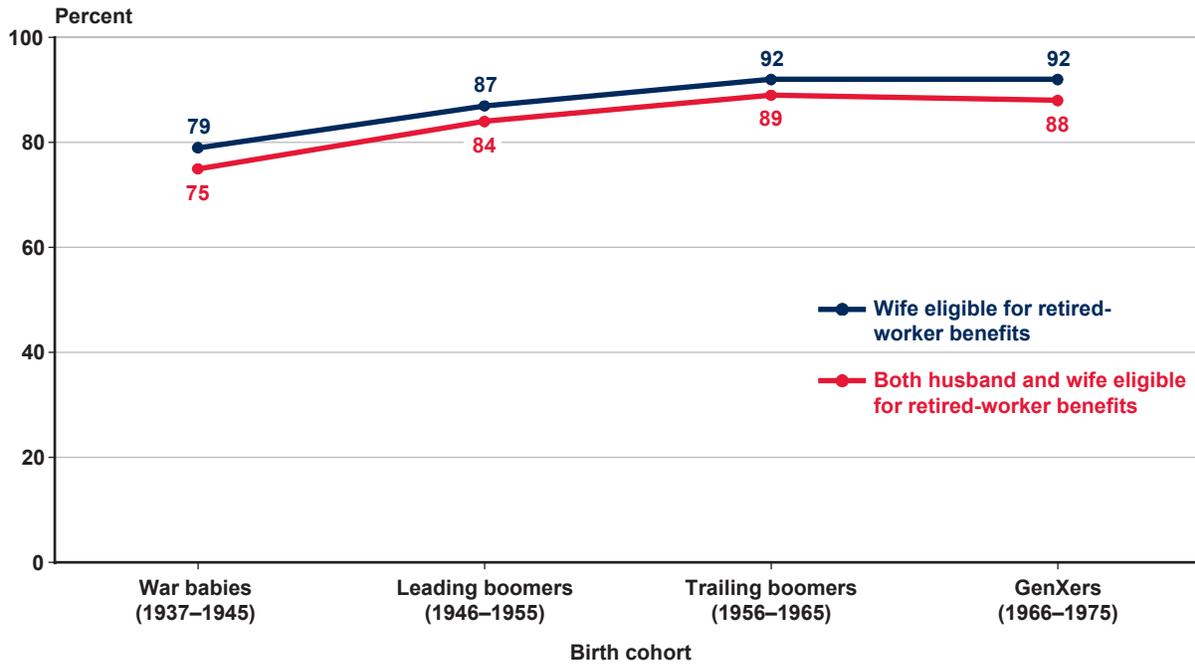
Findings

Across cohorts, the rise in women's labor force participation and earnings has increased the share of wives who are expected to be eligible for Social Security retired-worker benefits based on their own earnings (Chart 1). MINT7 projects that the percentage of wives who will be eligible for retired-worker benefits based on their own earnings records will increase from 79 percent for war babies to 92 percent for GenXers. Because most husbands earn their own retired-worker benefits, the percentage of married couples with both spouses entitled to retired-worker benefits is also projected to rise, from 75 percent for war babies to 84 percent for leading boomers and 88 percent for GenXers.

Similar to the earlier findings, MINT7 projects a positive correlation between husbands' and wives' lifetime earnings—one that will become increasingly positive across the more recent cohorts (Chart 2). The correlation between the lifetime average indexed monthly earnings of married couples increased from about 0.17 for war babies to 0.18 for leading boomers, 0.24 for trailing boomers, and 0.28 for GenXers, indicating that the lifetime earnings of spouses have become more similar over time.

As noted earlier, auxiliary benefits provide retirement income for wives with either no earnings history or with lower earnings than those of their husbands. MINT7 projects that the growth in women's lifetime earnings will result in increasing percentages of married women receiving retired-worker-only benefits (that is, benefits based solely on their own earnings record, with no auxiliary benefit) at their take-up age (Chart 3). Those percentages climb from 62 percent for war babies to 73 percent for leading boomers to 82 percent and 81 percent for trailing boomers and

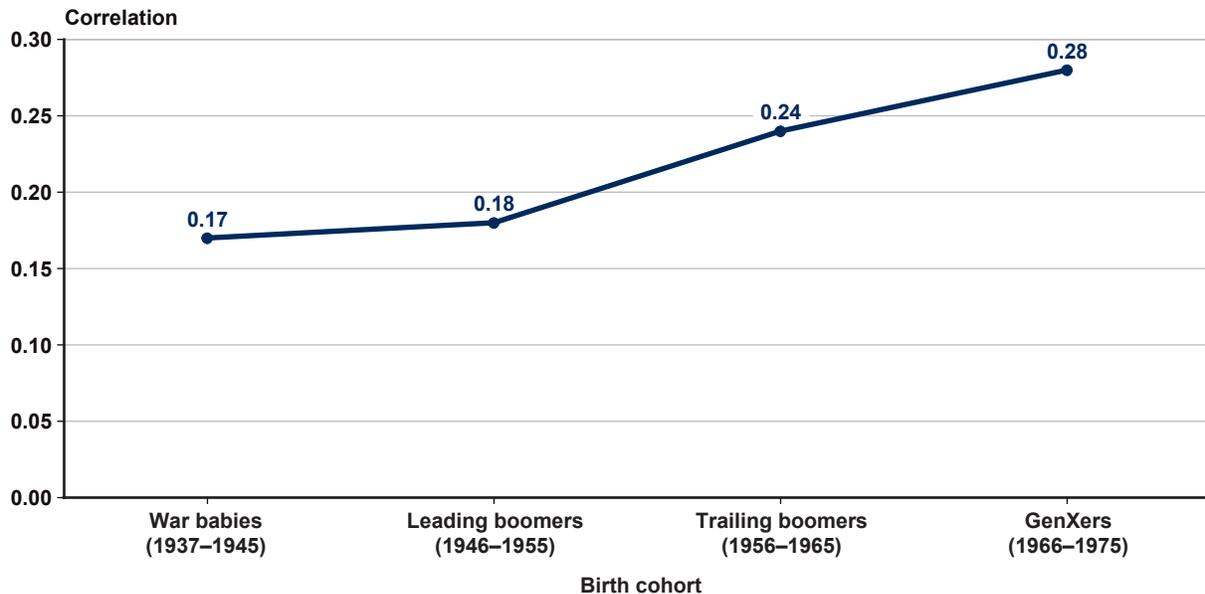
Chart 1.
Percentage of married women and married couples projected to be eligible for retired-worker benefits at Social Security take-up age, by birth cohort



SOURCE: Urban Institute calculations using MINT7 data.

NOTE: Sample includes married women in the year they claim Social Security benefits, but excludes those projected to ever receive Social Security Disability Insurance benefits.

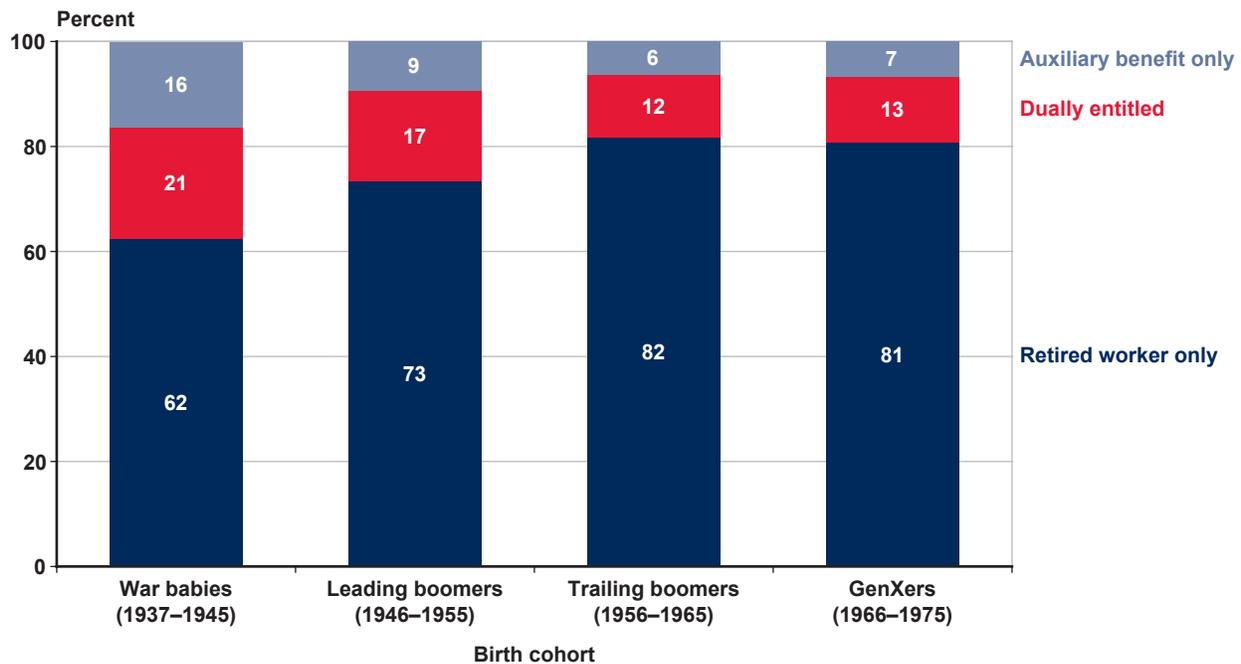
Chart 2.
Correlation between husbands' and wives' projected average indexed monthly earnings, by birth cohort



SOURCE: Urban Institute calculations using MINT7 data.

NOTE: Sample includes married women in the year they claim Social Security benefits, but excludes those projected to ever receive Social Security Disability Insurance benefits.

Chart 3.
Projected Social Security benefit status of married women at Social Security take-up age,
by birth cohort



SOURCE: Urban Institute calculations using MINT7 data.

NOTES: Sample includes married women in the year they claim Social Security benefits, but excludes those projected to ever receive Social Security Disability Insurance benefits.

Rounded components of percentage distributions do not necessarily sum to 100.

GenXers, respectively. MINT7 also projects cross-cohort declines in the percentages of women eligible for auxiliary benefits based solely on their husbands' earnings, from 16 percent for war babies to 6 percent and 7 percent for trailing boomers and GenXers, respectively. As women's lifetime earnings continue to become more similar to their spouses' earnings over time, MINT7 projects that the percentage of wives who are dually entitled to Social Security benefits will decrease from 21 percent among war babies to 13 percent for GenXers.¹¹

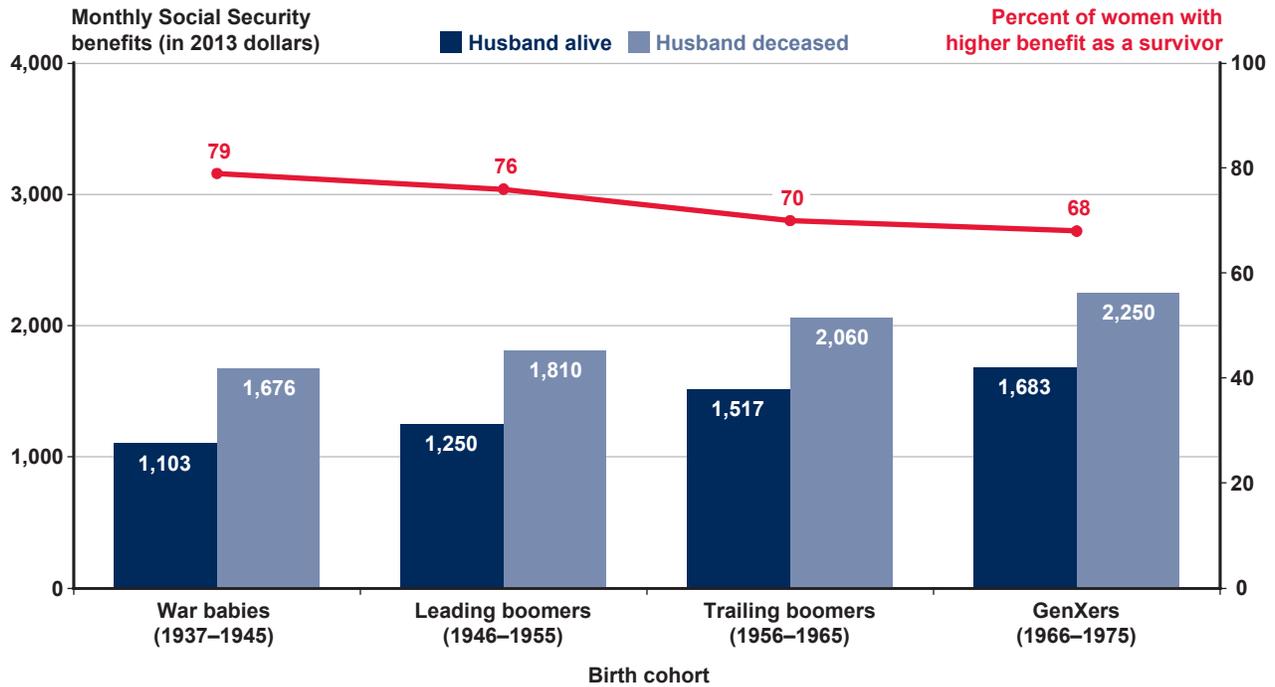
MINT7 projects that many wives' or ex-wives' Social Security benefits will change—from retired-worker-only to auxiliary—when they survive their husbands or ex-husbands. A widow is eligible for a survivor benefit if her own retired-worker benefit is less than 100 percent of her spouse's retired-worker benefit (before any adjustments for early or delayed retirement) (SSA, n.d.). A substantial percentage of wives are expected to receive survivor benefits that are higher than their own earned benefits,

although that percentage decreases across the cohorts (Chart 4). Although almost four-fifths of married women in the war baby cohort (79 percent) would receive higher Social Security benefits as widows, only about two-thirds of wives in the GenX cohort (68 percent) would do so. By comparison, 76 percent of wives in the leading boomer and 70 percent in the trailing boomer cohorts are expected to receive higher Social Security retirement benefits as widows than as spouses.

An alternative way of illustrating the relative impact of auxiliary benefits is to compare a married woman's projected actual benefits based on both her husband's and her own earnings with the projected benefit levels if they were computed on the basis of only her husband's or her own earnings (Table 1). Among the GenX cohort, for example, the actual projected benefit that a wife would receive at take-up would be about \$1,683 per month, on average. This benefit melds a wife's own retired-worker benefit and any auxiliary benefit. The average amount of a GenX

Chart 4.

Projected mean monthly Social Security benefit of married women at Social Security take-up age before and after their husbands die and percent who will receive higher benefits as a survivor, by birth cohort



SOURCE: Urban Institute calculations using MINT7 data.

NOTE: Sample includes married women in the year they claim Social Security benefits, but excludes those projected to ever receive Social Security Disability Insurance benefits.

Table 1.

Projected mean monthly Social Security benefit of married women at Social Security take-up age and share of actual benefit, by computation method and birth cohort (in 2013 dollars)

Computation method	War babies (1937-1945)	Leading boomers (1946-1955)	Trailing boomers (1956-1965)	GenXers (1966-1975)
Actual benefit ^a	1,103	1,250	1,517	1,683
Using only husband's earnings ^b				
Simulated benefit	787	844	943	1,021
Share of actual benefit (%)	71	68	62	61
Using only wife's earnings ^c				
Simulated benefit	883	1,079	1,388	1,556
Share of actual benefit (%)	80	86	91	92

SOURCE: Urban Institute calculations using MINT7 data.

NOTE: Sample includes married women in the year they claim Social Security benefits, but excludes those projected to ever receive Social Security Disability Insurance benefits.

- a. Defined as the wife's Social Security benefit, which is based on both the husband's and wife's earnings. This amount is derived by comparing the wife's PIA with her husband's PIA. If the wife's PIA is less than one-half of her husband's PIA, then the amount of Social Security benefit she receives is effectively equal to one-half of her husband's PIA. This is the Social Security benefit the wife would receive before any actuarial reductions for early retirement or increases for delayed retirement.
- b. Computed as one-half the husband's PIA, which is based on the husband's earnings.
- c. Defined as the wife's PIA, which is based on the wife's earnings.

wife's spousal benefit (based on only her husband's earnings) would be about \$1,021 per month, or about 61 percent of the actual benefit. The average amount based on a GenX wife's retired-worker-only benefit would be about \$1,556 per month, or 92 percent of the actual benefit. All of the average benefit amounts increased substantially across cohorts, especially those based on only the wife's earnings. The percentage of the actual benefit accounted for by the wife's own earnings increases from 80 percent for war babies to 91 percent for trailing boomers and 92 percent for GenXers.

Conclusions

This note uses MINT7 to update projections of currently and formerly married women's Social Security retirement benefits. MINT7 projects that the dramatic changes in the labor force attachment and earnings of women in the late twentieth and early twenty-first centuries will sharply change the predominant type of Social Security benefits received by wives entering retirement. Those benefits will be determined more by wives' own lifetime earnings and less by their husbands' lifetime earnings. In contrast with the currently or formerly married women in the war baby cohort (born 1937–1945), at least four-fifths of those in the trailing boomer (born 1956–1965) and GenX (born 1966–1975) cohorts will receive their initial retirement benefits based only on their own earnings. Benefits based on wives' own lifetime earnings will account for most (91 percent to 92 percent) of their average total benefits. Among women who outlive their husbands, a majority will receive survivor benefits based on their husbands' earnings, although many will be dually entitled as retired workers and widows. The proportion of widows receiving retired-worker-only benefits is projected to increase from about one-fifth in the war babies cohort to about one-third in the GenX cohort.

Notes

Acknowledgments: Richard Chard, Dave Shoffner, Chris Tamborini, and the Office of the Chief Actuary provided useful comments. Karen Smith of the Urban Institute provided comments and support during the MINT7 contract.

¹ An ex-wife must have been married at least 10 years to qualify for auxiliary benefits based on her ex-husband's earnings.

² Although husbands, ex-husbands, and widowers are likewise eligible for auxiliary benefits, this note focuses on women.

³ This number and the subtotals discussed below include women receiving parent's benefits.

⁴ The PIA—the monthly benefit a person receives when he or she retires at the FRA—is based on the highest 35 years of earnings in covered employment, indexed for wage changes. The retirement benefit amount also depends on the person's age when he or she begins receiving benefits. A person who claims benefits before reaching the FRA receives reduced monthly benefits. One who chooses to delay taking benefits until after reaching the FRA receives increased monthly benefits (SSA, n.d.).

⁵ The length-of-marriage requirement was reduced from 20 years to 10 years in 1977.

⁶ A widow benefit may be reduced if the deceased husband claimed early retirement benefits. Widows whose husbands delayed taking Social Security retirement benefits until after reaching their FRA, thereby earning delayed-retirement credits, receive increased benefits.

⁷ SSA's Office of Research, Evaluation, and Statistics developed MINT, with substantial assistance from the Brookings Institution, the RAND Corporation, and the Urban Institute.

⁸ MINT7 also projects socioeconomic characteristics such as race/ethnicity, educational attainment, immigration status, sex, labor force participation in years, lifetime earnings of persons and shared earnings with spouses, assets, assets in retirement accounts, and poverty status. In addition to Social Security benefits, it projects pension income, asset income, earnings, Supplemental Security Income, income from coresident household members, and imputed rental income. Those socioeconomic characteristics and income sources, however, are not analyzed in this note.

⁹ SSA's Office of the Chief Actuary prepares the long-term projections of the financial status of the Social Security program published in the *Trustees Report*.

¹⁰ Because of the conversion from 2011 dollars in Butrica and Smith (2012) to 2013 dollars in this analysis, all benefits increase in nominal dollars.

¹¹ MINT7 projects more wives with retired-worker-only benefits and fewer with auxiliary benefits or dual entitlement than MINT6. The reasons are unclear. The changes could partially reflect delayed claiming of wives leading to higher retired-worker benefits based on their own earnings records. They could also partially reflect reduced projected lifetime earnings for their husbands, perhaps because of the Great Recession of 2007–2009. A wife does not receive auxiliary benefits if her basic benefit is higher than half of her husband's benefit, which occurs when her lifetime earnings are greater than about one-third of her husband's lifetime earnings.

References

- Berkowitz, Edward D. 2002. "Family Benefits in Social Security: A Historical Commentary." In *Social Security and the Family*, edited by Melissa M. Favreault, Frank J. Sammartino, and C. Eugene Steuerle, 19–46. Washington, DC: Urban Institute Press.
- Blau, Francine D., and Lawrence M. Kahn. 2007. "Changes in the Labor-Supply Behavior of Married Women: 1980–2000." *Journal of Labor Economics* 25(3): 393–438.
- Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds. 2012. *The 2012 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Washington, DC: Government Printing Office. <https://www.socialsecurity.gov/OACT/TR/2012/tr2012.pdf>.
- Bureau of Labor Statistics. 2014. "Working Wives in Married-Couple Families, 1967–2011." *The Economics Daily*. Washington, DC: BLS. http://www.bls.gov/opub/ted/2014/ted_20140602.htm.
- Butrica, Barbara A., and Karen E. Smith. 2012. "The Impact of Changes in Couples' Earnings on Married Women's Social Security Benefits." *Social Security Bulletin* 72(1): 1–9. <https://www.socialsecurity.gov/policy/docs/ssb/v72n1/v72n1p1.html>.
- Butrica, Barbara A., Karen E. Smith, and Howard M. Iams. 2012. "This Is Not Your Parents' Retirement: Comparing Retirement Income Across Generations." *Social Security Bulletin* 72(1): 37–58. <https://www.socialsecurity.gov/policy/docs/ssb/v72n1/v72n1p37.html>.
- Cohany, Sharon R., and Emy Sok. 2007. "Trends in Labor Force Participation of Married Mothers of Infants." *Monthly Labor Review* 130(2): 9–16. <http://www.bls.gov/opub/mlr/2007/02/art2full.pdf>.
- Goldin, Claudia. 2006. "The Quiet Revolution that Transformed Women's Employment, Education, and Family." NBER Working Paper No. 11953. Cambridge, MA: National Bureau of Economic Research. <http://www.nber.org/papers/w11953>.
- Iams, Howard M., and Christopher R. Tamborini. 2012. "The Implications of Marital History Change on Women's Eligibility for Social Security Wife and Widow Benefits, 1990–2009." *Social Security Bulletin* 72(2): 23–38. <https://www.socialsecurity.gov/policy/docs/ssb/v72n2/v72n2p23.html>.
- Kennedy, Sheela, and Steven Ruggles. 2014. "Breaking Up Is Hard to Count: The Rise of Divorce in the United States, 1980–2010." *Demography* 51(2): 587–598. <http://link.springer.com/article/10.1007%2Fs13524-013-0270-9>.
- Smith, Karen E., and Melissa M. Favreault. 2013a. *Modeling Income in the Near Term Version 7 Final Report*. Washington, DC: Urban Institute Press.
- . 2013b. *A Primer on Modeling Income in the Near Term, Version 7 (MINT7)*. Final Report to the Social Security Administration. Washington, DC: Urban Institute Press. http://www.urban.org/research/publication/primer-modeling-income-near-term-version-7-mint7/view/full_report.
- [SSA] Social Security Administration. 2016. *Annual Statistical Supplement to the Social Security Bulletin, 2015*. Washington, DC: Office of Retirement and Disability Policy, Office of Research, Evaluation, and Statistics. <https://www.socialsecurity.gov/policy/docs/statcomps/supplement/2015/index.html>.
- . n.d. *Online Social Security Handbook*. https://www.socialsecurity.gov/OP_Home/handbook/handbook.html.
- Stevenson, Betsey, and Justin Wolfers. 2007. "Marriage and Divorce: Changes and Their Driving Forces." *Journal of Economic Perspectives* 21(2): 27–52. <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.21.2.27>.
- Tamborini, Christopher R., and Kevin Whitman. 2007. "Women, Marriage, and Social Security Benefits Revisited." *Social Security Bulletin* 67(4): 1–20. <https://www.socialsecurity.gov/policy/docs/ssb/v67n4/v67n4p1.html>.