

## **African Americans & the Social Security Debate**

### **How Social Security Benefits African American Seniors**

Social Security is a vital safety net for nearly every American family and is particularly important for African Americans.

- Social Security is the only source of income for 1 in 3 African Americans over age 65.<sup>1</sup>
- Almost 80% of African Americans over age 65 depend on Social Security for more than half of their income and more than half rely on it for 90% or more of their income.<sup>2</sup>
- 1 in 5 married African American couples rely on Social Security for their entire retirement income – two times more than white couples.<sup>3</sup>
- Without Social Security benefits, the poverty rate among older African Americans would more than double, pushing most African American seniors into poverty.<sup>4</sup>

### **How Social Security Benefits Disabled African American Workers and Surviving Families**

Social Security benefits are more than just retirement income. Social Security provides survivor and disability benefits to workers and their families in the unfortunate event the primary breadwinner dies or becomes disabled.

- For example, black workers age 50-59 are nearly two times as likely as other workers in that age group to become disabled.<sup>5</sup>
- African American children are almost four times more likely to be lifted out of poverty by Social Security benefits than are white children, according to the National Urban League.<sup>6</sup>

### **How the Bush Social Security Privatization Plan Would Hurt African Americans**

- Eliminates progressive benefit structure –  
Social Security has a progressive benefit structure that gives more help to lower wage workers than it does to those with higher incomes. The General Accounting Office has found that eliminating the progressive benefit structure – as the Bush privatization plan does – would disproportionately impact minorities, who tend to earn lower lifetime incomes than whites.<sup>7</sup>
- Raises the retirement age for American workers –  
African Americans constitute a large part of the nation's blue collar workforce and tend to work lower wage jobs with higher risk of disability. Raising the retirement age for these individuals will put an unnecessary hardship on these seniors during their golden years.
- Cuts benefits for disabled workers –  
African Americans and the poor constitute a disproportionate number of disabled workers in America. Social Security privatization would severely impact disabled workers because they would have fewer working years to contribute to private accounts, be unable to benefit from the private account until they

reach normal retirement age, and see significant cuts in Social Security benefits over time – as much as 48% by 2075.<sup>8</sup>

- Cuts benefits for all workers –  
According to the Congressional Budget Office, the Bush privatization plan will result in significantly lower benefits for all workers. A 34-year old worker today will see a 23% cut in benefits by the time he/she retires. A 24-year old worker today will see a 30% cut in benefits, a 14-year old worker today will see a 38% cut in benefits, and a worker born in 2000 will see a 45% cut in benefits by retirement.<sup>9</sup>
- Takes \$2.2 trillion from Social Security over the next 10 years –  
The Bush privatization plan takes \$2.2 trillion from the Social Security Trust Fund in the first decade to pay for the changes.<sup>10</sup> This considerable withdrawal would force the Social Security system into a real financial crisis in the near future which would endanger retirement security for all of today's workers and push this country further in debt.

### **Debunking the Myth that Privatization Helps African Americans**

Supporters of privatization often claim that the current Social Security system takes advantage of African Americans – particularly African American men. The notion that African American men have a lower life expectancy and are therefore not reaping their due benefit from Social Security is fundamentally flawed.

- First, these statistics are based on life expectancy at birth and serve to illustrate disparities in infant mortality rates for African Americans vs. whites. In fact, an African American male at age 40 (25 years before retirement) has a similar life expectancy as a white male of the same age.<sup>11</sup>

And, in the unfortunate event that an individual dies before normal retirement age, the Bush privatization plan will not provide more or better assistance for surviving spouses and/or children than is currently available under Social Security.

- According to a report by the National Urban League, a typical black man who dies in his thirties would only have enough squirreled away in a private account to cover less than 2 percent of the survivor's benefits that would go to his spouse and children under current law.<sup>12</sup>
- Moreover, this family would not receive any income from the private account until the surviving spouse reaches retirement age.<sup>13</sup>

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<sup>1</sup> Laurel Beedon and Ke Bin Wu, "Social Security and African Americans: Some Facts," AARP Public Policy Institute, August 2003.

<sup>2</sup> Laurel Beedon and Ke Bin Wu, "African Americans Age 65 and Older: Their Sources of Income," September 2004.

<sup>3</sup> National Women's Law Center, "Women of Color and Social Security," January 2003.

<sup>4</sup> Laurel Beedon and Ke Bin Wu, "African Americans Age 65 and Older: Their Sources of Income," September 2004.

<sup>5</sup> Peter Diamond and Peter Orszag, "Reducing Benefits and Subsidizing Individual Accounts: An Analysis of the Plans Proposed by the President's Commission to Strengthen Social Security," Center on Budget and Policy Priorities and The Century Foundation. June 2002.

<sup>6</sup> Valerie Rawlston, "The Impact of Social Security on Child Poverty," National Urban League. May 2000.

<sup>7</sup> GAO, "Social Security and Minorities: Earnings, Disability Incidence, and Mortality are Key Factors that Influence Taxes Paid and Benefits Received," GAO-03-387. April 2003.

<sup>8</sup> Peter Diamond and Peter Orszag, "Reducing Benefits and Subsidizing Individual Accounts: An Analysis of the Plans Proposed by the President's Commission to Strengthen Social Security," Center on Budget and Policy Priorities and The Century Foundation. June 2002.

<sup>9</sup> Congressional Budget Office, "Long-Term Analysis of Plan 2 of the President's Commission to Strengthen Social Security," July 2004 (updated September 2004).

<sup>10</sup> Jason Furman, et al. "Should the Budget Rules Be Changed so that Large-Scale Borrowing to Fund Individual Accounts is Left Out of the Budget?" Center on Budget and Policy Priorities. December 2004.

<sup>11</sup> Laurel Beedon and Ke Bin Wu, "Social Security and African Americans: Some Facts," AARP Public Policy Institute, August 2003.

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<sup>12</sup> Valerie Rawlston and William Spriggs, "Social Security: A True Family Value," National Urban League. July 2001.

<sup>13</sup> Social Security Administration Office of the Actuary, "Estimates of Financial Effects of the Three Models Developed by the President's Commission to Strengthen Social Security," January 2002.