

## Why Young Workers Should Care About Social Security

A young worker who thinks of Social Security as a retirement plan may not value the program because retirement seems so far away. That's probably how today's 30 million retirees receiving Social Security benefits once felt, too. Social Security offers much more than retirement income; it also provides disability and life insurance. Its benefits grow with the cost of living and are particularly important to young workers who haven't had enough time in the workforce to accumulate sufficient private savings to provide for themselves and their families if they die or become disabled.

Today's workers will need Social Security's guaranteed retirement benefits every bit as much as today's elderly. We live in a world in which more and more economic risk is being shifted to individual workers. Employers are discarding meaningful pension promises and telling workers that they are on their own with defined-contribution retirement plans. At the same time, stagnant wages have meant that workers are finding it harder and harder to save on their own. For today's workers, Social Security may become even more important.

A 20-year-old worker has a 3-in-10 chance of becoming disabled and unable to work for some period before reaching retirement. Social Security benefits replace up to 65 percent of the earnings of a 25-year-old average-wage worker with a very young child if he or she becomes disabled.

These benefits are payable throughout the disability, up until retirement age, when Social Security's retired worker benefits kick in.

For young workers, disability benefits provided through Social Security are substantial; it's like having a \$353,000 disability insurance policy.

A 20-year-old worker has a 1-in-5 chance of dying before reaching retirement age. Social Security survivors benefits will replace up to 80 percent of the earnings of a 25-year-old, average-wage worker who dies leaving two young children and a spouse.

For this worker, Social Security survivors benefits are equivalent to a \$403,000 life insurance policy.

Social Security enables parents and grandparents to live independently in retirement. Social Security's guarantee to retired workers and their dependents and survivors assures that they can maintain a decent standard of living.