
Social Security, still designed for ladies who've vanished

By Editorial Staff Thu, Jun 9, 2016

Two proposed changes to Social Security would help the program meet the needs of divorced women and single-mothers--needs that weren't considered when the program was created, according to the Center for Retirement Research at Boston College.

The rules for Social Security weren't handed down on a stone tablet from the top of Capitol Hill. They were deliberately structured in 1935 to fit the needs of a society and an era where most men worked eight hours a day and most women "kept house" and raised children (and eventually outlived their husbands).

Women still outlive their husbands, but much else has changed since then. Many more women are divorced, have never married, and/or have raised children alone. Little surprise then that Social Security's original rules don't fit their needs very well and, in fact, leave them relatively short of benefits in retirement.

In a new research [brief](#) from the Center for Retirement Research at Boston College, economist Steven Sass reviews the literature regarding Social Security's outdated benefit configuration and describes two proposals for adapting it to current conditions. Those two proposals are:

"Earnings sharing." This proposal would raise all workers' benefits by 4.5%, but eliminate the "spousal and survivor" benefits that are typically drawn by women who have never worked or have earned far less than their husbands. It would credit each spouse with half of the couple's earnings when calculating Social Security benefits; at retirement, it would reduce each spouse's benefit at retirement to fund a survivor benefit equal to two-thirds of the couple's combined benefit. This change would help divorced women, widows and widowers but wouldn't help never-married women. It would mean a reduction in benefits for retired married couples.

Care-giving credits. This proposal would help single mothers who had never been married. Instead of today's spousal benefits, it would offer credits for care-giving. Individuals who care for a child, age six or under, would see their average wage when calculating Social Security to half the average wage (caregivers earning more than half the average wage would receive no extra credit). The credit would be provided for up to seven years of care-giving. This credit would significantly enhance the benefits available to single-mothers whose care-giving duties keep them out of the workforce for extended periods.

The United States may be the only country in the world whose old age insurance system is designed to allow a never-employed woman to receive 100% of her husband's state pension, and those who this benefit most—couples where one spouse's income alone is large enough to support the family—are likely to resist any attempts to reduce or eliminate it.

Sass observes that “altering Social Security to address these concerns would need to overcome significant political and administrative challenges. But it is worth considering whether other designs would more effectively provide today's families a basic old-age income after a lifetime of work.”

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