

## The Benefits of Social Security for Children

### Stronger Together

Second in a Series of Fact Sheets on Intergenerational Public Policy Solutions

#### Introduction

Social Security pays more benefits to children than any other federal program.<sup>1</sup> Six and a half million children in the United States receive part of their family income from Social Security through survivors, retirement, and disability benefits, as well as the Supplemental Security Income (SSI) program.<sup>2</sup> The critical role Social Security plays in providing indispensable protection for children is often overlooked by the press and policy makers who almost exclusively refer to Social Security as a retirement program for seniors. While Social Security indeed plays a critical role in the economic security of retired workers, it also provides near universal support for children – covering 98% of all children in the event of the death or disability of a caregiver.<sup>3</sup>

Despite the unparalleled success of Social Security as a children's program, many commentators are now arguing for cuts to Social Security in the name of children and grandchildren and budget discipline. The sudden increase in the debt following the banking crisis and recession caused policymakers and commentators, particularly those already concerned with the debt, to argue for a dramatic reduction in federal spending. In April 2010, the President created the 18-member National Commission on Fiscal Responsibility and Reform to examine ways to reduce the federal deficit. Despite the fact that Social Security has a \$2.6 trillion surplus and is prohibited in law from contributing to the federal deficit, the commission is considering reductions in Social Security. Social Security cuts will mean a considerable loss of economic security for children. Child advocates can play an important role in communicating with policymakers the numerous



Photo by Angela Skali, Kansas City, MO

ways Social Security protects children through survivors benefits, retirement benefits, disability benefits and Supplemental Security Income.

### How Social Security Keeps its Promise to All Generations

Five principal ways Social Security benefits children and their families:

#### Survivors benefits

The prospect of any child losing a parent is frightening and heartbreaking. Without Social Security's survivors benefits, however, the possibility could also mean financial impoverishment for a child. Survivors benefits provide monthly income support to unmarried children who are younger than 18 (or up to 19 if they are attending elementary or secondary schools full time) in the event they lose a parent or caregiver.<sup>4</sup> Remarkably, the survivors benefits program protects 98 percent of the children in the United States in the event they were to lose a parent.<sup>5</sup> It is the only significant source of life insurance protection for the vast majority of the nation's 73 million children.<sup>6</sup> Survivors benefits epitomize the role of Social Security as an insurance program for all generations: it is almost universally available to all children in the United States and receives its funding from the shared contribution of American workers' payroll taxes.

Survivors benefits substantially relieve the financial stress of surviving children of a deceased parent. About 1.4 million children younger than 19 received average monthly survivors benefits of

#### Social Security Alumni: Stories of Success

*"When I was 14, my dad passed away. I was a freshman in high school; my sister was a freshman in college. Emotionally, my dad's loss hit us really hard. We were hit hard financially as well. The majority of our income had come from my dad's salary.*



*Social Security Survivors Benefits helped us with bills, food, our house, and my education."*  
Maureen Sullivan, Wilmington, DE

### **Social Security Alumni: Stories of Success**

*"In 1952, my father died. He was in his late 30s. I was 11 years old; my brother was eight, and my little sister was three. My mother was a stay-at-home mom taking care of my sister. We literally lived on Social Security survivors benefits. Eventually, my mother moved into the job market as my little sister got older, but until then, that's what my mom had to use." Marion Keenan, Salisbury, MD*

\$750 in May 2010.<sup>7</sup> The value of survivors benefits protection for a family with a working parent, a spouse, and two children is the equivalent value of \$433,000 term life insurance.<sup>8</sup> Benefits may be payable to biological or adopted children, step children, grandchildren, or step grandchildren, each of whom may receive up to 75 percent of the deceased parent's basic Social Security benefits. Generally, in order for grandchildren to receive the benefit, both the child's parents have to be either deceased or disabled, unless the grandparents legally adopt the grandchildren. There are certain additional conditions for grandchildren to qualify.<sup>9</sup> The total annual payment from Social Security survivors benefits to children in 2010 is projected to be \$12.4 billion, making it one of the largest single federal supports for children.<sup>10</sup>

#### **Retirement benefits**

Retirement benefits provide monthly support to dependent children of retired parents and grandparents. The child benefits, in addition to their own retirement benefits help retired workers care for their dependent children when they retire by partially supplanting lost wages. Unmarried children younger than 18 (or up to 19 if they are attending elementary or secondary schools full time) are eligible to receive up to one-half of their caregivers' Social Security full retirement benefits. Approximately 342,000 children under age 19 received an average monthly child of retired worker benefit of \$567 in May 2010.<sup>11</sup> The total annual payments to children from retirement benefits in 2010 is projected to be \$2.3 billion.<sup>12</sup>

The retirement benefits allow aging caregivers to retire from the workforce with the needed income to continue to provide for their dependent children. The benefits are particularly important to "grandfamilies" or families in which grandparents or other relatives are primarily responsible for caring for children who live with them. When grandparents unexpectedly become the parents for a second time, the additional financial responsibility for caring for children can be a strain on the grandparents' resources. The additional responsibility for caring for children can also increase the physical and mental health needs of caregivers.<sup>13</sup>

Like survivors benefits, retirement benefits may be payable to biological or adopted children, stepchildren, grandchildren, or step grandchildren. Generally, in order for grandchildren to receive

the benefit, both the child's parents have to be either deceased or disabled, unless the grandparents legally adopt the grandchildren. There are certain additional conditions for grandchildren to qualify.<sup>14</sup> Children may also benefit from the support of their grandparents' own Social Security retirement benefits, even if the grandparents are not primarily responsible for the wellbeing of the children. For instance, grandparents could use their retirement benefits to contribute to the food, clothing, housing, and education needs of their grandchildren.

#### **Disability benefits**

Social Security disability benefits protect more than 1.7 million children as the dependents of disabled workers.<sup>15</sup> Children of disabled workers are at significant risks of dropping out of schools or slipping into poverty due to reduced family incomes and skyrocketing health costs. Children also bear additional stress when facing daily responsibilities with their disabled parents. The total payment in 2010 from the Social Security Disability Insurance Trust Fund to children of disabled workers is projected to be \$6.5 billion.<sup>16</sup> Like retirement and survivors benefits, disability benefits may be payable to biological or adopted children, stepchildren, grandchildren, or step grandchildren. In order for children to qualify, one of their parent's must be a disabled worker. Generally, in order for grandchildren to receive the benefit, both the child's parents have to be either deceased or disabled, unless the grandparents legally adopt the grandchildren. There are certain additional conditions for grandchildren to qualify.<sup>17</sup> Children are eligible to receive up to one-half of the parent or grandparent's full disability benefits. In May 2010, the average monthly benefit was \$312.<sup>18</sup> Disability benefits provide families with protections equivalent to disability insurance worth \$414,000.<sup>19</sup>

#### **Individuals Disabled as Children**

Social Security also protects nearly one million adults over the age of 18 who became disabled before the age of 22 and are the dependents of retired, deceased, or disabled workers. Adult children over the age of 18 who have been disabled before the age of 22 often lack the capacity to support themselves through their own earnings, particularly if their retired or disabled parents cannot afford to take care of them in the long term. Unlike the other social security benefits described in this fact sheet, the benefits are paid in adulthood, as long as the recipient continues to meet the required eligibility. In

### **Social Security Alumni: Stories of Success**

*"When I was a junior in high school, my father was diagnosed with Alzheimer's disease. He lost his engineering job and went on disability. At age 17, I began receiving Social Security benefits each month, for children with a disabled parent. The money lasted until my high school graduation. Social Security made a huge difference in my life." Patricia Wright, Chicago, IL*

order for the individual to receive the benefits, they must be the dependent of a parent who is a retired, deceased, or disabled worker. For instance, if an individual were to become married they could no longer claim to be the dependent of a retired, deceased, or disabled worker.<sup>20</sup> In May 2010, about 932,000 disabled adult children received on average \$670 per month. Additionally, disabled adult children become eligible for medical coverage through Medicare after two years. The total payment to disabled adult children in 2010 is projected to be \$7.1 billion.<sup>21</sup>

### Supplemental Security Income (SSI)

SSI financially helps unmarried children younger than 18 (or up to 22 who are students attending schools regularly), who meet Social Security's definition of disability for children, and whose family income and resources fall within the eligibility limits. In general, the monthly income limit for a one-parent family in 2010 is between \$1,388 and \$2,821 and between \$1,725 and \$3,495 for a two-parent family.<sup>22</sup> Children who have significant disabilities and who come from low-income families are among the most vulnerable groups with compelling needs for income assistance. Their disabilities pose additional costs to their already limited family resources. Additionally, if these children do not receive treatments when they are young, they are likely to end up relying on public assistance when they become adults.<sup>23</sup> SSI's support is indispensable to a family's economic security.



Photo by Tina Light, Hockessin, DE

Like other Social Security benefits, SSI protects vulnerable children who otherwise may remain in poverty. In December 2008, nearly 1.2 million blind and disabled children younger than age 18 received SSI payments. The number of SSI recipients increased by 32,827, or 2.9 percent between December 2007 and December 2008.<sup>24</sup> Targeting the most vulnerable children, SSI paid more than \$3.4 billion in 2008, providing an average monthly benefit of \$494.<sup>25</sup>

### Strengthening Social Security

The National Commission on Fiscal Responsibility and Reform is meeting to discuss changes to Social Security. Several members of the commission believe future cuts to Social Security are necessary for the benefit of the country's children and grandchildren. In reality, the best way to support our younger generations is to strengthen Social Security, not to cut it. One way to improve the program for children in families is to reinstate the student benefit.

### Reinstating the Student Benefit

In 1965, Congress recognized the growing importance of a college education and extended Social Security child benefits until age 22 for children enrolled in college. The benefits were successful in helping children enroll in college and complete an education without having to enter the workforce when they turned 18 to support themselves and their family. In 1983, when Social Security faced a real crisis (unlike the one portrayed today), Congress sacrificed the benefit in a compromise to save the long-term solvency of the program. Today's circumstances are vastly different and merit the restoration of the benefit.

#### **Social Security Alumni: Stories of Success**

*Beth Finke was three years old when her father died. Beth was the youngest of seven; four of her brothers and sisters still living at home.*

*Beth, now 51, and her siblings received Social Security survivors benefits, which allowed Beth's mother to make ends meet. She was also fortunate enough to receive Social Security benefits when they were available to college students. "I received Social Security benefits until I turned 21," Beth says. The benefits made it possible for her to attend college, she says. "Without Social Security, I wouldn't have been able to afford to go to college." Beth entered school and graduated with a degree in journalism.*



Photo courtesy of www.bethfinke.com

*Beth Finke was fortunate enough to receive Social Security benefits when they were available to college students. The student benefit was discontinued by Congress in 1983.*

*At age 26, Beth lost her sight from a rare disease called diabetic retinopathy. Due to the writing skills she had learned as a journalism major, she was able to use a talking computer and launch a career as a writer. Now an award-winning author, teacher and speaker, Beth credits Social Security for enabling her to support herself as an adult.*

*"I am a writer thanks to Social Security and my ability to go to college when I did," Beth says.  
Beth Finke, Chicago, Illinois*

According to a new policy brief by Alexander Hertel-Fernandez and the National Academy of Social Insurance, a number of factors make the student benefit even more important for children than it was in 1983. First, the imperative of a college education continues to grow in a knowledge economy: “college graduates earn, on average, 61 percent more over their lifetimes than do high school graduates.” While the value of a college education has risen, so has its cost (roughly double since 1979). At the same time, youth have even less access to financial aid than ever before. The value of a Pell Grant has barely increased in real dollars, leaving it inadequate to meet the needs of rising education costs. The results have been devastating for the children of deceased and disabled parents. A 2003 study found that more than a third of the children eligible for the pre-1983 benefit did not enroll in college because of the lost benefit.

The two principal reasons cited in 1983 for the benefit elimination – a Social Security shortfall and administration challenges – are much less relevant today. The Social Security actuary estimated it would cost .07 percent of taxable payroll to restore the benefit (measured over the traditional 75-year Social Security window). The actuary did not consider how much that cost would be offset from the higher earnings and increased payroll tax contribution of the additional college graduates. In 1983, the Social Security Administration had some difficulty verifying student enrollment and eligibility for the benefit. Today, electronic verification through the Free Application for Federal Student Aid (FAFSA) application (a requirement for almost all schools) would make such concerns moot. Given the extensive benefits of the student benefit to society and vulnerable youth and the potential it has to increase earnings and payroll tax contributions, restoring the student benefit should be a top priority for policymakers.



Generations United (GU) is the national membership organization focused solely on improving the lives of children, youth,

and older people through intergenerational strategies, programs, and public policies. GU represents more than 100 national, state, and local organizations and individuals representing more than 70 million Americans. Since 1986, GU has served as a resource for educating policymakers and the public about the economic, social, and personal imperatives of intergenerational cooperation. GU acts as a catalyst for stimulating collaboration between aging, children, and youth organizations providing a forum to explore areas of common ground while celebrating the richness of each generation.

## For more information on Social Security, visit [www.gu.org/socialsecurity.asp](http://www.gu.org/socialsecurity.asp)

For further information please contact:

Generations United  
1331 H Street, NW, Suite 900  
Washington, DC 20005

(202)289-3979; fax (202)289-3952; email: [gu@gu.org](mailto:gu@gu.org)

GU's web site, [www.gu.org](http://www.gu.org), contains additional information about intergenerational topics.

Copyright 2010, Generations United

Reprinting permissible provided Generations United is credited and no profits are made.

- <sup>1</sup> U.S. Social Security Administration, *Survivors Benefits*. SSA Publication No. 05-10084, August 2009, ICN 468540.
- <sup>2</sup> Lavery, Joni and Virginia P. Reno (2008). *Children's Stake in Social Security* (Social Security Brief No. 27). Washington, DC: National Academy of Social Insurance.
- <sup>3</sup> U.S. Social Security Administration. *Survivor Benefits*. SSA Publication No.05-10084, August 2009, ICN 468540.
- <sup>4</sup> Annual Statistical Supplement, 2009. Table 2.A22. Retrieve at <http://www.ssa.gov/policy/docs/statcomps/supplement/2009/2a20-2a28.pdf>
- <sup>5</sup> U.S. Social Security Administration. *Survivor Benefits*. SSA Publication No.05-10084, August 2009, ICN 468540.
- <sup>6</sup> Kingson, Eric. *Social Security: Financing Problem or Crisis? Reform or Restructure?* Accessed January 5, 2010 at <http://74.125.47.132/search?q=cache:KuMJs4nw0gJ:depts.washington.edu/geroctr/Curriculum3/TeachingModule/SocialSecurityReform.ppt+Social+Security+and+73+million+children&cd=7&hl=en&ct=clnk&gl=us&client=firefox-a>.
- <sup>7</sup> Social Security Administration's Beneficiary Data. *Child of deceased worker*. Retrieve at: <http://www.socialsecurity.gov/cgi-bin/currentpay.cgi>
- <sup>8</sup> Lavery, Joni and Virginia P. Reno (2008). *Children's stake in Social Security* (Social Security Brief No.27). Washington, DC: National Academy of Social Insurance.
- <sup>9</sup> Grandparent caregivers should consult with Social Security Administration on establishing eligibility. They can visit the Social Security Administration for more details. <http://www.ssa.gov/kids/parent5.htm>
- <sup>10</sup> Social Security Administration's Beneficiary Data. *Child of deceased worker*. Retrieve at: <http://www.socialsecurity.gov/cgi-bin/currentpay.cgi>
- <sup>11</sup> Social Security Administration's Beneficiary Data. *Child of retired worker*. Retrieve at: <http://www.socialsecurity.gov/cgi-bin/currentpay.cgi>
- <sup>12</sup> Ibid.
- <sup>13</sup> Minkler, M. (1999). *Intergenerational Households Headed by Grandparents: Contexts Realities, and Implications for Policy*, Journal of Aging Studies 13, 199-218.
- <sup>14</sup> Grandparent caregivers should consult with Social Security Administration on establishing eligibility. They can visit the Social Security Administration for more details. <http://www.ssa.gov/kids/parent5.htm>
- <sup>15</sup> Social Security Administration's *Beneficiary Data*. *Child of disabled worker*. Retrieve at: <http://www.socialsecurity.gov/cgi-bin/currentpay.cgi>
- <sup>16</sup> Grandparent caregivers should consult with Social Security Administration on establishing eligibility. They can visit the Social Security Administration for more details. <http://www.ssa.gov/kids/parent5.htm>
- <sup>17</sup> Ibid.
- <sup>18</sup> Ibid.
- <sup>19</sup> Lavery, Joni and Virginia P. Reno (2008). *Children's stake in Social Security* (Social Security Brief No.27). Washington, DC: National Academy of Social Insurance.
- <sup>20</sup> Certain exceptions apply, for instance if they were to marry another disabled adult child.
- <sup>21</sup> Social Security Administration's Beneficiary Data. *Child of deceased, disabled, and retired worker*. Retrieve at: <http://www.socialsecurity.gov/cgi-bin/currentpay.cgi>
- <sup>22</sup> Social Security Administration, *Understanding SSI for Children*. Retrieve at: <http://www.ssa.gov/ssi/text-child-ssi.htm>
- <sup>23</sup> Jerry L. Mashaw, James M. Perrin (1996), *Reconstructing the SSI disability program for children and adolescents*. Washington, DC: National Academy of Social Insurance.
- <sup>24</sup> Annual Statistical Supplement, 2009, Table 7.C1. Retrieve at: <http://www.ssa.gov/policy/docs/statcomps/supplement/2009/7c.pdf>
- <sup>25</sup> Ibid, Table 7.A1. Retrieve at: <http://www.ssa.gov/policy/docs/statcomps/supplement/2009/7a.pdf>

## The Benefits of Social Security for Children

Type of Benefits	Description	Eligibility	Common Example	Average Monthly Benefit	# of Child Beneficiaries	Total Annual Payment <sup>1</sup>
<b>Survivors Benefits</b>	Serves vulnerable children who have lost a parent or grandparent caregiver.	Unmarried children younger than 18 (or up to 19 if they are attending elementary or secondary schools full time). Benefits may be payable to biological or adopted children, step children, grandchildren, or step grandchildren if certain conditions are met. <sup>2</sup> Within a family, a child may receive up to 75 percent of the deceased parent's or grandparent caregiver's basic Social Security benefits.	A child tragically loses a parent when he is 14. The child receives 75% of his parent's retirement benefits until age 18 (or 19 if still enrolled in secondary school). The support allows him to remain enrolled in high school and afford basic needs like food and clothing.	\$750	About 1.4 million children younger than 19 received survivors benefits in May 2010.	\$12.4 billion
<b>Retirement Benefits</b>	Serves children whose parents or grandparent caregivers are retired.	It is the same as the eligibility for survivors benefits. Within a family, a child may receive up to one-half of the parent's or grandparent caregivers full retirement benefits.	A child is being raised by her grandmother. The grandmother retires at the age of 65 and starts to collect benefits for herself and an additional benefit for the grandchild. The grandchild's benefit, in addition to the grandmother's own retirement benefits, allows the grandmother to retire while continuing to earn a portion of her working wages, which are critical to her ability to care for her grandchild.	\$567	Approximately 342,000 children under age 19 received retirement benefits in May 2010.	\$2.3 billion
<b>Disability Benefits</b>	Serves children of disabled parent or grandparent caregiver workers.	It is the same as the eligibility of survivor and retirement benefits. Within a family, a child may receive up to one-half of the parent's or grandparent caregiver's full disability benefits.	A child's parent or grandparent caregiver becomes disabled. The child receives up to 50 percent of the caregiver's disability benefits. The support allows the family to continue to provide for their children, despite the lost wages from the disability.	\$312	More than 1.7 million children under age 19 received disability benefits in May 2010.	\$6.5 billion
<b>Adult Disabled Children Benefits</b>	Serves adults disabled before the age of 22.	Disabled unmarried adult children who become disabled before age 22 and are the dependents of the retired, deceased, or disabled workers.	A child disabled at age 8 loses a parent after she turns 18. She can then collect survivors benefits in adulthood as long as she remains disabled and unmarried. <sup>3</sup>	\$670	About 932,000 disabled adult children received benefits in May 2010.	\$7.1 billion
<b>Supplemental Security Income (SSI)</b>	Serves children who have significant disabilities and live in families with very low incomes.	Unmarried children younger than 18 (or up to 22 who are students attending school regularly), who meet Social Security's definition of disability for children, and whose family's income and resources fall within the eligibility limits (In general, the monthly income limit for a one-parent family is between \$1,388 and \$2,821 and for a two-parents family is between \$1,725 and \$3,495).	A child who is blind or disabled lives in a family with very limited income and resources and meets the requirements to qualify for SSI. SSI's support helps the family meet the child's special needs.	\$494	Nearly 1.2 million children younger than 18 who are blind or disabled received federally administered SSI payments in December 2008.	\$3.4 billion

<sup>1</sup> Projected for 2010 based on May payments.

<sup>2</sup> Generally, in order for grandchildren to receive the benefit, both the child's parents have to be either deceased or disabled, unless the grandparents legally adopted the grandchild. In addition, there are certain conditions for grandchildren to qualify. Refer to <http://www.ssa.gov/kids/parent5.htm>

<sup>3</sup> Certain exceptions apply, for instance if they were to marry another disabled adult child.

For more information on Social Security, visit [www.gu.org/socialsecurity.asp](http://www.gu.org/socialsecurity.asp).

