SOCIAL SECURITY AND COMMUNITIES OF COLOR

PRESENTERS:

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NATIONAL ACADEMY OF SOCIAL INSURANCE

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NATIONAL COUNCIL OF LA RAZA

KYLE WILLIAMS
NATIONAL URBAN LEAGUE
TELL US A LITTLE BIT ABOUT YOURSELF

• Please answer the poll questions on your screen:
  • Why are you primarily interested in this webinar?
  • When do you plan to take Social Security benefits?
SPEAKERS FOR THIS SESSION

• Ben Veghte, National Academy of Social Insurance bveghte@nasi.org
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Making the Most of Your Social Security Benefits

November 5, 2015
webinar

Benjamin Veghte, Ph.D.
Vice President for Policy
National Academy of Social Insurance
The Academy’s Social Security public education initiative
To calculate your benefit, Social Security uses your Full Retirement Age (FRA)

<table>
<thead>
<tr>
<th>YEAR BORN</th>
<th>FULL RETIREMENT AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943 - 54</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 AND 2 MONTHS</td>
</tr>
<tr>
<td>1956</td>
<td>66 AND 4 MONTHS</td>
</tr>
<tr>
<td>1957</td>
<td>66 AND 6 MONTHS</td>
</tr>
<tr>
<td>1958</td>
<td>66 AND 8 MONTHS</td>
</tr>
<tr>
<td>1959</td>
<td>66 AND 10 MONTHS</td>
</tr>
<tr>
<td>1960+</td>
<td>67</td>
</tr>
</tbody>
</table>
When can I take Social Security?

- You can take benefits at any time between ages 62 and 70.
- Monthly benefits are reduced if taken before your full-retirement age.
- Benefits are increased for each month you wait between ages 66 (or your FRA) and 70.

Source: When Should I Take Social Security? (NASI Fact Sheet)
How much higher are benefits if I wait?

If a worker earns $1,000 monthly benefit at full retirement age of 66:
How does working affect my benefits?

Working longer can increase benefits

<table>
<thead>
<tr>
<th>Younger than your FRA?</th>
<th>Older than your FRA?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Subject to an earnings test</td>
<td></td>
</tr>
<tr>
<td>• Earnings above limit will cause SSA to withhold some benefits</td>
<td></td>
</tr>
<tr>
<td>• Work without forgoing any retirement benefits</td>
<td></td>
</tr>
<tr>
<td>• If you can make ends meet, delay benefits or ask SSA to suspend benefits to take advantage of 8% increase</td>
<td></td>
</tr>
</tbody>
</table>

Unable to work? You may be eligible for disability insurance (DI) benefits. See: [www.socialsecurity.gov/dibplan](http://www.socialsecurity.gov/dibplan)
Why wait to take benefits if you can?

- The longer you live, the more important Social Security is likely to be.
  - It lasts as long as you live.
  - It keeps up with inflation.

- Other sources often decline with age.
Social Security is particularly valuable to low-income workers

- Social Security plays an important role in keeping older Americans out of poverty.
- The Social Security system is progressive in that lower-wage earners receive a higher percentage benefit than higher-wage earners do.
- The system returns a greater percentage of pre-retirement earnings to a lower-wage worker than to a higher-wage worker.
Most 65-year olds are expected to live past 80

On average, at 65 today:

- Women can expect to reach 86
- Men can expect to reach 84

About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95!
Social Security becomes more important at older ages

At older ages more beneficiaries get most of their income from Social Security

- 65 to 69: [Male, Female, Male, Female, Male, Female]
- 80 and older: [Male, Female, Male, Female, Male, Female]

Social Security is most of total income
Couples have two lives to plan for

- If you are the higher earner, delaying Social Security means a higher benefit for your spouse if she or he outlives you.

- As of 2013, more than half (57%) of couples age 65 will have one spouse live beyond 90.
Is there a risk in waiting?
Will Social Security be there?

- Social Security will be there if you wait. In fact, it is far stronger than many people think.
- While Congress has not yet scheduled enough funds to pay all future benefits, it has done most of the job.
- Social Security is fully financed until 2034 and \( \frac{3}{4} \) of the way to full financing after that. Lawmakers have many options to fix the shortfall.
- Americans say they value Social Security, they want to preserve it and will pay more, if needed.
Americans say they are willing to pay more for Social Security, if needed

Percent agreeing: It is critical that we preserve Social Security for future generations, even if it means increasing working Americans' contributions to Social Security taxes.

- Total: 77%
- Republican: 69%
- Democrat: 84%
- Independent: 76%
What would it take to close Social Security’s funding gap?

- 2014 NASI survey found strong support for increasing Social Security income by:
  - Gradually phasing out the cap, so that high earners and their employers pay throughout the year.
  - Over the next 20 years, gradually increasing the rate from 6.2% to 7.2%.

- These changes would close the 75-year funding gap and cover improvements. There are more options.
Recap

- If you need Social Security early, take it. You earned it!
- But if you can wait, your monthly benefit will be higher for the rest of your life.
- If you earn more than your spouse, delaying Social Security means a higher survivor benefit for your spouse if she or he outlives you.
- Social Security will be there if you wait to take your retirement benefits.
Additional Resources from the National Academy of Social Insurance

- toolkit: 
  *When to Take Social Security: It Pays to Wait*

- video: 
  *Social Security: Just the Facts*

- video: 
  *Social Security: Americans Agree*

- report: 
  *Americans Make Hard Choices on Social Security*

- **https://www.socialsecurity.gov/pubs/EN-05-10069.pdf**
Latinos and Social Security

Stephanie Román
National Council of La Raza
November 5, 2015
Presentation Overview

• Importance of Social Security to Latinos
• Similarities and Differences in Our Communities
• The Cash Economy—Get Credit for Your Work!
• Immigrant Eligibility
The U.S. Latino population numbers 54 million. By 2060, Latinos will make up 31% of the U.S. population.
Anti-Poverty Effects of Social Security

Anti-poverty effects of Social Security are critical to older Latinos, especially women.

Nearly 1 in 5 Latinas 65 and older are living in poverty without Social Security, this number would increase to half of all Latinas 65 and older (IWPR).
Of Those Age 65 and Older, Social Security is the Sole Source of Income for 43% of Latinos.

Percent of Beneficiaries by Race/Ethnicity who rely on Social Security for 90% or 100% of their income, 2012

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>90% or more</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>34.6%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Black</td>
<td>46.4%</td>
<td>36.7%</td>
</tr>
<tr>
<td>Asian</td>
<td>44.4%</td>
<td>32.4%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>52.6%</td>
<td>42.8%</td>
</tr>
</tbody>
</table>

Similarities and Differences in Our Communities
Latinos Rely More but Earn Less

Average annual Social Security income received by Hispanic women and men 65+, 2013

- Women 65+: $10,931
- Men 65+: $14,148

Percent of Hispanic Beneficiaries by marital status who rely on Social Security for 90% of their income, 2013

- Elderly Married Couples: 37%
- Elderly Unmarried Persons: 62%

Latinos Lack Access to Retirement Plans

Nationally, **two-thirds** of Hispanics are **NOT** covered by employer-sponsored retirement plans.

Only **29%** of Latinos in California have access to an employer-sponsored retirement plan.

Of those, only **21%** participate in the plan.
Latinos and Longer Life Expectancy

With longer life expectancies, than the general population elderly Hispanics, especially women, will live more years in retirement and rely on Social Security.

• Currently nearly one in five elderly Latinas (65+) live in poverty.

• Hispanic women who are age 65 in 2012 can expect to live to age 89, compared to age 85 for all women.

• Hispanic men who are age 65 in 2012 can expect to live to age 85, compared to age 82 for all men.
The Cash Economy—Get Credit for Your Work!
When You Get Paid in Cash, You Lose Out on Retirement Benefits

In the long term, tax-free cash costs you your Social Security benefits.

- Workers in the informal sector may encounter specific barriers in accessing and participating in Social Security.
- Some employers will pressure people to be paid in cash, but this is illegal.
- In California, one out of six jobs in the construction industry was part of the underground economy in 2011.
Immigrant Eligibility

Does a person have to be U.S. citizen to get Social Security benefits?
Immigrants Help Improve the Solvency of Social Security

• Every increase of 100,000 immigrants—both documented and undocumented—improves the Trust Fund by .07% of taxable payroll (SSA estimates).

• Between $120 and $240 billion, or 5% to 11%, of the Trust Fund has come from payments by undocumented workers (SSA estimates).
Undocumented Workers and Social Security

• Are undocumented workers allowed to receive Social Security benefits?
• Do undocumented workers pay taxes?
• If an undocumented worker gets U.S. citizenship can they receive Social Security benefits?
Selected Resources

Social Security Administration
• “Hispanics And Social Security” [https://www.ssa.gov/people/hispanics/]

National Council of La Raza
• *Social Security: What the Latino Community Should Know* [http://publications.nclr.org/handle/123456789/558]
• *Latinos and Social Security: How to Maximize Your Benefits* [http://publications.nclr.org/handle/123456789/104]

Institute for Women’s Policy Research

Congressional Research Service

National Immigration Law Center
• “Confiscating Contributions” [http://www.nilc.org/07confiscontributions.html]

National Institute on Retirement Security
Thank You!

Contact Information:
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What We’ll Discuss Today

• The Importance of Social Security’s Retirement Program to African Americans

• The Importance of Social Security’s Disability Insurance Program to African Americans

• The “It Pays to Wait” Strategy
The Importance of the Social Security Retirement Program

- The average life expectancy has increased 11 years since 1950

- It is estimated that 10,000 people will turn 65-years old every day between 2010 and 2029

- According to the President of AARP: “Your chief risk today comes not from dying too soon but from living too long and running out of money”
The Importance of the Social Security Retirement Program

- Unfortunately, African Americans generally earn lower incomes and acquire lower wealth over their lifetimes in contrast to other racial subgroups

- 80 percent of African American households do not have enough savings to last their expected lives

- Only 32 percent have an employer-sponsored retirement plan
The Importance of the Social Security Retirement Program

• Social Security is a federal insurance program that provides a lifetime annuity protected from market fluctuations and depleted savings

• Social Security is one of the most successful federal government programs in existence

• 55 percent of unmarried African American seniors and 25 percent of married seniors rely on Social Security for more than 90 percent of their income
The Importance of the Social Security Retirement Program

- Social Security keeps a significant number of African American seniors out of poverty. While the current poverty rate for African Americans is approximately 18 percent; it would be approximately 53 percent without Social Security.

- In 2013, the average annual Social Security income received by African American men 65 years and older was $14,800, compared to $12,540 for African American women.
The Importance of the Social Security Retirement Program

Social Security is an Entitlement Program that Beneficiaries Should Be Proud of and Feel Empowered to Defend
The Importance of the Social Security Retirement Program

Social Security IS NOT GOING BANKRUPT
The Importance of Social Security Disability Insurance

- Social Security is more than just a federal insurance program for seniors; it also helps disabled children and adults who become disabled.

- More than one out of five of the children who receive Social Security Disability Insurance are African American.

- African Americans are more likely to be disabled at work and as a result disproportionately rely on Social Security Disability Insurance.
The Importance of Social Security Disability Insurance

- Approximately 2.3 million African Americans received disability insurance benefits in 2013
- Disability insurance benefits made up at least 75 percent of the income for at least one half of the African Americans receiving disability insurance benefits in 2013
- As a result, “Among African Americans receiving disability insurance benefits in 2013, 28 percent were in poverty. If disability insurance benefits were not included, 57 percent would have been poor”
The Importance of the Social Security Disability Insurance

Social Security Disability Insurance is an Entitlement Program that Beneficiaries Should Be Proud of and Feel Empowered to Defend
The Importance of the Social Security Disability Insurance

Social Security Disability Insurance IS NOT GOING BANKRUPT
It Pays to Wait

- Deciding when to retire is one of the most vexing decisions seniors make.

- You can receive Social Security benefits as early as age 62, however your benefits will be reduced.

- Beneficiaries’ who wait until age 70 to take Social Security see a 76 percent increase in their benefits, compared to their counterparts who begin receiving Social Security at age 62.
It Pays to Wait

• Delaying when they receive Social Security benefits may be a fruitful strategy for a number of African American seniors, African American women, in particular, who tend to outlive both African American and White men.

• The strategy may be most impactful for African American workers who: 1) have not reached full retirement age 2) are still currently working; 3) live relatively healthy lifestyles; 4) want and need Social Security to help pay for their healthcare, or other extraneous costs, including Medicare; and/or 5) want to retire more comfortably, among other things.
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QUESTIONS?

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- You will receive an email with a link to the slides and webinar recording within the next few days.
- After the webinar is over, you will receive an invitation to participate in a survey. We appreciate your feedback!