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**SOCIAL SECURITY AND INCOME:  
OLDER AMERICANS AND  
OLDER OHIOANS**

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## SOCIAL SECURITY AND INCOME OLDER AMERICANS AND OLDER OHIOANS

### EXECUTIVE SUMMARY

Older Americans and older Ohioans rely heavily on Social Security for their basic needs. Nationally 65% of those age 65 and older – more than 15 million individuals and couples – rely on Social Security for more than half their income. One-third of recipients nationally (33%) depend on Social Security for almost all (over 90%) of their income. The median national Social Security recipient (married or single) age 65 and over relies on Social Security for 67% of income.

As workers get older, they rely on the program more heavily. Almost three-quarters (73%) of recipients age 75 and over rely on the program for more than half their income.

Other findings for Ohio include:

- ◆ In Ohio, 1,932,026 people, 17% of the state's residents, receive Social Security.
- ◆ Of those age 65 and over, 93% receive Social Security. Under the old age program, 1,337,802 people receive benefits (including some dependents under 65).
- ◆ Without those benefits, 563,000 or nearly half (46%) of those age 65 or older would have incomes that placed them below the poverty line.
- ◆ In Ohio, 278,951 people receive disability benefits, including those with disabilities and their spouses and children.
- ◆ Survivor benefits were provided to 315,273 Ohioans, including spouses and age-eligible children of deceased workers.
- ◆ Of Ohioans age 65 or over, 67% depend on Social Security for more than half of their income and 30% depend on the program for nearly all (more than 90%) of income.
- ◆ Of Ohioans 75 and older, more than three-fourths rely on Social Security for more than half of their income and more than a third (36%), rely on Social Security for more than 90% of their income.
- ◆ For the median recipient age 65 or older, Social Security makes up more than two-thirds (68%) of income. For retirees age 75 and over, at the median, Social Security comprises more than three-fourths (77%) of annual income.
- ◆ Ohio recipients over age 65 from all demographic groups derive a majority of their income from Social Security and several demographic groups rely on the program for more than three-fourths of income. For women, the program provides 83% of income at the median.
- ◆ At the median, the program provides 68% of annual income to white Ohioans age 65 and up, 79% of income to black Ohioans, and 83% of income to Hispanic recipients.

Social Security is an extremely important source of basic incomes to most older Americans and Ohioans. Any changes to the system must carefully consider the fundamental role the program plays in ensuring the well-being of the elderly in the state and in the nation.

INTRODUCTION

Under current law, the Social Security program insures that Americans can maintain a basic quality of life if they lose the ability to work due to age, disability or death. Similar protection is offered to dependents who rely on another worker, typically a parent or a spouse. Workers who become disabled or elderly receive a Social Security income based on how long they’ve worked and how much they’ve earned. Spouses and children of deceased, disabled, and retired workers also receive Social Security.

RELIANCE ON SOCIAL SECURITY NATIONALLY

Although an important insurance for those of all ages, the largest single demographic group of Social Security recipients is age 65 and over. For a large majority of this group, the program is critical to quality-of-life—65% rely on Social Security for over half their income. That’s a total of more than 15 million individuals and couples. About one-third, 33%, rely on Social Security for almost all (over 90%) of their income. Nationally, the median Social Security recipient (married or single) age 65 and over relies on Social Security for 67% of income. High reliance on Social Security is found across boundaries of sex, race, or state of residence. Table 1 shows the level of reliance on Social Security by demographic group in the nation as a whole. Information specific to Ohio is in the second half of this report, and state-by-state data for all states is in the appendices.

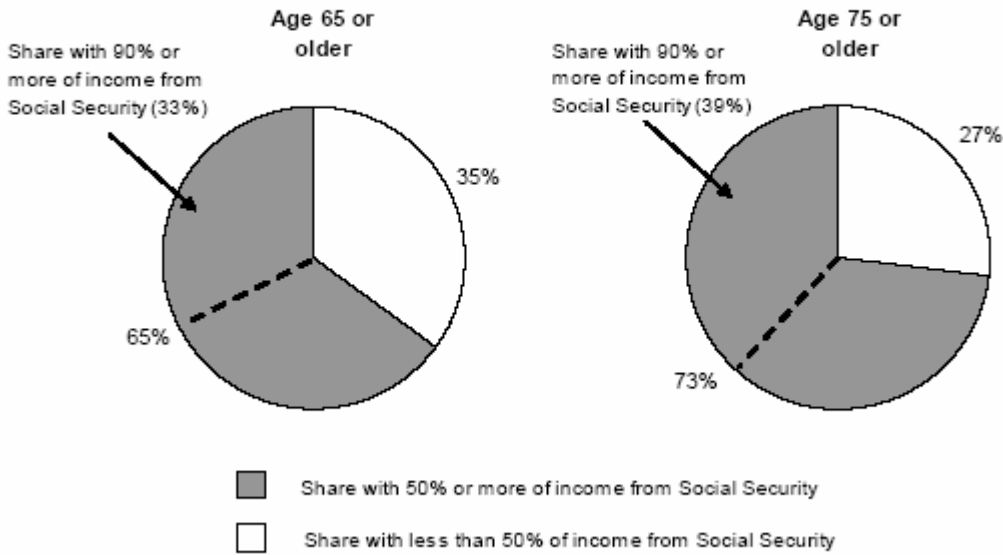
**Table 1**

<b>Median share of income from Social Security, older Americans with Social Security income, 2001-2003</b>	
<i>By age</i>	
65 or older	67%
75 or older	77%
<i>By gender and marital status (65 and older)</i>	
Nonmarried men	67%
Nonmarried women	84%
Married couple	53%
<i>By race (65 and older)</i>	
White	66%
Black	82%
Hispanic	84%
Source: Authors' analysis of March Current Population Survey data	

The findings are even more pronounced for those age 75 and over. This is not surprising, as they are less able to work than the younger elderly, and are more likely to have spent some of their savings. Almost three-quarters, 73%, of those age 75 and over who receive Social Security, rely on the program for more than half their income. Figure 1 shows the percent of Americans who rely on Social Security for more than half or more than 90% of their income, for those age 65 and up and for those age 75 and up.

**Figure 1**

**Importance of Social Security benefits to couples and individuals age 65 and older, receiving Social Security, 2001-03**



Source: Authors' analysis of March Current Population Survey data.

These data suggest that for most retirees, cuts in benefits would have a very large effect on standard of living. With the rate of savings at historically low levels, there is reason to believe that coming generations of retirees will not be in any better position. Replacing the current system's prescribed benefit levels with a system where income is more reliant on varying market returns from investment would have a significant negative impact on those who do not secure the best-performing investments.

There is some variation in these data by state, but in all states the elderly rely very heavily on Social Security (see appendix Tables 1 and 2 for state-by-state data). The lowest reliance is in Alaska, where, at the median, the elderly rely on Social Security for 49% of their income (the only state in which this percentage falls below half). The highest level of reliance is in Arkansas at 77%.

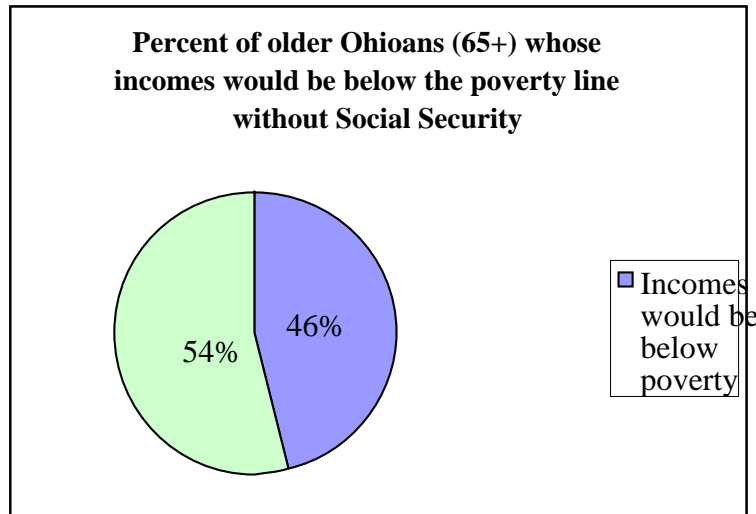
Replacing the Social Security system would fundamentally alter the experience of retirement in the United States. It would be a substantial change to convert from a system that has been a secure source of income based on lifetime work history to a system that is subject largely to market performance. There is good reason to believe that privatization worsens the financial future of Social Security and would result in an overall net decrease in income for seniors. But leaving those issues aside, it is undisputed that it would introduce a greater variation among retirees in the income available for their retirement. What these data demonstrate, by showing how very reliant the elderly are on Social Security income, is that the majority of the elderly can ill-afford such a gamble now, or in the future. Ending up on the losing side of this bet would have a devastating impact on their quality of life.

## OLDER OHIOANS

Ohioans rely heavily on Social Security. In this state, 1,932,026 people,<sup>i</sup> 17% of the state's residents,<sup>ii</sup> receive Social Security benefits. In all, the federal government provides \$19.3 billion<sup>iii</sup> in Social Security payments to people in Ohio each year – interestingly, unlike some other programs, as a state Ohio emerges ahead with Social Security – the total amount paid to Ohioans who get Social Security was \$411 million greater in 2002 than the total amount that working Ohioans paid into the system.<sup>iv</sup>

For retired Ohioans, Social Security is an important source of core income. Of those age 65 and over, 93% receive Social Security.<sup>v</sup> In all 1,337,802 people receive benefits under the old age program, though some of these beneficiaries are spouses and children of retired workers, who may not be above 64. Without those benefits, 563,000 or nearly half (46%) of those age 65 or older would have incomes that placed them below the poverty line, as Figure 2 shows.<sup>vi</sup>

**Figure 2**



Source: EPI analysis of CPS data.

For Ohioans with disabilities, Social Security is also an important safety net. In all, 278,951 people – including those with disabilities and their spouses and children – receive Social Security disability benefits.<sup>vii</sup>

For those who've lost a spouse, Social Security can be a lifeline. As of 2002, 315,273 Ohioans received survivor benefits, including spouses and underage children of deceased workers.<sup>viii</sup>

While the program is thought of as one that helps the elderly, 105,870 Ohio children receive Social Security benefits,<sup>ix</sup> about 5% of program beneficiaries.<sup>x</sup>

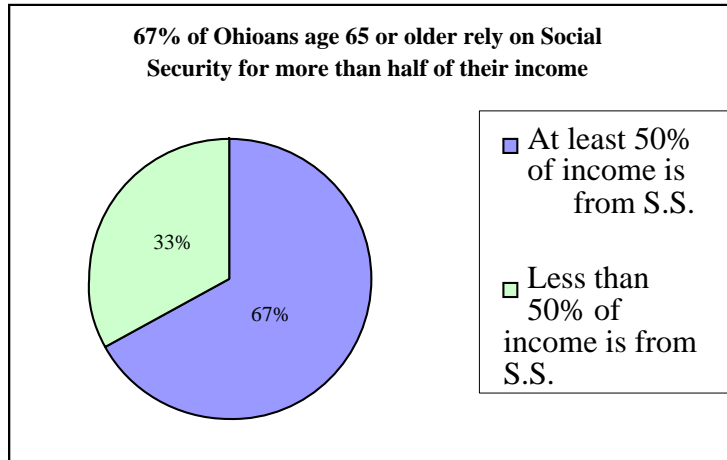
In 2003, retired workers in Ohio received an average of \$938 per month; widows and widowers received \$902 on average; disabled workers received \$848; and wives and

husbands of retired and disabled workers received \$474. Average benefits for children were \$476 for children of retired workers, \$617 for children of deceased workers, and \$252 for children of disabled workers.<sup>xi</sup>

### Heavy Reliance for Older Ohioans

Older Ohioans rely heavily on Social Security. Of Ohioans age 65 or over, 67% depend on Social Security for more than half of their income, as Figure 3 shows.

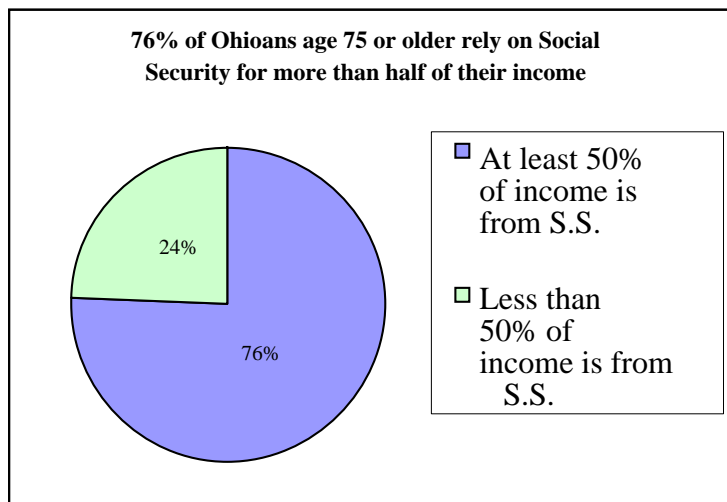
**Figure 3**



Source: EPI analysis of CPS data

As retirees get older, they begin to rely on Social Security more heavily. More than three-fourths of Ohioans rely on Social Security for more than half of their income by the time they are age 75 or older, as Figure 4 shows.

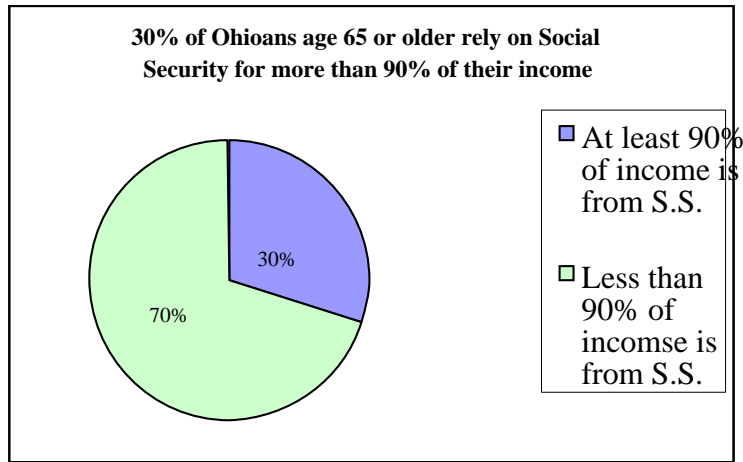
**Figure 4**



Source: EPI analysis of CPS data.

While a solid majority of retirees get more than half of their income from Social Security, for a sizeable minority Social Security makes up nearly all of their annual income. A full 30% of Ohioans age 65 or over rely on Social Security for more than 90% of their income, as Figure 5 shows.

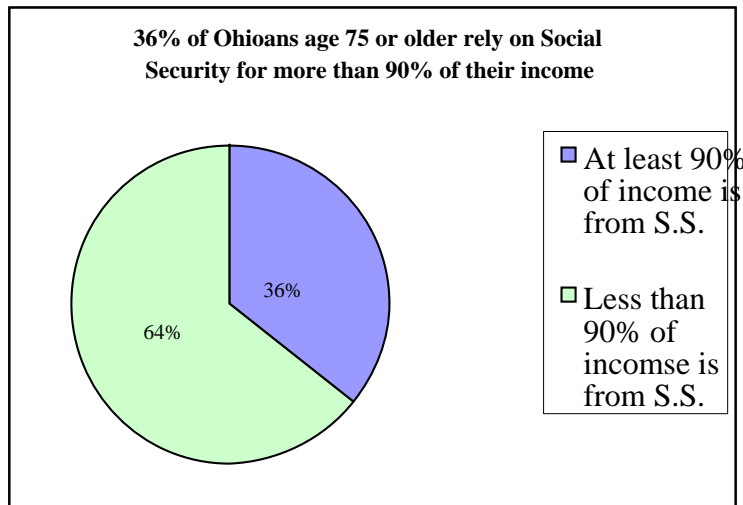
**Figure 5**



Source: EPI analysis of CPS data

Again, as age increases, the degree to which Social Security comprises nearly all of income increases. For Ohioans age 75 or older, more than a third (36%), rely on Social Security for more than 90% of their income, as Figure 6 shows.

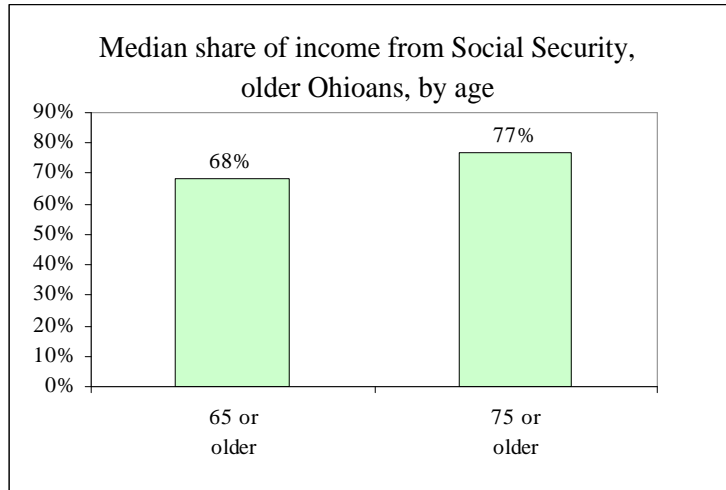
**Figure 6**



Source: EPI analysis of CPS data

For the typical retiree, Social Security is a huge part of retirement income, again, increasing with age. For the median Ohioan age 65 or older, Social Security makes up more than two-thirds (68%) of income. For retirees age 75 and over, Social Security comprises more than three-fourths (77%) of income at the median, as Figure 7 shows.

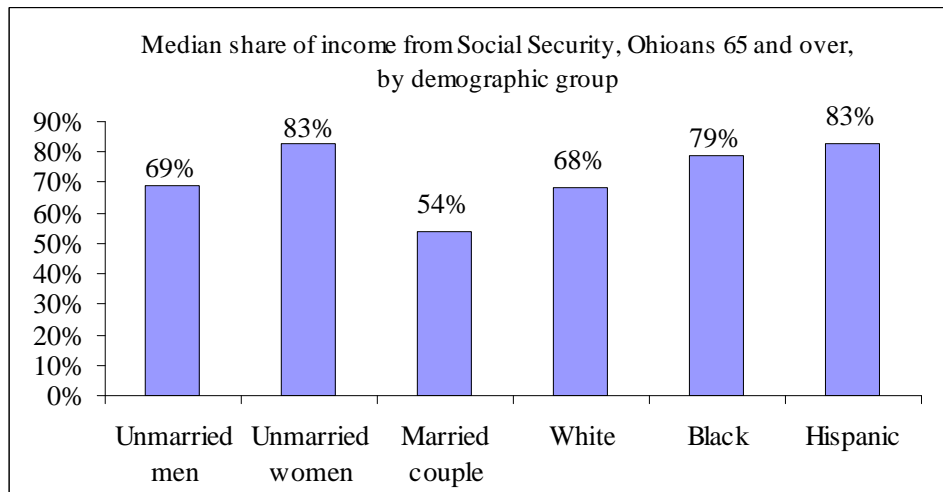
**Figure 7**



Source EPI analysis of CPS data

Older Ohioans from all demographic groups derive a majority of their income from Social Security and several demographic groups rely on the program for more than three-quarters of income at the median. Women rely more heavily on Social Security to support them in their later years than do men – for unmarried (or widowed) men, the program provides 69% of income at the median, while for women it provides 83% at the median. Married couples age 65 and up are somewhat less reliant on Social Security, getting 54% of their annual median income from the system. Older white Ohioans benefit substantially from the program – it provides 68% of annual income to this demographic, at the median. For older black Ohioans, the system is even more important, providing 79% of income at the median. For older Hispanics, the program provides 83% of income at the median. These demographic details are covered in Figure 8.

**Figure 8**



Source: EPI analysis of CPS data



## METHODOLOGY

The source for these data is the March Current Population Survey from the U.S. Census Bureau. The methodology mimics that of the Social Security Administration's *Income of the Population 55 or Older, 2000*. Following that publication, the primary unit of interest is the "aged unit," which is either a person who is 65 or older and not married or a married couple living together—one of which is 65 or older. Aged unit total income and Social Security income are the income coming from the aged unit, disregarding the income of other family members. Total money income includes wages and salaries, self-employment income (including losses), Social Security, Supplemental Security Income, public assistance, interest, dividends, rent, royalties, estates or trusts, veterans' payments, unemployment compensation, workers' compensation, private and government retirement and disability pensions, alimony, and child support. Race of married couple aged units is based on the race of the husband, following the SSA practice.

## CONCLUSION

Nationally, and in Ohio, older adults depend heavily on Social Security. For most of those age 65 and older, the program provides a majority of income, and for a substantial minority it provides almost all annual income. Any changes to the system should carefully consider the degree to which Americans and Ohioans depend on this program for basic needs.

**Appendix Table 1**

<b>Reliance on Social Security, elderly couples and individuals with Social Security income, 2001-2003</b>									
Households with Social Security income									
65 or older					75 or older				
	With 50% or more of income from Social Security		With 90% or more of income from Social Security			With 50% or more of income from Social Security		With 90% or more of income from Social Security	
	Number	Share	Number	Share		Number	Share	Number	Share
<b>United States</b>	<b>15,479</b>	<b>65%</b>	<b>7,915</b>	<b>33%</b>		<b>8,423</b>	<b>65%</b>	<b>4,307</b>	<b>33%</b>
Alabama	267	66%	135	34%		135	66%	68	34%
Alaska	14	49%	5	16%		*	*	*	*
Arizona	277	60%	137	30%		146	60%	72	30%
Arkansas	191	69%	107	39%		96	69%	54	39%
California	1,395	61%	772	34%		743	61%	411	34%
Colorado	171	61%	82	29%		88	61%	42	29%
Connecticut	194	58%	91	27%		110	58%	51	27%
Delaware	42	61%	15	21%		22	61%	8	21%
District of Columbia	25	56%	16	36%		*	*	*	*
Florida	1,249	66%	695	37%		695	66%	387	37%
Georgia	355	68%	207	40%		169	68%	98	40%
Hawaii	59	55%	31	29%		35	55%	18	29%
Idaho	66	64%	28	27%		34	64%	14	27%
Illinois	686	67%	338	33%		383	67%	189	33%
Indiana	394	71%	197	35%		227	71%	113	35%
Iowa	182	67%	70	26%		115	67%	44	26%
Kansas	154	62%	78	31%		94	62%	47	31%
Kentucky	250	67%	128	34%		137	67%	70	34%
Louisiana	233	66%	128	36%		122	66%	67	36%
Maine	98	68%	51	36%		57	68%	30	36%
Maryland	259	60%	140	32%		145	60%	78	32%
Massachusetts	395	67%	219	37%		237	67%	131	37%
Michigan	581	71%	240	29%		331	71%	137	29%
Minnesota	218	60%	99	27%		119	60%	54	27%
Mississippi	156	68%	95	41%		84	68%	51	41%
Missouri	324	63%	156	30%		175	63%	84	30%
Montana	59	65%	31	35%		34	65%	18	35%
Nebraska	89	63%	37	26%		51	63%	22	26%
Nevada	102	61%	57	34%		46	61%	26	34%
New Hampshire	71	62%	35	31%		42	62%	21	31%
New Jersey	522	67%	247	32%		306	67%	145	32%
New Mexico	101	63%	53	33%		50	63%	26	33%
New York	1,112	64%	571	33%		619	64%	318	33%
North Carolina	467	67%	263	38%		244	67%	138	38%
North Dakota	41	67%	21	34%		24	67%	12	34%
<b>Ohio</b>	<b>668</b>	<b>67%</b>	<b>298</b>	<b>30%</b>		<b>370</b>	<b>67%</b>	<b>165</b>	<b>30%</b>
Oklahoma	203	64%	98	31%		112	64%	54	31%
Oregon	188	65%	86	30%		110	65%	50	30%
Pennsylvania	883	69%	405	32%		472	69%	216	32%

Rhode Island	75	67%	38	34%	43	67%	22	34%
South Carolina	256	67%	152	40%	132	67%	78	40%
South Dakota	47	64%	23	32%	25	64%	13	32%
Tennessee	306	68%	169	38%	158	68%	87	38%
Texas	920	65%	546	39%	489	65%	290	39%
Utah	68	55%	34	27%	30	55%	15	27%
Vermont	35	64%	17	31%	19	64%	9	31%
Virginia	309	56%	170	31%	148	56%	81	31%
Washington	261	60%	105	24%	145	60%	58	24%
West Virginia	147	73%	72	36%	78	73%	39	36%
Wisconsin	289	62%	116	25%	150	62%	60	25%
Wyoming	27	65%	13	32%	*	*	*	*
* Fewer than 75,000 weighted cases								
Source: Authors' analysis of March Current Population Survey data								

**Appendix Table 2**

<b>Median share of income from Social Security for recipients (couples and individuals), 2001-2003</b>								
Median share of income from Social Security, aged units with Social Security income								
	By age		By gender and marital status (65 and older)			By race (65 and older)		
	65 or older	75 or older	Nonmarried men	Nonmarried women	Married couple	White	Black	Hispanic
<b>United States</b>	<b>67%</b>	<b>77%</b>	<b>67%</b>	<b>84%</b>	<b>53%</b>	<b>66%</b>	<b>82%</b>	<b>84%</b>
Alabama	70%	76%	69%	87%	54%	68%	92%	*
Alaska	49%	*	*	*	*	50%	*	*
Arizona	64%	76%	73%	81%	48%	64%	*	69%
Arkansas	77%	86%	62%	91%	58%	77%	89%	*
California	64%	74%	72%	81%	48%	60%	66%	81%
Colorado	65%	75%	66%	77%	53%	65%	*	75%
Connecticut	58%	70%	61%	72%	44%	58%	72%	*
Delaware	59%	64%	*	76%	48%	60%	*	*
District of Columbia	57%	*	*	78%	*	*	67%	*
Florida	71%	81%	73%	85%	60%	69%	82%	90%
Georgia	75%	85%	72%	90%	61%	72%	92%	*
Hawaii	56%	63%	*	80%	44%	50%	*	*
Idaho	63%	74%	*	79%	51%	63%	*	*
Illinois	69%	77%	70%	84%	54%	67%	94%	76%
Indiana	73%	78%	74%	86%	56%	72%	94%	*
Iowa	67%	73%	70%	75%	56%	66%	*	*
Kansas	63%	74%	71%	79%	51%	64%	*	*
Kentucky	68%	79%	63%	86%	56%	68%	83%	*
Louisiana	71%	77%	70%	84%	61%	69%	86%	*
Maine	74%	82%	*	85%	57%	74%	*	*
Maryland	62%	76%	72%	82%	43%	62%	89%	*
Massachusetts	74%	83%	71%	89%	48%	74%	82%	*
Michigan	66%	73%	63%	84%	57%	66%	74%	*
Minnesota	60%	76%	66%	78%	52%	60%	*	*
Mississippi	77%	83%	78%	91%	56%	75%	90%	*
Missouri	62%	72%	62%	83%	51%	62%	82%	*
Montana	65%	80%	*	88%	53%	65%	*	*
Nebraska	63%	73%	*	79%	49%	63%	*	*
Nevada	65%	80%	72%	94%	44%	65%	*	*
New Hampshire	66%	76%	*	82%	43%	66%	*	*
New Jersey	67%	73%	69%	82%	54%	67%	84%	82%
New Mexico	63%	67%	75%	86%	49%	59%	*	82%
New York	68%	74%	64%	84%	48%	66%	78%	82%
North Carolina	72%	84%	64%	88%	61%	71%	79%	*
North Dakota	68%	80%	*	81%	55%	68%	*	*
<b>Ohio</b>	<b>68%</b>	<b>77%</b>	<b>69%</b>	<b>83%</b>	<b>54%</b>	<b>68%</b>	<b>79%</b>	<b>83%</b>
Oklahoma	65%	75%	59%	83%	56%	64%	78%	*
Oregon	65%	78%	63%	81%	51%	65%	*	*
Pennsylvania	70%	77%	62%	84%	58%	70%	82%	79%
Rhode Island	70%	83%	*	84%	55%	70%	*	*

South Carolina	72%	87%		81%	93%	55%		70%	89%	*
South Dakota	66%	76%		*	77%	52%		66%	*	*
Tennessee	73%	90%		81%	90%	56%		73%	86%	*
Texas	73%	86%		88%	89%	51%		65%	86%	97%
Utah	54%	69%		*	84%	42%		54%	*	*
Vermont	66%	81%		*	75%	*		66%	*	*
Virginia	58%	68%		66%	85%	44%		57%	90%	*
Washington	59%	67%		61%	68%	52%		59%	*	68%
West Virginia	73%	83%		67%	88%	64%		73%	*	*
Wisconsin	61%	73%		59%	74%	54%		61%	*	*
Wyoming	67%	*		*	*	*		66%	*	*
* Fewer than 75,000 weighted cases										
Source: Authors' analysis of March Current Population Survey data										

For more information on the Social Security program and the debate over its future, go to <http://www.epinet.org/socialsecurity>

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<sup>i</sup> As of December 2003. Social Security Administration. 2003. *OASDI Beneficiaries by State and County*. <[http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2003/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2003/index.html)>.

<sup>ii</sup> December 2003 beneficiaries as a%age of July 2003 population. Social Security Administration. 2003. *OASDI Beneficiaries by State and County*. US Bureau of the Census: 2004. *Annual Estimates of the Population for the United States and States, and for Puerto Rico: April 1, 2000 to July 1, 2004* (NST-EST2004-01).

<[http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2003/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2003/index.html)>,

<<http://www.census.gov/popest/states/tables/NST-EST2004-01.xls>>.

<sup>iii</sup> For 2002. Social Security Administration. 2003. *Annual Statistical Supplement*.

<<http://www.ssa.gov/policy/docs/statcomps/supplement/2003/index.html>>.

<sup>iv</sup> For 2002. Social Security Administration. 2003. *Annual Statistical Supplement*. Social Security Administration. 2002. *Earnings and Employment Data for Workers Covered Under Social Security and Medicare, by State and County, 2002*.

<<http://www.ssa.gov/policy/docs/statcomps/supplement/2003/index.html>>,

<[http://www.ssa.gov/policy/docs/statcomps/eedata\\_sc/2002/index.html](http://www.ssa.gov/policy/docs/statcomps/eedata_sc/2002/index.html)>.

<sup>v</sup> As of December 2003. EPI summation of data from Social Security Administration. 2003. *OASDI Beneficiaries by State and County*.

<[http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2003/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2003/index.html)>.

<sup>vi</sup> Arloc Sherman and Isaac Shapiro, "Social Security Lifts 13 Million Seniors Above the Poverty Line: A State-by-State Analysis," Center on Budget and Policy Priorities, February 24, 2005.

<sup>vii</sup> As of December 2003. EPI summation of data from Social Security Administration. 2003. *OASDI Beneficiaries by State and County*.

<[http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2003/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2003/index.html)>.

<sup>viii</sup> As of December 2003. EPI summation of data from Social Security Administration. 2003. *OASDI Beneficiaries by State and County*.

<[http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2003/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2003/index.html)>.

<sup>ix</sup> For 2002. Social Security Administration. 2003. *Annual Statistical Supplement*.

<<http://www.ssa.gov/policy/docs/statcomps/supplement/2003/index.html>>.

<sup>x</sup> For 2002. Social Security Administration. 2003. *Annual Statistical Supplement*.

<<http://www.ssa.gov/policy/docs/statcomps/supplement/2003/index.html>>.

<sup>xi</sup> Ohio State Statistics Program Data, December 2003, Social Security Administration, administrative files