Social Security as Insurance across the Life Course

Elliot Schreur
Research Associate

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3 Insurance Protections

Social Security

Disability  Old age  Death
3 Protections
Provided through 2 Funds

Social Security

- DI Fund
  - Disability
- OASI Fund
  - Old age
  - Death
Social Security Provides Protection across 3 Life Phases

1. Childhood
2. Working age
3. Old age
Childhood

Social Security Risk Protection

- Working parent becomes disabled
- Parent retires
- Parent dies
Percent of Child Beneficiaries Receiving Benefits Due to Experiencing a Covered Risk

- 49%: Children of disabled parent
- 40%: Children of retired parent
- 11%: Children of deceased parent
Childhood

Protection through 2 funds:

- DI Fund
  - Working parent becomes disabled
- OASI Fund
  - Parent retires
  - Parent dies
Percent of Child Beneficiaries Receiving Benefits from the DI and OASI Trust Funds

51% (OASI)
49% (DI)
Working age

Social Security Risk Protection

- Being disabled
- Loss of income to spouse due to disability of worker
- Loss of income to spouse due to death of worker
Percent of Working-Age Beneficiaries Receiving Benefits Due to Experiencing a Covered Risk

- 95%
- 4%
- 1%

- Disabled workers and disabled adult children*
- Working-age spouses of disabled workers
- Working age widows of deceased workers

* includes working-age adult children who have been disabled since childhood and are receiving benefits based on a parent’s earnings record
Working age

Protection through 2 funds

- DI Fund
  - Being disabled
  - Loss of income as spouse due to disability of worker
- OASI Fund
  - Loss of income as spouse due to death of worker
Percent of Working-Age Beneficiaries Receiving Benefits from the DI and OASI Trust Funds

86%

13%

* includes working-age adult children who have been disabled since childhood and are receiving benefits based on a parent’s earnings record
Old age

Social Security Risk Protection

- Retiring
- Loss of income for spouse due to retirement
- Loss of income for spouse due to death
Percent of Elderly Beneficiaries Receiving Benefits Due to Experiencing a Covered Risk

- 87% Retired workers
- 8% Elderly spouses of retired workers
- 5% Elderly widows
Old age

Protection through OASI fund

- DI Fund
  - Retiring
  - Loss of income for dependents due to retirement
- OASI Fund
  - Loss of income for survivors due to death
Social Security is **ONE SYSTEM** of family risk protection

Social Security protects your family against loss of earnings through life’s ups and downs.
Share of Earnings Contributed by Workers and Their Employers to Social Security’s Trust Funds*

- Old Age and Survivors Insurance (OASI) Trust Fund: 5.015%
- Disability Insurance (DI) Trust Fund: 1.185%

*Workers pay 6.2 percent of their earnings up to a cap, which is $127,200 in 2017. Employers pay a matching amount for a combined contribution of 12.4 percent of earnings.
DI and Old Age and Survivors (OASI) as a Share of Total Social Security Spending

OASI 84%

DI 16%
Risk protections provided by the DI Fund are particularly important to working-age individuals.

Risk protections provided by the OASI Fund are particularly important to children and the elderly.

Percent of Working Age Beneficiaries Receiving Benefits from the DI and OASI Trust Funds

- **DI**: 13%
- **OASI**: 86%

Percent of Child Beneficiaries Receiving Benefits from the DI and OASI Trust Funds

- **DI**: 51%
- **OASI**: 49%

* includes working-age adult children who are disabled and receiving benefits based on parent’s earnings record

Percent of Elderly Beneficiaries Receiving Benefits from the OASI Trust Fund

- **DI**:
- **OASI**: 100%