

Children's Stake in Social Security: Key Facts

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While Social Security is best known as a retirement program, it also provides irreplaceable insurance value for young families. Children and families have an important stake in the future of Social Security. As policymakers consider ways to balance Social Security's long-term finances – through benefit cuts or revenue increases – citizens who are concerned about preserving and advancing the wellbeing of children need to be part of the policy debate. This fact sheet features key findings of new research by the National Academy of Social Insurance on the importance of Social Security for children.

About 6.5 million children under 18 – or nearly 9 percent of all U.S. children – received part of their family income from Social Security in 2005. They include 3.1 million children who themselves receive benefits as dependents of a deceased, disabled, or retired parent, and an estimated 3.4 million other children who do not themselves receive Social Security, but live with relatives who do.

Social Security often makes the difference in lifting children out of poverty. Fully 1.3 million children were lifted out of poverty by Social Security benefits. In addition, benefits reduced the depths of poverty experienced by another 1.5 million children and their families.

Temporary Assistance to Needy Families (TANF) may be the best-known income support program for children, but it helps fewer children than does Social Security. TANF replaced Aid to Families with Dependent Children (AFDC) under the welfare reform legislation of 1996. Since 1995, the number of children supported by AFDC or TANF fell from 9.2 million to 3.8 million in fiscal year 2005. With that decline, the 6.5 million children who receive part of their family income from Social Security outnumber those receiving TANF.

Social Security provides critical life insurance and disability insurance for working parents. A young man has a four in ten chance of dying or becoming

disabled before reaching retirement age. A young woman faces a three in ten risk of dying or becoming disabled before retirement. A young worker with average earnings (about \$37,200 in 2007), a spouse and two young children has Social Security life insurance protection equal to a life insurance policy with a face value of \$433,000 and a disability insurance policy worth about \$414,000.

Almost all workers have Social Security's insurance protection, including members of the armed services, the Reserves and the National Guard. Families of those who die in the service of their country receive Social Security in addition to payments from the Department of Veterans' Affairs.

Social Security benefits for children are particularly vital in the African American community, where working parents face higher chances of dying or becoming disabled before retirement age. African American children under age 18 are 12 percent of all U.S. children, but are 21 percent of children

**For a PDF of
the full brief,
*Children's
Stake in Social
Security*, visit
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receiving Social Security. Social Security's progressive benefits provide a significant income boost for lower earning African Americans and its steady, inflation-adjusted benefits are important for keeping families out of poverty when faced with tragic circumstances like disability, death, or retiring without any other form of support.

Latinos also share characteristics that make Social Security particularly important. As a group, Latinos have lower lifetime incomes, they have longer life

expectancies (which make lifetime benefits particularly important to Latino seniors), they have higher rates of disability, and they have larger families, which make the insurance protection particularly important for Latino children.

The purpose of the new brief, *Children's Stake in Social Security*, is to help individuals and groups concerned about child well-being recognize children's stake in Social Security and to add their voices to discussions about its future.

The National Academy of Social Insurance (NASI) is a nonprofit, nonpartisan organization made up of the nation's leading experts on social insurance. Its mission is to promote understanding and informed policymaking on social insurance and related programs through research, public education, training, and the open exchange of ideas.

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For more on Social Security for vulnerable groups, see Social Security: An Essential Asset and Insurance Protection for All, on NASI's website at www.nasi.org.

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