

Fact Sheet: Social Security Pays Benefits in Wake of September 11th Attacks

More than 2,300 Children Receiving Monthly Income

More Than A Retirement Program

While Social Security is best known for retirement benefits, it also pays benefits in the event of disability or death. The life insurance component of Social Security is valuable to American families. For example, for a young worker (with average earnings) with two children, life insurance from Social Security had a present value of \$403,000 in 2002, according to actuaries at the Social Security Administration. The average benefit for a widow (or widower) with two eligible children was \$1,764 a month in 2002, or about \$21,168 a year. Benefits rise with the cost of living and continue until the children reach age 18, or 19 if they are still in high school (or until they marry, if sooner). Benefits for a widowed mother or father caring for children end when the youngest child reaches age 16, or when the widowed mother or father remarries, if sooner. Social Security also pays a small lump-sum “death benefit” of \$255 to a widow or widower (or child) who is eligible for monthly benefits, or a widow or widower who had been living with the deceased worker. Almost all American children (98 out of 100) would receive Social Security if a working parent died.

Social Security responded promptly to help the families of victims of the September 11th attacks. Social Security sent its first checks to families on October 3rd, 2001 – less than a month after the attacks. As of early March, 3,119 individuals were receiving monthly benefits.

- ▶ More than 2,300 children of victims of September 11th attacks are receiving Social Security.
- ▶ More than 700 widowed spouses caring for those children are also receiving Social Security.
- ▶ A small number of claims have been made by widows or widowers age 60 or older, by aged parents who had depended on the earnings of a working son or daughter, and by disabled workers.
- ▶ Fifteen people have chosen to apply for retire-

ment benefits as a result of the September 11th events.

As of early March, Social Security is paying about \$2.8 million every month to families affected by the September 11th attacks. Social Security has also paid about \$403,000 in lump-sum death benefits to 1,700 individuals.

Benefit Examples

Social Security survivor benefits vary by family size and the breadwinner’s past earnings. For example, if a worker earning \$24,000 a year left two dependents, Social Security benefits would be about \$17,350 a year, replacing about 72 percent of the worker’s lost earnings. If the worker had earned \$48,000, Social Security would pay the family with two dependents about \$27,000, or about 56 percent of lost earnings. At higher earnings, e.g., \$90,000, benefits of \$33,820 would replace about 38 percent of lost earnings.

Social Security benefits for people under age 65 are reduced if the beneficiary is working and earns more than \$11,280 (in 2002). However, if a widowed mother or father foregoes benefits because of earnings above this amount, benefits are still paid to the children.

Families can receive benefits from Social Security and other programs such as workers’ compensation at the same time. While workers’ compensation is commonly known as a program for workers injured on the job, it also provides benefits to families of workers killed on the job. (See National Academy of Social Insurance fact sheet on “Workers’ Compensation in the Wake of September 11th Attacks.”)

Chart 1 illustrates combined yearly benefits that a widowed spouse with one child could receive from Social Security and workers’ compensation in selected states. In New York, workers’ compensation benefits range from \$11,660 if the worker had earned \$24,000, to \$14,050 if the worker earned

\$48,000. At higher earnings, of \$90,000, workers' compensation would pay about \$12,300, after reducing the widowed spouses benefit because she or he receives Social Security. Combined benefits from the two programs range from \$29,010 for the family of a worker who had earned \$24,000 to \$46,120 for the family of one who had earned \$90,000.

Social Security benefits for widowed spouses and children are not reduced because the family receives workers' compensation. Likewise, most states do not reduce workers' compensation death benefits if the family receives Social Security. New York is one of the few states that do reduce workers' compensation for widowed spouses who receive Social Security. The reduction does not apply to children's benefits. Compared to other states, New York also has a relatively low cap on the maximum benefits it will pay to families of deceased workers — \$400 a week or \$20,800 a year.

The chart also illustrates combined benefits in other states. While Social Security benefit rules are the same throughout the nation, workers' compensation rules vary from state to state. In New Jersey, workers' compensation benefits are somewhat higher than in New York, in part because New Jersey has a higher cap on the maximum benefits it will pay (\$591 a week in 2001). Connecticut benefits are higher than in New York or New Jersey, because it pays a larger fraction of the deceased worker's past earnings and has a higher cap on the maximum benefit it pays (\$838 a week in 2001).

Determining which state's rules apply for workers' compensation claims can be complex. In most cases, claims can be filed in the state where the injury or

death occurred. Some states allow a claim to be filed in a different state if the worker was hired in that state or the work was principally located there. Some claimants may have a choice to apply in more than one state and then receive benefits under the rules that provide the best benefits in their situation. Regardless of which state's rules apply, the deceased worker's employer, or its insurer, is responsible for paying the family's claim.

Risk Shared Among All Workers

Social Security shares risk broadly among all workers and employers who support the system by paying Social Security taxes. The risk of unexpected events is pooled broadly across the country, so that no single event, even a major catastrophe, overwhelms the program. Deaths related to the September 11th attack are expected to result in less than a one percent increase in new benefits for families of deceased workers in 2001.

Conclusion

In normal times, life insurance protection through Social Security gets little public notice because of the program's broader purpose. Social Security is best known as a retirement program. This brief reminds us, however, that it also provides important income support for survivors when unexpected catastrophes hit the nation and its families.

The full report, *Social Insurance for Survivors: Family Benefits from Social Security and Workers' Compensation*, is available free-of-charge from the Academy's website at www.nasi.org or by calling (202) 452-8097.

For more information on Social Security benefits in the wake of the September 11th attacks:

Beatrice Disman

Regional Commissioner, New York Region
Social Security Administration
Phone: 212-264-2700
E-mail: beatrice.disman@ssa.gov
website: www.ssa.gov

Virginia Reno

Vice President for Research
National Academy of Social Insurance
phone: (202) 452-8097
E-mail: vreno@nasi.org
website: www.nasi.org

Social Security and Workers' Compensation for Widowed Spouse and One Child

Examples for Deceased Workers at Different Earnings Levels

