

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security Works for Veterans and Active Military Members

Since 1957, earnings from active duty military service have been covered by Social Security,¹ enabling those who serve in our nation's armed forces to earn valuable retirement, disability, and life insurance protections for themselves and their families. Social Security benefits—in particular, disability and survivors' benefits—are especially critical to our nation's active military and their family members. These benefits should not only be protected for active military members and veterans; they should be expanded.

Why Social Security is Important to Veterans

In 2014, over 9.4 million Social Security beneficiaries were veterans—nearly 1 in 5 (19 percent) adult beneficiaries.² The average benefit received by veterans in 2013 was \$16,524³—just \$5,034 over the federal poverty limit for an individual.⁴ Despite their modesty, Social Security benefits are critical to the economic security of the veterans who receive them. For almost half (49 percent) of veteran beneficiaries receiving Disability Insurance (DI) in 2010, Social Security benefits represented three-quarters or more of their income.⁵ And without Social Security, more than 2 in 5 (43 percent) veterans receiving SSDI would have fallen below the poverty line, compared to 1 in 10 (9 percent) with benefits.⁶ Social Security has several other features which make it especially vital to veterans:

- Veterans have much higher disability rates during their working years than the general population. In 2013, about 1 in 10 (10.4 percent) Americans ages 18-64 reported a disability. In contrast, over 1 in 5 (21.5 percent) veterans ages 21-64 reported a service-connected disability.⁷ Because they experience higher rates of disability, Social Security's disability protections are especially important to veterans.
- Social Security is especially important to women and people of color, who often have lower lifetime earnings. Among veterans, disabilities disproportionately affect women and minorities. About 19 percent of African American veterans and 18 percent of Hispanic veterans have a service connected disability, compared with 12 percent of white veterans. Similarly, 1 in 6 female veterans (16 percent) have a disability, compared to 1 in 8 male veterans (13 percent).⁸
- The vast majority of the Active Duty community's 1.4 million members, 689,344 spouses, and 1.2 million children, as well as the Total Selected Reserve community's 842,510 members, 391,383 spouses, and 716,879 children are insured for Social Security's disability and life insurance benefits if a service member becomes severely disabled or dies.⁹
- Social Security's survivors' benefits are especially important to those who serve in the military, and their dependent spouses and children. As of February 2016, the number of American servicemen and women killed on active duty in the wars in Iraq and Afghanistan was 6,840,¹⁰ leaving behind an estimated more than 4,000 children.¹¹ Virtually all of the nation's children are insured for Social Security benefits in the event of the death or work-limiting disability of a working parent.¹²

- Social Security benefits are adjusted for inflation, so that they maintain purchasing power over time. Similarly, other benefits received by veterans and their family members are adjusted annually using the same formula.¹³ This cost-of-living adjustment ensures that veterans' benefits do not erode over time. However, the current index used to calculate these adjustments does not keep pace with the costs of living experienced by beneficiaries. This shortcoming doubly or triply impacts veterans.

To Improve Social Security for Veterans, Expand Benefits

Although Social Security benefits are vital to the veterans who receive them, they are still too modest, and should be expanded. Fortunately, there are a number of policy proposals that would improve Social Security benefits for all Americans, including veterans and their family members:

- *Increase benefits across the board.* Social Security's benefits are modest by virtually any measure. There are a variety of proposals that would increase monthly benefits for all Americans.¹⁴ Low-income beneficiaries, especially veterans receiving SSDI, would benefit most from such expansions.
- *Ensure that benefits keep pace with the cost of living experienced by seniors and people with disabilities.* Because they may receive more than one benefit that is tied to Social Security's annual cost-of-living adjustments, veterans and their families would especially benefit from a more accurate measure of inflation. The current index used to calculate these adjustments does not accurately reflect the higher health care costs experienced by seniors and people with disabilities.¹⁵ A more accurate cost-of-living index would ensure that veterans' Social Security and other veterans' benefits do not erode over time.
- *Provide a caregiver credit.* Because veterans are more likely to be injured during their working years, they may rely more heavily on unpaid care from family members. A 2010 survey reported that nearly half (47 percent) of those providing care to veterans stopped working entirely or retired early in order to provide care.¹⁶ A caregiver credit would ensure that, even when family members forgo wages to provide unpaid care for veterans, their Social Security benefits will not be drastically reduced.¹⁷
- *Expand Social Security to include paid family leave.* Social Security was created to empower workers to insure themselves and their families against periods of lost wages—retirement, disability, or the death of a working parent. However, many workers also experience temporary periods out of the workforce due to family caregiving duties and personal medical conditions. The expansion of Social Security to include family leave benefits would ensure that workers, especially veterans and their caregivers, do not face economic insecurity during these temporary periods without wages.¹⁸
- *Eliminate the cap on payroll contributions and incorporate investment income.* Social Security's payroll contributions are made on annual earnings up to \$118,500,¹⁹ meaning that a majority of working Americans make Social Security contributions on all of their earnings, all year long, compared to millionaires and billionaires, who contribute on only part of their earnings and stop contributing earlier in the year. Eliminating the payroll cap and incorporating unearned income would not only close Social Security's long-range shortfall and help to finance benefit expansions;²⁰ it would make contributions to the system more equitable.

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- ¹ Social Security Administration (SSA), “Military Veterans Who Receive Social Security Disability Insurance Benefits,” 2014. <http://www.ssa.gov/news/press/factsheets/ss-customer/military-veterans-dib.pdf>
- ² SSA, “Veteran Beneficiaries, 2014,” March 2015. <https://www.ssa.gov/retirementpolicy/fact-sheets/veteran-beneficiaries.html>
- ³ SSA, “Veteran Beneficiaries, 2014,” March 2015. <https://www.ssa.gov/retirementpolicy/fact-sheets/veteran-beneficiaries.html>
- ⁴ U.S. Department of Health and Human Services, “2013 Poverty Guidelines,” December 1, 2013. <https://aspe.hhs.gov/2013-poverty-guidelines>
- ⁵ SSA, “Military Veterans Who Receive Social Security Disability Insurance Benefits,” 2014. <http://www.ssa.gov/news/press/factsheets/ss-customer/military-veterans-dib.pdf>
- ⁶ SSA, “Military Veterans Who Receive Social Security Disability Insurance Benefits,” 2014. <http://www.ssa.gov/news/press/factsheets/ss-customer/military-veterans-dib.pdf>
- ⁷ Because Census data on working-age veterans with disabilities are limited to disabilities directly connected to or aggravated by military service, the percentage of all working-age veterans with a disability, service-connected or otherwise, may be understated here. W. Erickson, C. Lee, and S. von Schrader, “Disability Statistics from the American Community Survey (ACS),” Cornell University Employment and Disability Institute, 2015. <http://www.disabilitystatistics.org/>.
- ⁸ Rich Morin, “For Many Injured Veterans, A Lifetime of Consequences,” Pew Research Center, November 8, 2011. <http://www.pewsocialtrends.org/files/2011/11/Wounded-Warriors.pdf>
- ⁹ U.S. Department of Defense, “2014 Demographics: Profile of the Military Community,” 2015. <http://download.militaryonesource.mil/12038/MOS/Reports/2014-Demographics-Report.pdf>
- ¹⁰ *The Washington Post*, “Faces of the Fallen,” accessed February 25, 2016. <http://projects.washingtonpost.com/fallen/>
- ¹¹ Tragedy Assistance Program for Survivors (TAPS), “Child Traumatic Grief: TAPS Offers Webinar Training November 16,” November 12, 2010. <http://www.taps.org/release.aspx?id=4698>
- ¹² Social Security Administration (SSA), “Survivors Benefits,” June 2015. <https://www.ssa.gov/pubs/EN-05-10084.pdf>
- ¹³ Social Security Works, “Why Social Security Beneficiaries and Veterans Deserve a Lump-Sum Payment in 2016,” November 2015. http://www.socialsecurityworks.org/wp-content/uploads/2015/11/SAVE-Benefits-Fact-Sheet_Final1.pdf
- ¹⁴ For example, Senator Brian Schatz (D-HI) has proposed increasing the first bend point of the Social Security benefit formula by 15 percent—approximately a \$70 increase in monthly benefits for all beneficiaries. Senator Brian Schatz, “S.1940 – Safeguarding American Families and Expanding Social Security Act of 2015,” accessed February 18, 2016. <https://www.congress.gov/bill/114th-congress/senate-bill/1940?q=%7B%22search%22%3A%5B%22schatz%22%5D%7D>
- ¹⁵ Alicia H. Munnell and Anqi Chen, “Do We Need a Price Index for the Elderly,” Center for Retirement Research at Boston College no. 15-18, October 2015. http://crr.bc.edu/wp-content/uploads/2015/10/IB_15-18.pdf
- ¹⁶ National Alliance for Caregiving, “Caregivers of Veterans – Serving on the Homefront,” November 2010. http://www.caregiving.org/data/2010_Caregivers_of_Veterans_FULLREPORT_WEB_FINAL.pdf
- ¹⁷ For example, Representative Nita Lowey (D-NY) has proposed a caregiver credit that could be claimed by anyone spending at least 80 hours per month (up to 60 months) providing care to a dependent relative under the age of 12 or a chronically dependent individual. Representative Nita Lowey, “H.R. 3377 – Social Security Caregiver Credit Act of 2015,” accessed February 18, 2016. <https://www.congress.gov/bill/114th-congress/house-bill/3377?q=%7B%22search%22%3A%5B%22%5C%22hr3377%5C%22%22%5D%7D&resultIndex=1>
- ¹⁸ One proposal for paid family leave comes from the Social Security Works *All Generations Plan*, which would provide those who are insured for Social Security disability benefits up to 12 weeks of paid leave in the event of the birth or adoption of a child, a family member’s illness, or a personal illness. Nancy J. Altman and Eric R. Kingson, *Social Security Works! Why Social Security Isn’t Going Broke and How Expanding It Will Help Us All*, (New York: The New Press, 2015), pp. 221-222.

¹⁹ Nicole Woo and Cherrie Bucknor, "Over the Top: Who Pays More if We Raise the Social Security Payroll Tax Cap," Center for Economic and Policy Research, February 2016. <http://cepr.net/images/stories/over-the-top-supplementary-tables.pdf>

²⁰ Social Security Works, "High Earners Should Contribute Fair Share to Social Security: Policy Options," April 2015. http://www.socialsecurityworks.org/wp-content/uploads/2015/04/High-Earners-Should-Contribute-Fair-Share-to-Social-Security_Policy-Options_FINAL.pdf