

CRS Report for Congress

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Social Security Survivors Benefits

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Summary

Social Security is formally known as the Old-Age, Survivors, and Disability Insurance (OASDI) program. This report focuses on the Survivors Insurance component of Social Security. When workers die, their spouses, former spouses, and dependents may qualify for Social Security survivors benefits. This report describes how a person becomes covered by Survivors Insurance. It outlines the types and amounts of benefits available to survivors, eligibility for those benefits, and the benefit application process. It provides statistics on survivor beneficiaries and a legislative history of Survivors Insurance, including legislative activity in the 109th Congress. Current bills that would affect survivors benefits include H.R. 77, H.R. 78, H.R. 440, H.R. 530, S. 540, H.R. 750, H.R. 1776, H.R. 2126, H.R. 2190, H.R. 2191, H.R. 2192, S. 857, and S. 1302. This report will not be updated.

The Old-Age, Survivors, and Disability Insurance (OASDI) program is administered by the Social Security Administration (SSA). The Survivors Insurance component of OASDI is similar to life insurance. When a person insured by Social Security dies, his or her family may qualify for survivors benefits. In 2001, SSA's actuaries estimated that the net present value of Survivors Insurance was equivalent to a life insurance policy with a face value of \$403,000 for a young family with two children and average earnings.¹

In 2004, there were 6.7 million survivor beneficiaries, representing about one in seven OASDI beneficiaries.² About \$5.5 billion in survivors benefits are paid monthly. Survivor beneficiaries are mostly women and children: 28% of survivor beneficiaries receive child's benefits, and 99% of those receiving other survivors benefits are women.

¹ Social Security Administration memorandum from Stephen C. Goss, Chief Actuary, "Present Values of Benefits to Illustrative Survivors and Disability Cases," July 23, 2001.

² Social Security Administration, "Fast Facts & Figures About Social Security, 2005," SSA Publication No. 13-11785, Sept. 2005, at [http://www.ssa.gov/policy/docs/chartbooks/fast_facts/2005/ff2005.pdf]. See also "Social Security Survivors Benefits" at [<http://www.ssa.gov/pubs/10084.pdf>].

How Survivors Insurance Works

Survivors Insurance Coverage. Coverage for survivors benefits is based on the insurance status of the deceased. In order to become insured for survivors benefits, a person must work at a job covered by Social Security. A person can earn up to four Social Security *credits* each year, based on his or her earnings in a covered job.³ The number of credits a person needs to qualify for Survivors Insurance depends on how old the person is when he or she dies.

A person is *fully insured* for survivors benefits if he or she has at least 40 credits (or 10 years of work) at death; fewer credits are required for workers who die before age 62.⁴ Spouses, former spouses, children, and parents of fully insured workers are eligible for all types of survivors benefits as long as they meet the other requirements for those benefits.⁵ In 2005, 87% of Americans over age 20 were fully insured.

A deceased worker's children and the spouse (or former spouse) caring for those children could be eligible for survivors benefits even if the deceased worker does not have enough credits to be fully insured. The deceased worker is *currently insured* if he or she earned at least six credits during the last three years before death. In 2004, 97% of covered workers age 20 to 49 were currently insured for survivors benefits.

Determining Survivors Benefits. Survivors benefits are determined using the same basic formula used to calculate Social Security retirement and disability benefits. Benefits are based on the lifetime earnings of the person who died, so survivors of higher earners tend to receive higher benefits than survivors of lower earners. However, the benefit formula is progressive, so survivors benefits tend to replace a higher proportion of lower earners' wages than of higher earners' wages.

When a person applies for survivors benefits, the deceased worker's basic benefit amount is determined.⁶ This amount is calculated by applying the basic Social Security benefit formula to the worker's average earnings in covered employment, adjusted for wage growth. Qualifying survivors will receive a percentage of the basic benefit amount, depending on their age and their relationship to the deceased worker. Survivors benefits may also be subject to reductions based on the earnings of the survivors and family size. If a survivor qualifies both for benefits based on his or her own work record and benefits based on a spouse's record, the survivor receives the higher amount of the two. Survivors benefits, like all Social Security benefits, are increased each year to account for inflation.

³ In 2005, one credit is earned for every \$920 earned in covered employment, up to a maximum of four credits (or \$3,680) per year. This amount increases each year to account for wage growth.

⁴ A person is fully insured if he or she has earned at least one credit for each year between age 21 and turning 62, dying, or becoming disabled.

⁵ SSA does not pay survivors benefits based on same-sex marriages. See CRS Report RS21897, *The Effect of State-Legalized Same-Sex Marriage on Social Security Benefits and Pensions*, by Laura Haltzel and Patrick Purcell.

⁶ This amount is called the Primary Insurance Amount (PIA). For more on calculating benefits, see CRS Report 94-27, *Social Security: Brief Facts and Statistics*, by Gary Sidor.

Types of Survivors Benefits

Widow's and Widower's Benefits. Surviving spouses of fully insured people are eligible for widow's or widower's benefits. Divorced surviving spouses may be eligible if they were married at least 10 years. Surviving spouses or former spouses receive 100% of the deceased worker's basic benefit if they begin to collect survivor benefits at full retirement age.⁷ As early as age 60, they may receive reduced benefits (from 71% to 99% of the worker's basic benefit).⁸ As early as age 50, disabled surviving spouses (i.e., those receiving Social Security disability benefits) may receive reduced widow(er)'s benefits. Widow(er)'s benefits are not paid to spouses or former spouses who remarry before age 60 (or 50 if disabled).

About 69% of all survivor beneficiaries (4.7 million people) received widow's and widower's benefits at the end of 2003.⁹ Nearly 200,000 of these beneficiaries were disabled. In December 2004, monthly widow(er)'s benefits averaged \$920 for non-disabled beneficiaries, and \$583 for disabled beneficiaries.

Mother's and Father's Benefits. If they are not eligible for widow(er)'s benefits, surviving spouses of fully or currently insured workers may be entitled to mother's or father's benefits. To qualify, the spouse must care for a child of the deceased who is either under the age of 16 or disabled. Divorced spouses may also qualify, regardless of the length of the marriage. Mother's and father's benefits are 75% of the worker's basic benefit, and may be collected regardless of the age of the mother or father.

About 3% of all survivor beneficiaries (190,000 people) received mother's and father's benefits at the end of 2003. (About 9% of mother's and father's beneficiaries were divorced spouses.) In December 2004, mother's and father's benefits averaged \$689 a month.

Child's Benefits. Surviving children of fully or currently insured workers may be entitled to child's benefits. Child's benefits are paid to unmarried surviving children who are under 18 (or 19 if still in high school). They are also paid to the disabled children of insured workers, regardless of age (as long as the disability began before the age of 22). Both biological and adoptive children are eligible for survivors benefits, as well as children born out of wedlock. Dependent step-children and grandchildren may also qualify for these benefits. Child's benefits are 75% of the worker's basic benefit.

About 28% of all survivor beneficiaries (1.9 million people) received child's benefits at the end of 2003, including 1.4 million children under 18 and high school students under 19, and 500,000 disabled adult children of deceased workers. In December 2004, monthly child's benefits averaged \$625.

⁷ The full retirement age depends on the year of a worker's birth, and is scheduled to increase from age 65 to 67. See the SSA website at [<http://www.ssa.gov/retirechartred.htm>].

⁸ In contrast, the earliest eligibility age for early retirement benefits is 62.

⁹ Social Security Administration, "Annual Statistical Supplement, 2004," Aug. 2005, at [<http://www.ssa.gov/policy/docs/statcomps/supplement/>].

Parent's Benefits. The surviving parents of fully insured people are eligible for parent's benefits if they are over age 62 and were receiving at least half of their support from the deceased.¹⁰ Parent's benefits are 82.5% of the worker's basic benefit. About 2,000 people received parent's benefits at the end of 2003, making up less than 0.1% of all survivor beneficiaries. In December 2004, parent's benefits averaged \$810 a month.

Lump-Sum Death Benefits. In addition to monthly survivors benefits, a deceased worker's family may be eligible to receive a one-time death benefit of \$255.¹¹ Only one lump-sum death benefit is payable to the family of each insured person. The lump-sum death benefit is paid to the insured person's surviving spouse, regardless of age, as long as the spouse meets certain requirements.¹² If no eligible widow or widower exists, the death benefit is paid in equal shares to any children who qualify for child's benefits based on the deceased worker's record. If a worker leaves no eligible spouse or child, the lump-sum death payment will not be paid.

Reductions to Survivors Benefits. The total survivors benefits paid to an insured worker's family are capped, regardless of the number of family members who qualify for benefits. The maximum family benefit is 150% to 188% of the worker's basic benefit, depending the amount of the benefit. If the total survivors benefits payable to a worker's family exceed this maximum, each person's benefit will be reduced proportionately. Benefits paid to divorced surviving spouses are not included in the total.

Survivors benefits may also be reduced for beneficiaries who work before full retirement age. Survivor beneficiaries younger than full retirement age are subject to an *earnings test*, wherein their benefits are reduced if their earnings exceed certain limits. (The benefits of other family members would not be affected by the reduction.)

Applying for Survivors Benefits

It is in the interests of family members of an insured worker to apply for survivors benefits promptly after the worker's death. In some cases, benefits are paid from the time of application, not the time of the worker's death.¹³ Survivors must apply for the lump-sum death benefit no later than two years after the death of the insured individual.

First-Time Social Security Beneficiaries. To apply for survivors benefits, people who do not currently receive Social Security benefits should call SSA to request

¹⁰ Evidence of support must be provided to SSA within two years of the death of the insured person, even if the parent has not yet reached the qualifying age of 62.

¹¹ The death benefit is equal to the smaller of three times the worker's Primary Insurance Amount (PIA), or \$255. The minimum PIA for 2005 is \$627, so the death benefit is effectively \$255.

¹² To qualify, a spouse must be living with the worker at the time of death or must be eligible to receive certain Social Security benefits based on the worker's record in the month of death.

¹³ Eligibility for Social Security benefits ends the month before the month of a person's death, so the last benefit received by the deceased usually must be returned. See CRS Report 93-792, *Social Security Benefits Are Not Paid for the Month of Death: A Fact Sheet*, by David Koitz.

an application by mail or to set up an appointment at any SSA field office.¹⁴ Applicants must provide documents to show how they qualify for survivor benefits. These documents must be originals or copies certified by the agency that issued them.

Applicants for survivors benefits need to provide information about the deceased worker, including his or her Social Security number and most recent tax return. They must also show proof of death, either a death certificate or documentation from a funeral home. Applicants also need to provide information about themselves, including their Social Security numbers and photo identifications. They must demonstrate their relationship to the deceased worker using a birth certificate, marriage certificate, divorce papers, or adoption papers. Applicants should also provide their bank name and bank account number if they choose to have their benefits direct deposited.

Current Social Security Beneficiaries. Survivors who currently receive Social Security benefits need to report the death of an insured person in order to receive survivors benefits. People whose current Social Security benefits are based solely on their own earnings can contact SSA to see if their survivors benefits would be higher than their current benefits. If so, these survivors must complete an application to receive survivors benefits. People who already receive benefits based in whole or in part on the deceased worker's earnings are to have their benefits automatically adjusted by SSA. These beneficiaries need only report the death of the insured worker. An SSA representative is to contact the beneficiary if further information is needed to process survivors benefits.

Legislative History of Survivors Benefits

The Social Security Amendments of 1939. The Social Security Act of 1935, P.L. 74-271, did not include any provisions for monthly survivors benefits but did include a lump-sum payment upon the death of a fully insured person over the age of 65.¹⁵ The 1939 amendments reduced the size of the lump-sum death payment and expanded its coverage to both fully or currently insured workers, regardless of age. Monthly survivors benefits were also established in the Social Security Amendments of 1939, P.L. 76-379, including those for widows, parents, and children. These changes were made to “afford more adequate protection to the family as a unit” than could be afforded by a single lump-sum payment that did not take into account family size or number of survivors.

Changes Since 1939. Few major changes to the survivors benefits have been established by the 1939 amendments. Benefits were extended to dependent *widowers* over the age of 65 as part of the Social Security Amendments of 1950, P.L. 81-734, and the dependency test for widowers was later removed as part of the Social Security Amendments of 1983, P.L. 98-21. Payments to divorced widows with children were established as part of the 1950 amendments, and payments to divorced widows without children as part of the 1965 amendments. Benefits for divorced widowers were not provided until the 1983 amendments. Benefits were extended to disabled children over

¹⁴ SSA can be contacted by phone at 1-800-772-1213 (or 1-800-325-0778 for TTY), 7:00 a.m. to 7:00 p.m. on weekdays. Applicants who file for benefits by mail must send their original supporting documents to SSA. Documents are to be returned to the applicant.

¹⁵ For more information, see CRS Report RL30920, *Major Decisions in the House and Senate on Social Security: 1935-2000*, by Geoffrey Kollmann and Carmen Solomon-Fears.

the age of 18 with the Social Security Amendments of 1956, P.L. 84-880. The Omnibus Budget Reconciliation Act of 1981, P.L. 97-35, phased out child's benefits for post-secondary students. It also reduced from 18 to 16 the maximum age of non-disabled children used to determine eligibility for mother's and father's benefits, and restricted who could receive the lump-sum death benefit. The lump-sum death benefit was capped at \$255 in the Social Security Amendments of 1954, P.L. 83-761.

Legislative Activity in the 109th Congress

Survivors benefits are based on the same formula as all other OASDI benefits, so any changes to the basic benefit formula would affect survivor beneficiaries, unless they are specifically exempt. The following eight plans include individual accounts, which could be inherited by survivors. Other changes to survivors benefits in these bills include

- H.R. 440 would set widow(er)'s benefits at 75% of the couple's benefits (compared to 50-67% under current law). It would change the benefit formula and reduce the cost of living adjustment for all OASDI benefits;
- H.R. 530 would replace Social Security retirement benefits, including widow(er)'s benefits, with individual accounts for workers who choose to contribute to accounts. For those who do not contribute to accounts, it would reduce Social Security benefits, including all survivors benefits;
- H.R. 750 would set widow(er)'s benefits at 75% of the couple's benefits. It would allow widow(er)s to qualify for disability benefits regardless of age or when the disability occurred. It would lower the reduction in widow(er)'s benefits under the Government Pension Offset and eliminate the earnings test for all benefits;
- S. 540 would change the basic benefit formula, but would exempt mother's, father's, and child's benefits from the changes. Survivors of account participants are guaranteed survivors payments (including account proceeds) at least equal to those if the worker had no account;
- S. 857, H.R. 1776, S. 1302, and H.R. 3304 would reduce widow(er)'s benefits to reflect the payroll taxes redirected to individual accounts if widow(er)s and/or their spouses contributed to accounts. Other survivors benefits would not be affected.

In addition, six other bills would alter only survivors benefits.

- H.R. 77 would allow remarried widow(er)'s beneficiaries to continue receiving those benefits if the marriage on which they are based lasted at least 10 years;
- H.R. 78 would extend a lump-sum death benefit to all surviving spouses;
- H.R. 2126 would reduce the age of eligibility for widow(er)'s benefits from 60 to 55;
- H.R. 2190 would add a delayed retirement credit to widow(er)'s benefits;
- H.R. 2191 would provide full benefits to widow(er)s without regard to age or previous reduction in benefits and prohibit the reduction to widow(er)'s benefits if the beneficiary is disabled;
- H.R. 2192 would expand the period in which a person's disability could begin for the purposes of qualifying for widow(er)'s benefits before age 60.