Lifetime Low Earners and Social Security: Analysis of Data from the Health and Retirement Study (HRS)

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SUMMARY

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Zhe Li
Analyst in Social Policy

For the purpose of Social Security, individuals with lifetime low earnings are commonly defined as those with low career-average covered earnings. Covered earnings include wages and self-employment income subject to the Social Security payroll tax and used in benefit calculations. Most jobs in the United States are covered by Social Security. In 2025, about 185 million people worked in covered employment, representing roughly 93% of workers in paid employment and self-employment.

Among lifetime low earners, some workers experienced prolonged periods of low earnings, while others had intermittent employment histories. This report examines the characteristics and covered earnings patterns of lifetime low earners born between 1940 and 1959, defined as individuals in the bottom 25% of the career-average earnings distribution (in 2020 dollars). Understanding their characteristics, earnings trajectories, and retirement income can help policymakers identify more targeted policy options and better assess how changes to Social Security may affect different subgroups within this population. The analysis is limited to the earnings covered by the Social Security program and draws on data from the Health and Retirement Study (HRS) linked to administrative records from the Social Security Administration (SSA).

Lifetime low earners differed substantially from other earners across a broad range of demographic, health, and employment characteristics. Low earners were more likely to be women, have lower educational attainment, identify as Black non-Hispanic or Hispanic, have more children, be foreign-born, and report health limitations or disabilities. They also accumulated significantly fewer years of covered earnings, with 9.7% having 35 or more years of earnings, compared with 83.0% of all other earners. Reflecting these disparities, lifetime low earners were more likely to experience poverty in older age: 17.8% had household income below the poverty threshold at ages 65-66, compared with 2.6% of all other earners.

Social Security is a major source of retirement income for lifetime low earners. Among low earners receiving household income from Social Security, 33.8% received more than half of their household income from Social Security at ages 65-66, a share that increased to 51.1% at ages 75-76. Dependence at very high levels was also common. About 11.1% of low earners relied on Social Security for 90% or more of household income at ages 65-66, with this percentage increasing to 27.0% at ages 75-76.

Lifetime low earners may qualify for Social Security benefits through their own earnings records (e.g., retired worker or disabled worker benefits), another individual's earnings record (e.g., spousal or survivor benefits), or both. To qualify for a retired-worker benefit, for example, an individual generally must accumulate sufficient number of years of Social Security-covered employment (*work years*) and have a specified level of earnings in each year. Those who do not meet eligibility requirements for any benefit type receive no Social Security benefits. As their work histories lengthen, low earners are increasingly likely to receive worker benefits based on their own earnings record and less likely to receive no benefits or to rely on spousal or survivor benefits. At ages 65-66, approximately 10.6% of low earners with between one and nine work years prior to age 62 received Social Security worker benefits (these individuals likely had additional earnings at age 62 or later), compared with 61.3% of those with 10-19 work years and more than 80% of those with 20 or more work years. In contrast, about 48.7% of low earners with fewer than 10 work years did not qualify for any Social Security benefits, compared with 27.4% of those with 10-19 work years and fewer than 14% of those with 20 or more work years. Reliance on spousal or survivor benefits declined markedly with work experience, from 40.7% among those with one to nine work years to 11.6% among those with 10-19 work years and fewer than 6% of those with 20 or more worker years.

Policy proposals to modify various aspects of the Social Security program may have important implications for lifetime low earners' benefits. Some proposals are explicitly designed to enhance benefits for low earners, while others, although not directly targeted at this group, may still affect their benefits. For example, redesigning elements of the special minimum benefit provision could increase Social Security benefits for some lifetime low earners. In contrast, increasing the number of computation years used in the benefit formula would incorporate additional years of low (or zero) earnings into benefit calculations, thereby disproportionately affecting individuals with low lifetime earnings.

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Introduction

The adequacy of retirement income for lifetime low earners has long been a focus of policy debate. Older Americans may receive retirement income from a variety of sources, including Social Security—formally known as Old-Age, Survivors, and Disability Insurance—as well as pensions and retirement savings, asset income, public assistance, and other sources. Because of persistently low earnings and limited access to employer-sponsored pensions during their working years,[1] many lifetime low earners are unable to accumulate sufficient retirement savings or assets.[2] Consequently, Social Security often serves as their primary source of income in retirement.

Under current law, Social Security alone generally does not provide lifetime low earners with benefits above the poverty level. For example, an individual who worked full time at the federal minimum wage throughout his or her lifetime (with no career interruption) would typically receive Social Security benefits below the federal poverty threshold (approximately $1,304 per month for a one-person household in 2025).[3] Although the Social Security program includes a special minimum benefit intended to provide an alternative, higher benefit for workers (and their dependents) with many years of low earnings, this provision is indexed to prices rather than wages, causing it to apply to a shrinking share of beneficiaries over time.[4] As of December 2024, 19,872 beneficiaries received the special minimum benefit, with an average monthly benefit of about $958.[5]

Policymakers in Congress may be interested in the characteristics, earnings patterns, and retirement income of lifetime low earns for several reasons. Policies aimed at improving retirement adequacy for this group are complex. First, low lifetime earnings can stem from a range of factors, including lower educational attainment, extended periods of childcare, immigration at older ages, and reduced work capacity due to health limitations. These diverse pathways into lifetime low earnings often require different policy approaches to effectively improve retirement income. Understanding demographic and socioeconomic characteristics of low earners can help identify more targeted policy options. Second, lifetime low earners are not necessarily poor in retirement. Some maintain adequate living standards through higher family income contributed by other household members, while others receive retirement income based on other individuals' earnings records. For example, individuals with intermittent earnings due to childcare responsibilities may qualify for Social Security spousal benefits based on their spouses'

[1] See CRS Report R43439, *Worker Participation in Employer-Sponsored Pensions: Data in Brief and Recent Trends*.

[2] See CRS Report R48143, *Ownership of Retirement Accounts in 2022: Amounts in Defined Contribution Plans and Individual Retirement Accounts*.

[3] See CRS Report R46589, *Social Security Special Minimum Benefit: Policy Options*, and Department of Health and Human Services (HHS), "Poverty Guidelines," https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines.

[4] Social Security's special minimum benefit is an alternative benefit formula that increases benefits paid to workers who had low earnings for many years, and to their dependents and survivors. The special minimum benefit is based on the number of years a person has worked with earnings at or above a certain threshold, whereas the regular benefit formula is based on a worker's average lifetime earnings. The worker receives the higher of the two benefits. The special minimum benefit has virtually no effect on the benefits paid to today's new retirees. Under current law, it grows with price levels, whereas the regular benefit is linked to wages. Because wages generally grow faster than prices do, the special minimum benefit affects fewer beneficiaries every year. For more information, see CRS Report R43615, *Social Security: Minimum Benefits*.

[5] Social Security Administration (SSA), *Annual Statistical Supplement, 2025*, Table 5.A8, https://www.ssa.gov/policy/docs/statcomps/supplement/2025/5a.html#table5.a8.

earnings.[6] Understanding the sources of retirement income for low earners and their reliance on Social Security benefits can help policymakers better assess how changes to the Social Security program might affect different subgroups within this population.

To inform policy options aimed at improving retirement income adequacy for lifetime low earners, this report presents analysis based on data from the Health and Retirement Study (HRS) linked with administrative records from the Social Security Administration (SSA).[7] The analysis examines the characteristics of lifetime low earners born between 1940 and 1959,[8] their Social Security-covered earnings levels and patterns, and their income in older age. It also evaluates Social Security eligibility, benefit receipt, and reliance on Social Security among low earners. Drawing on these findings, the report discusses selected Social Security policy options that may affect retirement income for lifetime low earners, such as changes to the special minimum benefit and to the number of years of earnings included in the benefit formula.

Characteristics of Lifetime Low Earners

This report defines *earners* as individuals born between 1940 and 1959[9] who had at least one year of positive earnings in Social Security-covered employment.[10] All earnings were converted to 2020 dollars using the Consumer Price Index for All Urban Consumers, U.S. City Average (CPI-U).[11] Low earners are those in the bottom 25% of the distribution of career-average earnings—measured as average Social Security-covered earnings over ages 16 to 61 (in 2020 dollars)—for all earners. The remaining 75% of individuals, with higher career-average earnings, are classified as *middle-high earners*.

This section examines differences in demographic characteristics (including health status), work histories, retirement income, and old-age poverty rates between low and middle-high earners using data from the HRS linked with administrative records from SSA. The HRS is a longitudinal, nationally representative survey of the population over age 50. The HRS core survey is conducted by the University of Michigan's Institute for Social Research every two years starting in 1992; this report uses 15 waves of HRS from 1992 through 2020 (the most recent wave available). Administrative records from the SSA, linked to the HRS at the individual level,

[6] See CRS Report R41479, *Social Security: Revisiting Benefits for Spouses and Survivors*.

[7] For information on data sources and definitions, see the **Appendix**.

[8] Statistics presented in this report are for workers who were born between 1940 and 1959. The working experience of this 20-year cohort may not present the same earnings pattern as older or younger cohorts.

[9] Those born in 1959 reached age 61 in 2020, the most recent year for which lifetime earnings data are available. Individuals born between 1940 and 1944—the oldest five-year cohort—attained ages 76 to 80 in 2020, making it possible to examine retirement income at older ages.

[10] A worker's employment or self-employment is considered covered by Social Security if the services performed in that job result in earnings that are taxable and creditable for program purposes. In 2026, workers pay a 6.2% tax on covered earnings, up to a maximum earnings level of $184,500. The maximum earnings level is generally adjusted annually based on average wage growth in the national economy. Employers pay a corresponding amount—6.2% of workers' covered earnings up to the annual maximum. Self-employed workers generally pay a 12.4% tax on net earnings up to the annual maximum. Most jobs in the United States are covered by Social Security. Recent estimates by the SSA show that about 185 million people were expected to work in covered employment in 2025 and that about 93% of workers in paid employment and self-employment are covered under the program. See SSA, "Fact Sheet on the Old-Age, Survivors, And Disability Insurance Program," July 22, 2025, https://www.ssa.gov/OACT/FACTS/fs2025_06.pdf. For the earnings data used in this report, see the **Appendix**.

[11] The CPI-U, which is a measure of the average change over time in prices paid by consumers for a market basket of goods and services, is commonly used to compare the real (inflation-adjusted) value of earnings or spending data at different points in time. There is no correction for regional price differences. See Bureau of Labor Statistics, "Consumer Price Index," https://www.bls.gov/cpi/.

provide data on earnings, self-employment income, the receipt and amount of Social Security benefits, and Supplemental Security Income (SSI) payments.[12] The HRS survey data provide information on demographics, health status, and other income measures.[13] For detailed information on the HRS data, see the **Appendix**.

Demographic Characteristics

Figure 1 presents demographic characteristics of earners born between 1940 and 1959 by career-average earnings level (low versus middle-high earners). The figure disaggregates results by gender, education, race and Hispanic ethnicity, marital history, number of ever-born children, birth place, and health status (as reported in the survey). Generally, lifetime low earners and middle-high earners differed across several demographic characteristics.

Among individuals shown in **Figure 1**, lifetime low earners were more likely to be women. About 75.0% of low earners were female, compared with 46.1% of middle-high earners. Low earners also were more likely to have lower levels of educational attainment, with 20.8% lacking a high school diploma, versus 5.4% among middle-high earners. In addition, low earners differed from other earners by race and Hispanic ethnicity. Approximately 14.2% of low earners identified as Black non-Hispanic and 17.7% as Hispanic, compared with 8.4% and 6.3%, respectively, among middle-high earners.

Marital histories differed modestly between lifetime low earners and middle-high earners. About 53.7% of low earners were married and never divorced before age 62, compared with 47.4% of middle-high earners. Earners also varied in the number of children ever born. About 48.6% of low earners had three or more children, compared with 30.4% of middle-high earners. This aligns with other indications suggesting that childbearing and childcare responsibilities may reduce labor market returns.[14]

Nativity also differed by earnings group. Approximately 17.2% of low earners were born in foreign countries, compared with 8.3% of middle-high earners. Foreign-born individuals may come to the United States at later ages, resulting in shorter periods of covered employment for Social Security purposes. They may also have prior work in foreign countries and be eligible for retirement benefits from those countries.[15]

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[12] Respondents in the HRS are asked to provide written consent to authorize SSA to release Social Security and SSI benefits and earnings records to the University of Michigan's Institute for Social Research for research purposes. For more information, see HRS, "HRS Restricted Data," https://hrs.isr.umich.edu/data-products/restricted-data.

[13] In the HRS, information is collected at both the individual and household levels on a wide-range of topics, including health, health services, labor force involvement (work, earnings, retirement, disability), economic status (income sources and amounts, wealth by asset type, Social Security, pensions), family structure, and expectations.

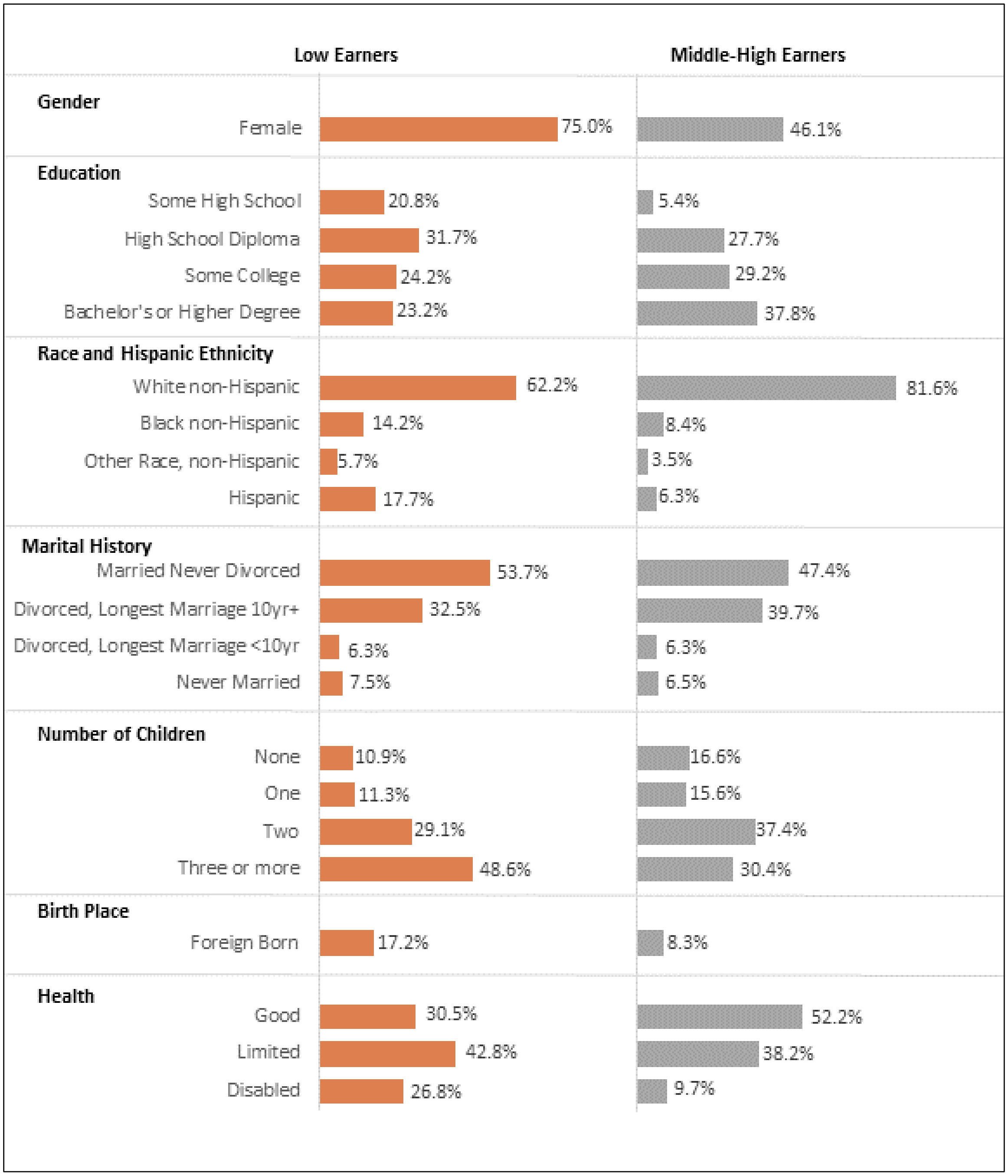
[14] See Patricia Cortés and Jessica Pan, "Children and the Remaining Gener Gaps in the Labor Market," *Journal of Economic Literature*, vol. 61, no. 4 (December 2023), pp. 1359-1409; Man Yee Mallory Leung, et al., "The Relationship between Age at First Birth and Mother's Lifetime Earnings: Evidence from Danish Data," *PLoS One*, 11:1-13 (2016); Michelle Budig and Paula England, "The Wage Penalty for Motherhood," American Sociological Review, 66:204–25 (2001); Melissa M. Favreault and C. Eugene Steuerle, *The Implications of Career Lengths for Social Security*, Urban Institute, Discussion Paper no. 08-03, 2008, http://www.urban.org/UploadedPDF/411646_careerlengths.pdf.

[15] Totalization agreements are bilateral agreements that provide limited coordination of the U.S. Social Security program with comparable social insurance programs of other countries. The agreements are intended primarily to eliminate dual Social Security taxation based on the same work and provide benefit protection for workers who divide their careers between the United States and a foreign country. For more information, see SSA, "International Social Security Agreements," https://www.ssa.gov/international/agreements_overview.html.

Health status is another factor that may affect earnings. A person is categorized as “disabled” or “limited” if he or she responded with a disability or limited health condition before age 62 in any wave of the survey from 1992 to 2020. About 30.5% of low earners reported being in good health, compared with 52.2% of middle-high earners. In contrast, approximately 26.8% of low earners reported experiencing a disability before age 62 that prevented them from working, compared with 9.7% of middle-high earners.

Figure 1. Characteristics of Earners, by Career-Average Earnings Group

Birth years 1940-1959



Source: CRS analysis of data from the Health and Retirement Study (HRS).

Notes: The sample in the figure includes workers surviving to age 61. Low earners are defined as the 25% of individuals with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 to 61 (in 2020 dollars), while the remaining 75% of individuals are classified as middle-high earners. Dollar amounts are adjusted for inflation using the Bureau of Labor Statistics' Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). Marital history is recorded at age 62. "Divorced, Longest Marriage 10yr+" means that the longest marriage until age 62 of a divorced person was 10 years or more, and "Divorced, Longest

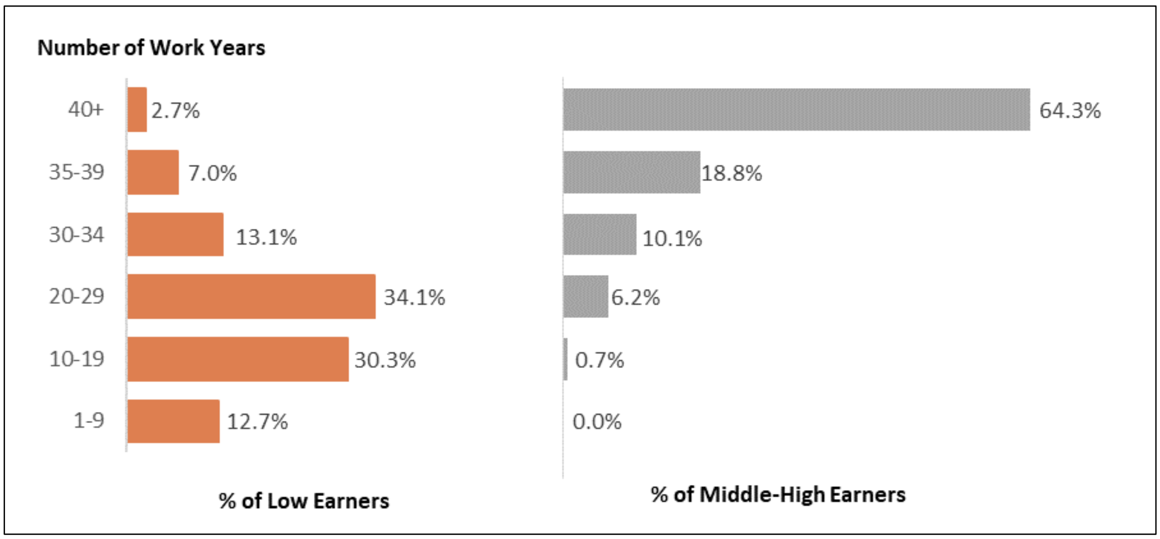
Marriage<10yr" means that the longest marriage until age 62 of a divorced person was less than 10 years. Health status is based on self-responses in the HRS. A person is categorized as "disabled" or "limited" if he or she responded with disability or limited health condition before age 62 in any wave of the survey. Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Work Histories

Figure 2 shows the distribution of work years accumulated between ages 16 and 61 for workers born in 1940-1959, by career-average earnings level (low versus middle-high earners). *Work year* is defined as any year in which a worker had positive earnings in Social Security-covered employment. On average, lifetime low earners had substantially fewer work years than did middle-high earners. About 9.7% of low earners had 35 or more years of earnings, compared with 83.0% of middle-high earners. Meanwhile, approximately 64.5% of low earners had between 10 and 29 years of earnings, compared with 6.9% of middle-high earners. About 12.7% of low earners had fewer than 10 years of earnings, compared with nearly none of middle-high earners.

Figure 2. Distribution of Work Years of Social Security-Covered Earnings, by Career-Average Earnings Group

Birth years 1940-1959



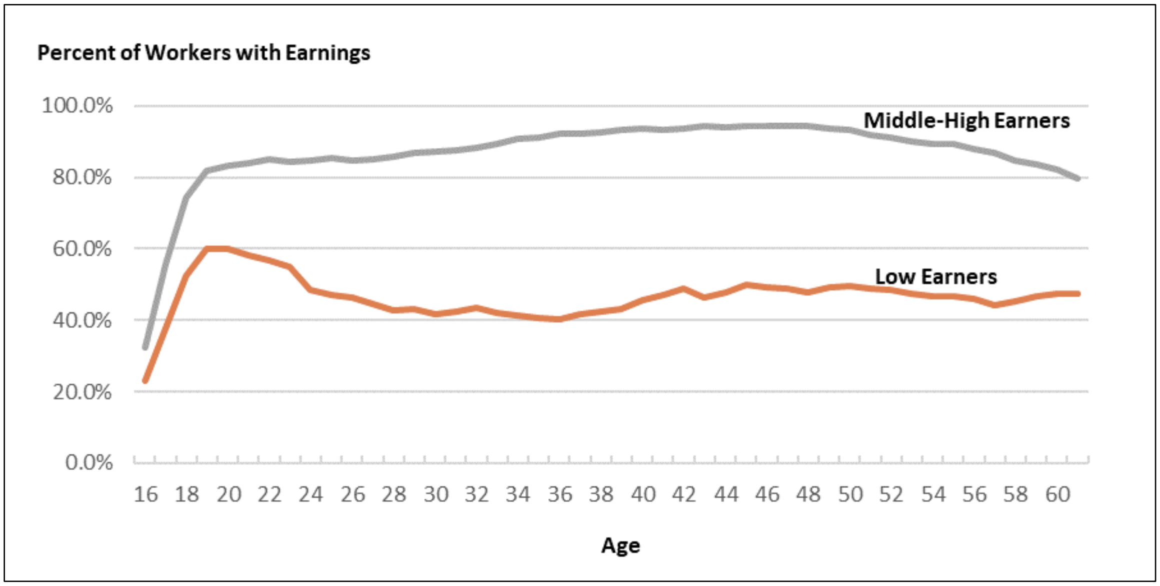
Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to age 61. One work year is defined as one year with positive Social Security-covered earnings. Low earners are defined as the 25% of individuals born between 1940 and 1959 with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 to 61 (in 2020 dollars), while the remaining 75% of individuals are classified as middle-high earners. Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Figure 3 shows the percentage of workers born between 1940 and 1959 with earnings at each age from 16 to 61, by career-average earnings level. Across all ages, a smaller share of lifetime low earners had earnings compared with middle-high earners. For example, 60.1% of low earners had earnings at age 20, declining to 41.8% by age 30, and remaining roughly between 40% and 50% through age 61. Based on estimates shown in **Figure 1**, factors that may contribute to low labor force participation among lifetime low earners include health limitations, family caregiving, and other circumstances. In contrast, about 80%-95% of middle-high earners had earnings at each age between ages 21 and 60. Their labor force participation was lower during younger ages (before 21) and in years approaching retirement (after age 60), but still greater than low earners at all ages.

Figure 3. Percentage of Workers with Social Security-Covered Earnings, by Age and Career-Average Earnings Group

Birth years 1940-1959



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to age 61. One work year is defined as one year with positive Social Security-covered earnings. Low earners are defined as the 25% of individuals born between 1940 and 1959 with the least career-average earnings, measured as Social Security-covered average earnings over ages 16 to 61 (in 2020 dollars), while the remaining 75% of individuals are classified as middle-high earners. Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Retirement Income and Poverty

Older individuals receive income from a variety of sources, including Social Security, earnings, pensions and retirement savings, asset income, public assistance, and other sources.[16] Some types of retirement income are directly linked to earnings during one's working life. For example, the Social Security retired-worker benefit is calculated using a formula based on an individual's career-average earnings.[17] Pension benefits—such as those in defined benefit and defined contribution plans—are also derived from certain years of work.[18] In contrast, other sources of retirement income are based on other people's earnings. For instance, under Social Security, an

[16] Other sources of income include veterans' benefits, workers' compensation, unemployment compensation, alimony, child support, and financial assistance from friends or relatives not living in the same household. For detailed definition of *income*, see the **Appendix**.

[17] For more information, see CRS Report R46658, *Social Security: Benefit Calculation*.

[18] See CRS Report R47119, *Pensions and Individual Retirement Accounts (IRAs): An Overview*.

individual can receive spousal or survivor benefits based on a spouse's or a former spouse's work history.[19] Additionally, older individuals may qualify for public assistance if their income and assets fall below program-specific thresholds.

This section compares retirement income and old-age poverty rates for lifetime low earners with those of middle-high earners at ages 65-66. Retirement income includes all sources of income an individual (and the spouse, if married) received in the year when the individual attained age 65 or 66. The age at which the income was recorded depends on the individual's birth year and the survey year of the HRS. The HRS core survey is conducted every two years, recording income sources and amounts received in the calendar year prior to the survey year. For example, the 2020 HRS survey captures income received in calendar year 2019. This corresponds to income at age 65 for individuals born in 1954 and at age 66 for those born in 1953. Individuals born in 1954 turned age 66 in 2020, the most recent year for which data are available.

Median Income

Figure 4 shows median individual and household annual income as of ages 65-66 for workers born between 1940 and 1954, expressed in 2020 dollars, by marital status and career-average earnings level. Approximately 68.5% of those individuals in the sample were married at ages 65-66. For married individuals, household income is calculated as the combined income of both spouses, whereas for single individuals—those who are widowed, divorced or separated, and never married—household income is equal to their individual income.

For individuals born between 1940 and 1954, the median annual retirement income was substantially lower for lifetime low earners than for middle-high earners, after accounting for all income sources. The median individual income for low earners was $15,500, compared with $45,600 for middle-high earners. Similarly, the median household income was $49,300 for low earners, versus $78,400 for middle-high earners.

For both low and middle-high earners, the difference between individual income and household income likely reflects the presence of spouses for married individuals. When individuals are broken down by marital status at ages 65-66, median household income was the same as median individual income for single individuals (e.g., $15,200 for low earners). In contrast, for married individuals, median household income was substantially higher than median individual income (e.g., $67,500 versus $15,900 for low earners), reflecting the inclusion of spouses' income.

[19] See CRS Report R41479, *Social Security: Revisiting Benefits for Spouses and Survivors*.

Figure 4. Median Household Annual Income for Individuals at Ages 65-66, by Marital Status and Career-Average Earnings Level

Birth years 1940-1954

Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to ages 65-66. Low earners are defined as the 25% of individuals born between 1940 and 1954 with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 through 61 (in 2020 dollars), while the remaining 75% of individuals are classified as middle-high earners. Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1954 turned ages 65-66 between 2005 and 2020 (the most recent year for which data are available). Married individuals include those married or partnered. Single persons include those widowed, divorced/separated, and never married. Household income for married individuals is the sum of income from each spouse or partner in the household. Median income is rounded to the nearest hundred to reduce data sensitivity. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Poverty Status

In this report, household income is used to evaluate poverty measures.[20] Compared with individual income, household income is generally considered a more comprehensive measure of the resources available to older individuals. For example, many married couples share expenses in the household and make financial decisions jointly, such as how many hours to work, who provides caregiving, and how much to save for major expenditures. Some sources of income may also be jointly received, such as interest income from a jointly held financial account. Under Social Security, a dependent spouse may receive monthly benefits based on the working spouse's earnings records. In addition, household income is often used to determine the eligibility for public assistance (e.g., SSI),[21] as household resources may be deemed available to meet an individual's needs.

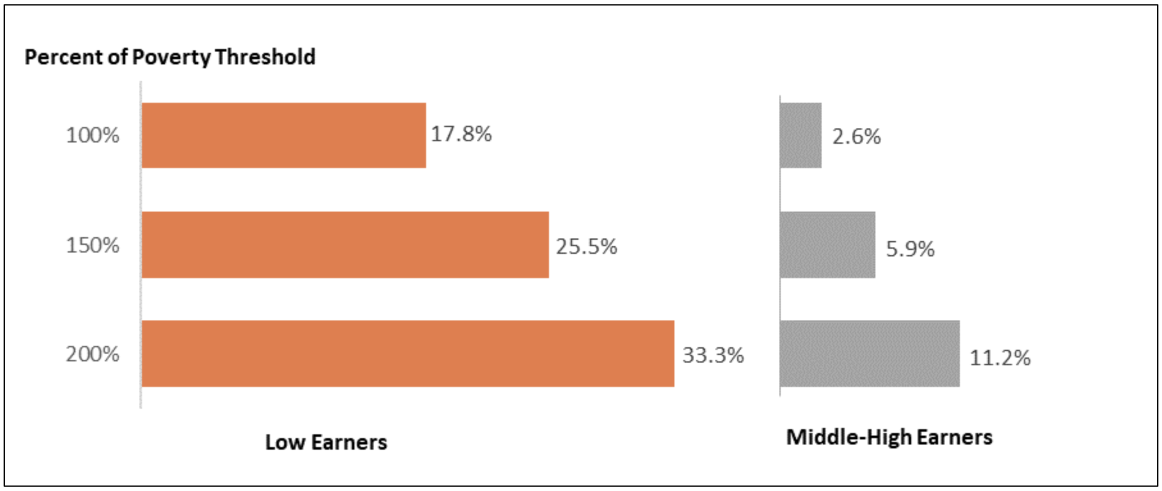
[20] Poverty status is determined based on the definition by the U.S. Census Bureau. See U.S. Census Bureau, "Poverty Thresholds," https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html; and Delia Bugliari et al., *RAND HRS Longitudinal File 2020 (V2) Documentation*, RAND, May 2024, Section "4. Poverty Threshold Definitions and HRS Measures."

[21] See CRS In Focus IF10482, *Supplemental Security Income (SSI)*.

Figure 5 shows the percentage of individuals born between 1940 and 1954 whose household income at ages 65-66 fell below 100%, 150%, and 200% of the poverty threshold, by career-average earnings level. Lifetime low earners were more likely than middle-high earners to live in poverty or near poverty at older ages. About 17.8% of low earners had household income below the poverty threshold at ages 65-66, compared with 2.6% of middle-high earners. Similarly, approximately one-third of low earners had household income below 200% of the poverty threshold, compared with 11.2% of middle-high earners.

Figure 5. Share of Individuals at Ages 65-66 with Household Income Below a Certain Percentage of the Poverty Threshold, by Career-Average Earnings Group

Birth years 1940-1954



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to ages 65-66. Low earners are defined as the 25% of individuals born between 1940 and 1954 with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 through 61 (in 2020 dollars), while the remaining 75% of individuals are classified as middle-high earners. Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1954 turned ages 65-66 between 2005 and 2020 (the most recent year for which data are available). Poverty status is determined based on the definition by U.S. Census Bureau (see footnote 26). All values displayed in the figure have been adjusted for population weights provided by the HRS.

Social Security Benefits for Low Earners

Among individuals age 65 and older, Social Security is both the most common and the largest source of retirement income. In 2019, about half of aged individuals who lived in households receiving Social Security income obtained more than 50% their household income from Social Security, and nearly one-fifth received more than 90%.[22] Social Security also has the greatest effect on the poverty status of the aged population. Removing Social Security as a resource while holding the other resources and expenditures constant would increase the aged poverty rate by about 32.7 percentage points in 2024.[23]

[22] See CRS Report R47341, *Income for the Population Ages 65 and Older: Evidence from the Health Retirement Study (HRS)*.

[23] Emily A. Shrider and Christina Bijou, *Poverty in the United States: 2024*, Census Bureau, September 9, 2025, Table B-6, https://www.census.gov/library/publications/2025/demo/p60-287.html. For definition of the poverty rate, see CRS Report R45791, *Poverty Among the Population Aged 65 and Older*.

This section examines Social Security benefit receipt among lifetime low earners. Low earners may qualify for Social Security benefits in several ways. Some lifetime low earners did not work enough years to qualify for benefits based on their own earnings histories, while others are eligible for worker benefits. In some cases, low earners may receive benefits based on other individuals' earnings record, such as that of a spouse.

Benefit Eligibility

Individuals may become eligible for Social Security benefits based on their own earnings, other people's earnings records, or both. Retired workers and disabled workers typically qualify for benefits based on their own earnings histories, while eligible spouses, former spouses, survivors, children, or parents of a primary earner may receive benefits based on the primary earner's work record.[24]

Based on Earnings

In addition to the number of work years, the level of earnings also plays an important role in Social Security benefit eligibility. To qualify for a retired-worker benefit, an individual generally needs 40 quarters of coverage (QCs).[25] The amount of earnings required to earn one QC typically increases each year with average wage growth in the economy. For example, a worker could earn one QC for each $250 of covered earnings in 1978 and for every $1,890 in 2026.[26] A worker may earn up to four QCs per calendar year. A worker who does not accumulate 40 QCs (usually 10 years of Social Security-covered employment) is not eligible for retired-worker benefits under Social Security. Fewer QCs are needed to qualify for a disabled-worker benefit; the number needed varies, depending on the age of the worker when he or she became disabled.[27]

Figure 6 shows the distribution of lifetime low earners born between 1940 and 1959 by specified number of QCs earned in Social Security-covered employment. About 71.5% of lifetime low earners had accumulated at least 40 QCs before reaching age 62, and this share was slightly higher for men than for women. In contrast, 28.5% of low earners had not accumulated 40 QCs by age 62 and were therefore ineligible for Social Security retired-worker benefits at that age. These individuals may still qualify for benefits by working additional years at older ages, qualifying for disability benefits, or becoming entitled through their spouses' earnings records (e.g., spousal or survivor beneficiaries).

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[24] See CRS Report R41479, *Social Security: Revisiting Benefits for Spouses and Survivors*.

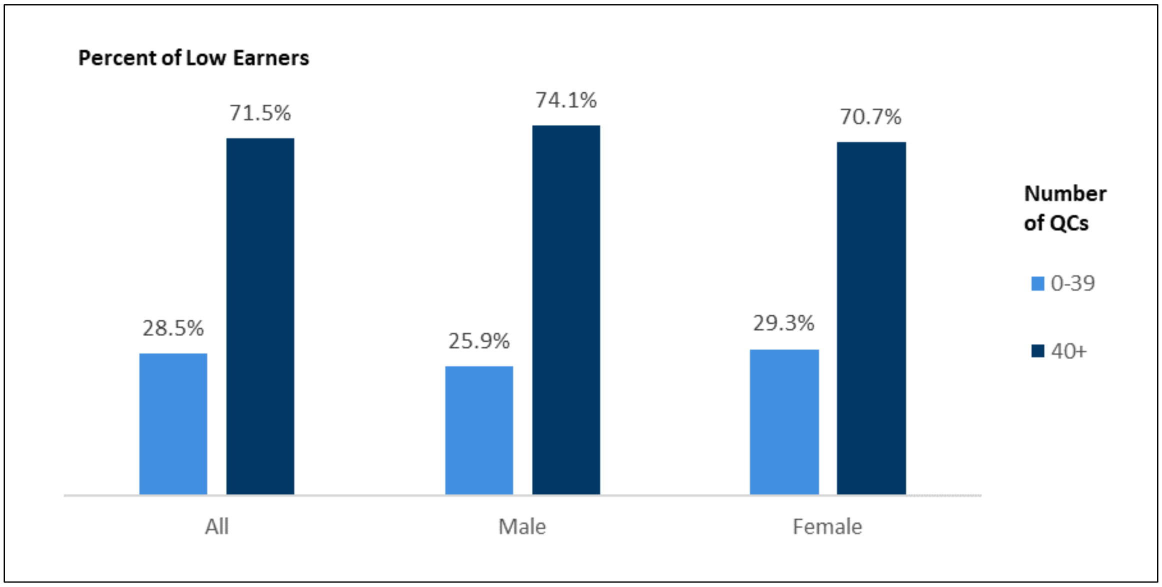
[25] Quarters of coverage are also called earnings credits.

[26] For historical earnings amount required for the quarter of coverage, see SSA, "Quarter of Coverage," https://www.ssa.gov/oact/cola/QC.html.

[27] In addition to years of work and earnings, individuals generally need to meet other requirements to receive Social Security disability benefits. See CRS In Focus IF10506, *Social Security Disability Insurance (SSDI)*. SSDI benefits automatically convert to retirement benefits at the beneficiary's full retirement age.

Figure 6. Distribution of Lifetime Low Earners, by Specified Number of Quarters of Coverage (QCs) and Gender

Birth years 1940-1959



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to age 61. Low earners are defined as the 25% of individuals born between 1940 and 1959 with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 through 61 (in 2020 dollars). Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). The amount of earnings required to earn one QC typically increases each year with average wage growth in the economy. For example, a worker could earn one QC for each $250 of covered earnings in 1978 and for every $1,890 in 2026. Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Based on Marriage

Social Security spousal benefits—that is, benefits payable to the spouse or divorced spouse of a retired or disabled worker—are available based on the primary earner's work record. Social Security survivor benefits are payable to the survivors of a deceased worker, including widows and widowers, children, the mother or father of the deceased worker's child(ren), and dependent parents. Eligibility for spousal and widow(er) benefits generally depends on meeting specific marriage-duration requirements. For example, an individual typically must have been married to the primary earner for at least one year before he or she applies for spousal benefits (with certain exceptions), while a qualifying widow(er) must have been married to the deceased worker for at least nine months and must not have remarried before the age of 60.[28] Divorced spouses and divorced surviving spouses must be currently unmarried, and the marriage must have lasted at least 10 years before the divorce became final.

Figure 7 shows the marital history of low earners born between 1940 and 1959. Nearly half of low earners were married and never divorced before age 62, and an additional 6.3% were divorced but had longest marriages lasting at least 10 years by age 62. These individuals would

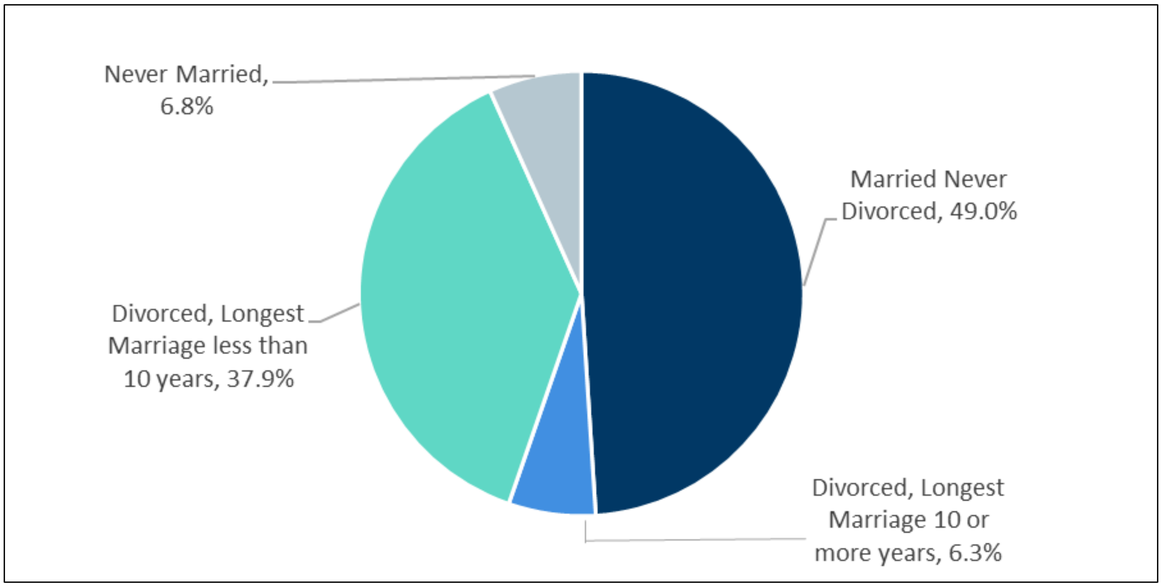
[28] The remarriage age requirement is 50 for disabled widow(er)s. Marriage-length exceptions are provided in some cases, such as accidental death or death in the line of duty.

generally qualify for spousal or widow(er) benefits under Social Security, subject to applicable deductions.[29]

In contrast, about 6.8% of low earners never married and therefore would generally be ineligible for spousal or widow(er) benefits. Also, approximately 37.9% of low earners were divorced, and their longest marriages ending in divorce before age 62 lasted less than 10 years. These individuals would generally be ineligible for Social Security benefits as divorced spouses or divorced surviving spouses, although they may qualify for other types of benefits.

Figure 7. Marital History for Low Earners

Birth years 1940-1959



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: Low earners are defined as the 25% of individuals with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 through 61 (in 2020 dollars). Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). "Divorced, Longest Marriage 10 or more years" means the longest marriage until age 62 of a divorced person was 10 years or more, and "Divorced, Marriage less than 10 years" means the longest marriage until age 62 of a divorced person was less than 10 years. Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Social Security: Dually Entitled Beneficiaries[30]

A person may qualify for a spousal or survivor benefit as well as for a Social Security benefit based on his or her own work record (a retired-worker benefit). In such cases, the person in effect receives the *higher* of the worker benefit and the spousal or survivor benefit. When the person's retired-worker benefit is higher than the spousal or survivor benefit to which he or she would be entitled, the person receives only the retired-worker benefit. Conversely, when the person's retired-worker benefit is lower than the spousal or survivor benefit, the person is

[29] Social Security spousal or widow(er) benefits could be reduced if the beneficiary also receives Social Security benefits on his or her own earnings records, the beneficiary has excess earnings and is below the full retirement age, the family benefit exceeds the statutory maximum, and for other reasons. For more information, see CRS Report R41479, *Social Security: Revisiting Benefits for Spouses and Survivors*.

[30] See CRS In Focus IF10738, *Social Security Dual Entitlement*.

referred to as *dually entitled* and receives the retired-worker benefit plus a spousal or survivor benefit that is equal to the difference between the retired-worker benefit and the full spousal or survivor benefit. In essence, the person receives a total benefit amount equal to the higher spousal benefit.

Due the small sample size, this report does not treat dually entitled beneficiaries as a separate category. Instead, dually entitled individuals are grouped with retired workers or disabled workers, the same way as that shown in SSA's statistics.[31]

Benefit Receipt

As discussed earlier, lifetime low earners may qualify for Social Security benefits based on their own earnings (e.g., retired worker or disabled worker benefits), based on another person's earnings record (e.g., spousal or survivor benefits), or both. Low earners who do not meet the eligibility requirements for any benefit type would receive no Social Security benefits. Eligibility for and the type of benefits received by low earners depend on their earnings histories, marital histories, and other factors.

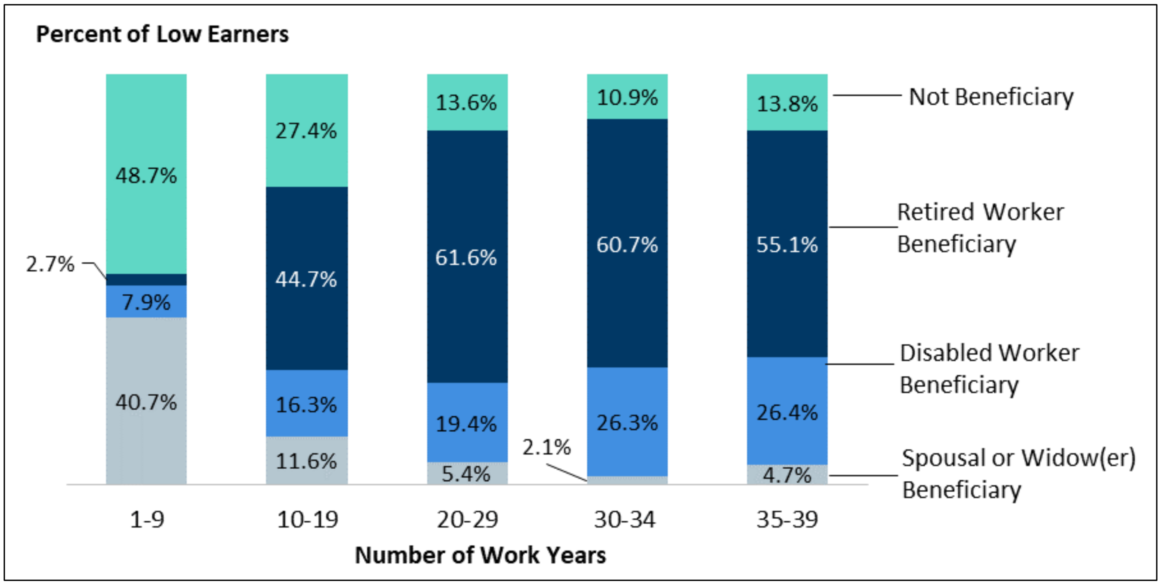
Figure 8 presents the distribution of Social Security benefit types at ages 65-66 for low earners born between 1940 and 1954, by the number of years worked (i.e., with positive Social Security-covered earnings). In general, as the number of work years increases, low earners are more likely to receive Social Security worker benefits based on their own earnings and less likely to receive no benefits or to rely on spousal or survivor benefits.

Approximately 10.6% of low earners with one to nine work years prior to age 62 received Social Security worker benefits (retired worker or disabled worker) at ages 65-66, compared with 61.3% of those with 10-19 work years and more than 80% of those with 20 or more work years. In contrast, about 48.7% of low earners with fewer than 10 work years before attaining age 62 did not qualify for any Social Security benefits, compared with 27.4% of those with 10-19 work years and less than 14% of those with 20 or more work years. In addition, roughly 40.7% of low earners with one to nine work years received Social Security benefits as dependents (e.g., spouses or widow[er]s), compared with 11.6% of those with 10-19 work years and less than 6% of those with 20 or more worker years.

[31] For example, see SSA, *Annual Statistical Supplement*, 2025 (in progress), Table 5.A14.

Figure 8. Distribution of Social Security Benefit Types for Low Earners at Ages 65-66, by Specified Number of Work Years

Birth years 1940-1954



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to ages 65-66. One work year is defined as one year with positive Social Security-covered earnings. Low earners are defined as the 25% of individuals born between 1940 and 1954 with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 to 61 (in 2020 dollars). Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1954 turned ages 65-66 between 2005 and 2020 (the most recent year for which data are available). Low earners with 40 or more work years are not included in the figure due to the small sample size. Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Benefit Amount

The amount of Social Security benefits an individual receives depends on several factors, including the type of benefit, the age at which the individual claims benefits, and other criteria.[32]

For retired workers, the Social Security benefit amount payable is based on their past Social Security-covered earnings. Typically, the basic monthly benefit is calculated using a progressive formula applied to a summary measure of the worker's average lifetime earnings.[33] Under current law, a retired worker's average lifetime earnings are determined by the highest 35 years of wage-

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[32] For more information, see CRS Report R43542, *How Social Security Benefits Are Computed: In Brief*. This report does not discuss the adjustment for Social Security benefits based on claiming age. For more information on that topic, see CRS Report R47151, *Social Security: Adjustment Factors for Early or Delayed Benefit Claiming*.

[33] The summary measure of a worker's average lifetime earnings is called the average indexed monthly earnings. To compute this figure, a worker's earnings are converted into current-dollar terms by indexing each year of earnings to historical wage growth, and the sum of the highest 35 years of indexed earnings is divided by 35 to determine career-average annual earnings. The indexing of wages happens at the age of 62, and the base year used for indexing is the year the worker turns 60. Earnings after age 60 are entered into the calculation at their nominal, or unindexed, value. Indexation to average wage growth is based on the SSA's national Average Wage Index (AWI). For more information about the AWI, see SSA, "National Average Wage Index," at https://www.ssa.gov/oact/cola/AWI.html.

indexed earnings. The 35 years are known as benefit *computation years*.[34] If a worker had fewer than 35 years of Social Security-covered earnings—due to time spent out of the labor force for family caregiving, unemployment, or other reasons, or years working in non-Social Security-covered employment—those years of no Social Security-covered earnings are counted as zeros. As noted earlier, lifetime low earners generally have fewer than 35 years of earnings (often with many years of zero earnings) and relatively lower annual earnings, which can result in lower basic Social Security benefits, not accounting for other factors.

The benefit formula for disabled workers is similar to that for retired workers. One noticeable difference is that, for disabled workers, fewer than 35 years of earnings may be used to calculate the summary measure of average lifetime earnings. Under current law, up to five years of a disabled worker's lowest earnings can be excluded from the benefit calculation.[35]

Eligible spouses and survivors can receive Social Security benefits based on the primary earner's (e.g., current spouse, former spouse, deceased spouse, or deceased former spouse) work record. These benefits are generally equal to a specified percentage of the primary earner's basic monthly benefit, subject to certain limits.[36] For example, the spouse of a retired or disabled worker may receive up to 50% of the worker's basic benefit, while a widow(er) of a deceased worker may receive up to 100% of the worker's basic benefit.

Figure 9 shows the average Social Security benefit amount received at ages 65-66 by low earners born between 1940 and 1954, among those with Social Security income. The total benefit amount includes all types of benefits a low earner may have received, such as retired worker, disabled worker, spousal, or survivor benefits. The average annual benefit (in 2020 dollars) was about $9,786, with a small variation by the number of work years. Female low earners had a higher average annual benefit than males across all work-year groups. This is primarily because women are more likely to receive Social Security benefits as spouses or survivors, based on other people's earnings. According to SSA, in December 2025, about 93.5% of spousal and widow(er) beneficiaries were women.[37]

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[34] For more information, see CRS Report R47330, *Social Security: Potential Impacts of Changes in Computation Years*.

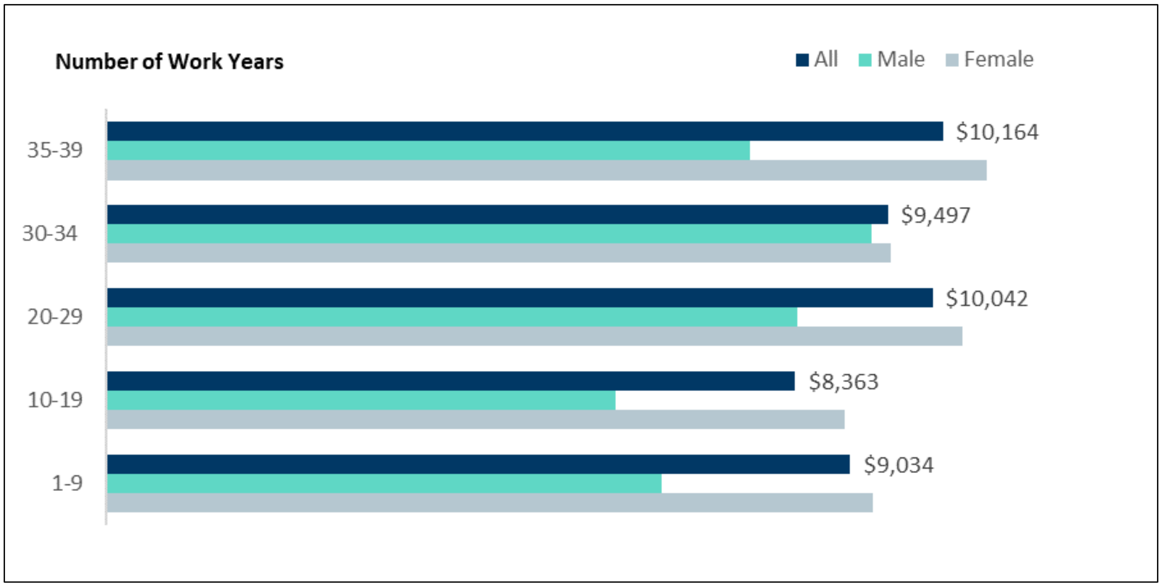
[35] For more information, see CRS Report R43370, *Social Security Disability Insurance (SSDI): Becoming Insured, Calculating Benefit Payments, and the Effect of Dropout Year Provisions*.

[36] Adjustments to Social Security spousal and survivor benefits can include the claiming age and the maximum family benefit amount. For more information, see CRS Report R42035, *Social Security Primer*.

[37] SSA, "Benefits Paid by Type of Beneficiary," https://www.ssa.gov/oact/ProgData/icp.html.

Figure 9. Average Annual Social Security Benefits (in 2020 Dollars) for Low Earners at Ages 65-66, by Specified Number of Work Years and Gender

Birth years 1940-1954



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: Average annual benefits are limited to those individuals with Social Security income. The sample in the figure includes workers surviving to ages 65-66. One work year is defined as one year with positive Social Security-covered earnings. Low earners are defined as the 25% of individuals born between 1940 and 1954 with the least career-average earnings, measured as average Social Security-covered earnings from ages 16 through 61 (in 2020 dollars). Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1954 turned ages 65-66 between 2005 and 2020 (the most recent year for which data are available). Low earners with 40 or more work years are not included in the figure due to the small sample size. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Social Security Benefits for Workers with Noncovered Earnings

Although participation in Social Security is compulsory for most workers, about 7% of all workers in paid employment or self-employment are not covered by Social Security[38] and thus not subject to its payroll tax (e.g., about one-quarter of state and local government employees and most civilian federal employees who were hired before 1984). These workers with limited Social Security-covered earnings but substantial noncovered earnings usually (1) qualify for pensions based on noncovered earnings and (2) appear to be low earners or dependents (e.g., spouses or widow[er]s) under the Social Security system. (Noncovered earnings are shown as zeros in Social Security-covered earnings records.) Because the Social Security benefit formula is progressive, it can provide overgenerous benefits to many workers who have substantial noncovered earnings. The Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) were two separate provisions that aimed to remove those unintended advantages.

From 1984 to 2023, the WEP reduced Social Security benefits of certain retired or disabled workers (and their family members) who were also entitled to pension benefits based on earnings from noncovered jobs (including certain foreign pensions).[39] The Social Security benefit formula is intended to help workers who spend their careers in low-paying jobs by providing them with relatively higher benefits in relation to their career-average

[38] SSA, Office of the Chief Actuary, "Social Security Program Fact Sheet," July 22, 2025.

[39] The Windfall Elimination Provision (WEP) was enacted in 1983 (P.L. 98-21), affecting monthly benefits payable after January 1, 1984, and it was repealed in 2025 (P.L. 118-273) for monthly benefits payable after December 2023. For more information on the WEP, see CRS In Focus IF12890, *The Social Security Fairness Act of 2023*.

earnings in covered employment than the benefits for workers with high career-average earnings. However, the formula could not differentiate between those who worked in low-paid jobs throughout their careers and other workers who appeared to have been low paid because they worked many years in jobs not covered by Social Security. The WEP was aimed to remove this unintended advantage or windfall that these latter beneficiaries would otherwise have received from Social Security.

From 1977 to 2023, the GPO adjusted the Social Security spousal or widow(er) benefits of most people who also received federal, state, or local government pensions based on earnings not covered by Social Security.[40] The GPO was intended to replicate the dual entitlement rule for beneficiaries whose entire careers were covered by the program. Under the dual entitlement rule, a person's Social Security spousal or widow(er) benefit is reduced by the amount of his or her own Social Security retired- or disabled-worker benefit (i.e., a 100% offset). The GPO reduced certain individuals' Social Security spousal or widow(er) benefits by two-thirds of their noncovered government pensions (i.e., a 67% offset). The GPO was designed to place spouses and widow(er)s who received noncovered government pensions in approximately the same position as spouses and widow(er)s whose entire careers were covered by Social Security.

The Social Security benefits analyzed in this report were received between 2005 and 2019 (e.g., individuals born in 1940 attained age 65 in 2005, and those born in 1954 attained age 65 in 2019) and thus were potentially affected by the WEP and GPO provisions. Because beneficiaries affected by the WEP, the GPO, or both also received pensions based on noncovered earnings, they unlikely relied substantially on Social Security benefits in retirement (see discussions in the section on "Income Dependency on Social Security Benefits").

Income Dependency on Social Security Benefits

Social Security is both the most common and the largest source of income for individuals aged 65 and older.[41] **Figure 10** examines the reliance on Social Security income among low earners. It shows the proportion of individuals in aged households with Social Security income that received 50% or more, 75% or more, and 90% or more of household income from Social Security. The data are presented at two age ranges (65-66 and 75-76) for low earners born between 1940 and 1944.[42]

Reliance on Social Security income among low earners generally increased with age. Among low earners who received household income from Social Security, about 33.8% received more than 50% of their household income from Social Security at ages 65-66, a figure that rose to 51.1% by ages 75-76. Similarly, about 11.1% of low earners relied on Social Security for 90% or more of household income at ages 65-66, with this percentage increasing to 27.0% at ages 75-76.

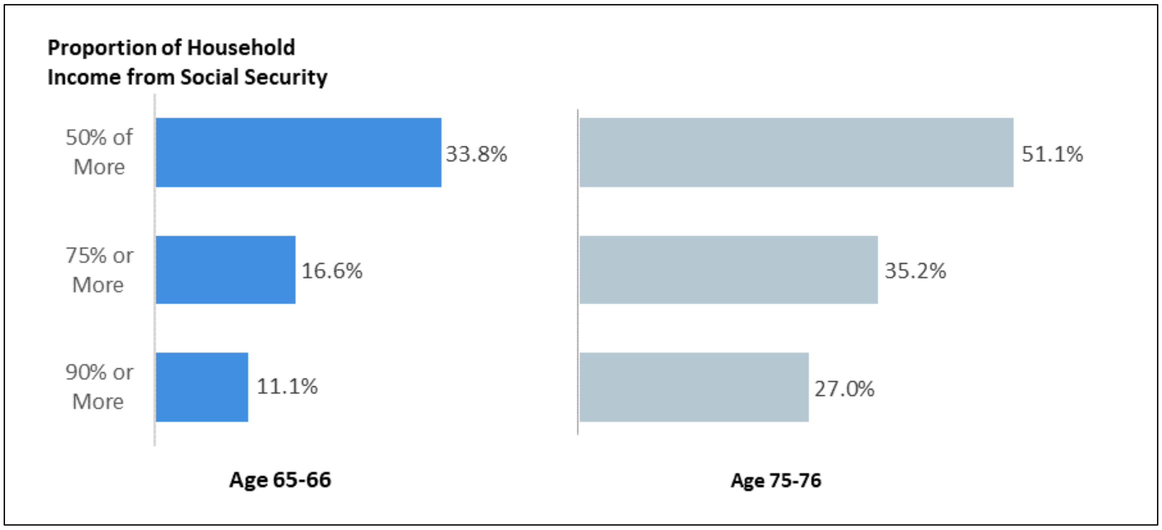
[40] The Government Pension Offset (GPO) was enacted in 1977 (P.L. 95-216), affecting monthly benefits payable in January 1977 and after, and it was repealed in 2025 (P.L. 118-273) for monthly benefits payable after December 2023.

[41] See CRS Report R47341, *Income for the Population Ages 65 and Older: Evidence from the Health Retirement Study (HRS)*.

[42] Individuals born in 1944 turned age 76 in 2020, the most recent year for which data are available. Statistics are presented for low earners surviving to ages 75-76. Individuals who survived to ages 65-66 and died before ages 75-76 are not included in this analysis.

Figure 10. Share of Low Earners, by Age and Selected Proportion of Household Income from Social Security Benefits

Birth year 1940-1944



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to ages 75-76. Low earners are defined as the 25% of individuals born between 1940 and 1944 with the least career-average earnings, measured as the average Social Security-covered earnings from ages 16 through 61 (in 2020 dollars). Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1944 turned ages 75-76 between 2015 and 2020 (the most recent year for which data are available). All values displayed in the figure have been adjusted for population weights provided by the HRS.

Key Points: Recap on Lifetime Low Earners

- Low earners were more likely to be women, have lower educational attainment, identify as Black non-Hispanic or Hispanic, have more children, be foreign-born, and report health limitations or disabilities.
- Low earners accumulated significantly fewer years of Social Security-covered earnings, with 9.7% having 35 or more years of earnings. About 17.8% of this population had household income below the poverty threshold at ages 65-66.
- As their work histories lengthen, low earners are increasingly likely to receive worker benefits based on their own earnings record and less likely to receive no benefits or to rely on spousal or survivor benefits.
- Social Security is a major source of retirement income for lifetime low earners. Approximately 33.8% of low earners received more than half of their household income from Social Security at ages 65-66, a share that increased to 51.1% by ages 75-76.

Selected Proposals to Change Social Security and Potential Impact on Low Earners

As discussed above, Social Security is an important source of income for lifetime low earners at older ages. Since the program was established in the 1930s, Congress has enacted and revised policies intended to increase benefit adequacy for long-term low-wage earners.[43] However, the benefit amounts for many lifetime low earners remain below the poverty line (see **Figure 5**).

[43] See CRS Report R43615, *Social Security: Minimum Benefits*.

This section discusses selected proposals aimed at altering various aspects of the Social Security program, with potential implications for lifetime low earners' benefits. Some proposals are designed to improve benefits for low earners, while others, though not directly targeting low earners, could still affect their benefits. Some analysis in this section examines earnings patterns for workers born between 1940 and 1959 using the HRS data. The working experience of this 20-year cohort may not present the same earnings patterns as today's workers.

The Special Minimum Benefit

Social Security's special minimum benefit provision is an alternative benefit formula designed to increase benefits for workers with low earnings over many years.[44] These benefits are also paid to their dependents and survivors. Unlike the regular Social Security benefit formula, which is based on a worker's career-average earnings in covered employment, the special minimum benefit is based on the number of years a person has covered earnings at or above a specified threshold. Beneficiaries receive the higher of the regular benefit or the special minimum benefit.

The special minimum benefit has virtually no effect on the benefits paid to today's new retirees. Under current law, the special minimum benefit is adjusted annually for change in price levels, whereas the regular benefit's adjustment is linked to wage growth. Because wages generally grow faster than prices,[45] the special minimum benefit applies to fewer beneficiaries every year (i.e., the regular benefit is the higher benefit). The number of Social Security beneficiaries eligible for the special minimum benefit decreased from about 205,000 in 1991 to 19,872 in 2024.[46] The SSA estimated that the provision would have had no effect on workers turning 62 in 2022 or later.[47]

The effectiveness of the special minimum benefit in providing adequate benefits to low earners depends on the design of the provision. A key feature is that the full minimum benefit is paid to long-term low earners who had 30 or more years of coverage (YOCs). For those with fewer YOCs, the benefit amount decreases proportionally from 29 to 11 YOCs. No benefit is paid to those with fewer than 11 YOCs. One YOC is defined as a year in which the worker has Social Security-covered earnings above a specified threshold, which was set at approximately the level of annual earnings for a full-time federal minimum wage worker who worked 1,500 hours in 1991 (under the legislation enacted in 1990, P.L. 101-508).[48] This threshold is indexed to average wage growth,[49] while the federal minimum wage has been adjusted through ad hoc legislative actions.[50] Since 1997, the federal minimum wage has generally increased at a slower pace than

[44] The Social Security special minimum benefit is also known as the special minimum primary insurance amount. For more information, see CRS Report R43615, *Social Security: Minimum Benefits*.

[45] See CRS Report R48224, *Social Security Benefits and Price Indexing: Analysis of Selected Policy Options*.

[46] SSA, *Annual Statistical Supplement*, 1992-2025, Table 5.A8.

[47] Craig A. Feinstein, *Diminishing Effect of the Special Minimum PIA*, Social Security Administration, Actuarial Note No. 162, April 2021.

[48] Under the Social Security's minimum benefit provision, a worker needs to earn 15% of the old-law contribution and benefit base to qualify for a year of coverage (YOC), or $20,565 in 2026. When the amount was reduced from $9,900 to $5,940 in 1991, it was approximately the level of annual earnings for a federal minimum wage worker who worked 1,500 hours in a year. In 2019, the earnings amount needed for a YOC grew to the level ($14,805) for a federal minimum wage worker who worked 2,000 hours (or 40 hours per week for 50 weeks, more than 1,500 hours a year) in a year. Since then, a minimum wage worker working full time has not been able to earn a YOC. For more information, see CRS Report R46589, *Social Security Special Minimum Benefit: Policy Options*.

[49] For a historical series of the YOC amounts, see SSA, "Old-law Base and Year of Coverage," at http://www.socialsecurity.gov/OACT/COLA/yoc.html.

[50] See CRS Report R44667, *The Federal Minimum Wage: Indexation*.

the national average wage has,[51] making it more difficult for low earners to qualify for one YOC under the special minimum benefit in recent decades.[52]

Congress has considered several proposals to lower the earnings threshold required to qualify for one YOC. Generally, policymakers have proposed two new YOC thresholds: one based on the annual earnings for a full-time federal minimum wage worker (restored to the 1991 level), and the other based on the annual earnings needed to qualify for Social Security (i.e., four QCs).[53]

Lowering the YOC earnings threshold would likely make the special minimum benefit available to more workers, but the impact may vary depending on the specific proposal. **Figure 11** displays the distribution of work years for lifetime low earners (born between 1940 and 1959) based on three different annual earnings levels: (1) positive earnings, (2) earnings equal to or greater than four QCs, and (3) earnings equal to or greater than the amount a full-time federal minimum wage worker could earn in a year. According to HRS data, about 61.3% of low earners had earnings at or above the four-QC threshold for 10 or more years, while about 36.0% had earnings at or above the amount of a full-time federal minimum wage worker for 10 or more years. Lowering the YOC threshold to four QCs would likely make the special minimum benefit available to low earners who worked part-time schedules or worked part-year (i.e., earnings below the federal minimum wage for a full-time, full-year worker).

The actual percentage of low earners who might qualify for a redesigned special minimum benefit will also depend on other factors, such as the full benefit amount at 30 or more YOCs and how the benefit would be reduced for those with 11-29 YOCs.[54] Additionally, beneficiaries would receive the special minimum benefit only if it exceeds the amount calculated under the regular benefit formula.

[51] The federal minimum wage has not increased since it was last raised to $7.25 in July 2009. For the hourly rate of the federal minimum wage, see SSA, *Annual Statistical Supplement, 2024*, Table 3.B3, at https://www.ssa.gov/policy/docs/statcomps/supplement/2024/3b.html; for the national AWI, see SSA, "Social Security Average Wage Index (AWI)," at https://www.ssa.gov/oact/cola/awidevelop.html.

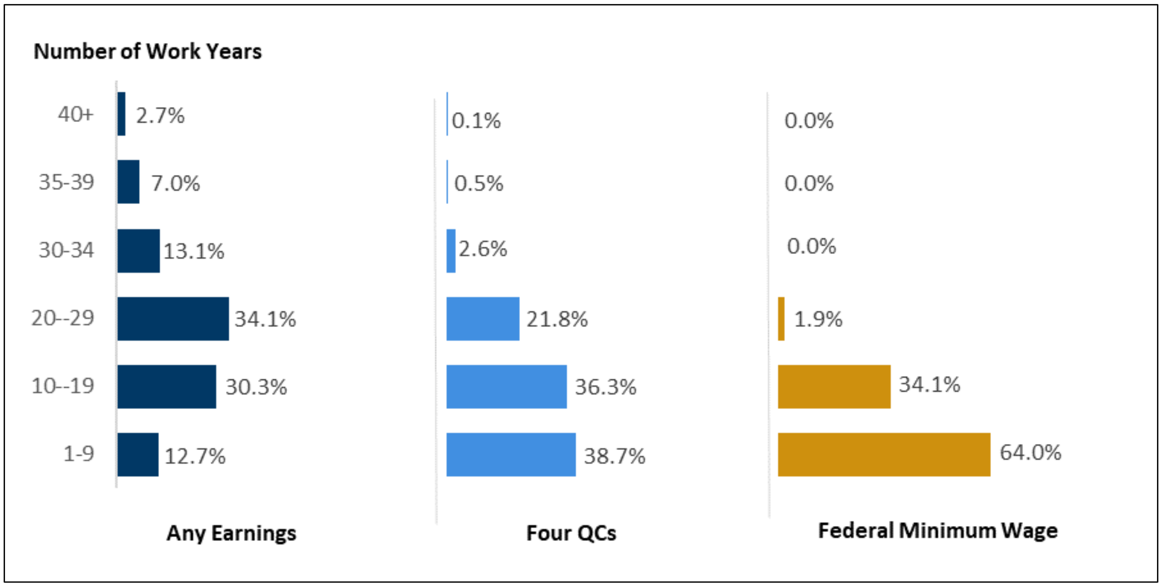
[52] In 2026, the YOC threshold is $20,565, while the amount a full-time (2,000 hours per year) minimum-wage worker could earn is about $14,500. In other words, a minimum wage worker working full time currently cannot earn a YOC.

[53] For more information, see SSA, Office of the Chief Actuary (OCACT), "Solvency Provisions," B5: Minimum Benefits, at https://www.ssa.gov/OACT/solvency/provisions/benefitlevel.html#B5.

[54] For additional discussion, see CRS Report R46589, *Social Security Special Minimum Benefit: Policy Options*.

Figure 11. Percentage of Low Earners with Specified Work Years of Social Security-Covered Earnings, by Method of Calculating Work Years

Birth years 1940-1959



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to age 61. Low earners are defined as the 25% of individuals born between 1940 and 1959 with the least career-average earnings, measured as the average Social Security-covered earnings from ages 16 through 61 (in 2020 dollars). Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). "Any Earnings" defines a work year with Social Security-covered earnings greater than zero. "Four QCs" refers to a work year with earnings at or greater than four quarters of coverage (QC) defined under Social Security. Four QCs were equivalent to $1,000 in Social Security-covered earnings in 1978 and gradually increased to $7,560 in 2026. (See SSA, "Quarter of Coverage," https://www.ssa.gov/oact/cola/QC.html.) "Federal Minimum Wage" refers to a work year with Social Security-covered earnings at or greater than the amount a full-time minimum-wage worker would earn. A worker who worked at the federal minimum wage rate for 2,000 hours (or 40 hours per week for 50 weeks) could earn $2,000 in 1956 ($1.00 per hour) and increased to $14,500 in 2009 and thereafter ($7.25 per hour). (See SSA, *Annual Statistical Supplement, 2024*, Table 3.B3.) Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

Credits for Child Caregiving

Workers may take career breaks to care for children, parents, or other relatives. Policy makers have proposed counting a year of caring for a child as a YOC, typically up to five years for each child and up to eight years in total.[55] If this feature were added to the special minimum benefit provision, caregiving parents whose earnings are below the YOC earnings threshold in a certain year would qualify for a YOC in that year. The YOC credit for child care might allow more caregiving parents with low career earnings to become eligible for the proposed minimum benefit or entitled to a higher minimum benefit amount.

The question, however, is whether caregiving responsibilities for children contribute to fewer years of workforce participation among low earners. **Figure 12** shows the percentage of workers

[55] For more information, see SSA, Office of the Chief Actuary (OCACT), "Solvency Provisions," B5: Minimum Benefits, at https://www.ssa.gov/OACT/solvency/provisions/benefitlevel.html#B5.

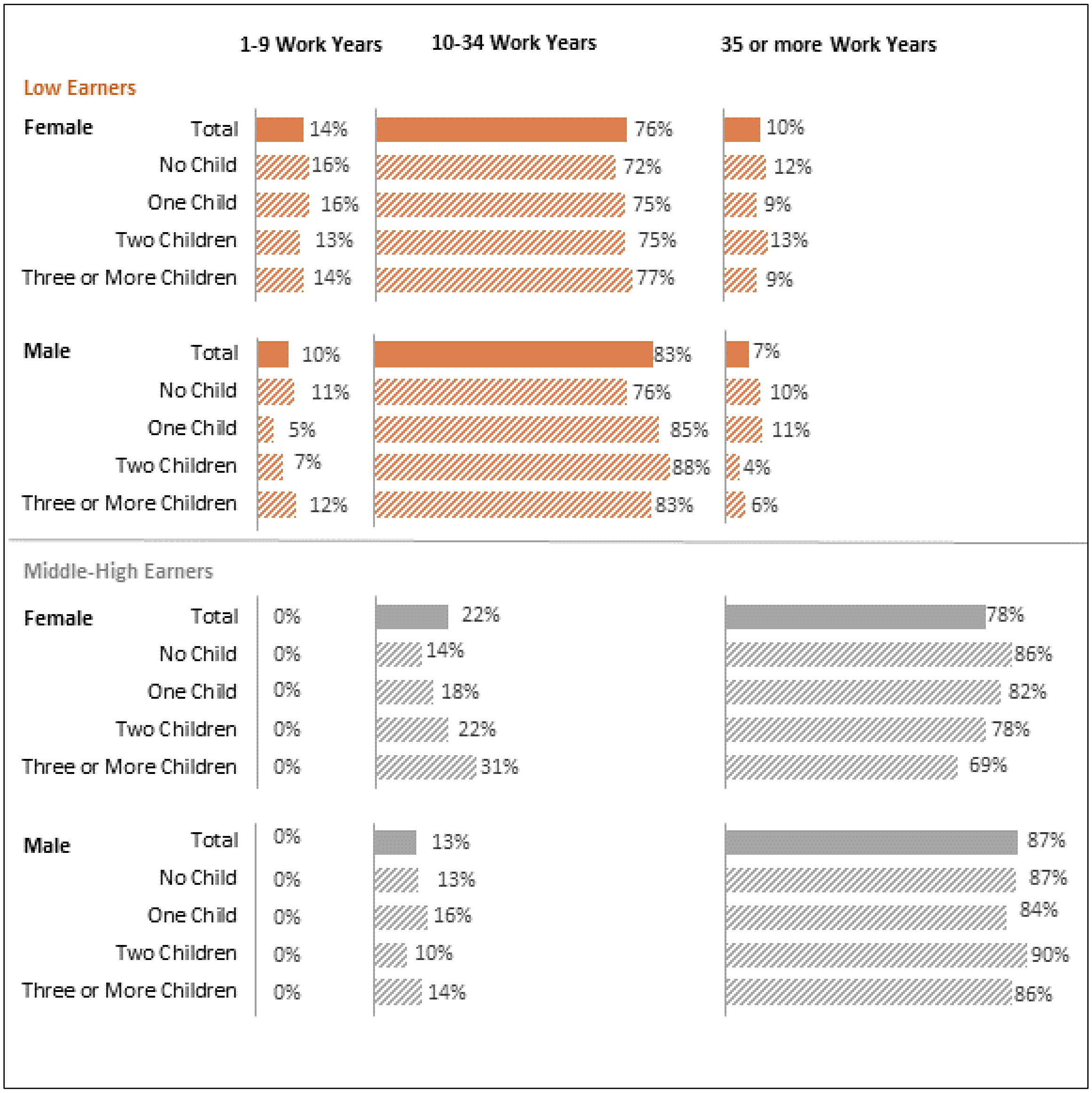
(born between 1940 and 1959) with specified numbers of work years of Social Security-covered earnings by sex and number of children for low earners and middle-high earners, respectively. Among middle-high earners, the number of children a woman has substantially affects her lifetime working experience. This finding is consistent with research showing that, on average, women with children generally work fewer years than women without children do.[56] About 86% of middle-high female earners without children over their lifetimes had 35 or more work years, compared with 82% of those women with one child, 78% with two children, and 69% with three or more children. (Middle-high male earners did not appear to be affected in the same way as women in response to having children.)

Different from middle-high female earners, about 7% of male and 10% of female low earners had 35 or more work years, and between 72% and 88% had 10-34 work years, and those percentages did not appear to vary much by sex or number of children. One possible explanation for this difference could be that higher-wage households may be able to afford to forgo one spouse's earnings over a period of several years for child caregiving, while some lower-wage workers and single working parents may not be in a position to stop working for any period of time.

[56] See, for example, Michelle Budig and Paula England, "The Wage Penalty for Motherhood," *American Sociological Review*, 66:204–25 (2001), and Shelley J. Correll, Stephen Benard, and In Paik, "Getting a Job: Is There a Motherhood Penalty?" *American Journal of Sociology*, 112:1297-1338 (2007).

Figure 12. Percentage of Workers with Specified Work Years of Social Security-Covered Earnings, by Sex, Number of Children, and Type of Earners

Birth years 1940-1959



Source: CRS analysis of Health and Retirement Study (HRS) data.

Notes: The sample in the figure includes workers surviving to age 61. One work year is defined as one year with positive Social Security-covered earnings. Low earners are defined as the 25% of individuals born between 1940 and 1959 with the least career-average earnings, measured as average Social Security-covered earnings over ages 16 to 61 (in 2020 dollars), while the remaining 75% of individuals are classified as middle-high earners. Dollar amounts are adjusted for inflation using the Current Price Index for All Urban Consumers. Individuals born between 1940 and 1959 turned age 61 between 2001 and 2020 (the most recent year for which data are available). Components in each category may not sum to 100% due to rounding. All values displayed in the figure have been adjusted for population weights provided by the HRS.

In addition to the evidence presented above, it is important to recognize that the childbirth decisions and working experiences of individuals born between 1940 and 1959 may differ from those of individuals born in 1960 or later. For example, statistics show that the total number of

U.S. births declined 14% between 1990 and 2023.[57] As a result, patterns of workforce participation and childcare for younger cohorts may differ from those of older cohorts. Some research indicates that younger cohorts are also more likely to spend time caring for aging parents.[58] These generational differences are important for policymakers, as policy changes would be more likely to affect younger cohorts who are currently in the workforce and balancing care responsibilities for children, parents, or relatives.

Computation Years

As discussed, an eligible worker's retirement benefit under Social Security is based on the worker's career-average earnings, which are measured by the highest 35 years of wage-indexed earnings. The 35 years are known as benefit *computation years*. Increasing or decreasing the number of computation years has been under discussion for years.[59]

Increasing the Number of Computation Years

Policymakers have proposed increasing the number of computation years (e.g., from 35 years to 38 or 40 years).[60] Supporters of increasing the number of computation years point out that it would better reflect a worker's complete earnings history and the fact that workers on average are capable of living and working longer.[61] They also argue that increasing the number of computation years would likely encourage people to work longer,[62] improve individual equity (those who contribute more in payroll taxes would receive more in benefits),[63] and improve the funding of Social Security.[64]

Increasing the number of computation years would also allow more years of lower earnings to be included in the benefit calculation, thus reducing the monthly benefit payable to most beneficiaries relative to current law. Research finds that this benefit reduction would disproportionally affect individuals with low lifetime earnings.[65] As shown above, lifetime low earners generally have fewer than 35 years of earnings (i.e., many years with zero earnings),

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[57] Anne K. Driscoll and Brady E. Hamilton, *Effects of Age-specific Fertility Trends on Overall Fertility Trends: United States, 1990–2023,* National Vital Statistics Reports, vol. 74, no. 3, March 6, 2025, https://www.cdc.gov/nchs/data/nvsr/nvsr74/nvsr74-3.pdf.

[58] Kim Parker and Eileen Patten, *The Sandwich Generation-Rising Financial Burdens for Middle-Aged Americans*, Pew Research Center, January 30, 2013, https://www.pewresearch.org/wp-content/uploads/sites/20/2013/01/Sandwich_Generation_Report_FINAL_1-29.pdf.

[59] See CRS Report R47330, *Social Security: Potential Impacts of Changes in Computation Years*.

[60] For example, see *Report of the 1994-96 Advisory Council Report on Social Security, Findings, Recommendations, and Statements*, https://www.ssa.gov/history/reports/adcouncil/report/findings.htm#principles, and SSA, "Provisions Affecting Level of Monthly Benefits," Option B4: Computation year changes, https://www.ssa.gov/OACT/solvency/provisions/benefitlevel.html#B4.

[61] See CRS Report R44846, *The Growing Gap in Life Expectancy by Income: Recent Evidence and Implications for the Social Security Retirement Age*.

[62] Gopi Shah Goda, John B. Shoven, and Sita Nataraj Slavov, *Removing the Disincentives in Social Security for Long Careers*, National Bureau of Economic Research, Working Paper 13110, May 2007.

[63] Melissa M. Favreault and C. Eugene Steuerle, *The Implications of Career Lengths for Social Security*, Center for Retirement Research at Boston College, February 2008, https://crr.bc.edu/wp-content/uploads/2008/02/wp_2008-5-508.pdf.

[64] See SSA, "Provisions Affecting Level of Monthly Benefits," B4.2, at https://www.ssa.gov/OACT/solvency/provisions_tr2021/charts/chart_run412.html.

[65] Andrew G. Biggs, Mark Sarney, and Christopher R. Tamborini, *A Progressivity Index for Social Security, Social Security Administration*, Issue Paper No. 2009-01, January 2009.

which could result in even lower Social Security benefits after an increase in the computation years.

To alleviate the negative effects associated with lower benefits, research suggests providing additional benefit support to certain groups while extending the number of computation years. For example, one study suggested accompanying a computation-year increase with a minimum benefit. The amount of the minimum benefit would be equal to 60% of the aged poverty level for persons with 20 years of covered earnings. The benefit would increase by 2% of the aged poverty level for each additional year of covered earnings and reach 100% of the aged poverty level for 40 years of covered earnings. The authors found that providing a minimum benefit would mitigate the benefit reduction associated with increasing the number of computation years, especially for those with low lifetime earnings.[66]

Decreasing the Number of Computation Years

Proposals to decrease the number of computation years usually target certain segments of the population that have shorter careers, typically fewer than 35 years (i.e., the number of computation years under current law). There are numerous reasons why workers may have gaps in their earnings histories, such as additional education, unemployment, caregiving, health problems, or work-related limitations that do not meet the Social Security definition of *disability*.

Taken alone, a decrease in the number of computation years used in the benefit formula would generally lead to an increase in future benefit amounts and result in overall higher program costs.[67] However, decreasing the number of computation years may not be the only method to address shorter working careers. For example, for people with shorter careers due to additional education or unemployment, policymakers could revise other provisions (e.g., increasing the retirement age) under Social Security to encourage affected individuals to work longer. Policies could also revise the disability insurance component of Social Security to address people's shorter careers due to health problems or work-related limitations.

Past proposals have suggested reducing the number of computation years for parents with children under the age of six.[68] However, research suggests that many women and men who raise children also work outside the home, and the portion performing both roles is increasing.[69] As shown in **Figure 12**, this policy would likely benefit many parents with children, including both higher-wage earners and low earners.

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[66] Steven H. Sandell, Howard M. Iams, and Daniel Fanaras, "The Distributional Effects of Changing the Averaging Period and Minimum Benefit Provisions," *Social Security Bulletin*, vol. 62, no. 2 (1999), pp. 4-13.

[67] See SSA, "Provisions Affecting Level of Monthly Benefits," B4.4, at https://www.ssa.gov/OACT/solvency/provisions_tr2021/charts/chart_run417.html.

[68] The 1979 Advisory Council on Social Security recommended offering drop-out years scaled to the length of service, with a maximum of six drop-out years (as reported in U.S. Congress, Senate Special Committee on Aging, Summary of Recommendations and Surveys on Social Security and Pension Policies, committee print, 96th Cong., October 1980). The National Commission on Social Security in 1981 proposed that parents be able to credit up to 10 years of child care for children under age six to be counted toward qualifying for the special minimum benefit (see National Commission on Social Security, Final Report: Social Security in America's Future, Washington, DC, March 1981).

[69] Favreault and Steuerle, *The Implications of Career Lengths for Social Security*.

Appendix. The Health and Retirement Study (HRS): Data Sources and Definitions

The HRS is a longitudinal, nationally representative survey of the population over age 50. The HRS core survey is conducted by the University of Michigan's Institute for Social Research (Michigan/ISR) every two years starting in 1992 through a combination of face-to-face and telephone interviews. Information is collected at both the individual and household levels on a wide-range of topics, including health, health services, labor force involvement (work, earnings, retirement, disability), economic status (income sources and amounts, wealth by asset type, Social Security, pensions), family structure, and expectations. The household level data for married individuals include information from each spouse in the household. Every six years, a new six-year birth cohort is added to the HRS sample to maintain its representation of the older population.[70] In any given wave of data collection, the HRS includes about 20,000 respondents. In total, over 43,000 respondents have participated in the HRS since its inception in 1992.

Certain additional restricted data, which contain sensitive or confidential information, are available for linkage with HRS data. For example, HRS respondents are asked to provide written consent to authorize the Social Security Administration (SSA) to release Social Security and Supplemental Security Income (SSI) benefits and earnings records to Michigan/ISR for research purposes. Across all waves of the HRS, roughly 70% of respondents have provided such consents. The linked HRS-SSA data may be accessed by authorized researchers with approved research projects, subject to a number of constraints and disclosure protections prescribed by Michigan/ISR.[71] The combination of the richness of the HRS survey data and the details of SSA's benefits and earnings records is beneficial for a wide variety of research applications.[72]

This report examines statistics for a 20-year birth cohort consisting of individuals born between 1940 and 1959, using data from the HRS, including 15 waves from 1992 through 2020 (the most recent wave available). Those born in 1959 reached age 61 in 2020, the most recent year for which lifetime earnings data are available. Individuals born between 1940 and 1944—the oldest five-year cohort—were ages 76 to 80 in 2020, making it possible to examine retirement income at older ages. Administrative records from the SSA, linked to the HRS at the individual level, provide data on earnings, self-employment income, the receipt and amount of Social Security benefits, and SSI payments. The HRS survey data provide all other income measures. All earnings and income were converted to 2020 dollars using the Consumer Price Index for All Urban Consumers, U.S. City Average (CPI-U). Demographics—such as marital histories, health status during working lives, and numbers of ever-born children—are based self-reported

[70] The initial 1992 HRS cohort consisted of individuals born between 1931 and 1941 (the original HRS cohort). A second study was added in 1993, capturing those born before 1924 (the Asset and Health Dynamics Among the Oldest Old, or AHEAD). In 1998, two additional cohorts were introduced—individuals born between 1924 and 1930 (the Children of Depression) and those born between 1942 and 1947 (the War Babies) were added. Subsequently, the HRS expanded to include the Early Baby Boomers (born 1948-1953) in 2004, the Mid Baby Boomers (born 1954-1959) in 2010, the Labor Baby Boomers (born 1960-1965) in 2016, and Early Generation X (born 1966-1971) in 2022. For more information, see HRS, "Longitudinal Cohort Sample Design," https://hrs.isr.umich.edu/documentation/survey-design.

[71] HRS, "HRS Restricted Data," https://hrs.isr.umich.edu/data-products/restricted-data.

[72] Peter V. Miller, "Is There a Future for Surveys?" *Public Opinion Quarterly*, vol. 81, issue S1, April 2017, https://academic.oup.com/poq/article-pdf/81/S1/205/13942332/nfx008.pdf. Paul S. Davies and T. Lynn Fisher, "Measurement Issues Associated with Using Survey Data Matched with Administrative Data from the Social Security Administration," *Social Security Bulletin*, vol. 69, no. 2, 2009, https://www.ssa.gov/policy/docs/ssb/v69n2/v69n2p1.html.

information in all waves. Population weights provided by the HRS are applied to all reported estimates.[73]

Lifetime Earnings

The HRS provides two sets of administrative-linked earnings data from SSA: a summary earnings record and a detailed earnings record. The summary earnings record reports the total earnings from Social Security-covered employment (i.e., subject to the Social Security payroll tax) up to the taxable maximum,[74] including wages and salaries, agriculture income, and self-employment income, dating back to 1951. The detailed earnings record comprises all earnings that a person received in each year beginning in 1980 (with incomplete information for 1978 and 1979), including both earnings covered under Social Security (below and above the taxable maximum) and earnings from employment not covered by the system (i.e., not subject to the Social Security payroll tax), such as employment by some state and local governments.

This report uses the summary earnings record in the analysis for two reasons. First, for individuals born between 1940 and 1959, the summary earnings record provides a complete earnings record from age 16 through 61.[75] Second, the Social Security benefit calculation is based on covered earnings up to the taxable maximum, which are all included in the summary earnings data set.

Income Measures

In this report, household income for married individuals is the sum of income from each spouse in the household.[76] For single persons (e.g., those widowed, divorced or separated, and never married), income is that individual's personal income. The income used in this report is pretax income (before income and payroll taxes) and is as reported below:

- *Social Security* includes income from the Old Age, Survivors, and Disability Insurance program;[77]
- *Earnings* include wage and salary earnings plus self-employment income;
- *Pensions and retirement savings* include income from Defined Benefit (DB) pension plans, annuities, and distributions from Defined Contribution (DC) retirement accounts and Individual Retirement Accounts (IRAs);[78]

[73] Population weights are used to produce estimates that represent the population as a whole. Estimates computed using different survey samples will likely differ from one another and from the "true" population value, even when the samples are drawn from the same population. The margin of error is a measure of an estimate's variability due to sampling. The larger the margin of error is in relation to the size of the estimate, the less reliable is the estimate. For more information, see Chichun Fang, *Health and Retirement Study Social Security Weights*, University of Michigan Institute for Social Research, February 2024, https://hrs.isr.umich.edu/sites/default/files/restricted_data_docs/1708552321/Social%20Security%20Weights%20Documentation%202020.pdf.

[74] See CRS In Focus IF12360, *Social Security Taxable Earnings Base: An Overview*.

[75] The administrative-linked earnings are available up to 2020, when the birth cohort 1959 attained age 61.

[76] In the HRS, married individuals include those married and partnered.

[77] This report uses Social Security benefits prior to the deduction of the Medicare Part B and/or Part D premiums. For respondents with administratively matched records, the Social Security benefit amount before those deductions was used; for observations where matched data are not available, Medicare Part B and/or Part D premiums were added in instances when the respondent had deducted these amounts from reported Social Security benefits. For information on Medicare, see CRS In Focus IF10885, *Medicare Overview*.

[78] This report includes IRA withdrawals as part of the income source for pensions and retirement savings, since they are (continued...)

- *Asset income* includes business income, interest, dividends, and rents;
- *Public assistance* includes SSI benefits,[79] dollars' worth of Supplemental Nutrition Assistance Program (SNAP) benefits,[80] and other welfare program income; and
- *Other income* includes veterans' benefits, workers' compensation, unemployment compensation, alimony, child support, and financial assistance from friends or relatives not living in the same household.

This report used SSA administrative data on Social Security and SSI benefits and earnings and self-employment income in place of HRS survey reported measures for respondents who authorized their records to be released to Michigan/ISR. The HRS survey data provide all other income measures.

The HRS core survey is conducted every two years and records income sources and amounts received in the calendar year prior to the survey year. The year in which the income is observed depends on the individual's birth year and the timing of the survey wave.

- Individuals born between 1940 and 1944 reached ages 75-76 between 2015 and 2020; accordingly, their income at ages 75-76 was recorded in the 2016, 2018, and 2020 waves.
- Individuals born between 1940 and 1954 reached ages 65-66 between 2005 and 2020; thus, their income at ages 65-66 was recorded in waves from 2006 through 2020.

Limitations

The work-year analysis in this report focuses on workers who survived to age 61 because workers' complete career earnings are unknown if they died at younger ages. Since summary earnings are only from Social Security-covered employment, workers' earnings from noncovered jobs (such as certain state and local government positions) are not included in the analysis. Also, because summary earnings are only for earnings at or below the Social Security taxable maximum, the career-average earnings could be lower than actual earnings if a worker had some years of earnings above the maximum.

Statistics presented in this report are for workers who were born between 1940 and 1959.[81] The working experience and demographics of this 20-year cohort may not present the same patterns as those of older or younger cohorts.

Certain variables are taken at a point of time, which may not reflect potential changes over time. For example, the type of Social Security benefit is recorded in the January of the survey year. If

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treated as income for taxation purposes. For more information, see CRS Report R47119, *Pensions and Individual Retirement Accounts (IRAs): An Overview*.

[79] See CRS In Focus IF10482, *Supplemental Security Income (SSI)*.

[80] The HRS collects information about the "dollars' worth" of SNAP benefits, which are included in the income sources. SNAP, formerly called the Food Stamp Program, is designed primarily to increase the food purchasing power of eligible low-income households to help them buy a nutritionally adequate low-cost diet. For more information about SNAP, see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*.

[81] Individuals born between 1940 and 1959 include several HRS longitudinal cohorts (see footnote 79)—a small group of the original cohort (born 1931-1941), the War Babies (born 1942-1947), the Early Baby Boomers (born 1948-1953), and the Mid Baby Boomers (born 1954-1959).

the respondent changed benefit type (e.g., from a disabled-worker benefit to a retired-worker benefit) during the rest of the calendar year, it would not be reflected in this analysis.

The HRS, although matched with administrative records for certain respondents and data fields, likely contains errors. For instance, respondents may misremember or misreport income amounts, respondents may fail to answer the questionnaire, or errors may arise during the processing of the data file.

Author Information

Zhe Li
Analyst in Social Policy

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