FACT SHEET – Stronger Safety Net (SSN) Act

Senator Patty Murray (D-WA) has introduced the *Stronger Safety Net (SSN) Act*, a set of commonsense proposals to modernize, enhance, and protect our Social Security system in a fiscally responsible way.

The *SSN Act* would ensure that Social Security reflects the realities of today's workforce, and it would strengthen benefits for struggling seniors – most commonly women- as well as people with disabilities and young adults who have faced serious hardship in their immediate families. At the same time, the *SSN Act* would shore up the Social Security Trust Fund to help make sure it is there for future generations of seniors by using an approach that protects middle-class families and asks those who can most afford it to pay their fair share.

SSN Act **Background and Summary**

For more than 80 years, Social Security has helped millions of seniors and their families build a foundation of economic security and has lifted millions more out of poverty. Social Security is a vital safety net for workers who retire or have a disability, and it can also provide economic security for their spouses and children. The program has served seniors, workers, and families well for decades, but it is time to make reforms to the Social Security Act to reflect the changing structures and financial circumstances of families in today's world, so that Social Security remains available not only for current beneficiaries, but for generations to come.

Social Security benefits were designed to meet the basic needs of single-income families, in which only one spouse worked outside the home and at a time when American companies often offered generous pension plans in retirement. Today, such robust pensions are generally a relic of the past, women comprise nearly 50 percent of the workforce, and middle-class workers have seen their wages stagnate relative to inflation, making saving for retirement even more challenging. When a spouse passes away, the surviving spouse is often faced with a sudden and significant loss of household income. Under current law, a widow or widower of a dual-income couple receives a significantly smaller Social Security survivor benefit than the survivor of a single-earner couple with the same lifetime earnings.

It is time to modernize the system to account for a changing society in which both men and women spend their working years paying into the Social Security system. This is an especially critical issue for women. Women are disproportionately at risk of financial hardship in retirement years, particularly those who are divorced. Because women, on average, earn less than men, accumulate less in savings, and receive smaller pensions, nearly three in ten women over 65 depend only on Social Security for income in their later years. Women represent approximately 65 percent of Social Security beneficiaries over 85 – many of them widows and many struggling with costly health care needs. Under current law, women married for less than 10 years are ineligible for any spousal or survivors benefits.

Social Security can also be a lifeline for the children of workers who have retired, have a disability, or are deceased. Currently, children are only eligible for benefits up to age 18 or 19, depending on school status.

In recent decades, college education has become a virtual necessity for young Americans entering the workforce to earn a living wage. Social Security benefits should be available to support those children who choose to pursue full-time educational opportunities after high school.

By making targeted enhancements to Social Security benefits, the *SSN Act* will help senior men and women, as well as individuals who have a disability, maintain their financial security, and ensure that very young adults who have already faced hardship aren't held back unfairly by the burden of tuition costs.

The *SSN Act*:

Enhances benefits for divorced spouses. Under current law, the divorced spouse is only entitled to receive benefits under the former spouse's earnings if she or he was married for ten years. Beginning in 2019, the *SSN Act* would allow those with less than ten years of marriage to be eligible for benefits under the former spouse's earnings. Eligibility would be phased in, so that those married less than ten years would receive less than 100 percent of the spousal benefit. These partial benefits would gradually decrease in increments of 10 percent and phase out for those with less than five years of marriage. For example, those with nine years of marriage would receive 90 percent. The same formula will apply to survivors' benefits for divorced spouses.

Enhances benefits for widows and widowers. The *SSN Act* would establish an alternative benefit for a surviving spouse where both husband and wife established insured status as retired workers. For the surviving spouse, the alternative benefit would equal 75 percent of the sum of the survivor's own worker benefit and the Primary Insurance Account (PIA) of the deceased spouse. The alternative benefit would be paid only if more than the current law benefit. This benefit would be available to surviving spouses on the rolls at the beginning of 2019 and those becoming eligible after 2019.

Extends benefit eligibility for children of workers who have retired, have a disability, or are deceased. This provision of the *SSN Act* applies if the child is in high school, college, or vocational school. Under current law, minor children under the age of 18, and high school students under age 19 are entitled to benefits if they are the child of a worker who has retired, has a disability, or is deceased. Starting in 2019, this provision extends benefits for full-time students until the age of 23, if they are a child of a worker who has retired, has a disability, or is deceased.

Asks those who can most afford it to pay their fair share towards strengthening and shoring up the Social Security Trust Fund. Beginning in 2018, the *SSN Act* would apply a two percent payroll tax on earnings over $400,000, with the threshold wage-indexed after 2019. The bill provides a corresponding credit for earnings in a secondary average indexed monthly earnings (AIME) formula for benefit computation.