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Social Security Lifts More People Above the Poverty Line Than Any Other Program

By Kathleen Romig

Social Security benefits play a vital role in reducing poverty in every state, and they lift more people above the poverty line than any other program in the United States. Without Social Security, 21.7 million more adults and children would be below the poverty line, according to our analysis using the March 2022 Current Population Survey. Although most of those whom Social Security keeps out of poverty are aged 65 or older, 6.4 million are under age 65, including 1 million children. (See Table 1.) Social Security is particularly important for older women and people of color, who have fewer retirement resources outside of Social Security. Depending on their design, reductions in Social Security benefits could significantly increase poverty, particularly among older adults.

TABLE 1

Effect of Social Security on Poverty (Official Poverty Measure), 2021

Age Group	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Children Under 18	16.7%	15.3%	1,011,000
Adults Aged 18-64	13.2%	10.5%	5,378,000
Adults Aged 65 and Over	37.7%	10.3%	15,358,000
Total, All Ages	18.2%	11.6%	21,746,000

Note: Figures are rounded to the nearest 1,000. Figures may not sum to totals due to rounding.

Source: CBPP analysis of data from the U.S. Census Bureau's March 2022 Current Population Survey

Social Security Lifts 15.4 Million People Aged 65 or Older Out of Poverty

Most people aged 65 and older receive the majority of their income from Social Security.[1] Without Social Security benefits, 37.7 percent of older adults would have incomes below the official poverty line, all else

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[1] CBPP, "Policy Basics: Top Ten Facts About Social Security," updated April 17, 2023, http://www.cbpp.org/research/social-security/policy-basics-top-ten-facts-about-social-security.

being equal; with Social Security benefits, only 10.3 percent do. (See Figure 1.) The benefits lift 15.4 million older adults above the poverty line, these estimates show.

Comprehensive studies that match Census survey data to administrative records suggest that the official estimates overstate older adults' reliance on Social Security but confirm that Social Security lifts millions of older adults above the poverty line and dramatically reduces the poverty rate among people aged 65 and older. (See Appendix for more information.)

Social Security Lifts 1 Million Children Above the Poverty Line

Social Security is important for children and their families as well as for older adults. About 6.2 million children under age 18 (9 percent of all children in the U.S.) lived in families that received income from Social Security in 2021, according to Census data. This figure includes children who received their own benefits as dependents of retired, disabled, or deceased workers, as well as those who lived with parents or relatives who received Social Security. In all, Social Security lifts 1 million children above the poverty line.[2]

Social Security records show that 2.7 million children under age 18 qualified for Social Security payments in December 2021. (See Appendix Table 2.) Of these, 1.2 million were the survivor of a deceased worker. Another 1.1 million received payments because their parent had a severe disability. And 327,000 children under 18 received payments because their parent was retired.[3]

Social Security Dramatically Cuts Poverty Among Older Adults

Percentage of adults aged 65 or older in poverty, 2021

Note: This analysis uses the official poverty measure.

Source: CBPP analysis of data from the U.S. Census Bureau's March 2022 Current Population Survey

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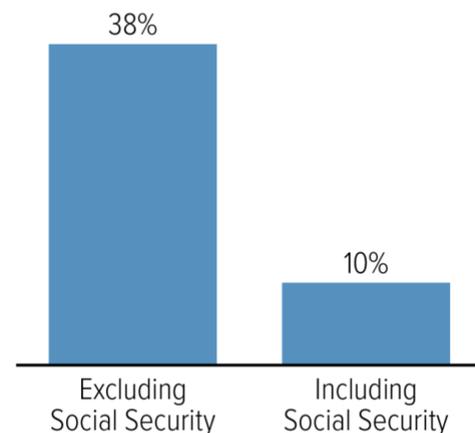## Social Security Protects Groups That Are Particularly Vulnerable to Poverty

Social Security is especially important for women and people of color. Women tend to earn less than men, take more time out of the paid workforce, live longer, accumulate less savings, and receive smaller pensions. Social Security brings 8.8 million older women above the poverty line, as Table 2 shows.

Black and Latino workers benefit substantially from Social Security because they have higher disability rates and lower lifetime earnings than white workers, on average. In addition, Black workers have higher rates of premature death than white workers, and so their spouses and children are more likely to be eligible for Social Security survivor benefits. Latino workers have longer average life expectancies than white workers, which means they have more years to collect retirement benefits. Without Social Security, the

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[2] CBPP analysis of data from the U.S. Census Bureau's March 2022 Current Population Survey.

[3] Social Security Administration (SSA), "Annual Statistical Supplement to the Social Security Bulletin," 2022, Table 5.F4, https://www.ssa.gov/policy/docs/statcomps/supplement/.

poverty rate among older Latino adults would be 44.5 percent, and the poverty rate among older Black adults would be 50.2 percent.[4]

Effect of Social Security on Age 65+ Poverty by Sex and Race (Official Poverty Measure), 2021

Demographic Group	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Sex			
Men	34.3%	8.8%	6,536,000
Women	40.5%	11.6%	8,823,000
Race/Ethnicity			
White	35.4%	8.0%	11,465,000
Black	50.2%	17.5%	1,784,000
Latino	44.5%	18.7%	1,343,000
Asian	32.9%	13.3%	558,000
Other	41.8%	17.0%	208,000
Total, Age 65+	**37.7%**	**10.3%**	**15,358,000**

Note: Figures are rounded to the nearest 1,000. Figures may not sum to totals due to rounding.

Source: CBPP analysis of data from the U.S. Census Bureau's March 2022 Current Population Survey
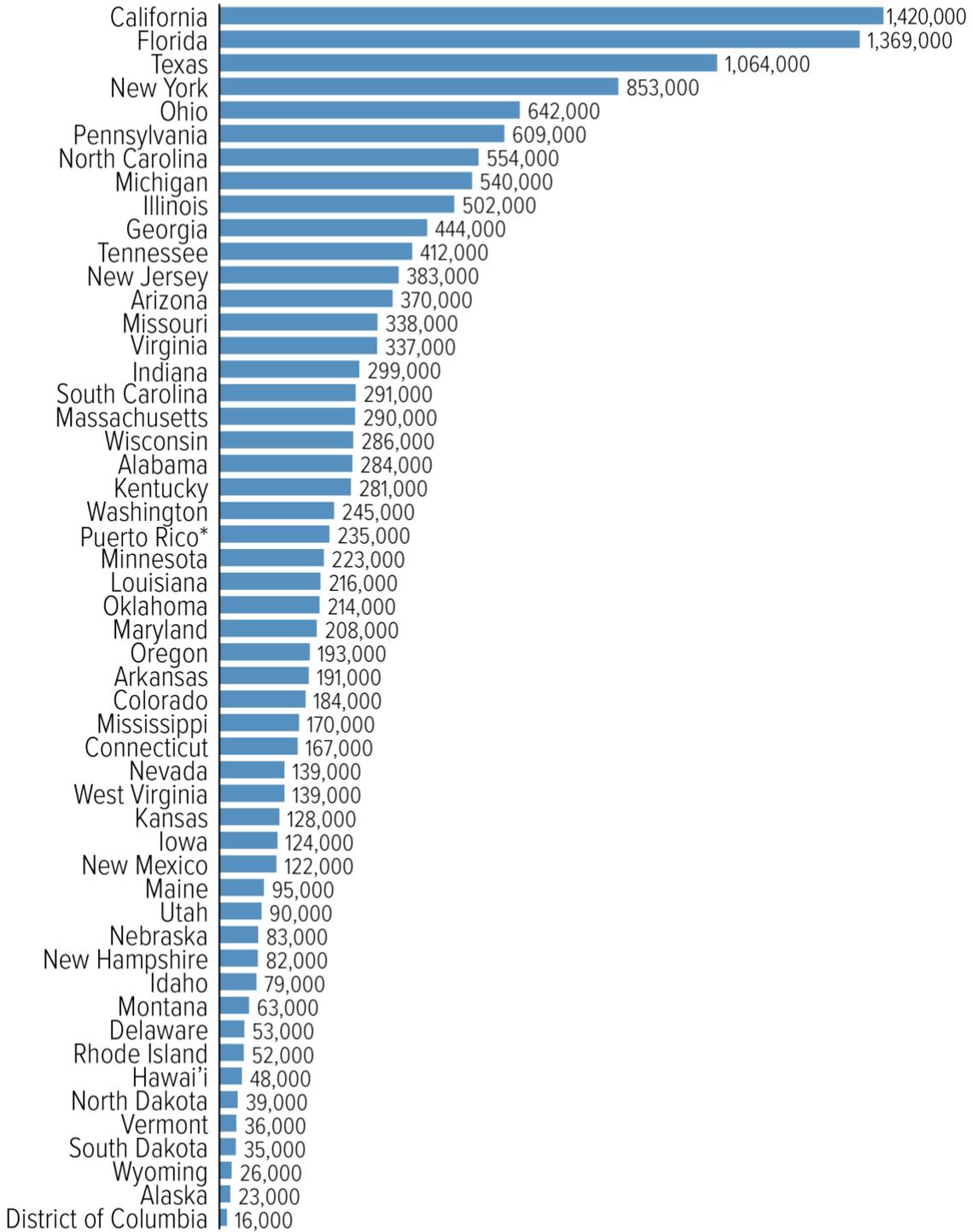
Social Security Reduces Poverty in Every State

Social Security reduces poverty dramatically among older adults in every state as well as Washington, D.C. and Puerto Rico, as Figure 2 and Appendix Table 1 show. Without Social Security, the poverty rate for those aged 65 and over would meet or exceed 40 percent in one-fourth of states; with Social Security, it is less than 10 percent in over two-thirds of states. Social Security lifts more than 1 million older adults above the poverty line in California, Florida, and Texas, and over half a million in Illinois, Michigan, New York, North Carolina, Ohio, and Pennsylvania.

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[4] CBPP analysis of data from the U.S. Census Bureau's March 2022 Current Population Survey.

FIGURE 2

Social Security Reduces Number of Elderly People in Poverty in Every State

Adults aged 65 or older lifted above the poverty line by Social Security, 2019-2021

State	Value
California	1,420,000
Florida	1,369,000
Texas	1,064,000
New York	853,000
Ohio	642,000
Pennsylvania	609,000
North Carolina	554,000
Michigan	540,000
Illinois	502,000
Georgia	444,000
Tennessee	412,000
New Jersey	383,000
Arizona	370,000
Missouri	338,000
Virginia	337,000
Indiana	299,000
South Carolina	291,000
Massachusetts	290,000
Wisconsin	286,000
Alabama	284,000
Kentucky	281,000
Washington	245,000
Puerto Rico*	235,000
Minnesota	223,000
Louisiana	216,000
Oklahoma	214,000
Maryland	208,000
Oregon	193,000
Arkansas	191,000
Colorado	184,000
Mississippi	170,000
Connecticut	167,000
Nevada	139,000
West Virginia	139,000
Kansas	128,000
Iowa	124,000
New Mexico	122,000
Maine	95,000
Utah	90,000
Nebraska	83,000
New Hampshire	82,000
Idaho	79,000
Montana	63,000
Delaware	53,000
Rhode Island	52,000
Hawai'i	48,000
North Dakota	39,000
Vermont	36,000
South Dakota	35,000
Wyoming	26,000
Alaska	23,000
District of Columbia	16,000

*The Current Population Survey (CPS) does not collect data on Puerto Rico, so estimates for Puerto Rico are based on the Puerto Rico Community Survey. There are no available data for the remaining territories that would allow for this analysis.

Note: This analysis uses the official poverty measure.

Source: CBPP analysis of data from the U.S. Census Bureau's 2020-2022 March CPS and from the 2022 Puerto Rico Community Survey

Social Security's Effect on Poverty Using the Supplemental Poverty Measure

Unlike the official poverty measure, the Census Bureau's Supplemental Poverty Measure (SPM) counts government non-cash benefits, such as food or rental assistance, and tax-based benefits, such as the Earned Income Tax Credit (EITC), as income. Comparing across all programs, Social Security has the greatest anti-poverty effects, according to the Census Bureau.

The SPM also subtracts from a household's income various taxes, work expenses, and out-of-pocket medical spending. The poverty rate among adults aged 65 and older including Social Security is slightly higher using the SPM compared to the official measure (10.7 percent and 10.3 percent, respectively), mostly because older adults spend significantly more of their incomes on health care than working-age adults or children, and the SPM takes health care spending into account. The poverty rate for adults aged 65 and older without Social Security would reach 42.9 percent using the SPM.

Among younger beneficiaries, poverty under the SPM is lower — both with and without Social Security — because the supplemental measure takes benefits such as the EITC and Supplemental Nutrition Assistance Program benefits into account. Even after accounting for those benefits, Social Security lifts nearly 1.1 million children and 7.2 million adults aged 18-64 above the poverty line.

Effect of Social Security on Poverty (Supplemental Poverty Measure), 2021

Age Group	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Children Under 18	6.7%	5.2%	1,065,000
Adults Aged 18-64	11.5%	7.9%	7,183,000
Adults Aged 65 and Over	42.9%	10.7%	18,091,000
Total, All Ages	15.8%	7.8%	26,338,000

Note: The American Rescue Plan's Child Tax Credit expansion had a much larger impact on child poverty than in prior years, driving child poverty sharply downward in 2021. Figures are rounded to the nearest 1,000. Figures may not sum to totals due to rounding.

Source: U.S. Census Bureau, *Poverty in the United States: 2021*, Table B-8, https://www.census.gov/library/publications/2022/demo/p60-277.html

Technical Note

This analysis uses the Census Bureau's official definition of poverty (except for the box, "Social Security's Effect on Poverty Using the Supplemental Poverty Measure"). In determining poverty status, the Census Bureau compares a family's cash income before taxes with poverty thresholds that vary by the size and age of the family. The poverty thresholds in 2021 were $12,996 for an elderly individual, $16,379 for an elderly couple, and $27,740 for an average family of four.[5] To calculate the anti-poverty effects of Social Security, we determined each family's poverty status twice — first excluding and then including the family's Social Security benefits.

Our analysis considers the non-institutionalized population using data from the Census Bureau's Current Population Survey (CPS), the survey that is used to produce official poverty estimates.[6] Each March the CPS collects information on personal income, health coverage, and other social and economic characteristics for the previous year. The national estimates reported here are for 2021. The state-by-state estimates are based on a three-year average of CPS data (2019 to 2021) to improve their reliability. The estimate for Puerto Rico is based on a single year of data (2021) using the Puerto Rico Community Survey.

This analysis does not consider other changes that would occur in the absence of Social Security. If Social Security did not exist, many individuals aged 65 or older likely would have saved somewhat more and worked somewhat longer, and many might live with their adult children rather than in their own households. Other studies confirm, however, that Social Security has made a very large contribution to reducing poverty and that cutting Social Security benefits could substantially increase poverty among older adults.[7]

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[5] Poverty thresholds depend on the size of the family and its members' ages; the $27,740 figure is a weighted average for families of four. For more information, see https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html.

[6] U.S. Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2021," September 13, 2022, https://www.census.gov/newsroom/press-releases/2022/income-poverty-health-insurance-coverage.html.

[7] Eugene Smolensky, Sheldon Danziger, and Peter Gottschalk, "The Declining Significance of Age in the United States: Trends in the Well-Being of Children and the Elderly Since 1939," in John L. Palmer, Timothy Smeeding, and Barbara Boyle Torrey, eds., *The Vulnerable*, Urban Institute, 1988; Gary V. Engelhardt and Jonathan Gruber, "Social Security and the Evolution of Elderly Poverty," National Bureau of Economic Research Working Paper 10466, May 2004.

Appendix

   A 2017 study by Adam Bee and Joshua Mitchell of the Census Bureau matched the CPS survey responses used for official poverty statistics to administrative data from the Social Security Administration (SSA), Internal Revenue Service, and other government sources.[8] They found that official estimates overstate older adults' reliance on Social Security and poverty rates among older adults, but confirmed that Social Security lifts millions of adults aged 65 and older above the poverty line and dramatically reduces the poverty rate among these adults. They did not find significant underreporting of income among people of working age. Further study has confirmed their findings using more recent data.[9]

   Bee and Mitchell found that survey respondents generally reported accurately whether they received Social Security or earnings, but not whether they received pension income. Roughly half of older adult respondents who received pension income — either income from traditional defined-benefit pensions or withdrawals from defined-contribution pensions like 401(k)s or individual retirement accounts — failed to report this, particularly respondents whose pension income was small or inconsistent. On the other hand, respondents who reported receiving Social Security, earnings, or pension income generally reported accurately the amount they received from those sources.

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[8] Adam Bee and Joshua Mitchell, "Do Older Americans Have More Income Than We Think?" U.S. Census Bureau, Social, Economic, and Housing Statistics Division Working Paper No. 2017-39, July 2017, https://www.census.gov/content/dam/Census/library/working-papers/2017/demo/SEHSD-WP2017-39.pdf.

[9] Irena Dushi and Brad Trenkamp, "Improving the Measurement of Retirement Income of the Aged Population," SSA, Office of Research, Evaluation, and Statistics Working Paper No. 116, January 2021, https://www.ssa.gov/policy/docs/workingpapers/wp116.html.

Most Older Adult Households Have Incomes Below $50,000

Mean annual income of "aged units," by income decile, 2012
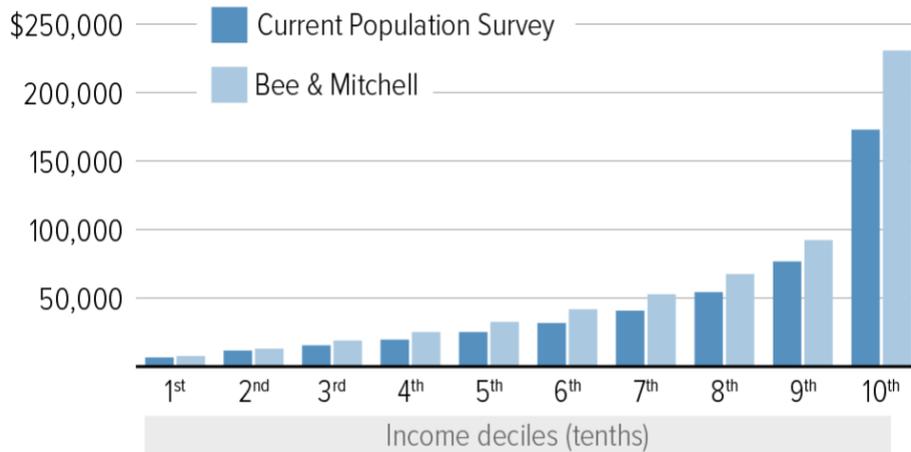
Note: Census researchers Adam Bee and Joshua Mitchell linked Current Population Survey data to administrative records from the Social Security Administration and Internal Revenue Service for a fuller picture of elderly people's income. "Aged unit" is generally defined as a couple or an unmarried individual older than 65; it does not include the income of other potential members of the household.

Source: Adam Bee and Joshua Mitchell, "Do Older Americans Have More Income Than We Think?" 2017

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Most retirees have modest incomes, save for some at the top of the income spectrum. Bee and Mitchell show that most low-income older adult households have very little pension income, if any; the majority of older adult households in the bottom third of the income distribution receive no pension income at all (compared to more than 80 percent in the top two-thirds). The study shows older adult households had a median income of about $44,000 in 2012 (compared to about $34,000 using the CPS alone, about a 30 percent difference). Further, about 1 in 4 retiree households lived on less than $20,000, and the majority lived on $50,000 or less. (See Appendix Figure 1.) Meanwhile, the wealthiest tenth of older adult households had incomes of $230,000, on average, according to Bee and Mitchell.

Bee and Mitchell's study confirms Social Security's large effect on poverty among older adults, but the enhanced data reduce both the poverty rate for these adults and the number of older adults lifted above the poverty line, compared to the official measures. The study estimates an elderly poverty rate in 2012 of nearly 7 percent, rather than the official rate of 9 percent. It also estimates that Social Security lifted about 3 in 10 older people — 10 million — above the poverty line, about one-third lower than official estimates.

The study also confirms that Social Security remains the foundation of retirement income. It is the largest single source of income for older adults, providing the majority of income for half of retirees and at least 90 percent of income for 18 percent of retirees. These rates of reliance are similar to Health and Retirement

Survey and Survey of Income and Program Participation estimates.[10] However, they indicate significantly less reliance on Social Security than the CPS alone, which estimated that about 65 percent of older adults received at least half of their income from Social Security and that 36 percent received at least 90 percent. Bee and Mitchell's study also finds that Supplemental Security Income (SSI) plays a more important role in older adults' income than official figures suggest, as many older adults with low incomes confuse SSI with Social Security.

Bee and Mitchell's data extend only through 2012. Their findings were replicated by SSA researchers using 2016 data but cannot easily be extrapolated to future retirees. Trends strongly indicate that the composition and distribution of retirement income will change significantly. Bee and Mitchell found that roughly two-thirds of non-Social Security retirement income for current retirees came from traditional defined-benefit pensions, which have largely been replaced by defined-contribution plans in the private sector for today's workers. Future retirees will be much less likely to have these pension benefits, and more of their retirement income will come from defined-contribution plans and individual retirement accounts, in which balances are highly unequal.

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[10] Irena Dushi, Howard M. Iams, and Brad Trenkamp, "The Importance of Social Security Benefits to the Income of the Aged Population," *Social Security Bulletin*, 2017, https://www.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html.

Effect of Social Security on Poverty Among Adults Aged 65 and Older by State (Official Poverty Measure), 2019-2021

	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Alabama	46.1%	13.4%	284,000
Alaska	29.6%	6.6%	23,000
Arizona	38.1%	9.6%	370,000
Arkansas	48.0%	11.4%	191,000
California	34.4%	10.3%	1,420,000
Colorado	29.3%	7.1%	184,000
Connecticut	32.8%	8.2%	167,000
Delaware	32.4%	5.9%	53,000
District of Columbia	37.4%	19.0%	16,000
Florida	41.6%	11.0%	1,369,000
Georgia	40.8%	11.0%	444,000
Hawai'i	25.1%	8.1%	48,000
Idaho	33.0%	5.6%	79,000
Illinois	34.0%	9.0%	502,000
Indiana	36.6%	8.6%	299,000
Iowa	28.3%	5.1%	124,000
Kansas	32.0%	5.5%	128,000
Kentucky	49.9%	14.0%	281,000
Louisiana	44.9%	14.9%	216,000
Maine	37.5%	6.1%	95,000
Maryland	27.4%	6.5%	208,000
Massachusetts	31.5%	7.8%	290,000
Michigan	37.7%	8.5%	540,000
Minnesota	29.4%	5.0%	223,000
Mississippi	49.9%	13.6%	170,000
Missouri	39.1%	7.7%	338,000
Montana	38.6%	9.9%	63,000
Nebraska	33.2%	5.6%	83,000
Nevada	37.3%	10.1%	139,000
New Hampshire	33.3%	4.9%	82,000
New Jersey	32.6%	8.2%	383,000
New Mexico	42.3%	12.6%	122,000
New York	36.0%	11.6%	853,000
North Carolina	42.4%	10.2%	554,000
North Dakota	38.8%	6.8%	39,000
Ohio	38.8%	8.4%	642,000
Oklahoma	44.6%	10.3%	214,000

Effect of Social Security on Poverty Among Adults Aged 65 and Older by State (Official Poverty Measure), 2019-2021

	Percent in Poverty		
	Excluding Social Security	Including Social Security	Number Lifted Above the Poverty Line by Social Security
Oregon	31.4%	7.2%	193,000
Pennsylvania	33.8%	7.7%	609,000
Puerto Rico*	67.9%	52.9%	235,000
Rhode Island	32.9%	7.1%	52,000
South Carolina	39.9%	9.0%	291,000
South Dakota	31.6%	7.7%	35,000
Tennessee	44.2%	9.6%	412,000
Texas	38.3%	10.9%	1,064,000
Utah	30.2%	6.5%	90,000
Vermont	31.7%	5.9%	36,000
Virginia	33.7%	7.3%	337,000
Washington	29.6%	7.4%	245,000
West Virginia	49.4%	11.4%	139,000
Wisconsin	35.5%	5.9%	286,000
Wyoming	33.3%	8.1%	26,000
Total, Persons Aged 65+	**37.0%**	**9.4%**	**15,051,000**

Note: Income is family cash income. The poverty rate "including Social Security" is the official poverty rate. Figures are rounded to the nearest 1,000.

* Totals do not include Social Security beneficiaries who live in Puerto Rico, other U.S. Territories, or abroad because the Current Population Survey (CPS) does not collect data for them. Estimates for Puerto Rico are based on the Puerto Rico Community Survey.

Source: CBPP analysis of data from the U.S. Census Bureau's 2020-2022 March CPS and 2022 Puerto Rico Community Survey

Social Security Beneficiaries by State or Other Area and Age, 2021

	Total	Aged 65 and Older	Aged 18-64	Children Under 18
Alabama	1,163,871	814,417	284,309	65,145
Alaska	110,006	84,796	18,335	6,875
American Samoa	6,008	2,921	1,846	1,191
Arizona	1,449,120	1,165,202	226,449	57,469
Arkansas	709,191	497,038	172,034	40,119
California	6,166,205	5,038,005	915,297	212,903
Colorado	925,084	758,911	133,166	33,007
Connecticut	699,597	567,750	108,356	23,491
Delaware	229,047	183,140	38,001	7,906
District of Columbia	83,228	63,838	15,770	3,620
Florida	4,909,642	3,928,082	800,899	180,661
Georgia	1,918,848	1,423,298	395,060	100,490
Guam	19,279	13,574	3,464	1,871
Hawai'i	286,863	242,176	34,845	9,842
Idaho	377,904	297,667	64,996	15,241
Illinois	2,271,926	1,799,403	388,905	83,618
Indiana	1,388,573	1,048,415	277,509	62,649
Iowa	668,984	533,699	112,751	22,534
Kansas	573,476	450,035	99,288	24,153
Kentucky	1,010,012	704,505	251,296	54,211
Louisiana	924,881	661,718	209,715	53,448
Maine	359,152	274,960	70,942	13,250
Maryland	1,038,041	826,461	168,713	42,867
Massachusetts	1,295,088	1,018,621	227,506	48,961
Michigan	2,253,295	1,699,029	462,317	91,949
Minnesota	1,082,519	873,925	172,098	36,496
Mississippi	681,844	471,123	168,307	42,414
Missouri	1,329,084	990,870	278,056	60,158
Montana	248,513	199,177	39,982	9,354
Nebraska	360,240	289,864	56,572	13,804
Nevada	571,841	454,905	94,205	22,731
New Hampshire	321,925	249,744	58,872	13,309
New Jersey	1,652,973	1,337,407	255,471	60,095
New Mexico	455,414	347,806	85,896	21,712
New York	3,680,521	2,889,601	656,818	134,102
North Carolina	2,202,898	1,673,623	437,223	92,052
North Dakota	140,668	113,750	21,630	5,288
N. Mariana Islands	3,474	2,210	767	497

Social Security Beneficiaries by State or Other Area and Age, 2021

	Total	Aged 65 and Older	Aged 18-64	Children Under 18
Ohio	2,409,265	1,843,363	467,472	98,430
Oklahoma	813,941	602,133	170,238	41,570
Oregon	910,086	737,863	145,377	26,846
Pennsylvania	2,878,165	2,244,859	528,133	105,173
Puerto Rico	821,664	593,222	198,478	29,964
Rhode Island	230,763	177,566	44,198	8,999
South Carolina	1,215,646	919,531	242,031	54,084
South Dakota	189,232	153,976	28,330	6,926
Tennessee	1,503,361	1,106,631	321,784	74,946
Texas	4,475,805	3,454,359	798,969	222,477
U.S. Virgin Islands	21,938	18,058	2,936	944
Utah	438,581	346,707	68,816	23,058
Vermont	157,587	123,561	28,316	5,710
Virginia	1,598,078	1,250,193	284,441	63,444
Washington	1,413,306	1,143,754	223,499	46,053
West Virginia	475,824	341,828	110,728	23,268
Wisconsin	1,289,260	1,012,111	233,117	44,032
Wyoming	120,816	95,746	20,354	4,716
Total	65,228,238	50,795,566	11,760,885	2,671,787

Note: Totals include residents of territories and people in the U.S. who reside abroad.

Source: Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin*, 2022, Table 5.J5, https://www.ssa.gov/policy/docs/statcomps/supplement/