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Exploring the Social Security Benefit Implications of Same-Sex Marriage

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Same-sex marriage became legal nationwide in the United States on June 26, 2015. Federal legalization of same-sex marriage expands the pool of individuals potentially eligible for Social Security spousal benefits. (Recent Gallup estimates suggest that by 2016 there were approximately 490,500 same-sex, married couples.) This paper is the first, foundational step in a research agenda designed to better understand the potential impact of marriage rights expansion on Social Security, as well as income and labor market participation of same-sex couple members.

Under current Social Security provisions, a couple's secondary (lower) earner can receive spousal benefits equal to 50 percent of the primary earner's higher benefit. Spouses who are eligible for larger benefits based on their own earnings history typically collect their own Social Security benefit rather than the spousal benefit. Analysis of individuals ages 24 to 32 in 2009 suggests that approximately 4 percent of the population identifies as lesbian, gay, or bisexual (LGB), and could potentially qualify for future Social Security benefits in same-sex marriages. However, we know relatively little about same-sex couple households or about the economic circumstances of the couple members.

Analysis of American Community Survey (ACS) data collected by the U.S. Census Bureau (2011-2015) provides estimates of the average household earnings income of different couple types. The average heterosexual, married couple had \$95,548 in earnings during this period, while same-sex, married male couples earned \$131,519, and same-sex, married female couples earned \$99,977. Earnings differentials between partners are about 4 percentage points lower among same-sex couples compared with heterosexuals. Between 58 to 66 percent of these earnings gaps are due to a stronger division of labor in heterosexual households than in same-sex households — both partners are more likely to be working in same-sex households than in heterosexual ones.

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In order to qualify for spousal benefits beyond personal SS benefits, a couple must have a substantial gap between partners' earnings, such that half of the higher earning partner's SS benefit is larger than the full benefit of the other spouse (up to a certain level of earnings, after which spousal benefits are capped). We used an SSA calculator to estimate the personal Social Security benefits of each partner in the ACS households in order to derive the percent of couples likely to be eligible for spousal benefit claims upon retirement. Among heterosexual, married couples, 46 percent of those 45 to 54 years old and 54 percent of those 55 to 64 are likely to qualify for spousal benefits. For same-sex, married male households, the percentages are 36 percent and 48 percent, respectively. For same-sex, married female households, the percentages are 38 percent and 46 percent. Given eligibility, married male couples could generally claim slightly higher spousal benefit amounts (approximately \$8,400/year) than heterosexual couples (approximately \$7,200/year). Married female couples claim similar amounts of spousal benefits as heterosexual couples.

We estimate projections of the LGB population from 2017 to 2040 using standard demographic techniques and combining multiple sources of data. Research indicates that sexual orientation is associated with differential mortality rates among U.S. adults ages 18 to 59. Gay and bisexual men experience mortality rates 2.2 times higher than heterosexual men; lesbian women experience mortality rates 3.2 times as high as heterosexual and bisexual women. We produced projections under three mortality regimes: one in which LGB individuals have the same mortality risk as heterosexuals, one in which the mortality risks are elevated until age 60, and one in which mortality risks remain elevated after age 60. Because the number of deaths between ages 18 to 59 is relatively low, elevated mortality risk limited to this period does not dramatically alter projections from the equal-mortality projections. Thus, we focus on the equal mortality (upper population estimate) and persistent mortality difference (lower population estimate) models to provide a range of the gay and lesbian populations at and beyond retirement age. We estimate in 2017 there are between 308,000 to 524,000 gay men and 250,000 to 503,000 lesbian women 66 and older. By 2040, these populations are anticipated to be 465,000 to 868,000 and 364,000 to 825,000, respectively. According to our new data collection, up to half of these populations intend to marry.

It is important to keep in mind that our estimates for spousal SS benefits according to couple type – while there is variation – are relatively similar for heterosexual and same-sex couples over all. Married male couples may be eligible to claim roughly 10 percent more than married heterosexual couples, and married female couples may be eligible to claim roughly 5 to 10 percent less. In order to develop SS benefit estimates further, we must collect new data on the marriage intentions and durations of the LGB population.

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