



# What Is the Effect of Racial Disparities on Entitlement to Social Security Survivor Benefit and Widow Poverty?

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While numerous factors have contributed to increasing inequality in recent years, many of those disparities are offset by the Social Security system, in keeping with its social insurance and redistribution functions. In some cases, however, Social Security may not offset sources of rising inequality and may even unintentionally exacerbate some. Social Security survivor benefits, our focus in this project, insure spouses with low lifetime earnings, following the death of a higher-earning spouse. With lower-earning men failing to experience the same gains in life expectancy as higher-earning men, survivor benefits may become increasingly important for their spouses. Yet, rising inequality in marriage and labor market outcomes may put these advantages out of reach for some women.

We study how, relative to white women, Black and Hispanic women's access to survivor benefits has been affected by the retreat from marriage. We focus on three factors that influence the availability and magnitude of survivor benefits and differ for women by race and ethnicity: trends in marriage, divorce, and nonmarriage; earnings and employment differences between spouses; and claiming ages. After considering each factor separately, we calculate how, taken together, they may affect the poverty of women

by race in old age. To do this, we use rich survey data from the Health and Retirement Study merged with administrative data from the U.S. Social Security Administration. In our analysis, we treat educational attainment as a proxy for socioeconomic status, as women in the least-educated groups are most likely to face poverty in old age.

Our analysis consists of several steps. First, we consider how declining marriage rates have affected women in retirement. While Black women are historically less likely to be married, the retreat from marriage has affected almost all groups of women. Nevertheless, the decline in marriage masks other important changes in nonmarital states. Less-educated white women have experienced relatively greater declines in marriage rates, yet less-educated Black women have experienced greater declines in divorce after marriages long enough to entitle them to survivor benefits and greater increases in nonmarriage. Thus, those Black women who are most likely to face poverty in old age lost more ground in accessing survivor benefits than white women did.

Second, we analyze how the work histories of women who are married, along with the work histories of their husbands, affect survivor benefit entitlement by race. Married women gain the most from survivor benefits when their average

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lifetime earnings are low relative to their husbands. At the extreme, if the retreat from marriage has been most pronounced among women with otherwise poor marriage options, it may have had little effect on widow poverty, particularly as it has been accompanied by convergence in lifetime earnings between men and women. We find that, among Black women who are married, relative to white and Hispanic women, earnings and employment differences by gender reduce gains from survivor benefits upon the death of a husband. Black women who are married have substantially longer work histories and slightly higher lifetime earnings than white women who are married, whereas their husbands are heavily disadvantaged in both length of employment and relative earnings, compared to the husbands of white women. The upshot is that Black women, compared to white and Hispanic women, are substantially more likely to have retired-worker benefits that are close to or even exceed the value of their spouses' — possibly in response to their spouses' poor labor market outcomes.

Third, we consider the role of claiming ages in affecting survivor benefits of widows. The survivor benefit is based on the deceased spouse's retired-worker benefit after adjustment for their early or late claiming. Thus, a husband's early claiming of retired-worker benefits and a wife's of survivor benefits both reduce the expected present value of lifetime survivor benefits. We find that the husbands of Black women claim retired-worker benefits earlier than the husbands of white or Hispanic women, and similarly that Black women claim survivor benefits earlier than white or Hispanic women. Both of these factors reduce the expected present value of lifetime survivor benefits. One important factor partly offsets those patterns: Based on SSA statistics,

we find that the husbands of Black women are also more likely to claim Social Security Disability Insurance, which later delivers full retired-worker benefits to them and protects widowed Black women from the impact of early claiming.

We conclude our analysis by combining these factors together to consider their overall impact on women's poverty in old age. We undertake two counterfactual exercises. We analyze what would happen if older Black women who are unmarried instead were widowed, having been married at similar rates as white women, but to unmarried men with characteristics similar to the men Black women in our sample actually married. We also analyze what would happen if white women who are married or widowed were instead not married, at similar rates as Black women. We find that the hypothetical increase in poverty for white women, had they not been married, would be considerably greater than the hypothetical decline in poverty for Black women, had they been married and then widowed. This suggests that both survivor benefits and other income sources fall short for Black women.

In evaluating policy reforms, an important consideration is whether Black women who are married experience reductions in their living standards upon the death of their husbands that other women do not, and whether Black women who lack access to survivor benefits via their marital histories receive similar overall benefits from Social Security as other women do. As we have shown here, the ways in which Social Security redistributes from single individuals to married couples and from dual- to single-earner couples interacts with recent trends in marriage, earnings and employment, and claiming to introduce some dimensions of regressivity and racial inequity into the system. ❖

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