

STRENGTHEN SOCIAL SECURITY **...don't cut it.**

Social Security Works for American Indians and Alaska Natives

Our Social Security system is neutral with regard to race and ethnicity, but because American Indians and Alaska Natives tend to have lower earnings over the course of their working years and little access to employer sponsored retirement plans, Social Security is particularly important to them. American Indians and Alaska Natives disproportionately depend on Social Security to earn vital but modest retirement, disability, and survivors' protections for themselves and their families. Social Security should not only be protected for American Indians and Alaska Natives; it should be expanded.

Why Social Security is Important to American Indians and Alaska Natives

In 2013, 207,055 American Indian and Alaska Native households received Social Security benefits.¹ The average benefit received by American Indian and Alaska Native men ages 65 and older in 2013 was \$14,546, while the average benefit for senior American Indian and Alaska Native women was \$12,207²—just barely above that year's federal poverty limit of \$11,490 for an individual.³ Despite their modesty, these benefits are critical to the economic security of the American Indian and Alaska Natives who receive them. In addition, Social Security has other features that make it important to American Indians and Alaska Natives:

- Social Security's benefits replace a higher percentage of the incomes of lower earners. In 2013, the median income of working-age American Indians was \$34,600, compared to \$43,000 for all working-age Americans.⁴ Because of their lower earnings, Social Security's progressive benefit formula is especially important for American Indians and Alaska Natives.
- Over the course of their working years, American Indians' and Alaska Natives' lower earnings leave them less able to set aside savings for retirement. As a result, Social Security's benefits, although modest, are likely the most critical, if not the only, source of income for American Indians and Alaska Natives in retirement.
- Social Security benefits are adjusted for inflation, so that they maintain purchasing power over time. This is especially critical for American Indians and Alaska Natives, who likely rely on their Social Security benefits for most, if not all, of their income in retirement. Even if they outlive their savings and other sources of retirement income, American Indians and Alaska Natives cannot outlive their Social Security benefits.

To Improve Social Security for American Indians and Alaska Natives, Expand Benefits

Although Social Security benefits are vital to the American Indians and Alaska Natives who receive them, they are still too modest, and should be expanded. Fortunately, there are a number of policy options that would improve Social Security benefits for all Americans, including American Indians and Alaska Natives:

- *Increase benefits across the board.* Although Social Security benefits have substantially reduced poverty among elderly Americans, these benefits are still too modest. There are a variety of proposals that would increase monthly benefits for all Americans progressively.⁵ Low-income beneficiaries, especially American Indians and Alaska Natives, would benefit most from such expansions.
- *Ensure that benefits keep pace with the cost of living experienced by Social Security beneficiaries.* Because American Indians and Alaska Natives likely depend on Social Security for a majority of their income, they especially rely upon Social Security's cost-of-living adjustments. However, the current index used to calculate these adjustments does not accurately reflect the higher health care costs experienced by seniors and people with disabilities.⁶ A more accurate cost-of-living index would ensure that American Indians' and Alaska Natives' Social Security benefits do not erode over time.
- *Expand Social Security to include paid family leave.* Social Security was created to empower workers to insure themselves and their families against predictable periods of lost wages—retirement, disability, or the death of a working parent. However, many workers also experience temporary periods out of the workforce due to family caregiving duties and personal medical conditions. The expansion of Social Security to include family leave benefits would ensure that workers, do not face economic insecurity during these temporary periods without wages.⁷
- *Eliminate the cap on payroll contributions and incorporate investment income.* Few Americans have annual incomes over Social Security's cap of \$118,500,⁸ meaning that a majority of Americans make Social Security contributions on all of their earnings, all year long, compared to millionaires and billionaires, who contribute on only part of their earnings and stop contributing earlier in the year. Eliminating the payroll cap and incorporating unearned income would not only close Social Security's long-range shortfall and help to finance benefit expansions,⁹ it would make contributions to the system more equitable for all Americans.

¹ The term "households" as it is used here refers to households reporting income in the past 12 months. Households receiving Social Security benefits are those households listed as receiving "Social Security income." U.S. Census Bureau, *2010-2012 American Community Survey 3-Year Estimates*, "Selected Population Profile in the United States," 2012. <http://factfinder2.census.gov/>

² SSA, *Income of the Population 55 or Older, 2012*, Table 5.A3, April 2014

https://www.ssa.gov/policy/docs/statcomps/income_pop55/2012/incpop12.pdf

³ 2013 Poverty Guidelines, US Department of Health and Human Services, December 2013.

<https://aspe.hhs.gov/2013-poverty-guidelines>

⁴ Figures are for full-time, year-round workers. SSA, "Social Security is Important to American Indians and Alaska Natives," June 2015. <https://www.ssa.gov/news/press/factsheets/amerindian-alt.pdf>

⁵ For example, Senator Brian Schatz (D-HI) has proposed increasing the first bend point of the Social Security benefit formula by 15 percent—approximately a \$70 increase in monthly benefits for all beneficiaries. Senator Brian Schatz, "S.1940 – Safeguarding American Families and Expanding Social Security Act of 2015," accessed February 18, 2016. <https://www.congress.gov/bill/114th-congress/senate-bill/1940?q=%7B%22search%22%3A%5B%22schatz%22%5D%7D>

⁶ Alicia H. Munnell and Anqi Chen, "Do We Need a Price Index for the Elderly," Center for Retirement Research at Boston College no. 15-18, October 2015. http://crr.bc.edu/wp-content/uploads/2015/10/IB_15-18.pdf

⁷ One proposal for paid family leave comes from the Social Security Works *All Generations Plan*, which would provide those who are insured for Social Security disability benefits up to 12 weeks of paid leave in the event of the birth or adoption of a child, a family member's illness, or a personal illness. Nancy J. Altman and Eric R.

Kingson, *Social Security Works! Why Social Security Isn't Going Broke and How Expanding It Will Help Us All*, (New York: The New Press, 2015), pp. 221-222.

⁸ Nicole Woo and Cherrie Bucknor, "Over the Top: Who Pays More if We Raise the Social Security Payroll Tax Cap," Center for Economic and Policy Research, February 2016. <http://cepr.net/images/stories/over-the-top-supplementary-tables.pdf>

⁹ Social Security Works, "High Earners Should Contribute Fair Share to Social Security: Policy Options," April 2015. http://www.socialsecurityworks.org/wp-content/uploads/2015/04/High-Earners-Should-Contribute-Fair-Share-to-Social-Security_Policy-Options_FINAL.pdf