

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security Works for Asian Americans, Hawaiian Natives and Pacific Islanders

Our Social Security system is neutral with regard to race and ethnicity, but because Asian Americans, Hawaiian Natives and Pacific Islanders tend to have longer life expectancies, Social Security is particularly important to them. Social Security should not only be protected for Asian Americans, Hawaiian Natives and Pacific Islanders; it should be expanded.

Why Social Security is Important to Asian Americans, Hawaiian Natives and Pacific Islanders

In 2012, 833,680 Asian American, Hawaiian Natives and Pacific Islander households received Social Security benefits,¹ including 1.7 million Asian American seniors.² The median benefit received by Asian Americans ages 65 and older in 2012 was \$14,513³—just \$3,343 over the federal poverty limit for an individual.⁴ Despite their modesty, these benefits are critical to the economic security of the Asian Americans, Hawaiian Natives and Pacific Islanders who receive them. In 2012, Social Security benefits made up half or more of the incomes for two-thirds (66.6 percent) of Asian Americans ages 65 and older.⁵ In addition, Social Security has other features that make it vital to Asian Americans, Hawaiian Natives, and Pacific Islanders:

- Social Security's benefits, although modest, are the most critical, if not the only, source of income for Asian Americans, Hawaiian Natives and Pacific Islanders in retirement. In 2012, Social Security benefits represented 90 percent or more of the incomes of over 4 in 10 (44.4 percent) Asian Americans aged 65 and older.⁶
- Asian Americans, Hawaiian Natives and Pacific Islanders are impacted by the costs of caregiving—19.7 percent of Asian Americans are caregivers.⁷ Caregiving can have adverse effects on lifetime earnings—approximately 6 in 10 caregivers report at least one change in their employment situation (such as reduced hours or taking a leave of absence) due to caregiving.⁸ Social Security's progressive benefits are vital to Asian Americans, Hawaiian Natives and Pacific Islanders who provide unpaid care.
- Social Security benefits are adjusted for inflation, so that they maintain purchasing power over time. This is especially critical for Asian Americans and Pacific Islanders, who have longer life expectancies than the general population. Among Asian Americans and Pacific Islanders who were 65 in 2012, men can expect to live to age 85 (compared to age 82 for all men), and women can expect to live to age 88 (compared to age 85 for all women).⁹ Even if they outlive their savings and other sources of retirement income, Asian Americans, Hawaiian Natives and Pacific Islanders cannot outlive their Social Security benefits.

To Improve Social Security for Asian Americans, Hawaiian Natives and Pacific Islanders, Expand Benefits

Although Social Security benefits are vital to the Asian Americans, Hawaiian Natives and Pacific Islanders 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 Asian Americans, Hawaiian Natives and Pacific Islanders:

- *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 proportionately or progressively.¹⁰
- *Ensure that benefits keep pace with the cost of living experienced by Social Security beneficiaries.* Because of their longer life expectancies, Asian Americans and Pacific Islanders 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.¹¹ A more accurate cost-of-living index would ensure that Asian Americans', Hawaiian Natives' and Pacific Islanders' Social Security benefits do not erode over time.
- *Provide a caregiver credit.* Because Asian Americans make up a sizeable percentage of the nation's caregivers, their Social Security benefits are impacted by time spent out of the workforce to provide care to children and other family members. A caregiver credit would ensure that, even when Asian Americans, Hawaiian Natives, Pacific Islanders and other workers forgo wages to provide unpaid care, their Social Security benefits will not be drastically reduced.¹²
- *Expand Social Security to include paid family leave.* Social Security was created to empower workers to insure themselves and their families against 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.¹³
- *Eliminate the cap on payroll contributions and incorporate investment income.* Only 10.1 percent of working Asian Americans have annual incomes over Social Security's cap of \$118,500,¹⁴ meaning that a majority of Asian 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;¹⁵ it would make contributions to the system more equitable for Asian Americans, Hawaiian Natives and Pacific Islanders.

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 Unless otherwise specified, “seniors” refers to individuals ages 65 and older. Social Security Administration, *Income of the Population 55 or Older, 2012*, Table 1.1 , April 2014

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

³ 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

⁴ 2012 Poverty Guidelines, US Department of Health and Human Services, December 2012.

<https://aspe.hhs.gov/2012-hhs-poverty-guidelines>

⁵ SSA *Income of the Population 55 or Older, 2012*, Table 9.A3, April 2014

https://www.ssa.gov/policy/docs/statcomps/income_pop55/2012/sect09.html#table9.a3

⁶ SSA *Income of the Population 55 or Older, 2012*, Table 9.A3, April 2014

https://www.ssa.gov/policy/docs/statcomps/income_pop55/2012/sect09.html#table9.a3

⁷ AARP Public Policy Institute and National Alliance for Caregiving, “Caregiving in the U.S.,” June 2015.

<http://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>

⁸ AARP Public Policy Institute and National Alliance for Caregiving, “Caregiving in the U.S.,” June 2015.

<http://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>

⁹ SSA, “Social Security Is Important to Asian Americans and Pacific Islanders,” June 2015.

<https://www.ssa.gov/news/press/factsheets/ss-customer/aapi-ret.pdf>

¹⁰ 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>

¹¹ 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

¹² For example, Representative Nita Lowey (D-NY) has proposed a caregiver credit that could be claimed by anyone spending at least 80 hours per month (up to 60 months) providing care to a dependent relative under the age of 12 or a chronically dependent individual. Representative Nita Lowey, “H.R. 3377 – Social Security Caregiver Credit Act of 2015,” accessed February 18, 2016. <https://www.congress.gov/bill/114th-congress/house-bill/3377?q=%7B%22search%22%3A%5B%22%5C%22hr3377%5C%22%22%5D%7D&resultIndex=1>

¹³ 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.

¹⁴ 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>

¹⁵ 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