

SOCIAL SECURITY WORKS FOR NEW JERSEY

2019 Report



socialsecurityworks.org

Our *Social Security Works for America* series of reports is written for public officials, members of the press, advocates and other concerned citizens. In addition to providing information about Social Security's history, character and vitality, as well as relating compelling, real-life stories, every report includes statistics about the number of people who receive benefits, the types of benefits they receive, and the total amount of funds flowing from Social Security into each state, including its congressional districts. Reports are available online for all 50 states, the District of Columbia, Puerto Rico, American Samoa, Guam, the Northern Mariana Islands and the U.S. Virgin Islands. A national report, "[Social Security Works for the United States](#)," is also available.

Please note that a short fact sheet summarizing the data in this report can be found at the end of the report, directly following the endnotes.

For Social Security data at the congressional district level, please see "Appendix 1: Social Security Works for New Jersey's Congressional Districts," toward the back of the report, just before the endnotes.



The mission of Social Security Works is to protect and improve the economic status of all Americans, especially disadvantaged and at-risk populations, and, in so doing, to promote social justice for current and future generations of children as well as young, middle-aged and older adults.

www.socialsecurityworks.org



The Strengthen Social Security Coalition is made up of more than 350 national and state organizations, representing more than 50 million Americans. The Coalition is united around core principles, which include that Social Security benefits should be expanded, and the belief that our nation's Social Security, Medicare and Medicaid systems are fundamental to the well-being of America's families and to the type of nation we are and want to be...

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Suggested Reading

The Truth about Social Security: The Founders' Words Refute Revisionist History, Zombie Lies, and Common Misunderstandings by Nancy Altman (Strong Arm Press, 2018) (amzn.to/2P6Qmuj)

Social Security Works! Why Social Security Isn't Going Broke and How Expanding It Will Help Us All by Nancy Altman and Eric Kingson (New Press, 2015) (amzn.to/1uBmbce)

Agrarian Justice: With a new Foreword, "Social Security, Thomas Paine, and the Spirit of America" (Amazon, May 2015) (amzn.to/1K4LujF)

Acknowledgements

Like our Social Security system, this report would not have been possible without the foresight and hard work of a number of people.

Many people shared in the writing, design and production of our seventh set of state reports. We are especially grateful to Alex Abbott, Policy & Research Specialist at Social Security Works (SSW), the lead researcher, who verified all the data for this report. Jasmine Jefferson, SSW's Legislative Director, managed the project, and provided vital assistance in drafting the report and appendices. Linda Benesch, SSW's Communications Director, helped author the report text. Michael Phelan, SSW's Deputy Director, managed the production of the report.

Very importantly, we want to thank Gus, Suzie, Ruby and Mike for sharing their stories and views about the importance of Social Security to their lives. Graphic design was provided by SSW Digital Associate, Paige Kelly. We thank Grace Youn, All Means All intern, for collecting much of the data for this report.

Social Security Works also benefited from the work and commitment of others who provided research and analysis for this report. The Center on Budget and Policy Priorities generously shared with us calculations on the number of seniors in various demographic groups lifted out of poverty by Social Security in 2016 and 2017, from CBPP's 2018 report, "Social Security Lifts More Americans Above Poverty Than Any Other Program."

Any errors, and all interpretations of the data, are our own.

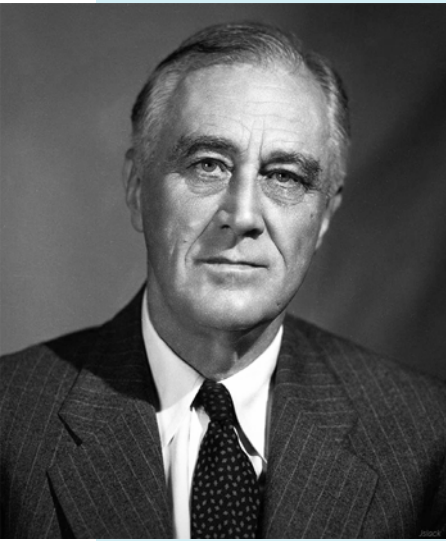
We hope the report is useful to you as you work to strengthen Social Security in its 84th anniversary year. Please contact our Communications Director, Linda Benesch (lbenesch@socialsecurityworks.org), if you have questions about the report.

Eric R. Kingson
Chair
Social Security Works Board of Directors

Nancy Altman
President
Social Security Works

Alex Lawson
Executive Director
Social Security Works

Introduction & Summary



“We can never insure one-hundred percent of the population against one-hundred percent of the hazards and vicissitudes of life. But we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age. This law, too, represents a cornerstone in a structure which is being built but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future Administrations against the necessity of going deeply into debt to furnish relief to the needy. The law will flatten out the peaks and valleys of deflation and of inflation. It is, in short, a law that will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness.”

—Franklin D. Roosevelt, August 14, 1935

In 1935, when President Franklin D. Roosevelt signed the Social Security Act into law, he called it a cornerstone of a structure to be maintained and built upon by and for future generations.

Since then, we have expanded Social Security carefully and deliberately. Life insurance for survivors was added in 1939—initially for widows and dependent children, but later extended to widowers as well. Disability Insurance benefits were added in 1956. The automatic cost-of-living adjustment, added in 1972, was created to ensure that benefits retained their purchasing power over many years. We built, maintained and strengthened Social Security for a reason: to enable working men and women to protect themselves and their families, and because we, as a nation, value hard work, human dignity and caring for our parents, our children, our spouses, our neighbors and ourselves.

This report highlights the success of Social Security in New Jersey and the nation. The numbers tell part of the story—how many people receive benefits in New Jersey and in its congressional districts; how many dollars flow into these jurisdictions in a year; the types of benefits paid and the wide range of people who receive them. Alongside these numbers, this report presents the stories of hard-working

families whose lives have been made more secure by the protections they have earned.

As you read through this report, we urge you to think of the people you know: Family members who live in dignity in old age because they can count on a Social Security check, each and every month—checks that they or another family member have earned. Workers who are able to support themselves and their families after a severe and work-ending disability. Widowed spouses and children who can remain financially stable after a worker’s untimely death.

With millions of beneficiaries spending their monthly benefits on food and other necessities, think about how Social Security is the lifeblood of many small businesses and local economies, always present and always supporting jobs that stay in America.

Think, too, of how Social Security, like the nation’s highway system, is part of a rich legacy of those who came before.

Social Security Works

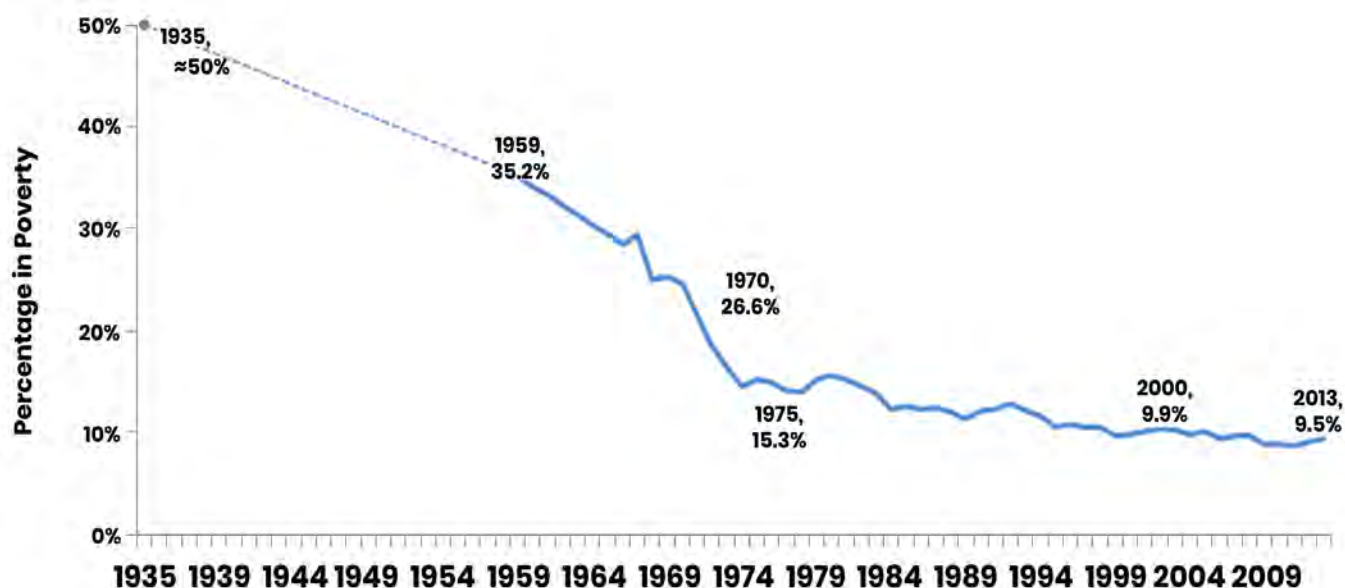
As we celebrate the 84th anniversary of the enactment of Social Security—and the 63rd anniversary of the addition of its vital disability protections—it is time to recall the contributions that our Social Security system has made to American economic security. For eight decades, even as our nation has endured wars, political crises, and severe economic recessions, Social Security has never missed a payment. It has paid every dollar of earned benefits, on time and in full.

Before the creation of Social Security, poverty among older Americans was pervasive. In 1934, President Roosevelt's Committee on Economic

Security estimated that “at least one-half” of all Americans aged 65 and older were poor,¹ and relied on family, friends and private charity for support—if that was available to them. Those who had no other option went, literally, to the poor house. In addition to short-term measures designed to address the immediate crisis of the Great Depression, F.D.R. championed Social Security old-age insurance in 1935 to ensure that current and future generations of Americans could enjoy a measure of security in their later years. By 1959, when the Census first began to officially count the poor, poverty among older Americans had declined to 35 percent [Figure 1].

Figure 1

ELDERLY POVERTY BEFORE AND AFTER SOCIAL SECURITY IN THE UNITED STATES, 1935–2013



Source: 1934: Committee on Economic Security, “Report of the Committee on Economic Security,” January 15, 1935. 1959–2013: Economic Policy Institute, “Per Capita Social Security Expenditures and the Elderly Poverty Rate, 1959–2013,” *The State of Working America, 12th Edition* (accessed May 20, 2015).

Poverty among seniors continued to fall over the course of the 20th century—to 25 percent in 1970, then to about 10 percent in 2000, where it has remained since.² Research suggests that much of the decline in elderly poverty between 1967 and 2000 can be attributed to expansions in our Social Security system.³

In 2018, Social Security paid \$989 billion in benefits to nearly 63 million beneficiaries—about 1 in 5 (20.4 percent) Americans and 1 in 3 (31.2 percent) households.⁴ These benefits extend beyond Social Security’s original retirement protections for seniors; today, they include disability and survivors’ protections as well. Over 16 million people under age 65 currently receive Social Security benefits—over 1 in 4 (26.0 percent) beneficiaries.⁵

In addition to being a vital source of retirement protection for seniors, Social Security is the nation’s largest and most generous children’s program. Virtually all American children are insured in the event of the death, disability, or old age of the workers whose wages support them. In 2013, an estimated 8.5 million children under age 18 either directly or indirectly received support from Social Security, 11.6 percent of the nation’s children. These included an estimated 3.2 million children who received Social Security benefits directly, as well as 5.3 million children living in a household with family members who receive benefits.⁶ Social Security’s child protections extend beyond children under 18; in 2017, 125,000 students ages 18-19 received

benefits, as well as 1.1 million disabled adult children.⁷

Social Security benefits are modest. The average annual benefit for all beneficiaries was \$15,456 in 2017, and \$16,850 for retired workers—just barely enough to keep an individual out of poverty.⁸ Despite their modesty, Social Security’s benefits are vital for the vast majority of those who receive them, young and old alike. Among elderly beneficiaries, 48% of married couples and 69% of unmarried persons relied on Social Security for at least half of their income in 2018.⁹ And Social Security benefits lifted 22.1 million Americans out of poverty in 2017, including 1.1 million children.¹⁰

Social Security Provides Crucial Insurance Protections against Disability and Death

Since 1956, Social Security Disability Insurance (SSDI) has provided vital protections against a risk that all Americans face: the experience of a life-altering disability that makes any kind of substantial work impossible. When workers who have paid into Social Security are no longer able to support themselves through work, as defined by the program’s strict eligibility criteria, they can expect to have a portion of their wages replaced by SSDI. For these workers with disabilities and their families, Social Security is a lifeline. Nearly 6 in 10 non-institutionalized SSDI beneficiaries rely on Social Security benefits for 75 percent or more of their incomes.¹¹ Yet, even with Social Security’s vital protections, nearly 1 in 5 SSDI beneficiaries remains in poverty.¹²

Through their hard work and Social Security contributions, nearly all working Americans earn Social Security’s retirement, disability and survivors’ protections for themselves and their families. Indeed, Social Security is the primary disability and life insurance protection for most New Jersey workers. In 2018, only three-fifths (60 percent) of all private workers in the United States had access to employer-sponsored life insurance, and only 34 percent had access to long-term disability insurance.¹³



In contrast, virtually all workers are insured for Social Security's disability and survivors' benefits. These protections are significant: A 30-year-old worker with a spouse and two young children, earning \$30,000-\$35,000, has earned Social Security benefits equivalent to over \$703,000 in disability insurance protections and over \$674,000 in life insurance protections.¹⁴ Today, more than 224 million working Americans have earned full Social Security protection for themselves and their families.¹⁵

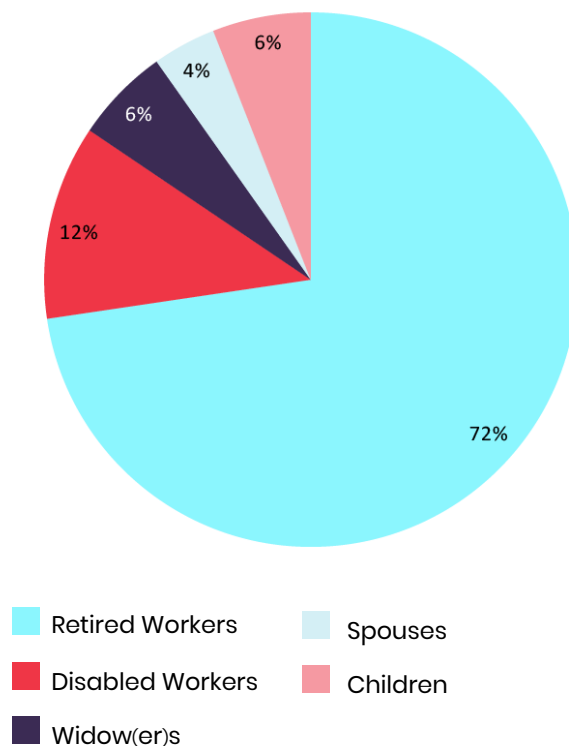
No one expects to experience a life-altering disability or die during their working years. Yet the chances that working Americans will need Social Security's disability and/or survivor protections before reaching retirement are significant. Nationwide, an estimated 1 in 3 young adults entering the workforce today will die or become disabled before reaching their full retirement age. Over 1 in 4 will experience a severe and work-ending disability, and 1 in 16 will die.¹⁶ Social Security provides peace of mind at every age, insuring workers and their families against lost wages due to old age, disability or death.

Social Security Works for New Jersey's Residents and Economy [Figure 2]

- Social Security provided benefits to 1,613,096 New Jersey residents in 2017, around 1 in 6 (17.9 percent) residents.¹⁷
- New Jersey residents received Social Security benefits totaling \$27.3 billion in 2017, an amount equivalent to 4.5 percent of the state's total personal income.¹⁸
- The average Social Security benefit in New Jersey was \$16,923 in 2017.¹⁹
- Social Security lifted 540,774 New Jersey residents out of poverty in 2017.²⁰

Figure 2

NEW JERSEY'S SOCIAL SECURITY BENEFICIARIES, 2018



Source: Social Security Administration, 2019

Social Security Works for New Jersey's Seniors²¹

- Social Security provided benefits to 1,159,770 of New Jersey's retired workers in 2017, 7 in 10 (71.9 percent) beneficiaries [Figure 2].²²
- The typical benefit received by a retired worker in New Jersey was \$18,792 in 2017.²³
- Social Security lifted 409,000 New Jersey residents aged 65 or older out of poverty in 2017.²⁴
- Without Social Security, the elderly poverty rate in New Jersey would have increased from 1 in 11 (9.2 percent) to 3 in 8 (37.5 percent) [Figure 3].²⁵

Social Security Works for New Jersey's Women

- Social Security provided benefits to 858,957 New Jersey women in 2017, 2 in 11 (18.9 percent) New Jersey women.²⁶
- Social Security provided benefits to 61,673 New Jersey spouses in 2017, 1 in 26 (3.8 percent) beneficiaries [Figure 2].²⁷
- Social Security lifted 243,000 New Jersey women aged 65 or older out of poverty in 2017.²⁸
- Without Social Security, the poverty rate of elderly women would have increased from 1 in 9 (11.3 percent) to 2 in 5 (41.9 percent) [Figure 3].²⁹

Social Security Works for New Jersey's Widow(er)s

- Social Security provided survivors benefits to 95,826 New Jersey widow(er)s in 2017, 1 in 16 (5.9 percent) New Jersey beneficiaries [Figure 2].³⁰
- The typical benefit received by a widow(er) in New Jersey was \$17,880 in 2017.³¹

Social Security Works for New Jersey's Workers with Disabilities³²

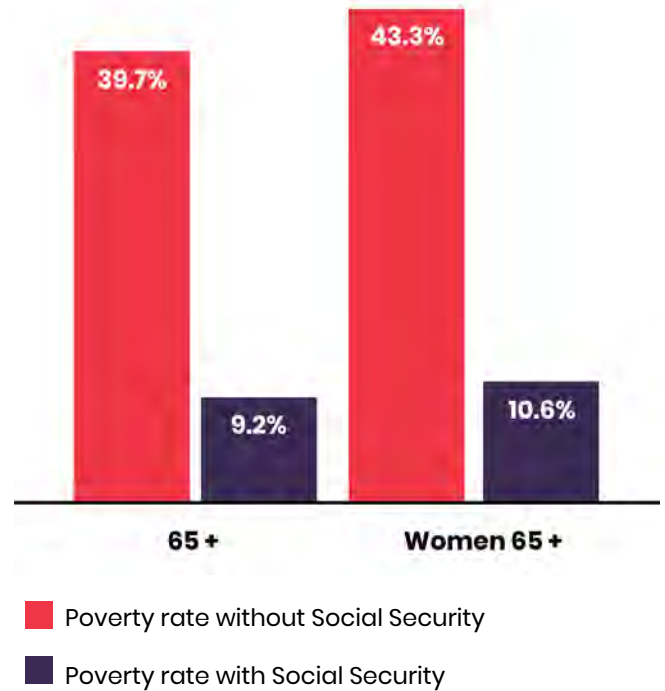
- Social Security provided disability benefits to 196,663 New Jersey workers in 2017, 1 in 8 (12.2 percent) New Jersey beneficiaries [Figure 2].³³
- The typical benefit received by a disabled worker beneficiary in New Jersey was \$14,496 in 2017.³⁴

Social Security Works for New Jersey's Children

- Social Security is the primary life and disability insurance protection for 98 percent

Figure 3

POVERTY RATE FOR BENEFICIARIES 65 AND OLDER WITH AND WITHOUT SOCIAL SECURITY, 2016-2017



Source: Center on Budget and Policy Priorities, 2018

of New Jersey's 1,953,643 children.³⁵

- Social Security provided benefits to 99,164 New Jersey children in 2017, 1 in 16 (6.2 percent) New Jersey beneficiaries [Figure 2].³⁶
- Social Security is the most important source of income for the 136,243 children living in New Jersey's grandfamilies, which are households headed by a grandparent or other relative.³⁷

Social Security Works for New Jersey's African Americans

- In New Jersey, Social Security provided benefits to 2 in 7 (27.9 percent) African American households in 2017, 119,202 households.³⁸
- Nationwide, Social Security lifted 1,500,000

African Americans aged 65 or older out of poverty in 2017.³⁹ Without Social Security, the poverty rate among African American seniors would have increased from 1 in 5 (19.0 percent) to half (51.7 percent).⁴⁰

- Nationwide, Social Security provided nearly three-quarters (70.2 percent) of the income of African American elderly couples and unmarried individuals receiving benefits, on average, in 2014. Social Security made up 90 percent of the total income for nearly half (45.2 percent) of these African American elderly households.⁴¹
- African Americans were 12.6 percent of the population in 2011, but represented 19 percent of disabled worker beneficiaries.⁴²

Social Security Works for New Jersey's Latinos

- In New Jersey, Social Security provided benefits to 1 in 5 (20.1 percent) Latino households in 2017, 106,684 households.⁴³
- Nationwide, Social Security lifted 1,250,000 Latinos aged 65 or older out of poverty in 2017.⁴⁴ Without Social Security, the poverty rate among Latino seniors would have increased from 1 in 6 (17.0 percent) to half (46.1 percent).⁴⁵
- Nationwide, Social Security provided three-quarters (74.2 percent) of the total income of Latino elderly couples and unmarried individuals receiving benefits, on average, in 2014. Social Security was 90 percent of the income for more than half (52.2 percent) of these Latino elderly households.⁴⁶
- The Social Security Administration estimates that Latinos receive a higher rate of return on their Social Security contributions than the overall population – the highest of any group. That's because they tend to have lower lifetime income, longer life expectancy, higher incidence of disability, and larger families.⁴⁷



Social Security Works for New Jersey's Asian Americans, Hawaiian Natives and Pacific Islanders

- In New Jersey, Social Security provided benefits to 2 in 11 (17.1 percent) Asian American, Hawaiian Native and Pacific Islander households in 2017, 47,688 households.⁴⁸
- Nationwide, Social Security provided, on average, two-thirds (65.5 percent) of the total income for Asian American households with beneficiaries aged 65 or older in 2014. In 2016, Social Security was 90 percent of the income for 26 percent of elderly married couples and 50 percent of elderly unmarried persons among elderly Asian Americans.⁴⁹
- Nationwide, Asian Americans and Pacific Islanders receive a high rate of return from Social Security because of their long life expectancies. An Asian American or Pacific Islander man aged 65 in 2011, can expect to live until age 85, compared to age 82 for all men. An Asian American or Pacific Islander woman of the same age can expect to live until age 88, compared to age 85 for all women.⁵⁰

Social Security Works for Immigrants

- Social Security is critical for immigrants, of whom 7 in 10 (71.4 percent) are Latino or Asian American in 2017.⁵¹
- New immigrants tend to have lower career earnings, so Social Security is likely to be a larger source of retirement income for them. Nationwide, the median household income of foreign-born residents was \$56,743 in 2017, 6.7 percent lower than the median for native-born Americans, which was \$60,786.⁵²
- Social Security is a lifeline for older workers who have serious health problems, difficult jobs or major work disabilities, among whom immigrants are disproportionately represented.⁵³ Nearly half (46.6 percent) of immigrant workers aged 58 or older work in physically demanding jobs or difficult conditions, compared with nearly one-third (32.7 percent) of native-born workers.⁵⁴
- The 2019 Social Security Trustees Report notes that an increase in the “average annual total net immigration by 100,000 persons improves the long-range actuarial balance by about 0.07 percent of taxable payroll.” If immigration were doubled, Social Security would gain around \$5 trillion over the next 75 years.⁵⁵

Social Security Works for Same-Sex Couples and Their Families

Since the U.S. Supreme Court affirmed the constitutional right of same-sex couples to marry (*Obergefell v. Hodges* in 2015), married same-sex couples and their families in every state have been able to claim the same spousal, survivor, and dependent child benefits guaranteed to all other married couples and their families.⁵⁶ Social Security’s crucial protections benefit thousands of Americans, including:

- The 486,000 same-sex couples who are currently married under state law,⁵⁷
- The estimated 210,000 children being reared by same-sex couples.⁵⁸

Social Security’s Services to New Jersey residents are Under Threat

Social Security is the nation’s most efficiently managed retirement, disability, and life-insurance system, with administrative expenses accounting for less than one penny of every dollar spent.⁵⁹ As the population ages, the demand on its services continues to grow. Yet, over the past eight years, the Social Security Administration’s (SSA’s) operating budget has shrunk by 9 percent (after adjusting for inflation), due to Congressional budget cuts, while the agency’s workloads have risen to record highs. Since 2000, SSA has consolidated or closed nearly 125 field offices. From September 2010 to March 2018, SSA has lost 12 percent of its staff.⁶⁰ All New Jersey residents and Social Security beneficiaries utilize and benefit from SSA’s services, many at critical moments in their lives when dependable and easily accessible in-person service is especially important. SSA’s budget cuts, which have already resulted in office closings, reduced hours at remaining offices, and staff reductions, are greatly harmful to Social Security beneficiaries nationwide and in New Jersey.

- From FY 2011 to FY 2018, 2 field offices in New Jersey have been closed.⁶¹
- From FY 2011 to June 30th, 2016, SSA has lost 359 employees in New Jersey.⁶²

Not only are these budget cuts harmful to New Jersey residents and Social Security beneficiaries who depend on SSA’s many in-person services, they are unnecessary and wrong. Unlike most government programs, Social Security is entirely self-funded, and contributes nothing to the federal debt. Its administrative expenses, which are modest by any standard, are paid directly by its dedicated revenues, primarily Social Security contributions paid by workers and matched by their employers.

Congress does not appropriate money for Social Security. It simply limits how much of Social Security’s surplus SSA may spend. Those Congressionally-imposed limitations do nothing to reduce the federal debt and only hamper SSA’s

ability to meet its growing workload and provide the services all New Jersey beneficiaries deserve—and have paid for. Instead of continuing to reduce SSA's operating budget, lawmakers should ensure that New Jersey residents and Social Security beneficiaries have access to conveniently located and adequately staffed field offices. This will ensure that they can continue to receive SSA's vital services in the world-class manner they have paid for.

Social Security is Fiscally Responsible and Affordable

Social Security is the nation's most conservatively financed and carefully monitored public institution. By law, Social Security does not, and cannot, add a penny to the federal debt.⁶³ While the federal budget has run a deficit in every year but five over the last half century, Social Security has no borrowing authority and is not allowed to pay benefits without sufficient funds.⁶⁴ Consequently, Social Security is entirely separate from federal budget deficits, and should not be part of any deficit reduction legislation considered by our nation's leaders.

Indeed, it is only because Social Security is required to project its finances 75 years into the future—an extremely long projection period by virtually any measure—that we even know about its modest long-term projected shortfall.⁶⁵ These long-range projections are reported annually by Social Security's team of actuaries and signed by its trustees—the secretaries of the Treasury, Health and Human Services, and Labor, the Commissioner of Social Security, and two Public Trustees nominated by the President and confirmed by the Senate. The 2019 report projects that Social Security can pay all benefits in full and on time for 16 years.⁶⁶ After that, even without Congressional action, it could still pay 80 cents of every dollar of earned benefits.⁶⁷

Social Security's projected shortfall is incredibly modest as a share of our nation's economy. Even with the retirement of the baby boomers, Social Security's costs are projected to go from their current level of 4.9 percent of gross domestic

SUSIE, NORTH DAKOTA

Susie worked with her husband in their family shoe store for more than 22 years.

"That's how we made our living," she says. "We made about \$100,000 a year during good years. It wasn't all profit, we also had expenses but we got by." And even though her husband passed away 19 years ago, she's reminded of their sacrifices and successes when she receives her earned Social Security and Medicare.

She began work as a waitress at 14 years old in tiny Reeder, North Dakota. From there she maintained a series of jobs including later on, at her own shoe store. Today, she receives about \$700 a month from Social Security along with support from Medicare. Even in Dickinson, the money doesn't go far. "I'm on both Medicare and Social Security, and together they pay less than I earned when I worked," Susie says.

At 68 years old, Susie has the benefit of hindsight when she surveys her life and the lives of other seniors. When asked how she feels about some who say seniors could afford to get by on \$50 less each month if Social Security were cut, she has a stark reminder for younger generations: "Yes, \$50 is a big deal! That means that I will have to drastically cut my food budget. It's already being cut as we speak. I don't even do entertainment out of the house anymore, because I can't afford it. My way of living has been reduced dramatically."

product (GDP) to just 5.9 percent in 2040, after which they are projected to fall and then rise again gradually to 6 percent in 2070.⁶⁸ The cost of bringing Social Security into actuarial balance is equal to roughly 1.0 percent of GDP.⁶⁹ This increase in Social Security spending is

significantly less, as a percentage of GDP, than the increase in spending on public education that occurred when the boomers were children.⁷⁰

Middle-Aged and Young Workers Face A Looming Retirement Income Crisis

Americans face a growing retirement income crisis. Stagnating wages, growing inequality, disappearance of traditional employer-sponsored pensions, and a failing 401(k) retirement system make it more and more difficult for working persons to adequately prepare for retirement. The typical household nearing retirement has only \$17,000 in retirement savings!⁷¹ Social Security's modest benefits are the most important, and in some cases, the only source of income for many retirees. Under current conditions, it is estimated that half (50 percent) of today's working Americans will be unable to maintain their standard of living in retirement – 48 percent of White households, 54 percent of Black households and 61 percent of Hispanic households. When anticipated health and long-term care costs are taken into account, roughly two-thirds of working-age households are at risk.⁷²

This risk is likely to grow, given the demographic trends in the workforce today. By 2060, the nation's demographics are projected to be majority-minority, with over half (56 percent) of Americans identifying as Hispanic and/or non-White.⁷³ Although this diversity is a testament to our nation's ongoing progress, these trends indicate that the retirement income crisis could be even greater for future generations. Black and Hispanic households have lower incomes and significantly lower savings than White, non-Hispanic households. And these households rely even more on their Social Security benefits in retirement—Social Security benefits represent 90 percent or more of the incomes of over 2 in 5 (45.2 percent) Black beneficiaries, and over half (52.2 percent) of Hispanic beneficiaries ages 65 and older.⁷⁴

GUS, WISCONSIN

Gus was a “tunnel rat” in Vietnam—one of the volunteer Army infantrymen who specialized in entering the web of narrow tunnels created by the VietCong. The tunnel rats would kill enemy soldiers hiding there and plant explosives to destroy these underground avenues of guerilla warfare.

For his service in this capacity he was awarded the Silver Star, the third highest decoration for valor given by the Army. Sixteen days after he was mustered out of the Army, he returned to his home in Wisconsin—and was in a serious car crash, sustaining a high-level spinal cord injury.

Because his injury was sustained outside military service, he was not eligible for service-connected disability compensation and had to turn to Social Security Disability Insurance. “To put it quite simply,” he says, “SSDI was a life saver.”

Many young workers are burdened by student debt. Today's youngest workers, Generation Z, are the most highly educated in our history.⁷⁵ But while the importance of attaining a college degree has grown, the cost of doing so has more than doubled,⁷⁶ leaving workers with student loan debt that follows many into retirement.⁷⁷

Today, Social Security prevents millions of Americans from falling into poverty. It provides a basic foundation for retirement security that protects millions more – low-, middle- and even higher-income -- from experiencing dramatic declines in their standard of living during their retirement. Even so, many retirees remain at economic risk and more than half of all working Americans are barreling towards a personal retirement income crisis.

To keep pace with growing costs, Social Security benefits are adjusted to keep pace with inflation, but these adjustments do not take into account the high health care costs faced by seniors and people with disabilities. As a result, average out-of-pocket health care spending for Medicare beneficiaries is projected to rise as a share of the average Social Security check, all the way from 41 percent in 2013 to 50 percent in 2030.⁷⁸ This means that Social Security benefits are failing to meet the needs of those who rely on them most—and for many, they are actually eroding in value.

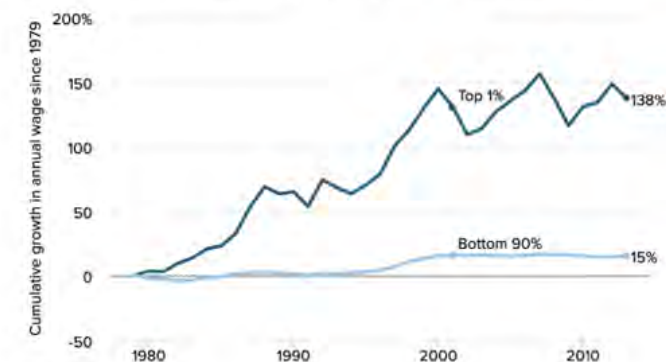
That's why, as important as Social Security's modest protections are today, they will become even more vital in the years to come. That's why benefits must be expanded for all current and future beneficiaries.

Rising Inequality Calls for Expanding Benefits and Requiring Wealthiest to Pay Their Fair Share

Social Security has been critical to the creation of a thriving middle class. That landmark achievement is now jeopardized by growing income and wealth inequality. While incomes from earnings and investments at the top have skyrocketed in recent decades, average wages have stagnated: today's real average wage has

When it comes to the pace of annual pay increases, the top 1% wage grew 138% since 1979, while wages for the bottom 90% grew 15%

Cumulative change in real annual wages, by wage group, 1979–2013



Source: EPI analysis of data from Kopczuk, Saez, and Song (2010) and Social Security Administration wage statistics

Reproduced from Figure F in *Raising America's Pay: Why It's Our Central Economic Policy Challenge*

MIKE, OHIO

Mike was a small business owner. He had his own home construction business. While on vacation in the Bahamas, he suffered a massive stroke. He was only 60 years old. Although he did receive some initial medical attention in the Bahamas, his family, through the help of friends, was able to charter a plane to bring him back to the States for treatment.

His stroke left him paralyzed on his right side and with aphasia, which means he could understand, but not speak. While most SSDI cases take a couple of years to get approval, Mike's case was so compelling, he was approved immediately. In the seven years since his accident, Mike has managed to go through his IRA, which he used to pay for unexpected medical expenses. If he did not have SSDI and now his Social Security retirement benefit, his family does not know what he would have done.

only about the same purchasing power it did four decades ago.⁷⁹

Social Security's benefit formula is progressive, providing larger payments to those who earn and contribute more, but replacing a higher percentage of wages for those with lower earnings. As the wealthiest nation in the world at the wealthiest moment in our history, we can well afford to expand Social Security.

While 94 percent of covered workers make Social Security contributions on all of their wages, millionaires and billionaires contribute on only the first \$132,900 of their earned income in 2019.⁸⁰ Furthermore, their unearned income—income from investments—is not subject to Social Security contributions. The fact that virtually all aggregate income growth has occurred above the Social Security tax cap has hurt Social Security's

finances, and is projected to harm them even more in the coming decades.⁸¹

In addition to eliminating the cap on wages subject to Social Security contributions, we should also incorporate high earners' investment income into Social Security, as we already do with Medicare. We should also consider introducing new dedicated sources of progressive revenue, given the upward redistribution of income and wealth over the last few decades.

For example, dedicating revenue from our most progressive tax—the federal estate tax—to our Social Security system would help to reduce income and wealth inequality while providing revenue to expand benefits. This is not a novel proposal; indeed, the idea of a system of social insurance benefits financed by a tax on inherited wealth was proposed over two centuries ago by one of our nation's Founding Fathers, Thomas Paine.⁸²

These improvements would ensure that high earners make contributions on all of their incomes, as the vast majority of Americans already do, and require them to pay their fair share. These reforms would eliminate Social Security's projected shortfall entirely, while providing enough revenue to expand benefits as well.⁸³

Social Security is the strongest and most important resource Americans have against challenges to their economic security resulting from retirement, disability, or death. To ensure that it can continue to meet these challenges in the 21st century and beyond, its benefits must be expanded. When it comes to Social Security, we should not be asking ourselves if we can afford to increase our economic security in the 21st century. Rather, we should be asking how we can afford to do otherwise.

RUBY, ARIZONA

I was born when Franklin Delano Roosevelt was elected into office in 1932, and three short years later he signed Social Security into law. I am retired now, so Social Security affects my life that way, but it also affected my life, and my children's lives, through survivors' benefits because we received benefits after their father died prematurely. It was a hunting accident. A guy across the hill from him shot, and my husband was hit, so I was left with the five kids.

It was such a shock that I didn't really know what I was going to do. It was really difficult. I got to the point where for three months, I could barely do anything and I finally had to go to the doctor. I could barely put one foot in front of me to physically walk to the doctor's office.

I don't know what I would have done without Social Security. When I went to work, I only earned one dollar thirty cents an hour. It was tough but it was workable. Without Social Security I don't know how it would have been.



Conclusion: Social Security Protections Should Be Expanded, Not Cut

We built our Social Security system because it is the fairest, most efficient, universal, and secure way for Americans to maintain their standards of living when wages are lost due to death, disability, or old age.

Without Social Security, the retirement security crisis facing today's workers would be even worse. Social Security is the foundation of financial stability in times of lost wages, and it works extremely well. No one is invulnerable to the risks of becoming disabled, dying young, or experiencing poor health in old age. Social Security protects all Americans from these risks. It will be even more important to future generations of retirees—today's middle-aged and younger workers.

Like our highway system, Social Security holds our nation together. It is fundamental to our family and community life. It supports our national and local economies. Social Security builds on, reinforces, and reflects what is best about our nation—commitment to hard work; taking responsibility to care for our parents, children, other family, neighbors and selves; promoting the dignity of all persons throughout

their lives; and sharing the burdens and bounty of our great nation.

We are much wealthier as a nation than we were when Social Security was first built, and in the years when its protections were extended and improved. Now it is our turn to maintain and improve it for ourselves and for those who follow. To build our own legacy for our nation's children and grandchildren so that when they become workers, they will have the economic security that Social Security provides.

The solution is clear – it is time to expand on what works. We must expand Social Security in order to improve economic security for all Americans in an era of stagnating wages and growing inequality.

At base, this is about what kind of nation we want to live in and leave for the generations to come. Today's workers have a stake in preserving and expanding Social Security for themselves, their families, and their children and grandchildren. And politicians have the opportunity to maintain, improve and pass on Social Security's vital benefits for future generations, just as our previous leaders and legislators have done for us.



Appendix

Appendix 1: Social Security Works for New Jersey's Congressional Districts

		Congressional Districts					
	State Total*	1	2	3	4	5	6
Total annual benefits (\$ in millions)*	\$29,232M	\$2,493M	\$2,894M	\$3,210M	\$3,063M	\$2,713M	\$2,090M
Number of residents in state/ congressional district	9,005,644	729,675	713,380	746,035	756,825	746,385	742,483
Number of residents receiving Social Security benefits	1,625,600	144,508	167,816	174,605	162,272	139,056	117,903
Percent of residents receiving Social Security benefits	18.1%	19.8%	23.5%	23.4%	21.4%	18.6%	15.9%
Social Security beneficiaries							
<i>Retired worker beneficiaries</i>	1,181,229	97,181	118,601	128,202	122,785	106,224	83,345
<i>Disabled worker beneficiaries</i>	191,337	23,051	24,119	20,773	15,620	11,593	15,532
<i>Widow(er)s receiving benefits</i>	93,584	9,027	9,423	10,293	10,003	7,856	7,027
<i>Spouses receiving benefits</i>	62,642	4,449	4,452	5,397	6,054	6,371	4,827
<i>Children receiving benefits</i>	96,808	10,800	11,221	9,940	7,810	7,012	7,172

Appendix 1: Social Security Works for New Jersey's Congressional Districts

		Congressional Districts					
	State Total*	7	8	9	10	11	12
Total annual benefits (\$ in millions)*	\$29,232M	\$2,533M	\$1,278M	\$2,025M	\$1,718M	\$2,788M	\$2,426M
Number of residents in state/ congressional district	9,005,644	754,222	777,484	769,504	781,893	729,569	758,189
Number of residents receiving Social Security benefits	1,625,600	127,337	91,058	122,791	110,124	138,634	129,496
Percent of residents receiving Social Security benefits	18.1%	16.9%	11.7%	16.0%	14.1%	19.0%	17.1%
Social Security beneficiaries							
<i>Retired worker beneficiaries</i>	1,181,229	97,160	61,453	89,179	73,234	108,478	95,387
<i>Disabled worker beneficiaries</i>	191,337	10,555	13,765	13,889	18,035	9,819	14,586
<i>Widow(er)s receiving benefits</i>	93,584	7,134	5,199	7,044	5,911	7,833	6,834
<i>Spouses receiving benefits</i>	62,642	5,990	4,224	5,838	3,404	6,480	5,156
<i>Children receiving benefits</i>	96,808	6,498	6,417	6,841	9,540	6,024	7,533

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Key Facts About Social Security in New Jersey

Social Security Works for New Jersey's Residents and Economy

- Social Security provided benefits to 1,613,096 New Jersey residents in 2017, 1 in 6 (17.9 percent) residents.
- New Jersey residents received Social Security benefits totaling \$27.3 billion in 2017, an amount equivalent to 4.5 percent of the state's total personal income.
- The average Social Security benefit in New Jersey was \$16,923 in 2017.
- Social Security lifted 540,774 New Jersey residents out of poverty in 2017.

Social Security Works for New Jersey's Seniors

- Social Security provided benefits to 1,159,770 New Jersey retired workers in 2017, 7 in 10 (71.9 percent) beneficiaries.
- Social Security lifted 409,000 New Jersey residents aged 65 and older out of poverty in 2017. Without Social Security, the elderly poverty rate in New Jersey would have increased from 1 in 11 (9.2 percent) to 3 in 8 (37.5 percent).

Social Security Works for New Jersey's Workers with Disabilities

- Social Security provided disability benefits to 196,663 workers in 2017, 1 in 8 (12.2 percent) New Jersey beneficiaries.

Social Security Works for New Jersey's Women

- Social Security provided benefits to 858,957 New Jersey women in 2017, 2 in 11 (18.9 percent) New Jersey women.
- Social Security lifted 243,000 New Jersey women aged 65 and older out of poverty in 2017. Without Social Security, the poverty rate of elderly women would have increased from 1 in 9 (11.3 percent) to 2 in 5 (41.9 percent).

Social Security Works for New Jersey's Children

- Social Security provided benefits to 99,164 New Jersey children in 2017, 1 in 16 (6.2 percent) New Jersey beneficiaries.

Social Security Works for New Jersey's People of Color

- Social Security provided benefits to 2 in 7 (27.9 percent) African American households in New Jersey in 2017, 119,202 households.
- Social Security provided benefits to 1 in 5 (20.1 percent) Latino households in New Jersey in 2017, 106,684 households.
- Social Security provided benefits to 2 in 11 (17.1 percent) Asian American, Hawaiian Native, and Pacific Islander households in New Jersey in 2017, 47,688 households.