

# Social Security Works for ALASKA



Report prepared by Social Security Works and Strengthen Social Security

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## Acknowledgements

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The mission of Social Security Works is to protect and improve the economic status of 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. Social Security Works is a project of the Tides Advocacy Fund with generous support from The Atlantic Philanthropies.

[www.socialsecurity-works.org](http://www.socialsecurity-works.org)



The Strengthen Social Security Campaign is made up of more than 60 national organizations and many state organizations, representing more than 30 million Americans. The Campaign is united around core principles, which include that Social Security benefits should not be cut and, instead, should be increased for those who are most disadvantaged.

[www.strengthensocialsecurity.org](http://www.strengthensocialsecurity.org)

The data presented in this report speak volumes about the importance of Social Security to families, communities and state and local economies. We hope the report is useful to you as you work to strengthen Social Security in this 75th anniversary year. Please contact the Social Security Works Communications Director, Alex Lawson, if you have questions about this report: [alex.lawson@socialsecurity-works.org](mailto:alex.lawson@socialsecurity-works.org).

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Co-Directors, Social Security Works

# Social Security Works for Alaska

**D**ebate rages in Washington about how to reduce our nation's growing federal deficit, and pundits and politicians alike propose cutting Social Security.

It doesn't seem to matter that Social Security has not caused the federal deficit, and the program has a \$2.5 trillion surplus today, which is projected to grow to \$4.2 trillion by 2025.<sup>1</sup> Nor does it seem to matter that the housing equity and retirement savings of many Americans collapsed during the nation's Great Recession. Cutting Social Security's protections – especially for middle aged and young workers – will undermine Social Security as a financial foundation, and often a financial lifeline.

Social Security is paid for through dedicated taxes contributed by workers and their employers. That is why Social Security is a promise, a bond between generations that belongs to the people who have worked hard all their lives and to their families.

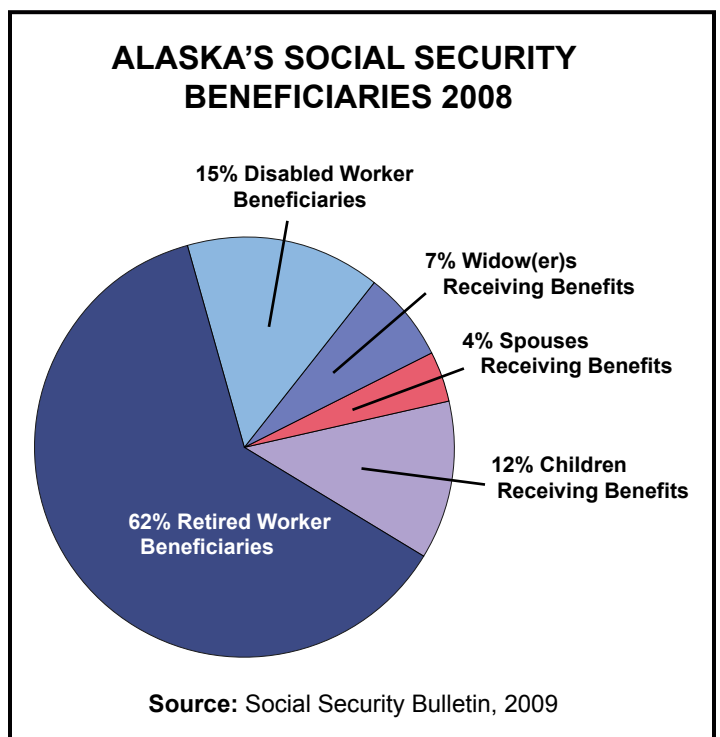
Social Security is family insurance protection against lost wages due to old age, disability, or death. The importance of Social Security's earned protections cannot be overstated:

- 53 million beneficiaries – around one in four households—receive Social Security.<sup>2</sup>
- 1 out of 3 Social Security beneficiaries is not a senior citizen.<sup>3</sup>
- Almost two out of three seniors rely on Social Security for half or more of their income.<sup>4</sup>
- The average Social Security benefit is less than \$13,000 a year (\$14,000 for retirees).<sup>5</sup>
- Social Security is the nation's largest disability

program, without which more than half of disabled workers would have incomes below the poverty line.<sup>6</sup>

- Nearly 9 percent of all U.S. children – about 6.5 million – receive Social Security or live in households where all or part of the income of the household comes from Social Security.<sup>7</sup> Consequently, Social Security is the nation's largest and, despite its modest benefits, most generous children's program.

Clearly Social Security works for the nation and for the residents of every state and congressional district too. Social Security's average benefit is very modest, which is why America cannot afford to cut it. Instead, Congress should work hard to strengthen Social Security.





## Social Security Works for Alaska's Economy

- Social Security provides benefits to more than 71,100 people, 1 out of 10 residents (10.4 percent).<sup>8</sup>
- Social Security lifts out of poverty a total of 22,000 Alaska residents.<sup>9</sup>
- Alaska residents receive Social Security benefits totaling nearly \$1 billion per year, an amount equivalent to 2 percent of the state's annual GDP (the total value of all goods and services produced).<sup>10</sup>

## Social Security Works for Alaska's Retired Workers

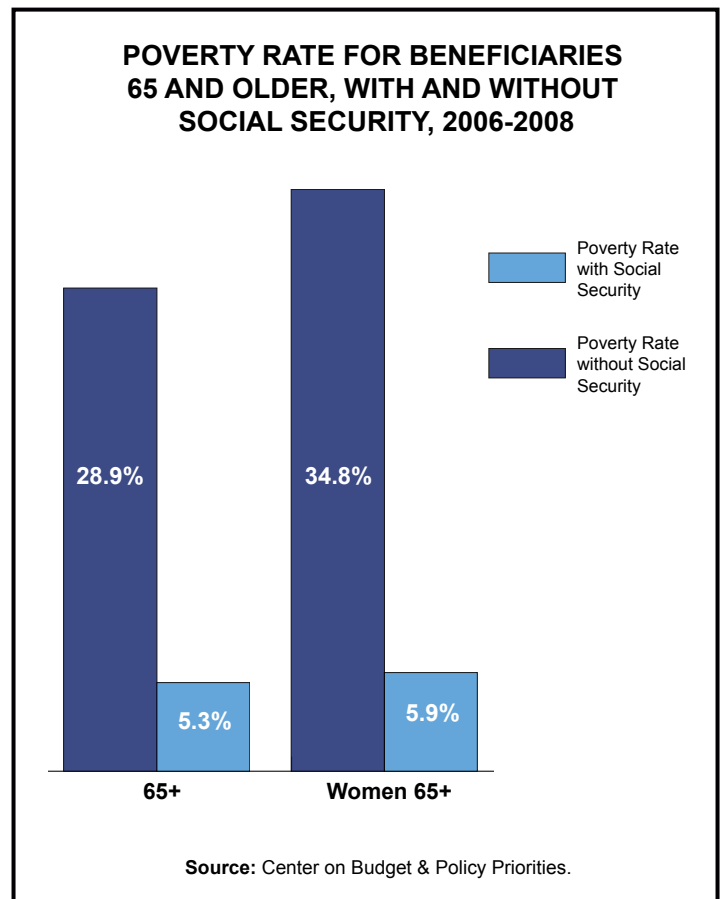
- Social Security provides benefits to 43,900 retired workers, 1 out of 15 (6.4 percent) residents and more than 6 out of 10 (61.7 percent) of all beneficiaries.<sup>11</sup>
- The median benefit received by a retired worker in Alaska is about \$12,800 annually.<sup>12</sup>
- Social Security lifts out of poverty 11,000 Alaska residents aged 65 and older. Without Social Security, the elderly poverty rate would increase from 1 out of 20 (5.3 percent) to 3 out of 10 (28.9 percent) residents.<sup>13</sup>

## Social Security Works for Alaska Women

- Social Security provides benefits to 31,600 residents, 1 out of every 10 women (9.6 percent).<sup>14</sup>
- Social Security provides benefits to 2,800 spouses, most of whom are women.<sup>15</sup>
- Women make up more than half of beneficiaries aged 65 and older in Alaska.<sup>16</sup>
- Social Security lifts out of poverty 7,000 Alaska women aged 65 and older. Without Social Security, the poverty rate of elderly women would increase from 1 out of 18 (5.9 percent) to one-third (34.8 percent) of all residents.<sup>17</sup>

## Social Security Works for Alaska Workers with Disabilities<sup>18</sup>

- Social Security provides disability benefits for 11,000 workers, nearly 1 out of 6 (15.4 percent) of all beneficiaries.<sup>19</sup>
- The median benefit received by a disabled worker in Alaska is about \$11,500 annually.<sup>20</sup>



## Social Security Works for Alaska Widow(er)s

- Social Security provides survivors' benefits to 5,100 Alaska widow(er)s, 7.1 percent of all beneficiaries.<sup>21</sup>
- The median benefit received by a widow(er) in Alaska is about \$12,900 annually.<sup>22</sup>



## Social Security Works for Alaska Children<sup>23</sup>

- Social Security is the major life and disability insurance protection for more than 95 percent of Alaska's 180,800 children.<sup>24</sup>
- Social Security provides benefits to about 8,400 children, 11.9 percent of all beneficiaries.<sup>25</sup>
- Social Security is the most important source of income for the 10,800 children living in Alaska's grandfamilies, which are households headed by a grandparent or other relative.<sup>26</sup>

## Social Security Works for Alaska Natives

- In Alaska, Social Security provides benefits to nearly 1 out of 4 (21.9 percent) Alaska Native households, 5,100 households.<sup>27</sup>
- Nationwide, Social Security provides 90 percent of the income for 20 percent of Alaska Native and Native American married couples and for 49 percent of Alaska Native and Native American unmarried residents aged 65 and older.<sup>28</sup>
- Social Security has a higher income replacement rate for lower-income earners. The median earnings of working-age Alaska Natives and Native Americans are about \$30,800, compared to \$40,000 for all working-age people. Social Security provides average benefits of about \$13,900 and \$10,500 annually for Alaska Native and Native American men and women aged 65 and older, respectively.<sup>29</sup>

## Social Security Works for Alaska's Working Families

- Through their hard work and payroll tax contributions, nearly all Alaska workers earn Social Security's retirement, disability and survivorship protections for themselves and their families.
- Social Security is the most valuable disability and life insurance protection for most Alaska workers. Nationwide, an estimated 3 out of 10 working-aged men and 1 out of 4 working-aged women will become severely disabled before reaching retirement age. An estimated 1 out of 11 working-aged men and 1 out of 17 working-aged women will die before reaching retirement age.<sup>30</sup>
- A 30-year-old worker who earns about \$30,000 and who has a spouse and two young children, receives Social Security insurance protection equivalent to private disability and life insurance policies worth \$465,000 and \$476,000, respectively.<sup>31</sup>

<b>Social Security Works for Alaska's Congressional Districts</b>	
CONGRESSIONAL DISTRICTS	
	<b>At Large</b>
<b>Total annual benefits (\$ in millions)*</b>	<b>\$855M</b>
<b>Number of residents in state/ congressional district</b>	<b>686,293</b>
<b>Number of residents receiving Social Security benefits</b>	<b>71,145</b>
<b>Percent of residents receiving Social Security benefits</b>	<b>10.4%</b>
<b>Social Security beneficiaries</b>	
<i>Women beneficiaries</i>	<b>31,573</b>
<i>Retired worker beneficiaries</i>	<b>43,862</b>
<i>Disabled worker beneficiaries</i>	<b>10,964</b>
<i>Widow(er)s receiving benefits</i>	<b>5,076</b>
<i>Spouses receiving benefits</i>	<b>2,810</b>
<i>Children receiving benefits</i>	<b>8,433</b>

Sources and Explanatory Note:

"Selected Demographic Characteristics in the United States, 2006-2008: Alaska," in *American Community Survey*, (Washington: US Census Bureau, December 2008). "Alaska" in *Congressional Statistics, December 2008*, (Baltimore: Social Security Administration, December 2009).

\*The annual benefits for the Congressional districts were calculated by taking the monthly benefits and multiplying by 12. The state annual benefits number is the sum of the congressional district numbers.

## Endnotes

Note: Data cited below is the most recent available as of July, 2010.

- <sup>1</sup> Social Security Trustees. "Table IV.A3" and "Table VI.F8" in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, (Baltimore: Social Security Administration, 2010).
- <sup>2</sup> "Table 2. Social Security Benefits, June 2010" in *Monthly Statistical Snapshot, June, 2010*, (Baltimore: Social Security Administration, 2010) [hereinafter *Monthly Stat. Snapshot*, 2010]; and Reno, Virginia, "Briefing Paper #287: Building on Social Security's Success," (Washington: Economic Policy Institute, 2007).
- <sup>3</sup> *Monthly Stat. Snapshot*, 2010.
- <sup>4</sup> "Fast Facts and Figures About Social Security, 2009," (Baltimore: Social Security Administration, 2010).
- <sup>5</sup> *Monthly Stat. Snapshot*, 2010.
- <sup>6</sup> Van de Water, Paul N. "Income of Disabled Worker Beneficiaries," (Baltimore: Social Security Administration, 2001).
- <sup>7</sup> Lavery, Joni and Virginia P. Reno. "Children's Stake in Social Security, Social Security Brief No. 27," (Washington: National Academy of Social Insurance, 2008).
- <sup>8</sup> Number of total beneficiaries from "5.J OASDI Current-Pay Benefits: Geographic Data: Table 5.J2—Number, by state or other area, program and type of benefit, December 2008" in *Annual Statistical Supplement to the Social Security Bulletin, 2009*, (Baltimore: Social Security Administration, Feb. 2010) [hereinafter, *Ann. Stat. Supp.*, 2010]. Percentage of state population from "Table 1: Beneficiaries as a percentage of the total resident population and of the population aged 65 or older, by state, December 2008," in *OASDI Beneficiaries by State and County, 2008*, (Baltimore: Social Security Administration, Feb. 2010).
- <sup>9</sup> Sherman, Arloc. "Antipoverty Effects of Social Security by State, 2006-2008," Pre-publication; specially released for Social Security Works, courtesy of Arloc Sherman and Paul Van de Water, (Washington: Center on Budget and Policy Priorities, July 2010).
- <sup>10</sup> Total annual benefits calculated by taking the monthly benefits and multiplying by twelve. "Table 5.J4—Total monthly benefits, by state or other area, program, and type of benefit, December 2008 (in thousands of dollars)," *Ibid.* Percentage calculated using state Gross Domestic Product figures from "Economic Slowdown Widespread Among States in 2008: Advance 2008 and Revised 2005-2007 State-by-State GDP Statistics," in *Bureau of Economic Analysis News Release*, (Washington: United States Department of Commerce, June 2, 2009), [hereinafter state Gross Domestic Product figures].
- <sup>11</sup> Number calculated using data from "Table 5.J2—Number, by state or other area, program and type of benefit, December 2008," in *Ann. Stat. Supp.*, 2010. Percentage calculated using population data from "Selected Demographic Characteristics in the United States, 2008: Alaska," in *American Community Survey*, (Washington: US Census Bureau, 2009) [hereinafter all percentages of state population use *American Community Survey* data].
- <sup>12</sup> "Table 5.J6—Percentage distribution of monthly benefit for retired workers, by state or other area and monthly benefit, December 2008" in *Ann. Stat. Supp.*, 2010.
- <sup>13</sup> Sherman, *Ibid.*
- <sup>14</sup> "Table 5.J5.1—Number, by state or other area, race, and sex, December 2008," in *Ann. Stat. Supp.*, 2010.
- <sup>15</sup> "Alaska" in *Congressional Statistics, December 2008*, (Baltimore: Social Security Administration, December 2009).
- <sup>16</sup> "Table 5.J3—Number and total monthly benefits for beneficiaries aged 65 or older, by state or other area and sex, December 2008," in *Ann. Stat. Supp.*, 2010.
- <sup>17</sup> Sherman, *Ibid.*
- <sup>18</sup> The number of Social Security disability beneficiaries cited here includes only those disabled workers receiving disability benefits. It does not include those disabled workers and "disabled adult children" who are recipients of Retirement and Survivors benefits. Hereinafter, any use of the term "disabled worker" will refer only to those disabled workers receiving disability benefits.
- <sup>19</sup> "Table 5.J2," *Ibid.*
- <sup>20</sup> "Table 5.J8—Percentage distribution of disabled workers, by state or other area and monthly benefit, December 2008" in *Ann. Stat. Supp.*, 2010.
- <sup>21</sup> "Table 5.J2," *Ibid.*
- <sup>22</sup> "Table 5.J9—Percentage distribution of nondisabled widow(er)s, by state or other area and monthly benefit, December 2008," in *Ann. Stat. Supp.*, 2010.
- <sup>23</sup> Unless otherwise specified as children under 18 to the exclusion of all others, the term "children" used in this section is consistent with the Social Security Administration's use of the term to include three groups: "children under age 18;" "students aged 18-19," which refers to children ages 18 and 19 who are matriculated in an institution of secondary education; and "disabled adult children," which refers to those adults who have been disabled since before they reached age 18.
- <sup>24</sup> The term "children," as it is used here, refers exclusively to children under age 18. Percentage data from "Survivors Benefits," (Baltimore: Social Security Administration, 2009).
- <sup>25</sup> "Table 5.J10—Number of children, by state or other area and type of benefit, December 2008," in *Ann. Stat. Supp.*, 2010.
- <sup>26</sup> Generations United. "Alaska Grandfacts," (Washington: Generations United, March 2008).
- <sup>27</sup> The term "households" as it is used here refers to households reporting income in the past 12 months. "Alaska: Selected Population Profile, 2006-2008" in *American Community Survey*, (Washington: US Census Bureau, 2009).

<sup>28</sup> “Social Security is Important to Native Americans,” (Baltimore: Social Security Administration, 2010).

<sup>29</sup> “Social Security is Important to Native Americans,” Ibid.

<sup>30</sup> Baldwin, Robert and Sharon Chu. “Actuarial Note 2005.6: A Death and Disability Life Table for Insured Workers Born in 1985,” (Baltimore: Social Security Administration, Feb. 2006). The term “retirement age” refers to the statutory “Retirement Age” at which workers become eligible for full retirement benefits for Social Security.

<sup>31</sup> Nichols, Orlo R. “The Insurance Value and Potential Survivor and Disability Benefits for an Illustrative Worker.” Memo to Alice Wade, Deputy Chief Actuary. (Baltimore: Social Security Administration, Office of the Chief Actuary, August 2008).