

# Social Security Works for COLORADO



Report prepared by Social Security Works and Strengthen Social Security

AUGUST 2010

## Acknowledgements

Social Security Works is grateful to the following for producing this report: Daniel Marans, a recent graduate of the Johns Hopkins University and a National Academy of Social Insurance Washington Intern, was the lead researcher whose commitment and excellence drove the project to its successful conclusion; and Frank Clemente, Alex Lawson and Judy Rein at Social Security Works. Kelly Olsen provided editorial support. Arloc Sherman, Senior Researcher, and Paul N. Van de Water, Senior Fellow, at the Center on Budget and Policy Priorities were very generous in providing advice and access to updated poverty data analyzed by the Center. Kirby G. Posey and David Getz, Survey Statisticians with the Income Statistics branch of the United States Census Bureau, generously provided data on the importance of Social Security as a source of income to household units. Alice Wade, Deputy Chief Actuary of the Social Security Administration, with the help of Virginia Reno, Vice President for Income Security at the National Academy of Social Insurance, graciously provided data on the value of Social Security's survivors and disability insurance. Graphic design was provided by Daniel Redding and Rachel Horlick of Magnetic State.



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).

Nancy Altman and Eric Kingson  
Co-Directors, Social Security Works

# Social Security Works for Colorado

**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.

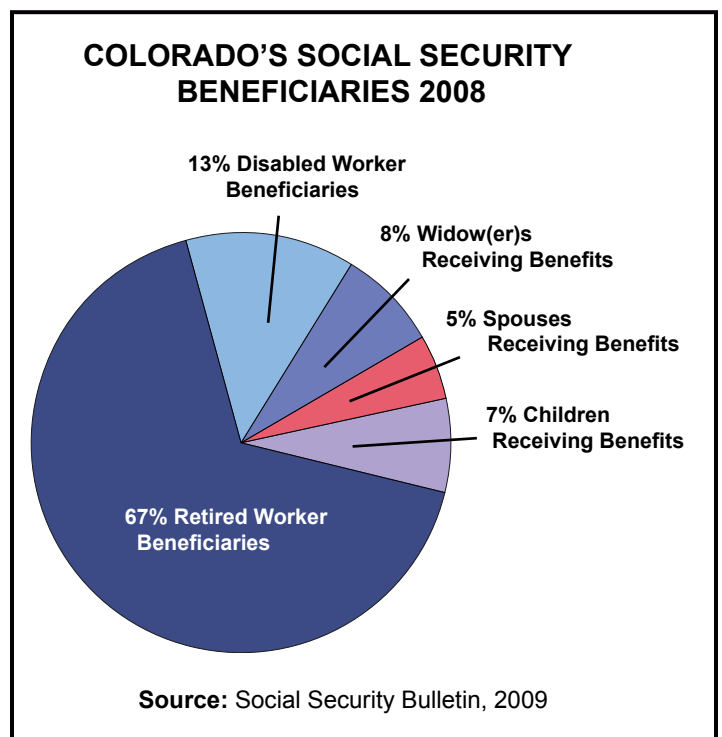
Social Security is family insurance protection against lost wages due to old age, disability, or death. The importance of Social Security's earned protections cannot be overstated:

- 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 Colorado's Economy

- Social Security provides benefits to 635,800 people, 1 out of 8 residents (12.9 percent).<sup>8</sup>
- Social Security lifts out of poverty a total of 187,000 Colorado residents.<sup>9</sup>
- Colorado residents receive Social Security benefits totaling \$8.1 billion per year, an amount equivalent to 3 percent of the state's annual GDP (the total value of all goods and services produced).<sup>10</sup>

## Social Security Works for Colorado's Retired Workers

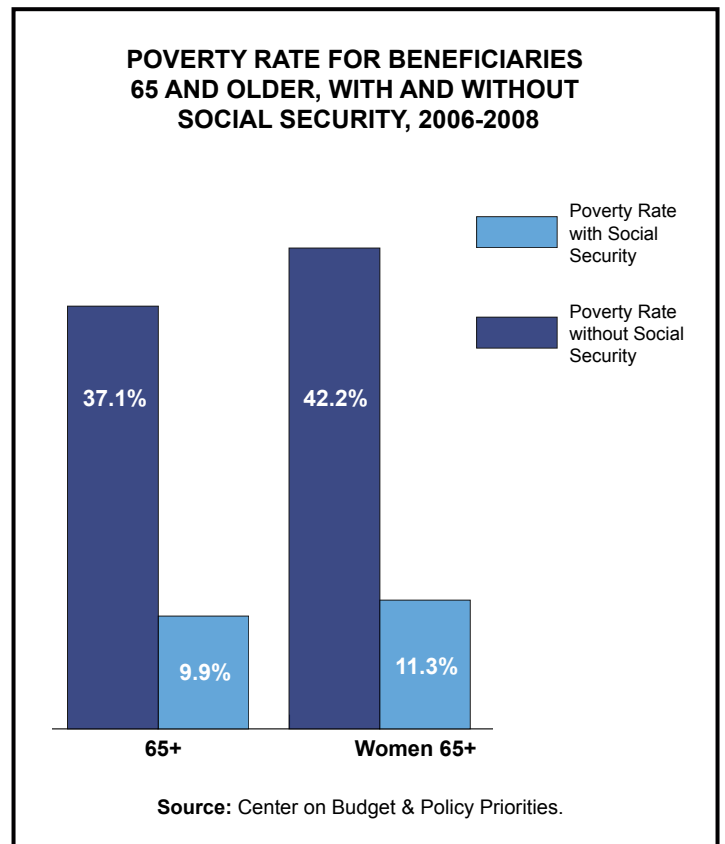
- Social Security provides benefits to 419,800 retired workers, 1 out of 12 residents (8.5 percent) and two-thirds (66 percent) of all beneficiaries.<sup>11</sup>
- The median benefit received by a retired worker in Colorado is about \$13,800 annually.<sup>12</sup>
- Social Security lifts out of poverty 132,000 Colorado residents aged 65 and older. Without Social Security, the elderly poverty rate would increase from 1 out of 10 (9.9 percent) to nearly 4 out of 10 (37.1 percent) residents.<sup>13</sup>

## Social Security Works for Colorado Women

- Social Security provides benefits to more than 325,000 residents, 1 out of every 8 women (13.3 percent).<sup>14</sup>
- Social Security provides benefits to 33,100 spouses, most of whom are women.<sup>15</sup>
- Women make up 55.6 percent of beneficiaries aged 65 and older in Colorado.<sup>16</sup>
- Social Security lifts out of poverty 82,000 Colorado women aged 65 and older. Without Social Security, the poverty rate of elderly women would increase from about 1 out of 9 (11.3 percent) to 4 out of 10 (42.2 percent) residents.<sup>17</sup>

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

- Social Security provides disability benefits for 84,300 workers, nearly 1 out of 8 (13.3 percent) of all beneficiaries.<sup>19</sup>
- The median benefit received by a disabled worker in Colorado is about \$11,800 annually.<sup>20</sup>



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

- Social Security provides survivors' benefits to 53,500 Colorado widow(er)s, 8.4 percent of all beneficiaries.<sup>21</sup>
- The median benefit received by a widow(er) in Colorado is about \$13,700 annually.<sup>22</sup>

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

- Social Security is the major life and disability insurance protection for more than 95 percent of Colorado's 1,206,800 children.<sup>24</sup>
- Social Security provides benefits to about 45,100 children, 7.1 percent of all beneficiaries.<sup>25</sup>
- Social Security is the most important source of income for the 70,600 children living in Colorado's grandfamilies, which are households headed by a grandparent or other relative.<sup>26</sup>

## Social Security Works for Colorado Latinos

- In Colorado, Social Security provides benefits to 1 out of 6 (15 percent) Latino households, 42,600 households.<sup>27</sup>
- Nationwide, Social Security provides three-quarters (75.4 percent) of the total income for Latino households with beneficiaries aged 65 and older, on average. Social Security is 100 percent of the income for more than 4 out of 10 (44.2 percent) of these Latino elderly households.<sup>28</sup>
- Nationwide, without Social Security, the elderly Latino poverty rate would increase from roughly 1 out of 6 (17.9 percent) to half (50.7 percent).<sup>29</sup>
- Studies estimate that Latinos receive a rate of return on their Social Security contributions that is 35 to 60 percent higher than the overall population, more than any other group. That's because they tend to have lower lifetime income, longer life expectancies, higher incidence of disability and larger families.<sup>30</sup>
- Social Security has a higher income replacement rate for lower-income earners. The median earn-

ings of working-age Latinos were about \$30,000, compared to \$40,000 for all working-age people. Social Security provides average benefits of about \$12,200 and \$9,500 annually for Latinos and Latinas aged 65 and older, respectively.<sup>31</sup>

## Social Security Works for Colorado African Americans

- In Colorado, Social Security provides benefits to 21,900 African Americans, 1 out of 8 (11.7 percent) African American residents.<sup>32</sup>
- Nationwide, Social Security provides nearly three-quarters (72.4 percent) of the income for African American households with beneficiaries aged 65 and older, on average. Social Security is 100 percent of the total income for 4 out of 10 (39.5 percent) of these African American elderly households.<sup>33</sup>
- Nationwide, 3 out of 10 (31.2 percent) of all African American beneficiaries receive disability benefits; for white beneficiaries it is about half of that number (15.2 percent).<sup>34</sup>

## Social Security Works for Colorado's Working Families

- Through their hard work and payroll tax contributions, nearly all Colorado 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 Colorado 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>35</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>36</sup>

## Social Security Works for Colorado's Congressional Districts

CONGRESSIONAL DISTRICTS								
	State Total	1	2	3	4	5	6	7
<b>Total annual benefits (\$ in millions)*</b>	<b>\$8,061M</b>	\$1,015M	\$1,953M	\$1,441M	\$1,222M	\$1,167M	\$1,145M	\$1,119M
<b>Number of residents in state/ congressional district</b>	<b>4,939,456</b>	645,920	701,749	684,510	705,849	687,503	765,774	653,263
<b>Number of residents receiving Social Security benefits</b>	<b>635,816</b>	80,170	70,671	122,193	98,489	96,013	80,975	87,305
<b>Percent of residents receiving Social Security benefits</b>	<b>12.9%</b>	12.4%	10.1%	17.9%	14.0%	14.0%	10.6%	13.4%
<b>Social Security beneficiaries</b>								
<i>Women beneficiaries</i>	<b>325,046</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Retired worker beneficiaries</i>	<b>419,821</b>	52,044	47,672	78,201	65,398	61,206	57,257	58,043
<i>Disabled worker beneficiaries</i>	<b>84,311</b>	13,235	8,866	17,017	12,009	13,616	7,604	11,964
<i>Widow(er)s receiving benefits</i>	<b>53,469</b>	6,629	5,356	11,152	8,985	8,097	6,019	7,231
<i>Spouses receiving benefits</i>	<b>33,130</b>	3,378	3,550	6,714	5,609	5,514	4,310	4,055
<i>Children receiving benefits</i>	<b>45,085</b>	4,884	5,227	9,109	6,488	7,580	5,785	6,012

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

Sources and Explanatory Note:

\*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: Colorado," 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> "Colorado" 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. "Colorado 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. "Colorado: Selected Population Profile," in *American Community Survey*, (Washington: US Census Bureau, 2009).

- <sup>28</sup> “Table 9.A3 Percentage distribution of beneficiary units, by race, Hispanic origin, and marital status, 2008,” in *Income of the Population 55 or Older, 2008*, (Baltimore: Social Security Administration, 2009).
- <sup>29</sup> Torres-Gil, Fernando et al. “The Importance of Social Security to the Hispanic Community,” (Washington: Center on Budget and Policy Priorities, 2005).
- <sup>30</sup> “Social Security is Important to Hispanics,” (Baltimore: Social Security Administration, 2010).
- <sup>31</sup> “Social Security is Important to Hispanics,” Ibid.
- <sup>32</sup> “5.J OASDI Current-Pay Benefits: Geographic Data: Table 5.J5.1—Number, by state or other area, race, and sex, December 2008,” in *Ann. Stat. Supp.*, 2010.
- <sup>33</sup> “Table 9.A3 Percentage distribution of beneficiary units, by race, Hispanic origin, and marital status, 2008,” in *Income of the Population 55 or Older, 2008*, (Baltimore: Social Security Administration, 2009).
- <sup>34</sup> “Table 5.A1—Number and average monthly benefit, by type of benefit and race, December 2008,” in *Ann. Stat. Supp.*, 2010.
- <sup>35</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>36</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).