Caregiving and Future Social Security Benefits: A Reply to O'Grady-LeShane and Kingson

Howard Iams, PhD, Steven H. Sandell, PhD
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Steven H. Sandell, PhD, and Howard Iams, PhD

Our research on caregiving and women’s Social Security benefits has been motivated by the original article and informed by the comment written by Eric R. Kingson and Regina O’Grady-LeShane (1993; KO). We appreciate their professionalism and the spirit of their response. This note responds to some of the issues raised and presents some new research findings obtained subsequent to our comment published in The Gerontologist.

Notwithstanding our view that the more appropriate measure for examining the impact of caring for children on Social Security benefits is the family’s total benefit, we agree that the Primary Insurance Amount (PIA) is one measure of the relationship between market work and caregiving. Because married women are also entitled to spouse benefits, the PIA is a misleading measure of the effect of caregiving, even if one considers the effect on women in isolation.

The average per-child reduction in the actual benefit the married woman receives is about $10 a month, compared to about $12 reduction in the PIA earned from her own employment (Sandell & Iams, 1994). The difference reflects dual entitlement for spouse benefits. Many women who earned retired-worker benefits do not have benefit reductions associated with raising children. Among wives entitled to retired-worker benefits, 36% were also entitled to higher spouse benefits. Furthermore, 68% of married women who earned retired-worker benefits had PIA’s were higher than their own, and would most likely have received survivors’ benefits based on husbands’ earnings. These women’s benefits are based on their husbands’ earnings, irrespective of their own.

The 1982 New Beneficiary Survey (NBS) used in our exchange with KO is limited by its focus on a cohort of 1982 retirees, and its lack of direct observation of dropping out for child care. These limitations are overcome in our subsequent research using a unique data source, the 1990 Survey of Income and Program Participation (SIPP) of the Census Bureau, appended with information from the Social Security Administration’s records of the respondents’ annual covered earnings from 1951 to 1990 (Iams & Sandell, 1994). These records are the basis for computing Social Security retirement benefits. Using SIPP responses, we constructed a variable measuring the period of labor force withdrawal to care for elderly or disabled relatives. Furthermore, we measured child care dropout years, defined as years with no recorded Social Security covered earnings when SIPP data indicated the presence of a child under age 6.

The number of full-time child care dropout years is declining with successive cohorts of women. Women reaching retirement age between 1992 and 1996 had an average of 5.5 dropout years between ages 22 and 41; women eligible to retire 5 years later had 4.9 dropout years. Women who will reach retirement age between 2002 and 2006, and 2007 and 2011 had 4.3 and 3.5 drop-out years, respectively.

Although the relationships among socioeconomic status measures and caregiving years were not entirely consistent, a policy implicitly subsidizing child-care years would generally benefit white women more than black women, and economically advantaged women more than disadvantaged women. We were not surprised by these findings because the literature on labor supply for these cohorts consistently shows that married women in less favorable economic circumstances were more likely to work.

Full-time elder/disability care is negligible. About 1% of the sample reported leaving the labor force to provide it between ages 22 and 51. This finding does not mean that elder care is not important, only that taking a full year off from paid work to provide it is rare. Part-time care could affect earnings and the PIA.
In the future, although the average number of child caregiving years will diminish, older women's poverty is likely to remain a problem. Poor women are not well targeted by child-care dropout-year proposals. Most widows, the largest elderly group in poverty, receive Social Security benefits based on their husband's earnings, not their own. Policies to help poor older women might include increasing the size of Supplementary Security Income (SSI) benefits and/or survivors' benefits in Social Security. The dramatic difference between the poverty rates of married and widowed women suggests a solution that can be implemented through the Social Security program: transferring benefits from the period older women live as part of an intact married couple to the period when they live alone as widows (Sandell & Iams, in press).

References

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