

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security Works for LGBT Americans

Until the Supreme Court struck down the offensively-named Defense of Marriage Act on June 26, 2013, married LGBT couples did not have access to the full range of Social Security's family protections guaranteed to other Americans. Yet, even then, same sex couples could marry only in some states. Fortunately, on June 26, 2015, the Supreme Court ruled same-sex marriage legal in all states, along with the same benefits and protections accorded to different-sex marriages.¹ Access to the entirety of Social Security's benefits for all Americans is not just a question of equality, but of economic security. In addition to the retirement, disability and survivor insecurities faced by other Americans, LGBT men and women continue to face employment and other kinds of discrimination, against which they remain unprotected in many parts of the country. This can result in, among other things, reduced employment opportunities, lower wages and arbitrary dismissal. This workplace discrimination makes Social Security especially important to LGBT Americans. Social Security should not only be protected for our nation's LGBT Americans; it should be expanded.

Why Social Security is Important to LGBT Americans

In addition to the socio-economic challenges faced by people who share their race, gender, ethnicity or other characteristics LGBT Americans face obstacles due to their sexual orientation or gender identity. In 2012, of the approximately 9 million LGBT individuals in the United States, half were women.² Lesbian and bisexual women not only face lower wages due to the gender wage gap, but they also have higher rates of poverty (24 percent) compared to heterosexual women (19 percent)³—and these insecurities are compounded for lesbians who marry. One in five members of same-sex couples are also people of color. LGBT minorities experience unemployment and low wages at higher rates than their heterosexual counterparts, and are three times more likely to live in poverty than their white LGBT counterparts.⁴ Despite their modesty, Social Security benefits are critical to the economic security of the LGBT Americans who receive them. Social Security has several features which make it especially vital to LGBT Americans:

- Social Security's benefits replace a higher percentage of the incomes of lower earners. Although LGBT Americans have made great strides in the workforce, they still face wage gaps and workplace discrimination. Gay men earn 10 to 32 percent less than their heterosexual counterparts.⁵ The earnings of women in same-sex couples are comparable to those of heterosexual women, but all women, on average, earn less than their heterosexual or even their gay male counterparts.⁶ Transgender Americans are 4 times as likely to live in a household with an income below \$10,000.⁷ Because of their lower earnings, Social Security's progressive benefit formula is especially important for LGBT Americans.

- LGBT Americans are also impacted by the costs of caregiving—9 percent of American caregivers identify as LGBT.⁸ Caregiving can have adverse effects on individuals' 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.⁹ Social Security's progressive benefits are vital to LGBT Americans who provide unpaid care.
- Over the course of their working years, LGBT Americans' lower earnings leave them less able to set aside savings for retirement. As a result, Social Security's benefits, although modest, are the most critical, if not the only, source of income for LGBT Americans in retirement. Over 4 in 5 (83 percent) LGBT Americans ages 45 to 75 say that they are depending on Social Security to fund their retirement years.¹⁰
- Social Security benefits are adjusted for inflation, so that they maintain purchasing power over time. This is especially critical for LGBT Americans who, rely disproportionately on Social Security. The annual cost-of-living increase, though under-measuring the inflation experienced by seniors and people with disabilities, nevertheless is extremely important in preventing benefits from eroding over time even faster than they would if the adjustments were not automatic features of Social Security.

To Improve Social Security for LGBT Americans, Expand Benefits

Although Social Security benefits are vital to the LGBT Americans 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 LGBT Americans:

- *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 progressively.¹¹ Low-income beneficiaries, including those in the LGBT community, would benefit most from such expansions.
- *Ensure that benefits keep pace with the cost of living experienced by Social Security beneficiaries.* The current index used to calculate cost-of-living adjustments does not accurately reflect the higher healthcare costs experienced by seniors and people with disabilities.¹² A more accurate cost-of-living index would ensure that LGBT American's Social Security benefits do not erode over time.
- *Provide a caregiver credit* Because LGBT Americans make up nearly 1 in 10 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, when LGBT Americans and other workers forgo wages to provide unpaid care, their Social Security benefits reflect the value of that service.¹³
- *Expand Social Security to include paid family leave.* Social Security was created to empower workers to insure themselves and their families against predictable periods of lost wages—retirement, disability, and 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.¹⁴

- *Eliminate the cap on payroll contributions and incorporate investment income.* Only 6.3 percent of working Americans have annual incomes over Social Security’s cap of \$118,500,¹⁵ meaning that a majority of Americans make Social Security contributions on all of their earnings compared to millionaires & billionaires, who 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;¹⁶ it would make contributions to the system more equitable for LGBT and other Americans.

¹ SCOTUS Blog, “Obergefell v. Hodges,” April 2015. <http://www.scotusblog.com/case-files/cases/obergefell-v-hodges/>

² Brad Sears, “Beyond Stereotypes: Poverty in the LGBT Community,” The Williams Institute UCLA, June 2012. <http://williamsinstitute.law.ucla.edu/headlines/beyond-stereotypes-poverty-in-the-lgbt-community/>

³ Brad Sears, “Beyond Stereotypes: Poverty in the LGBT Community,” The Williams Institute UCLA, June 2012. <http://williamsinstitute.law.ucla.edu/headlines/beyond-stereotypes-poverty-in-the-lgbt-community/>

⁴ Brad Sears, “Beyond Stereotypes: Poverty in the LGBT Community,” The Williams Institute UCLA, June 2012. <http://williamsinstitute.law.ucla.edu/headlines/beyond-stereotypes-poverty-in-the-lgbt-community/>

⁵ Brad Sears and Christy Mallory, “Documented Evidence of Employment Discrimination and Its Effects on LGBT People,” The Williams Institute UCLA, July 2011. <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Sears-Mallory-Discrimination-July-20111.pdf>

⁶ Brad Sears and Christy Mallory, “Documented Evidence of Employment Discrimination and Its Effects on LGBT People,” The Williams Institute UCLA, July 2011. <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Sears-Mallory-Discrimination-July-20111.pdf>

⁷ Brad Sears, “Beyond Stereotypes: Poverty in the LGBT Community,” The Williams Institute UCLA, June 2012. <http://williamsinstitute.law.ucla.edu/headlines/beyond-stereotypes-poverty-in-the-lgbt-community/>

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 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>

¹⁰ Robert Espinoza, “Out & Visible: The Experiences and Attitude of Lesbian, Gay, Bisexual and Transgender Older Adults, 45-75,” Sage Research, October 6 2014. http://sageusa.org/files/LGBT_OAMarketResearch_Rpt.pdf

¹¹ 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>

¹² 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

¹³ 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>

¹⁴ 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.

¹⁵ 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>

¹⁶ 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