



Social Security Dual Entitlement

Overview

Social Security is a social insurance program that partially replaces income lost due to retirement, disability, or death. Workers who have been in Social Security covered employment (jobs subject to Social Security payroll taxes) for a sufficient number of years become insured for Social Security and can receive cash benefits when they retire or become disabled. Dependents of insured workers are also eligible for benefits when the worker retires, becomes disabled, or dies: spouses, former spouses, children, parents, and widow(er)s can receive dependent benefits or survivors benefits. Dependent and survivors benefits are sometimes referred to as *auxiliary benefits*. Auxiliary benefits are equal to a percentage of the insured worker’s basic benefit amount, the *primary insurance amount (PIA)*.

Beneficiaries entitled to multiple benefits (such as being entitled to both retired-worker and spousal benefits) cannot receive all benefits in full. This can lead to inequities between single-earner and two-earner households. With the increase in two-earner households, some are concerned about the growing prevalence of this inequity.

Auxiliary Benefits and Dual Entitlement

Auxiliary benefits are paid to the eligible spouse, former spouse, and children of retired or disabled workers, and to survivors (including dependent parents) of deceased workers. Auxiliary benefits are determined as a percentage of the insured worker’s PIA. Spouses and former spouses receive up to 50% of the worker’s PIA, and widow(er)s of deceased workers receive 100% of the worker’s PIA.

A person may be entitled to multiple benefits at the same time; the typical example of this is someone who is entitled to the retired-worker benefit based on his or her own work record and entitled to an auxiliary benefit based on the (deceased) spouse’s work record. Beneficiaries cannot receive a benefit amount that exceeds the highest single benefit that they are entitled to. Instead, beneficiaries essentially receive the higher of the worker benefit and the auxiliary benefit. Someone with a retired-worker benefit that is higher than his or her auxiliary benefit receives only the retired-worker benefit. Someone with an auxiliary benefit higher than his or her retired-worker benefit is referred to as *dually entitled* and receives his or her retired-worker benefit plus a reduced auxiliary benefit amount equal to the full auxiliary benefit minus the retired-worker benefit, in essence receiving the higher auxiliary benefit amount. **Table 1** shows the number of dually entitled beneficiaries and their average monthly benefits in December 2020.

The current-law auxiliary benefit structure can lead to inequities among households with different earning profiles, providing proportionally more benefits relative to payroll taxes to single-earner couples than to couples with two-earners, on average. The benefits received by a two-earner household can be as little as half of the benefits received by a single-earner household, despite identical household earnings. This is because the second earner’s retired-worker benefit offsets the spousal benefit—even though the second earner contributes to household earnings, he or she might not contribute to the household’s payable Social Security benefits. A similar inequity can occur for widow(er) benefits when the primary earner dies.

Table 1. Retired Workers with Dual Entitlement: Number and Average Benefit Levels, December 2020

Type of Secondary Benefit	Number	Combined Benefit	Average Monthly Benefit	
			Retired-Worker Benefit	Reduced-Secondary Benefit
All	7,355,201	\$1,388	\$791	\$597
Spouses	3,171,510	\$947	\$643	\$304
Wives	3,066,288	\$950	\$643	\$306
Husbands	105,222	\$878	\$635	\$242
Widow(er)s	4,183,329	\$1,722	\$903	\$819
Widows	4,005,348	\$1,725	\$889	\$835
Widowers	177,981	\$1,661	\$1,203	\$458
Parents	362	\$1,575	\$697	\$877

Source: SSA, *Annual Statistical Supplement, 2021*, Table 5.G3, <https://www.ssa.gov/policy/docs/statcomps/supplement/2021/5g.html#table5.g3>.

Note: Retired-worker benefit and reduced-secondary benefit might not sum to the combined benefit due to rounding.

Comparison Example of Earnings and Benefits: Single-Earner Versus Two-Earner Households

- Single-earner
Household earnings: \$50,000
Annual payroll taxes: \$3,100
Monthly benefit: \$1,770 worker + \$885 spousal =
\$2,655 total
- Two-earner
Household earnings: \$25,000 each (\$50,000 total)
Annual payroll taxes: \$1,550 each (\$3,100 total)
Monthly benefit: \$1,120 worker + \$1,120 worker =
\$2,240 total

Source: American Academy of Actuaries, *Women and Social Security*, Issue Brief, May 2017.

History: Evolution of Dual Entitlement

The Social Security Act, when originally enacted in 1935, only contained provisions for retired-worker benefits and lump-sum death benefits. The Social Security Amendments of 1939 added auxiliary (wife, widow, children, and parent) benefits, to provide “more adequate protection to the family as a unit” (H.Rept. 76-728, p. 7). Adding supplementary wife benefits to the program came with the understanding that wives would have some work history. The amendments included a provision to offset wife benefits by any retired-worker benefits the wife might be entitled to, based on her own work history. It was argued that these additional benefits would have limited program costs: “because most wives, in the long run, will build up wage credits on their own account, as a result of their own employment, these supplementary allowances will add but little to the ultimate cost of the system” (H.Rept. 76-728, p. 11). Husband and widower benefits were added in 1950, with the same benefit offset based on the husband’s work history.

Even though it was argued during the enactment of auxiliary (wife) benefits that these benefits would add little to the cost of the system due to wives’ work history, the share of dually entitled beneficiaries was small initially. In 1960, 4.6% of all female beneficiaries aged 62 and older (and about 2% of all Social Security beneficiaries) were dually entitled, compared with 32.8% receiving spouse only and 23.4% receiving widow only benefits. Since then, the percentage of dually entitled beneficiaries has increased and reached its historical high in the mid-2000s—28.0% of female beneficiaries aged 62 and older (and about 12.7% of all Social Security beneficiaries) were dually entitled in 2005. The increase in the share of dually entitled women has reversed since the mid-2000s and is projected to continue declining. In 2020, 23.9% of female beneficiaries aged 62 and older (and almost 11.3% of all beneficiaries) were dually entitled.

The change in the share of dually entitled beneficiaries is due to the increase in labor force participation among women, particularly among married women, leading to an increase in two-earner families. In 1940, 15.2% of married women (and 25.4% of women) were in the labor force. In 2019, 58.6% of married women (and 57.4% of women) participated in the labor force (see **Figure 1**). As the female

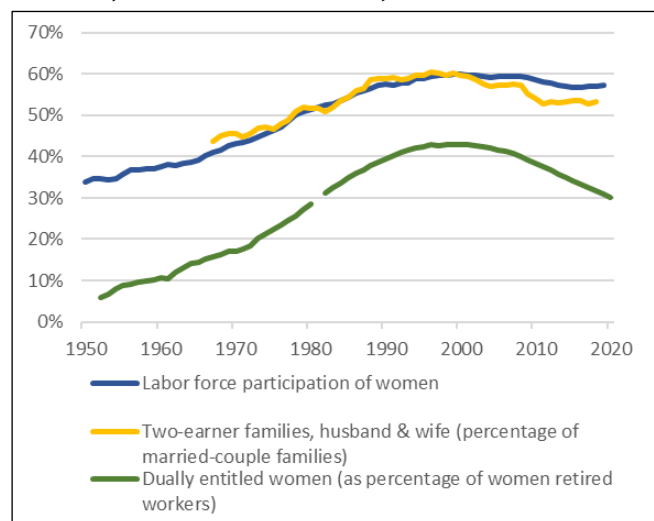
labor force participation rate increased, more women received their Social Security benefits based on their own work record. Since many women’s retired-worker benefits were less than their spousal benefits, the share of dually entitled female beneficiaries has increased, especially before the mid-2000s. However, the increase in labor force participation of women and improvements in women’s earnings have led to women’s retired-worker benefits exceeding spousal benefits. Thus, fewer women are dually entitled, and more are entitled based solely on their own work record in the most recent decade.

Addressing Auxiliary Benefit Inequities

There have been several proposals to address inequities between single-earner and two-earner households arising from the structure of auxiliary benefits. One proposal is to reduce spousal benefits. With a smaller spousal benefit, less would be lost by the offset from the retired-worker benefit.

Earnings sharing has been another proposal to address unequal treatment of one-earner versus two-earner households. Earnings sharing essentially considers the household as the contribution source, as opposed to the worker(s): a couple’s covered earnings would be combined and divided evenly between the spouses. The most basic form of earnings sharing would eliminate spousal and survivor benefits. A similar proposal that targets inequities in survivors benefits would set a minimum survivors benefit that is equal to 75% of the couple’s combined monthly benefit. Under current law, the earnings record (and benefits) of the lower-earning spouse “disappears,” and the surviving spouse receives benefits based only on the higher-earning spouse’s earning record. The 75% of combined benefits would “reward” the second source of earnings.

Figure 1. Labor Force Participation, Two-Earner Families, and Dual Entitlement, 1950-2020



Source: BLS, *Women in the Labor Force: A Databook*, December 2020, Table 2 (labor force participation) and Table 24B (two-earner families), and SSA, *Annual Statistical Supplement, 2021*, Table 5.G2 (dually entitled women).

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