



Is Social Security Really Different for Women?

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By Marcia Mantell

Women are different from men. And that's a good thing most of the time. Women have critical roles to own in their families, communities, and on the job. But, when it comes to certain areas of finance, women get the short end of the stick. In particular, when we look closely at Social Security, we see that women often receive lower benefits than men. In retirement, less money is not a good thing.

In fact, in 2018, the average annual benefit amount for men was about \$19,520 but only \$15,560 for women. That's 25% less in income for women. So why is Social Security so different for women?

The View from 1935

To understand why women are getting lower benefits than men, we first have to take a step back in history. The original framing of the Social Security Act was based on the beliefs of the 1930s. Members of Congress wrote the law that became Social Security. They were older white men. From their perspective they were constructing a law that would provide workers with a modest safety net when they reached retirement. Since workers at that time were typically men earning men's wages, the very foundation of Social Security requires that you be a man working for wages paid to a man.

The wives of these workers were also acknowledged under Social Security. Specifically, it was assumed that these wives stayed home to raise the children and run the household. These women were recognized for their role in creating a successful economic and family union, and for their support of the worker. To that end, they would receive their own Social Security benefit based on their husband's paychecks.

Fast forward 85 years: Women lead much more complicated lives today. The stereotypical at-home mom is not the only model. What women contribute and do today no longer fits the assumptions in the original law. Yet, the calculations and benefits are still determined as if we were living in 1935.

Fundamental Flaws with Social Security's Assumptions

Looking back to the initial framing of the law, there are two other fundamental starting assumptions that clearly put women's Social Security benefits at a deficit:

Wives' Social Security retirement benefits are valued at only half of their husbands' benefits.

The woman who spent her career at home is considered half as valuable as her husband. Until he dies, anyway! A wife, at best, receives 50% of her husband's benefit amount. If she stays home to raise their children, that decision comes with steep financial consequences for her retirement. It's only when she becomes a widow that she'll get his full benefit (but will lose her payment).

Spousal reduction factors are higher than worker reduction factors.

The 1930's framers of Social Security should be given credit for recognizing that women live longer than men. To accommodate that fact, the reduction factors applied to spousal benefits are stricter than for the worker. That's to say, if a woman claims her own benefit as a worker at age 62, she will be hit with a 30% reduced payment amount. However, if her highest benefit is that as a spouse, her monthly payment will be reduced 35%.

Why Social Security Really is Different for Women

This backdrop serves as perspective as to why Social Security is different for most women. The rules, calculations, and actuarial perspectives have remained locked in the 1930s. The rules were set for one game constructed specifically for a higher-earning husband with a wife at home. But now, most women are workers for a substantial portion of their adult years.

The fundamentals haven't adapted to keep pace with the changes in women's roles. It's a different game altogether.

The roles women play encompass a wide variety of situations. Yet, only an at-home wife and mother count when it comes to fully benefiting from Social Security's rules. There are five situations that reflect why women need to think about their Social Security differently, and why it is important for lawmakers to start modernizing the rules of the game:

The chief-cook and bottle-washer: Most young people want to be parents. Even if parenthood arrives later than expected, it is amazing. Until reality hits. Motherhood goes way beyond loving and nurturing children. Without realizing it, moms also usually sign up to be the family shopper and chef, taxi driver, homework monitor, bill payer, and family planner. There is not always equal distribution of the parental workload, even if both parents are working.

Implications to her Social Security benefit: Becoming a mom often leads to significantly reduced wages, derailed or delayed careers, and lost promotions. Any reduction in the number of years worked and in size of the paycheck significantly reduces most mothers' benefit amount. Social Security uses your highest 35 years of career earnings as the basis for your benefit calculation.

The caretaker: Well-researched statistics show that the oldest, or only, daughters eventually become caretakers for elderly parents. It's a role many daughters willingly take on. Furthermore, wives more often become caretakers for their ailing husbands.

Implications to her Social Security benefit: Many women retire earlier than planned to become a caretaker. They often tap money earmarked for retirement too early. House renovations, extra people to feed, increased medical expenses, and reduced current income impact both Social Security and long-range retirement security for women.

The trusting wife: The bond between a husband and wife is based on trust and reliance on each other's strengths. So, it is rare for a wife to question that her hard-working husband wants or needs to retire early. She also doesn't question that he wants to draw his Social Security benefit early, or that he believes Social Security is going bankrupt, so they need to grab the money now to avoid getting cheated later. (Social Security is not going bankrupt.)

Implications to her Social Security: When both spouses are alive, his claiming early reduces their overall household income. They either give up some things she wanted, or they deplete their savings too fast. Then, when she becomes the surviving spouse, she is left with the least amount of income possible. He claimed too early, forever penalizing her in her older age. Furthermore, they likely spent down more of their own resources to compensate for the 30% smaller Social Security benefit, leaving her with fewer assets in old age.

The conned girl: Divorce can be a nasty process. When a wife just wants out, she might just sign the papers. Sometimes there is a clause buried in the terms of the divorce that she'll give up her rights to her Social Security spousal benefits. This is not allowed under the law, yet is still used as a tactic when drafting divorce decrees.

Implications to her Social Security: At the time of the divorce, she makes employment and financial decisions based on the incorrect idea that she'll have only her own work history to rely on in retirement. She is usually the lower earner. Unless she meets with the Social Security Administration, she won't know she's entitled to 50% of her ex's primary insurance amount (PIA). (The rules for claiming are: the marriage lasted 10 consecutive years or longer, each person has reached age 62 or older, she has not remarried, and the divorce was finalized at least 2 years ago or he is already claiming.)

The hopeful romantic: Many people like to be married. However, they rarely think that remarriage could impact their Social Security income. If widows remarry before age 60, they can lose out on survivor benefits. Divorced women lose benefit payments based on their ex's work record when they remarry. None of this may matter. But the fact that women have no idea their second walk down the aisle could impact their future income is yet another deficiency in women's overall financial literacy.

Implications to her Social Security: Get remarried and live happily ever after. But first, understand the financial implications of remarriage and consider age-based rules. Waiting just a little longer may make better financial sense.

The Reality for Women

At the end of the day, we are dealing with a different Social Security situation for women than for men. There are fewer economic opportunities for most women, resulting in a lower benefit amounts for working women. Many more family obligations fall to women than to men, causing career interruptions and a direct impact on her 35 highest years of earnings.

It's important to recognize that the rules of this game were set at a time and for a particular model of society that was appropriate back then. Social Security acknowledged the role of the at-home mom, but not the role of the full-time-working-mother-loving-wife-and-future-caregiver.

Each woman and each couple will be well-served to recognize that Social Security is different for women. The decisions married men make greatly influence their wives' very livelihood. The decisions women make throughout their careers greatly influence their Social Security results. There are long-term implications for each woman's and every widow's retirement security based on decisions made decades ago. Take the time to understand this very important retirement benefit.

About the author: Marcia Mantell is the founder and president of [Mantell Retirement Consulting, Inc.](#), a retirement business development, marketing & communications, and education company supporting the financial services industry, advisors, and their clients. She is the author of What's the Deal with Retirement Planning for Women?, the newly published What's the Deal with Social Security for Women? and blogs at [BoomerRetirementBriefs.com](#).

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