

More Children in Multigenerational Families Benefit from Social Security

As the American family changes, Social Security helps more children

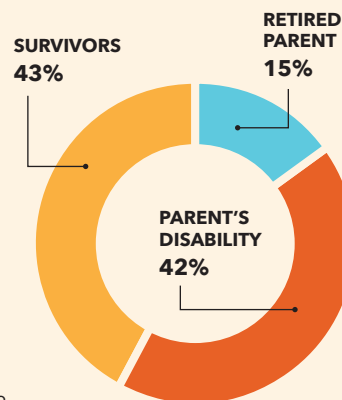
Social Security is typically considered a retirement plan for the elderly. However, many Americans are unaware that Social Security is among the nation's largest antipoverty programs for children.¹ In 2014, 3.2 million children received direct benefits as the dependent of a deceased, disabled, or retired family member.

Another 3.2 million benefited indirectly as a result of living in extended families where someone received benefits, one million more than in 2001. This means that a total of 6.4 million children were supported by Social Security in 2014. Studies show that the number of multigenerational households in the United States has also increased by 70 percent since 1990.² This trend appears to be influenced by the aging of the population, household economic pressures resulting from a flattening in the growth of wages, increased immigration, and high rates of unemployment and underemployment.³

Households of color are more likely to be multigenerational

Fueled by economic pressures, multigenerational families are becoming increasingly common, especially for racial and ethnic minorities, who are among the nation's most economically vulnerable populations.⁴ Recent estimates indicate that, by 2043, our nation will consist predominantly of families of color,⁵ with the largest demographic shift occurring in the number of native-born Latino and incoming Asian families.⁶

Children* Who Are Direct Social Security Beneficiaries by Eligibility Criteria



* Beneficiaries under age 18.

Source: Social Security Administration Supplement 2015.

A higher share of children who receive indirect benefits live in multiple-generation homes

The percentage of children who are direct Social Security beneficiaries and live in multigenerational families hovered between 20 and 30 percent between 2001 and 2014. However, the number of multiple-generation households is at least double for children who benefit from the program indirectly. In fact, about two-thirds of children who receive indirect benefits live in what the Census Bureau considers multigenerational families, consisting of three or more generations or "skipped-generation" households that include grandparents and grandchildren only.⁷ Of the children who received indirect Social Security benefits in 2014, more than 70 percent identified as African

American or “Other” lived in such households, roughly 5 percentage points above the total share living in similar homes.⁸

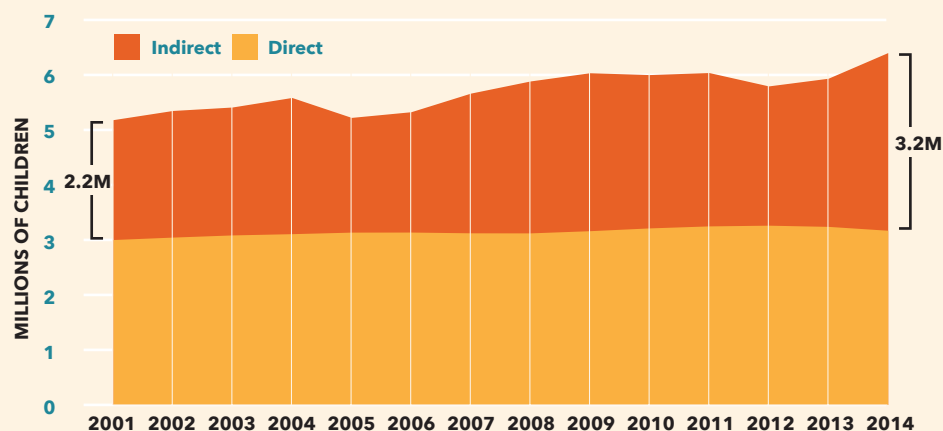
Vulnerable, multigenerational households are more dependent on Social Security

Research indicates a concurrent growth in the racial wealth gap over the past 35 years alongside a rise in three-generation households. As a result, children in these households have become increasingly reliant on Social Security. As these trends have intensified, Social Security has become an indelible part of the larger safety net for American families, protecting against broader economic hardship and socioeconomic inequalities.

This is especially true for households of color

The National Urban League found that Social Security lifts four times as many African American children as White children out of poverty.⁹ According to the Center on Budget and Policy Priorities, families’ Social Security income kept 200,000 Latino children above the poverty line in 2009.¹⁰ Similar estimates exist for children in households that identify their ethnicity or race as “Other.” Further, children of color are disproportionately more likely than White children to receive Social Security as the surviving dependent of a parent who has died or as the dependent of a parent with a disability.¹¹ Additionally, children of color are more likely to receive retirement benefits as a result of being cared for by a grandparent, although the size of this recipient group is small.¹² The monthly Social Security check these

Number of Children Who Benefit Directly and Indirectly From Social Security, 2001-2014



Source: Authors’ analysis of Current Population Survey Annual Social and Economic Supplement, 2002-2015 and the 2002-2015 Annual Statistical Supplements of the Social Security Administration

children receive is vital for meeting their living expenses and keeping them out of poverty.

Social Security is reaching an increasing number of multigenerational families unequally

The combined effect of a growing number of seniors and the plateau or decline in real median family income seems to push an increasing number of families to form multiple-generation households. Real median family income across all families with children declined by 7.9 percent, from \$65,578 in 2001 to \$60,410 in 2014 (inflation-adjusted) with a correlated increase in the number of multigenerational family households from 3 million in 1990 to 5.1 million in 2010.¹³ While this trend holds true across all racial identities, elderly recipients of color received at least \$1,000 less in Social Security benefits than their White counterparts in 2014.¹⁴ Thus, children of color in these households also received less than their White counterparts as indirect beneficiaries. Equitable adjustments to Social Security policy must be

promoted in order to reduce the higher rates of poverty among children of color relative to White children.

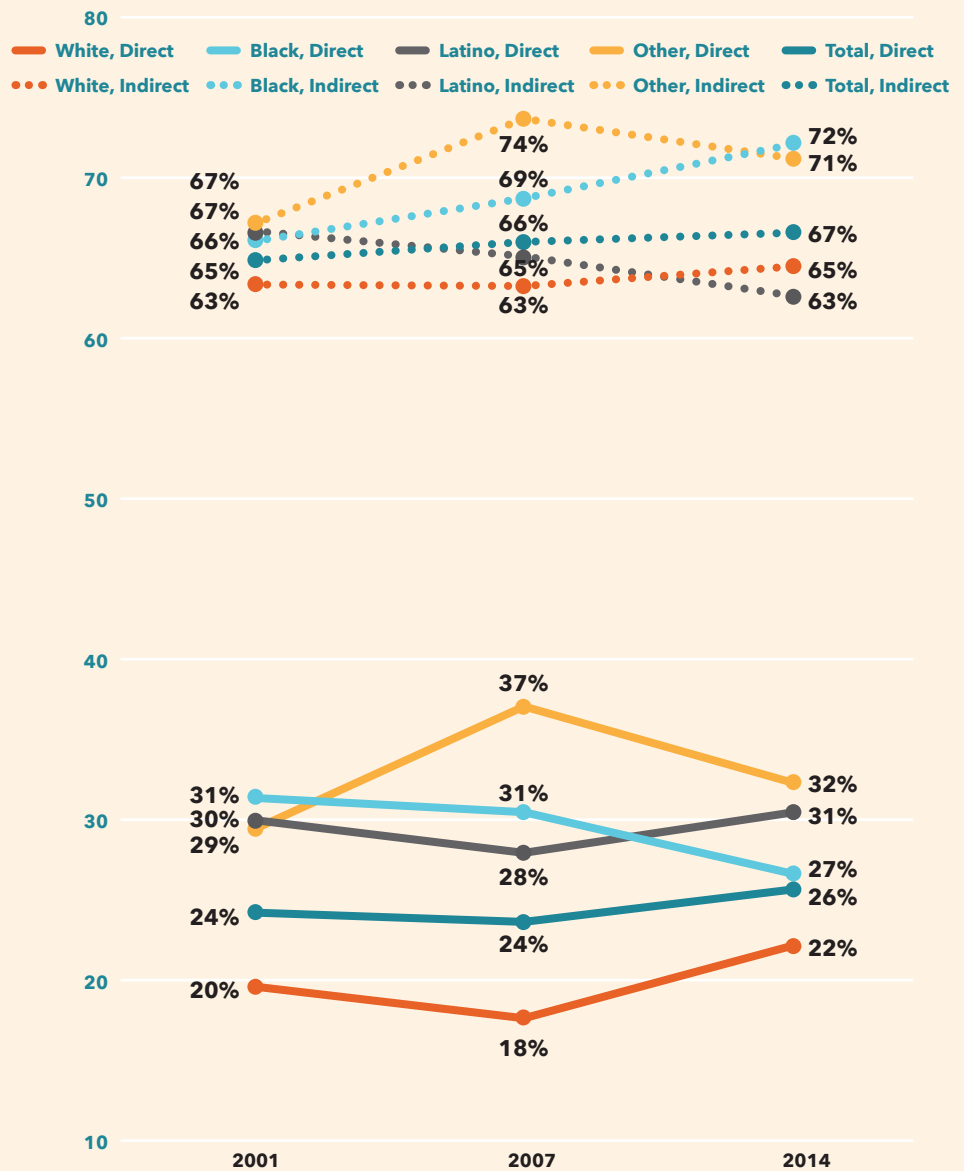
Conclusion

As economic pressures and institutional barriers continuously widen the racial wealth gap, multigenerational households of color are likely to grow in number. As the number of children living in America’s most vulnerable households increases, it is clear that Social Security provides a tremendous economic benefit by helping to provide critical necessities such as food, shelter, and clothing.

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Percent of Children Who Benefit Directly and Indirectly From Social Security and Live in Multiple Generation Families, by Race and Ethnicity, Selected Years



Source: Authors’ analysis of Current Population Survey Annual Social and Economic Supplement, 2002-2015

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13. Authors' analysis of Current Population Survey, Annual Social and Economic Supplement, 2002, 2008, and 2015. Washington, DC: U.S. Census Bureau.
14. Table 3.C7a Number of persons aged 15 or older reporting only one race and having Social Security (OASDI) benefits or Supplemental Security Income (SSI) in March 2015, by sex, age, and race, and average annual benefit in 2014 and Table 3.C7b Number of persons aged 15 or older reporting one or more races and having Social Security (OASDI) benefits or Supplemental Security Income (SSI) in March 2015, by sex, age, and race, and average annual benefit in 2014. (2016, March). *Annual Statistical Supplement to the Social Security Bulletin 2015*. Social Security Administration. Retrieved March 10, 2016, from: <http://bit.ly/29tX3pL>