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Social Security Lifts More People Above the Poverty Line Than Any Other Program

By Kathleen Romig

Social Security benefits play a vital role in reducing poverty in every state, and they lift more people above the poverty line than any other program in the United States. Without Social Security, 22.7 million more adults and children would be below the poverty line, according to our analysis using the March 2023 Current Population Survey. Although most of those whom Social Security keeps out of poverty are aged 65 or older, 6.2 million are under age 65, including 900,000 children. (See Table 1.) Social Security is particularly important for older women and people of color, who have fewer retirement resources outside of Social Security. Depending on their design, reductions in Social Security benefits could significantly increase poverty, particularly among older adults.

TABLE 1

Effect of Social Security on Poverty (Official Poverty Measure), 2022

Age Group	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Children Under 18	16.2%	15.0%	868,000
Adults Aged 18-64	13.3%	10.6%	5,321,000
Adults Aged 65 and Over	38.7%	10.2%	16,508,000
Total, All Ages	18.4%	11.5%	22,696,000

Note: Figures are rounded to the nearest 1,000. Figures may not sum to totals due to rounding.

Source: CBPP analysis of data from the U.S. Census Bureau's March 2023 Current Population Survey

Social Security Lifts 16.5 Million People Aged 65 or Older Above the Poverty Line

Most people aged 65 and older receive the majority of their income from Social Security.¹ Without Social Security benefits, 38.7 percent of older adults would have incomes below the official poverty line, all else being equal; with Social Security benefits, only 10.2 percent do. (See Figure 1.) The benefits lift 16.5 million older adults above the poverty line, these estimates show.

¹ CBPP, "Policy Basics: Top Ten Facts About Social Security," updated April 17, 2023, <http://www.cbpp.org/research/social-security/policy-basics-top-ten-facts-about-social-security>.

Comprehensive studies that match Census survey data to administrative records suggest that the official estimates overstate older adults' reliance on Social Security but confirm that Social Security lifts millions of older adults above the poverty line and dramatically reduces the poverty rate among people aged 65 and older. (See Appendix for more information.)

Social Security Lifts 900,000 Children Above the Poverty Line

Social Security is important for children and their families as well as for older adults. About 5.7 million children under age 18 (9 percent of all children in the U.S.) lived in families that received income from Social Security in 2022, according to Census data. This figure includes children who received their own benefits as dependents of retired, disabled, or deceased workers, as well as those who lived with parents or relatives who received Social Security. In all, Social Security lifts 900,000 children above the poverty line.²

Social Security records show that 2.6 million children under age 18 qualified for Social Security payments in December 2022. (See Appendix Table 2.) Of these children, 1.3 million were the survivor of a deceased worker. Another 1.0 million received payments because their parent had a severe disability. And 322,000 children under 18 received payments because their parent was retired.³

Social Security Protects Groups That Are Particularly Vulnerable to Poverty

Social Security is especially important for women and people of color. Women tend to earn less than men, take more time out of the paid workforce, live longer, accumulate less savings, and receive smaller pensions. Social Security brings 9.4 million older women above the poverty line, as Table 2 shows.

Black and Latino workers benefit substantially from Social Security because they have higher disability rates and lower lifetime earnings than white workers, on average. In addition, Black workers have higher rates of premature death than white workers, and so their spouses and children are more likely to be eligible for Social Security survivor benefits. Latino workers have longer average life expectancies than white workers, which means they have more years to collect retirement benefits. Without Social Security, the poverty rate among older Latino adults would be 43 percent, and the poverty rate among older Black adults would be 47.4 percent.⁴

² CBPP analysis of data from the U.S. Census Bureau's March 2023 Current Population Survey.

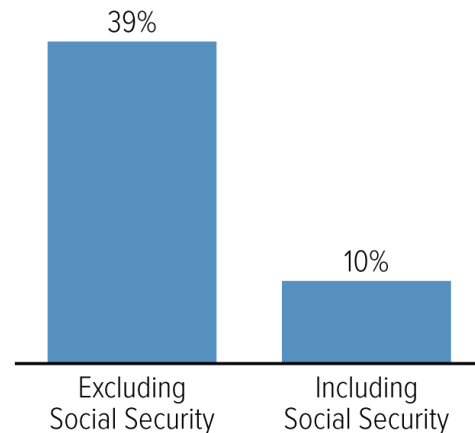
³ Social Security Administration (SSA), "Annual Statistical Supplement to the Social Security Bulletin," 2023, Table 5.A5, <https://www.ssa.gov/policy/docs/statcomps/supplement/>.

⁴ CBPP analysis of data from the U.S. Census Bureau's March 2023 Current Population Survey.

FIGURE 1

Social Security Dramatically Cuts Poverty Among Older Adults

Percentage of adults aged 65 or older in poverty, 2022



Note: This analysis uses the official poverty measure.

Source: CBPP analysis of data from the U.S. Census Bureau's March 2023 Current Population Survey

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TABLE 2

Effect of Social Security on Age 65+ Poverty by Sex and Race (Official Poverty Measure), 2022

Demographic Group	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Sex			
Men	36.1%	9.0%	7,138,000
Women	40.9%	11.2%	9,370,000
Race/Ethnicity			
White	37.4%	8.2%	12,569,000
Black	47.4%	17.5%	1,688,000
Latino	43.0%	16.9%	1,421,000
Asian	32.7%	12.7%	595,000
Other	39.2%	12.1%	235,000
Total, Age 65+	38.7%	10.2%	16,508,000

Note: Figures are rounded to the nearest 1,000. Figures may not sum to totals due to rounding.

Source: CBPP analysis of data from the U.S. Census Bureau's March 2023 Current Population Survey

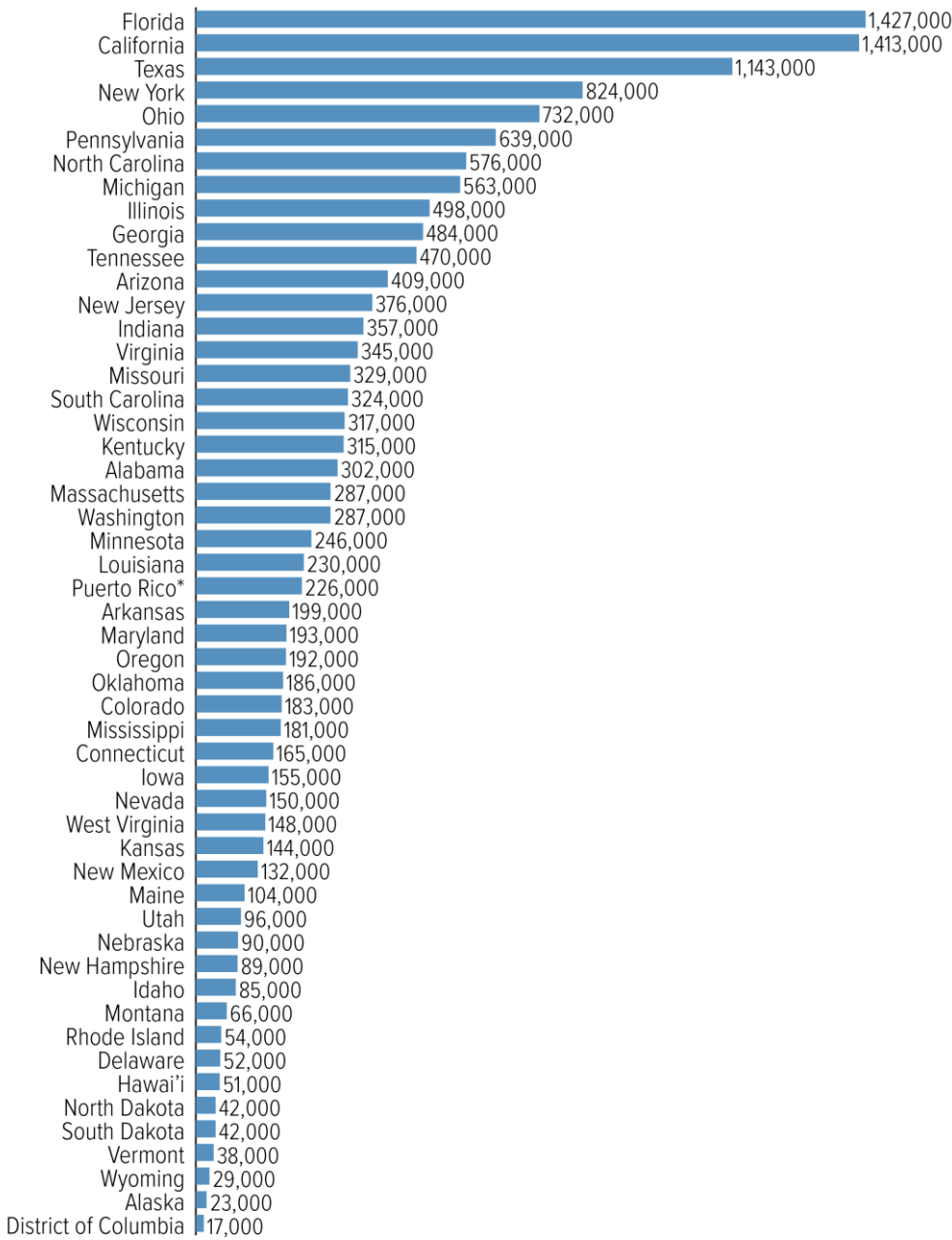
Social Security Reduces Poverty in Every State

Social Security reduces poverty dramatically among older adults in every state as well as Washington, D.C. and Puerto Rico, as Figure 2 and Appendix Table 1 show. Without Social Security, the poverty rate for those aged 65 and over would meet or exceed 40 percent in over a third of states; with Social Security, it is less than 10 percent in nearly two-thirds of states. Social Security lifts more than 1 million older adults above the poverty line in Florida, California, and Texas, and over half a million in New York, Ohio, Pennsylvania, North Carolina, and Michigan.

FIGURE 2

Social Security Reduces Number of Elderly People in Poverty in Every State

Adults aged 65 or older lifted above the poverty line by Social Security, 2020-2022



*The Current Population Survey (CPS) does not collect data on Puerto Rico, so estimates for Puerto Rico are based on the Puerto Rico Community Survey. There are no available data for the remaining territories that would allow for this analysis.

Note: This analysis uses the official poverty measure.

Source: CBPP analysis of data from the U.S. Census Bureau's 2021-2023 March CPS and from the 2022 Puerto Rico Community Survey.

Social Security's Effect on Poverty Using the Supplemental Poverty Measure

Unlike the official poverty measure, the Census Bureau's Supplemental Poverty Measure (SPM) counts government non-cash benefits, such as food or rental assistance, and tax-based benefits, such as the Earned Income Tax Credit (EITC), as income. Compared across all programs, Social Security has the greatest anti-poverty effects, according to the Census Bureau.

The SPM also subtracts from a household's income various taxes, work expenses, and out-of-pocket medical spending. The poverty rate among adults aged 65 and older including Social Security is higher using the SPM compared to the official measure (14.1 percent and 10.2 percent, respectively), mostly because older adults spend significantly more of their incomes on health care than working-age adults or children. The poverty rate for adults aged 65 and older without Social Security would reach 48.9 percent using the SPM.

Among younger beneficiaries, poverty is lower – both with and without Social Security – because the SPM takes benefits such as the EITC and Supplemental Nutrition Assistance Program benefits into account. Even after accounting for those benefits, Social Security lifts nearly 1.4 million children and 7.5 million adults aged 18-64 above the poverty line.

Effect of Social Security on Poverty (Supplemental Poverty Measure), 2022

Age Group	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Children Under 18	14.3%	12.4%	1,353,000
Adults Aged 18-64	15.6%	11.9%	7,475,000
Adults Aged 65 and Over	48.9%	14.1%	20,100,000
Total, All Ages	21.1%	12.4%	28,930,000

Note: The American Rescue Plan's Child Tax Credit expansion had a much larger impact on child poverty than in prior years, driving child poverty sharply downward in 2021. After the expansion and other COVID relief measures expired, child poverty rose from 6.7 percent in 2021 to 14.3 percent in 2022. Figures are rounded to the nearest 1,000. Figures may not sum to totals due to rounding.

Source: U.S. Census Bureau, Poverty in the United States: 2022, Table B-8, <https://www.census.gov/library/publications/2023/demo/p60-280.html>; Chuck Marr, Kris Cox, and Sarah Calame, "Any Year-End Tax Legislation Should Expand Child Tax Credit to Cut Child Poverty," CBPP, November 7, 2023, <https://www.cbpp.org/research/federal-tax/any-year-end-tax-legislation-should-expand-child-tax-credit-to-cut-child>.

Technical Note

This analysis uses the Census Bureau’s official definition of poverty (except for the box, “Social Security’s Effect on Poverty Using the Supplemental Poverty Measure”). In determining poverty status, the Census Bureau compares a family’s cash income before taxes with poverty thresholds that vary by the size and age of the family. The poverty thresholds in 2022 were \$14,040 for an elderly individual, \$17,710 for an elderly couple, and \$29,950 for an average family of four.⁵ To calculate the anti-poverty effects of Social Security, we determined each family’s poverty status twice — first excluding and then including the family’s Social Security benefits.

Our analysis considers the non-institutionalized population using data from the Census Bureau’s Current Population Survey (CPS), the survey that is used to produce official poverty estimates.⁶ Each March the CPS collects information on personal income, health coverage, and other social and economic characteristics for the previous year. The national estimates reported here are for 2022. The state-by-state estimates are based on a three-year average of CPS data (2020 to 2022) to improve their reliability. The estimate for Puerto Rico is based on a single year of data (2022) using the Puerto Rico Community Survey.

This analysis does not consider other changes that would occur in the absence of Social Security. If Social Security did not exist, many individuals aged 65 or older likely would have saved somewhat more and worked somewhat longer, and many might live with their adult children rather than in their own households. Other studies confirm, however, that Social Security has made a very large contribution to reducing poverty and that cutting Social Security benefits could substantially increase poverty among older adults.⁷

⁵ Poverty thresholds depend on the size of the family and its members’ ages; the \$29,950 figure is a weighted average for families of four. For more information, see <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>.

⁶ U.S. Census Bureau, “Income, Poverty, and Health Insurance Coverage in the United States: 2022,” September 12, 2023, <https://www.census.gov/newsroom/press-releases/2023/income-poverty-health-insurance-coverage.html>.

⁷ Eugene Smolensky, Sheldon Danziger, and Peter Gottschalk, “The Declining Significance of Age in the United States: Trends in the Well-Being of Children and the Elderly Since 1939,” in John L. Palmer, Timothy Smeeding, and Barbara Boyle Torrey, eds., *The Vulnerable*, Urban Institute, 1988; Gary V. Engelhardt and Jonathan Gruber, “Social Security and the Evolution of Elderly Poverty,” National Bureau of Economic Research Working Paper 10466, May 2004.

Appendix

A 2017 study by Adam Bee and Joshua Mitchell of the Census Bureau matched the CPS survey responses used for official poverty statistics to administrative data from the Social Security Administration (SSA), the Internal Revenue Service, and other government sources.⁸ They found that official estimates overstate older adults' reliance on Social Security and poverty rates among older adults, but confirmed that Social Security lifts millions of adults aged 65 and older above the poverty line and dramatically reduces the poverty rate among these adults. They did not find significant underreporting of income among people of working age. Further study has confirmed their findings using more recent data, but Bee and Mitchell's study remains the most comprehensive analysis.⁹

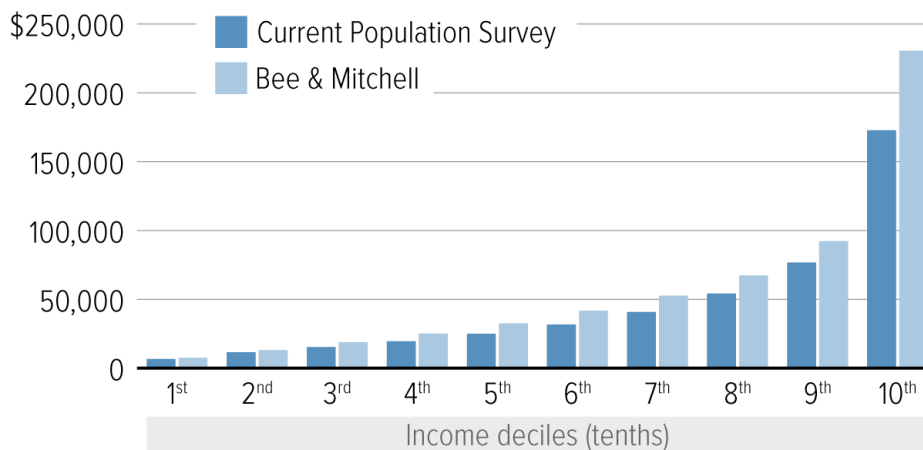
Bee and Mitchell found that survey respondents generally reported accurately whether they received Social Security or earnings, but not whether they received pension income. Roughly half of older adult respondents who received pension income — either income from traditional defined-benefit pensions or withdrawals from defined-contribution pensions like 401(k)s or individual retirement accounts — failed to report this, particularly respondents whose pension income was small or inconsistent. On the other hand, respondents who reported receiving Social Security, earnings, or pension income generally reported accurately the amount they received from those sources.

⁸ Adam Bee and Joshua Mitchell, "Do Older Americans Have More Income Than We Think?" U.S. Census Bureau, Social, Economic, and Housing Statistics Division Working Paper No. 2017-39, July 2017, <https://www.census.gov/content/dam/Census/library/working-papers/2017/demo/SEHSD-WP2017-39.pdf>.

⁹ Irena Dushi and Brad Trenkamp, "Improving the Measurement of Retirement Income of the Aged Population," SSA, Office of Research, Evaluation, and Statistics Working Paper No. 116, January 2021, <https://www.ssa.gov/policy/docs/workingpapers/wp116.html>.

Most Older Adult Households Have Incomes Below \$50,000

Mean annual income of “aged units,” by income decile, 2012



Note: Census researchers Adam Bee and Joshua Mitchell linked Current Population Survey data to administrative records from the Social Security Administration and Internal Revenue Service for a fuller picture of elderly people's income. “Aged unit” is generally defined as a couple or an unmarried individual older than 65; it does not include the income of other potential members of the household.

Source: Adam Bee and Joshua Mitchell, “Do Older Americans Have More Income Than We Think?” 2017

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Most retirees have modest incomes, save for some at the top of the income spectrum. Bee and Mitchell show that most low-income older adult households have very little pension income, if any; the majority of older adult households in the bottom third of the income distribution receive no pension income at all (compared to more than 80 percent in the top two-thirds). Older adult households had a median income of about \$44,000 in 2012 (compared to about \$34,000 using the CPS alone, about a 30 percent difference). Further, about 1 in 4 retiree households lived on less than \$20,000, and the majority lived on \$50,000 or less. (See Appendix Figure 1.) Meanwhile, the wealthiest tenth of older adult households had an average income of \$230,000.

Bee and Mitchell's study confirms Social Security's large effect on poverty among older adults, but the enhanced data reduce both the poverty rate for these adults and the number of older adults lifted above the poverty line, compared to the official measures. The study estimates an elderly poverty rate in 2012 of nearly 7 percent, rather than the official rate of 9 percent. It also estimates that Social Security lifted about 3 in 10 older people — 10 million — above the poverty line, about one-third lower than official estimates.

The study also confirms that Social Security remains the foundation of retirement income. It is the largest single source of income for older adults, providing the majority of income for half of retirees and at least 90 percent of income for 18 percent of retirees. These rates of reliance are similar to Health and Retirement Survey and Survey of Income and Program Participation estimates.¹⁰ However, they indicate significantly less reliance on Social Security than the CPS alone, which estimated that about 65 percent of older adults

¹⁰ Irena Dushi, Howard M. Iams, and Brad Trenkamp, “The Importance of Social Security Benefits to the Income of the Aged Population,” *Social Security Bulletin*, 2017, <https://www.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html>.

received at least half of their income from Social Security and that 36 percent received at least 90 percent. Bee and Mitchell's study also finds that Supplemental Security Income (SSI) plays a more important role in older adults' income than official figures suggest, as many older adults with low incomes confuse SSI with Social Security.

Bee and Mitchell's data extend only through 2012. Their findings were replicated by SSA researchers using 2016 data but cannot easily be extrapolated to future retirees. Trends strongly indicate that the composition and distribution of retirement income will change significantly. Bee and Mitchell found that roughly two-thirds of non-Social Security retirement income for current retirees came from traditional defined-benefit pensions, which have largely been replaced by defined-contribution plans in the private sector for today's workers. Future retirees will be much less likely to have these pension benefits, and more of their retirement income will come from defined-contribution plans and individual retirement accounts, in which balances are highly unequal.

**Effect of Social Security on Poverty Among Adults Aged 65 and Older by State
(Official Poverty Measure), 2020-2022**

	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Alabama	48.0%	13.8%	302,000
Alaska	30.2%	7.4%	23,000
Arizona	40.3%	10.2%	409,000
Arkansas	48.5%	11.3%	199,000
California	34.2%	10.8%	1,413,000
Colorado	29.3%	8.1%	183,000
Connecticut	31.7%	7.7%	165,000
Delaware	31.4%	6.3%	52,000
District of Columbia	38.9%	20.2%	17,000
Florida	42.6%	11.3%	1,427,000
Georgia	42.1%	10.9%	484,000
Hawai'i	25.6%	7.9%	51,000
Idaho	34.1%	7.0%	85,000
Illinois	33.9%	9.9%	498,000
Indiana	40.5%	7.8%	357,000
Iowa	31.2%	4.8%	155,000
Kansas	34.5%	5.6%	144,000
Kentucky	51.7%	12.8%	315,000
Louisiana	45.6%	14.3%	230,000
Maine	40.6%	7.5%	104,000
Maryland	24.4%	5.7%	193,000
Massachusetts	32.5%	9.5%	287,000
Michigan	39.2%	9.1%	563,000
Minnesota	32.4%	6.0%	246,000
Mississippi	52.3%	14.9%	181,000
Missouri	38.6%	7.8%	329,000
Montana	40.1%	10.3%	66,000
Nebraska	34.2%	6.7%	90,000
Nevada	38.5%	10.1%	150,000
New Hampshire	36.2%	7.0%	89,000
New Jersey	31.1%	7.3%	376,000
New Mexico	45.1%	13.4%	132,000
New York	35.4%	12.0%	824,000
North Carolina	43.8%	11.7%	576,000
North Dakota	41.1%	6.1%	42,000
Ohio	42.2%	9.3%	732,000
Oklahoma	42.5%	12.5%	186,000
Oregon	30.6%	6.8%	192,000
Pennsylvania	35.2%	8.7%	639,000

Effect of Social Security on Poverty Among Adults Aged 65 and Older by State (Official Poverty Measure), 2020-2022

	Percent in Poverty		Number Lifted Above the Poverty Line by Social Security
	Excluding Social Security	Including Social Security	
Puerto Rico*	70.3%	57.1%	226,000
Rhode Island	32.9%	6.0%	54,000
South Carolina	42.3%	9.3%	324,000
South Dakota	35.2%	8.2%	42,000
Tennessee	45.9%	9.3%	470,000
Texas	39.9%	11.4%	1,143,000
Utah	31.4%	6.7%	96,000
Vermont	34.6%	6.8%	38,000
Virginia	36.0%	8.9%	345,000
Washington	33.4%	8.3%	287,000
West Virginia	54.8%	13.0%	148,000
Wisconsin	36.8%	4.5%	317,000
Wyoming	35.8%	8.0%	29,000
Total, Persons Aged 65+	38.0%	9.8%	15,799,000

Note: Income is family cash income. The poverty rate "including Social Security" is the official poverty rate. Figures are rounded to the nearest 1,000.

* Totals do not include Social Security beneficiaries who live in Puerto Rico, other U.S. Territories, or abroad because the Current Population Survey (CPS) does not collect data for them. Estimates for Puerto Rico are based on the Puerto Rico Community Survey.

Source: CBPP analysis of data from the U.S. Census Bureau's 2021-2023 March CPS and 2022 Puerto Rico Community Survey

Social Security Beneficiaries by State or Other Area and Age, 2022

	Total	Aged 65 and Older	Aged 18-64	Children Under 18
Alabama	1,168,912	834,196	271,274	63,442
Alaska	112,221	87,764	17,666	6,791
American Samoa	5,960	2,936	1,859	1,165
Arizona	1,468,715	1,194,251	217,692	56,772
Arkansas	712,122	507,293	166,133	38,696
California	6,251,295	5,164,654	879,247	207,394
Colorado	939,291	779,984	126,852	32,455
Connecticut	708,390	580,464	105,177	22,749
Delaware	234,539	189,898	36,721	7,920
District of Columbia	83,476	64,939	14,930	3,607
Florida	4,986,213	4,039,354	770,228	176,631
Georgia	1,945,822	1,466,676	380,095	99,051
Guam	19,707	14,489	3,410	1,808
Hawai'i	291,053	247,504	33,829	9,720
Idaho	385,393	307,704	62,788	14,901
Illinois	2,285,265	1,832,931	371,343	80,991
Indiana	1,401,813	1,072,195	267,646	61,972
Iowa	677,020	544,423	110,283	22,314
Kansas	580,532	460,610	95,858	24,064
Kentucky	1,014,477	720,044	241,548	52,885
Louisiana	933,612	679,089	202,023	52,500
Maine	363,772	282,480	68,494	12,798
Maryland	1,048,952	845,560	161,492	41,900
Massachusetts	1,306,185	1,042,562	217,073	46,550
Michigan	2,269,413	1,737,610	442,771	89,032
Minnesota	1,100,951	896,839	167,977	36,135
Mississippi	685,446	481,805	162,211	41,430
Missouri	1,341,389	1,013,179	269,158	59,052
Montana	253,030	205,256	38,476	9,298
N. Mariana Islands	3,647	2,329	796	522
Nebraska	364,735	295,842	55,271	13,622
Nevada	579,563	466,545	90,469	22,549
New Hampshire	326,752	257,757	56,338	12,657
New Jersey	1,669,244	1,364,085	247,044	58,115
New Mexico	461,134	356,772	82,790	21,572
New York	3,710,827	2,945,098	636,132	129,597
North Carolina	2,234,888	1,722,302	421,646	90,940
North Dakota	143,329	116,818	21,172	5,339
Ohio	2,427,966	1,883,359	447,554	97,053
Oklahoma	824,838	616,341	167,068	41,429
Oregon	917,497	752,638	138,801	26,058

Social Security Beneficiaries by State or Other Area and Age, 2022

	Total	Aged 65 and Older	Aged 18-64	Children Under 18
Pennsylvania	2,898,240	2,288,413	507,130	102,697
Puerto Rico	824,394	603,228	193,464	27,702
Rhode Island	233,253	181,819	42,720	8,714
South Carolina	1,238,565	951,690	233,590	53,285
South Dakota	193,088	158,299	27,847	6,942
Tennessee	1,516,343	1,133,390	308,890	74,063
Texas	4,568,465	3,573,775	774,564	220,126
U.S. Virgin Islands	21,921	18,207	2,843	871
Utah	447,459	357,554	67,243	22,662
Vermont	159,575	126,906	27,265	5,404
Virginia	1,618,643	1,281,799	274,564	62,280
Washington	1,428,764	1,171,028	213,309	44,427
West Virginia	474,159	346,069	105,377	22,713
Wisconsin	1,307,526	1,039,858	225,045	42,623
Wyoming	123,325	98,896	19,763	4,666
Total	65,293,106	51,407,506	11,292,949	2,592,651

Note: Totals include residents of territories and people in the U.S. who reside abroad.

Source: Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin*, 2023, Table 5.J5, <https://www.ssa.gov/policy/docs/statcomps/supplement/>