SEPTEMBER 2026

Evolving Family Structures and Social Security

American Academy of Actuaries
Social Security Committee

American Academy of Actuaries
actuary.org

The Social Security Committee, which authored this policy paper, includes:
Sam Gutterman, MAAA, FCA, FCAS, FSA—*Chairperson*
Martin Bauer, MAAA, FSA
James Berberian, MAAA, ASA, EA, FCA
Audrey Cervas MAAA, EA, FSA
Janet Comisky, MAAA, ASA
Stephen Goss, MAAA, ASA
Iris Kazin, MAAA, EA, FCA, FSA
Amy Kemp, MAAA, EA, ASA
Eric Klieber, MAAA, EA, FSA
Piotr Krekora, MAAA, ASA, EA, FCA
Jerry Mingione, MAAA, EA, FSA
Brian Murphy, MAAA, EA, FCA, FSA
John Nylander, MAAA, FSA
Robert Rachlow, MAAA, FSA
Neela Ranade, MAAA, FSA
Craig Rosenthal, MAAA, EA, FCA, FSA
Larry Rubin, MAAA, FCA, FSA
Jeffery Rykhus, MAAA, FSA
Joan Weiss, MAAA, FSA

The committee gratefully acknowledges the contributions of former committee member Janet Barr, MAAA, FSA.

The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

This paper was developed thanks to the work of the Academy's volunteers. To learn more about becoming a volunteer, please visit actuary.org/volunteer.

AMERICAN ACADEMY of ACTUARIES

AMERICAN ACADEMY OF ACTUARIES
1850 M STREET NW, SUITE 300, WASHINGTON, D.C. 20036
202-223-8196 | WWW.ACTUARY.ORG

September 2026

Any references to current laws, regulations, or practice guidelines are correct as of the date of publication.

Evolving Family Structures and Social Security

American Academy of Actuaries
Social Security Committee

Executive Summary

The current Social Security benefit structure reflects family norms prevalent at its inception in 1935, when most families had a single earner in a married household. Although the system has expanded over time to include spousal, disability, and survivor benefits, its benefit structure still favors traditional marital and dependent relationships. Over the past 90 years, however, U.S. family structures have changed significantly, creating growing mismatches between Social Security's design and the realities of modern households.

Key demographic and social trends since the inception of Social Security include declining marriage rates, rising divorce rates, growing cohabitation, more unpartnered individuals, and a widespread shift to two-income households. However, these trends have, in some cases, differed by period and age group. In addition, fertility rates have fallen sharply, and fewer households include children. At the same time, caregiving responsibilities—particularly for children and aging parents—continue to fall disproportionately on women, often reducing their lifetime earnings and Social Security benefits. Additionally, while life expectancy has increased, gains in healthy life expectancy have lagged, leaving many retirees with longer periods of illness and greater health care costs. This trend makes Social Security benefits increasingly inadequate for many older retirees. The effect is greater for retirees without a spouse or adult child, who are more dependent on paid caregiving services.

These shifts have significant implications for **equity within Social Security**. The current system provides greater relative value to married couples—especially one-earner couples—than to unmarried individuals. This advantage stems from spousal and survivor benefits, which are unavailable to single individuals. As a result, households with similar total income from wages can receive significantly different returns on their Social Security taxes based solely on family structure. These disparities also co-exist with broader demographic patterns, as groups with lower marriage rates may receive comparatively lower benefits.

At the same time, Social Security faces significant financial challenges. According to the 2026 Trustees Report, unless Congress acts in a timely manner, the combined trust fund reserves are projected to be depleted by 2034, after which benefits would be reduced to the amount that then-current system income can support, roughly 83% of scheduled levels in 2034, declining to 65% by 2100. The system also faces a long-term actuarial deficit of 4.42% of taxable payroll. When adopting reforms to address solvency issues, Congress could also consider additional measures to modernize benefits in response to contemporary family structures and current inequities.

Competing objectives and constraints for reform options include achieving a better balance of (1) individual equity across family structures, (2) social adequacy of retirement income, especially at older ages, (3) administrative feasibility, particularly for non-traditional arrangements, and (4) financial sustainability. Many recent reform proposals improve fairness across family types, but either raise system costs or yield only limited fiscal savings. To avoid impacting the system's finances, some reform elements may need to be paired with other benefit cuts or revenue-raising measures.

The paper evaluates a range of policy options to modernize benefits, including:

- Restructuring *ancillary* (spousal and survivor) *benefits* to reduce the relative advantages for one-earner couples and improve equity across household types.
- Implementing *earnings sharing* that splits combined earnings between spouses for benefit calculation, aligning benefits more closely with allocated contributions (e.g., a 50/50 split of combined spousal earnings).
- Extending benefits to *cohabiting partners*, though this raises significant administrative and definitional challenges.
- Incorporating *caregiving "dropout years"* to allow parents or caregivers to exclude low- or zero-earning years from benefit calculations.
- Enhancing *cost-of-living adjustments* (COLAs) or adopting alternative indices that better reflect retiree expenses, particularly health care costs.
- Adding *targeted benefit increases for older beneficiaries*, recognizing rising costs and declining adequacy at advanced ages.

Evolving Family Structures and Social Security

- **Family structures have undergone significant evolution since the introduction of Social Security in 1935, mainly due to the rise of dual-income families, declining marriage and fertility rates, and increasing divorce rates.**

- **The design of Social Security benefits has not kept pace with the increasing diversity in family structures.**

- **Various approaches to address concerns regarding some of the significant evolving family structures have been proposed. In any Social Security benefit reform, both current and future family structures should be considered.**

Origin of the Current Social Security Benefit Structure

Throughout human history, societies have recognized obligations among individuals based on their family membership. Although specific details have varied across time and geography, certain themes remain consistent. These include mutual support obligations between spouses and the responsibilities parents have toward their children. Another theme is children's respect for their parents, along with the implicit understanding that adult children can help their parents in old age.

In the United States, some family obligations are established by law, typically at the state level. Family law defines specific support responsibilities related to marriage and parenthood. These obligations can extend beyond marriage in divorce cases through court-ordered alimony and child support payments, or in jurisdictions where courts recognize explicit or implied financial agreements between unmarried partners.

Other family obligations are shaped by culture and tradition. For most of U.S. history, families aspired to the ideal of a two-parent household, where the husband worked to financially support the family and the wife cared for the children at home. Situations such as a spouse's death or the need for both partners to work to earn enough income sometimes made this aspiration difficult to achieve. However, the gradual shift that began around the end of the

Civil War—from an agrarian to a primarily manufacturing economy—made this family structure more attainable for a larger number of people. By the time Social Security was established in 1935, it had become the social norm.

Since its inception, Social Security's primary purpose has been to provide income support for workers who retire because of old age. In 1956, benefits were expanded to include workers unable to work due to disability. The system also provides benefits for certain dependents of retired, disabled, and deceased workers that reflect family responsibilities described above. For example, just as a working spouse supports a non-working spouse, Social Security benefits include a spousal benefit equal to 50% of the worker's benefit if the spouse has an insufficient work history to qualify for an equal or higher benefit. Since 1965, this has also applied to divorced spouses if the marriage lasted at least 10 years. Similarly, just as parents support their children, Social Security's old-age and disability benefits cover school-age children and disabled children regardless of age. These benefits continue beyond the worker's death, with the surviving spouse's benefit increasing to 100% of the worker's benefit. Social Security also provides benefits to the parents of a deceased worker under limited circumstances.

Meanwhile, family structures have continued to evolve. Beginning in the 1960s, they have undergone significant changes, gradually shifting away from the traditional family for which Social Security benefits were originally designed. This policy paper outlines the various types of family structures that have become more common over the past 60 years, explains how the current Social Security benefit design provides benefits of greater value relative to taxes paid for some family types compared to others, and describes proposed changes to the design of Social Security benefits to better accommodate these various family structures.

Before proceeding, it is essential to recognize that the Social Security program currently faces substantial financial challenges. According to the 2026 Trustees Report, the combined trust funds used to pay benefits—which had accumulated $2.9 trillion in assets by 2020 from past surpluses and stood at $2.56 trillion as of Dec. 31, 2025—are projected to be depleted by 2034. Although this does not mean benefit payments will stop, unless Congress acts in a timely manner, benefit payments will be limited to the amount the current system income can support, roughly 83% of scheduled benefits in 2034, at the time of depletion, decreasing by 2100, at which time the corresponding percentage will be 65%. Over the 75-year projection period ending in 2100, the system shows an actuarial deficit of 4.42% of covered income over that period, meaning the present value of scheduled benefits not covered by income equals 4.42% of the present value of earnings taxed by Social Security.

Therefore, any benefit adjustments to address changing family structures will likely be made alongside more substantial reforms to address the system's financial issues. In any review of potential benefit changes, the two main pillars of Social Security, individual equity and social adequacy, as discussed in the Academy's 2024 Monograph, should be kept in mind.

Evolving Family Structures

The State of Marriage

Marriage rates today are much lower than they were at the inception of Social Security. In 1935, when Social Security was enacted, the marriage rate, measured as the number of marriages per 1,000 people in a year, was 10.4.[1] The latest CDC data show that the 2023 marriage rate was 6.1, a 41% decline since 1935.[2]

After the Supreme Court's decision in Obergefell v. Hodges in 2015, which established the right to marry for same-sex couples nationwide, Social Security recognized same-sex marriages. This decision did not alter the legal obligations of families, as same-sex married couples have the same mutual support duties as opposite-sex couples. Although same-sex couples are less likely to be parents, when they are, they are subject to the same child support obligations as opposite-sex couples.

Pew Research, using U.S Census Bureau data, indicates that the number of households headed by same-sex married couples in the United States has increased steadily from 425,357 in 2015 to 774,553 in 2023. However, same-sex married couples still represent a very small portion of all married couples—1.3% in 2023.[3] Therefore, the legal recognition of same-sex marriages has not significantly affected the ongoing decline in marriage in the United States.

While fewer people are getting married, more marriages are ending in divorce. Although the CDC started collecting data on divorce rates in 2000, a longer-term perspective can be obtained from a study by Bowling Green State University (BGSU). Using data from the National Vital Statistics, the Decennial Census, and the American Community Survey, BGSU analyzed divorce rates for women from 1900 to 2018. The BGSU study shows that the divorce rate, defined as the number of divorces per 1,000 married women in a given year, was about 8.0 in 1935. The divorce rate peaked in 1980 at 22.6, but then declined to 15.7 in 2018.[4]

1 "Marriage Rates in the United States 1900-2018"; National Center for Health Statistics; April 2020.
2 National Marriage and Divorce Rate Trends for 2000-2023; Centers for Disease Control and Prevention; National Center for Health Statistics, 2025
3 "Rising Number of U.S. Households Are Headed by Married Same-Sex Couples"; Pew Research Center; June 12, 2025.
4 "Divorce: More than a Century of Change, 1900–2018"; Bowling Green State University, National Center for Family & Marriage Research; Nov. 22, 2020.

The CDC reports divorce rates as the number of divorces and annulments per 1,000 people each year, whereas the BGSU study used the rate per 1,000 married women. According to the CDC, the divorce rate per 1,000 people dropped from 2.9 to 2.4 between 2018 and 2023, a 17% decline.[5] By combining the BGSU and CDC data, it's estimated that the U.S. divorce rate increased by about 160% from 1935 to 2023, indicating a significant rise.

To qualify for Social Security's divorced spouse benefits, the marriage must have lasted at least 10 years. However, many marriages end before reaching that duration. The most recent data from the Census Bureau, from 2014, shows that about 23% of divorced women had a first marriage ending in divorce within 10 years.[6] Survey data indicate that Americans remain pessimistic about the institution of marriage.[7] The trend of increasing numbers of unmarried adults shows little sign of reversing.

Increase in the Unpartnered

Cohabitation among adults without marriage was almost nonexistent before 1960, but it has since gradually gained social acceptability and increased over time. Data on cohabiting individuals are unavailable before 1990, as the U.S. Census Bureau began tracking unmarried partners that year. A Pew Research Center study based on Census data and the American Community Survey shows that in 1990, the percentage of the U.S. adult population cohabiting with an unmarried partner was still small at 3%. By 2023, it had more than doubled to about 7%.[8] Over the same period, the percentage of married adults decreased from 59% to 51%, and the percentage of unpartnered adults rose from 38% to 42%. There are clear differences in the share of unpartnered adults across races and ethnicities. In 2023, 61% of Black adults, 45% of Hispanic adults, 38% of White adults, and 35% of Asian adults were unpartnered.[9]

Social Security does not recognize cohabitation when determining eligibility for spousal benefits unless the arrangement meets the requirements for a common-law marriage. A common-law marriage is a union between two individuals that is recognized by state law, even if they haven't obtained a marriage license or held a ceremony with an officiant. States that recognize common-law marriages include Colorado, Iowa, Kansas, Montana, New Hampshire, Oklahoma, Rhode Island, Texas, Utah, and the District of Columbia. The requirements for recognizing these unions differ by state. Less than 15% of the U.S. population lives in states that recognize common-law marriages.[10] Thus, a large majority of cohabiting adults in the United States would not be considered married under common law.

5 Ibid.2.
6 "Number, Timing, and Duration of Marriages and Divorces: 2016"; U.S. Census Bureau; April 2021.
7 "Public Has Mixed Views on Modern the American Family"; Pew Research Center; Sept. 23, 2023
8 "Share of U.S. Adults Living Without a Romantic Partner Has Ticked Down in Recent Years"; Pew Research Center; Jan. 8, 2025.
9 Ibid.7.
10 "What Is Common Law Marriage?"; LegalZoom; n.d.

Two-Income Marriages

In the early years of Social Security, the husband was usually the primary breadwinner, while the wife often stayed home to raise the children. With the women's movement in the 1970s, more women entered the workforce. Today, two-income households are the most common arrangement among married couples. A Pew study covering the 50 years from 1972 to 2022 shows that, while the husband was the sole breadwinner in 49% of marriages in 1972, this share decreased to 23% by 2022.[11] In contrast, in 2022, the wife was the sole breadwinner in 6% of opposite-sex marriages, up from just 2% in 1972. Two-income marriages accounted for the majority (71%) of marriages in 2022, up from 49% in 1972.

The earnings profiles of spouses in two-income households have undergone significant changes. The Pew study indicates that increasingly, husbands and wives earn roughly the same amount. It categorizes marriages into three groups: those in which one spouse is the sole breadwinner; those in which one spouse earns more than 60% of the household income (the primary breadwinner); and "egalitarian" marriages, in which both spouses earn between 40% and 60% of the total income. In 2022, egalitarian marriages comprised 29% of all marriages, a notable increase from 11% in 1972.

Impact of Caregiving on Women's Work History

Although women are working in large numbers, their career paths have often differed from those of men, primarily due to caregiving responsibilities. Women are more likely than men to either leave the workforce or work part-time due to these responsibilities.

The Bureau of Labor Statistics reported that in 2024, the labor force participation rate, defined as the percentage of the population either working or looking for work, for mothers with children under age 18 was 74.0%, while the participation rate for fathers with children under age 18 was 93.5%. Mothers of younger children were less likely to participate in the labor force—68.3% of mothers with children under age 6, compared with 78.0% of mothers whose youngest child was between ages 6 and 17 years old.[12]

Instead of leaving the workforce entirely, some people shift from full-time to part-time work. The Center for American Progress analyzed Bureau of Labor Statistics data from January 2023 and found that caregiving duties primarily fall on women: among those aged 25 to 54 with children under age 18 at home, 30% of women reported working part-time or not working at all due to family reasons. In contrast, only 3.7% of men reported working this way.[13]

11 "In a Growing Share of U.S. Marriages, Husbands and Wives Earn About the Same"; Pew Research Center; April 13, 2023.
12 "Employment Characteristics of Families-2025"; U.S. Bureau of Labor Statistics; April 23, 2026.
13 Fact Sheet: The State of Women in the Labor Market in 2023; Center for American Progress; Feb. 6, 2023.

Fewer People with Children

Current fertility rates are commonly measured by the total fertility rate (TFR), the average number of children a woman would have if she were to live through her entire childbearing years and experience the prevailing age-specific birth rate in each year. An analysis of CDC data by Statista[14] and PBS News[15] finds that the TFR in the U.S. in 1935, during the Great Depression, was 2.17, in sharp contrast to the baby boom peak during the 20 years following World War II, when the TFR rose to 3.58 in 1960. Since then, the TFR has generally declined, reaching a low of about 1.59 in 2025. Later marriage and delayed childbearing have contributed to this trend of fewer children per woman.

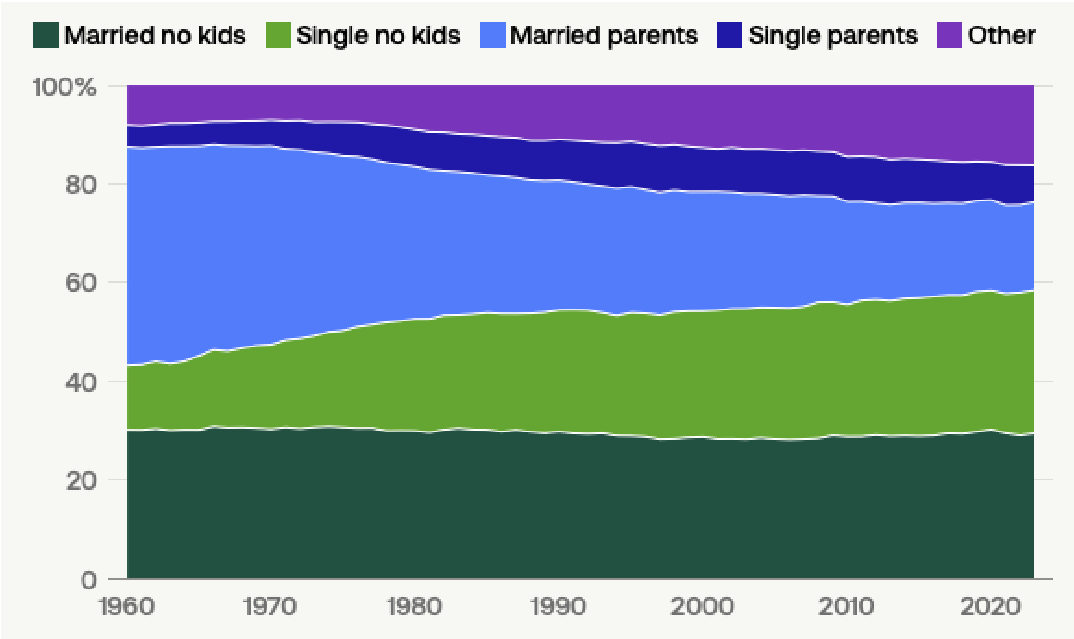
Chart 1, based on data from the Census Bureau's Decennial Census and the Current Population Survey, indicates that in 2023, only 25.3% of households had children, a sharp decline from 48.6% in 1960.[16]

In some cases, elderly parents move in with their adult children for support and companionship. This can strain the time and resources of adult children, which some cite as a reason for limiting their family size. Ironically, by caring for their elderly parents, these adults may reduce their chances of receiving such support later in life.

Adult children often provide their elderly parents with valuable financial or caregiving support. Older adults without children may have a greater need for paid caregiving services in retirement and may rely more on their Social Security benefits. Even retirees with adult children may not always be able to depend on their help. For example, changing social norms may lead to increased estrangement between adult children and their parents. Based on survey findings, Karl Pillemer[17] estimated that 10% of adults are estranged from a parent or child. At the same time, psychologist Joshua Coleman has asserted that estrangement between parents and adult children is on the rise.[18]

14 Fertility Rate in the United States from 1800 to 2020; Statista; n.d.
15 "The U.S. fertility rate reached a new low in 2024, CDC data shows"; PBS NewsHour; July 24, 2025.
16 "How have American households changed over time?," USAFacts; Oct. 7, 2024.
17 "Pillemer: Family Estrangement a Problem Hiding in Plain Sight," *Cornell Chronicle*, Sept. 10, 2020.
18 "When the Ties That Bind Unravel," *The New York Times*, May 3, 2010.

Chart 1. More than half of American households have no children.
Share of all households separated by household type, 1960–2023



Parent categories include parents living with their own children under the age of 18. Other includes family households (such as adult relatives) and nonfamily households (such as nonmarried partners or roommates).
Source: Census Bureau

Slower Improvements in Healthy Life Expectancy

While life expectancy at age 60 reflects the average number of additional years a person of that age can expect to live, healthy life expectancy at age 60 is the average number of additional years a person can expect to live in "full health" after reaching that age. Table 1 shows that, although U.S. life expectancy at age 60 increased by 2.2 years for males and 1.7 years for females between 2000 and 2019, U.S. healthy life expectancy at age 60 increased by only 1.1 years for males and 0.8 years for females. As a result, older adults are spending more years in poor health. Researchers attribute this to many factors. A significant reason is that, while new medical diagnostics and treatments have reduced mortality from diseases such as cancer and heart disease, they have generally not been able to reduce the care-intensive conditions associated with old age, such as dementia and arthritis. Thus, many of the additional years of life gained through these medical advances are spent in less than full health.

Table 1. Life Expectancy and Healthy Life Expectancy at Age 60 in the United States

	Males		Females	
	2000	2019	2000	2019
Life expectancy at age 60	19.8	22.0	22.7	24.4
Healthy life expectancy at age 60	14.7	15.8	16.5	17.3
Years lived in poor health after age 60	5.1	6.2	6.2	7.1

Source: World Health Organization, Global Health Estimates: Life expectancy and healthy life expectancy, undated.

Health care costs remain a significant expenditure for Social Security beneficiaries. Retirees spend a larger portion of their income on health care and custodial care than the average worker. Consequently, many argue that Social Security's annual cost-of-living adjustment (COLA), which is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), may not adequately compensate for retirees' loss of purchasing power over time.

In most years, health care costs have experienced larger annual increases than other items in the CPI-W. For example, the percentage increase in Medicare Part B premiums has been larger than the Social Security COLA: the premium increased by 5.9% from 2024 to 2025, while the 2025 COLA was only 2.5%; the premium increased by 9.7% from 2025 to 2026, while the 2026 Social Security COLA was 2.8%, according to the Centers for Medicare & Medicaid. Further, health care and custodial needs tend to grow exponentially as retirees age, requiring an ever-larger share of their budget. As a result, Social Security income becomes less adequate for people who live longer. Elderly adults without support from a partner or adult children are especially likely to find their Social Security income inadequate in later years.

As seen in Table 1, the average duration of ill health has been increasing. This suggests that health care spending, particularly for older adults, will also increase substantially. As families become smaller, with more unmarried people and fewer children, there is less family support and fewer unpaid caregivers; as a result, more paid caregiving services will be needed. Enhanced Social Security benefits for the very old, whether through higher COLAs or another mechanism, could help address this issue.

Summary of key factors

Table 2 presents key metrics that are discussed in Section 2 that are especially relevant to the assessment of evolving family structures.

Table 2. Summary: Evolving U.S. Family Structures—Then Versus Now

Statistic Description	Year	Statistic	Year	Statistic
Marriage rate	1935	10.4	2023	6.1
Divorce rate	1935	8.0	2018	15.7
Percent of U.S. adults	1990		2023	
Married		59%		51%
Cohabiting		3%		7%
Unpartnered		38%		42%
Proportion of marriages	1972		2022	
Husband sole breadwinner		49%		23%
Wife sole breadwinner		2%		6%
Two-income marriages		49%		71%
Two-income marriages with spouses of similar income		11%		29%
Total fertility rate	1935	2.17	2025	1.59
Proportion of households with children	1960	48.6%	2023	25.3%

Sources are indicated elsewhere in this paper.

Financial Effects on Social Security Benefits for Different Family Structures

Table 3 shows how Social Security's benefit structure affects the benefits of four differently structured families: an unmarried individual, a married couple with one wage earner, a married couple where one member earns twice as much as the other, and a married couple with equal earnings. In each case, both spouses were born on Jan. 1, 1958, and commenced receiving benefits on January 1, 2025, at age 67. They are assumed to be of opposite sex, as same sex couples remain a small minority. Total household earnings in 2024 are $120,000. Earnings before 2024 are based on the assumption that wage growth exactly follows the national average wage index. The monthly benefits are the initial amounts at commencement; amounts are adjusted annually thereafter based on the CPI-W. Benefits are reduced to 77% of the scheduled amounts beginning in 2033 due to the projected depletion of reserves in the OASI trust fund in that year. The calculations underlying Table 3 are based on the 2025 Trustees Report. The accumulated value of taxes and the present value of benefits are calculated using the intermediate, or best estimate, interest rate, and mortality and mortality improvement assumptions from the 2025 Trustees Report.

Table 3 shows only retirement income benefits. Taxes include only 10.6% of the total 12.4% combined employer/employee tax rate, the portion deemed to fund retirement benefits. The ratio of the present value of benefits over the accumulated value of taxes paid at benefit commencement provides a measure of the relative value of the benefits provided to the differently structured families under current Social Security law. However, the ratio should not be interpreted as a "money's worth" analysis of the entire Social Security system, which includes pre-retirement disability and death benefits, as well as additional ancillary benefits payable under certain circumstances to children and parents of covered workers.

Table 3. Impact on Social Security Retirement Benefits under Different Family Structures

	Unmarried (Example 1)	One-earner couple (Example 2)	Two-earner couple with un-equal earnings (Example 3)	Two-earner couple with equal earnings (Example 4)
Spouse A earns	$120,000	$120,000	$80,000	$60,000
Spouse B earns	N/A	$0	$40,000	$60,000
Household income	$120,000	$120,000	$120,000	$120,000
Spouse A's monthly benefit at retirement	$3,364	$3,364	$2,715	$2,213
Spouse B's monthly benefit at retirement	N/A	$1,682	$1,710	$2,213
Total monthly benefit at retirement	$3,364	$5,046	$4,425	$4,426
Total monthly benefit to the survivor	N/A	$3,364	$2,715	$2,213
Accumulated value at 1/1/2025 of employee and employer OASDI taxes paid (assuming rate of 10.6%)	$596,561	$596,561	$596,561	$596,561
Present value at 1/1/2025 of male spouse A and female spouse B benefits	$514,525	$798,482	$703,891	$712,048
Ratio of value of benefits over value of taxes paid	0.86	1.34	1.18	1.19
Present value at 1/1/2025 of female spouse A and male spouse B benefits	$567,913	$825,176	$719,846	$712,048
Ratio of value of benefits over value of taxes paid	0.95	1.38	1.21	1.19

Values were calculated by the Committee based on the assumptions used in the 2025 Trustees Report.

Table 3 shows that unmarried individuals receive less value from the taxes they pay than married couples, primarily because of dependent-spouse and surviving-spouse benefits. The reasons for the variation in value received differ between one-earner and two-earner married couples. When comparing an unmarried individual with a one-earner couple, the non-working spouse in the one-earner couple receives a spouse benefit based on the worker's earnings, which is not available to the unmarried individual. The situation is different for two-earner couples. In the examples given, both spouses in two-earner couples receive benefits based on their own work histories. However, since each spouse earns less as an individual than the unmarried individual, under Social Security's progressive benefit formula, each receives benefits that are higher relative to their earnings. Thus, when total household earnings are equal, Social Security provides higher total benefits to two-earner couples than to unmarried individuals.

Unmarried individuals receive less value because they do not benefit from the surviving-spouse benefit available to certain two-earner couples. Consider, for example, an unmarried person earning $40,000 per year. As shown in Table 3, this person's retirement benefit would be $1,710 per month. However, if this person were married to someone earning $80,000 per year and the spouse died before the person with the $1,710 benefit, the retirement benefit would increase to $2,715 per month.

Considering only married couples, the current benefit structure favors one-earner couples. Thus, the advantage provided by a spouse benefit payable to an individual who has never worked outweighs the advantage provided by the progressive benefit formula.

As noted previously, even though two-earner opposite-sex couples now comprise 71% of all married couples, couples in which the wife earns more than the husband are still uncommon. Table 3 shows that couples in which the wife earns more than her husband receive more value for taxes paid. This is because, on average, women have a longer life expectancy than men and receive benefits for a longer period. Thus, when women receive larger benefits, the total value of the benefits is greater. The advantage disappears for equal-earner couples. The advantage of one-earner over two-earner couples remains, regardless of whether the working spouse is a woman or a man.

Another aspect of family structure not addressed in Table 3 is the number and age distribution of children. These can vary widely, making it difficult to select a small representative sample. Unmarried children are eligible to receive Social Security benefits if a parent receives benefits or has died with sufficient credit to provide survivor benefits, and they meet one of three criteria: they are under age 18, they are age 18 and still in school, or they became disabled before age 22. Since non-disabled workers cannot commence benefits before age 62, few workers have children who meet these criteria.

In addition, benefits to children of non-disabled worker beneficiaries comprise only 0.6% of benefits paid from the OASI trust fund in 2025. Disabled and deceased workers are far more likely to have eligible children: benefits to children of deceased workers comprise 2.1% of benefits paid from the OASI trust fund, while benefits to children of disabled workers comprise 4.5% of benefits paid from the DI trust fund. The combined percentage of benefits paid to children from both trust funds is 2.8%.[19] While children's benefits represent only a small portion of total system benefits, they can significantly enhance the value of benefits for families in certain circumstances, such as when the principal breadwinner becomes disabled or dies, leaving school-age children in the household, because no additional taxes are paid to support these benefits.

The financial inequities described above also have a demographic dimension. For example, Blacks, Hispanics, and those of all ethnic groups with lower income and less education marry at lower rates, so they fall into the group with the lowest ratio of benefits to taxes. Many of those who marry are also more likely to need two incomes to make ends meet and may therefore fall into the least advantaged group among married couples. However, there are offsetting considerations. These include the fact that Social Security's progressive benefit formula favors those with low incomes, and members of financially disadvantaged groups are more likely to benefit from Social Security's disability and pre-retirement death benefits.[20]

Another way the system has not changed in response to demographic trends is in divorce and remarriage. Although the divorce rate may have recently stabilized, it remains significantly higher than it was in the 1930s. Social Security has somewhat liberalized its eligibility rules over time regarding benefits following divorce, at one point requiring 20 years of marriage to claim benefits based on an ex-spouse's record. Currently, a spouse who

19 "2026 Trustees Report"; Table III.A5.
20 *Social Security and the Financially Disadvantaged*; American Academy of Actuaries; 2025.

has been married for at least 10 years is eligible to receive benefits based on their ex-spouse's earnings history, provided the divorced spouse seeking benefits is at least 62 years old and has not remarried. As marriages become shorter, especially among younger people, the number of ex-spouses not eligible for benefits is likely to grow.

Divorce and remarriage can affect the relative value of benefits. A worker can have had two, three, or even more spouses for Social Security purposes. As long as both members of each couple have substantial, even if not equal, earnings, benefits differ little from those in the single-marriage situation for two-earner couples. However, if one spouse consistently earns all or most of the income across multiple marriages, the spouse benefit will be paid multiple times, thereby increasing the financial advantage applicable to this type of couple. As divorce has become more frequent, the likelihood of this occurring has correspondingly increased.

Current benefit eligibility rules regarding divorced spouses have also raised other issues. The 10-year "cliff" eligibility requirement for ex-spouse benefits provides no spouse benefit if a marriage lasted less than 10 years, even if only by a few months. It has been suggested that the eligibility requirement be phased in, for example, at 10% of the full spouse benefit per year of marriage. Also, the requirement that the ex-spouse not remarry means that potential loss of the spouse benefit may play a role in a divorced spouse's decision whether or not to remarry. Some people have suggested that this is not an appropriate role for Social Security and that, consequently, the remarriage rule be modified or eliminated. However, to date, this issue has not gained much traction.

As discussed above, the Social Security benefit structure was designed when the one-earner couple was the norm. That benefit structure continues to favor the one-earner couple over the unmarried individual and, to a lesser degree, over the two-earner couple. The question arises as to whether the benefit structure should be modified to provide greater equity among families with different structures. The changing demographics of families and the workforce make addressing these issues even more critical. However, addressing these challenges is difficult, because one size doesn't fit all. The following section describes proposals that address these issues.

Response Options

Current Social Security benefits were designed to meet the needs of the typical family when the system was created. Although family structures have evolved over the past 90 years, Social Security's benefit design has undergone only minor changes. Given the diverse and evolving nature of today's families, designing a benefit structure that equitably meets the needs of current and future families is more complex. The challenge is exacerbated by the divided state of the nation's politics and the urgent need to address the system's financial issues. Given these conditions, no comprehensive plan has been proposed to address all the issues raised by the diversity of family structures. Nonetheless, many small changes have been proposed to address one or more of these issues.

Many of these options increase the long-range actuarial deficit of the Social Security system, which would require either higher taxes or more benefit cuts elsewhere in Social Security to ensure its long-term financial soundness.

Some of these proposals have been incorporated into formal legislation by members of Congress. In such cases, the Social Security Administration's Actuarial Services provides a financial analysis of the proposal, which is available on the office's website. This analysis demonstrates how implementing each of these proposals would affect the 75-year projection of system finances based on the latest Trustees Report, using the intermediate (best estimate) assumption set. When available, the figures cited below are based on the 2026 Trustees Report. Nevertheless, potential changes to the benefit structure to address family structure issues extend beyond those included in formal legislative proposals; therefore, the financial impact of all proposed changes is not provided below.

Restructuring Ancillary Benefits

Several proposed changes to benefits paid to workers' survivors and dependents, collectively referred to as ancillary benefits, aim to address inequities arising from the increasing diversity of family structures. Most of these proposals reduce benefits to spouses and, in some instances, other eligible beneficiaries, thereby improving the system's financial health. However, their overall effect is generally small and is not the primary focus of the proposals. Four such proposals are described below:

- A 2009 proposal from the National Academy of Social Insurance included a reduction of the spouse's minimum benefit based on the other spouse's Primary Insurance Amount (PIA),[21] the benefit amount a person would receive if they started collecting retirement benefits at their normal or full retirement age, from the current 50% to 33% in 1% steps over 17 years. This benefit reduction would only apply while both spouses are alive and receiving benefits. No reduction would be made for a surviving spouse after the death of one spouse, or for other eligible beneficiaries. Referring to Table 3, this would reduce the Spouse B benefit for the single-earner couple from $1,682 to $1,121 and the total benefit from $5,046 to $4,485, more in line with the two-earner couples. However, the surviving spouse in the one-earner couple would retain that advantage. This change would decrease the long-range actuarial deficit by 0.09% of covered payroll.

- A 2016 proposal from the Bipartisan Policy Center[22] would limit all spousal benefits except for spouses of disabled workers to the benefit level under current law for the spouse of a worker whose PIA is at the 75th percentile for all workers. This would apply to workers first eligible in the seventh year after enactment. The benefits of other eligible beneficiaries would not be affected. The PIA limit would be adjusted after the seventh year using the chain-weighted CPI index rather than the typically higher CPI-W. Unlike the prior proposal, this provision would affect spouses in more situations, especially among high-income workers. This provision would reduce the long-range actuarial deficit by 0.08% of covered payroll.

- A 2016 proposal by Rep. Sam Johnson[23] would limit all ancillary benefits to half of the PIA of a worker whose earnings equal the national average wage. The limit would be phased in over 10 years, beginning in the seventh year after enactment. The Johnson proposal would impact spouses and dependents of high-income workers in all cases. The effect would be particularly significant for surviving spouses of deceased workers,

21 "Fixing Social Security: Adequate Benefits, Adequate Financing"; National Academy of Social Insurance; October 2009.
22 "Securing Our Future: Report of the Commission on Retirement Security and Personal Savings"; Bipartisan Policy Center; 2016.
23 H.R. 6489, Social Security Reform Act of 2016; U.S. Congress; 2016.

whose current minimum benefit is based on 100% of the worker's PIA. However, the percentage of affected beneficiaries would remain relatively constant over time since the limit is effectively linked to the national average wage. This provision would decrease the long-range actuarial deficit by 0.08% of covered payroll.

- The preceding proposals address inequities by cutting Social Security benefits. In contrast, a proposal first introduced by the 1994–1996 Social Security Advisory Council[24] and later supported by former Sen. Mark Begich and Sen. Patty Murray in 2014, as well as by Rep. Al Lawson in 2017, would provide a minimum surviving spouse's benefit of 75% of the combined benefits of each spouse based on their own earnings history (even if one spouse receives a benefit based on the other's earnings when both are alive). However, this amount could not exceed the PIA of a hypothetical worker earning the national average wage. This would increase survivor benefits when the lower-earning spouse's benefit is at least one-third of the higher-earning spouse's benefit. However, the cap on this minimum benefit would mean that couples with high combined earnings would see no increase in their survivor benefits. While this provision would improve equity between one-earner and two-earner couples in specific cases, it would also increase the long-range actuarial deficit by 0.10% of covered payroll.

The composition of families today can vary, including the number of working-age adults, children, and seniors, as well as income distribution. Each of these proposals targets a specific segment of the population. The proposals formally introduced in Congress all target low-income workers, either by maintaining their benefits while reducing ancillary benefits for higher-paid workers or by enhancing their benefits without altering those of higher-paid workers. The proposals would not fundamentally change the existing benefit system.

Earnings Sharing

Earnings sharing directly addresses the inequalities inherent in the current Social Security benefits. The concept underlying earnings sharing is straightforward: a married couple's earnings are combined, and, for Social Security benefit calculations, each person is allocated half of their combined earnings. In its most basic form, ancillary benefits would be eliminated. Each worker's benefit would be based on their individual earnings history, adjusted by earnings sharing during marriage. If both spouses receive benefits, their total benefit would be the sum of their individual benefits.

24 "1994-96 Advisory Council Report, Findings, Recommendations and Statements"; Social Security Advisory Council; 1997.

The 1983 Social Security Act mandated a study of the potential implementation of earnings sharing, which was published in 1985.[25] However, due to limited data on workers' previous marital status, retroactive implementation was not feasible at that time, so changes in benefit amounts would have to be phased in gradually over several years. The study assumed that legislation would take effect in 1990 and focused on the benefits for workers whose benefits would commence in 2030, after they had been covered by Social Security for most or all of their careers. It found that, among couples in which both members receive benefits, amounts would increase for 84% of married women and decrease for 86% of married men. However, the combined benefits would increase for 40% of couples and decrease for 47%, with the overall net change being generally small. Couples who would benefit from the minimum spousal benefit under current law were most likely to see a reduction in their benefits. Consistent with the results for married men and women, among surviving and divorced spouses, women were more likely to see benefit increases, and men were more likely to see decreases, compared with current law. Earnings sharing would result in a small long-term improvement in the long-range actuarial deficit, projected at 0.11% of covered payroll, based on the 1984 Trustees Report.

Numerous suggestions have been proposed for modifying pure, or generic, earnings sharing. These include: a transition period before full implementation during which all or part of the current law benefits would be guaranteed; delaying application until both spouses receive non-disability benefits; maintaining the current law's minimum spouse and/or surviving spouse benefits except during years of earnings sharing within marriage; and allowing a surviving spouse to inherit the non-shared earnings of a deceased spouse during marriage. Factors such as increased cohabitation without legal sanction, later marriage, and more frequent divorce contribute to workers being married for shorter periods during their working careers, making earnings sharing increasingly less relevant.

There has been considerable interest in the idea of earnings sharing, and numerous studies have examined its potential effects on beneficiaries' benefits in various situations and on the system's finances. However, no formal proposal for implementing earnings sharing has ever been made.

25 "Report on the Earnings Sharing Implementation Study"; Social Security Administration; March 1985.

Extending Spousal Benefits to Cohabiting Partners

The increase in the number of U.S. adults cohabiting with an unmarried partner raises the question of whether or how these arrangements should affect Social Security benefits. The financial ties between cohabiting partners can be just as strong as those of legally married couples. As a result, there does not seem to be an economic justification for treating these functionally similar arrangements differently.

Currently, Social Security only recognizes such arrangements if they meet the applicable state's common-law marriage criteria. However, recognizing cohabiting partners as spouses for Social Security purposes presents practical challenges. First, Congress would need to establish clear, objective criteria for when a cohabiting partner qualifies as a spouse, which may be politically sensitive. Even if such criteria could be agreed upon and codified, the administrative effort required by the Social Security Administration to verify decades-old financial details would be much greater than that needed to confirm legal relationships, as is the current practice. Thus, while extending spousal benefits to cohabiting partners may be desirable under certain circumstances, it may not be practical. For practical reasons, eligibility for Social Security benefits based on marriage, parenthood, or legal guardianship may be better determined by legally recognized relationships.

Dropout Years

It is common for parents, particularly women, to temporarily leave the labor force or work only part-time to care for their young children. A worker's Social Security benefit is calculated based on the Average Indexed Monthly Earnings (AIME), which is the average of the worker's 35 highest years of adjusted earnings. If that parent has fewer than 35 years of compensated work, zero earnings years are included in their AIME calculation to bring the total number of years to 35. Some argue that, in addition to sacrificing immediate pay for childcare, parents should not have their Social Security retirement benefits reduced. To address this concern, it has been suggested that the number of years counted in the AIME calculation for such parents be reduced, allowing these years with zero pay to be excluded. These excluded years are referred to as "dropout years." Other family situations in which dropout years may also be relevant include those with aging parents, those with family members with disabilities, and those who are learning English as a second language.

Although the idea of allowing extra dropout years for parents caring for young children has existed for some time, only one formal proposal, by Rep. Patrick Murphy in 2016,[26] has been introduced in Congress. According to that proposal, a parent could take up to five dropout years for the care of children under age 6, but no more than two years per child. Also, the parent must have no compensation of any kind during a dropout year. This provision would increase the long-range actuarial deficit by 0.06% of covered payroll.

The current Social Security benefit structure favors situations in which one parent devotes the bulk of his or her working years to childcare and has minimal labor force participation. The Murphy proposal provides a modest alternative for parents who want to take time off work to care for their preschool children, at a similarly modest cost. Providing greater parental flexibility by increasing the maximum number of dropout years and extending eligibility to older children would increase Social Security costs. Additionally, the concept of childcare dropout years could be extended to include elder care or care for the disabled, as more working-age adults are needed to help care for their aging parents and other dependents needing similar attention.

Cost-of-Living Adjustments

Since 1982, the Bureau of Labor Statistics (BLS) has calculated a separate consumer price index, the CPI–E, based on the purchasing habits of households in which either the head of the household or the spouse is at least age 62. The BLS still considers the CPI-E experimental.

Several reform proposals introduced in Congress have included a provision to change the index for the annual COLA from the CPI-W to the CPI-E.[27] Based on experience, the Social Security Administration's Actuarial Services has estimated that switching to the CPI-E would increase the annual COLA by 0.2 percentage points on average, resulting in a 0.43% increase in the long-range actuarial deficit as a percentage of covered payroll.

26 HR 4529- Social Security Parent Penalty Repeal Act; U.S. Congress; Feb.16, 2016.
27 Social Security 2100 Act; U.S. House of Representatives; July 11, 2023.

Another proposal, included in a 2010 report from the Senate Special Committee on Aging[28] but never enacted into law, would retain the CPI-W, but raise the COLA by 1% for beneficiaries whose age exceeds the sum of 65 and the unisex cohort life expectancy at age 65. According to mortality data from the 2026 Trustees Report, the unisex cohort life expectancy at age 65 was about 19.5 years; therefore, the 1% COLA supplement would start at age 85. This change would raise the long-range actuarial deficit by about 0.12% of covered payroll.

Both approaches address the higher cost of living faced by older people, with the first gradually increasing throughout retirement and the second affecting only the later years of retirement. The CPI-E does not break down purchasing patterns within the specified age range and, therefore, cannot be used directly to determine which of these two COLA supplementation patterns would most closely match the actual cost increases during retirement. If health care costs are the primary factor driving higher cost-of-living increases during retirement, these increases are likely to be concentrated toward the end of life.

Benefit Increases for Older Beneficiaries

Instead of relying on an enhanced COLA, targeted benefit increases could be provided to older beneficiaries. A straightforward approach, first suggested in 2009 by the National Academy of Social Insurance,[29] would provide a 5% benefit increase to all beneficiaries once they reach age 85. This would raise the long-range actuarial deficit by 0.13% of covered payroll.

Since then, several similar proposals have been made, both within and outside Congress. Some proposals replace the age requirement with completion of a certain number of years, usually 20 or 25, measured from the initial benefit eligibility age (62) or the age of disability eligibility, if earlier. While a 5% total increase is commonly discussed, many proposals implement it gradually in 1% steps, effectively providing a 1 percent COLA boost each year over five years. Additionally, many proposals base the benefit increase not on the actual benefit amount but on a typical amount, such as the average national monthly benefit, the average PIA, or a benefit calculated based on the average earnings, thus offering a higher

28 Social Security Modernization: Options to Address Solvency and Benefit Adequacy; U.S. Senate Special Committee on Aging; 2010.
29 Fixing Social Security: Adequate Benefits, Adequate Financing; National Academy of Social Insurance; 2009.

percentage increase for low-wage earners than for high-wage earners. Other proposals phase out the increase entirely for higher-income earners. Most proposals would increase the long-range actuarial deficit by between 0.13% and 0.18% of covered payroll, although those starting the increase less than 20 years after initial benefit eligibility would incur higher costs.

These proposals aim to address the perceived need for greater financial security in retirement, particularly in the later years, when individuals may face higher health care and assistance costs associated with performing activities of daily living.

Conclusion

Social Security's benefit structure has not kept pace with evolving family structures, leading to uneven outcomes across households. Policymakers face the dual challenge of modernizing benefits to reflect contemporary family structures while restoring Social Security's long-term financial soundness. Achieving both goals would require a combination of targeted benefit reforms and broader system-wide changes to uphold the program's core principles of individual equity and social adequacy.

American Academy of Actuaries

1850 M STREET NW, SUITE 300, WASHINGTON, D.C. 20036
202-223-8196 | ACTUARY.ORG