

THE RETIREMENT PROSPECTS OF DIVORCED WOMEN

by Barbara A. Butrica and Karen E. Smith*

For decades, policymakers have discussed how to remedy the high poverty rates of older widows. Yet older divorced women are more likely to be poor than older widows, and historical divorce and remarriage trends suggest that in the future a larger share of retired women will be divorced. This article uses the Social Security Administration's Modeling Income in the Near Term (version 6) to project the retirement resources and well-being of divorced women. We find that Social Security benefits and retirement incomes are projected to increase for divorced women and that their poverty rates are projected to decline, due in large part to women's increasing lifetime earnings. However, not all divorced women will be equally well off; economic well-being in retirement varies by Social Security benefit type.

Introduction

The high poverty rates of older widows have drawn the attention of policymakers and the media, and widows have been the focus of much of the research on older women's economic well-being (Angel, Jimenez, and Angel 2007; McGarry and Schoeni 2000; Sevak, Weir, and Willis 2003/2004; Weir and Willis 2000). However, among older women, those who are divorced have dramatically lower incomes and higher poverty rates than widows and most other Social Security beneficiaries (Weaver 1997). According to recent data, around 20 percent of divorced women aged 65 or older live in poverty, compared with 18 percent of never-married women and 15 percent of widowed women. Differences in poverty rates are even larger at the oldest ages—22 percent of divorced women aged 80 or older are poor, compared with only 17 percent of never-married women and 15 percent of widowed women (SSA 2010).

Older women are much more likely to be married or widowed than they are to be divorced or never married. Currently, only about 11 percent of women aged 65 or older are divorced and only 4 percent have never married. By contrast, 41 percent of women those

ages are widowed (SSA 2010). Recent trends suggest that those proportions could change in the future. Divorce rates increased sharply between the 1960s and early 1970s. After falling slightly, rates leveled off in the mid-1980s; but in a historical context, they were still relatively high (Ahlburg and De Vita 1992; DaVanzo and Rahman 1993; Goldstein 1999; Norton and Miller 1992; Stevenson and Wolfers 2007). Most individuals who divorce will remarry, but the remarriage rate has decreased, and second marriages also often end in divorce (Norton and Miller 1992).

Although the divorce rate has leveled off and may even have begun to reverse (NCHS 1991; Stevenson and Wolfers 2007; Tejada-Vera and Sutton 2010),

Selected Abbreviations

GenX	generation X
MINT6	Modeling Income in the Near Term, version 6
PIA	primary insurance amount
SIPP	Survey of Income and Program Participation
SSA	Social Security Administration

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the characteristics of divorce have been changing. In particular, the duration of marriages ending in divorce appears to have declined among more recent cohorts of women. Among first marriages, the share of women who were still married at their fifth anniversary declined from 93.0 percent for those married 1960–1964 to 87.1 percent for those married 1990–1994. The share of those who remained married at their tenth anniversaries declined from 82.8 percent for those married 1960–1964 to 74.5 percent for those married 1990–1994 (Kreider and Ellis 2011).

These divorce and marriage-duration trends suggest that, over time, increasing proportions of women will be divorced when they reach retirement, which has implications for their retirement security generally and their Social Security benefits specifically. A number of studies have already documented the potential effect of divorce and marriage trends on Social Security benefits for future women retirees (Butrica and Iams 2000; Harrington Meyer, Wolf, and Himes 2006; Tamborini and Whitman 2007; Tamborini, Iams, and Whitman 2009). Because divorced retirees might receive Social Security divorced-spouse benefits, widow benefits, or neither, a divorced woman's marital status does not necessarily reflect the type of benefit she is eligible to receive (Weaver 1997); yet the type of benefit she receives will dramatically affect her economic well-being in retirement. This article considers how divorced women's projected retirement incomes, Social Security benefits, and poverty rates vary by benefit type. It also updates Butrica and Iams (2000) with projections generated by an updated microsimulation model.

We find that Social Security benefits and retirement incomes are projected to increase for future divorced women and that their poverty rates are projected to decline, due in large part to women's increasing lifetime earnings. But not all divorced women will be equally well off. In particular, divorced women who receive only retired-worker benefits are a diverse group. For example, those without marriages lasting at least 10 years (the requirement to qualify for benefits based on an ex-husband's earnings history) are expected to have low retirement incomes and high poverty rates. That group is projected to represent one in three divorced women in the generation X (GenX) cohorts (born 1966–1975). Others will have earnings histories that will qualify them for basic retired-worker benefits that are greater than one-half of their ex-husbands' basic retired-worker benefits. That group

is projected to represent one in four divorced women in the GenX cohorts, and is expected to have the highest retirement incomes and lowest poverty rates among all divorced women.

Social Security Benefits for Divorced Women

Depending on their circumstances, divorced Social Security beneficiaries can receive either retired-worker benefits, which are based on the individual's own covered earnings history; auxiliary benefits, which are determined by a living or deceased former spouse's covered earnings history; or a combination of both. Thus, divorced women receive Social Security benefits either as retired workers, divorced spouses, or surviving divorced spouses. They can also receive widow benefits from a prior marriage that ended in widowhood. Retired-worker benefits are computed by wage indexing annual earnings over a divorced woman's working life, then calculating her average indexed monthly earnings (AIME) to determine her primary insurance amount (PIA)—the benefit payable at the full retirement age, which currently is 66. Divorced women with 40 or more quarters of coverage over their work lives are considered fully insured and may receive retired-worker benefits.

Auxiliary benefits are computed for each eligible previous marriage reported by a divorced woman. Any person with a previous marriage that ended in divorce is eligible if the ex-spouse was fully insured for Social Security benefits and the marriage lasted at least 10 years. A person with a previous marriage that ended in widowhood is also eligible if the spouse was fully insured.¹ Auxiliary benefits are based on the earnings history of the ex-spouse, deceased ex-spouse, or deceased spouse from each marriage. If an ex-husband is alive when a woman claims Social Security benefits on his earnings record, the auxiliary benefit (also known as divorced-spouse benefit) is effectively equal to one-half of the ex-husband's PIA.² If an ex-husband is deceased when a woman claims benefits, the auxiliary benefit (also known as a surviving-divorced-spouse benefit) is effectively equal to the deceased ex-husband's full PIA. Likewise, for a marriage that ended in widowhood, the auxiliary benefit (also known as a widow benefit) is effectively equal to the deceased husband's full PIA.

After computing an auxiliary benefit for each eligible marriage, the Social Security Administration

(SSA) selects the highest auxiliary benefit and compares it with the divorced woman's own retired-worker benefit. If she is not entitled to a retired-worker benefit, she receives the full auxiliary benefit as a divorced spouse, surviving divorced spouse, or widow beneficiary. If she is entitled to a retired-worker benefit that is less than the auxiliary benefit, she is "dually entitled" and SSA supplements her retired-worker benefit with the difference between her retired-worker benefit and the full auxiliary benefit to which she would be entitled. Finally, if she is entitled to a retired-worker benefit that exceeds the auxiliary benefit, she receives only the retired-worker benefit.

Thus, a divorced woman's Social Security retirement benefit depends not only on her own earnings history, but also to a large extent on her marital history and the earnings histories of her previous spouses. Furthermore, a divorced woman with multiple marriages could receive an auxiliary benefit from any of her former spouses. Although she describes herself as divorced, at retirement she may receive a divorced spouse benefit, surviving divorced spouse benefit, or widow benefit from Social Security. In cases where none of her marriages ended in widowhood or in divorce after 10 years, a divorced woman will be ineligible for any auxiliary benefits. This article will show that the type of benefit a divorced woman receives will dramatically influence her economic well-being in retirement.

Methods

We assess the retirement prospects of divorced women using the latest version of SSA's Modeling Income in the Near Term, version 6 (MINT6). MINT6 uses data from the 2001 and 2004 Survey of Income and Program Participation (SIPP) matched to Social Security administrative earnings and benefit data through 2008 as the basis for its projections. For individuals born from 1926 through 1975, MINT6 projects each person's marital changes, mortality, entry to and exit from Social Security Disability Insurance rolls, and age at first receipt of Social Security retirement benefits.³ It also projects family income including Social Security benefits, pension income, asset income, earnings, Supplemental Security Income, income from coresident household members, and imputed rental income.⁴ Asset balances in retirement accounts and financial assets outside of retirement accounts in MINT6's starting SIPP sample are adjusted to align

with distributions in the 2004 Survey of Consumer Finances.⁵

MINT6 is ideal for this analysis because it directly measures the experiences of survey respondents as of the early 2000s, thus accounting for nearly the full working careers of those born before 1946, the first half of the work lives of the baby boom cohort, and first third of the working lives of the GenX cohort. MINT6 projects their income and characteristics into the future, adjusting for expected demographic and socioeconomic changes. MINT6 also accounts for major changes in the growth of economy-wide real earnings, the distribution of earnings both between and within birth cohorts, and the composition of the retiree population. All these factors will affect the retirement incomes of future retirees.

We separately analyze four 10-year birth cohorts we label war babies (born 1936–1945), leading boomers (born 1946–1955), trailing boomers (born 1956–1965), and GenXers (born 1966–1975).⁶ We analyze the characteristics, Social Security benefits, and total income of divorced women in these cohorts at age 70. We exclude divorced women who are projected to ever receive Social Security disability benefits. Because of the legislated increase in the full retirement age, the increase in the delayed retirement credit, the elimination of the retirement earnings test after reaching full retirement age, and changes in pension and health insurance incentives, older adults are increasingly likely to work into their late 60s. Given these trends, we report total income at age 70 to better represent the characteristics and economic well-being of those who have actually retired. We report all income projections in 2011 price-adjusted dollars.

Results

We begin by describing the projected marital status of women at age 70 to identify the prevalence of divorced women in the future. Then, we describe the projected benefit type of divorced women, accounting for changing trends in marital status and earnings of all marital partners. Those projections show how changes in women's earnings affect the distribution of benefits by type over time. Next, we describe the projected average monthly Social Security benefit of divorced women by benefit type. This is followed by a description of total retirement income from all major sources. Finally, we describe the projected poverty status of divorced women by benefit type and cohort.

Projected Marital Status

Over time, the percentage of 70-year-old women who are married is projected to remain constant; however, the composition of their nonmarried counterparts is expected to change dramatically. Among war baby women at age 70, 58 percent are expected to be married, 16 percent divorced, 4 percent never married, and 22 percent widowed (Table 1). However, the distribution of 70-year-old women by marital status is expected to change in later cohorts as life expectancies rise and greater percentages of older women never marry or divorce and never remarry. MINT6 projects increases in the shares who are divorced and never married, and a decline in the share who are widowed. As a result, future cohorts of 70-year-old nonmarried women are most likely to be divorced. Among GenX women, for example, 20 percent are expected to be divorced at age 70, 13 percent widowed, and 10 percent never married.

A woman's marital status does not necessarily determine the type of Social Security benefit she receives. As discussed above, a divorced woman could receive an auxiliary benefit from a living or deceased (ex-)husband. If none of her previous marriages ended in widowhood or in divorce after at least 10 years of marriage, however, she is ineligible for any auxiliary benefit.

MINT6 projects that the proportion of divorced women at age 70 with any 10-year marriage will decline from 80 percent of war babies to 70 percent of leading boomers and GenXers (Chart 1). Consistent with other researchers (Harrington Meyer, Wolf, and Himes 2006; Tamborini and Whitman 2007; Tamborini, Iams, and Whitman 2009), we expect that over time, fewer divorced women will be eligible for

auxiliary benefits based on their ex-husbands' earnings records.

Projected Social Security Benefit Type

Trends in shorter marriages and increases in women's labor force participation and earnings will affect the type of Social Security benefits that future cohorts of divorced women receive. Table 2 shows the projected distribution of divorced women at age 70 by benefit type, and how the distribution is expected to change over time. Among divorced women in the war baby cohort, MINT6 projects that 64 percent will receive only retired-worker benefits, 26 percent will be dually entitled, 5 percent will receive only auxiliary benefits, and 5 percent will be ineligible for any Social Security benefits.

Between the war baby and leading boomer cohorts, two sociodemographic shifts are expected to take place. First, the share of marriages lasting at least 10 years is projected to decline dramatically (Chart 1). Consequently, for divorced women, leading boomers are less likely than war babies to be eligible for auxiliary benefits from their ex-spouses; the share of retired-worker-only beneficiaries projected to be ineligible for auxiliary benefits increases from 37 percent among war babies to 58 percent among leading boomers. Second, women's labor force participation is projected to increase between these cohorts (Blau and Kahn 2007; Goldin 2006). As a result, for divorced women, leading boomers are more likely (32 percent) than war babies (26 percent) to be dually entitled (receiving both auxiliary and retired-worker benefits) at age 70.

Between the leading and trailing boomer cohorts, two different sociodemographic developments are

Table 1.
Projected marital status of women at age 70, by birth cohort (percentage distribution)

Marital status	War babies (1936–1945)	Leading boomers (1946–1955)	Trailing boomers (1956–1965)	GenXers (1966–1975)
Total	100	100	100	100
Divorced	16	20	20	20
Never married	4	6	8	10
Widowed	22	15	13	13
Married	58	58	59	57

SOURCE: Authors' calculations using MINT6.

NOTES: Sample excludes women projected ever to receive Disability Insurance benefits.

Rounded components of percentage distributions do not necessarily sum to 100.

expected. First, the gap between men's and women's earnings is projected to narrow as women's earnings increase and men's earnings fall off (Blau and Kahn 2007; Goldin 2006). Second, life expectancies are projected to increase, which means that trailing boomers are less likely than leading boomers to be widowed at age 70. As a result of those two trends, trailing boomers are more likely than leading boomers to receive only retired-worker benefits at age 70 because their PIAs only have to exceed half their living ex-husbands' PIAs instead of their deceased (ex-)husbands' entire PIAs. Among divorced women, MINT6 projects that 61 percent of leading boomers will receive only retired-worker benefits, increasing to 67 percent of trailing boomers.

Those developments are projected to continue beyond the trailing boomer cohort. Among GenX divorced women, MINT6 projects that 70 percent will receive only retired-worker benefits at age 70, 23 percent will be dually entitled, 3 percent will receive only auxiliary benefits, and 5 percent will be ineligible for any Social Security benefits.

It is worth highlighting the MINT6 projections of the shares of divorced women who will receive retired-worker benefits at age 70 (including the dually

entitled): 90 percent of war babies, 93 percent of leading boomers, 94 percent of trailing boomers, and 93 percent of GenXers. The fact that over 90 percent of divorced women in all cohorts are projected to be retired-worker beneficiaries suggests that divorced women have long participated in the labor force in large numbers; but because their earnings are expected to increase significantly over time, more are projected to receive only retired-worker benefits (and fewer will also receive auxiliary benefits).

A divorced woman's Social Security benefit can be based on her ex-husband's earnings alone, her deceased husband's or deceased ex-husband's earnings alone, her own earnings alone, or a combination of earnings. Therefore, benefit amounts, total income, and poverty levels are likely to vary substantially across benefit types. For example, the situation of a divorced woman receiving only retired-worker benefits because her PIA is more than one-half her ex-husband's PIA will differ from that of one receiving only retired-worker benefits because her PIA is more than her deceased husband's or deceased ex-husband's full PIA. For the latter woman, the requirement for receiving only retired-worker benefits is much more difficult to satisfy because wives'

Chart 1.
Projected percentage of divorced women at age 70 to have at least one marriage last at least 10 years, by birth cohort



SOURCE: Authors' calculations using MINT6.

earnings tend to be lower than their husbands' earnings. Despite the narrowing gap, women's earnings on average remain lower than men's (SSA 2011, Table 4.B6). Finally, both of these women are likely to differ from a divorced woman who receives only retired-worker benefits because her former marriage lasted less than 10 years.

Table 2 also reports, for each benefit type, the projected distribution of divorced women according to the spouse whose earnings record would provide the highest auxiliary benefit (living ex-husband, deceased husband or ex-husband, no qualifying marriage).⁷ Among war babies, more than half of retired-worker-only beneficiaries will receive those benefits because their own PIAs are greater than one-half of their living ex-husbands' PIAs. Another 11 percent will receive those benefits because their own PIAs are greater than their deceased (ex-)husbands' full PIAs, and 37 percent will receive only retired-worker benefits because they do not have a qualifying marriage. The composition of retired-worker-only

beneficiaries is expected to change significantly over time because of changes in women's earnings and divorce patterns (Goldin 2006). Among GenX divorced women who are projected to receive only retired-worker benefits, 37 percent will have PIAs that exceed one-half of their living ex-husbands' PIAs, 12 percent will have higher PIAs than their deceased (ex-)husbands, and over half will not have a qualifying marriage.

Although it is not uncommon for divorced women to have PIAs that are greater than one-half of their ex-husbands' PIAs, it is less common for them to have PIAs that exceed their deceased (ex-)husbands' full PIAs. Consequently, between 70 percent and 86 percent of dually entitled beneficiaries qualify for such benefits based on the higher deceased (ex-)husbands' earnings.

In summary, divorced women are projected to rely increasingly on their own retired-worker benefits and decreasingly on auxiliary benefits based on the earnings of their ex-husbands or deceased (ex-)husbands.

Table 2.
Projected Social Security benefit status of divorced women at age 70, by benefit type, spouse who would provide the highest auxiliary benefit, and birth cohort (percentage distribution)

Benefit type	War babies (1936–1945)	Leading boomers (1946–1955)	Trailing boomers (1956–1965)	GenXers (1966–1975)
All divorced women	100	100	100	100
Retired worker only	64	61	67	70
Dually entitled	26	32	27	23
Auxiliary only	5	3	2	3
Nonbeneficiary	5	4	4	5
Retired worker only	100	100	100	100
Living ex-husband ^a	52	24	27	37
Deceased (ex-)husband ^b	11	18	15	12
No auxiliary benefit ^c	37	58	58	51
Dually entitled	100	100	100	100
Living ex-husband ^a	27	14	22	30
Deceased (ex-)husband ^b	73	86	79	70
Auxiliary only	100	100	100	100
Living ex-husband ^a	57	53	70	56
Deceased (ex-)husband ^b	43	47	30	44

SOURCE: Authors' calculations using MINT6.

NOTES: Sample excludes women projected ever to receive Disability Insurance benefits.

Rounded components of percentage distributions do not necessarily sum to 100.

- The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended in divorce.
- The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended either in widowhood or in divorce, with the ex-husband dying before his ex-wife received benefits.
- None of the previous marriages ended in widowhood or divorce after at least 10 years of marriage.

Projected Social Security Benefit Levels

Table 3 shows how projected monthly Social Security benefit amounts differ according to benefit type.⁸ Given the way Social Security determines benefit levels, it is not surprising that average benefits for divorced women in all cohorts are projected to be highest for those whose deceased (ex-)husbands' earnings provide the highest auxiliary benefits (for dually entitled women), or would provide the highest auxiliary benefits if they were eligible (for retired-worker beneficiaries). Women in the retired-worker-only subgroup have higher PIAs than their deceased (ex-)husbands—an uncommon occurrence; among war babies, monthly benefits are expected to average \$1,200 in 2011 dollars. Women in the dually entitled subgroup also have relatively high lifetime earnings, but their PIAs are lower than their deceased (ex-)husbands' PIAs. As a result, Social Security benefits for these women are equal to the full amount of their deceased (ex-)husbands' PIAs, unless actuarially adjusted for early or delayed retirement; among war babies, monthly benefits are expected to average \$1,390.

By contrast, MINT6 projects that average benefits will be lowest for divorced women at age 70 who are dually entitled because their own PIAs, although positive, are less than one-half their living ex-husbands'

PIAs (for example, such benefits average \$770 for war babies). Social Security benefits for these women are equal to half their ex-husbands' PIA, unless actuarially adjusted. Even retired-worker-only beneficiaries with no qualifying marriages are expected to receive higher average monthly Social Security benefits (\$1,100 among war babies). Across cohorts, the ranking of benefit amount by benefit type remains unchanged, even as average amounts increase.

Average benefit amounts increase over time primarily because women's earnings have increased, but also because the Social Security taxable maximum earnings amount has risen, so that higher earnings are counted when SSA calculates benefits. Additionally, MINT6 assumes positive real wage growth in the future. Taken together, average Social Security benefits are expected to increase 38 percent overall, from \$1,100 per month for war babies to \$1,520 per month for GenXers. MINT6 projects increases over time in average Social Security benefits for all divorced women, regardless of their benefit type.

Although divorced spouse benefits are lower on average than surviving divorced spouse benefits, many divorced women will become eligible for the higher benefits if their ex-husbands die. Chart 2 shows projected average Social Security benefits for divorced

Table 3.
Projected average monthly Social Security benefit amount for divorced women at age 70, by benefit type, spouse who would provide the highest auxiliary benefit, and birth cohort (in 2011 dollars)

Benefit type	War babies (1936–1945)	Leading boomers (1946–1955)	Trailing boomers (1956–1965)	GenXers (1966–1975)
All divorced women	1,100	1,310	1,370	1,520
Retired worker only	1,150	1,280	1,380	1,570
Living ex-husband ^a	1,180	1,250	1,430	1,660
Deceased (ex-)husband ^b	1,200	1,470	1,530	1,680
No auxiliary benefit ^c	1,100	1,230	1,310	1,480
Dually entitled	1,220	1,520	1,560	1,610
Living ex-husband ^a	770	960	950	1,110
Deceased (ex-)husband ^b	1,390	1,620	1,730	1,820
Auxiliary only	d	d	d	d

SOURCE: Authors' calculations using MINT6.

NOTES: Sample excludes women projected ever to receive Disability Insurance benefits.

- The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended in divorce.
- The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended either in widowhood or in divorce, with the ex-husband dying before his ex-wife received benefits.
- None of the previous marriages ended in widowhood or divorce after at least 10 years of marriage.
- The projected sample size is too small to provide reliable information.

women whose highest auxiliary benefit (assuming they qualify for one) would come from an ex-husband who is still living. For those in the war baby cohort, average benefits are \$1,080 per month. If their ex-husbands die, their average benefits are projected to increase 22 percent to \$1,320 per month. For those in the GenX cohort, average monthly benefits are projected to increase by 25 percent if their ex-husbands die, from \$1,530 to \$1,920. The transition from a divorced spouse to a surviving divorced spouse would increase benefit amounts for 54 percent of war babies, 60 percent of leading boomers, and 65 percent of late boomers. Among GenXers, that share would drop slightly, to 61 percent.

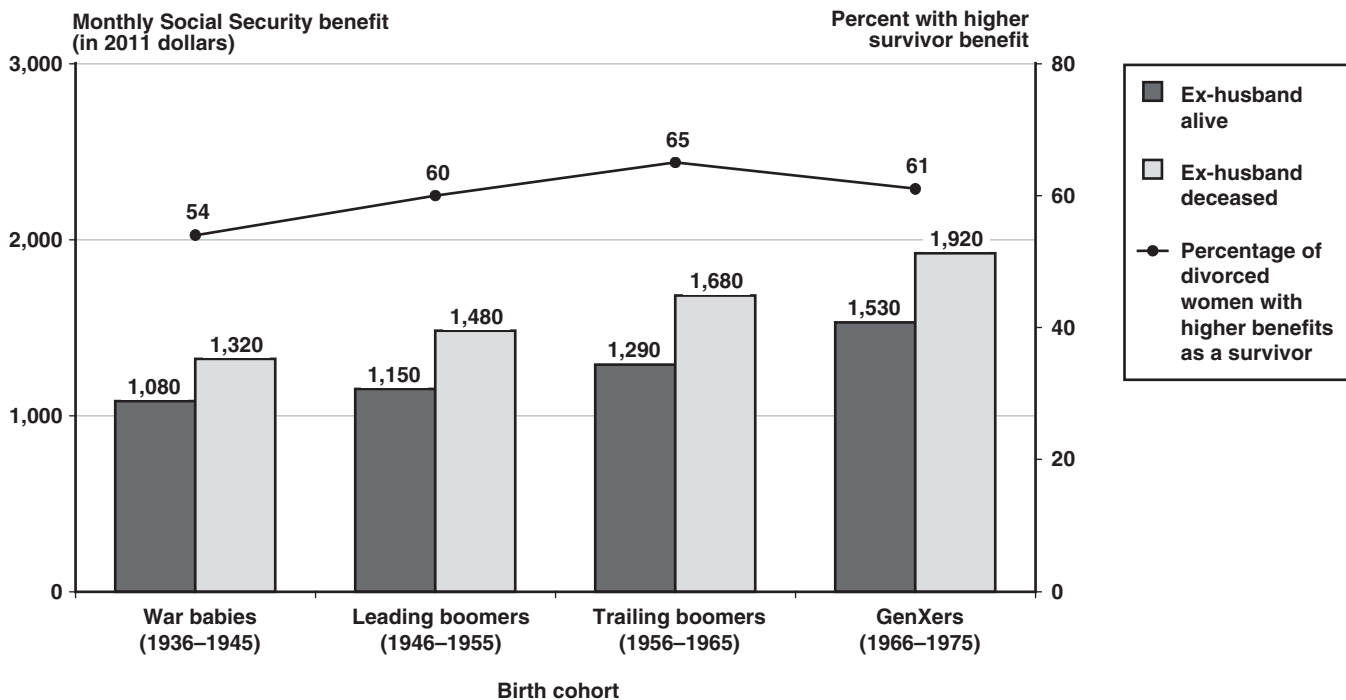
Projected Retirement Income

Although Social Security benefits comprise 90 percent or more of total income for nearly one-third of beneficiaries (SSA 2010), the majority of retirees receive additional sources of income. Table 4 shows projected average total income for divorced women at age 70. Total income includes income from assets, earnings, imputed rent, Supplemental Security Income, Social Security benefits, and pensions.

MINT6 projects that total income of all divorced women in the war baby cohort will average \$47,400 at age 70; however, there are some striking differences by benefit type. For example, those projected to receive only retired-worker benefits at age 70 because their own PIAs would exceed one-half their living ex-husbands' PIAs are expected to have the highest income in all cohorts. Among war babies, their projected total income averages \$54,100. By contrast, nonbeneficiaries are expected to have the lowest income in all cohorts. Among war babies, their projected total income averages only \$17,200. Interestingly, projected incomes for beneficiaries are very similar across benefit types in the war baby cohort; they range from \$41,100 for dually entitled beneficiaries whose living ex-husbands' earnings records provide the highest auxiliary benefit to \$54,100 for retired-worker-only beneficiaries whose living ex-husbands' records would have provided the highest auxiliary benefit had these women been eligible.

Between the war baby and GenX cohorts, total income for all divorced women is projected to increase 59 percent, from \$47,400 to \$75,500. MINT6 projects that retired-worker-only beneficiaries whose living

Chart 2.
Projected average monthly Social Security benefit for divorced women at age 70 before and after their ex-husbands die, and percentage of divorced women whose benefits are higher as survivors, by birth cohort



SOURCE: Authors' calculations using MINT6.

ex-husbands would have provided the highest auxiliary benefit will experience the largest increases in total income—from \$54,100 among war babies to \$104,200 among GenXers. Furthermore, projected incomes by benefit type vary much more for GenXers than for war babies.

Poverty Rates

Table 5 shows the projected poverty rates of divorced women by benefit type and birth cohort. As with the Census Bureau’s official poverty measure, our measure of income for determining poverty excludes imputed rental income and includes income from coresident family members. Among war babies, 14 percent of all divorced women are projected to be poor at age 70. In all cohorts, projected poverty rates are highest for those ineligible for Social Security benefits and lowest for dually entitled beneficiaries whose deceased (ex-)husbands provide the highest auxiliary benefit. In the war baby cohort, nearly two-thirds of nonbeneficiaries are expected to be poor, compared with only 2 percent of dually entitled widow and surviving divorced-spouse beneficiaries.

Overall poverty rates are projected to decline by one-half across cohorts—from 14 percent for the war

baby cohort to 7 percent for the GenX cohort. At least part of the projected decline in poverty rates is due to assumed positive real wage growth in the future. Most of the decline, however, can be explained by historic gains in women’s labor force participation and earnings. MINT6 projects that poverty rates for nearly all divorced women will decline over time.⁹ Even so, in the GenX cohort, 44 percent of nonbeneficiaries, 10 percent of dually entitled divorced-spouse beneficiaries, and 7 percent of retired-worker-only beneficiaries without qualifying marriages are projected to be poor at age 70.

Conclusions

Historically, divorced women have had the highest poverty rates among all aged women in the United States. Higher divorce rates mean that a larger share of future seniors will enter retirement divorced. Absent other changes, this trend could increase poverty rates for future seniors. However, important sociodemographic changes will positively affect the economic well-being of future cohorts of divorced women. Our microsimulation results show that the historic increases in female labor force participation and earnings are likely to increase future incomes and reduce future poverty rates for older divorced women.

Table 4.
Projected average total annual income for divorced women at age 70, by benefit type, spouse who would provide the highest auxiliary benefit, and birth cohort (2011 dollars)

Benefit type	War babies (1936–1945)	Leading boomers (1946–1955)	Trailing boomers (1956–1965)	GenXers (1966–1975)
All divorced women	47,400	57,500	68,100	75,500
Retired worker only	50,400	61,500	75,400	82,500
Living ex-husband ^a	54,100	73,800	87,400	104,200
Deceased (ex-)husband ^b	51,800	61,400	58,200	73,200
No auxiliary benefit ^c	44,800	56,400	74,300	68,700
Dually entitled	45,200	54,900	57,200	69,300
Living ex-husband ^a	41,100	64,000	47,500	66,900
Deceased (ex-)husband ^b	46,700	53,300	59,900	70,300
Auxiliary only	d	d	d	d
Nonbeneficiary	17,200	18,600	17,400	28,300

SOURCE: Authors' calculations using MINT6.

NOTES: Sample excludes women projected ever to receive Disability Insurance benefits.

Rounded components of percentage distributions do not necessarily sum to 100.

- a. The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended in divorce.
- b. The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended either in widowhood or in divorce, with the ex-husband dying before his ex-wife received benefits.
- c. None of the previous marriages ended in widowhood or divorce after at least 10 years of marriage.
- d. The projected sample size is too small to provide reliable information.

Table 5.
Projected poverty rates for divorced women at age 70, by benefit type, spouse who would provide the highest auxiliary benefit, and birth cohort (percent)

Benefit type	War babies (1936–1945)	Leading boomers (1946–1955)	Trailing boomers (1956–1965)	GenXers (1966–1975)
All divorced women	14	11	9	7
Retired worker only	13	12	8	4
Living ex-husband ^a	10	8	5	2
Deceased (ex-)husband ^b	16	11	7	3
No auxiliary benefit ^c	17	14	9	7
Dually entitled	6	3	4	4
Living ex-husband ^a	16	11	11	10
Deceased (ex-)husband ^b	2	2	2	2
Auxiliary only	d	d	d	d
Nonbeneficiary	63	57	66	44

SOURCE: Authors' calculations using MINT6.

NOTES: Sample excludes women projected ever to receive Disability Insurance benefits.

- a. The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended in divorce.
- b. The highest auxiliary benefit among all eligible marriages is (or would be) based on a marriage that ended either in widowhood or in divorce, with the ex-husband dying before his ex-wife received benefits.
- c. None of the previous marriages ended in widowhood or divorce after at least 10 years of marriage.
- d. The projected sample size is too small to provide reliable information.

A key finding of this article is that not all divorced retiree women are the same. Social Security auxiliary benefits to divorced women with qualifying marriages are determined using different criteria depending on whether the ex-husband is dead or alive. All else equal, divorced women with qualifying marriages stand to improve their economic circumstances when their former spouses die because Social Security benefits are more generous when based on the earnings records of deceased ex-spouses than on those of living ex-spouses.

Divorced women who receive only retired-worker benefits at age 70 have the highest average total income because of their strong labor force attachment and earnings histories. Over time, they have increasingly accumulated more pensions, savings, and greater Social Security benefits based on their own work records. As these retired-worker-only beneficiaries become a growing share of divorced women in the future, they will drive the gains in income growth among divorced women.

Divorced women who remain at high risk of poverty in old age include nonbeneficiaries and those receiving only auxiliary benefits. Those women have very little attachment to the labor force and accumulate no Social Security benefits on their own earnings.

Policy options such as caregiver credits that recognize women's care giving role in supporting children could boost retirement incomes for many of those vulnerable women (Favreault 2010). Such options could prove especially important for divorced women whose child-rearing responsibilities continue or increase after divorce and who receive no spousal income support. Policies that help single mothers enter or remain in the labor force can also help boost family incomes both before and after retirement.

Notes

¹ Widow(er)s must have been married for at least 9 months to be eligible for widow(er) benefits. However, the 9-month requirement is waived under certain circumstances, such as for a woman who could reasonably expect the marriage to last at least 9 months at the outset and whose husband's death was accidental.

² We say "effectively" because Social Security benefits are reduced for early claiming and increased for delayed claiming.

³ MINT6 also projects outcomes for individuals born from 1976 through 2070 using a somewhat different approach from that used for the core cohorts born from 1926 through 1975. However, this analysis is only concerned with individuals born from 1936 through 1975.

⁴ We annuitize assets in MINT6 to represent the potential, rather than actual, income from assets since most retirees do not convert their financial assets into annuities. MINT6 takes the stock of wealth in nonpension, nonhousing assets and retirement accounts and (1) annually decays it based on age-wealth patterns in the SIPP to represent the spend-down of assets over retirement; and (2) converts assets into income by calculating the annuity a couple or individuals could buy if they annuitized 80 percent of their total wealth. Thus, asset income is derived from a series of annuity estimates based on a declining stock of wealth in retirement. Also, we calculate imputed rental income as a 3-percent real rate of return on home equity.

⁵ For more detailed information about the MINT model, see Smith and others (2010), Smith and others (2007), and Smith, Cashin, and Favreault (2005). Further sources of information are available at <http://www.socialsecurity.gov/policy/about/mint.html>.

⁶ The baby boom cohort is typically represented as those born between 1946 through 1964. For analytical purposes, however, we define the baby boom cohort as those born between 1946 and 1965.

⁷ By definition, retired-worker-only beneficiaries do not receive auxiliary benefits. However, we show results for retired-worker-only beneficiaries by the spouse who *would* provide the highest auxiliary benefit if the divorced woman *were* eligible.

⁸ The projected sample size for auxiliary-only beneficiaries is too small to provide reliable information.

⁹ The only exceptions are dually entitled divorced women whose deceased (ex)-husbands provide the highest auxiliary benefit (their projected poverty rates remain at 2 percent across all cohorts) and auxiliary beneficiaries.

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