



**ANSWERS TO QUESTIONS  
FOR THE RECORD**

Following a Hearing on

**Social Security's Finances**

Conducted by the  
Subcommittee on Social Security  
Committee on Ways and Means  
U.S. House of Representatives

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*On April 26, 2023, the Subcommittee on Social Security of the House Committee on Ways and Means convened a hearing at which Phillip L. Swagel, the Director of the Congressional Budget Office, testified about Social Security's finances.<sup>1</sup> After the hearing, Chairman Ferguson submitted questions for the record. This document provides CBO's answers. It is available at [www.cbo.gov/publication/59181](http://www.cbo.gov/publication/59181).*

**Question.** In 1939, Congress expanded the scope of Social Security by extending benefits to certain dependent family members of insured workers. As Mr. Huston's testimony explains, Congress shifted the focus of the program from individual workers to families, in part, because relatively few married women or widows worked at the time. Social Security was later expanded in 1950 to provide benefits to a dependent husband of a retired or deceased worker. How has labor force participation for men and women, specifically married men and women, changed since 1939?

**Answer.** Over the past eight decades—from 1940 to 2021—the labor force participation rate for married men ages 20 to 65 declined, while the rate for married women of the same age range increased.<sup>2</sup> Married men's labor force participation rate declined from 95 percent in 1940 to 87 percent in 2000 and then remained unchanged through 2021 (the most recent year for which the data used in this analysis are available). Married women's labor force participation rate increased from about 15 percent in 1940 to 70 percent in 2010 and remained roughly unchanged thereafter.

1. See the testimony of Phillip L. Swagel, Director, Congressional Budget Office, before the Subcommittee on Social Security of the House Committee on Ways and Means, *Social Security's Finances* (April 26, 2023), [www.cbo.gov/publication/59052](http://www.cbo.gov/publication/59052).
2. For this analysis, the labor force participation rate is the percentage of people ages 20 to 65 who have jobs or who are available for work and are either seeking work or are expecting to be recalled from a temporary layoff. The analysis excludes members of the armed forces on active duty. For years before 2006, it also excludes people in penal or mental institutions or in homes for the elderly or infirm. "Married" people include those who are married, whether their spouse is present or absent, and those who are married but separated. Participation rates through 1990 were estimated using data from the decennial census; participation rates after 1990 were estimated using data from the Census Bureau's American Community Survey.

**Question.** What effect does Social Security's retirement earnings test have on program finances? Does the retirement earnings test affect workers' decisions to draw Social Security benefits or continue working? If so, how?

**Answer.** Social Security partially replaces a loss of income because of retirement, disability, or death. Although workers can claim retirement benefits beginning at age 62, they are subject to the retirement earnings test (RET) until they reach the full retirement age, which is 67 for those born in 1960 or later. For people who are younger than the full retirement age throughout 2023, the RET reduces annual retirement benefits this year by \$1 for every \$2 they earn in excess of \$21,240. For people who reach the full retirement age in 2023, the RET reduces annual retirement benefits by \$1 for every \$3 they earn in excess of \$56,520 during the portion of 2023 in which they are younger than the full retirement age. Those earnings thresholds generally increase each year with average earnings in the economy.

The retirement earnings test does not significantly alter the lifetime benefits of most people who are affected by it. People whose benefits are reduced before the full retirement age because of the RET receive larger benefits after they reach the full retirement age. As a result, people receive smaller benefits when they have earnings above the thresholds and thus are at lesser risk of poverty, and they receive larger benefits when they are older and at greater risk of poverty.

Because the RET shifts benefits from one year to another without significantly changing a recipient's total lifetime benefits, the test does not significantly affect the long-term outlook for the Social Security system's finances.

Even though the RET generally has little effect on lifetime benefits, research suggests that some workers respond to the reduction in benefits associated with the test by retiring earlier or by working fewer hours than they would otherwise. In addition, the reduction in benefits associated with the RET probably leads some people to delay claiming benefits.