

Women and Social Security

The Feminine Take on Your Entitlement

By LIBBY CARTY MCNAMEE

Social Security is a major source of income for most of the elderly, both male and female. In fact, more than nine out of ten individuals age 65 or older receive Social Security benefits of some kind. Although many are unaware of it, Social Security retirement benefits usually amount to only forty percent of pre-retirement earnings. Ideally, the retirees will supplement these benefits through separate pensions, personal savings, and/or additional financial investments.

Mary Ellen Cardwell, Social Security public affairs specialist in Richmond, compared the security of one's retirement income to a three-legged stool. The first "leg" of the stool is comprised of investments and savings, the second comes from Social Security, and the third is income derived from other pensions. If the retiree happens to have a fourth leg of additional income, then the stool is that much more secure and stable.

At the other extreme, a stool with only one leg is not strong enough to support significant weight, so the retiree needs to rely on other "legs" to have adequate financial support. Ms. Cardwell pointed out that in creating Social Security the government never intended for it to provide the sole source of retirement income. Instead, the goal was to provide only a partial replacement of average income generated over the years. The individual pays in via earnings and accumulates credits that create an entitlement to Social Security's insurance plan, not necessarily to a separate individual account.

Life Expectancy

Social Security treats individuals with identical earning histories the same, regardless of gender. However, women tend to benefit more from this program financially than men do for several reasons. General demographic trends favor women despite the fact that all the eligibility requirements are the same

for men and women.

Although both tend to live longer than they used to, women as a group still have a longer life expectancy. Mark Bacak, Social Security senior public affairs specialist for the Philadelphia Region, commented, "Women live longer, that's a fact." According to Social Security's Press Office, women age 65 in 2004 are expected to live for another twenty years but men only an additional seventeen.

Since women tend to live longer into their retirement years, it follows that they collect their benefits for a longer period of time than men do. In fact, the Social Security Administration stated that women represent 58 percent of all Social Security beneficiaries age 62 and older, as well as roughly 70 percent of beneficiaries 85 and older. As a result of their longer life span, women end up also benefiting more from Social Security's annual adjustments for inflation and cost-of-living increases.

Furthermore, women have a greater chance of exhausting their other sources of retirement income, making them even more reliant upon their Social Security benefits in the future. In fact, only 21 percent of women age 65 or older were receiving their own pensions as a retired worker or survivor as compared to 28 percent of men.

Progressive System

A divorced spouse is entitled to her deceased former spouse's Social Security insurance benefits if she is:

- age 60 or older (age 50 if disabled)
- not remarried before age 60
- if remarried before 60, the marriage ends, and the original marriage lasted for 10 years or more.

A widowed spouse is entitled to her deceased spouse's Social Security insurance benefits if she is:

- over age 60
- any age if taking care of children under 16
- not remarried before age 60, and any remarriage before age 60 ends.

A disabled widow is entitled to her deceased husband's benefits if she is:

- over age 50
- not remarried before age 50, and the remarriage took place after becoming disabled.

Social Security has purposefully structured its benefits to favor lower-income workers who receive a higher percentage benefit than higher-wage earners. This progressive system also generally works to the advantage of women, who generally earn less than men and often spend less time in the work force. According to the Social Security Administration, although women's incomes have increased from only 61 percent of men's during the 1960s to 77 percent in 2002, their incomes remain lower than their male counterparts on average. For example, the median earnings of working women in 2002 were \$30,203, compared to \$39,429 for men.

Also, men are more likely than women to receive additional income from pensions other than Social Security. In 2002 only 21 percent of women age 65 or older received their own pensions as compared to 28 percent of men. Furthermore, in 2003, women's average monthly retirement benefit was \$798 whereas men's was \$1,039.

When computing the actual insurance benefits, the Social Security system is based upon a theoretical 35 years spent in the work force. If someone works less than that period of time, the system will automatically add in zeros for those non-working

years, bringing down that person's average income and resulting payment. For example, if a woman worked for twenty years but spent fifteen of them at home raising children, she would get zero credit for the fifteen, significantly bringing down her average monthly wage.


The more years an individual has worked and the higher the salary earned, the greater the Social Security payment the worker receives. Once Social Security computes an average monthly wage, it then indexes it to update it to its present value.

Benefits to Survivors

Another significant benefit for women is that Social Security provides insurance to eligible survivors of a person who has worked and paid Social Security taxes—such as spouses, divorced spouses, elderly and disabled widows, and widows with young children. Depending upon the person's age at the time of death, eligibility may require up to ten years of work experience.

A survivor will receive his/her own benefits first but can also be eligible to supplement them with their spouse's benefits under qualifying circumstances such as widowhood or divorce if the marriage lasted for ten years. Since more women work today than did thirty or forty years ago, a higher proportion of older females receive benefits based solely upon their husband's work history. Social Security is the *only* source of retirement income for 29 percent of unmarried women.

A recipient of survivor benefits can still receive benefits and work, although the amount could be reduced. Also, as early as age 62 the recipient has the option to switch to any of his/her own retirement benefits if higher.

For further information, call 1-800-772-1213, consult www.ssa.gov, or contact your local Social Security office. 

Something Smells Phishy

Crooks 'Phish' for Victims Via Email

By LIBBY CARTY MCNAMEE

The SunTrust Bank customer—let's call her Angela—recently received an email, complete with the bank's familiar logo, warning her about the recent surge of "phishing" attacks against the bank. In order to bolster security and combat these attacks, the email demanded that she click on an attached link and re-enter her social security number, various account numbers, address, and password. If she did not comply within forty-eight hours, the security department would terminate the accounts she had held for years.

Hmmm... Sound fishy? Shouldn't Angela's bank have already had that information on file?

Of course it should have. Angela had nearly become victim to the very scam the email was supposedly warning her about: phishing.

This rampant cyber-crime, which the FBI has called the "hottest, and most troubling, new scam on the Internet," occurs when an online thief sends spam (unwanted email solicitations) to "phish" (or fish) for personal information: passwords, user IDs, credit card numbers, account and PIN numbers, social-security numbers, and so on. Once armed with this data, the phisher can then illicitly withdraw money and make online purchases—or even engage in identity theft by opening up credit cards in the victim's name without her knowledge and having bills sent to a designated address.

The bait for phishing is a seemingly official email, just like the one Angela received, that *looks* as if the victim's bank or financial institution has sent it. In the body of the email, the phisher requires the recipient to "re-enter" or "validate" personal account information for some reason—for instance, to access a newly updated system.

In reality, the email originated from the phisher's own website, a phony look-alike of the bank's *real* site with the same trusted trademarked graphics. Although not common knowledge, it is remarkably easy for phishers to replicate information from a legitimate business website and use it on their own fraudulent one. According to the Anti-Phishing Working Group, phishers have been able to convince some five percent of recipients of their bulk fraudulent emails to respond and thus divulge personal data by hijacking the trusted brands of well-known banks, online retailers, and credit-card companies.

Internet Identity, a consulting firm specializing in anti-phishing defenses, estimates that the average impact per person is \$92,000. Since there are usually hundreds of individual victims per incident, the total loss is often well over ten million dollars. The victimized companies, not the consumer, usually end up bearing the



loss. Gartner Inc. estimates that phishing schemes alone have cost banks over \$1.3 billion.

Other common phishing scenarios deal with similarly urgent false statements as bait, such as a claim that someone has used a person's Visa card without her knowledge or a fabricated notification that she has won a prize or inherited some money. The online auction house eBay is a frequently targeted business; both buyers and sellers have been victimized by phishing.

Unfortunately, Richmond businesses have not been immune from this accelerating cyber-crime. Capital One's website alerts its cus-

tomers about potential phishing attacks, warning "beware of fraudulent emails." SunTrust offers extensive anti-phishing information on its website as well. SunTrust industry spokesman Hugh Suhr explained, "Unfortunately this is an industry-wide problem in which everyone is a target."

Although it is extremely difficult to apprehend phishers because of Internet anonymity and overseas locations, some federal and state laws criminalize phishing with substantial penalties. Last February, the Virginia Legislature approved anti-phishing legislation introduced by former Attorney General Jerry Kilgore. **FP**

Tips for Preventing Phishing

Recommended by the Federal Trade Commission

- Don't call any of the numbers listed on these spoofed emails. If in doubt, get the number yourself off the official website or from the phone book.
- Never provide personal information in response to unsolicited emails that appear to have come from your bank or financial institution. Only disclose such information when you initiate contact by logging onto the bank's official website or calling them.
- Avoid sending financial information by email.
- Remember, your bank should already have your account information in their records.
- Check your credit card and bank statements carefully each month for fraudulent activity.
- Forward suspicious email to the FTC at spam@uce.gov.
- Don't use your mother's maiden name as your password on any of your accounts.
- If you believe you have been the victim of phishing, file your complaint at www.ftc.gov and contact the fraud departments of the three major credit bureaus. Also contact your local police and make sure to get a copy of the report.

Further information on phishing can be found on the website of the Anti-Phishing Working Group: www.antiphishing.org.

Retirement Living

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