

# Retirees Without Degrees



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Almost 60 million people over the age of 60 received some form of Social Security benefit at the end of 2022.<sup>1</sup> 70% of them, or 43 million, lacked a college degree.<sup>2</sup>

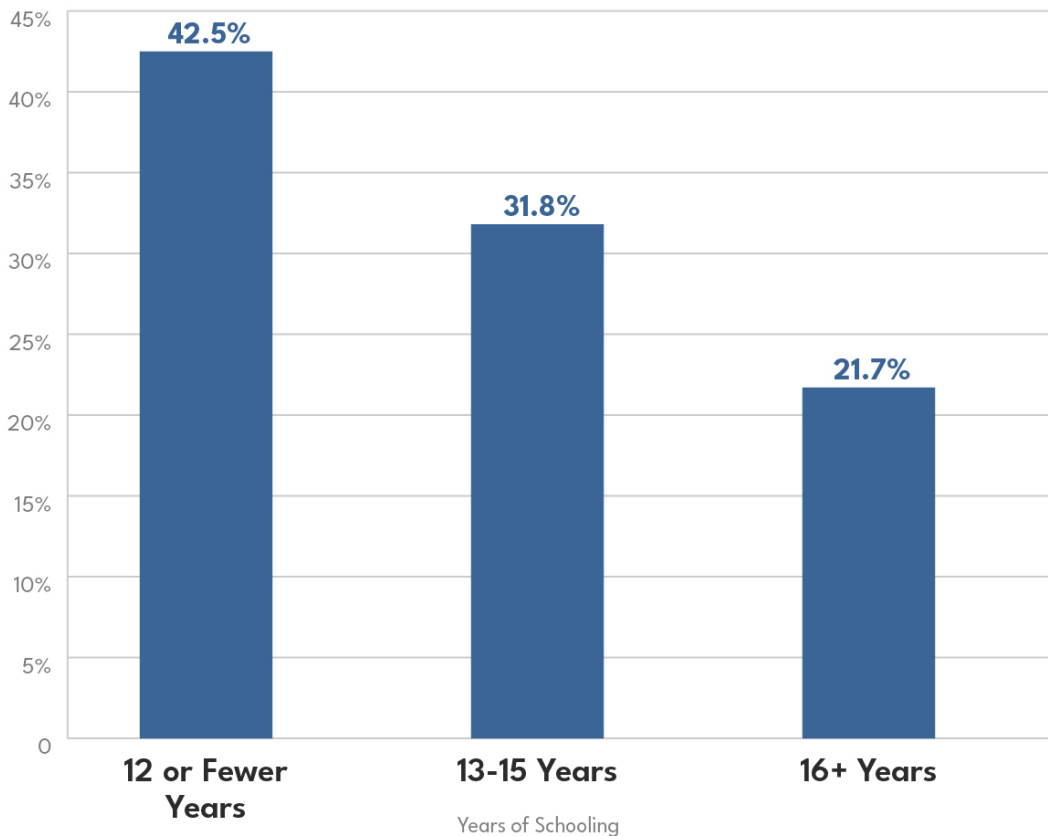
As discussed in a previous Third Way report, non-college workers are particularly reliant on retirement programs like Social Security.<sup>3</sup> The median working age non-college household has half the income of the median college educated household (\$61,000 vs. \$127,000), leaving little room for private retirement savings.<sup>4</sup> Just 52% of non-college households said they could afford to save money in 2018.<sup>5</sup> And in 2019, 60% of non-college householders close to retirement had zero private retirement savings.<sup>6</sup>

These trends mean a typical non-college retiree receives 70% of their income from Social Security, versus 32% for the typical college educated retiree.<sup>7</sup> And for over 40% of less-educated householders over 60, Social Security is their only source of income.<sup>8</sup> In addition, last year, the

average monthly Social Security benefit for non-college retirees was \$1,130, versus \$1,310 for the college educated.<sup>9</sup>



## Percent of Retired Households with Only Social Security Income



**Source:** Bond, Tyler and Frank Porell. "Examining the Nest Egg." National Institute for Retirement Security, Jan. 2022, <https://www.nirsonline.org/wp-content/uploads/2020/01/Examining-the-Nest-Egg-Final-2.pdf>.

These income disparities mean that without Social Security, millions of non-college retirees would fall into poverty. The number of impoverished non-college retirees would rise by 7 million, compared to an increase of 3 million for the college educated.<sup>10</sup> Likewise, over 40% more older households—which are disproportionately composed of people without college degrees—would receive other public assistance or become enrolled in Medicaid without Social Security, showcasing the importance of the program in keeping retirees from becoming reliant on other safety net programs.<sup>11</sup>

Over the course of the next three decades, those without a college education will remain the program's primary beneficiaries. By 2050, the Social Security Administration projects 64% of beneficiaries aged 60 and over will lack a bachelor's degree.<sup>12</sup>

For the last decade, Third Way has called for a Social Security Commission that would put a solvency plan before Congress.<sup>13</sup> In that time, the debate on how to protect Social Security and improve its finances has resulted in a deep political divide that often seems insurmountable. If these divisions are left unresolved, Social Security’s trust funds will become insolvent sometime around 2033.<sup>14</sup> If that happens, all retirees will see a benefit cut to match incoming payroll tax revenue. This 23%—and growing—benefit cut would be devastating to many non-college seniors. And prominent Republican solutions aren’t much better—under their plan, benefits for non-college retirees would eventually be 13% to 20% less than scheduled if Social Security’s trust funds remained solvent.<sup>15</sup>

Both a cut-only approach to Social Security and trust fund insolvency are unacceptable. Non-college-educated Americans have spent their working lives contributing to Social Security and expect to rely on the program. While further efforts to help non-college America save for retirement should be part of a comprehensive retirement policy platform, policymakers must also step forward with ideas to protect and improve Social Security for both the current and future generations of non-college Americans.

#### TOPICS

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## ENDNOTES

1. "Population Characteristics for All Projections." *Office of Research, Evaluation, and Statistics, Social Security Administration*, 2022, <https://www.ssa.gov/policy/docs/projections/populations.html>. Accessed 22 May 2023.
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