Enhancing Social Security for Low-Income Workers: Coordinating an Enhanced Minimum Benefit with Social Safety Net Provisions for Seniors

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Executive Summary

Introduction

Income and asset inequalities throughout the life course (such as access to higher education, well-paying employment, and employment benefits) shape retirement resources. Those with fewer economic means or asset-building opportunities in early adulthood and middle age will face greater financial challenges in old age and have to rely more heavily on the social safety net. Bolstering the special minimum benefit in Social Security and coordinating this policy change with adjustments and modernization reforms of other programs that affect low-income seniors will serve to enhance the security of millions of low-income seniors throughout the United States.

This policy paper proposes three spheres of reform that will strengthen the economic security foundation for older Americans, particularly those who worked in low-wage occupations. First, it builds upon the existing Social Security special minimum benefit for low-income workers by tying this minimum to a modernized poverty measure. Second, the analysis reveals how program interactions must be considered to ensure that security is strengthened for the beneficiaries of the new minimum. Third, an examination of current asset limits for means-tested programs suggests that asset limit modifications would enhance the security of low-income beneficiaries.

Enhancing the Social Security Minimum Benefit

The existing special minimum benefit, which offers an alternative benefit formula for long-term workers with low levels of wages across many years, has the potential to reduce poverty among the elderly, while rewarding significant numbers of working years. For workers with at least 11 years of contributions, the special minimum benefit formula currently increases incrementally with each additional year of work, with a maximum Primary Insurance Amount (PIA) of about $705 for those with 30 years of contributions (SSAa 2008). Since the special minimum benefit provided close to poverty level benefits at its establishment in 1974 (Olsen and Hoffmeyer 2002), this paper proposes tying the benefit formula to our best current estimates for poverty thresholds using the National Academy of Sciences (NAS) recommendations for establishing a modernized poverty measure. To meet basic income needs, a comparison using the NAS poverty thresholds suggests that the maximum special minimum benefit level should be set to 125 percent of the current federal poverty threshold. In the longer term, federal adoption of a new poverty threshold based on NAS recommendations could serve to guide the level of the maximum special minimum benefit. This new special minimum benefit level must also be indexed to wages, rather than prices, in order for it to retain its value compared to Social Security regular benefits which are indexed to wages and reflect societal increases in standard of living.

Addressing the Interactions between Social Security, SSI and Medicaid

Increased income due to a higher special minimum benefit could potentially lead to the loss of Supplemental Security Income (SSI) eligibility for those whose incomes would rise above the income threshold for this means-tested program. Since Medicaid eligibility is tied to SSI eligibility, an increase in income due to the special minimum benefit could harm many low-income seniors by making them ineligible for SSI and Medicaid. Therefore, policymakers must pay special attention to interactions between these two programs. Specifically, an exclusion should be adopted to ensure that those who become ineligible for SSI due to an increased special minimum benefit would retain Medicaid eligibility. In order to be effective, this exception would need to apply to both those who lost eligibility for SSI due to the implementation of a new special minimum benefit as well as future applicants who may be ineligible for SSI and Medicaid due to the minimum benefit but would otherwise be eligible. Concurrently, policymakers should increase the SSI general income exclusion that allows dual Social Security and SSI beneficiaries to benefit from their payroll tax contributions by excluding some Social Security income from counting against their SSI benefits. At a minimum, policymakers should make certain that the value of the SSI general income exclusion is increased to $89 from its current level of $20 to equal its purchasing power in 1974 when the program was established. Annual indexing of the SSI income exclusions are a sensible measure to guarantee that the value of the exclusions is protected from further erosion.

Targeting of Benefits and Coordinating Asset Limits Across Programs

Policymakers should review the effectiveness and goals of mechanisms which target programs for low-income seniors. With an increase in the special minimum benefit, policymakers could avoid providing a windfall to beneficiaries who are not economically vulnerable through provisions that limit the special minimum benefit to those who do not have alternative government pensions, as is done for beneficiaries who receive benefits based on the regular benefit formula. Asset limits in means-tested programs for low-income seniors should not make seniors more vulnerable by limiting their capacity to maintain a reasonable amount of savings for unexpected financial costs and emergencies. In SSI and the Supplemental Nutrition Assistance Program (SNAP), Congress should raise the federal asset limits to $6,700 for individuals and $10,000 for couples to equal the initial value of SSI asset limits established in 1974. These limits should be indexed to inflation to ensure that a family's ability to save is not limited over time.

Financial Implications of the Proposal

Any responsible discussion of programmatic changes to Social Security and other social programs for seniors—particularly changes that involve increasing benefits—must address the programs' financial sustainability. As part of a broader effort to bring long-term financial solvency to Social Security, this paper recommends tying the level of taxable earnings for the Social Security payroll tax to 90 percent of wages. This strategy would raise substantial revenue and help to ensure that the tax base for Social Security does not shrink as a percent of wages as it has in recent years due to growing wage inequality. Several proposals in the paper to improve eligibility and program rules in SSI and SNAP largely represent efforts to reestablish past standards for the programs and coordinate across programs, rather than add unprecedented new costs. While more analysis of trade-offs will be important, the proposed policy changes should be adopted within an overall effort to address long-term short-falls in Social Security as well as overall budget challenges.

Conclusion

Through an enhancement of the Social Security special minimum benefit and a modernization and coordination of program rules for other programs affecting low-income seniors, particularly SSI, Medicaid and SNAP, policymakers can do much to improve the well-being of low-income seniors, while rewarding a lifetime of contributions made during their working lives.

Enhancing Social Security for Low-Income Workers: Coordinating an Enhanced Minimum Benefit with Social Safety Net Provisions for Seniors

Overview

The Social Security system does more to prevent poverty in the United States than any other social program. As a social insurance protection for retirement, disability, and death of a household breadwinner, Social Security provides unparalleled protections for working men and women in this country. Nevertheless, despite meaningful contributions to the system during their working lives, many seniors still receive low benefits and remain in poverty. While Social Security is the foundation of economic security for seniors in the U.S., additional social programs for seniors interact and work together to meet their economic and health needs. This paper discusses reforms for Social Security and three additional programs, Supplemental Security Income (SSI), Medicaid, and Supplemental Nutrition Assistance Program (SNAP).[1] The aim of these reforms is to coordinate the system of social supports for vulnerable seniors in order to provide adequate benefits for those who have contributed to Social Security during their working years, but face poverty.

This paper proposes three spheres of reform that will strengthen the economic security foundation for older Americans, particularly those who worked in low-wage occupations. First, it builds upon the existing Social Security special minimum benefit for low-income workers by tying this minimum to a modernized poverty measure. Second, the analysis reveals how program interactions must be considered to ensure that security is strengthened for the beneficiaries of the new minimum. Third, an examination of targeting strategies, including asset limits for means-tested programs, suggests that modifications to existing means tested programs would enhance security of low-income beneficiaries.

These three areas of reform involve incorporating strategies to ensure program changes retain their relevance over time, since several existing design features have failed to keep pace with other program changes or inflation. Additionally, the policy recommendations incorporate the growing knowledge and recognition of the importance of developing financial assets across the life course for economic stability, particularly in times where work is lost or not feasible; in

[1] The U.S, Department of Agriculture changed the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP) in October 2008. To acknowledge this change, the remainder of the paper will refer to the program as SNAP, although some states have yet to change their language on their publications and websites.

this vein, the reforms seek to ensure that our vital income support policies do not serve to constrain asset building among the poor through restrictive asset limits. By reviewing several programs together and enacting policy changes that account for interaction effects, policymakers can strengthen the safety net for seniors and establish a coordinated system of social policy for low-income seniors.

Background

In the twentieth century poverty among the elderly fell dramatically due to the nation's efforts to curb economic insecurity in later life through implementation of the Social Security program. As more and more workers were added to the contributory program after its initial passage in the 1930s, Social Security became the primary source of income for millions of elderly Americans. However, low benefit levels, especially for low wage workers, put many older Americans at or below poverty level income. Raising the floor for these workers through an enhanced minimum benefit is a crucial step for improving the retirement security provided by Social Security. A comprehensive effort to ensure that an enhanced minimum benefit in Social Security works together with SSI, Medicaid, and SNAP to provide a secure, coordinated, and harmonized structure of programs for our most vulnerable must be a part of an effort to reform Social Security. Many seniors live in poverty or near-poverty, relying on a combination of social programs and thus, changes in one program often influence eligibility for another. Today 1.16 million elder Americans age 65 and above receive both Social Security and SSI, over a quarter million more than the number of beneficiaries who only receive SSI (SSAb 2008). Over a third (35.9 percent) of households with a member over age 60 who participate in SNAP also receive SSI benefits (USDA 2008a). The numbers and trends clearly suggest that policymakers must make a conscious effort to ensure the programs complement each other to provide the most effective means of support for vulnerable elders.

This project increases our understanding of the strengths and weaknesses of our system of public social programs for seniors among low-wage workers—at the heart of which lies Social Security—and lays the groundwork to address significantly the retirement challenges of millions of workers who labored many years and now face retirement characterized by a persistent flirtation with poverty. Addressing this challenge is important not only for the current generation of retired low-wage workers, but also for future retirees because current retirees represent, in many ways, a best-case scenario. Future generations will be even less prepared for retirement that is both longer and more costly as life expectancies grow, health care costs rise, and existing employer-based retirement programs shift more of the risks and subsequent costs onto individuals. Even though today's seniors may be better prepared for retirement than future generations, economic vulnerabilities remain commonplace among them. Given the existing trends as detailed below in retirement and health, as well as increasing economic inequality and weakening employer-based supports, the importance of the structure and design of policies that serve low-income seniors highlighted in this paper will continue to grow.

Current and Rising Economic Vulnerabilities Among U.S. Seniors

Despite the increased security provided by our social insurance programs for seniors, challenges remain among vulnerable elderly populations in circumstances where Social Security is often the only reliable source of income to meet basic needs. Low-income households (often households headed by low-skilled workers, women who had to take years out of the paid workforce for caregiving, and/or Latino and African American households who lacked access to steady employment opportunities) are particularly reliant on Social Security for retirement income and have few other resources from savings, investments, and pensions. In addition, people of color are less likely to be beneficiaries of inherited family wealth both through bequests and inter vivos transfers, lowering their ability to accumulate wealth across the life course in order to secure a substantial nest egg for retirement (Shapiro 2004). With fewer assets to support retirement, close to half of Latino and African-American beneficiaries rely on Social Security for at least 90 percent of their income (44 and 45 percent respectively) (Hendley and Bilimoria 1999).

Although the traditional concept of a three-legged stool of retirement includes private pensions, personal savings, and Social Security, over half of workers in the private sector (about 60 percent) have no pension protection other than Social Security (Herd and Kingson 2005). Among full time workers, pension coverage has dropped substantially from 62 percent in 1979 to just 49 percent in 2006 (Center for Retirement Research 2008). Even among those who have employer-based pensions, private pensions are increasingly less secure with the ongoing shift from defined-benefit to defined-contribution pensions. In 1980, 83 percent of private workers with pensions had defined-benefit pensions, which guarantee a monthly income to retirees. By

2001, just 39 percent had defined benefit plans, while 89 percent had defined-contribution plans (including those who had both types of pensions) shifting more of the risk of out-living one's assets to workers (Center for Retirement Research 2008). Low-income households hold very few assets to support their retirement and barriers to asset-building such as asset limits in means-tested programs can hinder retirement saving efforts during times of financial hardship. With the bottom 40 percent of families holding about one percent of total household wealth in this country (Wolff 2001), these moderate and low-income families simply cannot rely on private assets to meet their economic needs in retirement.

Because income and asset inequalities throughout the life course (such as access to higher education, well-paying employment, and employment benefits) shape the availability of retirement resources, those with fewer economic means or opportunities in early adulthood and middle age will face greater financial challenges in old age and will rely more heavily on the social safety net. Social Security provides at least three-quarters of total income for low-income and poor elderly who rarely have other resources such as pensions or savings for retirement (Burtica 2008). Further, a recently developed Senior Economic Security Index (Meschede and Shapiro 2009, forthcoming) reveals that 54 percent of seniors at economic risk rely on Social Security as their sole income source as compared to only four percent of seniors who enjoy more economic stability. Thus, Social Security provides the fundamental floor that lifts low-income seniors out of poverty. While the benefits provided by Social Security are critical for helping millions of seniors out of poverty, many who primarily depend on their benefits remain in poverty and often must supplement their Social Security benefits with SSI payments. Still, our estimates using nationally representative data suggest that over half of elderly single and couple households who qualify for both Social Security and SSI remain in poverty even after program benefits are considered (SIPP 2004).

Due to current trends in economic inequality and access to private retirement mechanisms in the U.S., future low-income retirees will be even more vulnerable than today's vulnerable seniors. A compelling body of research documents the decline in wages for low skilled workers (U.S. Department of Labor 2008), the widening income gap (Greenstein and Shapiro 2003), and the rise in income instability among U.S. families (Hacker 2006). These developments will have lasting consequences for lower income families as Social Security benefits are based on prior earnings. Further, economic forecasts predict fewer employment opportunities in the low-skilled sectors, thus furthering the income gaps between the more educated and less educated. As security falls due to the compounding of these factors, reforms to benefit calculations are needed to address the needs of the numerous families who increasingly face vulnerability in their retirement years.

Current policy does not ensure that low-wage workers receive adequate Social Security benefits to protect them from poverty in old age and to meet real living expenses. Eligibility for Social Security retirement benefits today is based on having contributed forty quarters (ten years) in covered work; however, benefits are calculated based on average covered earnings over a 35 year work history (adjusted for wage growth) establishing a calculation for the Average Indexed Monthly Earnings (AIME). While benefits based on AIME replace a higher percentage of average monthly earnings to low-wage workers, workers who earned low-wages, took some time off paid employment for caregiving or from lack of available work, or worked part-time due to family responsibilities often receive benefits below the poverty level. Despite a progressive benefit structure, many low-earners with significant work history still are unable to reach an adequate level of retirement resources in old age given their low Social Security benefits and limited access to other pensions and assets. Almost 30 percent of retired-worker beneficiaries living in poverty have at least 30 years of covered work (Olsen and Hoffmeyer 2002). Given the existing formulas, low-income workers with earnings at or close to the minimum wage who experienced average wage growth across their careers receive benefits at age 62 below the poverty line (Diamond and Orszag 2004). Thus, existing policies fail to meet the needs of many older Americans who have contributed to the Social Security system meaningfully throughout their working years in low-wage work. Those with low-wages and less than 35 years of covered work are particularly vulnerable to having low Social Security benefits.

The combination of low-wages and shorter work histories often characterizes the working lives of women, whose working careers must more often compete with family and household responsibilities. Given this reality, women are overrepresented among those who receive low benefits from Social Security. Spousal benefits, which aim to meet the needs of women based on marriage, are increasingly outmoded for younger cohorts of women given current patterns of work and marriage and are particularly poor strategies for women of color. While spousal and widow benefits were developed initially to cover married women with low or no labor force attachment, increasing female labor force participation, changing marriage patterns in which more women have longer periods of living alone, and decreasing overall marriage rates suggest that other policy options should be considered to protect vulnerable working women in retirement (Herd 2005). Recent criticism of the non-contributory benefits based on marriage has underscored the fact that spousal benefits disproportionately benefit couples with a single earner compared to dual-earner households, and that African-Americans are least likely to be eligible for noncontributory benefits (Harrington Meyer et. al. 2005). Thus, spousal benefits are not a policy solution to meeting the needs of growing numbers of working, low-income women and tend to exclude those who do not have traditional marriage histories (Harrington Meyer 1996). Poverty levels among women in particular reveal that the current safety net provided to low-income women through Social Security is not adequately meeting existing needs. While women make up 57.3 percent of the elderly population age 65 and above, they account for seven in ten (69.6 percent) seniors in poverty (U.S. Bureau of the Census 2005). Given these high levels of poverty among older women in the U.S., and the reality that spousal benefits increasingly do not meet the needs of many vulnerable women, another strategy needs serious consideration. A minimum benefit is an important strategy for addressing poverty particularly among elderly women but also among other low-income retirees.

Enhancing the Social Security Minimum Benefit

The existing special minimum benefit, implemented in 1972 in an effort to improve benefit adequacy for low-wage workers who had participated for many years in Social Security-covered work, is a weak policy for enhancing benefits of Twenty-first Century low-income retirees (Olsen and Hoffmeyer 2002). When originally established, the maximum special minimum benefit was almost equal to the poverty line (96 percent) for those with 30 years of qualifying contributions or years of credit. Today, the value of the maximum special minimum has declined to 86 percent of poverty, while those with less than 30 years of contributions receive even less (Olsen and Hoffmeyer 2002).

In its current form, the special minimum benefit affects relatively few workers and provides only marginally higher benefits than beneficiaries receive through the standard benefit formula (SSA 2008a; Feinstein 2000). The formula for the special minimum benefit is based on the number of years of contributions in which earnings were higher than a given threshold, and benefits rise linearly with each year of coverage (YOC) above ten years. In December 2006, benefits increased by approximately $35 for each additional year of credit in a worker's contribution history up to a maximum special minimum benefit primary insurance amount (PIA) of $705 for workers with 30 or more years (SSAa 2008).[2] The number of people receiving benefits through this program has been in decline for many years even though the minimum amount of earnings to qualify for a year of credit for the special minimum benefit was reduced in 1991 (Feinstein 2000). Within the next few years, the special minimum benefit will no longer provide any additional benefits to workers since it is indexed to inflation and is losing value in comparison to standard benefits, which are indexed to wages.

Given the declining value of the special minimum benefit, the program currently provides benefits for very few retirees, mostly women. Total beneficiaries of the special minimum benefit, including those receiving retirement, disability and survivor's benefits, totaled just 102,296 in December 2006. Retired workers made up the vast majority of this group (91,915) and women comprised 79 percent of retired worker beneficiaries of the special minimum benefit (SSA 2008a). Currently, many retired worker special minimum beneficiaries, particularly women, receive a monthly benefit based on spousal benefits that is greater than that based on their own special minimum benefit PIA (SSA 2008a; Olsen and Hoffmeyer 2002). Among retired workers with special minimum benefits, the average special minimum PIA in December 2006 was $596. Men in this group had an average special minimum PIA of $565 and on average received lower monthly benefits ($502) due to early retirement; women had an average PIA of $604 and average monthly benefits of $842 due to dual-entitlement (SSAa 2008).

While spousal benefits are improving the benefit levels of many current special minimum beneficiaries, as seen above, changing marriage patterns will continue to lower the security provided by spousal benefits for younger cohorts. African-American women are particularly excluded from spousal benefits due to their lower marriage rates. This reality indicates a need for future emphasis on policy options that acknowledge workers' contributions, rather than focus on benefits available through marriage. As demonstrated above, there is a clear need to ensure a secure floor for low-earning workers who contributed to Social Security throughout their working lives. Though the special minimum benefit currently has low and declining relative value, strengthening the existing special minimum benefit could achieve this goal.

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[2] Retirees with a Social Security benefits based on the special minimum and regular benefit formulas may receive monthly benefits lower than their Primary Insurance Amount (PIA) if they retire and begin to draw benefits before their Normal Retirement Age (NRA).

Several analyses have been developed to analyze the potential benefits of modifying the special minimum benefit in order to augment the existing design to make its value more significant to retirees. Most proposals regarding the special minimum benefit suggest tying the benefit levels to the poverty line. Policy options for the minimum benefit generally focus on the amount of contributions required for a year of credit and the number of years required to receive the maximum benefit. Using microsimulation models, Favreault, Mermin, and Steuerle (2006) find that minimum benefits could substantially reduce poverty levels among seniors but trade-offs between adequacy and horizontal equity exist in the design of the benefit; that is, more generous programs generally provide better poverty protection, but do not as clearly reward work.

When established, the maximum special minimum benefit was virtually equal to the poverty line. Following this precedent, this proposal suggests that the maximum special minimum benefit for those with 30 years of contributions be increased to ensure that workers with a lifetime of contributions do not live in poverty. Since the current federal poverty measure does not adequately capture poverty, as will be discussed in further detail below, this paper suggests that the maximum special minimum benefit level be set to 125 percent of the current poverty line in the near term. If and when the federal government decides to adopt a new poverty threshold, based on improved measurement techniques now available that did not exist when the current poverty line was developed, 100 percent of a more adequate and accurate measure would be appropriate.

Given that almost one in three retired worker beneficiaries living in poverty have 30 years of contributions, a significant number of beneficiaries would benefit from a change in the value of the maximum special minimum benefit. However, the current earnings level required for a year of coverage leaves many with contributions that do not count towards benefits in the special minimum. Despite the reduction in the level of contributions required for a year of coverage in 1991, this policy change has had a limited impact on the number of special minimum beneficiaries and the number of persons qualifying through the program continues to fall (Feinstein 2000). In 2007, the earnings requirement for a year of coverage for the special minimum benefit was $10,890 (SSA 2008a); this is more than two times the amount required to earn four quarters (one year) of coverage through the regular benefit formula (SSA 2008c). Policymakers should eliminate this discrepancy between the programs and equalize the level of earnings required to earn a year of coverage for the special minimum benefit with the value of four quarters of coverage. This change should be applied retrospectively to the work history of retirees who apply for benefits in the future, not just for future earning years. At a minimum, a reduction in the amount of earnings required for a year of coverage should be considered.

Additionally, policymakers should consider applying partial years of coverage to the total number of years of coverage earned by each special minimum beneficiary. Currently, if a worker earns one dollar less than the threshold for a year of coverage, she does not get credit for that year. This cliff in the program design ensures that no credit is awarded for years of work in which earnings fall below the cut-off line, although earnings may still be substantial. Policymakers could amend the program to award partial years of coverage for years in which earnings fall below the existing threshold. This could be designed in a number of ways. One, two, or three quarter-years of coverage could be awarded when applicants earn 25, 50 or 75 percent of the threshold for a year. Half years of coverage could be awarded only. Alternatively, years of coverage could be awarded based on the percentage of the threshold earned. For example, someone who earned $10,000 in 2007 would get credit for 0.92 years of coverage ($10,000 divided by the 2007 threshold, $10,890). If workers received benefits based on partial years of coverage, the existing benefit schedule, which currently increases only when a full year of coverage is earned, could be smoothed. Such a strategy would ensure that all earnings are credited in the benefit formula for the special minimum benefit, rather than just those above the year of coverage threshold, thus more accurately reflecting lifetime earnings. Combining the policy modifications above would ensure that many more people are able to reach 30 years of contributions in order to receive the full special minimum benefit.

In order to ensure that the special minimum benefit does not become obsolete again, the benefit needs to be tied to a measure that will remain relevant in years to come, otherwise the value of the benefit will be lost over time. Using an alternative poverty measure that better captures basic needs in our modern society would provide a new framework for the special minimum benefit that would modernize the program for future generations of retirees.

An Opportunity to Examine Poverty Measures

While the special minimum benefit is a policy tool to prevent poverty among low-income seniors who have made contributions to Social Security throughout a lifetime of work, tying the special minimum benefit to the outdated federal poverty threshold would not fully meet these goals of benefit adequacy. In recent years, awareness of the inadequacies of the current federal poverty measure developed in the early 1960s has increased. Despite significant changes in household budgets, this measure, based on three times the cost of market-basket of food items, when food was estimated to be one-third of a family's budget, has not changed in decades. Further, the current federal poverty line sets before-tax income thresholds for after-tax expenses. While the federal poverty measure is indexed to inflation, it does not account for changing costs of particular necessities such as housing and health care (Garner and Short 2008).

Spearheaded by the National Academy of Sciences (NAS) expert panel in 1995, recent efforts have been made to improve existing poverty measures to more fully reflect current economic and social needs (Citro and Michael 1995). Key to the new approach developed by the NAS panel is the incorporation of a more comprehensive list of household expenses including food, clothing, shelter, and utilities into the poverty threshold. In 2004 NAS experts recommended that the poverty threshold also include medical care expenses (Garner and Short 2008). Additionally, the NAS poverty measure includes benefits received from government programs in household income such as SNAP and the Earned Income Tax Credit (EITC) and subtracts taxes and expenses related to work (Garner and Short 2008). Although the federal government has not incorporated the NAS recommendations nationally, academics and government researchers have carefully reviewed the NAS poverty threshold and the NAS measure is broadly regarded as a clear improvement to the existing measure (Levitan 2008).

While the full value of the Social Security special minimum benefit was close to the poverty level given the best existing measures at the time the policy was developed, new knowledge and research allows policymakers to utilize the most current conceptions of poverty thresholds in the reform of social policy, such as the special minimum benefit. A reform of the Social Security special minimum benefit which tied the benefits to an alternative poverty measure based on the NAS proposal could better meet programmatic goals for Social Security by ensuring those with a 30 year record of contributions are truly secure from poverty in our modern society; the implementation of the NAS recommendations would also serve as a model for federal government implementation of the well-recognized alternative poverty measure developed by established NAS experts.

The NAS recommended poverty measure yields pronounced differences for older Americans when compared to the federal poverty measure. For example, Garner and Short (2008) show that for each year between 2002 and 2006, the NAS poverty measure doubled the rate for poverty for seniors from about 10 percent to 20 percent. Analyses comparing the current federal poverty thresholds with the alternative NAS thresholds yield a ratio of about 125 percent of the current poverty threshold for single and couple elderly households (authors' calculations). Thus, this analysis guides the recommendation that the special minimum benefit be tied to 125 percent of the federal poverty measures for 30 years of contributions, until the federal government adopts a modernized poverty measure—a prospect that has had support among researchers for some time, but has yet to be enacted by policymakers.

At the local level, the New York City government has begun to implement the NAS recommendations in order to better understand poverty in its jurisdiction with dramatic results for seniors; their efforts highlight the need for improved poverty measures, particularly in understanding old age poverty today (Levitan 2008). While the official poverty measure suggests that poverty among seniors 65 and above is 18.1 percent, the city's alternative measure based on the NAS recommendations uncovers an elderly poverty rate of 32.0, with out-of-pocket medical expenses pushing many seniors into poverty. By capturing a more comprehensive inventory of monthly resources and expenses in senior households, the New York City efforts have revealed the burden of medical expenses for seniors as well as hinted that official estimates of poverty among seniors may be higher than official estimates suggest.

Consequently, policymakers should consider changes to the Social Security special minimum benefit and other overlapping social policy for seniors in light of recent, modernized measurement alternatives for poverty in the United States. By linking the special minimum benefit to a poverty measure that follows the NAS recommendations, Congress could push our nation's social policy forward into the Twenty-first century. This policy analysis suggests that policymakers maintain the basic structure of the special minimum benefit as outlined above, but use the NAS thresholds as the basis for the maximum benefit. The implementation of a special minimum benefit maximum level at 125 percent of the current poverty line is a practical way to establish an adequate benefit today; a national adoption of poverty guidelines based on the NAS proposals should be considered for longer term implementation. Even still, after the adoption of an enhanced special minimum benefit, those with fewer than 30 years of contributions may continue to receive benefits below the poverty line, while others with newly higher benefits will risk losing important benefits like Medicaid. Thus, the incorporation of policy reforms that address interactions between programs is imperative.

Addressing the Interactions between Social Security, SSI, and Medicaid

Our safety net for the most vulnerable seniors should be understood from a coordinated framework that addresses jointly social programs for beneficiaries with limited means. A myopic approach to enhancements in the Social Security minimum benefit could potentially leave some beneficiaries less well off, as the increased minimum benefit could cause them to loose eligibility for vital means-tests benefits. Policymakers should be mindful of potential cliff effects or "notches" in which benefits are lost all at once when income crosses a particular threshold. The current trends in retirement savings, pensions, and health care indicate that these interactions will become increasingly important as new generations of retirees enter into old-age with fewer resources. This section will focus primarily on interactions with SSI and Medicaid, where interactions and cliffs have the most potential for negative unintended consequences. Interactions with the SNAP program are also relevant for low-income seniors and will be addressed in more detail regarding asset limits below; however, the fact that the SNAP program does not have eligibility cliffs indicates that the increase in the proposed changes to special minimum benefits will make any seniors with SNAP benefits worse off in terms of buying power for basic necessities.

The historical development of the existing income support programs for seniors has been a piecemeal process resulting in a patchwork of programs that often are experienced in tandem by beneficiaries, despite the fact that they were often designed independently. While Social Security was initiated in the 1930s during the New Deal era and grew each decade as more workers were added to the program, SSI was created in 1972 as a federalization of state-level old age programs for the needy. Whereas eligibility for Social Security is based on household payroll tax contributions through work, SSI is a program funded through general revenues for the indigent elderly who must demonstrate eligibility based on income and resources. The incremental and separate development of the Social Security and SSI programs has left us with a set of programs that jointly impact the lives of those who are eligible for both programs, but do not make up a coordinated system of policies to serve the public. While the Social Security

Administration (SSA) administers both programs, they are entirely separate programs with eligibility rooted in different spheres, criteria, benefit formulas, and funding sources. Nevertheless, since over a million low-income seniors participate in both programs, even more than those who receive SSI alone (SSA 2008), we argue that policy efforts to strengthen Social Security for low-income beneficiaries must directly incorporate changes in the SSI program that will impact low-income Social Security beneficiaries.

Considering unintended consequences is especially critical in the analysis of the Social Security special minimum benefit due to the interplay of public policies for dual-eligibles, who receive both the social insurance benefits of Social Security and Medicare as well as the means-tested benefits of SSI and Medicaid. First and foremost, increased income due to a higher special minimum benefit could potentially lead to the loss of SSI eligibility for those whose incomes would rise above the SSI eligibility level in their states. Since Medicaid eligibility is tied to SSI eligibility, an increase in income due to the special minimum benefit could harm many low-income seniors by making them ineligible for SSI and therefore, health insurance protection through Medicaid. Policymakers must pay special attention to the interactions between the two programs. Given the greater medical needs of seniors, access to Medicaid is an invaluable benefit to low-income seniors that cannot be overlooked in the consideration of Social Security reforms. As seen above, the experience in New York City using alternative poverty measures suggests poverty among seniors is much higher than official estimates suggest, driven largely by the high burdens of paying for health care.

While a siloed policy proposal narrowly focused on the Social Security minimum benefit could result in loss of valuable benefits for many dual eligible persons, coordinated policy adjustments in SSI program eligibility rules could ensure that an increased Social Security minimum benefit would not exclude otherwise eligible seniors from SSI. Precedent exists for maintaining Medicaid when people have lost SSI eligibility due to a particular policy change that can impact income level, and promising options are available to policymakers. The “Pickle Amendment” named for Congressman J.J. Pickle of Texas (Section 503 of P.L 94-566) allows for formerly eligible SSI recipients to maintain eligible status for the purposes of receiving Medicaid if they become ineligible for cash benefits from SSI due to Social Security cost-of-living-adjustments (SSA 1976). This amendment could be used as a model for ensuring that those who became ineligible for SSI due to an increased special minimum benefit would retain

Medicaid eligibility. In order to be effective, this exception would need to apply to both those who lost eligibility for SSI immediately due to the implementation of a new special minimum benefit, as well as future applicants who may be ineligible for SSI and Medicaid due to the minimum benefit but would otherwise be eligible.

This proposal implies increased administrative complexity through this type of exception to standard SSI eligibility rules, yet it would not be overly burdensome in relation to the policy gain. Social Security already calculates the benefit levels of all retirees who receive the special minimum benefit using both the traditional benefit formula and the special minimum benefit formula in order to determine who would benefit from the special minimum alternative calculation. Thus, the SSA has administrative capacity and knowledge of expected benefits before the application of the special minimum benefit and could use this information to determine initial SSI/Medicaid eligibility for low-income seniors; then, for those who would receive greater income support from the special minimum benefit, the minimum benefit would be applied to their benefit payments. This important policy modification in SSI/Medicaid eligibility would serve to ensure that those low-income seniors who contributed to Social Security were not penalized by the improvement of the special minimum benefit and avoid potential cliff effects resulting from program interactions.

In addition to an exclusion of the additional income from a minimum benefit in calculating SSI/Medicaid eligibility, another policy option that should be combined with an enhanced Social Security special minimum benefit would be an increase in the SSI general income exclusion. The general income exclusion currently allows for the first $20 per month of unearned income to be disregarded in terms of calculating SSI eligibility and in determining monthly SSI benefits. This income exclusion was created in the original legislation for SSI in order to recognize the past work and Social Security contributions of SSI beneficiaries who qualified for both programs (Greenstein and Sweeney 2005). By establishing the general income exclusion Congress ensured that those SSI recipients who qualified for Social Security would be better off than those who had never contributed. An earned income exclusion of $65 dollars also allows SSI recipients to exclude the first $65 of earned income each month, providing a work incentive.

While Congress intended to reward both past and current work through these income exclusions, neither the general or earned income exclusion has increased in the 35 years since the establishment of the SSI program. Therefore, today all persons with household work history in the Social Security system who qualify for Social Security benefits, but remain eligible for SSI due to low income, only receive $20 more in total combined Social Security and SSI benefits than persons with no history of contributions (Kijakazi 2001). If the general income exclusion had been indexed to inflation since 1974 when the first SSI payments were made, the general income exclusion would be worth approximately $89 (BLS 2008). If the general exclusion had been indexed to wages, it would be equal to about $105 today (SSAB 2008).

Raising the general income exclusion to meet its historical value and indexing it to inflation would align with Congressional intent to reward work and reduce the number of people who would lose SSI eligibility due to higher Social Security benefits with the passage of a new minimum benefit. An increase in the general income exclusion would limit, but not eliminate, the impact of the increased special minimum benefit on SSI/Medicaid eligibility, while also rewarding past contributions of low-income workers by raising their total benefits above those of SSI recipients with little to no history of contributions through work to Social Security. This option is appealing because there are no additional administrative costs or added complexity to the Social Security or SSI programs and provides for a more equitable return to past Social Security contributions than currently exists for low-income workers.

For dual Social Security and SSI beneficiaries age 65 and above who will benefit from an enhanced minimum benefit, as well as those who will continue to receive benefits through the traditional formula, an increased general income exclusion will bring those whose benefits do not reach the poverty line closer to it, filling some of the poverty gap. For example, today dual beneficiaries of SSI and Social Security who do not work and have no other sources of income receive $657 in combined benefits (or $20 more than the maximum SSI benefit of $637). If reforms were enacted this year to raise the value of the general income exclusion to its initial real value, or $89 in 2008 dollars, similar individuals whose Social Security benefit remained below the SSI thresholds after changes in the special minimum benefit would receive $726 (or $89 more than the SSI maximum benefit), bringing them closer to the current federal poverty line for seniors which equals about $829 monthly (SSA 2008d; U.S. Census 2008). Beneficiaries of the special minimum benefit who do not have enough years of qualifying contributions to bring their cash benefits above the SSI eligibility level, as well as beneficiaries covered by the regular formula, could both benefit from an increase and indexing of the general income exclusion. In essence, the expansion of the general income exclusion bolsters a combined guaranteed minimum across the two programs for all dual beneficiaries of Social Security and SSI who receive Social Security benefits at least equal to the general income exclusion, further strengthening the floor of our system of social policy income supports for seniors.

Raising the general income exclusion as proposed and indexing it to inflation restores the program design to earlier Congressional intent and would be the preferred policy design modernization. However, an adoption of Social Security-specific exclusion in SSI could serve a similar purpose and would ensure that income from Social Security was excluded, while other types of income were not excluded from counting against total SSI benefit levels. This more targeted approach would create a new exclusion category in SSI that does not currently exist, but would be relatively easy to administer. An increase in the general income exclusion could be promoted in combination with a new Social Security income exclusion or, alternatively, just one of the two could be used to exclude additional Social Security income. Whichever approach is embraced, policymakers should, at a minimum, make certain that the value of these SSI income exclusions are increased to $89 in 2008 dollars (the initial value of the general income exclusion) and that annual indexing protects exclusions from further erosion.

Policy reforms focused on the improvement of the special minimum benefit should incorporate ideally both an exclusion for Medicaid eligibility and an update of the SSI income exclusions to streamline coordination between Social Security and SSI. The first option, ensuring that SSI beneficiaries, who receive increased income support benefits due to reforms of the special minimum benefit, do not loose Medicaid benefits is essential to guarantee that the new policy does not harm the vulnerable Social Security beneficiaries that it aims to help. In the context of the special minimum benefit, this policy feature is crucial. The second alternative, an increased general income exclusion, is broader in scope; however, this policy change aligns with past Congressional intent and general principles of U.S. social policy that support rewards for work. As part of a holistic package of reforms to shore up the foundation of our social policy system for our most vulnerable seniors, both options should be incorporated into plans for a new special minimum benefit. In addition to these policy changes that address interaction effects, policymakers must consider ways to ensure that programs aimed at vulnerable populations reach the target groups without putting unnecessarily restrictive or counter-productive constraints on beneficiaries. The following section will suggest targeting strategies for the special minimum benefit as well as the means-tested programs utilized by many elderly Social Security beneficiaries.

Targeting of Benefits and Coordinating Asset Limits Across Programs

As conceived here, the special minimum benefit would serve to eliminate poverty among the most vulnerable Social Security beneficiaries with significant years of contributions to the system. However, some people who may be eligible for an enhanced special minimum benefit may not be vulnerable beneficiaries; instead they may have contributed relatively low amounts to the Social Security system during their working careers because they chose not to work full-time or also spent much of their career in uncovered work. Providing this windfall to beneficiaries who are not economically vulnerable could be avoided through provisions which limit the special minimum benefit to those who do not have alternative government pensions, as is done for beneficiaries who receive benefits based on the regular benefit formula (Olsen and Hoffmeyer 2002). The Social Security system already includes a Windfall Elimination Provision for workers who receive pensions from work in which they did not contribute to Social Security which reduces pensions for those who receive outside pensions, essentially to prevent those who have had careers outside the Social Security system from benefiting from its progressivity (SSA 2008e). This type of windfall protection could be added to the program, although given the fact that 30 years of credit are required for the maximum special minimum benefit and the benefit declines for those with fewer years, those who spent most of their careers in other pension systems would likely not qualify for significantly higher benefits through an enhanced special minimum.

While use of provisions to limit windfalls among persons with access to multiple pensions has a reasonable place in policy design of progressive programs such as Social Security, policymakers should review carefully other design features of our social policy system for seniors that aim to target benefits, particularly asset limits. In the SSI program asset limits (called resource limits) in combination with income limits serve to target benefits to low-income individuals and households. While policies differ by state, SNAP also includes asset limits along with income thresholds that apply to seniors who utilize the program. Coordinating asset policies across existing programs used by the elderly could serve to help ease the fragmentation seen in our social policy for seniors, and update asset policies to reflect new knowledge about the positive impacts of asset ownership for families at all income levels (Shapiro 2004).

Since an updated Social Security minimum benefit would affect many seniors who participate in means-tested programs, this proposal for an enhanced special minimum benefit provides an opportunity to review and restructure existing asset limits in other social programs for seniors, particularly SSI and SNAP, and develop a more coordinated framework across programs. Today, the SSI resource (asset) limits are equal to $2000 for an individual and $3000 for a couple and have not been updated since 1989. If they had been adjusted for inflation over the past two decades, the individual and couple SSI asset limits would be about $3500 and $5300, respectively (authors' calculation). In order to bring the value of the asset limits up to their original value in 1974, the year benefits were first paid, the asset limits for individuals and couples would need to be raised to $6,700 and $10,000 respectively (authors' calculation). When the asset limits were last raised Congressional leaders indicated that their goal in raising the limits was to allow low-income seniors to hold enough assets to cover home repairs or purchase a necessary appliance—the type of basic maintenance required from time to time in every household (SSAB 2008). However, without tying these limits to inflation or updating the limits since the 1980s, the Congress has allowed the SSI asset limits to loose value to such an extent that they are a severe constraint to household stability and a barrier to asset-building for the elderly and disabled. The bipartisan Social Security Advisory Board recently urged Congress to reconsider the "frozen income and resource limits" in the SSI program to ensure that they are still meeting their intended purposes after so many years without updates (SSAB 2008). Though states have some flexibility regarding asset limits in SNAP, federal rules include an asset limit of $3000 for households including a senior age 60 or above (USDA 2008c). Since 2001, states have increasingly utilized changes in SNAP to exempt vehicles from asset tests in the program, but in nine states there are still limits to the value of vehicles recipients can own in order to qualify (CBPP 2008).

While asset limits have been designed to target programs to the needy, they often have served to create insecurity in low-income families who are constrained by program rules from holding onto enough savings to maintain a contingency fund to cover unexpected costs that sporadically arise in every household (Sherraden 1991). The low asset limits of SSI and SNAP dramatically limit the ability of low-income seniors to be able to weather unexpected financial costs. These forced limits on savings for beneficiaries are especially problematic due to high health needs of seniors and the rising costs of health care nationally. Health expenses, moving costs, vehicle repairs, and home maintenance are common household expenses for seniors in their later years of life who are more likely to face illnesses associated with age and may have been in the same home for decades, homes that have aged along with their owners. In states where the value of a vehicle is limited by SNAP rules, the need for savings to pay for car repairs is even more likely to be a necessity among beneficiaries. Thus, existing asset limits constrain household asset-building in such a way as to have negative impacts on economic security among the households that the programs aim to serve.

The growing understanding of the importance of asset-building should be reflected in an updated approach to asset limits in our social welfare policy for low-income seniors. Coordinating and modernizing targeting features across programs would ensure that individuals and couples participating in multiple programs are not burdened with different program rules. As part of a comprehensive effort to reduce the insecurity produced by the existing asset limits, the reform of the Social Security minimum benefit should be developed in conjunction with a coordinated increase in the asset limits of other programs in which seniors participate, particularly SSI and SNAP. Following precedent based on historical values, Congress should raise the federal asset limits of SSI and SNAP to $6,700 for individuals and $10,000 for couples. These limits should be indexed to inflation to ensure that a family's ability to save is not limited over time.

New knowledge about the detrimental impacts of asset limits on savings have been moving policy towards a relaxation of asset limits; the 2008 Farm Bill maintained asset limits in SNAP but indexed the limits to inflation rounding to the nearest $250 (USDA 2008b). An updated and coordinated system of eligibility rules regarding assets will lead to better understanding of programs by participants, administrators, and community groups. Through a modernization of asset rules across programs policymakers can enhance security among beneficiaries as well as establish a more systematic approach to social policy for vulnerable seniors.

Unequal treatment of different types of pension holdings as assets in means-tested programs is another issue that has begun to be addressed. Traditionally, defined benefit employer-based pensions have not been counted as assets in many means tested programs including SSI, while defined contribution plans have been counted (Neuberger et al. 2005). Policymakers have begun to notice and change this inequity in treatment of different forms of employer-based pensions, a shift that is particularly relevant as employers have increasingly moved towards defined benefit pensions. For example, in addition to indexing asset limits, the new program rules in the SNAP also exempt tax-qualified accounts for retirement and education from the asset limits in part to deal with the inequity of differing treatment of the various types of pension plans (USDA 2008b). For working aged families, it is clear that counting retirement accounts as assets against the use of means-tested programs creates disincentives to save and may force families to incur penalties to retrieve retirement funds in order to access safety net programs in times of need. For seniors, the way in which retirement assets should be treated is less clear since retirement is the phase of life in which these accounts are intended to be used for consumption. Some researchers have suggested possible alternatives to the ways in which defined contribution pensions and other retirement assets are counted and regarded in the SSI program for seniors age 65 and older (see Greenstein 2008; Rupp 2007). While some of these alternative avenues such as treating retirement accounts as annuitized income are worthy of further exploration, policymakers should increase the existing asset limits now and pursue these other possibilities through further analysis and research.

Although the targeting of programs to those in need is an important feature of means-tested programs, which aim to assist society's most vulnerable members, government policy should not constrain the efforts of families to have a safety net of financial assets. Asset limits serve to reduce savings, but are less effective as a means of targeting programs that already limit eligibility based on income. Evidence suggests that approximately 80 percent of people who are eligible for SSI based on income, but ineligible based on their assets, live in poverty (Davies et al. 2004). These data reveal that many of those who are excluded from SSI due to assets are generally needy and would benefit from the program. Removing the constraints of asset limits helps to support low-income seniors by providing them with the opportunity to save for a rainy day and have an increased sense of security despite their vulnerable economic position. For younger households the removal of asset limits helps to promote stability across the life course which will lead to a more secure retirement. While the current proposal recommends an increase in existing asset limits to meet historical values as an intermediate approach, policymakers should consider removing asset limits entirely from SSI and SNAP. States currently have some flexibility regarding the treatment of assets in SNAP (Neuberger 2005). Increasing flexibility in asset limits across programs, including SSI, would allow for policy experimentation and opportunities to promote more savings mechanisms at the state level.

With bipartisan support several states have modified or eliminated their asset limits in means-tested programs through changes in regulations and legislation (Rand 2007). Ohio and Virginia have both eliminated asset tests in their cash assistance programs for families with children and have not seen notable increases in program participants, while state agencies benefit from a reduction in administrative burden (Rand 2007). Massachusetts has recently eliminated asset tests for most seniors who receive food assistance through SNAP, expanding coverage to those who have previously been excluded from the program due to asset limits (Cao 2008). Research on such state level initiatives could provide further evidence to support a further increase or elimination of asset limits in the future.

Financial Implications of the Proposal

Any proposal to enhance the ability of the Social Security program to protect vulnerable seniors from poverty must also consider the ways that the suggested reforms affect the long-range solvency of the Social Security system. Although the program is currently running annual surpluses with payments into the system exceeding benefits paid out, demographic changes and the aging of the population will lead to financial challenges in the future. The focus of this paper is not the financial solvency of the Social Security system, and much has been written and debated about possible options for reform that could serve to ease the long-term financial burdens of the program. Nevertheless, any responsible discussion of programmatic changes—particularly changes that involve increasing benefits—must address financial sustainability of the program.

Several options exist for increasing revenues and promoting cost savings in the Social Security system; given the focus of this paper, we will not review all options here. Numerous resources are available for a more thorough review of policy options regarding financial solvency (see Diamond and Orszag 2004; Sass et. al. 2007). In our effort to improve the system through an enhanced special minimum benefit, it is important to acknowledge the importance of coupling our proposal with other measures that will help promote fiscal balance in the program. While several options are available and consensus will require compromise in Congress, a sensible measure to bolster the financial solvency of the program while following historical precedent in the program, would be to tie the earnings cap for social security taxes to cover 90 percent of wages. In 1983, the cap on payroll taxes was set to cover 90 percent of earnings and has been indexed to average wages since then; however, due to increasing wage inequality with greater growth at the high end of the distribution, the cap now covers about 85 percent of earnings. Existing estimates suggest that loss of tax revenue due to the relative decline in covered earnings contributes to a significant reduction in Social Security revenue (Bivens 2005). Tying the level of the taxable earnings cap to 90 percent of wages will raise substantial revenue and help to ensure that the tax base for Social Security does not shrink as a percent of wages as it has in recent years due to growing wage inequality. Maintaining a fixed percentage of wages covered by Social Security preserves an even level of tax obligations across society and is in line with past bipartisan compromises. This could serve to infuse revenue into the system in order to cover the costs associated with strengthening the floor for vulnerable beneficiaries though a reinvigorated special minimum benefit. This is one of several options that Congress will need to consider in a broad effort to shore up the financial standing of Social Security.

Though the starting point for this policy discussion is the special minimum benefit in the Social Security program, this paper incorporates policy proposals across several programs affecting seniors including SSI, Medicaid, and SNAP. Clearly, policy modifications in these programs to promote increased coordination will result in fiscal implications for all of the relevant programs. However, several reasons suggest that the proposals offered here should not incur undue financial costs to the impacted, means-tested programs. First, the recommended exemption of special minimum benefits for the purpose of maintaining Medicaid for dual SSI and Social Security beneficiaries would not change the number of Medicaid beneficiaries. In fact, this policy aims to prevent a loss of benefits for existing beneficiaries (and future beneficiaries under current rules), but does not add new groups to the program. Cost increases from our proposal will result primarily from the overall rate growth of health care costs, which must be addressed systemically in the health care system. Second, the proposals to increase and price index existing SSI exclusions and asset limits represent efforts to reestablish past standards for the program, which have been allowed to diminish. These changes do not change the initial policy design of the program, but rather allow the program to maintain its relevance and structure over time. Third, existing evidence cited above suggests that increasing asset limits in means-tested programs does not dramatically increase enrollment numbers. Additionally, those who would be made newly eligible to SSI and SNAP due to an increase in asset limits are among the most vulnerable seniors, suggesting extra costs would be money well spent achieving target efficiency for the programs (Rupp et al. 2007). While more research may be needed to assess more accurately the financial costs of the proposals in this paper, the proposed policy changes should be adopted in combination with broader efforts to strengthen the financial status of Social Security and the federal budget generally.

Conclusions

Though it is clear that the Social Security system is a crucial economic support for our nation’s seniors, many seniors remain economically vulnerable. Efforts to bolster the effectiveness of our social policies for seniors should start with strengthening Social Security for the lowest earners through improvements to the existing special minimum benefit. However, this policy change alone will not serve to solidify the security of our most vulnerable seniors and must be promoted in coordination with an update in our overall framework of social programs for seniors. Current interactions between programs create complexities in the provision of benefits for seniors and modifications to improve supports in one program can create a potential for harm, if policymakers do not adequately consider the interaction effects. Thus, modifications to improve and bolster the Social Security special minimum benefit available to long-term, low earning workers must be coordinated with changes in other social programs for seniors, particularly SSI, Medicaid, and SNAP.

Through an enhancement of the Social Security special minimum benefit and a modernization and coordination of program rules for other programs affecting low-income seniors, policymakers can do much to improve the well-being of low-income seniors, while rewarding a lifetime of contributions made during their working lives. This paper outlines an approach to enhancing the special minimum benefit building on the dialogue that has occurred in this area in recent years, while expanding the conversation to include thorough consideration of the impacts for seniors who participate in means-tested programs. Along with improvements in the minimum benefit, policymakers should promote reforms to ensure that policy interactions do not spark the loss of SSI/Medicaid eligibility for beneficiaries of the special minimum and update asset-based policies in our means-tested programs for seniors by increasing asset limits across programs to a single level and indexing the limit to inflation. Raising the asset limits in SSI and SNAP to their historical values in SSI and indexing them to inflation is a straight-forward policy solution likely to garner broad support. In addition, policymakers should support further research and policy discussion regarding further increases in the limits in order to support saving and asset-building. The paper also urges an increase and indexing of the general income exclusion in the SSI program in order to reward work among dual beneficiaries. By considering social programs together, policymakers can enhance Social Security as a foundation for vulnerable low-wage workers, while ensuring that social policy for seniors is designed with a purposeful, coordinated framework.

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