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Race- And Gender-Sensitive Social Security Benefits?

On **Meet The Press** yesterday, House Ways and Means Committee Chairman Bill Thomas suggested a "need to look at," to "discuss," the possibility of adjusting Social Security payments on the basis of race and gender.

RUSSETT: "A gender adjustment--what does that mean?"

REP. THOMAS:

We also need to examine, frankly, Tim, the question of race in terms of how many years of retirement do you get based upon your race?□ And you ought not to just leave gender off the table because that would be a factor.

RUSSETT:

Do you think Congress, Mr. Chairman, would accept any formula that said that people would be treated differently because of their gender or their race?

Well, duh! That's easy: Yes. At least all those representatives who have been loathe to cut off racial and gender set asides and who support racial preferences in college admissions and employment can clearly have no principled objection. Treating people differently because of their race or gender has long been accepted practice in Congress, complete with both Democratic and, sad to say, Republican seals of approval. [*Earth to Russert! Are you aware that, you know, affirmative action is alive and well with Congress's full knowledge?*]

Those who favor racial preferences almost always object to the term "racial preferences," preferring such euphemisms as "race sensitive admissions," etc. I suspect that the only question Rep. Thomas's suggestion will raise is whether or not it is discriminatory, a question that is increasingly hard to answer coherently once you've abandoned the principle of race and gender neutrality.

Thus one of Russert's questions to Thomas -- "So if someone is a woman and they live longer, they would get less per year?" -- suggests that women may regard the proposal as discrimination against them. But what, then, about race? When Thomas emphasizes the need to look at "the question of race in terms of how many years of retirement do you get based upon your race?" he implies, doesn't he, that since whites live longer their payments should be reduced?

It will be interesting to see how the "civil rights" community reacts to this proposal.

Posted by John Rosenberg on January 24, 2005 1:12 PM | [Permalink](#)

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SAY WHAT?

I have an idea.

Pay out the pensions based on average life expectancy, and if there's any left over of what the pensioner paid in, allow him to leave it to his heirs.

Can't afford to do that? Privatize.

Posted by: [Laura](#) | [January 24, 2005 1:41 PM](#)

Laura - What you are proposing here, of course, is a race and gender neutral system. I suspect feminists may accept such a standard here (if accepting a standard in one situation can be said to be accepting a standard), since it would mean the payments of women would not be reduced. But will the NAACP et. al. agree?

Posted by: [John Rosenberg](#) | [January 24, 2005 1:46 PM](#)

"...he implies, doesn't he, that since whites live longer their payments should be reduced?"

No,no,no. The Civil Rights Community will be in favor of INCREASED benefits for certain races because they don't live so long. And maybe a healthy extra bonus above the actuarial table amount as "reparations". Does this comment seem cynical? Haven't they already built the foundation for this demand? This is part of the Pandora's Box that continuing AA opens up.

Posted by: [notherbob2](#) | [January 24, 2005 1:58 PM](#)

'It will be interesting to see how the "civil rights" community reacts to this proposal.'

They'll probably ignore it, as it misses the point of social security.

Posted by: [actus](#) | [January 24, 2005 2:42 PM](#)

By the way, if you think this concept has not already been implemented you are sadly mistaken. TIAA/CREF is the pension plan for universities/non-profits. The amount of money in your retirement account is based solely on the actual amount of contributions put in by you and your university. Thus, when TIAA/CREF calculates an annuity, since it is based on life expectancy, a man would get more money per year than a woman. However, since women live longer, the total payout would be the same for a man and a woman. Seem fair, right? This is the way the insurance industry works, correct? Well if you think that, it is only because you are a man.

The women professors had a different idea of what was fair. They sued TIAA/CREF to prevent being "discriminated against". The suit went all the way to the Supreme Court and surprise, the court agreed with the women. Thus, men and woman now get the same amount per year on their annuity, even though women will live an average of 6-7 years longer. To paraphrase Animal Farm, men and women are equal, but women are more equal than men.

Posted by: [Richard Nieporent](#) | [January 24, 2005 2:58 PM](#)

Richard - I work for TIAA-CREF as one of those actuarial types, and I've looked over the case in question. It was based on federal law, not something the judges made up -- I think one of the ERISAs made it illegal for retirement benefits to differ based on sex. It applies only to benefits arising from qualified tax-deferred retirement plans.

However, let me split this more finely for you: there are larger mortality gaps than just male/female. There's racial gaps, to be sure, though race can't be defined as well as sex. An even =larger= gap occurs based on occupation: blue-collar

workers have a much shorter life expectancy than white-collar workers (not an issue for TIAA-CREF, I know). Then there's stuff like being a smoker, or having a genetic tendency to cancer, and on and on... So what are fair observables for the actuaries to base annuity payments on? And remember, the life expectancy gap is pertinent only at the age one annuitizes. There's a larger gap at birth than at age 65 (I can get into the math as to why this is, but the short story: men have higher mortality at =all= ages.)

Luckily, TIAA-CREF forces no one to annuitize. We've got lots of retirement payout options, and all but annuitization (and if you get a certain period of payment, you still may be able to leave something) may leave assets for heirs to inherit. We've got systematic withdrawals, where you set the amount; we've got interest-only payments; you can take out TIAA accumulations as a 10-year annuity; you can just take the CREF accumulations as a lump sum, and do whatever you want with it, like buy an annuity at another company.

One can get sex-distinct annuity quotes if you get an annuity =not= through a qualified retirement plan (aka 403(b), 401(k), etc.) I don't know how we do SPIA (single payment immediate annuity) calculations, as I've dealt only with qualified retirement plan annuities. But I have looked up annuity quotes online, and most are based on sex, just like life insurance.

Which reminds me - I'll have to look to see if group term life insurance premiums are sex-based - life insurance one gets through one's employer. I believe they're not, for the same reason as retirement benefits not allowed to be sex-based, i.e., federal law.

Defined benefit pension plans are not allowed to have different payouts based on race or sex, and as you mentioned, deferred annuities as part of a defined contribution plan are not allowed to have different payouts based on race or sex. Thomas is an idiot. This "idea" will never fly.

Posted by: meep | [January 25, 2005 6:18 AM](#)

Meep,

Thanks for the detailed explanation. At the time it occurred, TIAA/CREF took pains to explain that they were being forced to do it. As you indicated, the way to avoid this legal discrimination is not to opt for the lifetime annuity. Given the fact that men as well as women are living much longer than before, a lifetime annuity would not be a good choice in any case. The purpose of my comment was to indicate that no matter how dumb an idea appears, that will not prevent government from implementing it.

Posted by: Richard Nieporent | [January 25, 2005 4:23 PM](#)

The Race Victimology Lobby may be effective in general, but they are nothing compared to the Senior Citizen Lobby. Nothing makes politicians quake like the fear of getting old people mad at them (and nothing gets them madder faster than thinking someone else is getting a better deal on an age based entitlement). These proposals will go nowhere.

Posted by: krm | [January 25, 2005 4:28 PM](#)

'The purpose of my comment was to indicate that no matter how dumb an idea appears, that will not prevent government from implementing it.'

Its not that dumb an idea to opt for a guaranteed income for the rest of your life instead of taking a chance on how long you will live.

Posted by: actus | [January 25, 2005 4:56 PM](#)

Also in the women are more equal than men category:

I recently read about some feminist proposal that would increase SS payments based on what women would have earned had their careers not been slowed due to child rearing.

Has anyone else heard about this? Has it become an entrenched position yet?

Posted by: John from OK | [January 26, 2005 12:30 AM](#)

The problem is that SS has no definition. So each lobby tries to commandeer it.

If SS is intended to correct social sins or bad luck then - lotsa luck.

If SS is to be a sort-of-minimum-wage during old age then make it uniform.

Using race, gender, etc. in setting benefits is an attempt to be fair. But we will never agree on what "fair" means.

Perhaps this is fair: Those in poor health get more, for they will die sooner. Doctors will testify about the dismal prospects of Mr. X or MS. Y. Lawyers will love it.

A 65 year-old with a week to live should get the full sum immediately? Seems fair to me!

Myself? I favor the sort-of-minimum-wage.

For those with higher wages IRAs, etc. are available now.

And we are also free to enact voluntary private account laws such as those Bush seems to want.

My point? Give SS a single goal. Then address other problems separately.

Posted by: Ken | [January 27, 2005 2:20 AM](#)

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