Upon a worker’s death, Social Security pays benefits to each minor or disabled child and to the worker’s widow(er) provided a child of the worker is in his or her care. Although remarriage has no effect on a child’s eligibility for benefits, the benefit going directly to the widow(er) terminates if he or she remarries. One policy rationale for the marriage termination provision is to ensure a well targeted and less expensive Social Security program. That is, a widow(er) who remarries has access to his or her new spouse’s income and is in less need of support from a public program. On the other hand, the termination provision may affect marriage decisions, with some widow(er)s not remarrying and others postponing marriage.

In the income tax literature, when a couple faces a higher (lower) tax bill as a married couple than as two single individuals, it is said that the couple, in effect, faces a marriage penalty (marriage subsidy). We use this terminology for this paper; the amount of Social Security that would be lost if a widow(er) remarried is referred to as the “marriage penalty.” We measure the size of marriage penalties among child-in-care widow(er)s and discuss their likely effects on marriage decisions. In addition, we measure the costs of repealing the termination provision completely and prospectively. Our results indicate that the marriage penalties associated with child-in-care widow(er) benefits are larger than those typically found in studies of the income tax system and that they likely do affect some remarriage decisions. Costs of completely repealing the termination provision are somewhat modest – in the neighborhood of $225 million per year. Prospective repeal would cost substantially less. Finally, we argue that, because of complex family maximum rules, widow(er)s may not realize the true size of the penalty in terms of total family benefits. More specifically, they may perceive larger penalties than actually exist. We have outlined some simple steps that the Social Security Administration could take to let widow(er)s know that penalties are less severe than they seem. This practical approach to policy has some advantages: it is low cost and may promote marriage.

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