Your Social Security Number: The 9-Digit Evolution

Jeannette N. Bennett, Senior Economic Education Specialist

> "There are downsides to everything; there are unintended consequences to everything."
> —Steve Jobs

Introduction

Imagine living in our country 100 years ago: no televisions, microwaves, iPhones, laptops, credit cards, or ATMs—and no Social Security numbers (SSNs). Definitely, major changes have evolved with inventions and advancing technology. And there's a story to go with each change.

Among the many changes over the years, the evolution of the SSN's usage ranks near the top. But what's the story on how the SSN became an almost universal identifier in the United States? Is there a downside to this?

The Beginning

The story of the SSN starts during the Great Depression. Millions of people were struggling without jobs or **income**. The elderly were hit especially hard. This triggered a concern for the future of the elderly.

In 1935, President Franklin D. Roosevelt signed the Social Security Act. Although the Act was passed during the Great Depression, it was designed to ensure the future economic security of individuals and did not address the immediate economic problems of the Great Depression.

Social Security's primary original purpose was to provide financial benefits to people over age 65. Upon retirement, people who were no longer working would receive monthly retirement benefits or **Social Security income**. Benefit amounts would be based on a person's earnings in covered employments.[1] Monthly benefits were scheduled to begin in 1942.[2]

The Social Security Act required a payroll **tax** for both employees and employers based on earnings. As a result, the **Federal Insurance Contributions Act (FICA)** was enacted in 1935. It gave the responsibility of collecting payroll taxes to the **Internal Revenue Service (IRS)**.[3] Named for the Act, these taxes are commonly called "FICA taxes." Employers began deducting payroll taxes from workers' wages in January 1937.[4]

Sample SSN Area Numbers and Locations (for SSNs issued before 2011)	
SSN area number	Location
001-003	New Hampshire
159-211	Pennsylvania
252-260	Georgia
400-407	Kentucky
408-415	Tennessee
425-428	Mississippi
429-432	Arkansas
486-500	Missouri
501-502	North Dakota
545-573	California
574	Alaska
575-576	Hawaii

SOURCE: Social Security Administration. "Social Security Number Allocations." Business Services Online (BSO); https://www.ssa.gov/employer/stateweb.htm.

Recordkeeping

To carry out the Social Security Act, the Social Security Board was created. (This was later renamed the Social Security Administration.[5]) One of its first tasks was setting up a recordkeeping system. The earnings of each individual had to be tracked beginning in 1937. It was obvious that using a person's name wouldn't work. Can you imagine the difficulty in keeping accurate earnings records for those with common names such as John Smith or Jane Jones? Several tracking plans were considered, such as using a combination of letters and numbers or using fingerprints.

The chosen solution was to use a 9-digit number divided into three parts: area number, group number, and serial number. The first three digits, the area number, represented the state in which the SSN was issued. (See boxed insert, "Sample SSN Area Numbers and Locations.") Generally, lowest area numbers were given to people on the East Coast, with increasingly higher numbers given going westward. However, there were exceptions. For example, a worker could apply in person for an SSN in any Social Security office, and the area number would reflect that office's location, regardless of the worker's residence.[6] The next two digits, the group number, were determined by issuing numbers in groups to issu-

ing offices. The last four digits, the serial number, represented the order within each group.

But issuing SSNs was a work in progress. While the details of the Social Security Act were being worked out, the U.S. Postal Service accepted the responsibility of issuing SSNs. At this time, there were approximately 45,000 post offices across the nation. From these, 1,074 post offices were called on to be "typing centers" to issue Social Security cards and SSNs. In November 1936, the first SSNs were issued by these typing centers and thousands of people were given their 9-digit number. The post office did not keep the records. They were sent to the main Social Security Office in Baltimore, Maryland.[7] Within about six months, approximately 35 million SSNs had been issued.[8]

By mid-1937, Social Security field offices were able to take over. In 1972, after computer-based systems became available, all SSNs were issued exclusively from the central Social Security Administration (SSA) office in Baltimore, Maryland. With this change, the area number was assigned based on the ZIP code of the mailing address provided on the application.[9]

And it all changed again in 2011 when the SSA began randomly assigning SSNs. This "randomization" shares the pool of available SSNs nationwide.[10] There is no geographical significance to the first three digits of SSNs issued after this date. Randomization extends the quantity of SSNs available for the future. For example, a state with an increasing population will need more SSNs in the future. A state with a decreasing population won't need all that it was allotted. By sharing the available SSNs nationwide, the pool of numbers will last longer. The new system does not affect previously issued SSNs and only applies to new applications for SSNs.[11]

SSN Usage

The use of SSNs has increased over the years. The trend began in 1943 when federal agencies were required to use SSNs for identifying individuals in any new record system.[12] As computer technology evolved in the 1960s, the expansion soared. Today, a SSN is required for opening a checking or savings account, securing a loan, finding employment, filing taxes, renting an apartment, receiving medical services, completing credit and insurance applications, and the list goes on.

Laws have increased the use of SSNs. (See boxed insert, "SSN Timeline.") For example, the IRS began using SSNs

SSN Timeline	
Year	**Changes made by laws**
1943	Federal agencies required to use SSNs to identify individuals in any new record systems
1962	IRS begins using SSNs for federal income tax reporting
1970	Banks required to obtain the SSNs of all customers
1975	SSNs required to receive federal benefits
1976	States could require SSNs for taxes, eligibility for state programs, driver's licenses, and motor vehicle registrations
1977	SSNs required for members of households that use food stamps
1982	SSNs required for federal loan programs
1983	SSNs required for all interest-bearing accounts
1987	SSA begins process for parents to apply for SSNs for newborns by giving information to hospitals
1989	SSNs required for school lunch programs
1989	National Student Loan Data system required to include SSNs of borrowers
1996	SSNs required to be recorded on numerous official documents including professional licenses, driver's licenses, death certificates, birth records, divorce decrees, and marriage licenses
1999	SSNs no longer required to be shown on driver's licenses and birth records
2004	States prohibited from displaying SSNs on driver's licenses or motor vehicle registrations
2008	The 1943 requirement for all federal agencies to use the SSN as an identifier rescinded

SOURCE: Puckett, Carolyn. "The Story of the Social Security Number." *Social Security Bulletin*, 2009, *69*(2); https://www.ssa.gov/policy/docs/ssb/v69n2/v69n2p55.html.

for federal **income tax** reporting in 1962. And the IRS requires banks, insurance companies, and employers to collect SSNs for income and tax-related purposes. Legislation also requires low-income families to provide SSNs of all adult household members to apply for school lunch programs. These and many other laws have supported the use of SSNs as an identifier.

The Social Security Card and SSN

To get an SSN, a person must fill out the Form SS-5 application for a Social Security card. The application asks for date of birth, place of birth, and full name given at birth. The form also asks for the mother's maiden name and parents' SSNs, among other things.[13]

From the beginning, people were concerned about how the personal information collected for an SSN would be kept confidential. The SSA has continued to protect the information and safeguard the integrity of the SSN.

The Social Security card has had over 50 designs to date and all versions remain valid. As the use of SSNs has expanded, changes have been made in the card's design to prevent counterfeiting. Today, a counterfeit-resistant version is now used for both original and replacement cards.[14]

Identity Theft

Your SSN is required frequently, and that means it's stored in many places. But can you count on everyone who collects your SSN for business purposes to protect it properly? Probably not.

The SSN is a key piece of information used to commit identity theft. SSNs have become increasingly available to identity thieves, at least in part because they are so widely used as identifiers. Criminals can steal SSNs from workplace records, mail, wallets, or public records. And high-tech ways such as **phishing** or hacking into a computer database are increasingly a concern.

When criminals steal an SSN and the victim's identity, they can do a lot of damage. They can use an SSN to file an income tax return in your name to steal your refund. They can use it to facilitate opening new accounts, gain access to existing accounts, commit medical identity theft, seek employment, secure a payday loan, or obtain government benefits.[15] A stolen SSN can open ways for criminals to access other personal information and cause a lot of problems that may show up on your **credit report**. (See boxed insert, "Identity Theft Prevention Tips.")

Creation of New Markets

In recent years, high-profile data breaches have increased the concern for protecting personal data—with the SSN rating near the top in priority. Community organizations and businesses conduct "shred days" for safely destroying documents containing personal data. Office supply stores have responded by stocking shelves with crisscross shredders.

The demand for greater protection has created new markets as millions of U.S. consumers spend billions of dollars buying products and services that claim to protect personal data. Personal data-protection businesses that offer online subscription services, advertise free trials, and provide automatic direct billing of monthly fees for different coverage plans have sprung up. The choices continue to increase. There are plans designed to monitor credit card, debit card, and bank accounts. Some plans specifically advertise "Identity and Social Security Number Alerts."

In response to the concern for protecting personal data, both government and business SSN usage has decreased in recent times. For example, laws have changed to prohibit using SSNs on driver's licenses or requiring them on birth records. These actions are a response to the identity theft concern—and change will continue.

Conclusion

In the beginning, when President Roosevelt signed the Social Security Act, the purpose of the SSN was identification for accurate recordkeeping. Accurate records of workers' earnings were necessary for administering benefits under the Social Security program. That is still the primary purpose for the SSN.[16]

But it has evolved into so much more. Because an SSN is convenient, reliable, unique to each individual, and in many cases required by law, it has become an important 9-digit number that follows a person throughout a lifetime. The age of technology has increased the benefits of its usage while increasing the need for security. Identity theft is a downside to the increased use of SSNs, and

new markets have opened a new industry for identity protection. Speculation can be made that this evolution is an unintended consequence of the original Social Security Act that President Roosevelt could never have envisioned. ■

Notes

[1] Covered employment initially covered only about half the jobs in the country, which were in commerce or industry. See Martin, Patricia and Weaver, David A. "Social Security: A Program and Policy History." *Social Security Bulletin*, 2005, *66*(1); https://www.ssa.gov/policy/docs/ssb/v66n1/v66n1p1.html.

[2] Martin, Patricia and Weaver, David A. "Social Security: A Program and Policy History." *Social Security Bulletin*, 2005, *66(*1); https://www.ssa.gov/policy/docs/ssb/v66n1/v66n1p1.html.

[3] Disability Benefits Center. Federal Insurance Contributions Act; https://www.disabilitybenefitscenter.org/glossary/federal-insurance-contributions-act.

[4] Martin and Weaver, 2005. See footnote 2.

[5] In 1946, the Social Security Board became the Social Security Administration (SSA); https://www.ssa.gov/history/orghist.html.

[6] Puckett, Carolyn. "The Story of the Social Security Number." *Social Security Bulletin*, 2009, *69*(2); https://www.ssa.gov/policy/docs/ssb/v69n2/v69n2p55.html.

[7] Social Security Administration. "Social Security Numbers: The First Social Security Number and the Lowest Number"; https://www.ssa.gov/history/ssn/firstcard.html.

[8] Puckett, 2009. See footnote 6.

[9] For earlier-issued numbers, the area number represents the state of birth. The following link will tell what area numbers go with each state: Social Security Administration. "Social Security Number Allocations." Business Services Online (BSO); https://www.ssa.gov/employer/stateweb.htm.

[10] Social Security Administration. "Social Security Number Randomization." Business Services Online (BSO); https://www.ssa.gov/employer/randomization.html.

[11] Social Security Administration. "Social Security Number Randomization Frequently Asked Questions." Business Services Online (BSO); https://www.ssa.gov/employer/randomizationfaqs.html.

[12] Puckett, 2009. See footnote 6.

[13] Form SS-5 can be found at http://www.socialsecurity.gov/online/ss-5.pdf.

[14] Puckett, 2009. See footnote 6.

[15] Federal Trade Commission. "Security in Numbers: SSNs and ID Theft." Federal Trade Commission Report, December 2008; https://www.ftc.gov/sites/default/files/documents/reports/security-numbers-social-security-numbers-and-identity-theft-federal-trade-commission-report/p075414ssnreport.pdf.

[16] Puckett, 2009. See footnote 6.

Name_____ **Period**_____

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"Your Social Security Number: The 9-Digit Evolution"

After reading the article, select the best answer to each question.

1. The SSA began randomly assigning SSNs in 2011, and it
    a. assigns SSNs according to the state of birth of individuals.
    b. assigns SSNs according to the zip code of individuals.
    c. removes the geographical significance of the area number.
    d. increases the geographical significance of the serial number.

2. The first SSNs were issued
    a. only in person at the Social Security Headquarters.
    b. in the same year the Social Security Act was signed.
    c. by the Internal Revenue Service.
    d. by the United States Postal Service.

3. The responsibility for collecting payroll taxes is given to
    a. the Social Security Administration.
    b. the Internal Revenue Service.
    c. each of the Social Security field offices.
    d. the United States Postal Service.

4. Today, an SSN is required
    a. to be displayed on a driver's license.
    b. to file federal income taxes.
    c. to be displayed on birth certificates.
    d. for exactly the same things as in 1936.

5. Identity theft of your SSN can be very damaging. One effective way to prevent the theft is to
    a. always carry your Social Security card with you.
    b. monitor your credit report.
    c. never share your SSN for any reason.
    d. close all credit card accounts.

6. The _____ demand for greater protection of personal data has created new markets that claim to _____ protection of personal data.
    a. decreasing; decrease
    b. increasing; decrease
    c. decreasing; increase
    d. increasing; increase

7. The original purpose of the SSN was to
   a. identify taxpayers filing income tax forms.
   b. maintain accurate records of workers' earnings.
   c. maintain accurate birth and death records.
   d. help prevent identify theft when using advanced technology.

8. The age of technology has _____ SSN usage while _____ the need for security.
   a. increased; increasing
   b. decreased; increasing
   c. decreased; decreasing
   d. increased; decreasing

9. The Social Security Act of 1935 was
   a. signed after the Social Security Administration had the system organized, complete, and ready to go.
   b. written to avoid any unintended consequences in the future for people over age 65.
   c. designed primarily to provide financial benefits in the future for people over age 65.
   d. designed primarily to provide immediate financial benefits to people during the worst years of the Great Depression.

10. Payroll taxes are commonly called "FICA" taxes because
    a. this is an abbreviation for the Federal Insurance Contributions Act of 1935.
    b. this is an abbreviation for the Federal Income Tax Act of 1936.
    c. they are named for John Fica, who wrote the details of payroll tax collecting.
    d. they are designed according to the Federal Insurance Check Act.

11. FICA taxes are
    a. paid voluntarily.
    b. paid because of law.
    c. only paid by employees.
    d. only paid by employers.

12. Juanita and Frederick were both issued an SSN in 1960. Juanita lives in Tennessee and Frederick lives in California.
    a. The area numbers for both Juanita's and Frederick's SSN will probably be the same since they were issued in the same year.
    b. Juanita's SSN will probably have higher area numbers, while Frederick's SSN will probably have lower area numbers.
    c. Juanita's SSN will probably have lower area numbers, while Frederick's SSN will probably have higher area numbers.
    d. Juanita's SSN will probably have only two digits for the area numbers, while Frederick's SSN will probably have three digits for the area numbers.