

Social Security Amendments of 1961

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SOCIAL SECURITY AMENDMENTS OF 1961

REPORT

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 6027

A BILL TO IMPROVE BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM BY INCREASING THE MINIMUM BENEFITS AND AGED WIDOW'S BENEFITS AND BY MAKING ADDITIONAL PERSONS ELIGIBLE FOR BENEFITS UNDER THE PROGRAM, AND FOR OTHER PURPOSES



APRIL 7, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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87TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
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SOCIAL SECURITY AMENDMENTS OF 1961

APRIL 7, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 6027]

The Committee on Ways and Means, to whom was referred the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

On page 20, line 11, strike out "(b)" and insert "(d)".

This is a clerical amendment.

I. SCOPE OF THE BILL

The proposals embodied in H.R. 6027 as reported by your committee would provide improvements in our social insurance system. These changes will make the old-age, survivors, and disability insurance program more flexible and effective in carrying out its basic purpose, and are along the lines of the changes recommended by the President.

The old-age, survivors, and disability insurance program, providing as it does a regular income for many millions of families who might otherwise be without the basic means of subsistence, is one of the most important of our economic stabilizers. Under the improvements recommended in your committee's bill, additional purchasing power will be placed in the hands of people who very much need it. These proposed changes would benefit about 4,420,000 people within the first 12 months through new or increased benefits amounting to \$780 million. The changes constitute desirable and sound long run improvements in the system.

Consistent with policies established by the Congress in the past, the improvements made by the bill will be fully financed and the program will continue to be self-supporting and on a sound actuarial basis.

II. SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BILL

A. INCREASE IN THE MINIMUM BENEFIT

The bill would increase from \$33 to \$40 the minimum monthly retirement benefit payable under the program to persons retiring at or after age 65 and the minimum monthly disability benefit, with proportionate increases in the minimum benefits payable to dependents and survivors. This provision would mean increased benefits for 2,175,000 people, amounting to \$170 million, during the first 12 months of operation.

B. BENEFITS AT AGE 62 FOR MEN

The bill would make benefits available for men beginning at age 62, with the benefits payable to men claiming benefits before age 65 reduced to take account of the longer period over which the benefits will be paid. The effect of this change would be that men electing to retire at age 62 will receive the same total amount of benefits over the remainder of their lives as they would have received had they waited to retire at age 65.

In the first year of operation, about 560,000 people would get benefits amounting to \$440 million under this proposed change.

C. CHANGE IN THE INSURED STATUS REQUIREMENTS

The bill would liberalize the insured status requirements so that a worker would be fully insured if he has one quarter of coverage for every year elapsing after 1950 (or after the year in which he attained age 21, if that was later) and up to the year of disability, death, or attainment of age 65 for men (62 for women). Under present law one quarter of coverage is required for every three elapsed calendar quarters.

This change would bring about 160,000 people onto the benefit rolls in the first year for a total of \$65 million in benefits.

D. INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S BENEFITS

The bill would increase aged widow's, widower's, and parent's benefits from 75 to 82½ percent of the workers' retirement benefit—a 10-percent increase in benefits for these people.

This provision would increase benefits for 1,525,000 people by \$105 million in the first 12 months of operation.

E. ESTABLISHING A PERIOD OF DISABILITY

The bill extends for 1 year—to June 30, 1962—the period within which a person may file an application for establishing a period of disability for purposes of determining eligibility for, and the amount of, old-age, survivors, and disability insurance benefits, and have the period begin as early as the time when his disability began.

F. EFFECTIVE DATES

The benefit provisions of the bill will be effective generally for the 1st month that begins on or after the 30th day after the bill is enacted.

G. INCREASE IN CONTRIBUTION RATES

To meet the increased cost incurred as a result of the improvements in the old-age, survivors, and disability insurance program which would be made by the bill, provision is made for an increase in the scheduled contribution rates. Beginning in 1962, contribution rates would be raised by ⅛ of 1 percent each for employees and employers and by ⅙ of 1 percent for the self-employed. The level-premium increase in cost which would result from the bill is 0.25 percent of payroll and the level-premium equivalent of the income from the increase in the contribution rates is also 0.25 percent of payroll. This means that the improvements would be fully financed and the system would remain actuarially sound.

III. GENERAL DISCUSSION**A. INCREASE IN THE MINIMUM BENEFIT**

Your committee recommends that the minimum monthly benefit payable to a worker retiring at or after age 65, to a disabled worker, and to a sole survivor of an insured worker be raised from \$33 to \$40.

Proportionate increases would be made in the minimum benefits payable to other dependents and survivors.

Individuals who are receiving benefits at minimum levels generally have very little, if any, other retirement income. In a survey of beneficiaries made by the Bureau of Old-Age and Survivors Insurance in 1957 it was found that, for married couples where the insured worker's benefit was less than \$50, about one-half of them had no permanent retirement income other than old-age, survivors, and disability insurance benefits. Supplementary public assistance based on need was being paid in one-fourth of the cases where the insured worker's benefit was less than \$45.

Improving the adequacy of the benefits for people at the lower benefit levels will make the protection of the social insurance program much more effective at the present time, yet it will increase costs but little over the long run. People coming on the rolls in the future will generally receive benefits at higher levels because they will have had more chance to work in covered employment at higher wages and incomes.

An estimated 2,175,000 people would have their benefits increased under this amendment during the first 12 months of operation. The additional benefits that would be paid out during the first 12 months would be \$170 million. The level-premium cost would be 0.06 percent of payroll.

The increase in minimum benefits would be effective for the 1st month that begins on or after the 30th day after enactment.

B. BENEFITS FOR MEN AT AGE 62

Your committee recommends that old-age and survivors insurance benefits be made available for men at age 62, with the old-age and husbands' benefits payable to men who claim them before age 65 reduced to take account of the longer period over which the benefits will be paid. (Reduced benefits are provided for women at age 62 under present law.)

The provision of benefits at age 62 for men will help to alleviate the hardships faced by that group of men who, because of ill health, technological unemployment, or other reasons, find it impossible to continue working until they reach 65. It is well known that older workers who lose their jobs find it more difficult to get new jobs than do younger unemployed workers. The plight of the older unemployed man is particularly bad. It is, of course, worse during periods of recession and in areas of chronic unemployment. Even with relatively high employment there will always be individuals nearing age 65 who will lose their jobs and find it impossible to get new ones. Adoption of this amendment will make the program, to which these people have made contributions over the years in expectation of receiving benefits when they are too old to work, flexible enough to provide a degree of protection for them when they find themselves unable to get work because of conditions beyond their control when they are getting along in years, even though they have not reached the age of 65.

Provisions for optional retirement before age 65 are quite common in private pension plans. A study of the pension programs of 230 companies, made by the Bankers Trust Co. of New York in 1960,

showed that among the collectively bargained plans 96 percent permitted early retirement and among the noncollectively bargained plans 88 percent permitted early retirement. In another 1960 study (by the Bureau of Labor Statistics) it was found that early retirement provisions were included in 224 of the 300 plans studied (75 percent), and covered about 3 million of the 4.6 million workers who were members of these plans (12 of these plans covering about 350,000 workers provided early retirement for women only). Moreover, it appears that the number of plans providing for optional early retirement is increasing; in a comparable 1952 study (by the Bureau of Labor Statistics) only 166 of the 300 plans which were included had early retirement provisions.

The reduction rates provided in your committee's bill for men are the same as those now applied to women. (The reduction rate is the percentage by which a person's benefit is reduced for each month by which he is under 65 when he begins to get benefits.) The reduction rate for the wife's benefit in present law ($\frac{2}{3}\%$ of 1 percent) is greater than the rate for a woman worker's benefit ($\frac{1}{3}\%$ of 1 percent) because the worker's benefit is payable during all her remaining years after retirement, whereas the wife's reduced benefit is payable only while both she and her husband are alive.

Under present law widow's and parent's benefits are not reduced even though the beneficiary is between ages 62 and 65 when he begins to receive benefits. Under the bill, the benefits for the male worker would be reduced at the same rate as now applies for the female worker. Husband's benefits would be reduced at the same rate as now applies to wife's benefits, and widower's benefits would be payable in full (as widow's benefits now are). A worker who begins getting benefits in the month in which he reaches age 62 will get a benefit amounting to 80 percent of the amount he would get if he stopped working then but waited until his 65th birthday; a man getting husband's benefits at 62 will get 75 percent of what he would have gotten at 65.

The following table shows monthly benefit amounts for men who apply for benefits between ages 62 and 65:

Average monthly wage	Old-age insurance benefit at—			
	Age 65	Age 64	Age 63	Age 62
\$50.....	\$40	\$37.40	\$34.70	\$32.00
\$85.....	50	46.70	43.40	40.00
\$110.....	65	60.70	56.40	52.00
\$180.....	80	74.70	69.40	64.00
\$275.....	100	93.40	86.70	80.00
\$370.....	120	112.00	104.00	96.00
\$400.....	127	118.60	110.10	101.60

A wife between the ages of 62 and 65 of a man who retires at or after age 62 would, under the provisions of the bill, be able to get a reduced benefit based on her husband's primary insurance amount (his benefit before reduction on account of his age). For example, where a man with a primary insurance amount of \$100 claims a reduced benefit of \$80 at age 62, the wife would get \$50 (50 percent of the primary insurance amount) if she were age 65 when he retired, or \$37.50 (75 percent of \$50) if she were age 62.

Under your committee's bill, the method of computing the benefits for men would differ from that now used for women. More specifically, the period over which a man's eligibility for benefits and benefit amounts are figured would differ from that for women. A man's eligibility for benefits and benefit amounts would continue to be figured over the period up to age 65, as under present law. If a provision were included to figure a man's eligibility for benefits and benefit amounts over a shorter period (up to age 62 instead of to age 65), as is now done for women, the long-range cost of the program would be increased by an estimated 0.10 percent of payroll. In view of the significant cost that would be incurred, your committee has concluded that it is not advisable to include such a provision.

Otherwise, in general, men would be treated under the bill as women are now treated. A man or a woman getting a retirement benefit before 65 has the benefit reduced for each month by which he or she is under 65, and if the man or woman does not receive benefits for some months before 65 because he was working, the reduction in the benefit is adjusted at age 65. This "roundup" at 65 is now provided for women.

Your committee's bill would make an improvement for both men and women over the provisions of present law. The bill eliminates a requirement of present law that a person's benefit must be withheld for at least 3 months before age 65 in order to have the reduction recalculated to charge only for the months for which reduced benefits were received before 65. The bill provides that there will be a "roundup" recalculation at 65 if there was any month for which the benefit was not payable.

Your committee's bill would make still another improvement, applicable to both men and women. Under present law, if a woman receives an increase in her benefit by working after she first begins to get benefits, or if a general benefit increase is provided by law, the increase in the benefit is reduced, even though the increase may be paid for a much shorter period than the original benefit. At the age of 72, for example, 10 years after she elected to take a reduced benefit under present law, a woman still could not get the full amount of a benefit increase. Still another example of the operation of present law in this respect is that a woman who took reduced benefits in 1957 and who is now age 67 could not get the full amount of the increase in the minimum benefit that would be payable to a woman age 65 who had just begun to draw benefits. Over a lifetime, this basis could mean a serious diminution in a person's total benefit. Under the bill a benefit increase for a person getting reduced benefits—a man or a woman—would be reduced only for the months remaining before age 65 at the time the increase was effective.

An estimated 560,000 people can be expected to get benefits under the amendment during the first 12 months of operation. Taking into account the increase in the minimum benefit also recommended at this time, the additional benefits that would be paid out during the first 12 months to men claiming benefits before age 65 would be \$440 million. There would be no level-premium cost for this proposal.

This provision would be effective for the 1st month which begins on or after the 30th day after enactment.

C. LIBERALIZATION OF THE INSURED STATUS REQUIREMENTS

Your committee recommends that the requirements for fully insured status be changed so that a person would need one quarter of coverage for every year (generally, one quarter for each four calendar quarters) elapsing after 1950 (or after the year in which he attained the age of 21, if that was later) and before the beginning of the year in which he reached age 65 (or age 62 for women), died, or became disabled, instead of one quarter of coverage for every three calendar quarters elapsing, as required under present law. (The minimum requirement of 6 quarters of coverage and the maximum requirement of 40 quarters of coverage for permanently insured status would be retained.)

A similar provision was passed by the House of Representatives last year but was deleted in the Senate. The provision that was finally enacted, calling for one quarter of coverage for every three elapsed quarters, was a compromise between the House provision and the 1-for-2 requirement in the law at that time. Your committee believes that the provision passed by the House last year is a desirable one and should be enacted. It would make the insured-status requirements for people who are now old comparable to those that will apply in the long run for people who will attain retirement age in the future. People who were young when the program started and young people who began working after that time will need about 1 year of work for every 4 years elapsing after age 21 (10 years out of a possible 40 or more years in a working lifetime) in order to be permanently insured for old-age insurance benefits. Under present law, people who are now old must meet a proportionally stricter test. People who were first covered in 1955, for example, and who reached retirement age (65 for men; 62 for women) in 1961 must, under present law, have $3\frac{1}{4}$ years of coverage out of the 6 years in which they could possibly have been covered. Under the proposed change, they would need $2\frac{1}{2}$ years.

The change proposed by your committee would help especially those people who are uninsured not because they worked irregularly over their lifetimes, but because the work they did in the prime of life was not covered. By the time their regular occupations were covered under the program they were already so old that they could not work long enough or regularly enough to meet the insured-status requirements in the law.

Under this amendment, about 160,000 people who are not now insured would get benefits in the first 12 months of operation. Taking into account the increase in the minimum benefit and the payment of actuarially reduced benefits to men, the total amount that would be payable to these people in the first 12 months would be \$65 million. The level-premium cost would be 0.02 percent of payroll.

The effective date for the liberalization in the insured-status requirement is the 1st month which begins on or after the 30th day after enactment.

D. INCREASE IN THE BENEFITS PAID TO WIDOWS, WIDOWERS, AND SURVIVING DEPENDENT PARENTS

Your committee recommends that the aged widow's benefit be increased from 75 percent of her husband's retirement benefit to 82½ percent—a 10-percent increase in benefits for such persons. A similar increase would be made in the benefit payable to a widower and to a surviving dependent parent. (Where there is more than one dependent parent the parent's benefits would not be increased—each parent would continue to get 75 percent of the primary benefit.)

An increase in the widow's benefit is one of the most needed changes in the social security program. Aged widows are among the neediest groups in our population. The average benefit for an aged widow today is \$57.80 a month, as compared with \$70 for a retired worker without eligible dependents; under the bill (taking into account the increase in the minimum benefit as well as the increase for widows) the average widow's benefit will be \$64.

Widows not only receive lower benefits than do retired workers; they also have less in other income. Very few receive private pensions, for example. According to a survey of beneficiaries conducted by the Bureau of Old-Age and Survivors Insurance in 1957, one-half of the women receiving aged widow's benefits had money income of less than \$270 a year in addition to their old-age and survivors insurance benefit, as compared with \$470 for nonmarried retired workers. The proposed change would provide needed additional funds for these older women. In addition, men who are currently working will know that through their work and contributions to the program they are building more adequate survivor protection for their families in the event of their death.

Taking into account the increase in the minimum benefit, also recommended at this time, it is estimated that 1,525,000 people would have their benefits increased during the first 12 months of operation by the change in the benefit amounts payable to widows, widowers, and parents. The additional benefits that would be paid out during the first 12 months would amount to about \$105 million. The level-premium cost would be 0.17 percent of payroll.

This change would be effective for the 1st month that begins on or after the 30th day after enactment.

The following table compares the amounts that are now payable, and the amounts that will be payable under the bill, to widows whose deceased husbands had average monthly earnings of given amounts:

Average monthly wage	Amount of widow's benefit under present law	Amount of widow's benefit under the bill
\$50.....	¹ \$33.00	^{1 2} \$40.00
\$100.....	44.30	48.70
\$150.....	54.80	60.30
\$200.....	63.00	69.30
\$250.....	71.30	78.40
\$300.....	78.80	86.70
\$350.....	87.00	95.70
\$400.....	95.30	104.80

¹ Where widow is sole survivor.

² Reflects the increase in the minimum benefit provided for in the bill.

E. EXTENSION OF THE TIME FOR FILING FULLY RETROACTIVE APPLICATIONS FOR ESTABLISHING DISABILITY PERIODS

Your committee's bill would extend for 1 year—through June 30, 1962—the time within which insured workers with longstanding disabilities may file applications for disability protection on the basis of which the beginning of a period of disability could be established as early as the actual onset of disablement. This provision of the bill would allow more time for persons who have only recently—through the 1960 amendment that provided cash disability benefits for disabled workers under age 50—become eligible for monthly disability benefits to file for these benefits. Many of these new eligibles only now are learning of their rights to disability benefits.

F. INCREASE IN CONTRIBUTION RATES

It is essential that the old-age, survivors, and disability insurance program remain soundly financed. The Congress has established the policy that the tax schedule in the law should make the system fully self-supporting and keep it actuarially sound. Consistent with this policy, the bill makes provision for meeting the cost of the improvements by raising the contribution rates by $\frac{1}{8}$ of 1 percent each for employees and employers and by $\frac{3}{16}$ of 1 percent for the self-employed, beginning January 1, 1962.

The increase in the level-premium cost of the program resulting from the improvements provided in the bill is estimated to be one-fourth of 1 percent of payroll. Since the level-premium equivalent of the additional income to the trust funds provided by the increase in the contribution rates is also estimated to be one-fourth of 1 percent of payroll, the bill does not change the actuarial balance of the program.

The new tax schedule would be as follows:

Years	Rate for employees and employers	Rate for self-employed
	<i>Percent</i>	<i>Percent</i>
1962.....	3 $\frac{3}{8}$	4 $\frac{1}{16}$
1963 to 1965.....	3 $\frac{5}{8}$	5 $\frac{1}{16}$
1966 to 1968.....	4 $\frac{1}{8}$	6 $\frac{3}{16}$
1969 and later.....	4 $\frac{3}{8}$	6 $\frac{5}{16}$

IV. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

A. FINANCING POLICY

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, in that legislation the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. Thus, the Congress has always very

strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and, therefore, actuarially sound.

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system and, moreover, is not always the case for well-administered private pensions, which may not have "funded" all the liability for benefits based on prior service.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness, then, is not a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Thus, the concept of "unfunded accrued liability" does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated trust funds will, over the long run, support the estimated disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate cost estimate, results in the system being in balance or substantially close thereto.

B. ACTUARIAL BALANCE OF PROGRAM IN PAST YEARS

The actuarial balance under the 1952 act¹ was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table 1. This was the case because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding the enactment of that act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-premium cost (i.e., the average long-range cost, based on discounting at interest,

¹ The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

TABLE 1.—Actuarial balance of old-age, survivors, and disability insurance program under various acts for various estimates on an intermediate cost basis

Legislation	Date of estimate	Level-premium equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
		[Percent]		
Old-age, survivors, and disability insurance ⁴				
1950 act.....	1950	6.05	5.95	-0.10
1952 act.....	1952	5.85	5.75	-.10
1952 act.....	1954	6.62	6.05	-.57
1954 bill (House).....	1954	7.34	7.12	-.22
1954 act.....	1954	7.50	7.12	-.38
1954 act.....	1956	7.45	7.29	-.16
1956 act.....	1956	7.85	7.72	-.13
1956 act.....	1958	8.25	7.83	-.42
1958 act.....	1958	8.76	8.52	-.24
1958 act.....	1960	8.73	8.68	-.05
1960 act.....	1960	8.98	8.68	-.30
1961 bill (House).....	1961	9.33	9.03	-.30
Old-age and survivors insurance ⁴				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	-.57
1958 act.....	1958	8.27	8.02	-.25
1958 act.....	1960	8.38	8.18	-.20
1960 act.....	1960	8.42	8.18	-.24
1961 bill (House).....	1961	8.77	8.53	-.24
Disability insurance ⁴				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+.15
1958 act.....	1958	.49	.50	+.01
1958 act.....	1960	.35	.50	+.15
1960 act.....	1960	.56	.50	-.06
1961 bill (House).....	1961	.56	.50	-.06

¹ Expressed as a percentage of taxable payroll.

² Including adjustments (a) to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, and (c) for administrative expense costs.

³ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

⁴ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

The 1954 amendments as passed by the House of Representatives contained an adjusted contribution schedule that not only met the increased cost of the benefit changes in the bill, but also reduced the aforementioned lack of actuarial balance to the point where, for all practical purposes, it was sufficiently provided for. The bill as it passed the Senate, however, contained several additional liberalized benefit provisions without any offsetting increase in contribution income. Accordingly, although the increased cost of the new benefit provisions was met, the "actuarial insufficiency" as then estimated for the 1952 act was left substantially unchanged under the Senate-approved bill. The benefit costs for the 1954 amendments as finally enacted fell between those of the House- and Senate-approved bills.

Accordingly, under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then-current estimates had indicated in regard to the financing of the 1952 act.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. This may have been due, in large part, to the liberalizations of the retirement test that had been made in recent years—so that aged persons are better able to effectuate a smoother transition from full employment to full retirement. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability-insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

At the beginning of 1960, the cost estimates for the old-age, survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who meet the insured status

conditions to be eligible for these benefits had been significantly overestimated. It was also found that the disability experience in respect to eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability-insurance portion of the program.

Your committee believes that it is a matter for concern if either portion of the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view has been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability-insurance portion of the system is about 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in the tax schedule or through other methods, and at the same time the actuarial status of the program was improved. The changes provided in your committee's bill are in conformity with these principles.

C. BASIC ASSUMPTIONS FOR COST ESTIMATES

Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors, and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1970 and thereafter) are presented on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1959. In addition to the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease.

The short-range cost estimates (shown for the individual years 1961-65) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved can be reasonably closely forecast, so that only a single estimate is necessary. A gradual rise in the earn-

ings level in the future, paralleling that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the "21st Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund" (H. Doc. No. 60, 87th Cong.).

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. Accordingly, the year 2000 is by no means a typical ultimate year insofar as costs are concerned.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes in to account the heavy deferred benefit costs.

The long-range estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they are assumed to rise steadily as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the program in relation to payroll is a very important "safety factor" in the financial operations of the system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings; if experience follows the high-cost assumption, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset

the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). The possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation.

If benefits are adjusted currently to keep pace with rising earnings trends as they occur, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since, under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service (and also for all survivor cases).

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that over the long range the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. The cost estimates contained here reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in 1961 and thereafter.

D. RESULTS OF INTERMEDIATE-COST ESTIMATES

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance

program should be on a completely self-supporting basis or, in other words, actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedule contained in your committee's bill is higher than that under present law by 0.25 percent in the combined employer-employee rate in all future years. The maximum earnings base to which these tax rates are applied is the same under your committee's bill as under present law—namely, \$4,800 per year. These schedules are as follows:

Calendar year	Present law		Committee bill	
	Employee rate (same for employer)	Self-employed rate	Employee rate (same for employer)	Self-employed rate
	Percent	Percent	Percent	Percent
1962.....	3	4½	3½	4½
1963 to 1965.....	3½	5¼	3¾	5¼
1966 to 1968.....	4	6	4½	6¾
1969 and after.....	4½	6¾	4¾	6¾

The interest rate used for the level-premium costs for your committee's bill is 3.02 percent. This is the same rate that was used in the cost estimates for the 1960 amendments.

Table 1 has shown that under the 1960 amendments the lack of actuarial balance of the old-age and survivors insurance system was 0.24 percent of payroll. The disability insurance system similarly had a lack of actuarial balance of 0.06 percent of payroll. The effect of the 1960 amendments on the combined old-age, survivors, and disability insurance system was an actuarial deficit of 0.30 percent of payroll, which is well within the margin of variation possible in actuarial cost estimates, and which is about the same as had generally prevailed in the past when the system has been considered to be in substantial actuarial balance.

Under your committee's bill the benefit changes proposed would, it is estimated, be exactly financed by the increases in the contribution rates. Accordingly, the previous figures as to lack of actuarial balance continue to apply. The level-premium cost of the benefits and the level-premium equivalent of the contributions are somewhat higher than in respect to the 1960 act, not only because of the provisions of the bill, but also because of the valuation date being 2 years later (beginning of 1962, instead of beginning of 1960); but the relative relationship of benefits and contributions is about the same. If the cost estimates had been based on a higher interest rate than 3.02 percent (which is somewhat above the current level being earned by the trust funds although considerably below the prevailing market

rate of interest on long-term Government obligations), the lack of actuarial balance would have been considerably less than 0.30 percent of payroll. In fact, if an interest rate of 3½ percent had been hypothesized, the cost estimates would show no actuarial deficit.

Table 2 traces through the change in the actuarial balance of the system from its situation under the 1960 act, according to the latest estimate, to that under your committee's bill, by type of major changes involved.

TABLE 2.—Changes in actuarial balance, expressed in terms of estimated level-premium cost as percentage of taxable payroll, by type of change, intermediate-cost estimate, 1960 act and committee bill

[Percent]	
Item	Committee bill
Old-age and survivors insurance benefits:	
Lack of balance (—) under 1960 act.....	-0.24
Increase in widow's benefit to 82½ percent of primary benefit ¹	-.17
Increase in minimum benefit to \$40.....	-.06
Liberalization of fully insured status ²	-.02
Reduction in retirement age for men (to 62).....	.00
Effect of increased contribution rates.....	+.25
Lack of balance (—).....	-.24
Disability insurance benefits:	
Lack of balance under 1960 act (—).....	-.06
Effect of changes in bill ³.....	.00
Lack of balance (—).....	-.06

¹ Similar increase for widower's and parent's benefits.

² Requirement is 1 quarter of coverage for every 4 "elapsed quarters," instead of "1 for 3" (with 40 quarters as maximum requirement in each instance).

³ The increase in the minimum benefit and the liberalization of fully insured status result in small increases in cost, but these are offset by the lower cost resulting from some men claiming reduced old-age benefits and then not being eligible for disability benefits later.

The changes made by your committee's bill would have relatively little cost effect in the disability insurance portion of the program. Few disability beneficiaries qualify for as little as the minimum benefit (less than 1 percent of the awards in 1959 were for under \$40). Also, the liberalization of the fully insured status provision would have little effect in making more persons eligible for these benefits because the vast majority of persons who meet the requirement of 20 quarters of coverage out of the last 40 quarters will thereby have sufficient coverage so as to be fully insured under the definition in present law. On the other hand, the introduction of actuarially reduced benefits for men electing them between ages 62 and 65 will reduce the disability benefit costs slightly; in certain cases a man might take the reduced benefits and thus no longer be eligible for disability benefits, whereas under present law, he might have qualified for the latter at some later date (but before age 65). As a result of these counterbalancing factors, it is estimated that there is no significant change in the cost of the disability insurance portion of the program.

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the old-age and survivors insurance system be financed by a high, level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level-premium tax rate.

This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level-premium cost of the old-age and survivors insurance benefits (without considering administrative expenses and the effect of interest earnings on the existing trust fund) under the 1960 act, according to the latest intermediate-cost estimate, was about 8.5 percent of payroll, and the corresponding figure for your committee's bill is about 8.8 percent. The corresponding figures for the disability benefits are 0.56 percent for both the 1960 act and your committee's bill.

Table 3 presents the benefit costs under your committee's bill, separately for each of the various types of benefits.

TABLE 3.—Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under committee bill as percentage of taxable payroll,¹ by type of benefit, intermediate-cost estimate at 3.02 percent interest

[Percent]

Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.11	0.44
Wife's benefits.....	.60	.05
Widow's benefits.....	1.43	(2)
Parent's benefits.....	.02	(2)
Child's benefits.....	.46	.07
Mother's benefits.....	.11	(2)
Lump-sum death payments.....	.12	(2)
Total benefits.....	8.85	.56
Administrative expenses.....	.10	.02
Interest on existing trust fund ³	-.18	-.02
Net total level-premium cost.....	8.77	.56

¹ Including adjustment to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate.

² This type of benefit is not payable under this program.

³ This item is taken as an offset to the benefit and administrative expense costs.

The level-premium contribution rates equivalent to the graded schedules in the law may be computed in the same manner as level-premium benefit costs. These are shown in table 1, as are also figures for the net actuarial balances.

Under your committee's bill, old-age and survivors insurance benefit disbursements for the calendar year 1961 will be increased by about \$425 million, since the effective date for the increased benefits is the second month after the month of enactment (here assumed to be April 1961, so that the first increased benefits are for June, and these will be reflected in checks issued at the beginning of July). There will, of course, be no additional income during 1961, since the contribution rate increases are effective on January 1, 1962.

In calendar year 1961, benefit disbursements under the old-age and survivors insurance system as modified by your committee's bill will total about \$12.1 billion. At the same time, contribution income for old-age and survivors insurance in 1961, inclusive of reimbursements from the general Treasury for the additional cost of noncontrib-

utory credit for military service, will amount to about \$11.7 billion under your committee's bill, the same as under present law. Thus, the excess of benefit outgo over contribution income will be about \$400 million under your committee's bill, as compared with an almost exact balance under present law. The size of the old-age and survivors insurance trust fund under your committee's bill will, on the basis of this estimate, decrease by about \$400 million in 1961 (interest receipts approximately equal the outgo for administrative expenses and for transfers to the railroad retirement account); under present law, it is estimated that this trust fund would remain relatively unchanged as between the beginning and the end of 1961.

In 1962, benefit disbursements under the old-age and survivors insurance system as it would be modified by your committee's bill will be about \$13.2 billion, or an increase of about \$800 million over present law. Contribution income for old-age and survivors insurance for 1962 will be \$12.4 billion, an increase of about \$400 million over present law. Accordingly, in 1962, there will be an excess of benefit outgo over contribution income of about \$800 million under your committee's bill, as against a corresponding figure of \$400 million under present law. Under your committee's bill, the situation will reverse in 1963 (as a result of the presently scheduled increase in the tax rate), and there will be an excess of contributions over benefit outgo of about \$800 million in 1963 and about \$1.1 billion in 1964.

Under your committee's bill, according to this estimate, the old-age and survivors insurance trust fund will thus decrease in 1961-62 from its size of \$20.3 billion at the end of 1960, declining to \$19.9 billion at the end of 1961 and \$19.1 billion at the end of 1962. At the end of 1963, however, it is estimated to rise to \$19.8 billion. Under present law, the decrease in the trust fund during 1961-62 is estimated at about \$400 million.

As to the disability insurance system, for the reasons described previously, the cost estimates for the program as it would be modified by your committee's bill are unchanged from those for present law. In calendar year 1961, such benefit disbursements will total about \$850 million, and there will be an excess of contribution income over benefit disbursements of about \$200 million. Similarly, in 1962 and the years immediately following, contribution income will be well in excess of benefit outgo.

Table 4 gives the estimated operation of the old-age and survivors insurance trust fund under your committee's bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but it is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 4.—Progress of old-age and survivors insurance trust fund under committee bill, high-employment assumptions, intermediate cost estimate at 3.02 percent interest¹

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ²	Interest on fund ¹	Balance in fund ³
Actual data						
1951.....	\$3,367	\$1,885	\$31	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	468	20,576
1955.....	5,713	4,968	119	-----	461	21,663
1956.....	6,172	5,715	132	-----	531	22,519
1957.....	6,825	7,347	162	-----	557	22,393
1958.....	7,566	8,327	194	-\$121	549	21,864
1959.....	8,052	9,842	184	-275	525	20,141
1960.....	10,866	10,677	203	-308	506	20,324
Estimated data (short-range estimate)						
1961.....	\$11,713	\$12,083	\$268	-\$310	\$507	\$19,894
1962.....	12,376	13,151	259	-305	505	19,050
1963.....	14,635	13,813	258	-325	521	19,810
1964.....	15,491	14,374	271	-320	568	20,904
1965.....	15,873	14,840	282	-305	628	21,978
Estimated data (long-range estimate)						
1970.....	\$20,594	\$16,898	\$245	-\$160	\$1,184	\$37,969
1975.....	22,310	19,657	260	-91	1,721	59,117
1980.....	24,013	22,633	270	1	2,248	77,234
2000.....	32,403	31,451	356	86	3,980	136,096
2020.....	39,417	43,106	456	86	7,729	261,631

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, which is equivalent to such fixed rate.

² A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse. Interest payment adjustments between the 2 systems are included in the "Interest" column.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service.

In every year after 1962 for the next 25 years, contribution income under your committee's bill is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily, reaching \$38 billion in 1970, \$77 billion in 1980, and over \$135 billion at the end of this century. In the very far distant future, namely, in about the year 2025, the trust fund is estimated to reach a maximum of about \$275 billion, and then decrease. The old-age and survivors insurance trust fund, according to this estimate, will not become exhausted until about a century hence.

The disability insurance trust fund, under your committee's bill, grows steadily for about the next 10 years and then decreases slowly, according to the intermediate-cost estimate, as shown by table 5. In 1970, it is shown as being \$3.4 billion, while in 1980, the corresponding figure is \$2.4 billion, respectively. There is an excess of contribution income over benefit disbursements for every year up to about 1965, and even thereafter the trust fund continues to grow because of its interest earnings. This trust fund is shown to decline after 1970, which is to be expected since the level-premium cost of the disability benefits according to the intermediate-cost estimate is slightly higher than the level-premium income, 0.50 percent of payroll. As the experience develops, it will be necessary to study it very carefully to determine whether the actuarial cost factors used are appropriate or if the financing basis needs to be modified. The use of slightly less conservative cost factors would result in the cost estimates for the disability insurance system probably showing it to be completely in actuarial balance, with a trust fund that would grow steadily and level off rather than declining.

TABLE 5.—Progress of disability insurance trust fund under committee bill, high-employment assumptions, intermediate-cost estimate at 3.02 percent interest ¹

[In millions]					
Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund ¹	Balance in fund
Actual data					
1957.....	\$702	\$57	\$3	\$7	\$649
1958.....	966	249	12	25	1,379
1959.....	891	457	50	41	1,825
1960.....	1,015	568	36	53	2,289
Estimated data (short range estimate)					
1961.....	\$1,044	\$857	\$43	\$61	\$2,494
1962.....	1,079	986	49	71	2,609
1963.....	1,108	1,071	52	78	2,672
1964.....	1,141	1,137	54	81	2,703
1965.....	1,171	1,186	57	83	2,714
Estimated data (long range estimate)					
1970.....	\$1,177	\$1,229	\$53	\$111	\$3,354
1975.....	1,275	1,401	58	95	3,108
1980.....	1,372	1,550	62	75	2,438
2000.....	1,852	2,048	80	(2)	(2)
2020.....	2,252	2,701	103	(2)	(2)

¹ An interest rate of 3.02 percent is used in determining the level premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, which is equivalent to such fixed rate.

² These figures are artificially low because of the method of reimbursements between the trust fund and the old age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

³ Fund exhausted in 1993.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

E. RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 6 shows the estimated operation of the old-age and survivors insurance trust fund under your committee's bill for the low- and

high-cost estimates, while table 7 gives corresponding figures for the disability insurance trust fund.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$255 billion and is then growing at a rate of about \$14 billion a year. Likewise, the disability insurance trust fund grows steadily under the low-cost estimate, reaching about \$10 billion in 1980 and \$26 billion in the year 2000, at which time its annual rate of growth is about \$1 billion. For both trust funds, under these estimates, benefit disbursements do not exceed contribution income in any year after 1962 for the foreseeable future.

TABLE 6.—Estimated progress of old-age and survivors insurance trust fund under committee bill, high-employment assumptions, low- and high-cost estimates

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund	Balance in fund
Low-cost estimate						
1970.....	\$20,651	\$16,541	\$230	-\$100	\$1,315	\$42,212
1975.....	22,516	19,113	240	-41	1,966	67,782
1980.....	24,522	21,734	250	41	2,711	93,765
2000.....	35,067	28,504	332	126	7,412	255,978
High-cost estimate						
1970.....	\$20,538	\$17,259	\$260	-\$220	\$1,054	\$33,725
1975.....	22,106	20,204	280	-141	1,476	50,442
1980.....	23,505	23,537	290	-39	1,784	60,677
2000.....	29,738	34,340	379	46	545	* 16,119

¹ A positive figure indicates payment to the trust fund from the railroad retirement account and a negative figure indicates the reverse.

* Fund exhausted in 2004.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service.

TABLE 7.—Estimated progress of disability insurance trust fund under committee bill, high-employment assumptions, low- and high-cost estimates

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
Low-cost estimate					
1970.....	\$1,180	\$934	\$51	\$180	\$5,622
1975.....	1,287	1,049	55	223	7,599
1980.....	1,401	1,160	58	285	9,805
2000.....	2,004	1,573	78	743	25,537
High-cost estimate					
1970.....	\$1,174	\$1,525	\$55	\$42	\$1,089
1975.....	1,263	1,752	62	(1)	(1)
1980.....	1,343	1,943	66	(1)	(1)
2000.....	1,699	2,522	82	(1)	(1)

¹ Fund exhausted in 1973.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

On the other hand, under the high-cost estimate the old-age and survivors insurance trust fund builds up to a maximum of about \$63 billion in about 25 years, but decreases thereafter until it is exhausted shortly after the year 2000. Under this estimate, benefit disbursements from the old-age and survivors insurance trust fund are less than contribution income during all years after 1962 and before 1980.

As to the disability insurance trust fund, under the high-cost estimate, in the early years of operation the contribution income is about the same as the benefit outgo. Accordingly, the disability insurance trust fund, as shown by this estimate, will be about \$2.5 billion during 1961-64 and will then slowly decrease until it is exhausted in 1973.

The foregoing results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports therefor, the tax schedule would be adjusted in future years so that none of the developments of the trust funds shown in tables 6 and 7 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

Table 8 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under your committee's bill as a percentage of payroll for various future years, through the year 2050, and also the level-premium cost of the two programs for the low-, high-, and intermediate-cost estimates (as was previously shown in tables 1 and 3 for the intermediate-cost estimate).

TABLE 8.—Estimated cost of benefits of old-age, survivors, and disability insurance system as percent of payroll,¹ under committee bill

[In percent]

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
Old-age and survivors insurance benefits			
1970.....	7.01	7.35	7.18
1980.....	7.76	8.76	8.25
1990.....	7.94	10.00	8.92
2000.....	7.13	10.10	8.49
2025.....	8.02	13.28	10.20
2050.....	10.17	15.16	12.11
Level-premium cost ³	7.69	10.06	8.77
Disability insurance benefits			
1970.....	0.40	0.65	0.52
1980.....	.41	.72	.56
1990.....	.39	.71	.54
2000.....	.39	.74	.55
2025.....	.45	.82	.60
2050.....	.49	.85	.63
Level-premium cost ³.....	.42	.73	.56

¹ Taking into account lower contribution rate for the self-employed, as compared with combined employer-employee rate.

² Based on the average of the dollar costs under the low-cost and high-cost estimates.

³ Level-premium contribution rate, at 3.02 percent interest rate, for benefits after 1961, taking into account interest on the Dec. 31, 1961, trust fund, future administrative expenses, and the lower contribution rates payable by the self-employed.

F. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age, survivors, and disability insurance system, as modified by your committee's bill, has an estimated benefit cost that is very closely in balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted.

The old-age and survivors insurance system as modified by your committee's bill is about as close to actuarial balance, according to the intermediate-cost estimate, as was the 1960 act according to the latest cost estimates. The system as modified by your committee's bill, and the system as it was modified by the previous amendments, has been shown to be not quite self-supporting under the intermediate-cost estimate. Nevertheless, there is close to an exact balance, especially considering that a range of variation is necessarily present in the long-range actuarial cost estimates and, further, that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program, under your committee's bill, is actuarially sound. The cost of the liberalized benefits under your committee's bill is met by the financing provided.

The separate disability insurance trust fund established under the 1956 act shows a small lack of actuarial balance under your committee's bill, as under the 1960 act, because the contribution rate allocated to this fund is slightly less than the cost of the disability benefits, based on the intermediate-cost estimate. Considering the variability of cost estimates for disability benefits and certain elements of conservatism believed to be present in these estimates, this small actuarial deficit is not significant.

V. SECTION-BY-SECTION ANALYSIS

The first section of the bill provides that it may be cited as the "Social Security Amendments of 1961."

The remainder of the bill is divided into three titles and eight sections as follows:

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

- Sec. 101. Increase in minimum benefits.
- Sec. 102. Reduced benefits for men at age 62.
- Sec. 103. Fully insured status.
- Sec. 104. Increase in widow's, widower's, and parent's insurance benefits.
- Sec. 105. Retroactive effect of certain applications for disability determinations.
- Sec. 106. Effective date.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

- Sec. 201. Changes in tax schedules.

TITLE III—MISCELLANEOUS

- Sec. 301. Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance.

SEC. 101. INCREASE IN MINIMUM BENEFITS

(a) *Increase in minimum primary insurance amount.*—Section 101(a) of the bill amends section 215(a) of the Social Security Act, which contains the table for determining primary insurance amounts and maximum family benefits. Under this amendment, the minimum primary insurance amount is increased from \$33 to \$40. The primary insurance amount is the amount payable to a retired worker (before any reduction because benefit payments begin before age 65), to a disabled worker receiving disability insurance benefits, and to a person described in section 202(m) of the Social Security Act (generally, a person who is the only survivor receiving minimum benefits on a worker's record). The primary insurance amount of the worker is also used in arriving at the amount of monthly benefits to which other persons are entitled. The wife's, husband's, child's, widow's, widower's, mother's, and parent's insurance benefits are specified percentages or fractions of the worker's primary insurance amount.

Under the amendment, all families now receiving benefits based on primary insurance amounts of less than \$40 will have their benefit amounts increased. Similarly, individuals coming on the rolls with respect to months beginning on or after the effective date of title I of the bill will be entitled to benefits based on primary insurance amounts of at least \$40.

The maximum amount of benefits payable to a family on an earnings record at the new minimum will be \$60. The corresponding maximum under existing law is \$53.

Finally, the amendment will increase the minimum lump-sum death payment under section 202(i) of the Social Security Act from \$99 to \$120.

(b) *Effective date for increase in minimum benefits.*—Section 101(b) of the bill provides the effective date for the increase in minimum benefits made by section 101(a) of the bill. The amendment is to apply (1) in the case of monthly benefits, to such benefits for months beginning on or after the effective date for title I of the bill, and (2) in the case of lump-sum death payments, where the death occurs on or after such effective date. Section 106 of the bill provides that the effective date for title I of the bill is the 1st day of the 1st calendar month which begins on or after the 30th day after the day on which the bill is enacted.

SEC. 102. REDUCED BENEFITS FOR MEN AT AGE 62

(a) *Age requirement for monthly benefits for men reduced from 65 to 62.*—Section 102(a) of the bill amends section 202 of the Social Security Act by striking out “retirement age” and “retirement age (as defined in section 216(a))” each place they appear therein and by inserting in lieu thereof “age 62”. The effect of these amendments is to reduce from 65 to 62 the age at which men may become entitled to old-age, husband’s, widower’s, and parent’s insurance benefits. As explained below, old-age insurance benefits and husband’s insurance benefits which become payable to men before they have attained age 65 will be reduced; widower’s and parent’s insurance benefits which become so payable will not be reduced.

(b)(1) *Adjustment of old-age, wife’s, or husband’s insurance benefit amounts in accordance with age of beneficiary.*—Section 102(b)(1) of the bill amends subsections (q) and (r) of section 202 of the Social Security Act to provide (1) the method for reducing old-age insurance benefits for men, and husband’s insurance benefits, where the beneficiary becomes entitled to such benefits before attaining age 65, and (2) to simplify and improve the method of reduction for both men and women. In general, the reduction provided by the bill is patterned after the reduction provided in existing law in the case of old-age insurance benefits for women, and wife’s insurance benefits, where the beneficiary becomes entitled to such benefits before attaining age 65.

One of the most important of the changes in the method of reduction appears in the amended section 202(q)(3) and relates to certain cases where the benefit of an individual is increased after he begins receiving such benefit. Under existing law, the amount of any benefit increase for a woman receiving reduced benefits is reduced on the basis of the beneficiary’s age when the original benefit began. Under the amended section 202(q)(3), an increase in the reduced benefit of a man or woman (where such increase is attributable to an increase in the primary insurance amount on which such benefit is based) is treated as a separate benefit, and is reduced in accordance with the beneficiary’s age at the time the increase becomes effective.

Another important change (which is discussed below in connection with the amended sec. 202(q)(2)) relates to the case where entitlement to an old-age insurance benefit begins after entitlement to a wife’s or husband’s insurance benefit. In such a case, under the amendment the amount of the old-age insurance benefit is not reduced by the amount of the reduction in the wife’s or husband’s insurance benefit.

Sec. 202(q)(1). General rule for reduction

Paragraph (1) of the amended section 202(q) of the Social Security Act provides for the reduction of an old-age, wife's, or husband's insurance benefit where the first month for which the individual is entitled to such benefit is a month before he attains age 65. The rate of reduction for men will be the same as the rate of reduction provided by existing law for women. Thus, the old-age insurance benefit of a man or woman for any month before he or she attains age 65 will be reduced by $\frac{5}{9}$ of 1 percent of the amount of such benefit, multiplied by the number of months in the "reduction period" for such benefit for such individual (that is, the number of months in the period beginning with the first month for which such individual is entitled to such benefit and ending with the last day of the month before the month in which such individual attains age 65). For example, in the case of an individual who becomes entitled to an old-age insurance benefit for the month in which he attains age 62 which is based on a primary insurance amount of \$40, such monthly benefit will be reduced by \$8 (20 percent). This is arrived at by multiplying $\frac{5}{9}$ of 1 percent of \$40 by 36 (the number of months in the reduction period). The reduction may be expressed mathematically as follows:

$$\frac{5}{9} \times \frac{1}{100} \times \$40 \times 36 = \$8$$

If, in the preceding example, the first month of entitlement had been the month in which the individual attained 63½, the reduction period would consist of 18 months in lieu of 36, and the reduction would be \$4 (10 percent).

At age 65, the reduction period for this benefit is adjusted as provided in paragraph (6) of the amended section 202(q) for months in which the benefit was subject to deductions under specified provisions of title II of the Social Security Act. The effect of the adjustment under paragraph (6) is to reduce the reduction in old-age insurance benefits, effective for the month of attaining age 65 and for months thereafter, where the individual did not receive such benefits for any month or months before attaining age 65 by reason of work deductions.

A reduction, similar to the reduction for old-age insurance benefits, is made under paragraph (1) of the amended section 202(q) for wife's or husband's insurance benefits to which an individual becomes entitled before attaining age 65. Here, however, the reduction fraction is $\frac{25}{36}$ of 1 percent in lieu of the $\frac{5}{9}$ of 1 percent provided for old-age insurance benefits. (This $\frac{25}{36}$ of 1 percent is the reduction fraction provided by existing law in the case of wife's insurance benefits.)

For example, if an individual becomes entitled to an unreduced wife's or husband's insurance benefit of \$40 for the month in which he or she attains age 62, the reduction under such paragraph (1) will be \$10 (25 percent). This may be expressed mathematically as follows:

$$\frac{25}{36} \times \frac{1}{100} \times \$40 \times 36 = \$10$$

If, instead of becoming so entitled at age 62, the individual became so entitled at age 63½, the reduction for the first month of entitlement, and for each month thereafter before the month in which he or she

attains age 65, would be \$5 (12½ percent). At age 65, the reduction period would be adjusted to eliminate months in which benefits were not received for any of the reasons stated in paragraph (6) of the amended section 202(q).

The following table gives examples of the amount of the reduction under paragraph (1) of representative old-age, wife's, and husband's insurance benefits first becoming payable at age 62, 63, or 64:

	Unreduced amount	Age first payable	Months in reduction period	Amount of reduction*	Reduced benefit
Old-age benefit (reduction fraction equals 5/6 of 1 percent).	\$40	62	36	\$8	\$32
	40	63	24	5.30	34.70
	40	64	12	2.60	37.40
	\$80	62	36	\$16	\$64
	80	63	24	10.60	69.40
	80	64	12	5.30	74.70
	\$120	62	36	\$24	\$96
	120	63	24	16	104
	120	64	12	8	112
Wife's or husband's benefit (reduction fraction equals 3/4 of 1 percent).	\$20	62	36	\$5	\$15
	20	63	24	3.30	16.70
	20	64	12	1.60	18.40
	\$40	62	36	\$10	\$30
	40	63	24	6.60	33.40
	40	64	12	3.30	36.70
	\$60	62	36	\$15	\$45
	60	63	24	10	50
	60	64	12	5	55

*In the examples in this explanation, all reductions in benefits which are not multiples of \$0.10 are rounded to the next lower multiple of \$0.10, as required by paragraph (7) of the amended section 202(q).

Sec. 202(q)(2). Special reduction rule for certain cases where individual is entitled to more than one benefit

Paragraph (2) of the amended section 202(q) provides a special rule for reducing the wife's or husband's insurance benefit. It applies if, for the first month for which the individual is entitled to such benefit at or after attaining age 62, the individual is also entitled to an old-age insurance benefit subject to reduction under section 202(q) or to a disability insurance benefit.

The type of case in which paragraph (2) will have its most frequent application is where an individual becomes entitled to an old-age insurance benefit before attaining age 65, and simultaneously or subsequently such individual becomes entitled to a larger wife's or husband's insurance benefit. Paragraph (2)(B) provides that in this case the wife's or husband's insurance benefit is to be reduced by the dollar amount of reduction applicable to the old-age insurance benefit under paragraph (1) of the amended section 202(q), and then further reducing the wife's or husband's insurance benefit by the reduction which would be appropriate under such paragraph (1) if the amount of such benefit were equal to the excess of the unreduced wife's or husband's insurance benefit over the unreduced old-age insurance benefit.

For example, at age 62 an individual becomes entitled to an unreduced old-age insurance benefit of \$40 and to an unreduced wife's or husband's insurance benefit of \$60. Under paragraph (2)(B) of the

amended section 202(q), the wife's or husband's insurance benefit would be reduced by \$13 to \$47. First, the dollar amount of reduction in the old-age insurance benefit of \$40 is determined under paragraph (1). This is \$8. Then paragraph (1) is applied to the excess of the wife's or husband's insurance benefit over the old-age insurance benefit. This excess (computed on the unreduced amount of each benefit) is \$20. Applying paragraph (1) to a wife's or husband's insurance benefit of \$20 to which an individual first becomes entitled at age 62 yields a reduction of \$5. Thus, the total reduction in the \$60 wife's or husband's insurance benefit would be \$13.

If, in the preceding example, the individual had become entitled to an unreduced old-age insurance benefit of \$40 at age 62, and had become entitled to an unreduced wife's or husband's insurance benefit of \$60 at age 63½, then the total reduction in the wife's or husband's insurance benefit would be \$10.50 (\$8, the reduction in the old-age insurance benefit, plus \$2.50, the appropriate reduction under par. (1) for a wife's or husband's insurance benefit of \$20 to which an individual becomes entitled at age 63½).

Paragraph (2)(C) of the amended section 202(q) provides the method of reduction under paragraph (2) in cases where an individual is entitled to a disability insurance benefit and simultaneously or subsequently becomes entitled to a wife's or husband's insurance benefit. Disability insurance benefits are not reduced by reason of the age of the beneficiary. Therefore, in this case the wife's or husband's insurance benefit is reduced by applying paragraph (1) to the amount by which the wife's or husband's insurance benefit (before reduction) exceeds the amount of the disability insurance benefit. For example, at age 62 an individual becomes entitled to a disability insurance benefit of \$40. At age 64 such individual becomes entitled to an unreduced wife's or husband's insurance benefit of \$50 (and remains entitled to the disability insurance benefit). In this case, the wife's or husband's insurance benefit will be reduced by \$0.80 to \$49.20. Under paragraph (2)(C) the reduction is computed by treating the wife's or husband's insurance benefit as being such a benefit of \$10 (the excess of \$50 over \$40). The formula for this reduction may be expressed as:

$$\frac{25}{36} \times \frac{1}{100} \times \$10 \times 12 = \$0.80$$

Paragraph (2)(D) of the amended section 202(q) deals with the case where an individual first becomes entitled to a wife's or a husband's insurance benefit simultaneously with, or subsequently to, entitlement to an old-age insurance benefit or a disability insurance benefit, and later on the entitlement to the old-age insurance benefit or to the disability insurance benefit ceases. Such a case may arise where a man recovers from his disability before he reaches age 65 and is not fully insured for old-age insurance benefits. Such a case may also arise where a man was entitled before age 65 to an old-age insurance benefit based entirely, or in part, on his earnings from railroad work and then acquires sufficient railroad service to make a total of 120 months, as a result of which his entitlement to old-age insurance benefits terminates.

In any such case, the wife's or husband's insurance benefit is reduced under paragraph (2)(D) by applying paragraph (1) to the full amount of the wife's or husband's insurance benefit. In making such application, the reduction period (i.e., the factor consisting of the number of months in the period beginning with the first month of entitlement and ending with the month before the month in which the individual attains age 65) is the reduction period applicable with respect to the first month for which the wife's or husband's insurance benefit was payable (and not the reduction period determined by reference to the month after the month in which entitlement to the old-age insurance benefit or the disability insurance benefit ceased).

As explained below, the amended section 202(r) of the Social Security Act deems that a person who is eligible for an old-age insurance benefit when he or she applies for a reduced wife's or husband's insurance benefit is also applying for such old-age insurance benefit. This provision, together with the amended section 202(q)(2), assures that in the usual case (the case where the wife's or husband's insurance benefit begins at the same time as, or after, a reduced old-age insurance benefit) the wife's or husband's insurance benefit will be reduced to take account of the old-age insurance benefit.

Under existing law (see sec. 202(q)(3) of existing law), where entitlement to an old-age insurance benefit begins after entitlement to a wife's insurance benefit, the old-age insurance benefit is reduced by the dollar reduction applicable to such wife's insurance benefit. No comparable provision is contained in the amended section 202(q), and for both men and women in this type of case the old-age insurance benefit (if entitlement begins before attaining age 65) will be reduced under paragraph (1) without regard to the prior reduction in the wife's or husband's insurance benefit. In the case of women now on the rolls whose old-age insurance benefit has been reduced by reason of a prior entitlement to a wife's insurance benefit, this change in law will affect benefits for the month beginning on the effective date of title I of the bill and for months thereafter.

Sec. 202(q)(3). Separate reduction computation for certain increases in benefits

Under existing law, if an old-age insurance or wife's insurance benefit which has been reduced under section 202(q) is later increased for any reason, the reduction period applicable to the original benefit is applied to the increase as though the increase had been payable in the first month for which the individual became entitled to the original benefit. This rule is changed in the amended section 202(q)(3) for any increase in a benefit resulting from an increase in the primary insurance amount (such an increase may arise from a recomputation of the worker's primary insurance amount to take account of additional earnings, or by legislation, such as sec. 101 of the bill, increasing primary insurance amounts).

In the case of any increase described in the amended section 202(q)(3), the increase will be reduced as though it were a separate benefit beginning in the first month for which it is effective—that is, in accordance with the age the beneficiary attains in the first month for which the increase is effective. Furthermore, the increase will be reduced under paragraph (1) or (2) of the amended section 202(q), whichever of such paragraphs applies in determining the amount by which the original benefit is reduced.

The effect of the amendment to existing law contained in the new paragraph (3) may be illustrated by the following example. Assume that a woman became entitled in the past to an old-age insurance benefit at age 62 on the basis of her primary insurance amount of \$33. This was reduced by \$6.60 (20 percent); so she is at present entitled to a monthly benefit of \$26.40. Section 101 of the bill provides that the minimum primary insurance amount, and therefore the minimum unreduced old-age insurance benefit, is to be \$40. Under existing law, this increase of \$7 would be reduced by \$1.40 (20 percent of \$7) to \$5.60, since the original benefit was reduced by 20 percent.

Under the amended section 202(q)(3), the amount of the reduction in this \$7 increase will depend on the age which this woman attains in the month which begins on the effective date for title I of the bill. If she is then 64½, the \$7 increase will be reduced by \$0.20, and she will be entitled to a reduced old-age insurance benefit of \$33.20 (\$26.40 plus \$6.80). Without this amendment, she would be entitled to \$32 (\$26.40 plus \$5.60).

If, at the time this bill takes effect, she has attained age 65, there will be no reduction in the \$7 increase. Under existing section 202(q), there would be a 20 percent reduction in the increase regardless of her attained age.

It is to be noted that the amended section 202(q)(3) will in some cases apply even though, immediately before an increase in the primary insurance amount, the individual was not entitled to the benefit in question. For example, assume that a woman becomes entitled to an unreduced wife's insurance benefit of \$20, based on a primary insurance amount of \$40. Subsequently, she becomes entitled to an unreduced old-age insurance benefit of \$40. At this point, she ceases to be entitled to the wife's insurance benefit, since she is now entitled to an old-age insurance benefit based on a primary insurance amount greater than one-half of the primary insurance amount on which the wife's insurance benefit is based (see the conditions of entitlement to a wife's insurance benefit contained in sec. 202(b) of the Social Security Act). Still later, the primary insurance amount of her husband is recomputed by reason of additional earnings and is increased to \$100. Upon filing application therefor, she will become entitled to an unreduced wife's insurance benefit of \$50. The amended section 202(q)(3) will apply to the difference between the unreduced original wife's insurance benefit of \$20 and the new unreduced amount of such benefit (\$50), and this \$30 increase will be reduced under the amended section 202(q)(1) on the basis of the age she attains in the first month for which she becomes entitled to such \$50 wife's insurance benefit.

Sec. 202(q)(4). Special reduction rules for wife's insurance benefits

Paragraph (4) of the amended section 202(q) provides that there is to be no reduction in a wife's insurance benefit for any month in which she has in her care a child of the person on whose primary insurance amount such wife's insurance benefit is based, if for such month such child is entitled to a child's insurance benefit. This rule is similar to a rule contained in existing law, but is modified by removing the requirement that the entitlement of the child to his benefit be based on the same earnings record as is the wife's insurance benefit. Still retained, however, is the requirement that the child

be a child of the person on whose earnings record the wife's insurance benefit is based.

This modification of existing law may have an effect, for instance, where a woman with a child remarries. After a year, this child is treated for purposes of title II of the Social Security Act as being the child of both the first husband and the second husband. If the primary insurance amount of the first husband is greater than that of the second husband, the child's insurance benefit will be computed by reference to the primary insurance amount of the first husband. However, since the wife's insurance benefit in this case must be based on the primary insurance amount of the second husband, under existing law this woman is not treated as having a child in her care. The amended paragraph (4) treats her as having a child in her care. This modification conforms the treatment of such a child for purposes of preventing reductions in the wife's insurance benefit to the treatment provided by existing law in adjusting the reduction in the wife's insurance benefit at age 65. Under existing law, and under the bill, in this type of situation the reduction period will be reduced when she reaches age 65 for any month in which she has such a child in her care.

Under the amended section 202(q)(4) (as under existing law) there will be no reduction in a wife's insurance benefit for any month in which she does not have a described child in her care, unless she has filed a certificate electing reduced benefits. If no certificate is filed electing reduced benefits, she will be entitled to a full wife's insurance benefit for a month in which she does not have a described child in her care, but section 203(c)(2) of the Social Security Act has the effect of applying a deduction to that benefit equal to the full amount thereof.

Subparagraph (C) of the amended paragraph (4) provides that if a woman does not have in her care a described child in the first month for which she is entitled to a wife's insurance benefit, and if such first month is a month before the month in which she attains age 65, then she is treated as having filed in such first month a certificate electing reduced benefits. This provision is in accordance with existing administrative practice.

Sec. 202(q)(5). Definition of reduction period

Paragraph (5) of the amended section 202(q) contains a definition of the term "reduction period." In order to determine the appropriate reduction under section 202(q) in the old-age, wife's, or husband's insurance benefit of any individual for months before he or she attains age 65 it is necessary to find the reduction period for that benefit. Where an individual is entitled to both an old-age insurance benefit and to a wife's or husband's insurance benefit, a separate reduction period must be ascertained for each such benefit.

Each reduction period consists of the months included in a period which ends with the month before the month in which the individual attains age 65, and begins generally with the first month for which the individual is entitled to the benefit in question. However, in the case of the wife's insurance benefit, the reduction period begins with the first month for which a certificate electing reduced wife's insurance benefits is effective.

Sec. 202(q)(6). Definition of adjusted reduction period

Paragraph (6) of the amended section 202(q) defines the term "adjusted reduction period." This is applicable in the case of old-age, wife's, or husband's insurance benefits subject to reduction under section 202(q) which are payable for the month in which the individual attains age 65 or for any month thereafter. To determine the adjusted reduction period for any of the enumerated benefits of an individual, it is necessary to find the reduction period for that benefit under paragraph (5). Such reduction period is then adjusted by eliminating certain months contained in such reduction period.

In the case of an old-age, wife's, or husband's insurance benefit, there is eliminated each month in the reduction period for which that benefit was withheld under the retirement test provisions. In the case of a wife's insurance benefit, there is also eliminated each month in the reduction period for which unreduced benefits were payable because the woman had in her care a child (of the person on whose earnings record her wife's insurance benefits are based) entitled to child's benefits. And in the case of a wife's or husband's insurance benefit based on the spouse's entitlement to a disability insurance benefit, there is also eliminated each month in the reduction period for which the wife's or husband's benefit (1) was withheld on account of the spouse's refusal to accept rehabilitation services, or (2) was not payable because the spouse recovered from his disability.

The effect of this provision is to apply to old-age insurance benefits for men and to husband's insurance benefits the provisions now applicable to old-age insurance benefits for women and to wife's insurance benefits which relate to the recalculation, at age 65, of the reduction in benefits so as to give credit for months before age 65 for which reduced benefits were not payable. However, the requirement of existing law that there must have been at least 3 months for which reduced benefits were withheld before there can be a recalculation of the reduced amount is eliminated. This change in law applies to individuals attaining age 65 on or after the effective date of title I of the bill. For these individuals there will be a recalculation even if a reduced benefit was withheld for only 1 month.

The operation of the amended paragraph (6) may be illustrated by the following example. At age 62 an individual becomes entitled to an old-age insurance benefit based on a primary insurance amount of \$90. The amount of such benefit for each month before the month in which he attains age 65 is reduced by \$18 to \$72 ($\frac{1}{3}$ of 1 percent of \$90, multiplied by 36). Assume that during the reduction period of 36 months beginning with the first month of entitlement and ending with the month before the month in which the individual attains age 65, this benefit is subject to a full deduction under section 203(b) of the Social Security in each of 16 months because such months are charged with excess earnings equal to the amount of the reduced benefit for such months. In addition, for each of an additional 3 months there is a partial deduction under section 203(b) because such months are charged with excess earnings which are less than the amount of the reduced benefit for such months. Accordingly, there were 17 months before the month in which he attains age 65 in which his reduced benefit was not withheld.

For the month in which this individual attains age 65, and for months thereafter, the old-age insurance benefit reduction is recal-

culated in the light of paragraph (6). The reduction is now \$8.50 ($\frac{1}{2}$ of 1 percent of \$90, multiplied by 17), and the reduced benefit is now \$81.50. For each month beginning with the month in which this individual attains age 65, he will be entitled to receive \$81.50. This is the same monthly benefit amount he would have been entitled to receive had his first month of entitlement been the month in which he attained age 63 and 7 months (assuming, in this latter case that there was no month before he attained age 65 for which the reduced benefit was withheld).

Sec. 202(q)(7). Rounding of benefits, etc.

Paragraph (7) provides that the amended section 202(q) is to be applied after section 203(a) of the Social Security Act, which places a limit on the amount of the benefits which may be paid to a family for any month. It is also to be applied after the application of section 215(g) of such act, which provides for rounding of any benefit which is not a multiple of \$0.10 to the next higher multiple of \$0.10. If, after applying these other provisions, the amended section 202(q) would result in a reduction which is not a multiple of \$0.10, then the reduction is rounded by eliminating that portion of it which is not such a multiple. This paragraph (7) provides the same rules for computing reduced benefits for both men and women as are provided under existing section 202(q)(9) for computing reduced old-age and wife's insurance benefits for women.

Sec. 202(r). Presumed filing of application by person eligible for an old-age insurance benefit and for a wife's or husband's insurance benefit

Section 102(b)(1) of the bill also amends section 202(r) of the Social Security Act to apply to a man the provision now applicable to a woman under which a person is deemed to have filed an application for both an old-age insurance benefit and a wife's (or, under the amended provision, husband's) insurance benefit where he is eligible for both in the same month before age 65 and where he applies for only one. (The exception in existing law applicable to a wife with a child beneficiary in her care for the first month of entitlement is continued.) The amended section 202(r) also contains a new provision needed to correct the anomaly in existing law where a woman entitled to disability insurance benefits is deemed to have filed an application for reduced old-age insurance benefits, thereby terminating her unreduced disability insurance benefit, when she becomes entitled to a reduced wife's insurance benefit. Under the amended section 202(r), where a person is entitled to a disability insurance benefit for the same month for which an application for a reduced wife's or husband's insurance benefit is effective, the person will be deemed to have filed an application for an old-age insurance benefit only as of the first subsequent month for which he or she is not entitled to a disability insurance benefit.

Sec. 102(b)(2) of the bill—Relationship of benefits reduced on account of age to disability insurance benefits.—Section 102(b)(2)(A) of the bill repeals section 202(s) of the act, dealing with the relationship between reduced benefits and disability insurance benefits. The provisions of the repealed section, modified so as to apply to men as well as to women, are incorporated in the sections they affect. As noted in the analysis of the new paragraph (2) of section 202(q), above, the provision of section 202(s) relating to the simultaneous entitlement to a

wife's insurance benefit and to a disability insurance benefit is now incorporated in that paragraph.

Section 102(b)(2)(B) of the bill amends section 223(a) of the act, relating to disability insurance benefits, by adding to it the provision now contained in paragraph (1) of section 202(s), modified so as to apply to men as well as women, under which entitlement before age 65 to a widow's or parent's (or, under the amended provision, widower's) insurance benefit, or to a reduced old-age or wife's (or, under the amended provision, husband's) insurance benefit, bars later entitlement to a disability insurance benefit. In order to give full effect to this provision as it applies to men, the new paragraph also provides that a period of disability (for the purpose of excluding the period from the "elapsed period" in determining a person's insured status and benefit amount) may not begin after entitlement to a widow's, widower's, or parent's insurance benefit or to a reduced old-age, wife's, or husband's insurance benefit. This additional restriction is needed for men, but not for women, because the primary insurance amount for a man is computed on the basis of an elapsed period up to the year in which he attains age 65. Since the primary insurance amount for a woman is computed on the basis of an elapsed period up to the year in which she attains age 62, any period of disability established for her beginning after age 62 would have no effect.

Section 102(b)(2)(C) of the bill amends section 223(a) of the act by incorporating therein the provision now contained in paragraph (3) of section 202(s), modified to apply to men as well as women, under which a disability insurance benefit is terminated with the month before the month in which a person becomes entitled to an old-age insurance benefit.

Section 102(b)(2)(D) of the bill amends section 216(i)(2) of the act, relating to the definition of a period of disability, to provide a cross-reference to section 223(a)(3) (described above) under which a person may not begin a period of disability after the month in which he became entitled to any of the benefits listed in such section 223(a)(3).

Sec. 102(b)(3)—Waiver of retroactive benefits.—Section 102(b)(3) of the bill amends section 202(j)(3) of the act to make it clear that a man or a woman has the right to waive entitlement to old-age or survivors insurance benefits for one or more consecutive months before the month in which he or she becomes entitled to such benefits, beginning with the earliest month for which he or she would otherwise be entitled in the retroactive period. Existing law has been interpreted as having this effect. Paragraph (3) of section 202(j) of the act, which now specifically gives women the right to waive entitlement to benefits for retroactive months between the ages of 62 and 65 (months that would cause a reduction in her benefits), is made generally applicable to all benefits by the amendment.

Sec. 102(c)—Conforming amendments.—Section 102(c) of the bill makes a number of changes in the Social Security Act to conform various provisions to the changes made by the bill in providing monthly insurance benefits for men at age 62.

Paragraph (1) of section 102(c) repeals section 216(a) of the act, which defines "retirement age" as age 65 in the case of men and age 62 in the case of women. The paragraphs which follow paragraph (1) substitute references to specific ages in the provisions of the law where reference is now made to "retirement age."

Paragraph (2) of section 102(c) provides for substituting "age 62," where appropriate, in the provisions listed in such paragraph (2).

Paragraph (3) of section 102(c) of the bill amends a number of provisions of the Social Security Act primarily for the purpose of reflecting the retention of the beginning of the year of attainment of age 65 as the ending point of the elapsed period for a man, both for determining his benefit amount and for determining his insured status.

Sec. 102(d)—Other conforming amendments.—Section 102(d)(1) amends section 215(a)(4) of the act. Such section 215(a)(4) provides, in part, that in the case of an individual who was entitled to disability insurance benefits for the month before the month in which he became entitled to old-age insurance benefits, his old-age insurance benefit will be equal to his disability insurance benefit if that is the largest amount which may be determined for him. As amended, this provision will apply to a man only if he first became entitled to old-age insurance benefits at age 65. A man entitled to disability insurance benefits who became entitled to old-age insurance benefits before attainment of age 65 (usually because he has recovered from his disability) will have his old-age insurance benefit based on a primary insurance amount computed under other applicable provisions of the law. This primary insurance amount may be smaller than the primary insurance amount on which his disability insurance benefit was based because years after the year in which he recovered and before he reached age 65 are included as elapsed years.

Section 102(d)(2) of the bill amends section 215(b)(3) of the act (relating to the number of elapsed years to be used in the computation of an individual's average monthly wage, on which his benefit amount is based) so that even though a man can begin to receive old-age insurance benefits before attaining age 65, the period for determining the number of elapsed years to be used in the computation of his primary insurance amount will go up to the first year after 1960 in which he both was fully insured and had attained (or would attain) age 65. This is the period used for men in existing law.

Section 102(d)(3) adds a new paragraph (7) to section 215(f) (relating to the recomputation of benefit amounts).

Subparagraph (A) of the new paragraph (7) provides for a recomputation, after attainment of age 65, of the benefit amount of a man who started to receive old-age insurance benefits before the month in which he attains age 65. The recomputation will be made as though the man became entitled to old-age insurance benefits in the year in which he attains age 65. Earnings in years after the man first became entitled to benefits and through the year in which he attains age 65 will be used in the recomputation, if use of them increases the primary insurance amount. The recomputation will be made without application by the beneficiary. Any increase resulting from the recomputation will be payable for months starting with the month of attaining age 65, and (under sec. 202(q)(3), as amended by the bill) will not be subject to reduction.

Subparagraph (B) of paragraph (7) provides for a recomputation of the primary insurance amount for a man who received reduced old-age insurance benefits and who died before attaining age 65. The recomputation will be made, without the need for an application, if any individual is entitled to monthly survivors benefits or a lump-sum death payment on the basis of the earnings of the deceased worker.

The number of elapsed years will be measured over a period going up to (but not including) the year of death, rather than up to the year in which age 65 would have been attained; and earnings in years up through the year of death will be considered in the average monthly wage computation. The primary insurance amount as modified by the recomputation will be the basis for fixing the amount of monthly survivors benefits and the lump-sum death payment.

Sec. 102(e)—Adjustment of other provisions to take account of the provision of reduced benefits for men before age 65.—Section 102(e) of the bill amends subsections (b) and (c) of section 202 of the act, relating to the eligibility requirements for wife's and husband's insurance benefits, to make technical changes required to take account of the provisions for paying reduced benefits to men. Paragraphs (1) through (5) make changes that are needed because under the bill the old-age insurance benefit for a man will no longer always be the same as his primary insurance amount; it can be a lower amount. (The disability insurance benefit will continue to be the same as the primary insurance amount.) Paragraph (6) makes an exception to the provision that a husband's insurance benefit is one-half of the wife's primary insurance amount in order to reflect the possibility of a reduction in the husband's insurance benefit on account of the husband's age.

Sec. 102(f)—Effective dates for section 102.—Section 102(f)(1) of the bill provides that the changes made by section 102(a) of the bill resulting in making old-age and survivors insurance benefits available to men, as well as women, at age 62 are to apply for monthly benefits only for months beginning on or after the effective date of title I of the bill, and only on the basis of applications filed in or after March 1961. (Sec. 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the date of the enactment of the bill.)

Subparagraph (A) of section 102(f)(2) provides that, in general, the changes made by section 102(b)(1) of the bill which relate to reductions in old-age, wife's, and husband's insurance benefits beginning before age 65 are to apply for monthly benefits only for months beginning on or after the effective date of title I of the bill. Under this provision, a woman on the rolls whose old-age insurance benefit was reduced and who had been entitled to a wife's insurance benefit before she became entitled to an old-age insurance benefit will have her benefits recomputed to give her the advantage (for the months described in the preceding sentence) of the change under which, in such cases, an old-age insurance benefit is not reduced on account of a reduced wife's insurance benefit (but may be reduced on its own account).

Section 102(f)(2)(B) provides that the new provision for computing the reduction amount for an increase in a reduced benefit in accordance with the age of the beneficiary at the time the increase is effective (rather than his age at the time the original benefit began) is to apply to benefits only for months beginning on or after the effective date of title I of the bill, but only in cases where the increase is not effective for any month beginning before the effective date of title I of the bill, or where the increase is based on an application for a recomputation filed on or after such effective date.

Section 102(f)(2)(C) provides that the requirement under present law that the reduced benefits of a woman must have been withheld for at least 3 months in order for her to be eligible for a recalculation of the reduction amount at age 65 is to continue to apply to anyone who attains age 65 before the effective date of title I of the bill. The effect is to restrict the amendment eliminating the 3-month requirement to people who attain age 65 on or after the effective date.

Section 102(f)(2)(D) provides that where a person is entitled to a monthly benefit for the last month beginning before the effective date of title I of the bill, the amount of the benefit will not be decreased because of the changes made in section 202(q) of the act. The primary purpose of this provision is to prevent a decrease in benefits that might result from a recomputation to give women on the rolls the benefit of the change under which an old-age insurance benefit is not reduced solely because of prior entitlement to a reduced wife's benefit. Although the change described in the preceding sentence is a liberalization for virtually all cases, in a very rare case (arising from the adjustment in the reduction period at age 65) it could be a deliberalization.

Section 102(f)(3) provides an effective date for the changes made by section 102(b)(1), relating to the deemed-simultaneous filing of an application for both old-age insurance benefits and wife's or husband's insurance benefits where a person is eligible for both in the same month before age 65 but applies for only one such benefit. The changes apply to benefits only for months beginning on or after the effective date of title I of the bill. The new provision under which a person who was entitled to a disability insurance benefit in the first month before age 65 for which he was entitled to a husband's or wife's insurance benefit is deemed to have applied for an old-age insurance benefit for the first subsequent month for which he is not entitled to a disability insurance benefit applies only if that first subsequent month is a month beginning on or after the effective date of title I of the bill.

Section 102(f)(4) provides that the changes made by section 102(b)(2), dealing with the relationship between reduced benefits and disability insurance benefits, are to take effect on the effective date of title I of the bill.

Section 102(f)(5) provides that the changes made by section 102(b)(3), relating to the right to waive retroactive benefits, are to apply only where the application is filed on or after the effective date of title I of the bill.

Section 102(f)(6) provides an effective date for the changes made by section 102(c) and sections 102(d)(1) and 102(d)(2) of the bill to conform to the provisions making benefits available to men at age 62. The changes will apply with respect to (1) monthly benefits for months beginning on or after the effective date of title I of the bill based on applications filed in or after March 1961; and (2) lump-sum death payments based on deaths on or after the effective date of title I of the bill.

Section 102(f)(7) provides an effective date for the change made by section 102(d)(3) of the bill, relating to special recomputations for men who began to draw old-age insurance benefits before age 65. This change will take effect on the effective date of title I of the bill.

Section 102(f)(8) provides that the technical changes made by section 102(e) of the bill, which are required to take account of the

provisions for paying reduced benefits to men before age 65, are to apply to benefits only for months beginning on or after the effective date of title I of the bill.

Section 102(f)(9) states that for purposes of section 102(f), dealing with effective dates for section 102 of the bill, the term "monthly benefits" means monthly old-age, survivors, and disability insurance benefits payable under title II of the Social Security Act.

SEC. 103. FULLY INSURED STATUS

(a) *Fully insured status.*—Section 103(a) of the bill amends section 214(a) of the Social Security Act to change the work requirements for fully insured status, at the same time putting the provision defining fully insured status on an annual basis. The amended section 214(a) provides that a person will be fully insured if he has one quarter of coverage (acquired at any time after 1936) for *each calendar year* elapsing after 1950 (or after the year in which he attained age 21, if that was later than 1950) and before:

(1) In the case of a woman, the year in which she died or attained age 62, whichever is earlier;

(2) In the case of a man who has died, the year in which he died or the year in which he attained age 65, whichever is earlier; or

(3) In the case of a man who has not died, the year in which he attained, or would attain, age 65.

The existing minimum requirement of 6 quarters of coverage and maximum requirement of 40 quarters of coverage are retained.

The amended section 214(a) of the act conforms the provision for excluding periods of disability from the elapsed period to the annual basis for determining insured status by providing that any year any part of which is in a period of disability will not count as an elapsed year. Under existing law, any *calendar quarter* any part of which is in a period of disability is not counted as an elapsed quarter unless it is also a quarter of coverage (only the first and the last quarter of a period of disability may be quarters of coverage). The change to an annual basis will enable some few people who become disabled to become fully insured with one or (in a very rare case) two quarters of coverage less than would be required if the quarterly basis were kept. On a quarterly basis, a person whose period of disability began after the first quarter of a year would have one or more elapsed quarters counted in that year, and a person who recovered from a disability before the fourth quarter of a year would have one or more elapsed quarters counted in that year. On an annual basis, the entire year in which a disability began and the entire year in which the disability ended will be excluded from the elapsed period.

The following table shows the number of quarters of coverage required for fully insured status, under existing law and under the bill, for women who attain age 62 and men who attain age 65 in specified years, and who did not have a period of disability.

Year of attainment of age 62 (for women) or age 65 (for men)	Required quarters	
	Existing law	Proposed
1956 and earlier.....	6	6
1957.....	8	6
1958.....	9	7
1959.....	10	8
1960.....	12	9
1961.....	13	10
1966.....	20	15
1971.....	26	20
1976.....	33	25
1981.....	40	30
1986.....	40	35
1991 and after.....	40	40

(b) *Effective date for section 103.*—Section 103(b) provides that the amendments made by section 103(a) are to be effective for (1) monthly benefits for months beginning on or after the effective date of title I of the bill on the basis of applications filed in or after March 1961; (2) lump-sum death payments with respect to deaths occurring on or after the effective date of title I of the bill; and (3) disability determinations (for the purpose of excluding a period of disability from the elapsed period in determining insured status and the benefit amount) based on applications filed in or after March 1961. Section 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the enactment of the bill.

(c) *Special rule for filing proof of support.*—Section 103(c) of the bill provides a 2-year period (beginning with the effective date of title I of the bill) before the end of which proof of support may be filed in any case where a dependent widower or parent becomes eligible for benefits solely as a result of the changes made in the insured status requirements by section 103(a) of the bill. In the absence of such a provision, these dependents, who may have been denied the opportunity to file proof of support because the worker was not insured, would be barred from filing simply because the present statutory period for filing such proof (within 2 years after the worker's death, with a further 2-year extension if there was good cause for the failure to file) had expired.

(d) *Technical amendment to computation provision.*—Section 103(d) of the bill amends section 303(g)(1) of the Social Security Amendments of 1960 to prevent people who become fully insured solely as a result of the change in insured status made by the bill from taking advantage of an alternative method of benefit computation that is intended only for people who were already eligible for old-age insurance benefits (that is, fully insured and past retirement age) before the date of the enactment of the 1960 amendments. Such people can have their benefits figured over a period of years ending with the year in which they were first eligible for benefits, if that would yield the largest benefit amount for them. The amendment provides that “fully insured status” and “retirement age,” as used in section 303(g)(1) of the 1960 amendments, are to have the same meaning as they had in the law before those amendments (fully insured status defined as one quarter of coverage for every two quarters elapsing after 1950, rather than for every three quarters as in the 1960 amendments or for every

year as in the bill; and "retirement age" set at 62 for women and 65 for men).

SEC. 104. INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S INSURANCE BENEFITS

(a) *Increase in widow's insurance benefit.*—Section 104(a) of the bill amends section 202(e)(2) of the Social Security Act so as to increase the widow's insurance benefit from 75 percent of the primary insurance amount of her deceased husband to 82½ percent of his primary insurance amount.

(b) *Increase in widower's insurance benefit.*—Section 104(b) of the bill amends section 202(f)(3) of the Social Security Act so as to increase the widower's insurance benefit from 75 percent of the primary insurance amount of his deceased wife to 82½ percent of her primary insurance amount.

(c) *Increase in parent's insurance benefit.*—Section 104(c) of the bill amends section 202(h)(2) of the Social Security Act by replacing it with three new subparagraphs.

Subparagraph (A) of the amended section 202(h)(2) provides that, in general, a parent's insurance benefit will be 82½ percent of the primary insurance amount of the deceased worker on whose wages and self-employment income the parent's benefit is based. Exceptions to this general rule are set forth in subparagraphs (B) and (C).

Subparagraph (B) provides that for any month for which more than one parent is entitled to parent's insurance benefits based on a deceased worker's earnings, the benefit for each parent will be 75 percent (as in existing law) of the deceased worker's primary insurance amount.

Subparagraph (C) provides that if one parent is entitled to parent's insurance benefits based on the earnings of a deceased worker for a month, and later, because of an application that is retroactively effective for the same month, another parent of the worker becomes entitled to parent's insurance benefits for that month based on such worker's earnings, the total of the parent's insurance benefits for any month in the period for which that application has retroactive effect shall be limited to 150 percent of the primary insurance amount. Since the parent who first became entitled to benefits will have been entitled to a benefit equal to 82½ percent of the primary insurance amount for the month, the parent who later becomes entitled to benefits will get a benefit for that month equal to 67½ percent of the primary insurance amount. For months beginning with the month in which the second parent filed his application for benefits, each parent's insurance benefit will be 75 percent of the primary insurance amount, as provided in subparagraph (B).

(d) *Conforming amendments.*—Section 104(d)(1) of the bill amends section 202(e)(1) of the Social Security Act (relating to eligibility for widow's insurance benefits) and section 202(f)(1) of the Social Security Act (relating to eligibility for widower's insurance benefits) to take into account the higher widow's and widower's insurance benefits payable by reason of the amendments made by subsections (a) and (b), respectively, of section 104 of the bill. Under the new provision, a widow could be eligible to receive a widow's insurance benefit if her old-age insurance benefit were less than 82½ percent (instead of 75 percent) of the deceased worker's primary insurance amount, and

the widow's insurance benefit would be terminated if the widow became entitled to an old-age insurance benefit equal to or exceeding 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker. Similarly, a widower could be eligible to receive a widower's insurance benefit if his old-age insurance benefit was less than 82½ percent of the deceased worker's primary insurance amount, and the widower's insurance benefit would be terminated if the widower became entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of the deceased worker.

Section 104(d)(2) amends section 202(h)(1) of the Social Security Act (relating to eligibility for parent's benefits) to take into account the higher parent's insurance benefits which can be payable under section 104(c) of the bill. Under the new provision, a parent could be eligible to receive a parent's insurance benefit if his old-age insurance benefit was less than 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker, provided that only one parent was entitled to parent's insurance benefits based on the earnings of the worker (the only situation in which the parent's insurance benefit is increased by the bill). If more than one parent is entitled to parent's insurance benefits based on the earnings of a worker, there will be no increase in the parent's insurance benefit under the bill—therefore, the effect of the present law is retained; each parent could become entitled to parent's insurance benefits only if his old-age insurance benefit is less than 75 percent of the primary insurance amount of the deceased worker. Similarly, a parent's insurance benefit will be terminated if the parent becomes entitled to an old-age insurance benefit equal to or in excess of 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker, provided that only one parent is entitled to parent's insurance benefits based on the earnings of the deceased worker. If more than one parent is entitled to parent's insurance benefits based on the earnings of the deceased worker, a parent's insurance benefit would be terminated if he became entitled to an old-age insurance benefit that was equal to or in excess of 75 percent (as in present law) of the primary insurance amount of the deceased worker.

(e) *Effective date for section 104.*—Section 104(e) of the bill provides that the amendments made by section 104 of the bill are to apply with respect to monthly benefits for months beginning on or after the effective date of title I of the bill. (Sec. 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the date of enactment of the bill.)

(f) *Saving clause.*—Section 104(f) of the bill is a saving clause which provides that the increased benefits paid to a widow, widower, or parent as a result of the changes made by the bill are not to cause a reduction in the benefit paid to any other person entitled to benefits based on the earnings of the same individual for the month before the first month for which the increases in widow's, widower's, and parent's insurance benefits are effective. If there were no saving clause, because of the limitation on the total of the benefits that may be paid to a family on the basis of the earnings of one individual, the benefits payable to a person on the rolls when the bill is enacted might be reduced because of the increase in payments to widows,

widowers, and parents resulting from enactment of the bill. In an individual case the saving clause will be effective only until such time as a new person becomes entitled to benefits on the same earnings record, when benefits would be reduced under existing law. A further provision is added to restrict the applicability of the saving clause to those cases where it applies in the first month for which the increases in benefits are effective. Otherwise, because of future changes in the law, it could apply for the first time many years after the bill is enacted. To avoid this result, the saving clause applies at all only if it is applicable in the particular case for the first month for which the increase in widow's, widower's, and parent's insurance benefits will be effective—i.e., in cases where the benefits payable for such month would be reduced but for the saving clause.

SEC. 105. RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY DETERMINATIONS

Section 105 of the bill amends section 216(i)(4) of the Social Security Act to extend for 1 year (through June 30, 1962) the time within which disabled workers may file applications for disability determinations on the basis of which the beginning of a period of disability would be established as early as the actual onset of disablement (provided the other requirements of the law are met). This provision is effective with respect to applications for such determinations filed on or after the date of enactment of the bill.

SEC. 106. EFFECTIVE DATE FOR TITLE I

Section 106 of the bill provides that, except as otherwise provided, the effective date of title I of the bill (which makes changes in title II of the Social Security Act) will be the first day of the first calendar month which begins on or after the 30th day after the date of enactment of the bill.

SEC. 201. CHANGES IN TAX SCHEDULES

Section 201 of the bill increases the rates of taxes under the Self-Employment Contributions Act of 1954 (ch. 2 of the Internal Revenue Code of 1954) and the Federal Insurance Contributions Act (ch. 21 of such code). Each rate provided by existing law for the self-employment tax is increased by $\frac{3}{16}$ percent, effective for taxable years beginning after December 31, 1961. Each rate provided by existing law for the employer tax and the employee tax under the Federal Insurance Contributions Act is increased by $\frac{1}{8}$ percent, effective with respect to remuneration paid after 1961.

The following tables illustrate the proposed changes in rates:

Self-employment tax rates

	Existing law (percent)	Proposed (percent)
1962.....	$4\frac{1}{2}$	$4\frac{11}{16}$ (4.6875)
1963 to 1965, inclusive.....	$5\frac{1}{4}$	$5\frac{7}{16}$ (5.4375)
1966 to 1968, inclusive.....	6	$6\frac{3}{16}$ (6.1875)
1969 and after.....	$6\frac{3}{4}$	$6\frac{15}{16}$ (6.9375)

Employer tax and employee tax rates (each)

	Existing law (percent)	Proposed (percent)
1962.....	3	3½ (3.125)
1963 to 1965, inclusive.....	3½	3¾ (3.625)
1966 to 1968, inclusive.....	4	4½ (4.125)
1969 and after.....	4½	4¾ (4.625)

SEC. 301. AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Section 1(q) of the Railroad Retirement Act of 1937 provides that for purposes of that act the terms "Social Security Act" and "Social Security Act, as amended" are to mean the Social Security Act as amended in 1960. Section 301 of the bill amends this provision by striking out "1960" and inserting in lieu thereof "1961".

VI. CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

* * * * *

OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

Old-Age Insurance Benefits

SEC. 202. (a) Every individual who—
 (1) is a fully insured individual (as defined in section 214(a)),
 (2) has attained [retirement age (as defined in section 216(a))] *age 62*, and
 (3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained the age of 65,
 shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. Except as provided in subsection (q), such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215(a)) for such month.

Wife's Insurance Benefits

(b)(1) The wife (as defined in section 216(b)) of an individual entitled to old-age or disability insurance benefits, if such wife—

(A) has filed application for wife's insurance benefits,

(B) has attained [retirement age] *age 62* or has in her care (individually or jointly with her husband) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband, and

(C) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of [an old-age or disability insurance benefit] *the primary insurance amount* of her husband,

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained [retirement age] *age 62*, she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of [an old-age or disability insurance benefit] *the primary insurance amount* of her husband, or her husband is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.

(2) Except as provided in subsection (q), such wife's insurance benefit for each month shall be equal to one-half of the [old-age or disability insurance benefit] *primary insurance amount* of her husband for such month.

Husband's Insurance Benefits

(c) (1) The husband (as defined in section 216(f)) of a currently insured individual (as defined in section 214(b)) entitled to old-age or disability insurance benefits, if such husband—

(A) has filed application for husband's insurance benefits,

(B) has attained [retirement age] *age 62*,

(C) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual—

(i) if she had a period of disability which did not end prior to the month in which she became entitled to old-age or disability insurance benefits, at the beginning of such period or at the time she became entitled to such benefits, or

(ii) if she did not have such a period of disability, at the time she became entitled to such benefits,

and filed proof of such support within two years after the month in which she filed application with respect to such period of disability or after the month in which she became entitled to such benefits, as the case may be, or, if she did not have such a period, two years after the month in which she became entitled to such benefits, and

(D) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits [each of] *based on a primary insurance amount* which is less than one-half of the primary insurance amount of his wife, shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age or disability insurance benefit [equal to or exceeding] *based on a primary insurance amount which is equal to or exceeds* one-half of the primary insurance amount of his wife, or his wife is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.

(2) The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph, shall not be applicable in the case of any husband who—

(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under subsection (f) or (h); or

(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d).

(3) [Such] *Except as provided in subsection (q), such* husband's insurance benefit for each month shall be equal to one-half of the primary insurance amount of his wife for such month.

Child's Insurance Benefits

(d) (1) Every child (as defined in section 216(e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and either (i) had not attained the age of eighteen or (ii) was under a disability (as defined in section 223(c)) which began before he attained the age of eighteen, and

(C) was dependent upon such individual—

(i) if such individual is living, at the time such application was filed,

(ii) if such individual has died, at the time of such death

or

(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the

month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a step-parent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), or attains the age of eighteen and is not under a disability (as defined in section 223(c)) which began before he attained such age. Entitlement of any child to benefits under this subsection shall also end with the month preceding the third month following the month in which he ceases to be under a disability (as so defined) after the month in which he attains age eighteen. Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month. In the case of an individual entitled to disability insurance benefits, the provisions of clause (i) of subparagraph (C) of this paragraph shall not apply to a child of such individual unless he (A) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual) or (B) was legally adopted by such individual before the end of the twenty-four month period beginning with the month after the month in which such individual most recently became entitled to disability insurance benefits, but only if (i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption or (ii) such adopted child was living with such individual in such month.

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the primary insurance amount of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual.

(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1)(C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child had been adopted by some other individual.

For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216(h)(2) (B) shall, if such individual is the child's father, be deemed to be the legitimate child of such individual.

(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1)(C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1)(C) if such mother or adopting mother was a currently insured individual. A child

shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1)(C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

(6) In the case of a child who has attained the age of eighteen and who marries—

(A) an individual entitled to benefits under subsection (a), (e), (f), (g), or (h) of this section or under section 223(a), or

(B) another individual who has attained the age of eighteen and is entitled to benefits under this subsection,

such child's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under section 223(a) or this subsection, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or this subsection unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

Widow's Insurance Benefits

(e)(1) The widow (as defined in section 216(c)) of an individual who died a fully insured individual, if such widow—

(A) has not remarried,

(B) has attained [retirement age] *age 62*,

(C)(i) has filed application for widow's insurance benefit, or was entitled, after attainment of [retirement age] *age 62*, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained [retirement age] *age 62*, and

(D) is not entitled to old-age insurance benefits or is entitled to old-age insurance benefits each of which is less than [three-fourths] *82½ percent* of the primary insurance amount of her deceased husband,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] *82½ percent* of the primary insurance amount of her deceased husband.

(2) Such widow's insurance benefit for each month shall be equal to [three-fourths] *82½ percent* of the primary insurance amount of her deceased husband.

- (3) In the case of any widow of an individual—
 (A) who marries another individual, and
 (B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death which occurs within one year after such marriage and he did not die a fully insured individual,

the marriage to the individual referred to in clause (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) November 1956.

- (4) In the case of a widow who marries—
 (A) an individual entitled to benefits under subsection (f) or (h) of this section, or
 (B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such widow's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.

Widower's Insurance Benefits

(f) (1) The widower (as defined in section 216(g)) of an individual who died a fully and currently insured individual, if such widower—

- (A) has not remarried,
 (B) has attained [retirement age] age 62,
 (C) has filed application for widower's insurance benefits or was entitled to husband's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died,

(D) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time of her death or, if such individual had a period of disability which did not end prior to the month in which she died, at the time such period began or at the time of her death, and filed proof of such support within two years after the date of such death, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the date of such death, as the case may be, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual, and she was a currently insured individual, at the time she became entitled to old-age or disability insurance benefits or, if such individual had a period of disability which did not end prior to the month in which she became so entitled, at the time

such period began or at the time she became entitled to such benefits, and filed proof of such support within two years after the month in which she became entitled to such benefits, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the month in which she became entitled to such benefits, as the case may be, and

(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than [three-fourths] $82\frac{1}{2}$ percent of the primary insurance amount of his deceased wife,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] $82\frac{1}{2}$ percent of the primary insurance amount of his deceased wife.

(2) The requirement in paragraph (1) that the deceased fully insured individual also be a currently insured individual, and the provisions of subparagraph (D) of such paragraph, shall not be applicable in the case of any individual who—

(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under this subsection or subsection (h); or

(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d).

(3) Such widower's insurance benefit for each month shall be equal to [three-fourths] $82\frac{1}{2}$ percent of the primary insurance amount of his deceased wife.

(4) In the case of a widower who marries—

(A) an individual entitled to benefits under subsection (e), (g), or (h), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such widower's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage.

Mother's Insurance Benefits

(g)(1) The widow and every former wife divorced (as defined in section 216(d)) of an individual who died a fully or currently insured individual if such widow or former wife divorced—

(A) has not remarried,

(B) is not entitled to a widow's insurance benefit,

(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,

(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and

(F) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and the child referred to in subparagraph (E) is her son, daughter, or legally adopted child and the benefits referred to in such subparagraph are payable on the basis of such individual's wages and self-employment income shall be entitled to a mother's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased individual.

(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

(3) In the case of any widow or former wife divorced of an individual—

(A) who marries another individual, and

(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not, and upon filing application therefor in the month in which he died would not be, entitled to benefits for such month on the basis of his wages and self-employment income,

the marriage to the individual referred to in clause (A) shall, for the purpose of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or former wife divorced files application for purposes of this paragraph, or (iii) the month following the month in which this paragraph is enacted.

(4) In the case of a widow or former wife divorced who marries—

(A) an individual entitled to benefits under subsection (a), (f), or (h), or under section 223(a), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), the entitlement of such widow or former wife divorced to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under section 223(a) or subsection (d) of this section, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

Parent's Insurance Benefits

(h)(1) Every parent (as defined in this subsection) of an individual who died a fully insured individual if such parent—

(A) has attained **retirement age** *age 62*,

(B)(i) was receiving at least one-half of his support from such individual at the time of such individual's death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and (ii) filed proof of such support within two years after the date of such death, or, if such individual had such a period of disability, within two years after the month in which such individual filed application with respect to such period of disability or two years after the date of such death, as the case may be,

(C) has not married since such individual's death,

(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than **three-fourths** $82\frac{1}{2}$ percent of the primary insurance amount of such deceased individual *if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case)*, and

(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding **three-fourths** $82\frac{1}{2}$ percent of the primary insurance amount of such deceased individual *if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case)*.

[(2) Such parent's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.]

(2) (A) *Except as provided in subparagraphs (B) and (C), such parent's insurance benefit for each month shall be equal to $82\frac{1}{2}$ percent of the primary insurance amount of such deceased individual.*

(B) For any month for which more than one parent is entitled to parent's insurance benefits on the basis of such deceased individual's wages and self-employment income, such benefit for each such parent for such month shall (except as provided in subparagraph (C)) be equal to 75 percent of the primary insurance amount of such deceased individual.

(C) In any case in which—

(i) any parent is entitled to a parent's insurance benefit for a month on the basis of a deceased individual's wages and self-employment income, and

(ii) another parent of such deceased individual is entitled to a parent's insurance benefit for such month on the basis of such wages and self-employment income, and on the basis of an application filed after such month and after the month in which the application for the parent's benefits referred to in clause (i) was filed,

the amount of the parent's insurance benefit of the parent referred to in clause (i) for the month referred to in such clause shall be determined under subparagraph (A) instead of subparagraph (B) and the amount of the parent's insurance benefit of a parent referred to in clause (ii) for such month shall be equal to 150 percent of the primary insurance amount of the deceased individual minus the amount (before the application of section 203(a)) of the benefit for such month of the parent referred to in clause (i).

(3) As used in this subsection, the term "parent" means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

(4) In the case of a parent who marries—

(A) an individual entitled to benefits under this subsection or subsection (e), (f), or (g), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such parent's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.

Lump-Sum Death Payments

(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower of the deceased and to have been living in the same household with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid—

(1) if all or part of the burial expenses of such insured individual which are incurred by or through a funeral home or funeral

homes remains unpaid, to such funeral home or funeral homes to the extent of such unpaid expenses, but only if (A) any person who assumed the responsibility for the payment of all or any part of such burial expenses files an application, prior to the expiration of two years after the date of death of such insured individual, requesting that such payment be made to such funeral home or funeral homes, or (B) at least 90 days have elapsed after the date of death of such insured individual and prior to the expiration of such 90 days no person has assumed responsibility for the payment of any of such burial expenses;

(2) if all of the burial expenses of such insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under clause (1)), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such burial expenses; or

(3) if any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) and (2), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid other expenses in connection with the burial of such insured individual, in the following order of priority: (A) expenses of opening and closing the grave of such insured individual, (B) expenses of providing the burial plot of such insured individual, and (C) any remaining expenses in connection with the burial of such insured individual.

No payment (except a payment authorized pursuant to clause (1)(A) of the preceding sentence) shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the fifty States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210(1) (1) are applicable, and who is returned to any State or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if

application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.

Application for Monthly Insurance Benefits

(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the twelfth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Secretary has certified for payment for such prior month.

(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.

[(3) Notwithstanding the provisions of paragraph (1), a woman may, at her option, waive entitlement to old-age insurance benefits or wife's insurance benefits for any one or more consecutive months which occur—

[(A) after the month before the month in which she attains the age of sixty-two,

[(B) prior to the month in which she attains the age of sixty-five, and

[(C) prior to the month in which she files application for such benefits;

and, in such case, she shall not be considered as entitled to such benefits for any such month or months before she filed such application. A woman shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.]

(3) *Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to any benefit referred to in paragraph (1) for any one or more consecutive months (beginning with the earliest month for which such individual would otherwise be entitled to such benefit) which occur before the month in which such individual files application for such benefit; and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before such individual filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.*

Simultaneous Entitlement to Benefits

(k) (1) A child, entitled to child's insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child's insurance bene-

fits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child's insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child's insurance benefits on the basis of the wages and self-employment income of such other individual has been filed by any other child who would, on filing application, be entitled to child's insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

(B) Any individual who, under the preceding provisions of this section and under the provisions of section 223, is entitled for any month to more than one monthly insurance benefit (other than old-age or disability insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

(3) If an individual is entitled to an old-age or disability insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, after any reduction under subsection (q) and any reduction under section 203(a), shall be reduced, but not below zero, by an amount equal to such old-age or disability insurance benefit (after reduction under such subsection (q)).

Entitlement to Survivor Benefits Under Railroad Retirement Act

(l) If any person would be entitled, upon filing application therefor to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f)(1) of such section, with respect to the death of an employee (as defined in such Act) no lump-sum death payment, and no monthly benefit for the month in which such employee died or for any month thereafter, shall be paid under this section to any person on the basis of the wages and self-employment income of such employee.

Minimum Survivor's or Dependent's Benefit

(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k)(3) and subsection (q), less than the first figure in column IV of the table in section 215(a) and no other individual is (without the application of section 202(j)(1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k)(3) and subsection (q), be increased to the first figure in column IV of the table in section 215(a).

Termination of Benefits Upon Deportation of Primary Beneficiary

(n)(1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241(a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

(A) no monthly benefit under this section or section 223 shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence.

(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b), (c), and (d) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241(a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation.

Application for Benefits by Survivors of Members and Former Members of the Uniformed Services

(o) In the case of any individual who would be entitled to benefits under subsection (d), (e), (g), or (h) upon filing proper application therefor, the filing with the Administrator of Veterans' Affairs by or on behalf of such individual of an application for such benefits, on the form described in section 3005 of Title 38, United States Code, shall satisfy the requirement of such subsection (d), (e), (g), or (h) that an application for such benefits be filed.

Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment

(p) In any case in which there is a failure—

(1) to file proof of support under subparagraph (C) of subsection (c)(1), clause (i) or (ii) of subparagraph (D) of subsection (f)(1), or subparagraph (B) of subsection (h)(1), or under clause (B) of subsection (f)(1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection.

and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.

Adjustment of Old-Age and Wife's Insurance Benefit Amounts in Accordance With Age of Female Beneficiary

(q)(1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

(A) $\frac{1}{3}$ of 1 per centum, multiplied by

(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

(2) The wife's insurance benefit of any wife for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

(A) $\frac{2}{3}$ of 1 per centum, multiplied by

(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which she attains the age of sixty-two.

The preceding provisions of this paragraph shall not apply to the benefit for any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence, if such wife does not have in such month such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

[(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with such individual), and

[(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attained the age of sixty-two, and (iii) for which such certificate is effective.

[(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the first month for which she is so entitled (but not for any prior month) or for any later month occurring before the month in which she attains the age of sixty-five, is entitled to a wife's insurance benefit to which paragraph (2) is applicable, the amount of such wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

[(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1), plus

[(B) an amount equal to—

[(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

[(ii) $\frac{25}{36}$ of 1 per centum, and further multiplied by

[(iii) the excess of such wife's insurance benefit prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

[(4) In the case of any woman who is or was entitled to a wife's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which she is or was so entitled (but not for such first month or any earlier month) occurring before the month in which she attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

[(A) an amount equal to the amount by which such wife's insurance benefit is reduced under paragraph (2) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which she was entitled thereto), plus

[(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's insurance benefit prior to reduction under this subsection, an amount equal to—

[(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

[(ii) $\frac{1}{2}$ of 1 per centum, and further multiplied by
[(iii) the excess of such old-age insurance benefit over such wife's insurance benefit.

[(5) In the case of any woman who is entitled to an old-age insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

[(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under section 203(b) or paragraph (1) of section 203(c),
and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

[(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under section 203(b), under section 203(c)(1), under section 203(d)(1), or under section 222(b),

[(C) the number equal to the number of months occurring after the first month for which such wife's insurance benefit was reduced under such paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

[(D) the number equal to the number of months for which such wife's insurance benefit was reduced under such paragraph (2), but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, a wife's insurance benefit shall not be considered terminated for any reason prior to the month in which she attains the age of sixty-five.

[(6) In the case of any woman who is entitled to a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

[(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which

such benefit was subject to deductions under section 203(b), under section 203(c)(1), under section 203(d)(1) or under section 222(b),

【(B) the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

【(C) the number equal to the number of months for which such benefit was reduced under such paragraph, but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits.

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3) and—

【(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under section 203(b), or paragraph (1) of section 203(c)

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three.

【(7) In the case of a woman who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's insurance benefit, the amount of such wife's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month.

【(8) In the case of a woman who is or was entitled to a wife's insurance benefit to which paragraph (2) was applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's insurance benefit is reduced under paragraph (6) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which she was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which she attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

【(9) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203(a) and application of section 215(g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.】

*Adjustment of Old-Age, Wife's, or Husband's Insurance Benefit Amounts
in Accordance With Age of Beneficiary*

(q)(1) *If the first month for which an individual is entitled to an old-age, wife's, or husband's insurance benefit is a month before the month in which such individual attains age 65, the amount of such benefit for each month shall, subject to the succeeding paragraphs of this subsection, be reduced by—*

(A) $\frac{1}{2}$ of 1 percent of such amount if such benefit is an old-age insurance benefit, or $\frac{2}{3}$ of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit; multiplied by

(B) (i) the number of months in the reduction period for such benefit (determined under paragraph (5)), if such benefit is for a month before the month in which such individual attains age 65, or

(ii) the number of months in the adjusted reduction period for such benefit (determined under paragraph (6)), if such benefit is for the month in which such individual attains age 65 or for any month thereafter.

(2)(A) *If the first month for which an individual both is entitled to a wife's or husband's insurance benefit and has attained age 62 is a month for which such individual is also entitled to—*

(i) *an old-age insurance benefit (to which such individual was first entitled for a month before he attains age 65), or*

(ii) *a disability insurance benefit,*

then in lieu of any reduction under paragraph (1) (but subject to the succeeding paragraphs of this subsection) such wife's or husband's insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D).

(B) *For any month for which such individual is entitled to an old-age insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the sum of—*

(i) *the amount by which such old-age insurance benefit is reduced under paragraph (1), and*

(ii) *the amount by which such wife's or husband's insurance benefit would be reduced under paragraph (1) if it were equal to the excess of such wife's or husband's insurance benefit (before reduction under this subsection) over such old-age insurance benefit (before reduction under this subsection).*

(C) *For any month for which such individual is entitled to a disability insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the amount by which such benefit would be reduced under paragraph (1) if it were equal to the excess of such benefit (before reduction under this subsection) over such disability insurance benefit.*

(D) *For any month for which such individual is entitled neither to an old-age insurance benefit nor to a disability insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the amount by which it would be reduced under paragraph (1).*

(3) *If—*

(A) *an individual is or was entitled to a benefit subject to reduction under this subsection, and*

(B) *such benefit is increased by reason of an increase in the primary insurance amount of the individual on whose wages and self-employment income such benefit is based,*

then the amount of the reduction of such benefit for each month shall be computed separately (under paragraph (1) or (2), whichever applies)

for the portion of such benefit which constitutes such benefit before any increase described in subparagraph (B), and separately (under paragraph (1) or (2), whichever applies to the benefit being increased) for each such increase. For purposes of determining the amount of the reduction under paragraph (1) or (2) in any such increase, the reduction period and the adjusted reduction period shall be determined as if such increase were a separate benefit to which such individual was entitled for and after the first month for which such increase is effective.

(4)(A) No wife's insurance benefit shall be reduced under this subsection—

(i) for any month before the first month for which there is in effect a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection, or

(ii) for any month in which she has in her care (individually or jointly with the person on whose wages and self-employment income her wife's insurance benefit is based) a child of such person entitled to child's insurance benefits.

(B) Any certificate described in subparagraph (A)(i) shall be effective for purposes of this subsection (and for purposes of preventing deductions under section 203(c)(2))—

(i) for the month in which it is filed and for any month thereafter, and

(ii) for months, in the period designated by the woman filing such certificate, of one or more consecutive months (not exceeding 12) immediately preceding the month in which such certificate is filed;

except that such certificate shall not be effective for any month before the month in which she attains age 62, nor shall it be effective for any month to which subparagraph (A)(ii) applies.

(C) If a woman does not have in her care a child described in subparagraph (A)(ii) in the first month for which she is entitled to a wife's insurance benefit, and if such first month is a month before the month in which she attains age 65, she shall be deemed to have filed in such first month the certificate described in subparagraph (A)(i).

(5) For purposes of this subsection, the "reduction period" for an individual's old-age, wife's, or husband's insurance benefit is the period—

(A) beginning—

(i) in the case of an old-age or husband's insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

(ii) in the case of a wife's insurance benefit, with the first day of the first month for which a certificate described in paragraph (4)(A)(i) is effective, and

(B) ending with the last day of the month before the month in which such individual attains age 65.

(6) For purposes of this subsection, the "adjusted reduction period" for an individual's old-age, wife's, or husband's insurance benefit is the reduction period prescribed by paragraph (5) for such benefit, excluding from such period—

(A) any month in which such benefit was subject to deductions under section 203(b), 203(c)(1), 203(d)(1), or 222(b),

(B) in the case of wife's insurance benefits, any month in which she had in her care (individually or jointly with the person on whose

wages and self-employment income such benefit is based) a child of such person entitled to child's insurance benefits, and

(C) in the case of wife's or husband's insurance benefits, any month for which such individual was not entitled to such benefits because the spouse on whose wages and self-employment income such benefits were based ceased to be under a disability.

(7) This subsection shall be applied after reduction under section 203(a) and after application of section 215(g). If the amount of any reduction computed under paragraph (1) or (2) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.

[(Presumed Filing of Application by Woman Eligible for Old-Age and Wife's Insurance Benefits

[(r) Any woman who becomes entitled to an old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for a wife's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's insurance benefits. Any woman who becomes entitled to a wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless she has in such month a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, she would have been entitled to such benefit for such month.]

Presumed Filing of Application by Individuals Eligible for Old-Age Insurance Benefits and for Wife's or Husband's Insurance Benefits

(r) (1) If the first month for which an individual is entitled to an old-age insurance benefit is a month before the month in which such individual attains age 65, and if such individual is eligible for a wife's or husband's insurance benefit for such first month, such individual shall be deemed to have filed an application in such month for wife's or husband's insurance benefits.

(2) If the first month for which an individual is entitled to a wife's or husband's insurance benefit reduced under subsection (q) is a month before the month in which such individual attains age 65, and if such individual is eligible for an old-age insurance benefit for such first month, such individual shall be deemed to have filed an application for old-age insurance benefits—

(A) in such month, or

(B) if such individual is also entitled to a disability insurance benefit for such month, in the first subsequent month for which such individual is not entitled to a disability insurance benefit.

(3) For purposes of this subsection, an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, he would be entitled to such benefit for such month.

[Female Disability Insurance Beneficiary

[(s) (1) If any woman becomes entitled to a widow's insurance benefit or parent's insurance benefit for a month before the month in which she attains the age of sixty-five, or becomes entitled to an old-age insurance benefit or wife's insurance benefit for a month before the month in which she attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

[(2) If a woman would, but for the provisions of subsection (k)(2) (B), be entitled for any month to a disability insurance benefit and to a wife's insurance benefit, subsection (q) shall be applicable to such wife's insurance benefit for such month only to the extent it exceeds such disability insurance benefit for such month.

[(3) The entitlement of any woman to disability insurance benefits shall terminate with the month before the month in which she becomes entitled to old-age insurance benefits.]

Suspension of Benefits of Aliens Who Are Outside the United States

(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual who is not a citizen or national of the United States for any month which is—

(A) after the sixth consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States, and

(B) prior to the first month thereafter for all of which such individual has been in the United States.

(2) Paragraph (1) shall not apply to any individual who is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and under which—

(A) periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and

(B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

(3) Paragraph (1) shall not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of the enactment of this subsection.

(4) Paragraph (1) shall not apply to any benefit for any month if—

(A) not less than forty of the quarters elapsing before such month are quarters of coverage for the individual on whose wages and self-employment income such benefit is based, or

(B) the individual on whose wages and self-employment income such benefit is based has, before such month, resided in the United States for a period or periods aggregating ten years or more, or

(C) the individual entitled to such benefit is outside the United States while in the active military or naval service of the United States, or

(D) the individual on whose wages and self-employment income such benefit is based died, before such month, either (i) while on active duty or inactive duty training (as those terms are defined in section 210 (l) (2) and (3)) as a member of a uniformed service (as defined in section 210(m)), or (ii) as the result of a disease or injury which the Administrator of Veterans' Affairs determines was incurred or aggravated in line of duty while on active duty (as defined in section 210(l)(2)), or an injury which he determines was incurred or aggravated in line of duty while on inactive duty training (as defined in section 210(l)(3)), as a member of a uniformed service (as defined in section 210(m)), if the Administrator determines that such individual was discharged or released from the period of such active duty or inactive duty training under conditions other than dishonorable, and if the Administrator certifies to the Secretary his determinations with respect to such individual under this clause, or

(E) the individual on whose employment such benefit is based had been in service covered by the Railroad Retirement Act which was treated as employment covered by this Act pursuant to the provisions of section 5(k)(1) of the Railroad Retirement Act.

(5) No person who is, or upon application would be, entitled to a monthly benefit under this section for December 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 is based.

(6) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

(7) Subsections (b), (c), and (d) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

(8) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the continental United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection.

Conviction of Subversive Activities, Etc.

(u)(1) If any individual is convicted of any offense (committed after the date of the enactment of this subsection) under—

(A) chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or

(B) section 4, 112, or 113 of the Internal Security Act of 1950, as amended,

then the court may, in addition to all other penalties provided by law, impose a penalty that in determining whether any monthly insurance benefit under this section or section 223 is payable to such individual for the month in which he is convicted or for any month thereafter, and in determining the amount of any such benefit payable to such individual for any such month, there shall not be taken into account—

(C) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and

(D) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year.

(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, the Attorney General shall notify the Secretary of such imposition.

(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon of the offense by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon is granted.

* * * * *

DEFINITION OF WAGES

SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

* * * * *

(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains [retirement age (as defined in section 216(a))] *age 62 (if a woman) or age 65 (if a man)*, if he did not work for the employer in the period for which such payment is made. As used in this subsection, the term "sick pay" includes remuneration for service in the employ of a State, a political subdivision (as defined in section 218(b)(2)) of a State, or an instrumentality of two or more States, paid to an employee thereof for a period during which he was absent from work because of sickness, or

* * * * *

QUARTER AND QUARTER OF COVERAGE

Definitions

SEC. 213. (a) For the purpose of this title—

(1) The term “quarter”, and the term “calendar quarter”, means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term “quarter of coverage” means a quarter in which the individual has been paid \$50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with \$100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal \$3,000 in the case of a calendar year before 1951, or \$3,600 in the case of a calendar year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954 and before 1959, or \$4,800 in the case of a calendar year after 1958, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954 and before 1959, or \$4,800 in the case of a taxable year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages equal or exceed \$100 but are less than \$200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$200 but are less than \$300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$300 but are less than \$400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are \$400 or more; and

(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained [retirement age] *age 62* or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recom-

putation of his primary insurance amount, or the requirements of paragraph (3) of section 216(i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters. If, in the case of an individual who did not die prior to January 1, 1955, and who attained [retirement age] age 62 (if a woman) or age 65 (if a man) or died before July 1, 1957, the requirements for insured status in section 214(a)(3) are not met because of his having too few quarters of coverage but would be met if his quarters of coverage in the first calendar year in which he had any covered employment had been determined on the basis of the period during which wages were earned rather than on the basis of the period during which wages were paid (any such wages paid that are reallocated on an earned basis shall not be used in determining quarters of coverage for subsequent calendar years), then upon application filed by the individual or his survivors and satisfactory proof of his record of wages earned being furnished by such individual or his survivors, the quarters of coverage in such calendar year may be determined on the basis of the periods during which wages were earned.

* * * * *

INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE
BENEFITS

SEC. 214. For the purposes of this title—

Fully Insured Individual

(a) The term “fully insured individual” means any individual who had not less than—

[(1) one quarter of coverage (whenever acquired) for each three of the quarters elapsing—

[(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

[(B) prior to (i) the year in which he died, or (ii) if earlier, the year in which he attained retirement age,]

(1) one quarter of coverage (whenever acquired) for each calendar year elapsing after 1950 (or, if later, the year in which he attained age 21) and before—

(A) in the case of a woman, the year in which she died or (if earlier) the year in which she attained age 62,

(B) in the case of a man who has died, the year in which he died or (if earlier) the year in which he attained age 65, or

(C) in the case of a man who has not died, the year in which he attained (or would attain) age 65,

except that in no case shall an individual be a fully insured individual unless he has at least [six] 6 quarters of coverage; or

(2) [forty] 40 quarters of coverage; or

(3) in the case of an individual who died **【prior to】** *before* 1951, **【six】** 6 quarters of coverage; not counting as an elapsed **【quarter】** *year* for purposes of paragraph (1) any **【quarter】** *year* any part of which was included in a period of disability (as defined in section 216(i)) **【unless such quarter was a quarter of coverage. When the number of elapsed quarters referred to in paragraph (1) is not a multiple of three, such number shall, for purposes of such paragraph, be reduced to the next lower multiple of three】**.

Currently Insured Individual

(b) The term "currently insured individual" means any individual who has not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section, or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits, not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage.

COMPUTATION OF PRIMARY INSURANCE AMOUNT

SEC. 215. For the purposes of this title—

(a) Subject to the conditions specified in subsections (b), (c), and (d) of this section, the primary insurance amount of an insured individual shall be whichever of the following is the largest:

(1) The amount in column IV on the line on which in column III of the following table appears his average monthly wage (as determined under subsection (b));

(2) The amount in column IV on the line on which in column II of the following table appears his primary insurance amount (as determined under subsection (c));

(3) The amount in column IV on the line on which in column I of the following table appears his primary insurance benefit (as determined under subsection (d)); or

【(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he became entitled to old-age insurance benefits or died, the amount in column IV which is equal to his disability insurance benefit.】

(4) *In the case of—*

(A) *a woman who was entitled to a disability insurance benefit for the month before the month in which she died or became entitled to old-age insurance benefits, or*

(B) *a man who was entitled to a disability insurance benefit for the month before the month in which he died or attained age 65,*

the amount in column IV which is equal to such disability insurance benefit.

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10.00		\$30.00		\$54	\$33	\$53.00
\$10.01	10.48	\$30.10	31.00	\$55	56	34	54.00
10.49	11.00	31.10	32.00	57	58	35	55.00
11.01	11.48	32.10	33.00	59	60	36	56.00
11.49	12.00	33.10	34.00	61	61	37	57.00
12.01	12.48	34.10	35.00	62	63	38	58.00
12.49	13.00	35.10	36.00	64	65	39	59.00
13.01	13.48	36.10	37.00	66	67	40	60.00
13.49	14.00	37.10	38.00	68	69	41	61.50
	15.48		37.00		67	40	60.00
15.49	14.00	37.10	38.00	68	69	41	61.50
14.01	14.48	38.10	39.00	70	70	42	63.00
14.49	15.00	39.10	40.00	71	72	43	64.50
15.01	15.60	40.10	41.00	73	74	44	66.00
15.61	16.20	41.10	42.00	75	76	45	67.50
16.21	16.84	42.10	43.00	77	78	46	69.00
16.85	17.60	43.10	44.00	79	80	47	70.50
17.61	18.40	44.10	45.00	81	81	48	72.00
18.41	19.24	45.10	46.00	82	83	49	73.50
19.25	20.00	46.10	47.00	84	85	50	75.00
20.01	20.64	47.10	48.00	86	87	51	76.50
20.65	21.28	48.10	49.00	88	89	52	78.00
21.29	21.88	49.10	50.00	90	90	53	79.50
21.89	22.28	50.10	50.90	91	92	54	81.00
22.29	22.68	51.00	51.80	93	94	55	82.50
22.69	23.08	51.90	52.80	95	96	56	84.00
23.09	23.44	52.90	53.70	97	97	57	85.50
23.45	23.76	53.80	54.60	98	99	58	87.00
23.77	24.20	54.70	55.60	100	101	59	88.50
24.21	24.60	55.70	56.50	102	102	60	90.00
24.61	25.00	56.60	57.40	103	104	61	91.50
25.01	25.48	57.50	58.40	105	106	62	93.00
25.49	25.92	58.50	59.30	107	107	63	94.50
25.93	26.40	59.40	60.20	108	109	64	96.00
26.41	26.94	60.30	61.20	110	113	65	97.50
26.95	27.46	61.30	62.10	114	118	66	99.00
27.47	28.00	62.20	63.00	119	122	67	100.50
28.01	28.68	63.10	64.00	123	127	68	102.00
28.69	29.25	64.10	64.90	128	132	69	105.60
29.26	29.68	65.00	65.80	133	136	70	108.80
29.69	30.36	65.90	66.80	137	141	71	112.80
30.37	30.92	66.90	67.70	142	146	72	116.80
30.93	31.36	67.80	68.60	147	150	73	120.00
31.37	32.00	68.70	69.60	151	155	74	124.00
32.01	32.60	69.70	70.50	156	160	75	128.00
32.61	33.20	70.60	71.40	161	164	76	131.20
33.21	33.88	71.50	72.40	165	169	77	135.20
33.89	34.50	72.50	73.30	170	174	78	139.20
34.51	35.00	73.40	74.20	175	178	79	142.40
35.01	35.80	74.30	75.20	179	183	80	146.40
35.81	36.40	75.30	76.10	184	188	81	150.40
36.41	37.08	76.20	77.10	189	193	82	154.40
37.09	37.60	77.20	78.00	194	197	83	157.60
37.61	38.20	78.10	78.90	198	202	84	161.60
38.21	39.12	79.00	79.90	203	207	85	165.60
39.13	39.68	80.00	80.80	208	211	86	168.80
39.69	40.33	80.90	81.70	212	216	87	172.80
40.34	41.12	81.80	82.70	217	221	88	176.80
41.13	41.76	82.80	83.60	222	225	89	180.00
41.77	42.44	83.70	84.50	226	230	90	184.00
42.45	43.20	84.60	85.50	231	235	91	188.00
43.21	43.76	85.60	86.40	236	239	92	191.20
43.77	44.44	86.50	87.30	240	244	93	195.20
44.45	44.88	87.40	88.30	245	249	94	199.20

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self employment income shall be—
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
\$44. 89	\$45. 60	\$88. 40	\$89. 20	\$250	\$253	\$95	\$202. 40
		89. 30	90. 10	254	258	96	206. 40
		90. 20	91. 10	259	263	97	210. 40
		91. 20	92. 00	264	267	98	213. 60
		92. 10	92. 90	268	272	99	217. 60
		93. 00	93. 90	273	277	100	221. 60
		94. 00	94. 80	278	281	101	224. 80
		94. 90	95. 80	282	286	102	228. 80
		95. 90	96. 70	287	291	103	232. 80
		96. 80	97. 60	292	295	104	236. 00
		97. 70	98. 60	296	300	105	240. 00
		98. 70	99. 50	301	305	106	244. 00
		99. 60	100. 40	306	309	107	247. 20
		100. 50	101. 40	310	314	108	251. 20
		101. 50	102. 30	315	319	109	254. 00
		102. 40	103. 20	320	323	110	254. 00
		103. 30	104. 20	324	328	111	254. 00
		104. 30	105. 10	329	333	112	254. 00
		105. 20	106. 00	334	337	113	254. 00
		106. 10	107. 00	338	342	114	254. 00
		107. 10	107. 90	343	347	115	254. 00
		108. 00	108. 50	348	351	116	254. 00
				352	356	117	254. 00
				357	361	118	254. 00
				362	365	119	254. 00
				366	370	120	254. 00
				371	375	121	254. 00
				376	379	122	254. 00
				380	384	123	254. 00
				385	389	124	254. 00
				390	393	125	254. 00
				394	398	126	254. 00
				399	400	127	254. 00

Average Monthly Wage

(b) (1) For the purposes of column III of the table appearing in subsection (a) of this section, an individual's "average monthly wage" shall be the quotient obtained by dividing—

(A) the total of his wages paid in and self-employment income credited to his "benefit computation years" (determined under paragraph (2)), by

(B) the number of months in such years.

(2) (A) The number of an individual's "benefit computation years" shall be equal to the number of elapsed years (determined under paragraph (3) of this subsection), reduced by five; except that the number of an individual's benefit computation years shall in no case be less than two.

(B) An individual's "benefit computation years" shall be those computation base years, equal in number to the number determined under subparagraph (A), for which the total of his wages and self-employment income is the largest.

(C) For the purposes of subparagraph (B), "computation base years" include only calendar years occurring—

(i) After December 31, 1950, and
(ii) prior to the year in which the individual became entitled to old-age insurance benefits or died, whichever first occurred; except that the year in which the individual became entitled to old-age insurance benefits or died, as the case may be, shall be included as a computation base year if the Secretary determines, on the basis of evidence available to him at the time of the computation of the primary insurance amount for such individual, that the inclusion of such year would result in a higher primary insurance amount. Any calendar year all of which is included in a period of disability shall not be included as a computation base year.

[(3) For the purposes of paragraph (2), an individual's "elapsed years" shall be the number of calendar years—

[(A) after (i) December 31, 1950, or (ii) if later, December 31 of the years in which he attained the age of twenty-one, and

[(B) prior to (i) the year in which he died, or (ii) if earlier, the first year after December 31, 1960, in which he both was fully insured and had attained retirement age.]

(3) For purposes of paragraph (2), the number of an individual's elapsed years is the number of calendar years after 1950 (or, if later, the year in which he attained age 21) and before—

(A) in the case of a woman, the year in which she died or (if earlier) the first year after 1960 in which she both was fully insured and had attained age 62,

(B) in the case of a man who has died, the year in which he died or (if earlier) the first year after 1960 in which he both was fully insured and had attained age 65, or

(C) in the case of a man who has not died, the first year after 1960 in which he attained (or would attain) age 65 or (if later) the first year in which he was fully insured.

For [the] purposes of the preceding sentence, any calendar year any part of which was included in a period of disability shall not be included in such number of calendar years.

(4) The provisions of this subsection shall be applicable only in the case of an individual with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and—

(A) who becomes entitled to benefits after December 1960 under section 202(a) or section 223; or

(B) who dies after December 1960 without being entitled to benefits under section 202(a) or section 223; or

(C) who files an application for a recomputation under subsection (f)(2)(A) after December 1960 and is (or would, but for the provisions of subsection (f)(6), be) entitled to have his primary insurance amount recomputed under subsection (f)(2)(A); or

(D) who dies after December 1960 and whose survivors are (or would, but for the provisions of subsection (f)(6), be) entitled to a recomputation of his primary insurance amount under subsection (f)(4).

(5) In the case of any individual—

(A) to whom the provisions of this subsection are not made applicable by paragraph (4), but

(B) (i) prior to 1961, met the requirements of this paragraph (including subparagraph (E) thereof) as in effect prior to the enactment of the Social Security Amendments of 1960, or (ii) after 1960, meets the conditions of subparagraph (E) of this paragraph as in effect prior to such enactment, then the provisions of this subsection as in effect prior to such enactment shall apply to such individual for the purposes of column III of the table appearing in subsection (a) of this section.

* * * * *

Recomputation of Benefits

(f) (1) After an individual's primary insurance amount has been determined under this section, there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217(b).

* * * * *

(7)(A) *In the case of a man who attains age 65 and who became entitled to old-age insurance benefits before the month in which he attains such age, his primary insurance amount shall be recomputed as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he attained age 65, except that his computation base years referred to in subsection (b)(2) shall include the year in which he attained age 65. Such recomputation shall be effective for and after the month in which he attained age 65.*

(B) *In the case of a man who became entitled to old-age insurance benefits and died before the month in which he attained age 65, the Secretary shall, if any person is entitled to monthly insurance benefits or a lump-sum death payment on the basis of the wages and self-employment income of the decedent, recompute his primary insurance amount as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he died; except that (i) his computation base years referred to in subsection (b)(2) shall include the year in which he died, and (ii) his elapsed years referred to in subsection (b)(3) shall not include the year in which he died or any year thereafter. In the case of monthly insurance benefits, such recomputation of a man's primary insurance amount shall be effective for and after the month in which he died.*

Rounding of Benefits

(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 or 223 which (after reduction under section 203(a)) and deductions under section 203(b) is not a multiple of \$0.10 shall be raised to the next higher multiple of \$0.10.

* * * * *

OTHER DEFINITIONS

SEC. 216. For the purposes of this title—

[Retirement Age

- [(a) The term "retirement age" means—**
[(1) in the case of a man, age sixty-five, or
[(2) in the case of a woman, age sixty-two.]]

Wife

(b) The term "wife" means the wife of an individual, but only if she (1) is the mother of his son or daughter, (2) was married to him for a period of not less than one year immediately preceding the day on which her application is filed, or (3) in the month prior to the month of her marriage to him (A) was entitled to, or on application therefor and attainment of **[retirement age] age 62** in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Widow

(c) The term "widow" (except when used in section 202(i)) means the surviving wife of an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (4) she was married to him at the time both of them legally adopted a child under the age of eighteen, (5) she was married to him for a period of not less than one year immediately prior to the day on which he died, or (6) in the month prior to the month of her marriage to him (A) she was entitled to, or on application therefor and attainment of **[retirement age] age 62** in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) she had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Former Wife Divorced

(d) The term "former wife divorced" means a woman divorced from an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (4) she was married to him at the time both of them legally adopted a child under the age of eighteen.

Child

(e) The term "child" means (1) the child or legally adopted child of an individual, and (2) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which application for child's insurance benefits is filed or (if the insured indi-

vidual is deceased) the day on which such individual died. For purposes of clause (1), a person shall be deemed, as of the date of death of an individual, to be the legally adopted child of such individual if such person was at the time of such individual's death living in such individual's household and was legally adopted by such individual's surviving spouse after such individual's death but before the end of two years after the day on which such individual died or the date of enactment of this Act; except that this sentence shall not apply if at the time of such individual's death such person was receiving regular contributions toward his support from someone other than such individual or his spouse, or from any public or private welfare organization which furnishes services or assistance for children. For purposes of clause (2), a person who is not the stepchild of an individual shall be deemed the stepchild of such individual if such individual was not the mother or adopting mother or the father or adopting father of such person and such individual and the mother or adopting mother, or the father or adopting father, as the case may be, of such person went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of subsection (h)(1)(B), would have been a valid marriage.

Husband

(f) The term "husband" means the husband of an individual, but only if (1) he is the father of her son or daughter, (2) he was married to her for a period of not less than one year immediately preceding the day on which his application is filed, or (3) in the month prior to the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Widower

(g) The term "widower" (except when used in section 202(i)) means the surviving husband of an individual, but only if (1) he is the father of her son or daughter, (2) he legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) she legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (4) he was married to her at the time both of them legally adopted a child under the age of eighteen, (5) he was married to her for a period of not less than one year immediately prior to the day on which she died, or (6) in the month before the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Determination of Family Status

(h)(1)(A) An applicant is the wife, husband, widow, or widower of a fully or currently insured individual for purposes of this title if the courts of the State in which such insured individual is domiciled at the time such applicant files an application, or, if such insured individual is dead, the courts of the State in which he was domiciled at the time of death, or, if such insured individual is or was not so domiciled in any State, the courts of the District of Columbia, would find that such applicant and such insured individual were validly married at the time such applicant files such application or, if such insured individual is dead, at the time he died. If such courts would not find that such applicant and such insured individual were validly married at such time, such applicant shall, nevertheless be deemed to be the wife, husband, widow, or widower, as the case may be, of such insured individual if such applicant would, under the laws applied by such courts in determining the devolution of intestate personal property, have the same status with respect to the taking of such property as a wife, husband, widow, or widower of such insured individual.

(B) In any case where under subparagraph (A) an applicant is not (and is not deemed to be) the wife, widow, husband, or widower of a fully or currently insured individual, or where under subsection (b), (c), (f), or (g) such applicant is not the wife, widow, husband, or widower of such individual, but it is established to the satisfaction of the Secretary that such applicant in good faith went through a marriage ceremony with such individual resulting in a purported marriage between them which, but for a legal impediment not known to the applicant at the time of such ceremony, would have been a valid marriage, and such applicant and the insured individual were living in the same household at the time of the death of such insured individual or (if such insured individual is living) at the time such applicant files the application, then, for purposes of subparagraph (A) and subsections (b), (c), (f), and (g), such purported marriage shall be deemed to be a valid marriage. The provisions of the preceding sentence shall not apply (i) if another person is or has been entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual and such other person is (or is deemed to be) a wife, widow, husband, or widower of such insured individual under subparagraph (A) at the time such applicant files the application, or (ii) if the Secretary determines, on the basis of information brought to his attention, that such applicant entered into such purported marriage with such insured individual with knowledge that it would not be a valid marriage. The entitlement to a monthly benefit under subsection (b), (c), (e), (f), or (g) of section 202, based on the wages and self-employment income of such insured individual, of a person who would not be deemed to be a wife, widow, husband, or widower of such insured individual but for this subparagraph, shall end with the month before the month (i) in which the Secretary certifies, pursuant to section 205 (i), that another person is entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual, if such other person is (or is deemed to be) the wife, widow, husband, or widower of such

insured individual under subparagraph (A), or (ii) if the applicant is entitled to a monthly benefit under subsection (b) or (c) of section 202, in which such applicant entered into a marriage, valid without regard to this subparagraph, with a person other than such insured individual. For purposes of this subparagraph, a legal impediment to the validity of a purported marriage includes only an impediment (i) resulting from the lack of dissolution of a previous marriage or otherwise arising out of such previous marriage or its dissolution, or (ii) resulting from a defect in the procedure followed in connection with such purported marriage.

(2) (A) In determining whether an applicant is the child or parent of a fully or currently insured individual for purposes of this title, the Secretary shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or, if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a child or parent shall be deemed such.

(B) If an applicant is a son or daughter of a fully or currently insured individual but is not (and is not deemed to be) the child of such insured individual under subparagraph (A), such applicant shall nevertheless be deemed to be the child of such insured individual if such insured individual and the mother or father, as the case may be, of such applicant went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of paragraph (1)(B), would have been a valid marriage.

Disability; Period of Disability

(i) (1) Except for purposes of sections 202(d), 223, and 225, the term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

(2) The term "period of disability" means a continuous period (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)), but only if such period is of not less than six full calendar

months' duration or such individual was entitled to benefits under section 223 for one or more months in such period. No such period shall begin as to any individual unless such individual, while under such disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains the age of sixty-five. Except as provided in paragraph (4), a period of disability shall (*subject to section 223(a)(3)*) begin—

- (A) if the individual satisfies the requirements of paragraph (3) on such day,
- (i) on the day the disability began, or
 - (ii) on the first day of the eighteen-month period which ends with the day before the day on which the individual files such application,
- whichever occurs later;

(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the month preceding whichever of the following months is the earlier: the month in which the individual attains age sixty-five or the third month following the month in which the disability ceases. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph), or, in any case in which clause (ii) of section 223(a)(1) is applicable, more than six months before the first month for which such applicant becomes entitled to benefits under section 223, shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted. Any application for a disability determination which is filed within such three months' period or six months' period shall be deemed to have been filed on such first day or in such first month, as the case may be.

(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained **[retirement age]** *age 62 (if a woman) or age 65 (if a man)* and filed application for benefits under section 202(a) on the first day of such quarter; and

(B) he had not less than twenty quarters of coverage during the forty-quarter period which ends with such quarter, not counting as part of such forty-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage;

except that the provisions of subparagraph (A) of this paragraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such subparagraph, begin prior to 1951.

(4) If an individual files an application for a disability determination after December 1954, and before July **[1961]** *1962*, with respect to a disability which began before **[July 1960]** *January 1961*, and continued without interruption until such application was filed, then the beginning day for the period of disability shall be—

(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements.

Periods of Limitation Ending on Nonwork Days

(j) Where this title, any provision of another law of the United States (other than the Internal Revenue Code of 1954) relating to or changing the effect of this title, or any regulation issued by the Secretary pursuant thereto provides for a period within which an act is required to be done which affects eligibility for or the amount of any benefit or payment under this title or is necessary to establish or protect any rights under this title, and such period ends on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order, then such act shall be considered as done within such period if it is done on the first day thereafter which is not a Saturday, Sunday, or legal holiday or any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order. For purposes of this subsection, the day on which a period ends shall include the day on which an extension of such period, as authorized by law or by the Secretary pursuant to law, ends. The provisions of this subsection shall not extend the period during which benefits under this title may (pursuant to section 202(j)(1) or 223(b)) be paid for months prior to the day application for such benefits is filed, or during which an application for benefits under this title may (pursuant to section 202(j)(2) or 223(b)) be accepted as such.

* * * * *

DISABILITY INSURANCE BENEFIT PAYMENTS

Disability Insurance Benefits

SEC. 223. (a) (1) Every individual who—

(A) is insured for disability insurance benefits (as determined under subsection (c)(1)),

(B) has not attained the age of sixty-five,

(C) has filed application for disability insurance benefits, and

(D) is under a disability (as defined in subsection (c)(2)) at the time such application is filed,

shall be entitled to a disability insurance benefit (i) for each month beginning with the first month after his waiting period (as defined in subsection (c)(3)) in which he becomes so entitled to such insurance benefits, or (ii) for each month beginning with the first month during all of which he is under a disability and in which he becomes so entitled to such insurance benefits, but only if he was entitled to disability insurance benefits which terminated, or had a period of disability (as defined in section 216(i)) which ceased, within the sixty-month period preceding the first month in which he is under such disability, and ending with the month preceding whichever of the following months is the earliest; the month in which he dies, the month

in which he attains **the age of sixty-five** *age 65, the first month for which he is entitled to old-age insurance benefits*, or the third month following the month in which his disability ceases.

(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he had attained **retirement age** *age 62 (if a woman) or age 65 (if a man)* in—

(A) the first month of his waiting period, or

(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first month for which he becomes entitled to such disability insurance benefits, and as though he had become entitled to old-age insurance benefits in the month in which he filed his application for disability insurance benefits. For the purposes of the preceding sentence, in the case of a woman who both was fully insured and had attained retirement age in or before the first month referred to in subparagraph (A) or (B) of such sentence, as the case may be, the elapsed years referred to in section 215(b)(3) shall not include the first year in which she both was fully insured and had attained **retirement age** *age 62*, or any year thereafter.

(3) *If, for any month before the month in which an individual attains age 65, such individual is entitled to—*

(A) *a widow's, widower's, or parent's insurance benefit, or*

(B) *an old-age, wife's, or husband's insurance benefit which is reduced under subsection (q),*

such individual may not, for any month after the first month for which such individual is so entitled, become entitled to disability insurance benefits; and a period of disability may not begin with respect to such individual in any month after such first month.

Filing of Application

(b) No application for disability insurance benefits shall be accepted as a valid application for purposes of this section (1) if it is filed more than nine months before the first month for which the applicant becomes entitled to such benefits, or (2) in any case in which clause (ii) of paragraph (1) of subsection (a) is applicable, if it is filed more than six months before the first month for which the applicant becomes entitled to such benefits; and any application filed within such nine months' period or six months' period, as the case may be, shall be deemed to have been filed in such first month. An individual who would have been entitled to a disability insurance benefit for any month after June 1957 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he is continuously under a disability after such month and until he files application therefor, and he files such application prior to the end of the twelfth month immediately succeeding such month.

Definitions

(c) For purposes of this section—

(1) An individual shall be insured for disability insurance benefits in any month if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained **retirement age** *age*

62 (if a woman) or age 65 (if a man) and filed application for benefits under section 202(a) on the first day of such month, and

(B). he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216(i)) unless such quarter was a quarter of coverage.

(2) The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

(3) The term "waiting period" means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

(A) throughout which the individual who files such application has been under a disability which continues until such application is filed, and

(B) (i) which begins not earlier than with the first day of the eighteenth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such eighteenth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such eighteenth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before January 1, 1957.

SECTION 303(g) OF THE SOCIAL SECURITY AMENDMENTS OF 1960

COMPUTATIONS AND RECOMPUTATIONS OF PRIMARY INSURANCE AMOUNTS

SEC. 303. (g) (1) In the case of any individual who both was fully insured and had attained retirement age prior to 1961 and (A) who becomes entitled to old-age insurance benefits after 1960, or (B) who dies after 1960 without being entitled to such benefits, then, notwithstanding the amendments made by the preceding subsections of this section, the Secretary shall also compute such individual's primary insurance amount on the basis of such individual's average monthly wage determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act with a closing date determined under section 215(b)(3)(B) of such Act as then in effect, but only if such closing date would have been applicable to such computation had this section not been enacted. If the primary insurance amount resulting from the use of such an average monthly wage is higher than the primary insurance amount resulting from the use of an average monthly wage determined pursuant to the provi-

sions of section 215 of the Social Security Act, as amended by the Social Security Amendments of 1960, such higher primary insurance amount shall be the individual's primary insurance amount for purposes of such section 215. The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act; *except that the terms "fully insured" and "retirement age" shall have the meaning assigned to them by such title II as in effect on September 12, 1960.*

(2) Notwithstanding the amendments made by the preceding subsections of this section, in the case of any individual who was entitled (without regard to the provisions of section 223(b) of the Social Security Act) to a disability insurance benefit under such section 223 for the month before the month in which he became entitled to an old-age insurance benefit under section 202(a) of such Act, or in which he died, and such disability insurance benefit was based upon a primary insurance amount determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act, the Secretary shall, in applying the provisions of such section 215(a) (except paragraph (4) thereof), for purposes of determining benefits payable under section 202 of such Act on the basis of such individual's wages and self-employment income, determine such individual's average monthly wage under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act. The provisions of this paragraph shall not apply with respect to any such individual, entitled to such old-age insurance benefits, (i) who applies, after 1960, for a recomputation (to which he is entitled) of his primary insurance amount under section 215(f)(2) of such Act, or (ii) who dies after 1960 and meets the conditions for a recomputation of his primary insurance amount under section 215(f)(4) of such Act.

INTERNAL REVENUE CODE OF 1954

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

Sec. 1401. Rate of tax.

Sec. 1402. Definitions.

Sec. 1403. Miscellaneous provisions.

SEC. 1401. RATE OF TAX.

In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

[(1) in the case of any taxable year beginning after December 31, 1958, and before January 1, 1960, the tax shall be equal to $3\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year;]

[(2)] (1) in the case of any taxable year beginning after December 31, [1959,] 1961, and before January 1, 1963, the tax shall be equal to [4½] $4\frac{1}{16}$ percent of the amount of the self-employment income for such taxable year;

[(3)] (2) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to [5½] $5\frac{7}{16}$ percent of the amount of the self-employment income for such taxable year;

[(4)] (3) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to [6] 6 $\frac{1}{8}$ percent of the amount of the self-employment income for such taxable year; and

[(5)] (4) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to [6 $\frac{1}{4}$] 6 $\frac{1}{8}$ percent of the amount of the self-employment income for such taxable year.

NOTE.—The amendments to section 1401 of the Internal Revenue Code of 1954 apply with respect to taxable years beginning after December 31, 1961.

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SUBTITLE C—EMPLOYMENT TAXES

- CHAPTER 21. Federal insurance contributions act.
- CHAPTER 22. Railroad retirement tax act.
- CHAPTER 23. Federal unemployment tax act.
- CHAPTER 24. Collection of income tax at source on wages.
- CHAPTER 25. General provisions relating to employment taxes.

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

- SUBCHAPTER A. Tax on employees.
- SUBCHAPTER B. Tax on employers.
- SUBCHAPTER C. General provisions.

SUBCHAPTER A—TAX ON EMPLOYEES

- Sec. 3101. Rate of tax.
- Sec. 3102. Deduction of tax from wages.

SEC. 3101. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

[(1) with respect to wages received during the calendar year 1959, the rate shall be 2 $\frac{1}{2}$ percent;]

[(2)] (1) with respect to wages received during the calendar [years 1960 to 1962, both inclusive,] year 1962, the rate shall be [3] 3 $\frac{1}{8}$ percent;

[(3)] (2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be [3 $\frac{1}{2}$] 3 $\frac{1}{2}$ percent;

[(4)] (3) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be [4] 4 $\frac{1}{8}$ percent; and

[(5)] (4) with respect to wages received after December 31, 1968, the rate shall be [4 $\frac{1}{2}$] 4 $\frac{1}{2}$ percent.

NOTE.—The amendments to section 3101 of the Internal Revenue Code of 1954 apply with respect to remuneration paid after December 31, 1961.

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SUBCHAPTER B—TAX ON EMPLOYERS

Sec. 3111. Rate of tax.

Sec. 3112. Instrumentalities of the United States.

Sec. 3113. District of Columbia credit unions.

SEC. 3111. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

[(1) with respect to wages paid during the calendar year 1959, the rate shall be 2½ percent;]

[(2)] (1) with respect to wages paid during the calendar [years 1960 to 1962, both inclusive,] *year 1962*, the rate shall be [(3)] 3⅛ percent;

[(3)] (2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be [(3½)] 3⅝ percent;

[(4)] (3) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be [(4)] 4¼ percent; and

[(5)] (4) with respect to wages paid after December 31, 1968, the rate shall be [(4½)] 4½ percent.

NOTE.—The amendments to section 3111 of the Internal Revenue Code of 1954 apply with respect to remuneration paid after December 31, 1961.

SECTION 1 OF THE RAILROAD RETIREMENT ACT OF 1937

DEFINITIONS

SECTION 1. For the purposes of this Act—

* * * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended," shall mean the Social Security Act as amended in [1960] 1961.

VII. SUPPLEMENTAL VIEWS

The signatories to these supplemental views joined in reporting H.R. 6027 favorably to the House. We regard the changes proposed in this bill to be meritorious except for the reduction in the eligibility age for benefits for men from age 65 to 62. We are sympathetic to the proposed increase in the widow's percentage of the primary insured amount but have some reservations with respect to the proper priority of this change relative to other improvements that could and should be made in the old-age, survivors, and disability insurance program.

The following paragraphs set forth our views with respect to the proposed changes contained in H.R. 6027 and also include our recommendations for the further improvement of this legislation.

A. APPRAISAL OF CHANGES PROPOSED IN H. R. 6027

Section 101. Increase in minimum benefits.—This section would increase the minimum primary insurance amount from its present benefit level of \$33 to \$40 with corresponding adjustments in family benefits and lump-sum death payments. Slightly more than 2 million current beneficiaries would receive benefit increases amounting to an added level premium cost of 0.06 percent of payroll (\$170 million during the first full year). We generally concur in the views expressed in the committee report in favor of this change.

Section 102. Reduced benefits for men at age 62.—This section would reduce from 65 years to 62 years the eligibility age at which men may qualify on an actuarially reduced basis for old-age and husband's benefits. The provision would also make important technical improvement in existing law provisions applicable to retirement by women prior to reaching age 65. It is estimated that benefits will be paid to 560,000 persons during the first full year as a result of men electing reduced benefits. While the actuarial reduction in benefit level would prevent any level-premium cost increase from this change, it is significant to note that the cash benefit drain on the OASI trust fund would be higher over the next 15 years because of the change with the first full year effect being \$465 million more in benefit cost and declining to \$40 million more by the year 1975.

We are opposed to lowering the retirement age for men to age 62. Such action is in direct contradiction to retirement experience based on generally improved health and greater activity on the part of men in this age bracket. If age 62 is recognized, even obliquely, as an appropriate retirement age, the basis will be established for pressures urging the adoption of compulsory retirement at age 62 in collective bargaining agreements and industry in general.

We reject the philosophy that suggests our private enterprise economy can afford to forgo the great technical skills and knowledge possessed by the age group between 62 and 65 years. If people are unemployed in this age category, the answer is not to relegate them to

compulsory premature retirement and reduced benefit entitlement. Instead of utilizing programs related to retirement under such circumstances, those programs related to productivity, employment, and vocational training should be implemented to solve the economic problems of the individuals who are still a proper part of the labor market but are unable to find work.

It is argued in support of this proposed change that because contributions have been paid in expectation of receipt of benefits, the age 62 requirement should be adopted to provide protection for individuals unable to get work because of conditions beyond their control. If this argument is valid in support of the proposed change, it could be used with equal force to support a reduction in retirement age to any age such as 55 years or 50 years. The argument confuses the OASI program with unemployment compensation and attempts unwarrantedly to relate tax contributions and benefits payments in a way suggestive of private individual insurance which social security is not.

If the rationale for reducing the retirement age for women to 62 as stated in the House report in 1955 accompanying what became the 1956 Social Security Amendments is still sound, then reducing the retirement age for men to 62 years would logically lead to incongruous results. The House report in 1955 stated in support of lowering the retirement age for women that (1) "Wives are generally a few years younger than their husbands"; (2) "* * * widows have never worked or have not had recent work experience"; and (3) with respect to women workers "age limits applied are lower" in regard to job openings for women. This restatement and quotation of the rationale from the 1955 report in support of a retirement age 62 for women gives reason to anticipate argument for a still further reduction in women's eligibility age once a lower retirement age is established for men. The age levels at which such a series of reductions would cease is speculative at best. Indeed, it can be reasonably contended that if the retirement age is to be adjusted at all, a better case can be made for lowering the woman's eligibility age below 62 years than can be made for departing from the age 65 requirement for men.

Section 103. Quarters of coverage required for fully insured status.— This section would amend the existing provisions for fully insured status which determines benefit eligibility. Present law requires a minimum of 6 quarters of coverage and a maximum of 40 quarters of coverage for fully insured status and requires 1 quarter of coverage for each 3 quarters elapsing after 1950 and before the year of attaining retirement age. H.R. 6027 would liberalize this "1 out of 3" requirement by substituting a comparable "1 out of 4" requirement for fully insured status. This liberalization is similar to the proposal that passed the House last year. The change would qualify 160,000 people for benefits who are not now eligible at an added level premium cost of 0.02 percent of payroll (\$65 million in the first full year of operation). We generally support the views expressed in the committee report on this change.

Section 104. Increase in widow's, widower's, and parent's benefits.— This section would in general raise the benefit entitlements of widows, widowers, and parents from the present level of 75 percent of the primary insurance amount to 82½ percent of that amount. In the first full year of operation 1.5 million persons (including 1.4 million

now on the benefit rolls) would benefit at an added level-premium cost of 0.17 percent of payroll (\$105 million).

The undersigned recognize the merit in providing higher benefit entitlement for widows and other dependent beneficiaries who would be the recipients of benefit increases under this section of the bill. In fact merit is recognized in many proposals for liberalizing and improving our social security structure that were not even considered by the committee in connection with the preparation of this legislation. However, projected tax burdens under existing law plus the one-fourth of 1 percent tax increase under this bill will bring the ultimate social security tax to a 9¼ percent combined rate on employers and employees (4½ percent on each) and 6⅙ percent on the self-employed applicable to the first \$4,800 of covered income. Already many of our citizens are paying more in social security taxes than they pay in Federal income tax for their share of the general cost of government including national security.

Thus, the social security system is rapidly reaching the point where it is at the ceiling of affordable cost, especially in the case of those who are in lower income categories. These facts combine to make it imperative that changes in the benefit provisions imposing added cost be carefully evaluated from the standpoint of priority in accomplishing maximum equity and in fulfilling the most urgent need. This proposal to increase benefit entitlement for an admittedly worthy group of beneficiaries who now receive an average benefit that is 75 percent above the minimum benefit cannot meet the criteria of greatest equity and need that must be applied as a test in approving amendments to the Social Security Act. One unfortunate result of this change would be to create a disparity between the average benefit received by an aged widow and the average benefit received by an aged woman worker. The average widow's benefit under the bill would be \$64 whereas the average benefit received by a woman worker on her own wage record will be less than \$60. In view of the foregoing, during the committee deliberations on the bill, we were constrained to oppose this section which is the principal cost item in the bill at the present time in the interest of supporting an amendment involving a more pressing need at lower cost which is discussed later in these supplemental views under the caption "Benefits for Certain Individuals Who Have Attained Age 72."

Sections 105 and 106.—These sections of the bill pertain to retroactivity of certain disability applications and to the effective date for title I and require no separate comment.

Section 201. Changes in tax schedules.—This section of the bill provides that the benefit cost of the bill which is estimated at 0.25 percent of payroll would be financed by the imposition of increased payroll taxes of one-fourth of 1 percent on employers and employees (one-eighth on each) and of three-sixteenths of 1 percent on the self-employed effective January 1, 1962. At the present time the OASI system is estimated to be out of actuarial balance by 0.24 percent and H.R. 6027 would do nothing to correct that imbalance despite the tax increase that is provided.

While we support this tax increase as a necessary incident to the benefit liberalizations, we believe it is important that the Congress give careful heed to the effect mounting payroll taxes have on the competitive position of American employers. We believe particular

importance should be given to a study of the impact these taxes have on small business and on consumer prices.

Section 301.—This section is a technical conforming amendment relating to the relationship between the railroad retirement and OASDI systems and requires no special comment in these supplemental views.

B. GENERAL DISCUSSION OF H.R. 6027

The bill H.R. 6027 contains nothing new in the way of proposals to liberalize title II of the Social Security Act that has not previously been before the Congress. The bill represents a combination of unrelated and independent benefit and coverage changes that will increase the level-premium benefit cost by 0.25 percent of payroll, to be financed by a similar increase of one-fourth of 1 percent in applicable combined employer-employee payroll taxes. The assortment of changes contained in H.R. 6027 was selected largely as the result of administration recommendations as set forth in the President's message purporting to propose a "Program to Restore Momentum to the American Economy."

The committee in preparing the bill made modifications and deletions in the administration's recommendations. As originally proposed the administration's suggestions would have cost approximately one-half of 1 percent of payroll or twice the cost of the bill approved by the membership of the Committee on Ways and Means.

The President recommended that financing of the changes be deferred until beginning on January 1, 1963. This recommendation was rejected by the committee which provided that the added cost resulting from the changes made by the bill would be defrayed by a commensurate tax increase beginning next January.

The undersigned are constrained to express very genuine concern over an apparent inclination on the part of the administration to tamper with the OASDI program as a mechanism for pump priming and economic stimulation. In the aforementioned Presidential message, it was stated with respect to the recommended changes that—

Besides meeting pressing social needs, the additional flow of purchasing power will be a desirable economic stimulus at the present time. Early enactment will serve this end.

The Secretary of Health, Education, and Welfare made the administration's design for using the OASDI program as a recession cure even more patent in a statement of March 9, 1961, before the Committee on Ways and Means in which he said with respect to the administration's recommendations that—

* * * enactment of the proposals will get money into the economy quickly and, thereby, help to combat the current recession. While the proposals were selected for enactment at this time because they will contribute to overcoming the current recession, they are significant permanent improvements, adding to the flexibility and effectiveness of our social security program for the long run.

The Secretary of Health, Education, and Welfare went all out in behalf of using the OASDI program as a pump primer when on March 22, 1961, he told the Committee on Ways and Means the administra-

tion's view on a proposal to impose a tax effective January 1, 1962, instead of January 1, 1963, as recommended by the President:

I would say we would be deeply disappointed. * * * if you took out of the economy a sum of money equivalent to what you were trying to put in, one of our main objectives would be defeated. It would be a self-defeating proposal * * * and it would make us very unhappy.

* * * * *

Rather than get ourselves into a position of collecting in taxes the equivalent of moneys that are going out to the economy, I would rather try to work out a program that would restrict some of the benefits in order to avoid a tax increase.

* * * * *

In other words, rather than having a tax increase go into effect in January 1963, I would prefer to be given the opportunity to try to tailor a program that would restrict some of these benefits in order to get some money into the economy.

* * * * *

We would feel very disappointed to have a situation where no extra money was being made available to our economy.

* * * * *

We are anxious to get money into circulation on any score that we possibly can.

Thus, the administration has clearly demonstrated an intention to use the OASDI program for reasons other than retirement and survivorship security of our citizens and has even gone so far as to say that the administration would back away from its original OASDI recommendations if tax collections were going to equal benefit outgo.

Presumably if deliberate deficit financing of the OASDI program in reckless disregard of the long-range commitments of the system is to be resorted to now as a recession cure, the system would be called upon in the future to serve a similar purpose during economic downturns. Under this arrangement social security would join printing press money, pegged bond prices, and artificial interest rates as tools in the hand of the bureaucratic planner.

Because of the danger of this willingness and intention on the part of the administration to temporize with the actuarial integrity of the OASDI system merely to promote the cause of economic expediency, we are compelled to point out in the strongest of terms that the OASDI system is a program to which our citizens must be able to look in perpetuity for a floor of protection in their retirement and survivorship security. To directly or indirectly pervert the program to any other purpose can seriously jeopardize that objective. In evaluating the program and proposed changes we must today be mindful of the fact that the system will not fully mature for another 70 years at the earliest and we must resist expediency in financing or liberalizing the OASDI system. It is our view that the membership of the Committee on Ways and Means is to be commended for rejecting the philosophy espoused by the administration. We state categorically at this time that our support of H.R. 6027 is predicated on the substantive merits of the legislation and not because it repre-

sents a cure for an economic downturn that now seems to be fast disappearing.

C. RECOMMENDATIONS FOR IMPROVEMENT OF H.R. 6027

In the foregoing paragraphs the signatories to these views have expressed their position with respect to each of the provisions contained in H.R. 6027.

In summary, we are opposed to reducing the retirement age for men because it cannot be justified on the basis of need, and it risks the establishment of a pattern of compulsory retirement at age 62. Also we have reservations with respect to whether or not there exists a sufficient priority of need for increasing the widow's percentage of the primary insurance amount when compared with other desirable revisions of the social security system. We believe there is a particular group of our older people much more urgently in need of recognition and it is to that group that we believe help should go within the framework of these limited cost amendments to the OASDI program. We refer to those individuals who were forced to retire too soon or whose husbands died too soon so that they were unable to acquire sufficient quarters of coverage to obtain benefits under the program.

Consistent with this view during the committee consideration of the Social Security Amendments of 1961 we endeavored to accomplish certain objectives that would have strengthened the bill in terms of greater equity and improvement in the benefit structure of the program. It is our view that within the limits of the financing latitude of the bill (one-fourth of 1 percent of payroll) it would be more equitable and meet a more urgent need if a substitute which we offered for the proposal in the committee's bill increasing certain dependents benefits had been adopted. Our substitute provided for (1) entitlement to a minimum benefit to all individuals aged 72 and over who are not presently eligible for benefits and (2) liberalization of the retirement test by increasing to \$2,400 the total amount of earnings permitted without full deduction of earnings from benefits.

The level premium cost of the proposal contained in section 104 of the committee bill to increase certain dependents benefits is 0.17 percent of taxable payroll; the total level premium cost of the two liberalizations that we proposed as a substitute to section 104 is significantly less—0.11 percent of payroll. Therefore, under our recommended changes we would have not only improved the benefit structure and the eligibility equity but we would also have improved the actuarial status of the System. Under the committee bill there is no correction of the present 0.24 percent imbalance in the existing OASI system despite the tax increase, but under our proposal the imbalance would have been reduced to 0.18 percent of taxable payroll.

The two substitute proposals that we recommended in committee will be discussed in the following paragraphs of these supplemental views.

(1) *Benefits for certain individuals who have attained age 72.*—This proposed amendment which embodies the provisions of H.R. 324 would generally provide OASI benefits to persons age 72 and over who are not presently eligible for such benefits. These individuals would be eligible to receive the minimum benefit.

No dependents' or survivors' benefits would be payable under this new category, and stricter provisions would be applicable to suspension of benefits than applies under present law to regular beneficiaries.

This amendment would make benefits available to approximately 2 million persons including 1.5 million women, 1 million of whom are widows. For the most part the group to be benefited under this suggested change are workers who attained retirement age before the social security program reached its present status of virtual universal coverage or are widows whose husbands died prior to this expansion of coverage. It is estimated that 1.25 million of the people included in this group are presently forced to rely on public assistance. These people are in their present plight because Congress acted too late in broadening coverage of the social security system. We should now act to correct the neglect of these worthy people. These are the people who felt the full brunt of the inflation of the forties and early fifties which destroyed the purchasing power of their savings. There can be no doubt of the urgent need of this group when it is considered that 63 percent of them are presently public assistance recipients. In fact, we are convinced that this group comprises the segment of our population that is in the greatest need and is most deserving of help.

It becomes, therefore, fully evident that any amendment to the Social Security Act which benefits this group deserves a very high priority. When it is considered that no present beneficiary under the system has paid anything approaching the full actuarial value of his potential benefits, it is only fair that the discrimination against those not covered under the program be removed. In this connection it should be noted that the payment into the trust fund for the group covered under this proposal would be relatively 10 times as much as was paid into the fund with respect to the present average recipient of a minimum benefit.

The cost of blanketing in this group within the protection of the program would be defrayed under a formula reimbursing the OASI trust fund by the general fund of the Treasury. The method of financing would provide for reimbursement of the trust fund in an amount equal to the maximum employer-employee tax on a level monthly wage equal to the maximum wage that produces minimum benefits. Such reimbursement would be for the period from the beginning of 1951 (when the last new start was provided) through the year in which the individual involved attains age 71 (or through December 1960, if later) plus 3 percent compound interest. As has been noted, this proposed method of reimbursing the trust fund for the group that would be covered under the amendment would result in the payment into the trust fund of an amount that would be 10 times greater relatively than was paid into the fund with respect to the average minimum benefit recipient.

The effect upon the OASI trust fund from this provision will be minimal because the level-premium value of the Federal reimbursements will be 0.15 percent of payroll contrasted with the level-premium value of the benefits of 0.20 percent of payroll. The cost of the reimbursement to the general fund of the Treasury would be partially offset by the savings to the Federal Government under the old-age assistance program. Thus, with respect to these deserving people the contributions into the trust fund will be relatively greater than were paid by

persons now receiving comparable benefits, and the payment of benefits will be relatively less because eligibility for benefits is deferred until age 72.

The committee report in numerous places expresses proper concern over the economic welfare of those persons receiving minimum benefits or dependents benefits. We share the concern that present benefits may under certain circumstances be inadequate but we feel compelled to direct attention to a concern that is even more urgent in regard to those people who today receive no benefits at all even though they may have paid just as much or more into the trust fund as the people who are today receiving benefits. This hardship can be demonstrated by two examples as follows:

Mr. A, a self-employed store owner, was first covered in 1951. He had self-employment income of \$3,600 in both 1951 and 1952 before dying in March 1952. He left a widow, age 65. His total contributions were \$162. No benefits were payable to his widow because he had only five quarters of coverage.

Dr. B, a doctor of medicine, had covered earnings of \$50 per calendar quarter as an employee beginning in 1951 since he was a part-time salaried doctor for a nonprofit organization. Dr. B died in April 1952 after being paid \$50 of wages in that month. He too left a widow age 65. His total employee contributions were only \$4.50. Because he had six quarters of coverage (even though they were at the minimum amount possible) his widow received a lump-sum death payment of \$60 and monthly benefits of \$15 for April 1952 to August 1952, \$18.80 for September 1952 to August 1954, \$30 for September 1954 to December 1957, and \$33 from January 1958 on. As of June 1, 1961, she will have received a total of \$3,139 in social security benefits. If the new legislation is adopted, her monthly benefit will increase to \$40, and if she lives out her normal life expectancy from now on, she will get approximately \$5,300 more for a total benefit of \$8,439 based on a total contribution to the trust fund of \$9.

We genuinely regret that sufficient of our committee colleagues on the majority did not agree to include in the bill this workable and equitable proposal to grant a minimum benefit to individuals age 72 who are not eligible for social security benefits. This amendment would have improved the bill, strengthened the OASDI system, and been of very real assistance to the people to be benefited.

(2) *Liberalization of the retirement test.*—To improve the equity of the social security system we proposed during the committee consideration of H.R. 6027 that the retirement test (\$1,200 limitation on earnings) be liberalized. Under our suggested amendment, which was similar to the provisions of H.R. 5517, an individual would have been able to earn up to \$2,400 per annum before there would have been a full benefit deduction on a dollar-for-dollar basis for earnings above that amount. Our proposal would have involved an estimated level-premium cost of 0.06 percent of payroll and would have provided approximately \$125 million in additional benefits in the first full year of operation.

The retirement test or so-called work clause under existing law provides that (1) an individual can earn as much as \$1,200 yearly without loss of benefit entitlement, (2) for earnings over \$1,200 and through \$1,500 there is withheld \$1 in benefits for each \$2 in earnings, and (3) above \$1,500 in earnings the earnings-benefit-loss ratio is

dollar for dollar. Furthermore, benefits are not withheld for any month in which the individual does not have wages in excess of \$100 and does not render substantial self-employment services. The test does not apply to individuals at age 72.

The retirement test directly affects upwards of 2 million OASI beneficiaries and, indirectly, many more beneficiaries. The present retirement test tends to limit the freedom of choice of our aged citizens by restricting their productivity and limiting the contribution they can make to their own welfare. In many cases, the present test may preclude an individual from earning income for which there is a genuine need. The simple fact is that many older people would make a greater contribution to the national productivity as well as live more satisfying lives if the present retirement test did not operate so severely to reduce the net addition to income from working.

The amendment that we supported in committee would have increased the "earnings band" of existing law under which benefits are reduced \$1 for every \$2 earned. Under present law that band applies to earnings between \$1,200 and \$1,500. We proposed to increase the band by \$900 so that the "\$1 in benefits for \$2 in earnings band" would apply in the range from \$1,200 to \$2,400. Under our proposal benefits would have been reduced on a dollar-for-dollar basis only to the extent that earnings exceeded \$2,400.

This proposal would work in the following manner insofar as the annual portion of the retirement test is concerned. Let us consider a retired worker and wife whose combined benefits are \$150 a month or \$1,800 a year. If he works part time and earns \$1,200, they receive full benefits and so have a total income of \$3,000. If his earnings are \$1,500, the benefits are reduced by \$150 (one-half of the \$300 excess over the \$1,200 limit) to \$1,650, the same as under present law. If his earnings are \$1,800, the benefits are reduced by \$300 under the proposal (one-half of the \$600 excess)—as against \$450 under present law (one-half of the first \$300 of excess, plus all of the next \$300). Corresponding figures for other cases are shown below:

Earnings	OASI benefits paid		Total income	
	Present	Proposed	Present	Proposed
\$1,200.....	\$1,800	\$1,800	\$3,000	\$3,000
\$1,500.....	1,650	1,650	3,150	3,150
\$1,800.....	1,350	1,500	3,150	3,300
\$2,100.....	1,050	1,350	3,150	3,450
\$2,400.....	750	1,200	3,150	3,600
\$2,700.....	450	900	3,150	3,600
\$3,000.....	150	600	3,150	3,600
\$3,150.....		450	3,150	3,600
\$3,300.....		300	3,300	3,600
\$3,600.....			3,600	3,600

This modification would have greatly increased the flexibility, adequacy, and equity of the social security system while at the same time improving the opportunities for self-determination on the part of our deserving senior citizens.

In demonstration of the interest in a liberalized retirement test it is worthy of note that the committee has had more bills referred to it on this subject than on any other single subject. We regret that the majority did not find it possible to support our endeavors to this end.

In conclusion, we reiterate our support of H.R. 6027. In most of its provisions we find genuine merit. However, we believe that the bill would have been considerably improved if we had succeeded in obtaining the adoption of amendments blanketing in the present aged and liberalizing the retirement test. On these issues our action was prompted by (1) an interest in improving the benefit and coverage structure of the OASI program insofar as the uncovered citizens who are age 72 are concerned and (2) an interest in improving the equity of the program by the change in the retirement test.

JOHN W. BYRNES.

VICTOR A. KNOX.

JACKSON E. BETTS.

STEVEN B. DEROUNIAN.

HERMAN T. SCHNEEBELI.

VIII. MINORITY VIEWS

We believe in a soundly financed and equitably conceived system of social security that properly seeks to provide a basic floor of retirement and survivorship protection for the American people on a non-discriminatory basis. The existing old-age, survivors, and disability insurance program falls considerably short of meeting these requirements.

We are opposed to a system of so-called social insurance that (1) discourages individual productivity, (2) impairs individual ability to achieve self-sufficiency, (3) illogically and arbitrarily differentiates among citizens in regard to benefit eligibility and amount, and (4) spends currently the savings of the present generation so that the commitments of the system to one generation will inevitably fall on succeeding generations in increasing magnitude. The present old-age, survivors, and disability insurance program tragically possesses these shortcomings on every count and with seemingly unshakable firmness persists in their retention.

We are opposed to the enactment of H.R. 6027 because it seeks to enact a combination of illy conceived or inadequate modifications in a social security structure that urgently requires much more basic and sweeping reform to be acceptable and workable. There seems to us little merit or future in adding another room to a house built on sand.

We associate ourselves fully with the criticisms in the supplemental views by our Republican colleagues with respect to the proposal to reduce the possible retirement age for men to 62 years. We also tend to support the recommendations of our Republican colleagues to liberalize the retirement test and to end the present unconscionable discrimination against those present aged who through no fault of their own are precluded from a benefit entitlement even though their need is the greatest and even though they may have contributed as much to the OASI trust fund as many present beneficiaries. With respect to the proposed increase in certain dependent's benefits, we can see no reason or rationale for saying to a widow that she can have only 75 percent or 82½ percent or any other percent less than 100 percent of the amount paid to a retired man. We would support a proposal to equate the benefit entitlement between these two classes of beneficiaries.

We should frankly recognize that the present social security system is not insurance and we should end the cruel pretense of maintaining on the basis of an insurance concept that some citizens are deserving of higher benefits than others and some citizens are deserving of no benefits. It serves no useful purpose to characterize as "insurance" what is merely a statutory mechanism combining welfare and insurance characteristics which emerge as a hybrid that is not insurance and that provides welfare only on a hit-or-miss basis. This mechanism is essentially a device for taking the productivity of one group of our citizens to provide for the welfare of another group and these groups may or may not be of the same generation.

We support the portion of the supplemental views of our Republican colleagues expressed in regard to the tax schedule in existing law and proposed in this legislation necessary to finance the OASDI program. In commenting on the tax burden we stress the fact that the OASDI system has not met the critical test of time. We are told that the system will not mature until well into the 21st century. In the interim it is entirely possible that experience will prove the present tax schedule inadequate. We are perhaps not justified in assuming that future generations will acquiesce in tax burdens to which we are now so willing to commit them.

We also join in the supplemental views of our Republican colleagues with respect to concern over the willingness of the administration to utilize the OASDI program for pump-priming purposes. The fact that the administration did not recommend any comparable liberalization of the public assistance programs under the Social Security Act reveals a dangerous inclination to use the OASDI trust funds for fiscal policy purposes to pursue an objective that, if it is to be done at all, should be done through the Treasury general fund route.

Our reservations with respect to the existing social security program and the amendments proposed in H.R. 6027, aside from considerations of equity and fairness, are primarily directed to our serious doubts over the financial ability of the program to sustain itself in perpetuity. The assumptions on which the system is pronounced sound are inescapably predicated almost completely on economic and population forecasting. There is less reason to question the actuarial conclusions if the assumed economic and population forecasts are correct. Our concern is that these forecasts may prove to be at substantial variance with experience, with the result that the tremendous obligations already accumulated under the OASDI system will prove an intolerable burden.

The existing system is established on the principle that taxes will be imposed on future earned income of future workers to pay benefits obligations that have been previously incurred. The magnitude of these obligations can be demonstrated by an examination of certain actuarial data:

First, an employee with maximum taxable earnings since the program began in 1937 would have contributed, through December 31, 1960, a total of \$1,290, so that the combined employer-employee taxes are \$2,580. If such an individual reached age 65 on January 1, 1961, and had a wife the same age, the average total amount of benefits that would be paid out in this case would be about \$31,200.

Secondly, a similar individual who qualifies for the minimum benefit could have contributed as little as \$6.50 (by obtaining 13 quarters of coverage at the minimum rate of \$50 of wages per quarter during the period 1937-49, when the contribution rate was 1 percent); in such case, the combined employer-employee taxes would be \$13. The total amount of benefits that would be paid out, on the average, in such case (considering that the widow would receive the full minimum benefit under present law of \$33) would be about \$9,100.

Thirdly, the total contributions that have been collected by the OASDI system since the inception of the program through 1960 amount to approximately \$81.6 billion. The present value of future benefit obligations incurred with respect to existing beneficiaries is estimated at about \$95 billion. This latter figure does not take into

account the benefit obligations currently being developed for persons who have not as yet reached retirement age or died, or the total benefits paid since the inception of the program through 1960, amounting to \$62.9 billion. The combined OASDI trust funds at the end of 1960 amounted to only \$22.6 billion.

And, fourthly, the present unfunded obligations of the OASDI system are estimated to be approximately \$300 billion on the assumption that no new workers enter the system but that only presently covered persons and their employers make contributions and acquire benefit rights.

These actuarial data give some meaning to the magnitude of the future obligations that have already been incurred under the social security program and suggest the compelling reasons why care must be exercised in the evaluation of the existing program and any proposed liberalizations thereof.

We favor a program that is sound in principle and in its financing features. We are opposed to imposing on future generations the obligations that we should be meeting for ourselves. For these reasons we are constrained to express our opposition to the favorable consideration of H.R. 6027.

NOAH M. MASON.
JAMES B. UTT.
BRUCE ALGER.

IX. SEPARATE MINORITY VIEWS OF HON. THOMAS B. CURTIS

The undersigned commends to the careful study of all interested persons the information and reasoning set forth in the supplemental views of some of my Republican colleagues appearing elsewhere in this report. I would also recommend for careful consideration the comments on the financing aspects of the program offered by certain of my Republican colleagues who have filed minority views.

Because I have certain differences of substance in regard to both the aforementioned supplemental and minority views, I am constrained to file these separate views.

The existing social security tax schedule and the current and future benefit obligations of the system combine to make it imperative with respect to future liberalizations of the program that we put first things first in a sensible order of priority based on logic, need, and equity. The bill H.R. 6027 would take none of these criteria into account in proposing changes in the existing OASDI program.

For that reason I am opposed to the favorable consideration of H.R. 6027. This is not to suggest that I am opposed to improvements in the social security program as such or that I am unmindful of the needs of our senior citizens. Indeed, it is because I favor the constructive improvement of the OASDI program so that it will more adequately serve the needs of our aged that I find myself unable to accept the changes to the program proposed in the committee bill.

Lowering the retirement age for men to 62 without relating retirement age below 65 to disability for productive work is a step backward, not forward. Due to the great advancements in the health sciences, particularly in the past 15 years, our people are able to work efficiently at older ages than was the case in prior years. Early retirement should be discouraged, not encouraged, in our public laws. Medical science is now reaching a point when we no longer need to use chronological age which common observation has always revealed to be capable of error as the exclusive determinative of ability for productive work. Chronological age is still an important factor in determining ability to work, but it should not be the sole criterion. Ability to work efficiently is a criterion which our retirement laws should take into account from the standpoint of the well-being of the worker and the economic strength of the Nation.

I am in favor of liberalizing the provisions of coverage contained in the bill. As a matter of fact, I am and have been for several years in favor of as complete coverage as possible of all our citizens under the provisions of social security on the basis of equity and with the qualification that persons who provide alternative retirement and survivorship programs for themselves would not be compelled to participate in social security.

It is for this reason that I disfavor increasing the benefits for any of the people presently on social security until we extend coverage to

those people who have never received any benefits from the social security program.

On the average the people who have received social security benefits up to the present have paid in only one or two dollars for every hundred dollars they have drawn in benefits. The people now going on the benefit rolls and who will go on for the next 10 years or so will have paid in about \$1 for every \$10 of benefits they can on the average anticipate receiving. This is so because the social security system is only one-third of its way toward maturity.

The people presently receiving social security benefits have not paid contributions into the system that are anywhere near commensurate with the benefits they are receiving. While such individuals are receiving benefits without fully paying for them there are 2 million people age 72 and over who have never received any social security benefits through no fault of their own but solely because they were in effect born too soon—born before social security coverage had been expanded to include them or their husbands.

Before we increase benefits for those already on the benefit rolls, we should, in the name of equity, extend social security benefits to this aged group who have never received any benefits. If we are discussing humanity and need, this group age 72 and over, who never had any benefits, are much more in need than those already under the system. Nor is the answer of the Social Security Administration that these people have never paid into the system a sufficient answer. As I have pointed out neither have those presently receiving benefits paid into the system anything which in any way would entitle them to additional benefits beyond that which they now receive. The Congress has repeatedly liberalized the social security program and made those liberalizations available to the presently retired.

The social security system is not an insurance system though some misguided persons try to create acceptance of that impression through use of the word "insurance," through referring to the social security tax as "a payment of premiums," and through relating benefits received to the contributions paid. The U.S. Supreme Court has specifically held that the system is not insurance. The ruling of the Bureau of Internal Revenue that social security benefits are not taxable income because social security benefits are gratuities should remove any doubt on this point. Indeed, if it were insurance, I submit it would be unconstitutional.

I offered an amendment in committee, which I hope I will be permitted under the rule to offer on the floor of the House. This amendment would get the social security system back to the base upon which it properly belongs. My amendment, which is similar to my bill H.R. 4817, makes the social security program an optional rather than a compulsory system. It permits any citizen who provides a retirement program for himself that is the equivalent of the social security program, to be outside the system and not be subject to a social security tax.

Ninety-five percent of our people can and are providing for their own retirement. They should not be forced to join a governmentally sponsored system if they do not wish to. The governmental program should be optional so as to allow an individual an election as to whether or not he will participate in the system.

If my amendment is adopted, it is probably true that for the immediate present very few people would avail themselves of the option to go their own way simply because the Government program still offers a bargain which our children will pay for and which cannot be matched elsewhere. However, as time goes on and the social security tax rate is increased, our people will find to an increasing degree that they can do better on their own. Many people as a matter of principle would prefer to be on their own even though they lose a bargain.

To the extent that my amendment would prompt individuals to elect not to participate in the next several years, it is likely that the system would be strengthened. The removal of any potential beneficiary who is going to receive \$10 for every \$1 paid in will help to preserve the solvency of the present system. Indeed, the system will be helped and saved by permitting the option my amendment offers. The system could then concentrate its protection on the group over which the Government has a proper and true concern—the indigent or those who might become indigent.

Opposition to my amendment comes primarily from people who do not understand it. There are also those in opposition who do understand it but whose intentions were never to relate social security to the problem of the needy and the potentially needy, but rather whose intentions were to socialize the retirement system of our entire population. In my considered judgment this is wrong and, in the long run, destructive of both a sound retirement system for our people and destructive of the private enterprise system itself.



87TH CONGRESS
1ST SESSION

H. R. 6027

[Report No. 216]

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1961

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

APRIL 7, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Social Security Amend-
4 ments of 1961".

5 TITLE I—AMENDMENTS TO TITLE II OF THE
6 SOCIAL SECURITY ACT

7 INCREASE IN MINIMUM BENEFITS

8 SEC. 101. (a) The table in section 215 (a) of the Social
9 Security Act is amended by striking out all the figures in

1 columns I, II, III, IV, and V down through the line which
 2 reads

“\$13.49 14.00 37.10 38.00 68 69 41 61.50”

3 and inserting in lieu thereof the following:

“----- \$13.48 ----- \$37.00 ----- \$67 \$40 \$60.00
 \$13.49 14.00 \$37.10 38.00 \$68 69 41 61.50”.

4 (b) The amendment made by subsection (a) shall apply
 5 only in the case of monthly insurance benefits under title
 6 II of the Social Security Act for months beginning on or
 7 after the effective date of this title (see section 106), and in
 8 the case of lump-sum death payments under such title with
 9 respect to deaths on or after such effective date.

10 REDUCED BENEFITS FOR MEN AT AGE 62

11 SEC. 102. (a) Section 202 of the Social Security Act
 12 is amended by striking out “retirement age” and “retirement
 13 age (as defined in section 216 (a))” each place they appear
 14 therein and inserting in lieu thereof “age 62”.

15 (b) (1) Subsections (q) and (r) of section 202 of such
 16 Act are amended to read as follows:

17 “Adjustment of Old-Age, Wife’s, or Husband’s Insurance
 18 Benefit Amounts in Accordance With Age of Benefi-
 19 ciary

20 “(q) (1) If the first month for which an individual is
 21 entitled to an old-age, wife’s, or husband’s insurance benefit
 22 is a month before the month in which such individual attains

1 age 65, the amount of such benefit for each month shall,
2 subject to the succeeding paragraphs of this subsection, be
3 reduced by—

4 “(A) $\frac{5}{9}$ of 1 percent of such amount if such benefit
5 is an old-age insurance benefit, or $\frac{25}{36}$ of 1 percent of
6 such amount if such benefit is a wife’s or husband’s in-
7 surance benefit; multiplied by

8 “(B) (i) the number of months in the reduction
9 period for such benefit (determined under paragraph
10 (5)), if such benefit is for a month before the month in
11 which such individual attains age 65, or

12 “(ii) the number of months in the adjusted reduc-
13 tion period for such benefit (determined under para-
14 graph (6)), if such benefit is for the month in which
15 such individual attains age 65 or for any month there-
16 after.

17 “(2) (A) If the first month for which an individual
18 both is entitled to a wife’s or husband’s insurance benefit and
19 has attained age 62 is a month for which such individual is
20 also entitled to—

21 “(i) an old-age insurance benefit (to which such
22 individual was first entitled for a month before he at-
23 tains age 65), or

24 “(ii) a disability insurance benefit,
25 then in lieu of any reduction under paragraph (1) (but

1 subject to the succeeding paragraphs of this subsection) such
2 wife's or husband's insurance benefit for each month shall be
3 reduced as provided in subparagraph (B), (C), or (D).

4 “(B) For any month for which such individual is en-
5 titled to an old-age insurance benefit, such individual's wife's
6 or husband's insurance benefit shall be reduced by the sum
7 of—

8 “(i) the amount by which such old-age insurance
9 benefit is reduced under paragraph (1), and

10 “(ii) the amount by which such wife's or husband's
11 insurance benefit would be reduced under paragraph (1)
12 if it were equal to the excess of such wife's or husband's
13 insurance benefit (before reduction under this subsec-
14 tion) over such old-age insurance benefit (before reduc-
15 tion under this subsection).

16 “(C) For any month for which such individual is en-
17 titled to a disability insurance benefit, such individual's wife's
18 or husband's insurance benefit shall be reduced by the amount
19 by which such benefit would be reduced under paragraph
20 (1) if it were equal to the excess of such benefit (before
21 reduction under this subsection) over such disability insur-
22 ance benefit.

23 “(D) For any month for which such individual is en-
24 titled neither to an old-age insurance benefit nor to a dis-
25 ability insurance benefit, such individual's wife's or husband's

1 insurance benefit shall be reduced by the amount by which it
2 would be reduced under paragraph (1).

3 “(3) If—

4 “(A) an individual is or was entitled to a benefit
5 subject to reduction under this subsection, and

6 “(B) such benefit is increased by reason of an
7 increase in the primary insurance amount of the indi-
8 vidual on whose wages and self-employment income such
9 benefit is based,

10 then the amount of the reduction of such benefit for each
11 month shall be computed separately (under paragraph (1)
12 or (2), whichever applies) for the portion of such benefit
13 which constitutes such benefit before any increase described
14 in subparagraph (B), and separately (under paragraph (1)
15 or (2), whichever applies to the benefit being increased) for
16 each such increase. For purposes of determining the amount
17 of the reduction under paragraph (1) or (2) in any such
18 increase, the reduction period and the adjusted reduction
19 period shall be determined as if such increase were a sepa-
20 rate benefit to which such individual was entitled for and
21 after the first month for which such increase is effective.

22 “(4) (A) No wife’s insurance benefit shall be reduced
23 under this subsection—

24 “(i) for any month before the first month for which
25 there is in effect a certificate filed by her with the Sec-

1 retary, in accordance with regulations prescribed by
2 him, in which she elects to receive wife's insurance
3 benefits reduced as provided in this subsection, or

4 “(ii) for any month in which she has in her care
5 (individually or jointly with the person on whose
6 wages and self-employment income her wife's insurance
7 benefit is based) a child of such person entitled to child's
8 insurance benefits.

9 “(B) Any certificate described in subparagraph (A) (i)
10 shall be effective for purposes of this subsection (and
11 for purposes of preventing deductions under section
12 203 (c) (2))—

13 “(i) for the month in which it is filed and for any
14 month thereafter, and

15 “(ii) for months, in the period designated by the
16 woman filing such certificate, of one or more consecutive
17 months (not exceeding 12) immediately preceding the
18 month in which such certificate is filed;

19 except that such certificate shall not be effective for any
20 month before the month in which she attains age 62, nor
21 shall it be effective for any month to which subparagraph
22 (A) (ii) applies.

23 “(C) If a woman does not have in her care a child
24 described in subparagraph (A) (ii) in the first month for
25 which she is entitled to a wife's insurance benefit, and if

1 such first month is a month before the month in which she
2 attains age 65, she shall be deemed to have filed in such first
3 month the certificate described in subparagraph (A) (i).

4 “(5) For purposes of this subsection, the ‘reduction pe-
5 riod’ for an individual’s old-age, wife’s, or husband’s insur-
6 ance benefit is the period—

7 “(A) beginning—

8 “(i) in the case of an old-age or husband’s in-
9 surance benefit, with the first day of the first month
10 for which such individual is entitled to such benefit,
11 or

12 “(ii) in the case of a wife’s insurance benefit,
13 with the first day of the first month for which a cer-
14 tificate described in paragraph (4) (A) (i) is ef-
15 fective, and

16 “(B) ending with the last day of the month before
17 the month in which such individual attains age 65.

18 “(6) For purposes of this subsection, the ‘adjusted
19 reduction period’ for an individual’s old-age, wife’s, or hus-
20 band’s insurance benefit is the reduction period prescribed
21 by paragraph (5) for such benefit, excluding from such
22 period—

23 “(A) any month in which such benefit was sub-
24 ject to deductions under section 203 (b), 203 (c) (1),
25 203 (d) (1), or 222 (b),

1 “(B) in the case of wife’s insurance benefits, any
2 month in which she had in her care (individually or
3 jointly with the person on whose wages and self-
4 employment income such benefit is based) a child of
5 such person entitled to child’s insurance benefits, and

6 “(C) in the case of wife’s or husband’s insurance
7 benefits, any month for which such individual was not
8 entitled to such benefits because the spouse on whose
9 wages and self-employment income such benefits were
10 based ceased to be under a disability.

11 “(7) This subsection shall be applied after reduction
12 under section 203 (a) and after application of section 215
13 (g). If the amount of any reduction computed under para-
14 graph (1) or (2) is not a multiple of \$0.10, it shall be re-
15 duced to the next lower multiple of \$0.10.

16 “Presumed Filing of Application by Individuals Eligible for
17 Old-Age Insurance Benefits and for Wife’s or Husband’s
18 Insurance Benefits

19 “(r) (1) If the first month for which an individual is
20 entitled to an old-age insurance benefit is a month before the
21 month in which such individual attains age 65, and if such in-
22 dividual is eligible for a wife’s or husband’s insurance bene-
23 fit for such first month, such individual shall be deemed to
24 have filed an application in such month for wife’s or hus-
25 band’s insurance benefits.

1 “(2) If the first month for which an individual is en-
2 titled to a wife’s or husband’s insurance benefit reduced un-
3 der subsection (q) is a month before the month in which
4 such individual attains age 65, and if such individual is eligi-
5 ble for an old-age insurance benefit for such first month, such
6 individual shall be deemed to have filed an application for
7 old-age insurance benefits—

8 “(A) in such month, or

9 “(B) if such individual is also entitled to a dis-
10 ability insurance benefit for such month, in the first sub-
11 sequent month for which such individual is not en-
12 titled to a disability insurance benefit.

13 “(3) For purposes of this subsection, an individual shall
14 be deemed eligible for a benefit for a month if, upon filing
15 application therefor in such month, he would be entitled to
16 such benefit for such month.”

17 (2) (A) Section 202 (s) of the Social Security Act
18 is hereby repealed.

19 (B) Section 223 (a) of such Act is amended by adding
20 at the end thereof the following new paragraph:

21 “(3) If, for any month before the month in which an
22 individual attains age 65, such individual is entitled to—

23 “(A) a widow’s, widower’s, or parent’s insurance
24 benefit, or

1 “(B) an old-age, wife’s, or husband’s insurance
2 benefit which is reduced under subsection (q),
3 such individual may not, for any month after the first month
4 for which such individual is so entitled, become entitled to
5 disability insurance benefits; and a period of disability
6 may not begin with respect to such individual in any month
7 after such first month.”

8 (C) Section 223 (a) (1) of such Act is amended by
9 striking out “the month in which he attains the age of
10 sixty-five,” and inserting in lieu thereof “the month in which
11 he attains age 65, the first month for which he is entitled
12 to old-age insurance benefits,”.

13 (D) The third sentence of section 216 (i) (2) of such
14 Act is amended by striking out “a period of disability shall
15 begin” and inserting in lieu thereof “a period of disability
16 shall (subject to section 223 (a) (3)) begin”.

17 (3) Section 202 (j) (3) of such Act is amended to read
18 as follows:

19 “(3) Notwithstanding the provisions of paragraph (1),
20 an individual may, at his option, waive entitlement to any
21 benefit referred to in paragraph (1) for any one or more
22 consecutive months (beginning with the earliest month for
23 which such individual would otherwise be entitled to such
24 benefit) which occur before the month in which such individ-
25 ual files application for such benefit; and, in such case,

1 such individual shall not be considered as entitled to such
2 benefits for any such month or months before such individual
3 filed such application. An individual shall be deemed to
4 have waived such entitlement for any such month for which
5 such benefit would, under the second sentence of paragraph
6 (1), be reduced to zero.”

7 (c) (1) Section 216 (a) of the Social Security Act is
8 hereby repealed.

9 (2) The following provisions of title II of such Act
10 are amended by striking out “retirement age” each place it
11 appears therein and inserting in lieu thereof “age 62”:

12 (A) the next to the last sentence of section 213 (a),

13 (B) subsections (b), (c), (f), and (g) of section
14 216, and

15 (C) the second sentence of section 223 (a) (2).

16 (3) The following provisions of title II of such Act are
17 amended by striking out “retirement age” and “retirement
18 age (as defined in section 216 (a))” each place they appear
19 therein and inserting in lieu thereof “age 62 (if a woman) or
20 age 65 (if a man)”:

21 (A) section 209 (i),

22 (B) the last sentence of section 213 (a),

23 (C) section 216 (i) (3) (A),

24 (D) the first sentence of section 223 (a) (2), and

25 (E) section 223 (c) (1) (A).

1 (d) (1) Section 215 (a) (4) of such Act is amended
2 to read as follows:

3 “(4) In the case of—

4 “(A) a woman who was entitled to a disa-
5 bility insurance benefit for the month before the
6 month in which she died or became entitled to old-
7 age insurance benefits, or

8 “(B) a man who was entitled to a disability
9 insurance benefit for the month before the month
10 in which he died or attained age 65,

11 the amount in column IV which is equal to such disa-
12 bility insurance benefit.”

13 (2) Section 215 (b) (3) of such Act is amended to read
14 as follows:

15 “(3) For purposes of paragraph (2), the number of an
16 individual’s elapsed years is the number of calendar years
17 after 1950 (or, if later, the year in which he attained age
18 21) and before—

19 “(A) in the case of a woman, the year in which
20 she died or (if earlier) the first year after 1960 in which
21 she both was fully insured and had attained age 62,

22 “(B) in the case of a man who has died, the year in
23 which he died or (if earlier) the first year after 1960
24 in which he both was fully insured and had attained age
25 65, or

1 “(C) in the case of a man who has not died, the
2 first year after 1960 in which he attained (or would at-
3 tain) age 65 or (if later) the first year in which he was
4 fully insured.

5 For purposes of the preceding sentence, any calendar year
6 any part of which was included in a period of disability shall
7 not be included in such number of calendar years.”

8 (3) Section 215 (f) of such Act is amended by adding
9 at the end thereof the following new paragraph:

10 “(7) (A) In the case of a man who attains age 65 and
11 who became entitled to old-age insurance benefits before
12 the month in which he attains such age, his primary insur-
13 ance amount shall be recomputed as provided in subsection
14 (a) as though he became entitled to old-age insurance bene-
15 fits in the month in which he attained age 65, except that
16 his computation base years referred to in subsection (b) (2)
17 shall include the year in which he attained age 65. Such
18 recomputation shall be effective for and after the month in
19 which he attained age 65.

20 “(B) In the case of a man who became entitled to old-
21 age insurance benefits and died before the month in which
22 he attained age 65, the Secretary shall, if any person is
23 entitled to monthly insurance benefits or a lump-sum death
24 payment on the basis of the wages and self-employment

1 income of the decedent, recompute his primary insurance
2 amount as provided in subsection (a) as though he became
3 entitled to old-age insurance benefits in the month in which
4 he died; except that (i) his computation base years referred
5 to in subsection (b) (2) shall include the year in which he
6 died, and (ii) his elapsed years referred to in subsection
7 (b) (3) shall not include the year in which he died or any
8 year thereafter. In the case of monthly insurance benefits,
9 such recomputation of a man's primary insurance amount
10 shall be effective for and after the month in which he died."

11 (e) (1) Section 202 (b) (1) (C) of such Act is
12 amended to read as follows:

13 " (C) is not entitled to old-age or disability in-
14 surance benefits, or is entitled to old-age or disability
15 insurance benefits based on a primary insurance amount
16 which is less than one-half of the primary insurance
17 amount of her husband,".

18 (2) So much of section 202 (b) (1) of such Act as
19 follows clause (C) is amended by striking out "equal to or
20 exceeds one-half of an old-age or disability insurance benefit
21 of her husband," and inserting in lieu thereof "equal to or
22 exceeds one-half of the primary insurance amount of her
23 husband,".

24 (3) Section 202 (b) (2) of such Act is amended by

1 striking out "old-age or disability insurance benefit" and
2 inserting in lieu thereof "primary insurance amount".

3 (4) Section 202 (c) (1) (D) of such Act is amended
4 to read as follows:

5 " (D) is not entitled to old-age or disability insur-
6 ance benefits, or is entitled to old-age or disability
7 insurance benefits based on a primary insurance amount
8 which is less than one-half of the primary insurance
9 amount of his wife,".

10 (5) So much of section 202 (c) (1) of such Act as
11 follows clause (D) is amended by striking out "old-age or
12 disability insurance benefit equal to or exceeding one-half
13 of the primary insurance amount of his wife," and inserting
14 in lieu thereof "old-age or disability insurance benefit based
15 on a primary insurance amount which is equal to or exceeds
16 one-half of the primary insurance amount of his wife,".

17 (6) Section 202 (c) (3) of such Act is amended by
18 striking out "Such" and inserting in lieu thereof "Except
19 as provided in subsection (q), such".

20 (f) (1) The amendments made by subsection (a) shall
21 apply with respect to monthly benefits for months beginning
22 on or after the effective date of this title (see section 106)
23 based on applications filed in or after March 1961.

1 (2) (A) Except as provided in subparagraphs (B),
2 (C), and (D), section 202 (q) of such Act, as amended by
3 subsection (b) (1), shall apply with respect to monthly
4 benefits for months beginning on or after the effective date
5 of this title.

6 (B) Section 202 (q) (3) of such Act, as amended by
7 subsection (b) (1), shall apply with respect to monthly
8 benefits for months beginning on or after the effective date
9 of this title, but only if the increase described in such section
10 202 (q) (3) —

11 (i) is not effective for any month beginning before
12 the effective date of this title, or

13 (ii) is based on an application for a recomputation
14 filed on or after the effective date of this title.

15 (C) In the case of any individual who attained age 65
16 before the effective date of this title, the adjustment in such
17 individual's reduction period provided for in section 202 (q)
18 (6) of such Act, as amended by subsection (b) (1), shall
19 not apply to such individual unless the total of the months
20 specified in subparagraphs (A), (B), and (C) of such sec-
21 tion 202 (q) (6) is not less than 3.

22 (D) In the case of any individual entitled to a monthly
23 benefit for the last month beginning before the effective date
24 of this title, if the amount of such benefit for any month
25 thereafter is, solely by reason of the change in section 202

1 (q) of such Act made by subsection (b) (1), lower than
2 the amount of such benefit for such last month, then it
3 shall be increased to the amount of such benefit for such last
4 month.

5 (3) Section 202 (r) of such Act, as amended by sub-
6 section (b) (1), shall apply only with respect to monthly
7 benefits for months beginning on or after the effective date
8 of this title, except that subparagraph (B) of section 202
9 (r) (2) (as so amended) shall apply only if the first sub-
10 sequent month described in such subparagraph (B) is a
11 month beginning on or after the effective date of this title.

12 (4) The amendments made by subsection (b) (2) shall
13 take effect on the effective date of this title.

14 (5) The amendments made by subsection (b) (3) shall
15 apply with respect to applications for monthly benefits filed
16 on or after the effective date of this title.

17 (6) The amendments made by subsections (c) and
18 (d) (1) and (2) shall apply with respect to—

19 (A) monthly benefits for months beginning on or
20 after the effective date of this title based on applica-
21 tions filed in or after March 1961, and

22 (B) lump-sum death payments under title II of the
23 Social Security Act in the case of deaths on or after the
24 effective date of this title.

1 the year in which he attained (or would attain)
2 age 65,

3 except that in no case shall an individual be a fully in-
4 sured individual unless he has at least 6 quarters of
5 coverage; or

6 “(2) 40 quarters of coverage; or

7 “(3) in the case of an individual who died before
8 1951, 6 quarters of coverage;

9 not counting as an elapsed year for purposes of paragraph
10 (1) any year any part of which was included in a period of
11 disability (as defined in section 216(i)).”

12 (b) The amendment made by subsection (a) shall
13 apply—

14 (1) in the case of monthly benefits under title II
15 of the Social Security Act for months beginning on or
16 after the effective date of this title (see section 106),
17 based on applications filed in or after March 1961,

18 (2) in the case of lump-sum death payments under
19 such title with respect to deaths on or after the effective
20 date of this title, and

21 (3) in the case of an application for a disability
22 determination (with respect to a period of disability, as
23 defined in section 216(i) of such Act) filed in or
24 after March 1961.

1 (b) Section 202 (f) (3) of such Act is amended to
2 read as follows:

3 “(3) Such widower’s insurance benefit for each month
4 shall be equal to $82\frac{1}{2}$ percent of the primary insurance
5 amount of his deceased wife.”

6 (c) Section 202 (h) (2) of such Act is amended to
7 read as follows:

8 “(2) (A) Except as provided in subparagraphs (B)
9 and (C), such parent’s insurance benefit for each month
10 shall be equal to $82\frac{1}{2}$ percent of the primary insurance amount
11 of such deceased individual.

12 “(B) For any month for which more than one parent
13 is entitled to parent’s insurance benefits on the basis of such
14 deceased individual’s wages and self-employment income,
15 such benefit for each such parent for such month shall (ex-
16 cept as provided in subparagraph (C)) be equal to 75
17 percent of the primary insurance amount of such deceased
18 individual.

19 “(C) In any case in which—

20 “(i) any parent is entitled to a parent’s insurance
21 benefit for a month on the basis of a deceased individual’s
22 wages and self-employment income, and

23 “(ii) another parent of such deceased individual
24 is entitled to a parent’s insurance benefit for such month
25 on the basis of such wages and self-employment income,

1 and on the basis of an application filed after such month
2 and after the month in which the application for the
3 parent's benefits referred to in clause (i) was filed,
4 the amount of the parent's insurance benefit of the parent
5 referred to in clause (i) for the month referred to in such
6 clause shall be determined under subparagraph (A) instead
7 of subparagraph (B) and the amount of the parent's insur-
8 ance benefit of a parent referred to in clause (ii) for such
9 month shall be equal to 150 percent of the primary in-
10 surance amount of the deceased individual minus the amount
11 (before the application of section 203 (a)) of the benefit
12 for such month of the parent referred to in clause (i)."

13 (d) (1) Subsections (e) (1) and (f) (1) of section 202
14 of such Act are amended by striking out "three-fourths" each
15 place it appears therein and inserting in lieu thereof "82½
16 percent".

17 (2) Section 202 (h) (1) of such Act is amended by
18 striking out "three-fourths of the primary insurance amount
19 of such deceased individual" each place it appears therein
20 and inserting in lieu thereof "82½ percent of the primary in-
21 surance amount of such deceased individual if the amount
22 of the parent's insurance benefit for such month is de-
23 terminable under paragraph (2) (A) (or 75 percent of
24 such primary insurance amount in any other case)".

25 (e) The amendments made by this section shall apply

1 with respect to monthly benefits under section 202 of the
2 Social Security Act for months beginning on or after the
3 effective date of this title (see section 106).

4 (f) Where—

5 (1) two or more persons were entitled (without
6 the application of subsection (j) (1) of section 202 of
7 the Social Security Act) to monthly benefits under such
8 section 202 for the last month beginning before the effec-
9 tive date of this title on the basis of the wages and self-
10 employment income of a deceased individual, and one or
11 more of such persons is entitled to a monthly insurance
12 benefit under subsection (e), (f), or (h) of such sec-
13 tion 202 for such last month; and

14 (2) no person, other than the persons referred to
15 in paragraph (1) of this subsection, is entitled to bene-
16 fits under such section 202 on the basis of such indi-
17 vidual's wages and self-employment income for a sub-
18 sequent month or for any month after such last month
19 and before such subsequent month; and

20 (3) the total of the benefits to which all persons
21 are entitled under such section 202 on the basis of such
22 individual's wages and self-employment income for such
23 subsequent month is reduced by reason of the applica-
24 tion of section 203 (a) of such Act,

25 then the amount of the benefit to which each such person re-

1 ferred to in paragraph (1) of this subsection is entitled for
2 such subsequent month shall be determined without regard
3 to this Act if, after the application of this Act, such benefit
4 for such month is less than the amount of such benefit for
5 such last month. The preceding provisions of this subsection
6 shall not apply to any monthly benefit of any person for any
7 month beginning after the effective date of this title unless
8 paragraph (3) also applies to such benefit for the month
9 beginning on such effective date (or would so apply but for
10 the next to the last sentence of section 203 (a) of the Social
11 Security Act).

12 RETROACTIVE EFFECT OF CERTAIN APPLICATIONS FOR
13 DISABILITY DETERMINATIONS

14 SEC. 105. Effective with respect to applications for
15 disability determinations filed on or after the date of the
16 enactment of this Act, section 216(i) (4) of the Social
17 Security Act is amended by striking out "July 1961" and
18 inserting in lieu thereof "July 1962" and by striking out
19 "July 1960" and inserting in lieu thereof "January 1961".

20 EFFECTIVE DATE

21 SEC. 106. Except as otherwise provided, the effective
22 date of this title is the first day of the first calendar month
23 which begins on or after the 30th day after the date of the
24 enactment of this Act.

1 TITLE II—AMENDMENTS TO THE INTERNAL
2 REVENUE CODE OF 1954
3 CHANGES IN TAX SCHEDULES
4 Self-Employment Income Tax

5 SEC. 201. (a) Section 1401 of the Internal Revenue
6 Code of 1954 (relating to rate of tax on self-employment
7 income) is amended to read as follows:

8 "SEC. 1401. RATE OF TAX.

9 "In addition to other taxes, there shall be imposed for
10 each taxable year, on the self-employment income of every
11 individual, a tax as follows:

12 " (1) in the case of any taxable year beginning
13 after December 31, 1961, and before January 1, 1963,
14 the tax shall be equal to $4\frac{1}{16}$ percent of the amount of
15 the self-employment income for such taxable year;

16 " (2) in the case of any taxable year beginning after
17 December 31, 1962, and before January 1, 1966, the
18 tax shall be equal to $5\frac{7}{16}$ percent of the amount of the
19 self-employment income for such taxable year;

20 " (3) in the case of any taxable year beginning
21 after December 31, 1965, and before January 1, 1969,
22 the tax shall be equal to $6\frac{3}{16}$ percent of the amount of
23 the self-employment income for such taxable year; and

24 " (4) in the case of any taxable year beginning

1 after December 31, 1968, the tax shall be equal to $6\frac{5}{16}$
2 percent of the amount of the self-employment income
3 for such taxable year.”

4 Tax on Employees

5 (b) Section 3101 of such Code (relating to rate of tax
6 on employees under the Federal Insurance Contributions
7 Act) is amended to read as follows:

8 **“SEC. 3101. RATE OF TAX.**

9 “In addition to other taxes, there is hereby imposed on
10 the income of every individual a tax equal to the following
11 percentages of the wages (as defined in section 3121 (a))
12 received by him with respect to employment (as defined in
13 section 3121 (b)) —

14 “(1) with respect to wages received during the
15 calendar year 1962, the rate shall be $3\frac{1}{8}$ percent;

16 “(2) with respect to wages received during the
17 calendar years 1963 to 1965, both inclusive, the rate
18 shall be $3\frac{5}{8}$ percent;

19 “(3) with respect to wages received during the
20 calendar years 1966 to 1968, both inclusive, the rate
21 shall be $4\frac{1}{8}$ percent; and

22 “(4) with respect to wages received after Decem-
23 ber 31, 1968, the rate shall be $4\frac{5}{8}$ percent.”

1 Tax on Employers

2 (c) Section 3111 of such Code (relating to rate of tax
3 on employers under the Federal Insurance Contributions
4 Act) is amended to read as follows:

5 "SEC. 3111. RATE OF TAX.

6 "In addition to other taxes, there is hereby imposed on
7 every employer an excise tax, with respect to having indi-
8 viduals in his employ, equal to the following percentages of
9 the wages (as defined in section 3121 (a)) paid by him with
10 respect to employment (as defined in section 3121 (b))—

11 "(1) with respect to wages paid during the calen-
12 dar year 1962, the rate shall be $3\frac{1}{8}$ percent;

13 "(2) with respect to wages paid during the calen-
14 dar years 1963 to 1965, both inclusive, the rate shall
15 be $3\frac{5}{8}$ percent;

16 "(3) with respect to wages paid during the calen-
17 dar years 1966 to 1968, both inclusive, the rate shall be
18 $4\frac{1}{8}$ percent; and

19 "(4) with respect to wages paid after December
20 31, 1968, the rate shall be $4\frac{5}{8}$ percent."

21 Effective Dates

22 (d) The amendment made by subsection (a) shall apply
23 with respect to taxable years beginning after December 31,

1 1961. The amendments made by subsections (b) and (c)
2 shall apply with respect to remuneration paid after December
3 31, 1961.

4 TITLE III—MISCELLANEOUS

5 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL-
6 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DIS-
7 ABILITY INSURANCE

8 SEC. 301. Section 1 (q) of the Railroad Retirement Act
9 of 1937 is amended by striking out "1960" and inserting in
10 lieu thereof "1961".

○

A BILL

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

By Mr. MILLS

MARCH 29, 1961

Referred to the Committee on Ways and Means

APRIL 7, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

SOCIAL SECURITY AMENDMENTS
OF 1961

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 258 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

The SPEAKER. The gentleman from Massachusetts is recognized.

Mr. O'NEILL. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and yield myself such time as I may use.

Mr. Speaker, House Resolution 258 provides for the consideration of H.R. 6027, a bill to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes. The resolution provides for a closed rule, waiving points of order, with 3 hours of general debate.

The proposals embodied in H.R. 6027 would provide improvements in our social insurance system. These changes will make the old-age, survivors, and disability insurance program more flexible and effective in carrying out its basic purpose, and are along the lines of the changes recommended by the President.

The bill would make benefits available for men beginning at age 62, with the benefits payable to men claiming benefits before age 65 reduced to take account of the longer period over which the benefits will be paid.

The bill would liberalize the insured status requirements so that a worker would be fully insured if he had one quarter of coverage for every year elapsing after 1950 or after the year in which he attained age 21, if that was later and up to the year of disability, death, or attainment of age 65 for men, 62 for women.

The bill would increase aged widow's, widower's, and parent's benefits from 75 to 82½ percent of the workers' retirement benefit—a 10-percent increase in benefits for these people.

Beginning in 1962, contribution rates cent each for employees and employers would be raised by one-eighth of 1 percent each for employees and employers and by three-sixteenths of 1 percent for the self-employed. The level-premium increase in cost which would result from the bill is 0.25 percent of payroll and the level-premium equivalent of the income from the increase in the contribution rates is also 0.25 percent of payroll. This means that the improvements would be fully financed and the system would remain actuarially sound.

The old-age, survivors, and disability insurance program, providing as it does a regular income for many millions of families who might otherwise be without the basic means of subsistence, is one of the most important of our economic stabilizers. Under the improvements recommended in the bill, additional purchasing power will be placed in the hands of people who very much need it. These proposed changes would benefit about 4,420,000 people within the first 12 months through new or increased benefits amounting to \$780 million. The changes constitute desirable and sound longrun improvements in the system.

Consistent with policies established by the Congress in the past, the improvements made by the bill will be fully financed and the program will continue to be self-supporting and on a sound actuarial basis.

Mr. Speaker, I urge the adoption of House Resolution 258.

Mr. BROWN. Mr. Speaker, I yield myself such time as I might consume.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, the gentleman from Massachusetts [Mr. O'NEILL], has explained something of the provisions of the rule making this bill in order for consideration.

However, I think I should call the attention of the House to the fact that this is another occasion where we might say, "Here we go again," because once more we have before us a closed or gag rule which, of course, will prohibit or prevent any Member of this House from offering any amendment to this measure, except those amendments which may be approved by the majority membership of the Committee on Ways and Means. Of course, this means there will be no opportunity to vote on any amendment except submitted in the form of a motion to recommit with instructions.

There are those who will say this is the usual rule, and of course it has been the usual practice in this House to have closed or gag rules on various types of tax bills, including some of the measures of the past dealing with social security matters. However, that has not always been the situation by any means

and, in my opinion, should not have been in this particular case, as far as this legislation is concerned.

I say there has been a divided opinion among the membership of the Committee on Ways and Means as to just what this bill should contain, and should include in the way of amendments to the Social Security Act. The Rules Committee could, if it had desired to do so, and had really been sincere in the program announced to the House, earlier this year, that the House should always be permitted to work its will, easily have written a rule making in order consideration of certain amendments to this bill, as submitted by the minority membership, or a minority group, of the Committee on Ways and Means.

There is precedent for such action. It has been done in the past. Back in 1954, for instance, when a very important piece of legislation from the Committee on Ways and Means was pending before the Committee on Rules, the grand old man of that day, the beloved Dan Reed, who was then chairman of the Committee on Ways and Means, approved a fair rule. The gentleman from Rhode Island, Mr. Forand, a member of the opposite party, and a distinguished member, I might add, of the Committee on Ways and Means, had supported, along with a number of other members of the minority, certain amendments to the bill before the Committee on Ways and Means, which had failed of adoption. However, Mr. Reed, being the broad-minded gentleman and legislator that he was, joined in requesting the Committee on Rules to grant a rule, making in order the consideration of the bill under what we normally call a closed or a gag rule, but with the exception that the Forand amendment should be considered in order and could be submitted to the House for its consideration. And, that is exactly what was done, if I remember the month correctly, it was in July of 1954.

Mr. Speaker, I feel consideration should be given to adoption of similar rules in connection with a great deal of the legislation which comes from the Committee on Ways and Means. It is a great committee, and its membership is composed of able and strong men, so that often divisions within the committee are relatively close. It seems to me we ought to adopt, and sooner or later we will adopt, in my opinion, a procedure whereby the House will be able to decide for itself as to which group in the Committee on Ways and Means may be right and which may be wrong in the consideration of certain amendments which may have been offered to legislation before that committee. I say this because that would at least partially open the door, at least partially let the House of Representatives work its will, on important legislation and still not throw the entire bill open to any kind of an amendment which might be offered, regardless of the effect thereof.

Because, when this bill, like every other bill upon which we give a closed or gag rule, comes before the House, and action is completed upon it here in this House, it goes across to the other body

and the membership of that body will be permitted to offer any kind of an amendment, or adopt any kind of an amendment, any individual Member may desire to offer, or to discuss, or to debate. I simply cannot bring myself to the belief that the membership of the other body are omnipotent and that they have the judgment and the discretion, individually, to pass on matters the membership of the House of Representatives cannot be trusted to pass upon under the same procedure followed in the other body.

Now, we have already been told, through the press, though I do not know how true it may be, that some Members of the other body are already saying that when this particular piece of legislation reaches them amendments will be offered to tack onto it the so-called social security approach to the medicare program. That may happen, because over in the other body, absolutely contrary to that which exists here, its membership is permitted to work its will on legislative matters, even on important tax bills and measures of this kind.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Iowa.

Mr. GROSS. And amendments in the Senate need not even be germane to the subject matter of a bill.

Mr. BROWN. Oh, certainly, they do not have the same rule of germaneness that we have in the House. And, I hope that the day will come when the House will finally reach the place where we will not straitjacket ourselves quite as much on legislation of this type as we have in the past, and that we at least be given permission, if you please, to consider important amendments which have been offered to legislation of this type in the Committee on Ways and Means itself.

Even though it may not be appropriate to open the bill for all types of amendments, certainly the House should be permitted to act on those amendments, and those provisions of the bill that have become controversial within the Committee on Ways and Means itself, and upon which there has been an honest difference of opinion among able and strong men who have devoted their lifetimes to the study of tax and other legislation of this type.

Mr. BENNETT of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. Mr. Speaker, I favor this legislation.

(Mr. BENNETT of Michigan asked and was given permission to revise and extend his remarks.)

Mr. BENNETT of Michigan. Mr. Speaker, I favor the passage of the committee bill, H.R. 6027, because it provides some measure of relief for certain categories of social security recipients, but I do not believe that the bill goes far enough to meet the pressing problems of our senior citizens as well as those who are disabled during their early years of employment.

The pending bill would:

First. Increase the minimum monthly retirement benefit from \$33 to \$40;

Second. Make benefits available for men beginning at age 62 on a reduced basis;

Three. Liberalize the insured status requirements so that a worker would be fully insured if he has one quarter of coverage for every year elapsing after 1950;

Fourth. Increase widows' and parents' benefits from 75 to 82½ percent of the workers' retirement benefit; and

Fifth. Extend for 1 year to June 30, 1962, the period within which a person may file an application for establishing a period of disability.

These amendments in the committee bill are well and good. But I would go much further in dealing with some of the pressing problems of the social security system as revealed by many letters of complaint I have received from my constituents.

I have advocated and introduced legislation in the 86th Congress to this effect (H.R. 8442), a reduction in the retirement age for men from 65 to 62 and for women from 62 to 60 with full benefits at those ages. I have urged, in the aforementioned legislation, that widows who have remained at home to care for their minor children and who presently become ineligible for a benefit after the children have reached the age of 18 years, should be entitled to receive a widows' benefit at age 50 instead of having to wait until age 62. I think that the minimum benefit payable to the retired worker should be \$50 a month. I would also provide a 5-percent increase in all benefits—across the board. I strongly urge the liberalization of the definition of permanent and total disability. I presume every Member of Congress has received mail from people who have considered themselves qualified for disability payments but have been rejected by the Social Security Administration as ineligible. The definition of disability is strict, and it is even more strictly administered. The change I propose would modify the requirement that the disabled person must be unable to "engage in any substantial gainful activity" by stating that he must be unable to "engage in a substantial gainful activity which is the same as or similar to the occupation or employment last performed by him on a regular basis before the onset of such impairment." This latter terminology is closer to what the Congress really intended in passing the 1956 amendments on disability, and will insure administration of the Social Security Act in a way that will give the American worker real protection against crippling injury or disease. The quarters of coverage necessary to qualify for disability benefits should be reduced to 15 out of the last 30 quarters. This should take care of many tragic cases of workers who are incapacitated in the early years of coverage. Last but not least, I urge the passage of a comprehensive medical, nursing, and hospital care program such as is provided for in my bill, H.R. 8442, of the preceding Congress.

These additional improvements in the social security system which I have outlined are urgently needed by the American people. I hope that the Committee on Ways and Means will give further consideration to them and report out a bill along these lines.

Mr. BROWN. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. WIDNALL].

(Mr. WIDNALL asked and was given permission to revise and extend his remarks and to speak out of order.)

Mr. WIDNALL. Mr. Speaker, I have just come from the final conference on the depressed areas bill (S. 1). I wish to alert the House and the Appropriations Committee in particular, to a power, squeeze play about to be attempted on the question of backdoor Treasury financing.

The House-introduced bill was the administration's bill. As the bill was introduced in the House, as it was reported by the committee and as it was passed by the House, funds were to be provided only through the regular appropriation process.

Now the administration has done a flip-flop on fiscal responsibility. The word is the administration now prefers the Senate provision of the bill providing that the loan funds be provided through backdoor Treasury financing. So the conference report when it comes back to the House will kick the Appropriations Committee in the teeth and cut that committee down to a point where it only will have little to say over the funds involved.

This flip-flop in financing introduces an entirely new element in House consideration of this conference report. Here is a new and at best, uncertain Government loan program. All agree, the initial funds to be provided are inadequate. It is the start of a program that will grow into the billions. The termination date provided is a phony tranquilizer. If ever a program should be subjected to the regular scrutiny of the Appropriations Committee, this is it. The Members of this House and the Appropriations Committee should not kid themselves. This is a now or never proposition for the Congress to retain orderly financial control over this new program.

In case there are any lingering doubts about this threat to fiscal responsibility, Members of this body and the Appropriations Committee should carefully note the power, squeeze play that is to be applied. The Senate acted first on this bill. The House amended the bill and the Senate asked for a conference. Normally the papers would go to the House and the House would act first on the conference report. If that were done, a motion would be in order to recommit the conference report with instructions that the House conferees insist that the appropriation provision of the House amendment be retained. That would give a clear-cut test on the issue without jeopardizing enactment of the bill. But, as of now, the regular conference procedure is not to be followed. The Senate has retained the papers, the Senate will act first on the conference re-

port and presumably adopt it, and the Senate conferees will be discharged. Then the conference report will come to the House on a take-it-or-leave-it basis. The conference report must be voted up or down.

That is a rough, power, squeeze-play challenge to the authority of the Appropriations Committee and to this House on the question of fiscal responsibility. No longer is it just a question of the House approving or disapproving a depressed areas bill. Bigger principles are now involved. I hope the House will meet this challenge head on and for what it is. If procedure is to be followed which makes it necessary for the House to vote down the conference report to preserve fiscal responsibility, that, in my opinion, is what the House should do.

Mr. O'NEILL. Mr. Speaker, I yield such time as he may require to the gentleman from Massachusetts [Mr. LANE].

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, the Social Security Act of 1935, strengthened and extended through the years, has emancipated millions of Americans from the dread of destitution in their old age. Humanitarian in concept, it has since proved itself to be one of the great aids to our national economy.

The old-age, survivors, and disability insurance program provides a regular income for those who would otherwise have no opportunity or means of supporting themselves. At the same time, it provides for a wider distribution of purchasing power through monthly checks to those who are most in need of it. It is basically an economic right that has been earned through payroll taxes for this purpose, that have been paid by employer and employee in equal amounts. It brings security with dignity, because it is not charity but social insurance.

From its modest beginnings, it has been improved as a self-supporting program until its blessings reach more and more families. It proves that a free society, through its elected representatives in Congress, can adapt itself to meet changing conditions in an orderly but progressive way.

This year we shall reach the 26th birthday of social security in the United States. It is clear, even now, that this legislation will prove to be one of the most constructive and beneficent programs of the 20th century.

In H.R. 6027, the Social Security Amendments of 1961, we are asked to approve the thorough study made by the House Committee on Ways and Means, and its recommendations. The proposed changes would benefit about 4,420,000 people within the first 12 months through new or increased benefits amounting to \$780 million. The changes constitute desirable and sound longrun improvements in the system.

The committee recommends that the minimum monthly benefit payable to a worker retiring at or after the age of 65, to a disabled worker, and to a sole survivor of an insured worker be raised from \$33 to \$40. Proportionate in-

creases would be made in the minimum benefits payable to other dependents and survivors. Surveys disclose that people receiving minimum benefits, have very little, if any, other retirement income. Helping these people at the lower benefit levels is necessary because they did not have the opportunity to work in covered employment and at higher wages that would have raised their social insurance income.

An increase in the widow's benefit is one of the most needed changes in the program. This bill, therefore, proposes a 10-percent increase in benefits for such persons. A similar increase would be made in the benefit payable to a widower and to a surviving dependent parent. Aged widows are among the neediest groups in our population. They not only receive smaller benefits than do retired workers but they also have less in other income. The average benefit for an aged widow today is \$57.80 a month, as compared with \$70 for a retired worker without eligible dependents. Under H.R. 6027, the average widow's benefit will be raised to \$64.

Under the present law, reduced benefits are available for women who choose to retire at the age of 62. Men must wait until 65. In order to correct this contradiction, the committee recommends that men also be eligible for retirement at the earlier age of 62, but with reduced benefits.

This is to protect men who, because of ill health, technological unemployment, or other reasons, find it impossible to continue working until they reach 65. Furthermore, an older man who loses his job before 65, finds it increasingly difficult to find another opening. As I come from an industrial city where thousands of men in their early 50's lost their jobs of a lifetime when the textile mills closed down or moved away—8 or 9 years ago—and have found little or no employment since then—I am concerned with their predicament. Because of conditions beyond their control, they are too old to compete with younger men for jobs, and too young to qualify for social security retirement.

These men worked in the covered employment of the textile mills where they had social security taxes deducted from their wages, from 1937 to 1952 or 1953. They are fully insured, but under the present law they will be forced to wait several years on the average before they become eligible for social security benefits. These men wonder why, when provisions for optional retirement before the age of 65 are quite common in private pension plans, the same choice is not available to them under the Social Security Act. And social security is their only hope.

Reinforcing their claim for similar entitlement is a study of the pension programs of 230 companies, made by the Bankers Trust Co. of New York in 1960. It reveals the fact that, among the collectively bargained plans 96 percent permitted early retirement, and among the noncollectively bargained plans 88 percent permitted early retirement.

The proposal to give men the option of retiring at 62, but with reduced bene-

fits, will provide protection for those who are stranded in the desert with their working years behind them, and the promised land of security in old age, long year-miles to go.

Another provision of this bill changes the requirements for fully insured status. Under it a person would need one quarter of coverage for every year—four quarters to the year—elapsing after 1950—or after the year in which he attained the age of 21, if that was later—and before the beginning of the year in which he reached the age of 65—or age 62 for women—died, or became disabled. This would replace the one quarter of coverage for every three calendar quarters elapsing, as required under the present law. The minimum requirement of 6 quarters of coverage and the maximum requirement of 40 quarters of coverage for permanently insured status would be retained.

This would help those people who are uninsured, not because they worked intermittently during their lifetimes, but because the work they did in the prime of life was not covered. By the time their regular occupations were brought under the coverage of the social security program, they were so old that they could not work long enough to meet the insured-status requirements of the law. Under this amendment, about 160,000 people who are not now insured would get benefits in the first 12 months of operation.

The committee also recommends an extension of the time for filing fully retroactive applications for establishing disability periods. It would extend, for 1 year, through June 30, 1962, the time within which insured workers with long-standing disabilities may file applications for disability protection on the basis of which the beginning of a period of disability could be established as early as the actual onset of disablement. As the 1960 amendment provided cash disability benefits for disabled workers under 50 the 1961 amendment would give such persons more time to file for these benefits. Many of these new eligibles only now are learning of their rights to disability benefits.

To finance these additional benefits on a self-supporting and actuarially sound basis, the bill meets the cost of the improvements by raising the contribution rates by one-eighth of 1 percent each for employees and employers and by three-sixteenths of 1 percent for the self-employed beginning January 1, 1962.

The provisions of the bill would become effective for the first month starting on or after the 30th day after enactment.

H.R. 6027 will extend and strengthen the floor of protection for more Americans through the old age, survivors, and disability insurance provisions of the Social Security Act, as amended.

It is endorsed by the American people, and by a majority of their representatives in the Congress.

Mr. BROWN. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked and was given permission to revise and extend his remarks and to speak out of order.)

Mr. QUIE. Mr. Speaker, at the present time a higher education aid bill is before the House Committee on Education and Labor. This bill is divided into two titles. The first title provides \$300 million in loans and matching grants for the construction of academic facilities in colleges and universities.

The three Republican members of the Higher Education Subcommittee, Congressmen GOODELL, ASHBROOK, and myself, want to emphasize that we wholeheartedly support title I.

The Kennedy administration proposed that the entire \$300 million be used only to provide loans for construction of these facilities. The Republican minority in the subcommittee urged that 70 percent of the funds be used for matching grants to the universities. This was in accord with the overwhelming testimony of the educators who appeared before the subcommittee.

The Republicans later agreed to a Democratic compromise providing for 60 percent, or \$180 million, to be available for matching grants and 40 percent, or \$120 million for loans to such institutions.

We feel this is a strong provision which will help to assist the colleges and universities to provide the facilities for the rapidly growing enrollment which will increase by one-third in 5 years and just about double in 10 years. On title II, however, providing scholarships, we could find no agreement on the subcommittee.

Mr. GOODELL. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. GOODELL. I wish to associate myself with the remarks of the gentleman from Minnesota and to emphasize that we are very pleased that the title I provisions were changed from what President Kennedy proposed and that now, at the urging of the Republicans, title I provides matching grants for academic facilities. In addition, the scholarship section which was proposed by the President to amend the National Defense Education Act of 1958 created considerable controversy in our subcommittee, and it has been deferred for consideration to the full committee for determination as to how that program should be administered. In any event, it is our feeling, I believe, that it should be administered in a manner that would be closely coordinated with the present loan system to college students under the National Defense Education Act. If there are to be scholarships they should be carefully coordinated with those loans.

Mr. QUIE. I thank the gentleman. It is understood that the administration's amendments to the National Defense Education Act will be before our committee quite soon. We feel quite strongly that this portion of the bill ought to be delayed and considered at the same time as the loan provisions

under the National Defense Education Act. At the present time, college administrators of the NDEA program are blending their present scholarships with the NDEA loans. Any further expansion of the loans or scholarships at the Federal level should be done in such a way that they would be blended with and not supplant the present scholarships, because this would be a waste of money to supplant presently administered private scholarships with Federal scholarships.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I should like to associate myself with the remarks of my two colleagues, Mr. GOODELL and Mr. QUIE. I am a minority member of the subcommittee which has been hearing this bill. I should like to reemphasize our basic belief on this side of the aisle that before we commit the Government to a spending program of \$2 or \$3 billions regardless of the urgency and need we should look at all aspects of higher education. The National Defense Education Act should be studied adequately and thoroughly before we embark on any program of scholarships.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, I take this time to oppose this rule and to call attention to what I predicted would be the case when the so-called reform of the Committee on Rules was put through. I made the point then and I again make it now that it was a phony reform. This was supposed to be a reform so the House could work its will. There is no excuse whatsoever for a gag rule of this sort on this legislation. Granted, there are reasons why tax bills should have a form of closed rule.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. I have been on the Committee on Rules for 8 years. I do not know how long the gentleman has been on the Committee on Ways and Means. But in the 8 years I have been on the Committee on Rules, any bill that has come out of the Committee on Ways and Means that has been granted a rule has always been given what is regarded as a closed rule. This is the kind of rule we always give in connection with bills from the Committee on Ways and Means. Can the gentleman name any legislation from the Committee on Ways and Means in the last 8 years that has come before us without such a rule?

Mr. CURTIS of Missouri. Yes. The unemployment insurance proposal in 1953, in which we permitted the Democrats on the Committee on Ways and Means to offer a substitute that had been considered in the committee. Again, on a tax measure involving life insurance company taxation, I appeared before the Committee on Rules and that

committee granted permission under its rule to offer an amendment.

Mr. O'NEILL. At that time it was a closed rule making in order a certain bill.

Mr. CURTIS of Missouri. The gentleman is mistaken on this. The point I am driving at is that it is possible to have a rule that does protect the tax features and the balances which are necessary and be in the nature of a closed rule and at the same time permit the House to work its will. This bill before us is a typical example, where this kind of modified closed rule would work very well. It is a package deal, it is true. But there was developed on our side another package which we thought was much more desirable and was equally balanced. The committee gave them both full consideration. This is a matter for the House to consider and work its will on, yet, under this kind of rule it is impossible. Incidentally, I have an amendment I tried to offer—granted it does not have a great deal of support at this time—only about 7 votes, in committee, but it does not alter the tax balance at all in this bill and, yet, I am not permitted to offer that amendment. In other words, if the Committee on Rules was interested in reforming, and I suggested at the time this phony reform bill was proposed, that we would see no reform, and I pointed out what had happened in the thirties when the Committee on Rules was sending up legislation that had no basis for being under a gag or closed rule, but simply to impose the will of an administration that was dominating the Congress. The only point I am making here is that this is not liberal. This is the converse of liberality, and those who have been flying under the banner of being liberal are now being exposed for exactly what their real purposes were and their real intentions were. I might say the actions of the Committee on Rules yesterday in forbidding 29 measures, some of them, perhaps, should not be before us, but many of them should, and many of them are conservative measures; but the Committee on Rules would not permit the House to work its will in this manner. The Record is now unfolding, as I predicted it would, showing this so-called reform was not a reform. If we let it go into effect, which I urged be done, let this so-called reform come in and then let the people evaluate themselves whether it has been the Committee on Rules which has been bottling up legislation or whether, indeed, it has not all the time been the Democratic leadership in this Congress.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield for a question?

Mr. CURTIS of Missouri. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. What are you kicking about? You ought to be used to it by this time. Do you not know enough now to sit down and take it? You are going to have to.

Mr. CURTIS of Missouri. I have learned this. You can be beaten, and I will be beaten on this and on other

things, but if you persist in carrying on a message, someday you may be in the majority. I will say to the gentleman from Michigan who has fought this battle much longer than I have, do not be discouraged.

Mr. HOFFMAN of Michigan. I am not discouraged. It just gives me an opportunity to say something, if you would yield to me.

The SPEAKER. The time of the gentleman has expired.

Mr. O'NEILL. Mr. Speaker, in regard to this rule, I must point out that this is the customary rule which the Committee on Rules always report to the House on tax matters, which are reported out of the Committee on Ways and Means.

Mr. Speaker, I have no further requests for time.

Mr. BROWN. Mr. Speaker, I have no further requests for time.

Mr. O'NEILL. Mr. Speaker, I move the previous question on the resolution.

The resolution was agreed to.

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6027) to improve benefits under the old-age-survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6027, with Mr. HULL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MILLS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, some weeks ago the President transmitted to the Congress a message setting forth five changes in the old-age, survivors, and disability insurance program under the Social Security Act that the administration desired the Congress to make during this session. Those five amendments suggested in the message were accompanied by a recommendation that the payroll tax supporting the old-age and survivors insurance program be increased on January 1, 1963, by one-half of 1 percent on both the employer and the employee; that is, one-quarter of 1 percent on each employer and each employee, and three-eighths of 1 percent on the self-employed. That message was transmitted to the Congress, and immediately thereafter the Ways and Means Committee began consideration of those particular suggested amendments.

In the course of our executive sessions in determining the position of the committee with respect to the suggestions, we had advanced some other suggestions also to which we gave consideration.

The bill which is before the committee today is along the lines suggested by the President but is not in all respects similar to the recommendations made by the President relative to changes in

the social security law. The President suggested that we increase the minimum benefit. The committee bill, the one presently before us, does increase the minimum benefit.

The President requested that we increase the percentage of the widow's benefit, that is, as a percent of the worker's benefit. The bill before us does provide for an increase in the widow's benefit.

The President suggested that we make a change with respect to the insured status provision, as one of the eligibility requirements for social security benefits. The bill contains a provision changing the insured status provision.

The President asked for a provision that men 62 years of age have the option of retiring, with a reduced benefit, without having to wait until 65 to be eligible for social security benefits. The bill before us does contain such a provision.

The President, in addition, recommended that with respect to the disability program we change the requirements for eligibility from what they are in the law today, namely, total and so-called permanent disability, to one of total disability without the requirement that it must be determined by medical science that the disability is permanent. There is nothing in the committee bill that bears on that recommendation of the President.

As compared to the President's recommendations, there are differences in degree or amount with respect to three or four recommendations that are contained in the bill. For example, under the committee bill, in the case of the minimum benefit, the committee bill raises the minimum benefit from \$33 to \$40, but not to the amount originally recommended by the President, which was \$43. The bill does raise the percentage of the husband's primary benefit that a widow may draw to 82½ percent over 75 percent which is the provision of existing law, but not to the 85 percent recommended by the President in his message.

The bill does include the provision for the retirement of men at age 62, but the benefit to be derived at age 62 by one retiring is computed by a method which differs from that which would have been used under the recommendation that came to us from the President.

The sum of all these changes makes it possible for us to report this legislation to the House with an accompanying tax increase of not one-half of 1 percent on both employer and employee, but with a combined tax of one-quarter of 1 percent on both the employer and the employee.

Thus, the actual cost of the committee bill on the basis of a percent of payroll is approximately one-half of the cost of the program submitted to us by the President.

The committee was anxious, as it is always anxious, not to permit the social security rate of tax to get out of hand or to grow too rapidly. It is already scheduled, on the basis of existing law, not this bill but on the basis of existing law, to go in 1969, as you know, Mr.

Chairman, to a combined rate of 9 percent on employer and employee.

As a result of the enactment of this bill by the Congress, the combined rate in 1969 on the employers and employees will be 9.25 percent. The committee imposed this additional one-quarter of 1 percent increase in payroll taxes to support this program on employers, employees—and three-sixteenths in the case of the self-employed—effective on January 1, 1962, rather than on January 1, 1963, as was recommended.

On the whole, Mr. Chairman, there are about 4,420,000 people who will derive some new or increased benefit under this program. I will break that down into separate amendments which I have outlined.

In the case of the minimum benefit, approximately 2,175,000 people will be benefited during the first 12 months of operation. So that many people will be affected by this change in minimum. That will cost, in the first 12 months of operation, approximately \$170 million.

There are about 560,000 people that we estimate will take optional retirement at age 62 if the provisions of this bill become effective. If that is the case, in the first 12 months of the operation of that provision there will be expended \$440 million.

The change in the insured status requirement from 1 out of 3, which is the provision in existing law, to 1 out of 4 elapsed quarters after 1950—or after becoming 21, whichever is later—will make 160,000 more people eligible for benefits than are presently eligible and will cost in the first 12 months of the operation of the provision around \$65 million.

The increase in the benefits for widows, widowers, and parents, now 75 percent of the primary benefit amount to 82.5 percent, under the provisions of this bill, would apply to 1,525,000 people and will cost in the first 12 months of the operation of the provision around \$105 million.

Altogether, therefore, there will be expended under this bill, over the provisions of existing law, from the social security trust fund during the next 12 months approximately \$780 million, benefiting, as I have said, some 4,420,000 people. There would have been spent under the administration program submitted to us around \$1 billion in the first 12 months, and that would have gone to approximately 4,775,000 people. The primary difference in the number is due to the deletion by the committee of the change with respect to eligibility for disability benefits under the program which was enacted several years ago. The dollar amount is largely the difference in the percentage of change voted by the committee under that recommended by the President for the minimum payment and for widows' benefits.

The bill on the whole, I think, addresses itself to those areas that are most pressing at the moment for attention and change.

Who are we trying to help in this bill? We are trying to help people who are drawing less than \$40 a month in social security benefits, whose benefits under the bill would be increased to \$40 a

month, in the case of the primary beneficiary, of course. We are trying to help the widow who has been left behind by the man who, before his death, developed protection under the social security program, who may at some time during his lifetime have been the beneficiary of a benefit in retirement. When he and his wife were both living they received combined benefits equal to 150 percent of his primary benefit. He dies. She is left. Under existing law, that benefit to her becomes 75 percent of his primary benefit. This bill would raise it to 82½ percent.

Let us take a simple case for example. Assume the man has a primary benefit of \$100. He and his wife receive combined benefits of \$150 while he is still living. The man dies, and under the provisions of existing law she immediately begins to receive \$75. Under the provisions of the bill, she would have \$82.50 as her benefit.

Now, why is it important that we think in terms of the minimum benefits? Why is it important that we think in terms of the increased benefit for widows? These are areas where we feel that there is less likelihood of them having other income in retirement in addition to that which they draw under social security. More than likely, the amount provided under this program for these categories in retirement is the bulk, if not all, that they can receive in retirement. Studies have been made which show that widows have less outside retirement income other than social security, than do others. Certainly those people who are drawing the minimum benefit under social security, based upon a previous work record, could be assumed to have less other retirement income, I think, than others who are receiving larger amounts.

So, the emphasis in the bill in those two respects is upon the areas and the individuals where we think there is more need for improving their situation at the moment than perhaps any others who are under social security. Now, there are other cases that can be made for other charges, but it is a question of judgment within our committee as to which of the changes or suggestions we feel present the more meritorious case within the framework of a tax increase of one-fourth of 1 percent.

Now, Mr. Chairman, I had as much question in my own mind, as I said, in the Committee on Ways and Means, as I stated before the Committee on Rules, as any member of the committee about whether it was desirable to reduce the retirement age for men to 62 as anybody in the committee. A similar proposal was added to a social security bill last year in the Senate. It was adopted by a rather one-sided vote in that body, as I remember; I do not recall the precise total. But, anyway, the proposal came to us in conference. A strong case was made in the conference committee by the Senate for the retention of the provision which they added. In conference that was deleted last year, without passing judgment on the merits of the case, in the final analysis, because we had more costs placed on the books by the action of the House and the Senate than

we had tax in that bill last year to defray those additional costs. Something had to be eliminated. We gave some on our side and they gave some on their side, and one of the things they finally receded on was the provision for men to retire at the age of 62. At the time, I thought it might finally encourage people, if we were not careful what we did, to retire at 62, when actually there was nothing wrong with them physically or mentally, when actually they were employed, and when I think most of us would feel that they were better off if they were working beyond 62.

I cannot conceive of anybody who is 62 years of age, healthy, vigorous physically and mentally, who has no threat of unemployment, who is not looking for employment but is presently employed, who is would make the decision to retire at age 62 to get the social security benefit, if that is all he could get in the way of retirement when he could make so much more by continuing in employment and get a higher benefit later.

In the bill now before us, we have reduced the benefit such a person would get at age 65 so that he can get a benefit at age 62, but he would get only 80 percent of what he would have received had he waited until he was 65. That is what this bill does. It costs the social security trust fund nothing in the long run. It involves some additional expenditure in the first year, yes; but over the lifetime of the fund it figures out to almost the identical amount that he would have been paid in any such case if he waited until he was 65 and lived until he was 75. Between the ages of 62 and 75, if he retires at 62, he would be getting less pay per month, but it adds up over the lifetime to about the same amount of dollars. So that I cannot conceive, when the amounts are presently as low as they are, for the primary benefit for people at age 65, and when complaint is made to our committee at all times that these amounts are not sufficiently high at the moment to enable people to retire and live on these benefits, why anybody would quit a good job and retire at 20 percent less than he could get if he waited until he was 65.

Mr. Chairman, in the case of this provision what are we trying to do? We are trying to take care of the people who do not have a job, who have either lost their job because of physical or mental impairment, but who are not so disabled as to qualify for disability benefits, but who cannot get these benefits under the present OASI program until they get to be 65 years of age. Those people number 560,000 that we are talking about; not people who are employed and who are going to quit, but people who have had to quit in the past because of some degree of physical or mental impairment, or because of unemployment, or something of that sort. And we know from experiences we have in dealing with our own constituents day in and day out, that when a person 62 or 63 years of age is thrown out of employment, his opportunity of finding another job is almost nonexistent. Those are the people we are talking about who

are in this 560,000 group, who will take the option of retiring at this earlier age of 62.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, I should like to ask several questions directed to the issue of retirement at age 62, which I do not think have been touched upon in the explanation of the bill or in the committee report.

Question No. 1: Is it not true that when the committee several years ago first proposed earlier retirement for women, beginning at age 62, the committee did not call for any reduction in their benefits for each month they lacked being 65 at the time of retirement? It was the Senate, was it not, which inserted that reduction requirement in the bill?

Mr. MILLS. The gentlewoman is accurate in her statement of what happened in 1955 and 1956. In the form in which the bill which became the Social Security Amendments of 1956 was reported from the Committee on Ways and Means and passed the House of Representatives in the year 1955, the retirement for women would have been reduced to age 62 with payment of full monthly benefits to all women who retired at that age—widows, wives of insured workers, and women workers who had their own wage record. The actuarial reduction in this provision was originated in the Senate Finance Committee, was approved by the Senate, and was agreed to in conference by the conferees. If the gentlewoman will recall, a number of other changes were made by the Social Security Amendments of 1956, and it was our understanding at the time that one of the basic reasons for including the actuarial reduction was a matter of the cost to the old-age and survivors insurance trust fund.

Mrs. SULLIVAN. Question No. 2: Therefore, it was the conviction of the majority of the members of the Committee on Ways and Means at that time that the social security system could handle the actuarial costs of earlier retirement for women without penalty at age 62, just as you provided in that same measure for full benefits for widows at age 62?

Mr. MILLS. It is true that, at the time the Committee on Ways and Means reported H.R. 7225, 84th Congress, the committee was convinced that the bill, including the proposal to permit all women to retire at age 62, was adequately financed. However, it is important to realize that the total cost of that House bill was estimated to be approximately 1 percent of payroll and that the bill contemplated an increase in social security taxes of one-half of 1 percent each on employers and employees. A very large portion of that estimated cost was attributable to the provision permitting all women to retire at age 62 without any actuarial reduction. To be specific, it is my recollection that that item alone involved a level premium payroll cost of approximately 0.56 percent of taxable earnings, whereas the cost

was greatly decreased if done on an actuarially reduced basis in the case of working women and wives, so that the provision as finally approved in the Social Security Amendments of 1956 cost approximately 0.2 percent of payroll instead of the 0.56 percent attributable to this item under the then House bill.

Mrs. SULLIVAN. Question No. 3: Does not the present law, forcing women who retire at age 62 to agree to a lifetime reduction in their annuity, in effect also force them to gamble on how long they think they are going to live? In other words, while it is true that a woman retiring at 62 or 63 or 64 will eventually receive the same total amount of money in benefits if she dies within a certain number of years after reaching 65, none of us as mortal human beings has any way of knowing in advance whether a particular individual will gain or lose, overall, by accepting the lowered annuity resulting from retirement before 65?

Mr. MILLS. It is obviously true in a provision of this kind, involving as it does a matter of free choice on the part of the individual at the earlier age of 62, 63 or 64, that it may turn out in later years that the individual made the wrong choice. However, insofar as any provision involves free choice, I do not know how we can always assure that a given individual will have made the right choice in his own case. Such provisions are very common in private insurance. The "gamble" is inherent in insurance. Obviously, some will gain and some will lose—no one can tell at the time of election; if you could tell, the provision would be impossible. There could be no "actuarial" reduction, because it would not be actuarial. It makes the provision possible.

Mrs. SULLIVAN. Question No. 4: Has the committee in its studies on this matter been able to determine whether most workers—men and women—would rather keep on working to 65 if their health permits, and that therefore those who take advantage of the earlier retirement are and would be persons with very little choice in the matter—either unemployed or in ill or deteriorating health?

Mr. MILLS. It is clear that most people would rather keep on working. There is no question about that—if they are able to work, they want to work. Beneficiary surveys conducted by the Social Security Administration have shown that over 80 percent of beneficiaries between the ages of 65 and 71 who had no earnings were not working only because they were not well enough to work or could not find work.

Mrs. SULLIVAN. Question No. 5: My belief is that those working women who chose to retire before 65 under the present law, and accept a lowered annuity for the rest of their lives, in most cases would not retire if their health were good and if they had the opportunity to continue working. And I feel that most men who would choose to retire at age 62 or 63 or 64 under this bill would do so either because they are out of work and cannot find jobs or because their health is such they can no longer

do their work well. Under those circumstances, is it not unfair to reduce their benefits for the rest of their lives?

Mr. MILLS. I would remind the gentlewoman that the question is not solely one of whether or not full benefits should be paid to such individuals under the circumstances which she outlines, since we are all of course sympathetic with these situations, but we must always bear in mind the cost of these matters. Also, we must bear in mind the competing demands for improvements in other areas of the system and the overall cost involved when we do make improvements in various provisions. Taken singly or in a vacuum, we might all be in a position to reach agreement that certain things should be done and certain improvements should be made; however, we do not ever find ourselves, when considering the Social Security Act, to be operating on a single provision or in a vacuum, but rather we must always consider the competing demands relating to various areas of the Social Security Act. It should be realized that if this election were not in the law, such people would not have received any benefits at all until they reach the age 65, because it could not be done any other way.

Mrs. SULLIVAN. Question No. 6: If it is actuarially necessary to reduce the benefits of those who retire before 65, as is now done in the case of women and which would be done for men, too, under this bill, could we not devise some method under which the retiree receives the reduced annuity only until reaching 65 and then goes on full benefits? How much difference would that make in the overall costs?

Mr. MILLS. In answer to the gentlewoman's question, I would be inclined to the view that unless the actuarial reduction were continued past the age of 65 and until the person died, it would not amount to a true actuarial reduction and might indeed operate as a powerful incentive for all individuals to retire at age 62 so as to obtain benefits between ages 62 and 65 which they otherwise would not have obtained, and then from age 65 they would receive all of the benefits which they normally would have obtained had they waited to age 65 to retire. In other words, what I am saying is that unless the reduction is continued past age 65, it would simply add a period of three additional years of benefits in the case of everyone, and of course would be an exceedingly costly operation.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Chairman, I believe the gentleman stated that the new tax starts January 1 next year. Did the gentleman say when the benefit provisions of the bill will begin?

Mr. MILLS. I did not; and I thank the gentleman from Oklahoma for reminding me. The benefits would go into effect with respect to the first month that begins 30 days on or after the law becomes effective.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SEELY-BROWN. Mr. Chairman, I should like to ask if the committee considered the question of income limitation.

Mr. MILLS. Yes; the committee has considered that for a number of years and during that time the committee has made a great number of changes in the income limitation. For example, we made a change in that last year. We departed from the rigid concept that was in the law that after an individual has drawn so many dollars then he may lose—even though he just makes one additional dollar—he may lose \$80 from the first month's benefit. We changed that last year to provide that there would be a reduction in the benefit but not a complete loss of benefit for earnings in excess of \$1,200, and not to exceed \$1,500.

Under the law now, between \$1,200 and \$1,500, for every \$2 of earning there would be a loss of \$1 of benefits. We did not go further in that direction in the bill before us. We were thinking, or at least I was thinking, that a better case could be made at the moment, within this one-fourth of 1 percent tax on both employer and employee, for increasing the allowance for widows and for increasing the minimum. Also, even though it costs nothing, I thought we could make a better case for optional retirement of men at 62 for the reason that when you talk about a work test you are talking about how much a person may draw in covered employment and still continue to draw benefits. You are not talking about a person who is dependent entirely and exclusively upon social security if we are talking with respect to minimum benefits, and if not with respect to minimum benefits, then certainly with respect to widows' benefits.

Mr. SEELY-BROWN. If I understand the gentleman correctly, though you have not considered it in this bill you have not closed the door?

Mr. MILLS. We considered it in committee. Yes, there was a suggestion made in the Committee on Ways and Means that we increase the work test from the \$1,200 floor that we have where there are free earnings without penalty on benefits, up to \$2,400; that is, to permit \$2,400 in earnings without loss of any benefits. It developed, when the author of that proposal found out that involved an increase in the payroll tax of some 0.34 percent of payroll, he withdrew it.

There are different ways of looking at the work test. If you want to eliminate it, such action costs an awful lot. Or, you can moderate it, or modify it in such a way as to reduce the cost.

There will be other opportunities for the committee to consider these matters. What we were thinking about was what we could more nearly justify at the moment under this increase that is involved in the tax. I trust my friend would say that in evaluating this situation, though there are many of these things that need to be done, certainly we are not overlooking the opportunity of doing things

where changes are really needed in this bill.

Mr. SEELY-BROWN. I thank the gentleman.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BENNETT of Michigan. Did the gentleman's committee consider any revision in the definition of the term "disability" under the provisions of the bill?

Mr. MILLS. Yes, we went into that. The gentleman will recall the President's suggestion that we eliminate certain language presently in the law. That would have the effect of eliminating the requirement presently in law that medical science must think, at least, that this total disability of today is of unlimited and indefinite duration, which means permanent. That was the suggestion that was made, so that the program would have been changed to one where total disability was the test. So long as the individual was totally disabled for 6 months under that proposal, he would have been picked up under that proposal in the seventh month. The committee did not make that recommendation to the House. It is not in this bill.

Mr. BENNETT of Michigan. The definition at the present time is so unrealistic and so restricted that as a practical matter in order to collect these benefits a man has to be almost a hopeless cripple, a wheelchair patient, because the requirement of inability to perform a gainful occupation means that if he can sell lead pencils from a wheelchair on a street corner he is not totally impaired.

Mr. MILLS. The point you are raising is not so much a question of permanency, as it is the question of total disability. I think that may be the problem in many cases. It is true, when we said we wanted the program to be applicable to people who are totally disabled, that that means unable to engage in any gainful activity. The requirements for disability of 100 percent are very near, as I understand, and if I am wrong, I will correct the RECORD, but as I understand, they are very near to the determinations that are made by the Veterans' Administration under the insurance provisions. Of course, there are many different types of cases and disabilities. For example, if a man has a bad heart, the VA regulations might say, "for our purposes, he can only be considered 40-percent disabled." What I am getting at is this: Much of the regulation in that respect in the Veterans' Administration in insurance cases is somewhat comparable to the people who make these determinations at the State level in the vocational rehabilitation services. That is what the State people have told me, in any event. There are variations from State to State. I feel sure, in the various State programs of one type or another.

Mr. BENNETT of Michigan. I think the gentleman is mistaken. At least my own experience has been in many instances where the Veterans' Administration has held a man to be unable to perform a gainful occupation and have

given him a rating of total disability, the social security administration has said, "No."

Mr. MILLS. It is not just a question of being able to perform a gainful occupation. The question is whether or not the man is permanently disabled, and for an indefinite duration. It is entirely possible that a man can be 100-percent disabled so far as following one particular job is concerned, but by rehabilitation he can perform another type of work. That is another test. And the final test is after they reach this conclusion that he is permanently and totally disabled, and cannot be rehabilitated, we say we will not pick him up until it has been demonstrated that his disability has not changed for 6 months. Thus, there is a 6-month "waiting period." Of course, I know what the thought of the gentleman is. The gentleman's thought is that this is being administered too strictly.

Mr. BENNETT of Michigan. That is right. The definition is too strict.

Mr. MILLS. Let me say this to the gentleman. I am not going to quarrel with them downtown because the people who have been covered by this program so far in numbers have been fairly close to their estimates of what would happen, under what the Congress told them it wanted when the program was set up. There are many ways in which this can be liberalized. Of course, the committee has this and other suggestions under constant study, and when it is found that we can make changes in the future without opening the program up to something which would involve excessive cost factors or other such undesirable considerations, then, of course, the committee will report to the Congress such changes, I am sure. But, it must be demonstrated to us in the committee that we are not letting this program get out of hand or making it one of temporary disability before making these changes.

Mr. BENNETT of Michigan. I hope the committee will give this matter further study.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Florida.

Mr. HALEY. I understand that over the last period of approximately 5 years, the expenditures from these trust funds have exceeded the revenue by over \$2 billion. By the passage of this legislation, will that difference between expenditures and revenue increase?

Mr. MILLS. Yes, the gentleman is right. That is why the committee reported legislation to the House in 1958—I refer to the bill which became the Social Security Amendments of 1958. We were using a large part of the increase in taxes at that time to change the situation of more outgo than intake. You remember, we considered and passed that legislation at that time. We set the tax dates up ahead, that is, the "step-ups", so that finally the maximum tax would come into existence in 1969. The committee has cognizance of this and watches it very closely. This bill itself will increase in the next 12 months the

expenditures out of the fund over the intake because these benefits will go into effect approximately 30 days after this becomes law. The new tax to pay for it will not go into effect until the 1st of January of next year. There is nothing unusual about this situation, however, because at no time in the past, as I remember, has the committee ever levied a retroactive tax for this purpose nor levied a tax to go into effect before the beginning of a new calendar year.

Mr. HALEY. At what time then will the intake that you are now recommending meet the outgo under the provisions of this bill?

Mr. MILLS. The intake will be as much as the outgo in 1963. I refer the gentleman to page 21 of the committee report.

Mr. HALEY. I thank the gentleman.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. WILLIS. Are we to understand that the payroll tax increase will be one-quarter of 1 percent on the employer and one-quarter of 1 percent on the employee?

Mr. MILLS. No; the combined tax on employer and employee is one-quarter of 1 percent. It is one-eighth of 1 percent on each.

Mr. WILLIS. How does that compare with the recommendation of the President?

Mr. MILLS. The President's recommendation would have imposed a tax of one-quarter of 1 percent on each employer and employee, or a combined tax of one-half of 1 percent.

Mr. WILLIS. And I suppose the revenue is proportionate?

Mr. MILLS. Yes; it is predicated upon so much dollar payroll yielding so many dollars of income.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. GRAY. Under present law, Mr. Chairman, the eligibility requirement is 5 years' work out of the past 10, or 20 quarters.

Mr. MILLS. Actually, since 1950 one would achieve "insured status" if he had worked one out of three elapsed quarters. The gentleman is a better mathematician than I and can make the calculation faster than I. There would be 40 quarters coverage between 1950 and 1960 and one-third of that would be around 13. He must have had, let us say, 13 quarters coverage.

Mr. GRAY. My question is whether or not this bill changes that eligibility requirement.

Mr. MILLS. This bill, as was pointed out earlier, changes that one-out-of-three quarters to one-out-of-four; but the gentleman will recall that was also in the bill that was passed by the House last year. The Senate changed it.

Mr. Chairman, it is my hope that the membership of the House will see fit to go along with the committee and accept these recommendations at this particular time, bearing in mind the fact that the Committee on Ways and Means is constantly looking into this situation and is as desirous and anxious as anyone else

to bring about improvements within the social security system just as quickly as anyone else.

The committee, however, is cognizant of the absolute necessity of this program's being kept on an actuarially sound basis. This committee has historically from time to time reported to the House increases in benefits of some sort or other, but the Members of Congress will recall that whenever we have done that we have accompanied our work with such tax increases as were necessary to maintain the actuarial soundness of this program. That we are proceeding to do in connection with this bill.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New York.

Mr. SANTANGELO. The opponents of this bill have claimed that if these increases went into effect the fund would not be actuarially sound. I do not believe that is so. Would the gentleman care to comment about that?

Mr. MILLS. According to the best actuarial people who advise us in these matters, the fund is actuarially sound, in their opinion, when the deficit in perpetuity does not exceed one-quarter of 1 percent. That amount could be used as a margin of miscalculation. It may be that something might develop in the future where that would not be the case, but as we look at the picture we can tell you that this fund is as actuarially sound as is required, or could be, for all of us to be assured that these benefits we are proposing and that are in existing law in perpetuity can be paid under the taxes that are levied under existing law to support it, and that there is no money coming from the general funds of the Treasury to do so.

Mr. Chairman, I urge the Committee to approve the committee bill.

The CHAIRMAN. The gentleman from Arkansas has consumed 30 minutes.

The Chair recognizes the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, the place where the discussion was left by our able chairman is a good place to pick up, and I refer to the point of actuarial soundness. That is, the practical use of the word "actuarial." In a sense it is actuarially sound, but when we go to the premises upon which this actuarial soundness is based, we begin to see that it is not actuarially sound in the sense that insurance programs in the private sector are actuarially sound.

Let us not "kid" ourselves. We are not voting our own money to pay for these benefits. We are voting the money of our children and our children's children because these benefits that we vote here today, if we do, and have in the past, are not going to be paid for by the taxes in our generation but, indeed, are going to be paid for by the labor force beginning in 1970, beginning in 1980, beginning in 1990. The actuarial soundness of the program is based on the assumption that the taxes we im-

pose here in perpetuity, with the built-in increases that go on through 1969, will actually be imposed and that the laboring force will continue to increase and that this great economy of ours will not suffer a serious depression like it did in the thirties, because all of these throw out the actuarial soundness of this system. So one of the big problems that face us today, those of us who are deeply concerned about the future welfare of our society, the future generations and the heritage we are passing on, look to the impact of this thing right now.

This is a payroll tax, Mr. Chairman, and this is going to be reflected in increased cost of goods and services and whether or not our economy at this particular time is in a position to absorb further increased costs in goods and services, the price which people pay. I might say and refer also to the impact on our own manufacturers and distributors in relation to producers abroad. All of this increases the cost of our goods and services.

I may say, Mr. Chairman, that if our economy increases in productivity as we continue today, and I hope we will continue as we are today, we can absorb costs like these. There is every reason, in my judgment, to believe we should continue to try to improve this system, but if we are not keeping in touch with productivity increases in our society and similar increases in costs, a great deal of it is going to come back in inflation, in unemployment, and in other things that are impediments to our economic system.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Florida.

Mr. HALEY. The gentleman says that this is not actuarially sound and that future generations are going to have to pay for this?

Mr. CURTIS of Missouri. Yes.

Mr. HALEY. Certainly the Congress of the United States has been following that policy for 20 years, have we not, in laying up something that future generations are not going to pay in the gentleman's lifetime, his children's lifetime, or his grandchildren's lifetime.

Mr. CURTIS of Missouri. I could not agree with the gentleman more.

Mr. HALEY. It is following the usual trend of the Congress in setting up these expenditures and not paying for them when they should be paid for.

Mr. CURTIS of Missouri. The gentleman is entirely accurate. Those of us who boast about this great economy of ours and our great society, and I am one who boasts about it because it is the greatest on earth, should think in terms of who should we be thanking for this great society we have. I tell you, it is what our forefathers and our fathers passed on to us. We are reaping the harvest from the seeds that those people sowed and the land those people tilled. The thing for us to consider is, what are we planting for our children and grandchildren? What are we tilling? I say by that standard in so many ways this is a wicked generation. When we analyze

these things we begin to see it. It is on that basis I made a speech, which I put in the RECORD, about a month ago, entitled, "Politics Can Destroy Social Security."

In my judgment the essential features of social security were sound. When this program was started it was directed to the indigent or those who might become indigent in our society, and the Government has always had proper concern about them. And, I submit the OASI was an improvement over the old age and assistance program, and the old age and assistance program was a vast improvement over the poor farm technique for taking care of our people. So, this started out as essentially a sound program, but it has been corrupted under the guise of taking care of those who might become indigent. It has been turned into a socialized system of retirement for all our people, including the 95 percent of our people who can provide for themselves and indeed prefer to provide for themselves.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Washington.

Mr. PELLY. As I understood the gentleman, Mr. Chairman, he indicated that through growth in our economy we might expect to make up for this added cost.

Mr. CURTIS of Missouri. Let me say this, that is one of the premises upon which the actuarial soundness of this program is based, and one of the premises which we think needs constant attention.

Mr. PELLY. But is it not true that for the past 30 years, during 24 of those we have failed to live within our income while we have had a growth in our economy?

Mr. CURTIS of Missouri. Yes, we have had a very good growth in our economy in spite of recession. A great deal of it was stimulated by World War II. I hope we do not use wars as a method of stimulating our economy, although that is certainly what the result is.

Mr. PELLY. I wonder if it is not true that in the last 6 or 8 or 10 years or since the Korean war we have had economic growth and yet we have gone away behind, as far as our economy is concerned, in meeting our expenditures.

Mr. CURTIS of Missouri. The gentleman is quite accurate. We have had a very good economic growth and yet we have been going behind. But, there has been one good feature. The ratio of Federal debt to the gross national product has declined in the past 8 years. The way these administered programs are coming before this Congress, I am afraid that that very fine decreased ratio is going to start going the other way. However, I am adversely critical of the past 8 years in many situations because I think we could have done much better.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Illinois.

Mr. COLLIER. Is it not true that over 70 percent of those who have drawn

social security benefits in the past 10 years have drawn more than the combined contribution that they and their employers have made?

Mr. CURTIS of Missouri. Oh, yes. I would say the people who have received social security in the past—and this is not said in adverse criticism; it was so designed—but the truth of the matter is they received about \$100 for every dollar that was contributed. And, we are in a fortunate situation. We are going to receive about \$10 for each dollar we put in; with the young worker going into the work force in 1980 and contemplating paying into this fund for 45 years, that is when we begin to pick up the tab for these vast expenditures.

Let me point out essentially what our motion to recommit will be; the substitute that we tried to put in the committee. We tried to get a rule so that it could be offered here on the floor as a substitute.

There are four basic points to the proposal of the measure of the Committee on Ways and Means. On the first point we are in complete accord; that is, the liberalization of the coverage from one out of three quarters to one out of four. Incidentally, that was part of the bill that was passed last year but was knocked out in the Senate. The second is increasing the minimum benefits from \$33 to \$40. In my judgment—and I think I can speak for the majority on our side—this is termed as a desirable reform when we can afford it and our productivity increase comes along, and is one we ought to consider. No. 3, liberalizing the widow's benefit from 75 to 82½ percent I think we would also call a desirable reform. No. 4, we are in complete disagreement, with one exception, on our side, and that is the lowering of the retirement age to 62. Incidentally, that is not a cost item. And, if the Committee on Rules wanted to grant a more liberal rule, there is no reason why a motion to strike that clause from the bill would not have been perfectly proper, without doing any damage, and let the House work its will. The reason against the 62 age is this: Our older people are having a hard enough time now to stay in the labor market.

This provides further incentive to drive them out. I suggested to the Secretary of Health, Education, and Welfare that we tie this to disability in some way. We are talking about people at the age of 62. People at the age are more prone to have disabilities. So that we would like a tie-in there, along the lines of the retirement programs that we are developing in the private sector, and in accordance with modern medical knowledge.

This is a step backward; this is not a step forward. This is not helping these people. This is damaging their positions. And some of the people who are supporting this are very careless in their approach. They just want to get them out of the labor market.

Mr. Chairman, our proposals are these: We take No. 1, but we say that there are two areas that are much more pressing, where for equity and other reasons we should consider two proposals

which are more desirable features than Nos. 2 and 3 of the committee bill.

No. 1, in a proposed motion to recommit, is that all of these people over 72 who never have been covered—not through any fault of theirs, but they were caught in the process of the maturing of this system; they were just born too soon, or their husbands were—their particular occupations were not covered and these people never received anything. The argument is they have never paid anything. That argument is true, but to those who want to liberalize these benefits now for those people already in the program, I say they will never pay anything, either. They have already received in payments a ratio of 100 to 1. But the people over 72 who have not been covered have been completely left out.

I want to call attention to our minority views that spell this out. If there ever could be singled out a group in our society that needs attention, it is those over 72. I think the figures are that some 50 percent of them are on old-age assistance. There is the area, if we are talking in terms of human beings, and moving this forward from a welfare standpoint and an equalization standpoint and as a matter of equity—there is the needed reform. And I now turn again to these people who go under the banner of being liberal and ask, Where is your concern for these people over 72? You would not even let the Committee on Rules give us a chance to vote on this measure. And if you think you are going to go out and campaign on this matter of liberalization of the Social Security Act, you are going to have to answer that question—What about the people over 72 and what did you do for them?

The second priority and desirable feature in our proposal is to liberalize the work clause. This becomes very important on the overall economic picture, because a liberalization of the work clause actually does provide some increased productivity in our society. In other words, it would enable us to pay for some of these things. It makes the bill that we propose more fiscally responsible. It puts it in a position of being better able to have this assumed by our economy at this time, because this would enable people over 65 to work longer. And many people over 65 have said, "Look, we do not want anything further; just give us a chance to earn more."

Everyone here knows the great appeal that has been made to you as individual Congressmen for many years on the part of the older people to liberalize this particular provision.

Mr. Chairman, I want to close by calling attention simply to the alternative proposals that the House will be able to consider. You will only be able to consider our proposals on the motion to recommit. The motion to recommit would have the one-fourth coverage instead of the one-third. It would take care of these people over 72. It would have the liberalization of the work clause and it actually would cost a little bit less than the committee's proposal. It would have to be covered by an increased tax, but these are the areas that need

priority attention and it does not have the backward step that the committee bill takes of imposing a further burden on people over 62 in trying to stay in the labor market.

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. KING].

Mr. KING of California. Mr. Chairman, I strongly urge enactment of the improvements in social security benefits recommended by our committee. These changes will improve the longrun effectiveness of the social security program and make it better able to meet the economic challenges of the future. The proposals embodied in H.R. 6027 will make improvements in the program that I have advocated for a long time, and I am glad to see them in the bill. I would have liked to see some other needed improvements made, and, in my opinion, some of the provisions recommended do not go far enough. But, in spite of these reservations, the bill does go in the right direction. The enactment of this bill will make the old-age, survivors, and disability insurance program more flexible and effective and it is particularly timely now because it will, incidentally, help substantially in the overall effort to revitalize the economy.

The additional benefits that would be paid out under the provisions of the bill will go to people who need them most. Those receiving minimum benefits, for example, generally have little, if any, other retirement income; many receive public assistance; many are suffering real privation and want. They worked hard in their lifetimes and made substantial contributions to our economy. But because they were already old or ill when their jobs were brought under the social security program they were unable to build up substantial benefit rights.

The provision for paying men benefits as early as age 62, as is now provided for women under the social security program, is also a needed change. It will alleviate the hardships faced by men who find themselves unemployed in their later years. One of the pressing problems that the current recession has brought to the fore is the difficulty that older people find in getting employment. The problem is a general one and is particularly serious now in areas of chronic unemployment. It exists all over the country, in good times and bad.

What is a man to do if he cannot get a job because of his age? Most older unemployed people cannot meet the problem by themselves. I believe it is entirely appropriate that some provision be made for these people under the social security program, to which they have contributed for many years in the expectation that they would have protection for themselves and their families when they lose ability to earn because they are too old to find work—as in fact they are, even though they are not yet 65.

The bill also includes the change in the requirements for insured status that the House voted for last year, and I think we should again adopt it. This change will make the requirements for people who are now at or near retire-

ment age comparable to the requirements that will apply to people who have had a whole working lifetime under the program. It would make benefits available to many people who were too old when their jobs were covered to meet the present requirements in the law.

There is also a clear need for the increase in the widow's benefit that is provided by the bill. A widow now gets 75 percent, or three-fourths, of her husband's benefit. If the retirement benefit for the husband is supposed to be sufficient for one person to take care of himself, obviously three-fourths of the retirement benefit is not adequate for one person—unless, of course, the person has other income, and most widows have very little to live on besides their benefits. While many are likely to own their own homes and not have to pay rent, they face the financial problems of homeowners, such as taxes, running expenses and repairs, and widows have very little cash coming in. A 10-percent increase in benefits for widows is a step in the right direction.

In brief, the changes in the old-age, survivors, and disability insurance program embodied in this bill make some needed improvements in the program, and they are especially desirable at this time because of the beneficial effect that they will have on the national economy.

I do not feel, however, that I can conclude my remarks on this bill without pointing out that in spite of the improvements it will make in the social security program, we cannot be content with it while our senior citizens are stripped of their dignity and denied a good life because of medical expenses that they cannot meet from their retirement income. In general, older people have medical care costs twice those of younger persons, and only half as much income. Their need for health insurance protection through the social security mechanism is clear.

Some of the attacks on health insurance have essentially been unwarranted criticisms of old-age and survivors insurance. Let us not be dissuaded by these unwarranted criticisms from taking the urgently needed step of providing health insurance for the aged. The old-age and survivors insurance program has operated successfully for almost 26 years; it has proved to be an effective method of protecting the families of America against the need and often poverty that would otherwise be the common result of the old age, disability, or death of the breadwinner. The program is financially sound because the Congress has taken pains to insure its financial soundness. The financing of the program has been repeatedly reviewed by the Congress and by outside experts and has always proved sound. The administration's health insurance proposal, which I had the honor of introducing, contains financing provisions that will maintain the financial soundness of the program.

Both the problem and its solution are clear. The aged desperately need health insurance protection and the social security program provides us with a sound, effective, tested, and dignified way of giving them this protection. I strongly

urge early consideration and passage of the health insurance bill so that the protection it provides can be quickly extended to our waiting senior citizens.

(Mr. KING of California asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. BARRETT].

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. BARRETT. Mr. Chairman, I am very much in favor of H.R. 6027, the social security amendments bill, now being considered by the House, because I personally feel it will not only strengthen our economy, but will do much to make life more enjoyable for the thousands upon thousands of men and women who are now receiving monthly benefits.

One of the main provisions in this bill will increase the minimum monthly benefits for retired workers from \$33 a month to \$40, which is very necessary because of today's high prices. President Kennedy proposed an increase to \$43 a month to prevent the benefits of retired workers from lagging behind rises in living costs. I wholeheartedly support his proposal, but would like to see the monthly benefits increased to at least \$45. However, as the saying goes, "half a loaf is better than none at all." So I will support the \$7 monthly increase in the hope that greater benefits will be authorized by law later on.

Another very important feature of this bill is that it will permit men as well as women to begin collecting monthly benefits on a permanently reduced basis when they reach the age of 62. According to the latest available figures, 600,000 workers would be eligible to draw a monthly check. They would not have to compete with younger men and women for jobs that are hard to find in our distressed areas. They would not have to turn to public assistance for support.

In South Philadelphia, my congressional district, I personally know of many cases where a man and his wife, who are living on one meager social security check each month, are barely existing. These people, who are my friends, have come to me repeatedly and actually begged for financial help because they are unable to pay their rent, buy food, clothing, and medical supplies. In each instance, I have contacted our social security people and have had their individual cases reviewed in an effort to obtain increased benefits for them. Unfortunately, in 99 percent of the cases, I have met with no success because under the law it has been determined they are receiving the maximum benefits. The only recourse left is to tell them to apply for county assistance.

Mr. Chairman, the bill before us today contains another excellent provision which increases widows' benefits from 75 to 82½ percent. To me this is one of the most humane features because it gives much needed assistance to approximately one and one-half million women, who are alone and have no other means of support. While this increase will not

permit them to live extravagantly, it will give them additional dollars for more wholesome foods and a few new clothes. It will save them from the humiliation of begging for relief. It will make life worth living and their tomorrows brighter.

H.R. 6027 is a good bill. Its provisions are sound. Every working man and woman will reap the benefits I urge its speedy enactment into law.

Mr. BAKER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I favor and shall vote for the committee bill, H.R. 6027, the Social Security Amendments of 1961.

This bill, if enacted into law, will make five important improvements in our social security system:

First. The bill would increase from \$33 to \$40 the minimum monthly retirement benefit payable under the program to persons retiring at or after age 65 and the minimum monthly disability benefit with proportionate increases in the minimum benefits payable to dependents and survivors, resulting in increased benefits for 2,175,000 people, amounting to \$170 million during the first 12 months of operation.

Second. The bill would make benefits available for men beginning at age 62 on a voluntary basis with proportionate reduction to take account of the longer period over which the benefits will be paid in the first year of operation. About 560,000 people will get benefits amounting to \$440 million at no extra long term cost to the trust fund.

Third. The bill would liberalize the insured status requirements so that a worker would be fully insured if he has one quarter of coverage for every year elapsing after 1950—or after the year in which he attained age 21, if that was later—and up to the year of disability, death, or attainment of age 65 for men—62 for women. Under the present law one quarter of coverage is required for every three elapsed calendar quarters. This change would bring about 160,000 people onto the benefit rolls in the first year for a total of \$65 million in benefits.

Fourth. The bill would increase aged widow's, widower's, and parent's benefits from 75 to 82½ percent of the workers retirement benefit, a 10 percent increase in benefits for these people. This provision will increase benefits for 1,525,000 people by \$105 million in the first 12 months of operation.

Fifth. The bill extends for 1 year, to June 30, 1962, the period within which a person may file an application for establishing a period of disability and have the period begin as early as the time when his disability began.

To meet the increased cost incurred, effective January 1, 1962, contribution rates will be raised by one-eighth of 1 percent each for employees and employers and by three-sixteenths of 1 percent for the self-employed.

It is my considered judgment that the old-age and survivors insurance trust fund under the tax schedules heretofore established by law is actuarially sound.

The old-age and survivors insurance trust fund began operations in 1937 and

for the first two decades grew steadily, reaching \$22½ billion at the end of 1956. All of this money is invested in U.S. Government securities, the safest investment in the world. The trust fund has remained relatively unchanged up to this time. Following 1962 the fund is expected to grow continuously for many years, as the scheduled contribution increases in 1963, 1966, and 1969 go into effect.

When this bill was being considered in the committee, I offered an amendment to amend title II of the Social Security Act to liberalize the retirement test—the so-called work clause—so as to apply the provisions of existing law up to \$2,400 per year. The amendment did not prevail in the committee. Since then I have offered the same provision in a separate bill, H.R. 6395, and I hope sometimes during the 87th Congress that the provisions of this bill will become law.

(Mr. BAKER asked and was given permission to revise and extend his remarks.)

(Mr. FINO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FINO. Mr. Chairman, it is unfortunate that this important bill which proposes to liberalize the Social Security Act should come to this House under a closed rule—a rule that prohibits me or any Member to offer any amendments. This rule leaves all of us with no alternative—we are told, in essence, "take it or leave it."

In all 9 years that I have been a Member of Congress, I have ardently supported and urged measures to liberalize the social security system in order to bring it in line with the social and economic facts of life and with the principle of social equity and individual incentive. I applaud the progress made thus far in improving the old-age, survivors, and disability program but am distressed that this bill now before us still does not adequately come to grips with the several unnecessarily restrictive and unrealistic provisions of the program. Specifically, I believe that the retirement age should be lowered to 60 for women and to 62 for men without, and I repeat without, any reduction in the level of benefits; I believe the so-called work clause or retirement test, which precludes persons earnings over a certain amount of money through their labor from receiving benefits to which they are otherwise entitled, should be eliminated; and, I believe that minimum benefits should be raised to at least \$50 a month. These are amendments I would have offered if permitted under the rules of this House.

LOWERING OF RETIREMENT AGE

Mr. Chairman, many of us are bound by tradition to the idea that 65 is the perfect retirement age, but really there is nothing magic or sacred about 65 as the age for retirement. The selection of this age does not necessarily have any economic or physiological basis. Chronological age is not the only factor in the ability of an individual to earn a living.

The rate of the aging process differs among individuals, and people with the same chronological age might differ greatly in the degree to which they have retained their physical and mental vigor. Many progressive retirement plans in industry and, yes, even in the Government have departed from the traditional 65 retirement age.

With this precis, I want to strongly urge that the retirement age for men under old-age insurance should be lowered from 65 to 62 and that there be no reduction in the level of benefits they receive upon retirement at age 62. Except for the relatively few who might abuse the privilege, and I am sure it will only be relatively few, my proposal will affect primarily those men who are either unable to find work or those whose health will not permit them to work but who do not qualify under the administrative definition of permanent and total disability, that is those older men who because of their years are unable to work, yet are unable to retire. The needs of this group are as great at age 62 as at age 65 and therefore retirement at 62 should be with full benefits.

By adopting my proposal the years between ages 62 and 65 will no longer be years of discouragement and economic hardship. After exhausting their unemployment insurance payments, the men will not have to wait despairingly—perhaps with the help of public assistance—for their 65th birthday in order to achieve a measure of economic security.

Whether or not a person is employable often is relative to the state of the economy. Experience has proved that in periods of serious labor shortages, retirees capable of working are brought back into the labor force. Therefore, lowering the retirement age will not create a labor shortage nor be an impediment to economic growth.

Many older persons cannot keep the jobs they formerly held because they no longer are physically able to do so. As you know, prospects for an older person in acquiring a new job even if physically able are not bright. Economic and technological changes have made it so. The decline in the importance in the economy of the small shopkeeper and farmer has reduced the opportunities for gradual retirement. Many of the older persons are trained in skills which are now obsolete and they are not given the chance to be retrained to meet technological advances. Some do not have the educational background required for this training.

Hiring policies greatly discriminate against the aged. A study, appropriately called "Too Old To Work—Too Young To Retire," of the persons thrown out of work by the closing of the Packard Motor Co. plant in 1956 concluded:

Along with technological change, decentralization, and mergers another phenomenon seems to be developing: age discrimination in employment.

Mr. Chairman, lowering the retirement age for men to 62 should not result in a large exodus from the labor market of persons over 62 who are pres-

ently employed. The aged probably more than any other group are proud of their ability to be productive and useful. Thus, monetary and psychological rewards would in most cases keep them in the labor force if they are physically able to remain there and if the opportunity to work continues. The seeming assurance with which I predict that lowering the retirement age will not result in "goldbricking" is based on the following facts. Under the present retirement age of 65, the average working-man does not begin drawing social security benefits until age 68. Studies show that many persons retire because of company policy or for health reasons. A survey of retirees made by the Social Security Administration some years ago—1951—indicated that more than four-fifths of the beneficiaries had either lost their jobs or had quit because of ill health, that is, only a minority of the beneficiaries retired voluntarily while in good health to enjoy their leisure.

The 1956 amendments, of course, lowered the retirement age of women to 62. I firmly believe that women's retirement age should be reduced to 60. The justification for a lower retirement age for women than for men is that the older woman has even a more difficult time than the elderly man in obtaining employment, particularly the widow who has spent most of her life as a housewife and has had no job experience. A lower age is required for the dependent wife because wives generally are a few years younger than their husbands with the result that when a husband retires, many couples, without a child under 18, must depend only on the husband's benefits until the wife reaches retirement age.

Under present law only widows and dependent mothers are permitted to obtain full benefits at age 62. Wives of retirees and women workers must make an irrevocable choice—should they collect benefits at age 62 at an actuarially reduced rate which will be the rate of their benefits for the rest of their lives or, for dependent wives, until their husband dies and they receive widow benefits; or should they struggle along until age 65 and obtain full benefit payments. Insured women workers choosing retirement at 62 lose 20 percent of the benefits to which they would otherwise be entitled at age 65; dependent wives electing benefits at age 62 lose 25 percent of their full benefits.

The decision as to whether or not "a bird in the hand is worth two in the bush" is a very difficult one for many to have to make, particularly if they are immediately hard pressed financially. Moreover, even if by some strange reasoning it is assumed that needs during ages 62 through 64 are less pressing than those of age 65 and over, how can reduced annual benefits be justified for ages 65 and beyond?

In view of these facts, I sincerely feel that full benefits rather than reduced benefits should be paid to women at age 60 and to men at age 62.

REPEAL OF THE RETIREMENT TEST

Mr. Chairman, insured working women may apply for monthly retire-

ment benefits at age 62; men, at age 65. If still working, however, they are subject until age 72 to the earnings or retirement test which determines whether or not their current earnings are too high to entitle them to all or part of their benefits. The benefit loss is based on earnings in excess of \$1,200 a year.

Moreover, a reduction or loss of benefits by the primary beneficiary because of the retirement test affects not only his benefits but also payments to dependents whose benefits are based on his account. Earnings of a dependent affects only his own benefits.

On the other hand, income from rent, interest, dividends and from pensions and annuities are exempted from the test. In other words, regardless of the amount of unearned income, there is no reduction in the level of benefit payments.

The retirement test is inequitable not only because it penalizes earnings from labor and not income from capital, but even among the wage and salary group, it is possible for two persons with the same level of annual earnings to lose a different proportion of their benefit payments, depending upon whether the earnings are acquired evenly throughout the 12 months of the year or whether they are bunched. This inequity arises from the provision that no monthly benefit is withheld for any month in which earnings are \$100 or less. For example, a person earning \$250 a month or an annual total of \$3,000 is not entitled to any benefits during that year. In contrast, the persons who earn \$3,000 in a 3-month period still obtains his benefit payments for the remaining 9 months.

The retirement test thwarts initiative by setting a limit on the amount of wages or salaries a person may earn and still collect the benefits for which he had contributed during his younger work life. It runs counter to Government efforts to encourage employers to keep older persons on the job. It runs counter to modern theories of gerontology that it is psychologically better for the aged to work if they are capable of doing so. The period of retirement has lengthened with increased life expectancy. The longer the period of retirement that can be spent productively, the better for the individual and the economy. The retirement test forces persons to resort to making all sorts of arrangements with employers in order to make the most of their combined old-age retirement benefits and earned income.

The 1960 Social Security Amendments did improve the operation of the retirement test by making it impossible for combined earnings and benefits to be less than if the worker limited earnings to the retirement test limit of \$1,200. You will recall that, prior to the 1960 amendments a beneficiary would lose 1 month's benefits for every \$80 or fraction thereof by which his annual earnings exceeded \$1,200. Because of this, he would lose from \$33 to \$127 if his annual earnings exceeded \$1,200 by as little as a cent.

The basis for calculating benefit loss on earnings in excess of \$1,200 was changed from a monthly basis to a dollar

basis by the 1960 amendments. Under the present law, for every dollar earned in excess of \$1,200 but under \$1,500 annually, the beneficiary loses half, so that the maximum loss on the \$300 excess is \$150. For every dollar earned in excess of \$1,500, the beneficiary loses a dollar of benefits.

The work incentive provided by the new law for earnings in excess of \$1,200 is questionable, however. For example, in addition to the \$150 loss on benefits on earnings of \$1,500, a single or widowed beneficiary must pay income tax on \$300—the Federal income tax provides a \$1,200 exemption for persons 65 and over—and must pay social security tax on his entire earnings.

Moreover, although it is now impossible for a beneficiary to lose income by virtue of his working, the new law sets up another form of inequity. It permits persons with larger monthly benefit payments to earn more money than persons with smaller benefits before they forfeit all benefits. This arises from the dollar-for-dollar loss of benefits for earnings over \$1,500 a year. Persons eligible for higher benefits, of course, have "more dollars of benefits" to lose before reaching the point, where benefits cease entirely.

Also, minimum benefit recipients cannot earn as much as they previously could before total benefits are stopped. Under the old law, all beneficiaries could receive some benefits until their earnings exceeded \$2,080 a year, regardless of the level of their monthly benefits. Now, the beneficiary eligible for the minimum benefit of \$33 a month will have all his benefits cut off when earnings reach \$1,746 a year, or \$334 less than formerly. On the other hand, the beneficiary with a monthly benefit of \$127 per month can now earn \$2,824 annually, or \$744 more than formerly. This is over a \$1,000 more than the minimum benefit individual may earn. Thus, the new law favors those least likely to have to work to supplement their social security benefits.

Therefore, the more we fool around with the earnings test, the more I am convinced that it should be abolished completely. Social security benefits should be paid as a matter of right and without any form of test.

RAISING MONTHLY MINIMUM BENEFIT PAYMENTS

Benefit payments must be increased to keep up with price rises in order for the benefits to retain their original purchasing power value and also to permit the aged to partake, at least in part, in the rising standard of living enjoyed by our country. In 1958 when the monthly minimum benefit was raised from \$30 to \$33, I had advocated increasing it to \$50. The 10-percent increase adopted in 1958 was statistically adequate to keep pace with changes in the Consumer Price Index for all items since 1954, when the \$30 level had been adopted. However, we are concerned with people, not with statistics.

The Consumer Price Index measures the average change in prices of goods and services purchased by urban wage-earner and clerical-worker families.

The weights given the various components entering the cost of living for these groups can be grossly inaccurate when applied to elderly retired persons. The elderly may spend relatively less for homes and furnishings but spend substantially more for medical care. The rise in medical care prices has been the most spectacular of any component in the index. Between 1952 and 1960, the total index increased 11 percent; medical costs increased 33 percent.

Even if the Consumer Price Index accurately reflected the cost of living of the elderly, a strong argument can be made for raising benefits more rapidly than prices increase. Many of the aged receiving the lowest social insurance benefits have little or no other income. One reason their benefits are the minimum is the fact that their wages when working were low.

Today the need for a \$50 minimum benefit is all the more compelling. Despite the recession, prices have continued to rise; because of the recession it is more difficult than ever for older people to find work to supplement their benefits. Raising the minimum benefit to \$50 would undoubtedly result in some savings in public assistance programs. At the same time putting more purchasing power in the hands of a low-income group will be a stimulant to our economy.

Mr. Chairman, my program for the elimination of the retirement test, the reduction of the retirement age for men and women to 62 and 60 respectively, the payment of full benefits at these lower ages, and the raising of the minimum benefit payment to \$50 a month will, I believe, be a big step forward in keeping our social security system in tune with the contemporary economic and social scene, achieving a full measure of security for the American people. It is regrettable that we cannot accomplish these changes now under this bill.

Mr. BAKER. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. ALGER].

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, once again it strikes me as odd, as I take the floor, to realize how men of good will can come to such different conclusions. I have come to vastly different conclusions than the conclusions of my chairman whom I deeply respect and whose ability and knowledge I commend. In any event, those who are interested and, of course, there are just a handful present, but those who are interested in the minority views can find them on page 97 of the report. They are very brief and they may be of some interest to you. I also put a number of things in the RECORD to which I shall allude since I felt they might be of some interest to you about some lessons of the past that earlier colleagues have passed on to us.

Mr. Chairman, I lament the fact that we have a closed rule on this bill. I join my colleagues in disapproval of such procedure. I also feel that this bill is, indeed, destructive of the original intent of social security as to its actuar-

ial soundness both in the benefits given and as to the taxation necessary to foot the bill. I am among those who actually would be for a social security program, if I thought a financially sound program were possible. But, of course, this program is of many years standing and we are asked today, and periodically, to vote additional benefits. I strongly question, in view of the information I have, whether indeed it is actually possible to secure our future socially. To me this is an extreme example of the entrancing idea of getting something for nothing through the Federal Government. I question whether we, as a society of human beings, can provide financially against future vicissitudes by Federal Government action. We do not have enough money to do it. My thought is that that ought to be the subject of study instead of us now casually assuming that we can do so by passing the bill on to future generations.

I oppose this bill, and join with the gentleman from California [Mr. Urr] and the gentleman from Illinois [Mr. Mason] in the minority view on this bill, for these reasons:

This bill first, discourages individual productivity; second, impairs individual ability to achieve self-sufficiency; third, illogically and arbitrarily differentiates among citizens in regard to benefit eligibility and amount; and fourth, spends currently the savings of the present generation so that the commitments of the system to one generation will inevitably fall on succeeding generations in increasing magnitude.

As to the retirement test, I think it should be liberalized.

I proposed an amendment which would have liberalized the retirement test from \$100 to \$200 a month, and I found out that it would knock the program out of balance actuarially and I voluntarily withdrew it. My position with reference to this particular bill and every bill or amendment to social security is that I am against any provision that increases the actuarial imbalance that now exists. You understand we set up an artificial yardstick—that if social security is not out of balance more than 25 percent of payroll, it is actuarially sound. I say that that yardstick in itself may be wrong and further that it evades entirely the actuarial problem as to whether it is sound or not.

I have several matters to point out in presenting my views, and I want it understood that in doing so I am speaking only for myself as part of the responsibility I feel as a member of a team of Congressmen, our committee. Each should speak of what he feels is correct so all his associates can accept or reject his views; you will not offend me if you do not share my views.

Social security is not an insurance program. The Supreme Court is my authority for that statement and you will find the decision in the RECORD pointing out that this is a general welfare provision, not insurance. Were it insurance it would immediately become unconstitutional, according to the Supreme Court; and I cite you to page

A2654 of the RECORD of April 19. Here I deal with the possible unconstitutionality of the insurance principle. I also refer you to pages A2638, A2653, and A2655, pointing out the difference of social security—and I am reducing it as simply as I can in these terms. Social security in its present concept is pay-as-you-go, defined however as paying in only enough as we go to meet the payout at the time. On the other hand insurance actuarially is prepaid with enough paid in to make sure there are reserves to meet all obligations. There is a difference between insurance and social security, and I think we should bear in mind the difference. These views may be read on page A2638 of yesterday's RECORD, April 19.

This program, of course, will not mature until well into the 21st century, but I think we can see far enough into the future to know that the program will not be sound; and second, since this is a political system of insurance, a political system, it can be voted out by later generations, of course.

Furthermore, I am disturbed by what I find in the President's message printed as Public Document No. 81, that this is an antirecession measure. I do not think social security should be used as an antirecession measure. I call your attention to page 8 of Public Document No. 81:

The additional impact of the purchasing power will be a desirable economic stimulant at the present time. Early enactment will serve this end.

Social security was never conceived as an antirecession measure; therefore, I think it is wrong to bring it up on this basis.

Furthermore, as to actuarial imbalance of this program maybe a few examples will help you to understand it, and I will give but two. They may seem extreme, but I am afraid that they are far more typical than we would like to think. Do you know what amount you could pay into social security had you started from the very beginning and continued it up to the day this year at age 65 you were eligible to receive its benefits? All you could pay into social security would be \$2,580, and that is the combined amount paid in by the employer and employee jointly, together. Do you know what you would draw back by way of benefits against that payment of \$2,580? You could get back \$31,200. Of course, this is a bargain.

Here is another example that you might be interested in of a factual character. It is possible—an extreme case, but it shows the fallacy in this program—for \$13 paid into this program a recipient, a beneficiary, could draw \$9,100. These examples are found on page 98 of the report.

These examples, it seems to me, show the weakness of the proposal, and show why we should have grave doubts as to its actuarial soundness.

Third, as far as the imbalance goes its extent relates on the unfunded amount, the unfunded amount being that amount in dollars that we have to pay present beneficiaries and future beneficiaries beyond what has been paid into and will be paid into the fund.

The present beneficiaries being those now getting checks and the future beneficiaries being the rest of us now paying in. I do not know what the total amount is, and I have not the ability to compute it, but I am told by actuarial authorities like Mr. Ray Peterson, who is one of the great actuarial men in the life insurance business, a recognized authority, that the imbalance of this program is probably somewhere in the neighborhood of \$300 billion or so. I do not know how much difference there is between the amount that is being paid in against the obligations we are running up without paying in. Sure, we increase the tax as it goes on, but we are not increasing it enough. The question that needs to be answered, How much must we increase the tax in order to make this program sound?

The trustees make a report every year on social security. It may be of interest to you to know that is available. They point out what is wrong with the program actuarially that was not intended at the outset, but which affected the program.

First, the program is based on the assumption that there will always be more people to pick up the tab; that is, a greater population, more people in the working force, new entrants, increased numbers to pick up the cost of the preceding generation—like a chain letter effect. Population increases must continue, we must have those new entrants into our economy. If we become static in population we are in real trouble. We dare not have our population increase slow down because social security might become jeopardized.

Second, the originators did not take into account the fact that we are all growing older. As an average, there will be more elderly people and so a greater payout because we are living longer. Neither was there taken into account that we are constantly increasing the coverage.

Those are some of the things that the trustees call to our attention.

When we come to the tax, I cannot tell you how high the tax should be to make both ends meet.

In this connection, let me call your attention to something that many Members noticed before, as viewed in previous minority reports which are in the Appendix of the Record, April 19. The social security tax is becoming a secondary graduated income tax and this jeopardizes the program and, indeed, the whole tax structure. It is expected that by 1975 many people will be paying considerably more social security tax than income tax. There are no deductions. This is a tax on the very first dollar earned. This is a dangerous trend which might in itself wreck the program.

There are those of you who say you believe in social security for our elder citizens. Then let us correct its deficiencies if possible.

How about the tax effect on small business? It increases the cost of business, the prices, and we will have inflation all the way through. Less discretion is shown economically, as I said, because this is a political bill. The program sounds too good to oppose or criti-

cize. Some think opposing it would be political suicide.

I should like to call your attention to certain inserts in the Record, page A2646, April 19. Here is what Samuel Gompers said about social security, and I want my liberal friends to hear this.

Here is what he said:

Compulsory social insurance is in its essence undemocratic and it cannot remove or prevent poverty. The workers of America adhere to voluntary institutions in preference to compulsory systems, which are held to be not only impracticable, but a menace to their rights, welfare, and their liberty.

That is Samuel Gompers, the father of labor unions talking, if you please, telling us what is wrong then and today with social security.

You will also find a study of the actuarial unsoundness in an article entitled, "The Coming Din of Inequity," and what future generations are going to do as they throw the program out in disapproval of the taxload passed on by us to their generation. These may be found on pages A2638, A2653, and A2655.

Finally, I made reference to earlier minority reports in the Congress that foresaw the danger of today in the bill we are being asked to pass. These can be found in the Record at page A2648, and there are reports in the 74th, the 81st, the 83d, and the 84th Congresses.

Mr. Chairman, I believe it would be best for us to study the present social security compared to its original intent of helping the indigent prepare for their future. Most of all we should stop sweetening the pie politically and study the actuarial imbalance and the tax schedule to see if it is possible to make the program sound. We must stop the cruel pretense, the hoax, of social security being a sound financial cushion for our elder citizens.

The program now offers benefits as political gratuities, imposes taxes that are burdensome, the insurance designation is unconstitutional, sound alternative private programs are being squeezed out, and finally, future generations can vote it out of existence. My own forecast is simply to predict the collapse financially of this program. We will have no one to blame but ourselves. Such faulty judgment on our part is tragic in view of world troubles. Our defense is based on a strong economy. A faulty social security program jeopardizes our economy.

Mr. Chairman, I for one cannot close my eyes to the financial imbalance of the social security program and the error of treating it as an antirecession pump-priming effort to put money in consumers' hands, as the New Frontier so designates it. I shall vote against this bill.

Mr. WATTS. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman, I cannot agree that this measure is a political bill. Personally I think the President and the members of the Committee on Ways and Means are to be highly complimented for bringing this measure to the floor. I cannot visualize any Con-

gress in the future letting the social security program become actuarially unsound. I just do not think that will ever happen in the foreseeable future, and I personally cannot visualize any program that means as much to the general welfare of all the people of this country as does the social security program.

I have had a chance to glance over the report containing a summary of the principal provisions of the bill on pages 3 and 4 of the report, and I cannot see where anyone could object to raising the minimum benefits for 2,175,000 Americans receiving \$33 a month at the present time up to \$40, especially when many surveys have been made, and a majority of these people receiving this minimum of \$33 at the present time, or very near that figure, do not have any other income from any source. This is a very meager raise. No doubt the reason a more realistic figure above \$40 was not placed in the bill was because the committee wanted to keep the bill as they believed on an actuarially sound basis.

The provision to increase the pensions of widows certainly is needed. I have long advocated that the amount of widows' benefits, now only 75 percent of the amount which was payable to her deceased husband, should be increased so that she will be entitled to at least the amount the husband was receiving. In the case of a retired couple, social security pays a full benefit to the husband and an additional benefit equal to half of the husband's benefit to the wife. Assuming the husband's benefit is \$80 a month, his wife would receive an additional \$40 a month, bringing the total family social security income up to \$120 a month. But if the husband dies, this amount is cut in half, leaving the surviving widow only \$60 a month. I have received hundreds of letters from widows in this situation; discouraged, bewildered and frightening letters. They ask what they should do. They point out that the expenses in connection with the husband's illness and death have often depleted any resources the family might have been able to put aside. They point out that the bills in operating a home remain the same after the death of the husband. No one can complain that this increase is unrealistic and not needed.

Now, another provision that I want to touch on is lowering the social security age to 62. I happen to represent a coal-mining district and I have witnessed the inroads of automation in every coal mining community in the district that I am privileged to represent. I see these men 50, 55, to 60 years of age, and it is impossible for them to get a job when they go away from home. Here they are in these coal mining communities, and they would like to work. In many cases they have worked in the mines maybe 30 years. There is no individual, as the chairman of this committee stated, that is going to retire if he has got a job. This provision will take care of this group of people where they do not have an opportunity to work, and I would certainly like to see the day come when this reduction of 20-percent annuity could be lifted for this particular group of peo-

ple, because I personally feel that the fund could stand it.

I am glad that the committee has seen fit to lessen these strict requirements on coverage providing that one-quarter of coverage for each of the calendar quarters elapsing after 1950 would qualify an individual for social security. This will make it possible for some of our elderly men and women who are now excluded because they lack just a few quarters of coverage to receive benefits. This provision is needed because so many of these people that are now excluded for coverage were so advanced in years when their particular kind of work was brought under the system that they could not meet the coverage requirements. Then again, this will take care of many people who have lost their jobs because of age.

Mr. Chairman, I want to refer to the disability provision. I regret that the committee did not go into the disability provision, and perhaps liberalize the definition. Personally, I feel that it is more a matter of interpretation on the part of the department. And I am going to tell you why I feel that way. I feel that much of the trouble lies in the way that they have construed the definition of any substantial gainful occupation, in the administration of the law.

Just last week, or the week before last, I was down to Elkhorn City in the district. There was a gentleman there who was all crippled up. He had applied under this disability program approximately four times, and either the third or the fourth time, he got his social security disability and they gave him \$5,100 in one check. That just goes to bear out what I am saying. I know that in at least two other instances, individuals had died before the checks were sent out.

That is why I say that much of this could be taken care of by administration, or by better administration, of the disability program.

Not too many years ago after the program went into effect, there was an individual from back home who was out at the Soldiers' Home, all broken down. They brought him into my office in a wheelchair purchased by the Government for his use. He had a 100-percent disability under the Veterans' Administration program. Jere Cooper was alive at that time and chairman of the Committee on Ways and Means. I wanted the chairman to take a look at this individual. I am sure the clerks of the committee remember that. I sent this gentleman down in that wheelchair, and it was not long until he received his disability determination.

Mr. Chairman, I point these things out because I feel that many of the complaints over the administration of the disability program could be cured by a more realistic look at the definition of substantial gainful occupation as the Congress intended.

Mr. Chairman, in conclusion, I want to say that I am delighted that the committee brought these improvements to the floor of the House. It will mean much to the people who are in need.

It is our duty to improve this program and keep it actuarially sound at the same time. No one can complain that these amendments do not comply with that purpose.

(Mrs. DWYER (at the request of Mr. BYRNES of Wisconsin) was given permission to extend her remarks at this point in the RECORD.)

Mrs. DWYER. Mr. Chairman, there is much that is good in the pending legislation to improve the old-age, survivors, and disability insurance program, and I plan to vote for the bill.

I am greatly disappointed, however, that the Committee has chosen not to incorporate in the bill a long-desired and much-needed liberalization of the retirement test. Together with many of our colleagues, I have introduced legislation for this purpose during each of the terms I have served in the House. Judging from the volume of similar bills which have been introduced in the House, no other legislative purpose has the almost universal support this one has received.

There are good reasons for this widespread support. It is a matter of equity that those who have earned their social security benefits under the law should be permitted to receive them. To deny benefits to persons who earn more than \$1,200 a year and at the same time permit other persons to receive unlimited amounts of unearned income without sacrificing their benefits has always impressed me as particularly inequitable.

It is a matter of sound social policy to encourage those who find it necessary or desirable to continue working, at temporary or part-time employment, to do so. Leading specialists on the health problems of older age have stressed the physical and emotional importance of work for many older people who are trying to lead satisfying lives. In a great many cases, the country benefits from the continued availability of the skills, experience and productivity of older persons. And older people, themselves, often have great need of the continued income.

Therefore, by limiting the earnings of retired persons to the arbitrarily low amount of \$1,200 annually, we are forcing millions of older persons to make severe sacrifices—sacrifices of income, either of earnings or social security benefits, of job satisfaction, even of health and welfare.

The cost of liberalizing the retirement test has always been the principal reason cited by opponents for failing to act. Yet, the modified amendment offered by the committee minority, as described in the supplemental views to the committee report, would have involved an estimated increase in the level-premium cost of only six one-hundredths of 1 percent.

Here is an instance, Mr. Chairman, when the anticipated benefits would far outweigh the costs. It is regrettable the committee failed to accept this limited and carefully thought out amendment. While it would not have completely remedied the existing discrimination, it would have gone far to

correct the most serious inequity in the social security laws.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 10 minutes.

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Chairman, first let me say it is intended that at the appropriate time there will be offered a motion to recommit with instructions providing for certain changes in the bill as reported by the committee. These changes are embodied in my bill, H.R. 6283, and are described in the supplemental views beginning on page 92 of the committee report. Let me say also, however, that should that motion fail, I will vote for the final passage of this bill.

There are some things in this bill that I think are very definite improvements in the Social Security Act which I think should be enacted at this time, although I share with some of my colleagues the concern that is expressed as to where we are going as far as the ultimate cost to the people under this program is concerned.

I would repeat today what I have said at other times when social security legislation has been before us. We do not know even today whether the general taxpayers are willing to support the cost of this program because we still have not imposed upon them the full cost of it. The full cost of this program under present benefits and without any liberalization of existing law is 9 percent of payroll applicable to a taxable base of \$4,800 in earned income, yet today we are still paying only a 6-percent rate. It will be 1969 before the present tax schedule reaches its full rate necessary just to pay for present benefits. It should be noted that the only person who will really be paying the full level cost and more of the benefit he will ultimately receive is possibly the person who will be starting his working lifetime in 1969 and then 20 years later or some other time before he reaches age 65 he will, under a 9-percent tax applying to his wage level, have probably paid the actuarial cost of the benefits to which he will be entitled.

So I caution at this time that I think we should all start to be more conscious of where we are going as far as the ultimate burden we are placing on our people by way of taxes is concerned. I caution that particularly in view of the fact that we have any number of bills before this Congress, as we have had in past Congresses, urging various liberalizations, various changes in this system, all of which or any one of which, I should say, if enacted, means that you have to impose an increase in the taxes.

The provisions in the bill reported by the committee are in keeping with the constant committee endeavor to maintain the soundness of the OASDI system. The cost of the benefits proposed by the bill will not exceed the one-quarter of 1 percent of payroll which is assessed as part of the bill as an increase in taxes. Therefore, we can say that when we bring you the benefits, we bring you with them an increase in the taxes.

And mark my words, that is going to be true from here on out. There are not going to be any benefits proposed that must not also have accompanied with them proposed increase in the taxes to be paid by the people who are currently working.

I think when we start getting into the 9 and 9¼-percent rate we had better be careful that we are not overburdening the system as far as creating a situation in which our people may not be willing to pay the cost of the benefits at some future date, but I believe that the system can and I believe our economy probably can stand this one-fourth of 1 percent tax increase that is called for in this bill in order to provide the additional benefits.

I believe the increase in the minimum benefit from \$33 to \$40 can be justified and I support it. I believe the liberalization of the eligibility rule so that you permit a person who has had one quarter of coverage out of four to be entitled to benefits is a step in the right direction. I believe we should go further in that direction, in fact, at least for a limited group of our people.

There are two aspects of the bill, as reported by the committee, I would like to comment on, however, before discussing the proposed additions which I think would improve the bill. First, as to the retirement age for men. This bill reduces the retirement age for men from 65 to 62. I share the concern that has been expressed here today with respect to the particular problem confronting a person at age 62, or at age 60, or at any more advanced age who becomes unemployed. I recognize the difficulty he has in obtaining reemployment. That is very definitely a problem for people who become unemployed at more advanced ages. I question, however, the advisability of lowering the retirement age under the OASDI program in order to provide for this situation. I think by establishing a national policy which says that the retirement age is 62, we can very well create a situation where we develop a psychology that 62 is the appropriate age for retirement. When we do that the next step is that people start retiring and start being laid off and being put into an unemployed situation at age 62. That is what I want to avoid. I want to avoid having more people who are faced with this difficulty of being unemployed at age 62.

If the committee is justified in reducing the retirement age to 62, based on the fact that they are giving the individual a reduced benefit, then what justification, Mr. Chairman, is there for having any retirement age? Why do we not just simply say you can retire regardless of your age provided you take a reduction in your benefits actuarially proportionate to the period of time you are retiring in advance of age 65? Why have an age 62 specified? Why not permit voluntary retirement to take care of a person who is unemployed at age 60, and say, you will get a reduced benefit. Can anybody suggest a justification for any age cutoff?

In fact, I think we find in many private annuity plans that are sold today,

there is no age that a person has to reach before he can draw his annuity benefits as long as he takes a reduction in the amount of the benefits. Under the private systems that the chairman referred to as well as other Members, which permit earlier retirement, they do not set an age of 62 or an age of 60. Normally, you buy your contract, but if you want to obtain your benefits prior to the normal time, then you can do so by accepting a reduced benefit. So it is not the question of the benefit to the individual as such that I am talking about. I am talking about the psychology you create under a governmental system that is national in scope which would now point the finger at age 62 and say men shall retire at that point. I think we may be laying the groundwork here for a situation that can create more unemployment as far as the people who are 63, 62 or even 61 years of age are concerned.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to my chairman, certainly.

Mr. MILLS. The gentleman from Wisconsin points out in his own thinking a problem that disturbed me when this matter was in conference last year. My friend realizes that the average age of retirement of men today is above 65, actually 68 or 69.

Mr. BYRNES of Wisconsin. It is 63, I understand.

Mr. MILLS. The gentleman from Wisconsin also recognizes that there is now a trend in industrial retirement systems in the direction of optional retirement at age 62. That has been beginning somewhat in recent years. That is why 62 is selected here. The fact that we have had an age of 65 for permissible retirement has not tended to reduce apparently the actual retirement age.

Mr. BYRNES of Wisconsin. I would differ with the chairman on that. I think if the chairman looks at the facts he will find that the mandatory retirement age has been moving down to 65.

Mr. MILLS. That is true in some instances.

Mr. BYRNES of Wisconsin. That is the proposition I am aiming at. We are tending to move in the direction that would create the psychological criterion that 62 should be the retirement age.

Mr. MILLS. But the point I am trying to bring to the gentleman's attention, and I think he will agree with me, is that some industries have a 65-year mandatory retirement age, but at the same time an optional retirement age of 62. The important point is that the retirement at age 62 is optional, not mandatory.

Mr. BYRNES of Wisconsin. I hope it will not spread, but, as I previously expressed myself, Mr. Chairman, there is that potential of establishing 62 years as the recognized retirement age and I think that is moving in absolutely the opposite direction from what we should be moving. In other words, it seems to me, Mr. Chairman, that we need the productive energy of these people in this age group, and we should not do anything which would have the tendency of

removing them from the labor market, removing them from the opportunity to make their contribution to a growing economy.

Mr. MILLS. I certainly agree with the thought that has been expressed by numerous people, and certainly expressed in the Ways and Means Committee, that maybe in time we should, by including an incentive provision, make this work both ways: That is, if a person for some reason or other deems it necessary to quit at 62 he should be able to do so, but we should reward the individual who wants to work beyond 65 by recognizing that as he works beyond that age the end result is he gets less under the existing program in total benefits. It might be desirable to reward him by allowing some adjustment of the monetary benefits he receives for each year he works beyond 65. It should be made to work both ways.

Mr. BYRNES of Wisconsin. I think if the two were coupled together, optional retirement at 62, but some encouragement to keep working beyond 65, would be moving in the right direction.

Mr. MILLS. On that very point, my friend from Wisconsin will recall that during the consideration of these amendments, in executive session I gave the representatives of HEW specific instructions to explore this very possibility and report back on it.

Mr. BYRNES of Wisconsin. I recognize that. I think this could be deferred until we have the full package based on complete information so that we know where we are moving.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. That is the point I want to direct to the chairman. The chairman has suggested that there are some private pension and retirement programs that have gone down to an optional 62. But there are others that are moving in the other direction, and if there are, this is probably an area where there has been more consideration given by our doctors and other people concerned with retirement than anything else. Our committee has not even looked into it. There is no reason for our speculating off the tops of our heads on a very serious matter like this, without having gone into it. We did not go into it and we cannot report to this House on what the real situation is. It is an area we should go into. It has been my judgment this reduction to the age 62 is a step backward, and I believe hearings would back that up, but certainly we do need the hearings if we are to know what we are going to do.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Kentucky.

Mr. PERKINS. I do not feel there is anything speculative about reducing the age to 62, because, in the first place, when we decided that the age should be 65 when this program was enacted into law, it was an arbitrary age. I believe the chairman of the committee has answered the gentleman's question very

effectively. However, I am wondering how you are going to find jobs in communities where you have one-third of the insured employment force unemployed and there are just no jobs. Reducing this age to 62 because of the inroads of automation will take care of many of these people.

Mr. BYRNES of Wisconsin. I get the gentleman's point, but I fail to understand why the gentleman does not go to age 60 as the age at which a person should be entitled to obtain a reduced social security benefit. There are people in the gentleman's region he is talking about who are unemployed and they are aged 60. What justification is there for stopping at age 62?

Mr. PERKINS. I would like to have seen the committee go to age 60.

Mr. BYRNES of Wisconsin. To me there is just as much justification for going to 60 as there is for going to 62. But I caution you as to the psychology we create when in this overall Government plan we start to flagging certain ages and particularly start moving in the direction of a lower age at which we suggest that we consider it is reasonable that a person should be in retirement rather than producing.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I want to point out one thing. I asked the Secretary of Health, Education, and Welfare to look into the possibility of tying this in with a more liberal concept of disability. I think that is in accord with what is going on in the private sector of our economy and is moving forward. It would be my suggestion that we need the studies, there is the area, and that this present action is very ill-advised.

Mr. BYRNES of Wisconsin. I thank the gentleman.

Mr. Chairman, with regard to other aspects of the bill, let me say one of the proposals made in the committee bill is an increase in the widows' benefits from 75 percent of the workers' benefits to 82.5 percent of the workers' benefits. I do not quarrel with that as a desirable change. I think it moves basically in the right direction. I see no basic philosophy which would conflict with doing that. But may I suggest to the Members of the House that there are many proposals for improving or for liberalizing this system.

The committee, when it acted on this bill, was faced with certain priorities. It had to live with what it thought appropriate to provide as a tax increase at this time. We faced that same situation a year ago when we acted on the Social Security Act. We had a cutoff point with respect to cost beyond which we would consider no liberalization because of the tax burden that would be imposed.

It seems to me, Mr. Chairman, that if we are looking at those areas that need attention the most from a priority standpoint, there are two areas that are crying for prior attention as compared to the increase in the widow's benefit. The chairman of the committee, when he

addressed us, said that what we had done was to pick out those areas of greatest need; where the people were in the greatest need. We increased the minimum wage because those were the people at the bottom of the scale with the greatest need. We increased the eligibility requirements, because here were people who had not had the opportunity to obtain coverage and qualify for benefits simply because they may have had one-quarter coverage out of four but not one out of three that are required to qualify under present law.

I say to you that I think there is in this country one group with the greatest need of any single group of our people that we have just absolutely neglected and forgotten about. And, I speak of those older people who we could say either were born too soon or Congress acted too late so that they are not entitled to any benefits. For example, in the case of the widow we have situations where the husband died before he got full and complete coverage and we have the case of the couple which left the labor market before we covered their group. And, I say to you that it is this group of aged that needs attention the most in this country today.

Mr. Chairman, there are about 2 million people over 72 years of age that receive no social security benefit and are ineligible for benefits under the present law. Over half of those are widows. And, let me call your attention to this fact, that over half of them are on relief. To me, if there is any group that we should look to and give prior consideration over all others, it is that group of people which we neglected because we acted too late.

Let me say to you that some of these people have contributed under social security, but they do not have the one-quarter out of four and they did not have the one-quarter out of three yesterday. They may have one out of five or they may have one out of six quarters of coverage. But, we are not doing anything for that group, and over half of them are on relief today.

It is my proposal, Mr. Chairman, that we substitute in this bill for the provision relating to the increase in widow's benefits a provision which would blanket in and give coverage, at a minimum benefit, to this group over 72 years of age whom we so far have neglected. And, if we do not do it this year, Mr. Chairman, I suggest to you that the day is going to come, and this group is becoming smaller and smaller, that we will do it. But there is no reason for delay. These people need and deserve our compassion and help today.

Now, the charge is made against this change that they have paid nothing or practically nothing into the trust fund. Under my proposal the OASI trust fund would be reimbursed out of the Treasury general fund the maximum amount that would have been paid with respect to these people if they had qualified for a minimum benefit. Now, the suggestion has been made as to what this will cost, and I want to clear that up right in the beginning. In the first year the cost out

of the Treasury, it is estimated, will be \$750 million. But, let me suggest to you that it is also estimated by the Department that there will be a \$300 million reduction in the Federal old-age assistance costs, because it will remove that element of cost that is now a cost on the General Treasury. It will at the same time reduce the liability of the States; reduce their old-age and assistance costs by \$250 million. This will mean a total reduction of old-age assistance costs in the first year of \$550 million.

Let me call your attention to the fact that in the second year the Federal contribution to the social security trust fund will be only \$45 million, and yet the old-age assistance savings would be continuous as far as the annual savings to the general fund are concerned. If you want to take the 10-year average the figures are shown in this table which I will put in the RECORD:

Data on blanket-in feature
(Assumes \$40,000,000 minimum. In millions of dollars)

Period	Benefit payments	Reimbursement by general fund	Public assistance savings		
			Federal	State	Total
1st year.....	950	750	300	250	550
2d year.....	925	45	290	245	535
3d year.....	900	45	280	240	520
10 years, cumulative.....	8,000	1,250	3,000	2,500	5,500

The total reimbursements over a 10-year period from the general fund to the trust fund will be \$1,250 million. But what will be the savings to the Federal Treasury as far as public assistance costs are concerned? \$3 billion. What will be the savings to the States? \$2.5 billion. Or a total savings in public assistance costs of \$5.5 billion over a 10-year period.

Mr. Chairman, the average total employer-employee contribution made to the trust fund for the minimum-benefit beneficiary now on the benefit rolls is between \$100 to \$150 without interest. Under the proposal to blanket in the aged at 72 years the reimbursement of the trust fund would be at the rate of \$330 per person before interest allowance and \$371 with interest with respect to the initial group. Thus it is clear that with respect to the deserving individuals who would be benefited under this proposal the OASI trust fund would be more fully compensated than is true in the case of persons now receiving benefits.

The question might be raised as to whether or not it is fair for these individuals to derive benefits from the trust fund even though provision is made to reimburse the trust fund by contributions from the General Fund of the Treasury. In answer to such an inquiry I would point out that since the inception of the social security program the general benefit level has been increased on five occasions, namely, 1939, 1950, 1952, 1954, and 1958. The cost to the trust fund of the liberalizations in those years with respect to persons on the

benefit rolls at the time the increases took effect totals \$18.3 billion. This is attributable to the Social Security Acts providing the liberalization as follows:

Act:	Billions
1950-----	\$5.2
1952-----	2.8
1954-----	4.1
1958-----	6.2
Total-----	18.3

And may I say to you, Mr. Chairman, that if there is any group that is at least entitled to this minimum as a benefit, it is this group of 2 million people over 72 years of age today who are neglected. I suggest, Mr. Chairman, that that is an area that should have priority to the provision in the bill relating to widows' benefits.

Mr. Chairman, as part of my remarks I will include excerpts pertaining to the blanketing-in proposal taken from the supplemental views of the committee report:

Benefits for certain individuals who have attained age 72: This proposed amendment which embodies the provisions of H.R. 324 would generally provide OASI benefits to persons age 72 and over who are not presently eligible for such benefits. These individuals would be eligible to receive the minimum benefit.

No dependents' or survivors' benefits would be payable under this new category, and stricter provisions would be applicable to suspension of benefits than applies under present law to regular beneficiaries.

This amendment would make benefits available to approximately 2 million persons including 1.5 million women, 1 million of whom are widows. For the most part the group to be benefited under this suggested change are workers who attained retirement age before the social security program reached its present status of virtual universal coverage or are widows whose husbands died prior to this expansion of coverage. It is estimated that 1.25 million of the people included in this group are presently forced to rely on public assistance. These people are in their present plight because Congress acted too late in broadening coverage of the social security system. We should now act to correct the neglect of these worthy people. These are the people who felt the full brunt of the inflation of the forties and early fifties which destroyed the purchasing power of their savings. There can be no doubt of the urgent need of this group when it is considered that 63 percent of them are presently public assistance recipients. In fact, we are convinced that this group comprises the segment of our population that is in the greatest need and is most deserving of help.

It becomes, therefore, fully evident that any amendment to the Social Security Act which benefits this group deserves a very high priority. When it is considered that no present beneficiary under the system has paid anything approaching the full actuarial value of his potential benefits, it is only fair that the discrimination against those not covered under the program be removed. In this connection it should be noted that the payment into the trust fund for the group covered under this proposal would be relatively 10 times as much as was paid into the fund with respect to the present average recipient of a minimum benefit.

The cost of blanketing in this group within the protection of the program would be defrayed under a formula reimbursing the OASI trust fund by the general fund of the Treasury. The method of financing would provide for reimbursement of the trust fund in an amount equal to the maximum em-

ployer-employee tax on a level monthly wage equal to the maximum wage that produces minimum benefits. Such reimbursement would be for the period from the beginning of 1951 (when the last new start was provided) through the year in which the individual involved attains age 71 (or through December 1960, if later) plus 3 percent compound interest. As has been noted, this proposed method of reimbursing the trust fund for the group that would be covered under the amendment would result in the payment into the trust fund of an amount that would be 10 times greater relatively than was paid into the fund with respect to the average minimum benefit recipient.

The effect upon the OASI trust fund from this provision will be minimal because the level-premium value of the Federal reimbursements will be 0.15 percent of payroll contrasted with the level-premium value of the benefits of 0.20 percent of payroll. The cost of the reimbursement to the general fund of the Treasury would be partially offset by the savings to the Federal Government under the old-age assistance program. Thus, with respect to these deserving people the contributions into the trust fund will be relatively greater than were paid by persons now receiving comparable benefits, and the payment of benefits will be relatively less because eligibility for benefits is deferred until age 72.

The committee report in numerous places expresses proper concern over the economic welfare of those persons receiving minimum benefits or dependents benefits. We share the concern that present benefits may under certain circumstances be inadequate but we feel compelled to direct attention to a concern that is even more urgent in regard to those people who today receive no benefits at all even though they may have paid just as much or more into the trust fund as the people who are today receiving benefits. This hardship can be demonstrated by two examples as follows:

Mr. A, a self-employed store owner, was first covered in 1951. He had self-employment income of \$8,600 in both 1951 and 1952 before dying in March 1952. He left a widow, age 65. His total contributions were \$162. No benefits were payable to his widow because he had only five quarters of coverage.

Dr. B, a doctor of medicine, had covered earnings of \$50 per calendar quarter as an employee beginning in 1951 since he was a part-time salaried doctor for a nonprofit organization. Dr. B died in April 1952 after being paid \$50 of wages in that month. He too left a widow age 65. His total employee contributions were only \$4.50. Because he had six quarters of coverage (even though they were at the minimum amount possible) his widow received a lump-sum death payment of \$60 and monthly benefits of \$15 for April 1952 to August 1952, \$18.80 for September 1952 to August 1954, \$30 for September 1954 to December 1957, and \$33 from January 1958 on. As of June 1, 1961, she will have received a total of \$3,139 in social security benefits. If the new legislation is adopted, her monthly benefit will increase to \$40, and if she lives out her normal life expectancy from now on she will get approximately \$5,300 more for a total benefit of \$8,439 based on a total contribution to the trust fund of \$9.

We genuinely regret that sufficient of our committee colleagues on the majority did not agree to include in the bill this workable and equitable proposal to grant a minimum benefit to individuals age 72 who are not eligible for social security benefits. This amendment would have improved the bill, strengthened the OASDI system, and been of very real assistance to the people to be benefited.

I would suggest that there is a second area of liberalization that needs more

attention; and if we look at the volume of legislation that has been introduced in this Congress, this view is shared by many Members of the House. I refer to proposals liberalizing the earnings test—the ability of a person to continue to earn something even though he is receiving retirement benefits under the old-age and survivors insurance system. We propose in our substitute that this test be liberalized. At the present time a person, after he receives \$1,200 in outside income, has his retirement benefits reduced by \$1 for every \$2 of earnings up to \$1,500. Above earnings of \$1,500 present law provides for benefits to be reduced on a dollar-for-dollar basis. We suggest that the \$300 band between \$1,200 and \$1,500 be expanded and that a person be permitted to earn up to \$2,400 with \$2 earnings allowed for every \$1 of reduction in benefit. Instead, therefore, of moving in the direction of compelling people to get out of the labor market or to retire early, we would encourage them to stay in productive activity and make more of a contribution to the growth and the stimulation of our economy. By liberalizing the work clause beneficiaries will be able to earn and still continue to receive benefits. As a part of my remarks, Mr. Chairman, I will include excerpts from the supplemental views in the committee report on this point:

Liberalization of the retirement test: To improve the equity of the social security system we proposed during the committee consideration of H.R. 6027 that the retirement test (\$1,200 limitation on earnings) be liberalized. Under our suggested amendment, which was similar to the provisions of H.R. 5517, an individual would have been able to earn up to \$2,400 per annum before there would have been a full benefit deduction on a dollar-for-dollar basis for earnings above that amount. Our proposal would have involved an estimated level-premium cost of 0.06 percent of payroll and would have provided approximately \$125 million in additional benefits in the first full year of operation.

The retirement test or so-called work clause under existing law provides that (1) an individual can earn as much as \$1,200 yearly without loss of benefit entitlement, (2) for earnings over \$1,200 and through \$1,500 there is withheld \$1 in benefits for each \$2 in earnings, and (3) above \$1,500 in earnings the earnings-benefit-loss ratio is dollar for dollar. Furthermore, benefits are not withheld for any month in which the individual does not have wages in excess of \$100 and does not render substantial self-employment services. The test does not apply to individuals at age 72.

The retirement test directly affects upward of 2 million OASI beneficiaries and, indirectly, many more beneficiaries. The present retirement test tends to limit the freedom of choice of our aged citizens by restricting their productivity and limiting the contribution they can make to their own welfare. In many cases, the present test may preclude an individual from earning income for which there is a genuine need. The simple fact is that many older people would make a greater contribution to the national productivity as well as live more satisfying lives if the present retirement test did not operate so severely to reduce the net addition to income from working.

The amendment that we supported in committee would have increased the "earnings band" of existing law under which benefits are reduced \$1 for every \$2 earned. Under present law that band applies to

earnings between \$1,200 and \$1,500. We proposed to increase the band by \$900 so that the "\$1 in benefits for \$2 in earnings band" would apply in the range from \$1,200 to \$2,400. Under our proposal benefits would have been reduced on a dollar-for-dollar basis only to the extent that earnings exceeded \$2,400.

This proposal would work in the following manner insofar as the annual portion of the retirement test is concerned. Let us consider a retired worker and wife whose combined benefits are \$150 a month or \$1,800 a year. If he works part time and earns \$1,200, they received full benefits and so have a total income of \$3,000. If his earnings are \$1,500, the benefits are reduced by \$150 (one-half of the \$300 excess over the \$1,200 limit) to \$1,650, the same as under present law. If his earnings are \$1,800, the benefits are reduced by \$300 under the proposal (one-half of the \$600 excess)—as against \$450 under present law (one-half of the first \$300 of excess, plus all of the next \$300). Corresponding figures for other cases are shown below:

Earnings	OASI benefits paid		Total income	
	Present	Proposed	Present	Proposed
\$1,200-----	\$1,800	\$1,800	\$3,000	\$3,000
\$1,500-----	1,650	1,650	3,150	3,150
\$1,800-----	1,350	1,500	3,150	3,300
\$2,100-----	1,050	1,350	3,150	3,450
\$2,400-----	750	1,200	3,150	3,600
\$2,700-----	450	900	3,150	3,600
\$3,000-----	150	600	3,150	3,600
\$3,150-----		450	3,150	3,600
\$3,300-----		300	3,300	3,600
\$3,600-----			3,600	3,600

This modification would have greatly increased the flexibility, adequacy, and equity of the social security system while at the same time improving the opportunities for self-determination on the part of our deserving senior citizens.

In demonstration of the interest in a liberalized retirement test it is worthy of note that the committee has had more bills referred to it on this subject than on any other single subject. We regret that the majority did not find it possible to support our endeavors to this end.

Mr. Chairman, it is my suggestion that this bill basically, coming from the committee, is a satisfactory bill but that improvements can be made. We would suggest that the two greatest areas needing improvement today are first, with respect to the earnings test, and second, with respect to taking care of this completely neglected group of those people who are today over the age of 72 and who did not have the opportunity to come under this system which we look to as being eventually a universal system.

Mr. Chairman, our recommendation for improving our social security structure is set forth in legislation which I have introduced, H.R. 6283, which will be embodied in the motion to recommit. This motion to recommit will provide for the increase in the minimum benefit, liberalization of the eligibility requirements, minimum benefits for certain individuals who have attained age 72, and liberalization of the retirement test through an increase in the amount of earnings permitted without full deductions from benefits.

The level premium cost to the trust fund of this proposal is 0.19 percent of payroll contrasted with the cost of the

committee proposal of 0.25 percent of payroll. Under our attractive and the tax increase provided in the committee bill of \$.25 percent of taxable payroll there would be an excess of increase in contributions over the increase in benefit cost amounting to 0.06 percent which would be used to reduce the actuarial imbalance presently in the system of 0.24 percent.

Thus, Mr. Chairman, under our suggestion we will be benefiting more people who are in greater need at less cost. I urge my colleagues to support the motion to recommit and to vote for final passage of the legislation in any event.

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may extend their remarks on the bill at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HOLTZMAN. Mr. Chairman, I would like to take this opportunity during the present debate on the Social Security Act amendments to express my support of such legislation, and to call on my colleagues to vote for these amendments.

Although the President's proposals have been somewhat scaled down there is some improvement in the present system, and for that we are most grateful.

The extension of benefits to men at age 62, the increase of minimum benefits to retired workers to \$40 per month, and the fact that widow's benefits will be raised from 75 to 82½ percent of their husband's benefits, are all very welcome and well-deserved changes. These revisions will benefit a great many of our older citizens, and while they are not as extensive as I believe they should be, it is a slight liberalization of the program now in effect.

I have introduced legislation in the House of Representatives earlier this year, providing for three major changes in the Social Security Act—removal of the present limitation on outside income that can be earned by those receiving Social Security benefits; lowering of the retirement age for men to 60 and women to 55 years of age, with full benefits; and continued payments to dependent children after age 18 provided that the child is actually attending full-time school.

As a Member of Congress, I feel that we have a definite responsibility toward our older citizens, and if it is necessary that we revise some of our programs to meet the current challenge, then we must do so.

Mr. KING of New York. Mr. Chairman, I wish to associate my remarks with those of my distinguished colleague from Wisconsin [Mr. BYRNES], in support of the social security amendments, especially that part where he has urged that the Congress immediately take such steps as necessary to increase the amount of outside earnings a person receiving social security may earn without penalty.

Mr. JOELSON. Mr. Chairman, I rise to support the enlargement and revision of the social security laws presently under debate.

I especially approve that part of the new law which provides for lowering the age of voluntary retirement for males to 62 years. It is well known that older workers who lose their jobs find it almost impossible to find new jobs. Under the proposed legislation, such older people can elect to take their social security benefits, thereby alleviating the tragedy of an old age of economic want.

Furthermore, as a member of the Special Subcommittee on the Impact of Automation on Unemployment, I have become convinced that unemployment generally is a long-range problem, and not merely a temporary one.

The proposed legislation, by reducing the retirement age of males to 62 years of age will encourage employed older workers to retire voluntarily. This will expand job opportunities for younger workers.

The proposed legislation is not only good humanity, it is also wise economic planning and I urge its adoption.

Mr. ROOSEVELT. Mr. Chairman, 26 years ago legislation was created by Congress that provided a program and a goal for the living.

Today amendments are again offered to the Social Security Act. I favor H.R. 6027, although I am disappointed that the proposals are not as liberal as I would like to see enacted, and that I feel should be enacted if the program is to effectively accomplish its end. In the 86th Congress, and even before that, I introduced an amendment that would increase to \$5,000 a year the amount of outside earnings permitted without deductions from benefits received under the act. With current day medical miracles, the life-span of our senior citizens is more assured, and because a man or woman lives to be 62 does not eliminate his worth nor lessen the contribution he might make to a functioning society. Deletion of this vital clause from H.R. 6027 is a source of disappointment to those of us who have faith in the ability of our senior citizens to continue to contribute to the work force of our Nation.

The bill, however, does provide that a man may have the optional right to retire at age 62, with proportionately reduced benefits. The eligibility requirements for social security insurance status are eased from one quarter in each three elapsed quarters to one quarter in each elapsed year. There is a slight increase for widows—from 75 percent to 82.5 percent of the basic benefits that had been received from their husbands. This falls short of the administration's recommendation, and it is less than what I would advocate, but it will be a help, however little, for those individuals who are in need.

The administration recommended an increase in the minimum primary benefit to \$43, H.R. 6027 includes an increase in the minimum benefit from \$33 to \$40 per month. This, too, falls short of the goal, but again however little, it will pro-

vide assistance for those individuals who are in need. All of these provisions are accomplished by a minor increase in taxes paid by employers and employees of one-eighth of 1 percent each, and for the self-employed a tax increase of three-sixteenths of 1 percent.

Opponents of these moderate amendments argue that the responsibility for assistance lays at the State and local level. To the point that this is possible and plausible, I agree. But a look at statistics will show that some States have a great retiree population than others, and that some States meet the challenge of this influx to a more adequate degree than others. When I hear arguments that liberalizing the Social Security Act will result in lessening an individual's responsibility and incentive, I cannot help but be amused. It would seem obvious that by the time a man or woman has reached the age of 62, raised his family, and contributed to his Nation's general welfare, that it would take considerably more than a few additional funds for which he has worked and contributed a lifetime, to deflect the sense of responsibility he must feel to himself, his family, his community, and his country.

Mr. RYAN. Mr. Chairman, H.R. 6027 brings into the Social Security Act several needed improvements in benefits. It would also provide for the necessary increase in payroll taxes to pay for these priority improvements.

The bill is somewhat more modest than the 5-point program for social security which President Kennedy suggested in his economic message to the Congress. It does not include provisions to ease eligibility requirements for disability benefits, one of the points which the President asked for. At the same time, however, the bill does incorporate a good share of what the President asked for although reducing the scope of these liberalizations. It raises the minimum primary benefit to \$40. It raises the widow's benefit, widower's benefit, and parent's benefit to 82½ percent of the primary beneficiary's benefit amount. It gives men workers the option to retire at 62 and take reduced benefits if they choose to do so. And it makes insured status under the act easier to acquire; one quarter of covered employment per calendar year would be the new requirement.

These 4 features of the bill would affect about 4,420,000 persons in the United States in the first 12 months after they became effective. This estimate by the Social Security Administration includes persons whose benefit amounts would be increased, persons made eligible for benefits under the new insured status rules, and men who would have the option of retiring at 62. About 10 percent of these people would be in my State, New York, and half of that number would be from New York City. For Puerto Rico, the total is about 40,000 people who would be affected.

Minimum benefit: The present minimum benefit for a wage earner—primary beneficiary—is \$33 a month. This bill would raise the minimum to \$40 a month, or \$480 a year for the wage

earner who is eligible for benefits under the act. Raising the floor with respect to the primary beneficiary would work a proportional increase in the minimum benefit for survivors and dependents: in the wife's benefit, for example, which is 50 percent of the wage earner's benefit amount.

Mr. Chairman, there seems to be very wide agreement on the necessity for raising the amounts of the lowest benefits. The President asked for an increase to \$43. The Democratic platform called for a minimum monthly benefit of \$50. If enacted this benefit increase would work to the advantage of 2,175,000 wage earners, dependents, and survivors in the first 12 months.

Retirement age: This bill would give men workers the option of retiring at age 62, instead of 65, and taking reduced benefits. The Social Security Administration has estimated that 560,000 men, fully insured and between the ages of 62 and 65, would take advantage of this choice in the first 12 months after the bill takes effect.

Age 65 is not a magic number. Many of our older people do not want to and do not have to stop working on their 65th birthday. At the same time there are those for whom actual retirement comes before age 65, because of failing health or because of unemployment at an advanced age. Women received the option to retire at 62 in the 1956 amendments, and the present provision for men is, it seems to me, another proper step in the direction of bringing more flexibility into the retirement provisions of our social security system. Let me add my hope that we go farther in the direction of flexibility by loosening up the present strict income limitation under which the active worker over retirement age begins to lose benefits as soon as he earns over \$1,200 a year.

Insured status: The 1960 amendments to the Social Security Act made fully insured status and, thus, benefits easier to acquire by lowering the requirement to one quarter of covered employment for every three calendar quarters elapsing after age 21 or the year 1950, whichever is later. The present bill, H.R. 6027, would reduce the requirement to one coverage quarter for each calendar year elapsing after 1950 of age 21, whichever is later. The alternative way of becoming fully insured—by acquiring 40 quarters—10 years—of coverage—would be preserved under this bill.

This 1-in-4 rule, which was supported by President Kennedy in his economic message to the Congress, passed the House of Representatives last year. It would work primarily to the benefit of a number of our older workers who have reached or are just reaching retirement age. A 1-in-4 rule would also be more in line with the test which present law contemplates for future generations of workers, 10 years of coverage out of a working life of approximately 40 years. The estimate is that 160,000 workers could acquire fully-insured status under this rule in the first 12 months.

Widow's, widower's, and parent's benefit: Finally, Mr. Chairman, the bill would increase the monthly benefit pay-

able to widows, widowers, and parents of deceased wage earners from 75 percent to 82½ percent of the wage earner's benefit amount. This liberalization, it seems to me, is very proper. Figures for June 1960, show that the average monthly payment to widows under the program was about \$58. Over the years they have constituted the neediest of the aged benefit categories. Many of these elderly widows must place their sole reliance on social security payments. It is estimated that in the first 12 months 1,525,000 older persons—widows, widowers, and parents—would be helped by this benefit increase.

H.R. 6027, with these four priority improvements in the social security system, is fully financed. The bill increases the tax rate on employees and employers by one-eighth of 1 percent, and on the self-employed by three-sixteenths of 1 percent over the present rate and the scheduled increases.

I am hopeful that the Congress will enact this legislation. This is the very least we can do. By the middle of last year over 14,200,000 persons in this country were receiving benefit checks as a result of their contributions to the system. Of this number 1,464,000 were New York residents and about 94,000 lived in Puerto Rico. With a program of this scope, I believe we have a continuing responsibility to see that it is working effectively, and to seek continuously to make improvements in the act.

Mr. MACHROWICZ. Mr. Chairman, I wholeheartedly approve of the proposals for improving the social security program recommended by the Ways and Means Committee. They were selected, first, because they are necessary and desirable improvements in the program; and, second, because they represent steps that can be taken now to stimulate the economy and help overcome the hardships and distress caused by unemployment.

Though I think the improvements made by the bill are steps in the right direction, I would have liked to see the bill go further in improving the effectiveness of the old-age, survivors, and disability insurance program. Further improvements could have been financed through a larger tax increase. Such an increase would not have needed to be effective until 1963. Moreover, instead of just an increase in the social security tax rate, there could have been an increase in the maximum amount of earnings taxable and creditable toward benefits. An increase in this so-called earnings base—from the present \$4,800 to, say, \$6,000 or \$7,200—not only would have provided additional funds to further improve the protection of the program but would have increased benefits under the program for people earning above the maximum. Since 1958, when the present \$4,800 earnings base was established, earnings levels have risen substantially. If the earnings base is not increased as wages go up, more and more workers will not have insurance protection related to their full earnings.

Delaying the tax increase as recommended by the President would have the

advantage of increasing purchasing power during the current recession while postponing a tax increase until the economy is better able to absorb it. More important, though, delaying the increase would have meant that the increase could be larger and thus would have made possible further improvements that are needed to make the social security program more effective.

While I am on the subject of financing I should like to point out that maintaining the financial soundness of the program was, as it has always been, an important consideration in the Ways and Means Committee's deliberations. The system has been, is, and will continue to be sound.

There are some who try to give the impression that the program is not financially sound because it is not fully funded. In a compulsory Government program of social insurance, it is not necessary to accumulate the full reserves that are required of a private insurance company. In a private insurance plan the insurance company must have sufficient funds on hand so that if operations are terminated the promised benefits can be paid. A national compulsory social insurance program, on the other hand, can be assumed to continue to collect contributions and to pay benefits indefinitely into the future. For this reason, a social insurance program is financially sound if estimated future income will support estimated future disbursements. Cost estimates indicate that the old-age, survivors, and disability insurance program will have sufficient income from contributions based on the tax schedule now in the law and from interest earned on investments to support it now and over the long-range future.

This fact was reaffirmed by the Advisory Council on Social Security Financing, which on January 1, 1959, issued a unanimous report on the financial status of the program. The Council's major finding was:

The method of financing the old-age, survivors, and disability insurance program is sound and, based on the best estimates available, the contribution schedule now in the law makes adequate provision for meeting short-range and long-range costs.

Since the committee's bill is in actuarial balance, the system will continue to be financially sound after enactment of the bill.

Another unfounded criticism of the old-age, survivors, and disability insurance program, and one that has been made frequently by opponents of the President's health insurance proposal, is that the social security system is not insurance. The opponents of health insurance benefits for the aged under social security have even claimed before nationwide television audiences that the Supreme Court agrees with them on this point. This is just not so.

The Supreme Court, in the case of *Fleming against Nestor*, while recognizing that there are differences between old-age, survivors, and disability insurance and private insurance—a fact no one ever has questioned—held that old-age, survivors, and disability insurance

is a form of social insurance. The Court stated:

The social security system may be accurately described as a form of social insurance, enacted pursuant to Congress' power to "spend money in aid of the 'general welfare.'"

It is the use of insurance principles rather than the amount of reserves on hand, the existence of a contract, or the nature of the insured's contribution that makes a particular program an insurance program. The characteristics that make old-age, survivors, and disability insurance an insurance system include the following: First, the timing of the occurrence of the risks that are covered, and the dependency situations in which they occur, vary widely among the insured group; second, the loss occasioned by the occurrence of the risk is averaged among the insured group; third, the cost of meeting the risks as a whole is actuarially evaluated; fourth, income sufficient to cover this cost over the long run is provided for; and fifth, benefits are paid on a predetermined basis when and if the risks covered occur.

These same insurance principles apply to the President's proposal for health insurance benefits for our aged. Much of the criticism of the health proposal is centered around a question that was settled years ago. This question relates to a fundamental principle behind the social security program—the principle that social insurance should be the first line of defense the Government should offer against economic insecurity resulting from loss of earnings. Means-test programs should have the role of filling in for the exceptional cases where social insurance cannot solve the problem. It is time that we applied this principle to the provision of insurance for the aged against the cost of their long and expensive illnesses, so that we can cease to wonder when, if ever, the States will provide reasonably adequate medical assistance programs on a means-test basis.

The older people of this country should not have to go through the humiliating experience of proving they are in want. By adding health insurance benefits to the social insurance system we can assure the elderly that they will have the wherewithal to pay for basic health care. We can—as we are doing now in the case of the basic income needs of the elderly—prevent dependency and not just deal with it after it has arisen.

Probably the silliest bugaboo that is being raised by the opponents of health insurance benefits is that it is—or would lead to—socialized medicine. The President's proposed health insurance program would definitely not be socialized medicine. This proposed program would operate in much the same manner as Blue Cross—that is, it would simply provide a means by which services could be paid for. Every person would choose his own doctor and hospital, with the same freedom of choice as now. If the people who think the proposed health insurance benefits program is socialized medicine were right, then Blue Cross is socialized medicine.

The American Medical Association—which has been shouting "socialized medicine" about the proposed health insurance benefits—also disparaged the Blue Cross when it was developed. The AMA was once unfavorable to health insurance whether compulsory or voluntary. Now, of course, the AMA finds voluntary health insurance to be a fine thing but compulsory health insurance for the aged is still very bad. I am glad to say that I think that most of the people in this country feel as I do—that health insurance for the aged will be a good addition to our social insurance system and will be of great value to the welfare of this country. I am also confident that many members of the medical profession do not approve the stand taken by the AMA on this issue.

In summary, I believe that H.R. 6027 will make some very significant improvements in the social security program. More needs to be done, particularly along the line of providing health insurance for the aged in our population, and I hope we will promptly get down to considering the urgent proposals to provide such insurance.

Mr. ADDONIZIO. Mr. Chairman, I am pleased to support the social security amendments of 1961 which contain urgently needed, albeit modest, improvements in benefits.

As the sponsor of legislation to reduce the retirement age to 60, I am heartened that the pending bill provides benefits to men at age 62 on an actually reduced basis in a manner like those now provided for women. This will ease the problem of those older people who because of their years are unable to work, yet unable to retire. I believe, however, that the Congress should fully face up to an important economic and human reality and provide benefits at age 60 to men and women workers.

Despite the fact that today many Americans are living longer, they are not necessarily working longer. Many have physical disabilities which prevent them from participating in our fast-moving industrial process. Many more, although willing and able to work, find themselves the victims of discriminatory employment practices and technological changes which favor the young. The net result is that many older men and women are forced into retirement years before they are able to collect their retirement benefits.

I realize that talk of reducing the retirement age is akin to waving a red flag in front of those who believe that man is essentially a lazy creature and out to get whatever he can from the Government as long as he thinks it is free. I do not share this unfortunate view of my fellow Americans, whom I know as proud, hard-working, patriotic citizens. I do not believe that everyone will suddenly decide to retire at age 60 if Congress makes it possible for them to draw retirement benefits at that age.

There are statistics to support my views. Some years ago the Social Security Administration made a survey of old-

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of the beneficiaries retired voluntarily while in good health to enjoy their leisure. The rest had lost or quit their jobs for reasons largely beyond their control. I point to the fact, also, that the average age at which persons begin drawing their old-age benefits is 68, although they are eligible for them as soon as they reach their 65th birthday. In June 1959, there were, in fact, almost 1½ million persons age 65 or over who were not drawing old age and survivors' insurance benefits even though they had reached the age at which they could retire and draw full benefits.

The National Committee on Aging, which made a study recently of a small number of companies with mandatory retirement, reported that about 40 percent of the male employees aged 64 expressed a preference to continue working at their regular jobs after age 65. This is another indication that our American workers wish to continue in productive work as long as they are able.

Needless to say, I also believe that the low average retirement benefit of \$74 a month is scarcely an incentive for voluntary retirement.

I recognize that the cost of reducing the retirement age to 60 would not be low. But I believe it should be recognized that the present cost in terms of human hardship and deprivation, and of welfare expenditures for those with no resources to care for their needs, is also far from low. It would be far better, I believe, to provide the possibility for persons age 60 and over to receive the social security benefits to which they have contributed, than to force them into grovelling indigency. The Federal Government at present offers these people no hope for ending their years with self-respect. Unemployment benefits may help some—for a while. But ultimately many must turn to general assistance, with its repugnant means test and, in most cases, with its incredibly meager benefits.

There are a number of reasons why I believe that an age 60 requirement is much more realistic than the existing one. First of all, it recognizes the fact that some people age more quickly than others. Not everyone is blessed with mental and physical vigor until age 65. Declining abilities because of age may well make it impossible for a person to acquire or maintain a job.

Second, there have been developments within our economy which have seriously multiplied the employment problems of older people. One such development is the decrease in opportunities for self-employment, where age barriers are not so important. Another is the increased demand for higher educational levels, and for modern production skills. A Government survey made several years ago of older jobseekers in seven major labor market areas showed that scarcely two out of three applicants between the ages of 45 and 64 had completed elementary school. In addition, many new jobs that are opening up simply did not exist some years ago, and other jobs require training in recent technological developments which older workers have had no opportunity to acquire.

Automation has, in a very real sense, posed a double threat to older workers. Not only do machines take over their old jobs, but running the machines usually takes training that the older worker does not have.

A recent study of automation by the National Planning Association had this to say on the subject of automation as it affects the older worker:

As for the new opportunities for employment in new industries or in old ones that are expanding, a worker can take advantage of them only if he is where the jobs are Family responsibility, financial obligations, or simply inertia, make it difficult for many workers to pick up and look for a job in another location. This is especially true for older workers who may be hardest hit by technological displacement.

The mass migration of industry has affected the older worker. He is less able to overcome the physical and emotional difficulties associated with moving long distances to a new community and a new job. In a recent survey of displaced textile workers in a number of Massachusetts communities it was found that 45 percent of all the workers had been reemployed by the time of the survey. This was true, however, of only 28 percent of those between 56 and 65.

In addition to the industrial developments I have mentioned, older workers face the very critical problems of discrimination by employers. One need only take a glance at the classified section of our newspapers to discover that anyone over age 45 is apparently approaching senility as far as many companies are concerned. Age discrimination does, of course, begin even younger than 45. Those who are favored victims, however, are those who have reached 55 or 60.

These statements are supported by a number of studies and surveys which have been made of the unemployment problems of older workers. The difficulty an unemployed older worker has in finding a job was cited in a pioneering report on "The Older Worker in Industry" in the 1930's. Solomon Barkin, who wrote the report, observed that the older population group which is considered, the smaller becomes the proportion of the temporarily employed, and the larger the class of the chronically unemployed. The prolonged period of unemployment which results from the employment handicaps of the older persons will have its disastrous effects upon the work qualifications of the individual and further depreciate such economic usefulness as he might have possessed.

More recently, the Census Bureau report on "Work Experience of the Population in 1958" showed that of those unemployed 22 percent of the 45 to 64 age group and 29.2 percent of the 65 and over group were out of work for more than half the year.

One of the most stirring stories of the plight of the older worker in today's economy is told in a study made for the Senate's Special Committee on Unemployment Problems in 1959. This was a study of the closing of the Packard Motor Co. in 1956, and was concerned with what happened to the thousands of workers who were thrown out of their

jobs. The title of the study, appropriately enough, is "Too Old to Work—Too Young to Retire." The authors of the study state in the introduction:

The Packard story, if it highlights anything, is a study of the impact of change on an aging population of workers, of the re-employment problems of a group of workers who have come to be defined as old in our present industrial society.

Continuing, they state that—

Along with technological change, decentralization, and mergers, another phenomenon seems to be developing; age discrimination in employment. Even in the full employment peak-production year of 1955 in the Detroit automobile industry, the older workers of the shutdown Murray Body Corp. plant experienced greater difficulty than their younger shopmates in finding new jobs. While the average length of unemployment for the total sample studied was about 3 months, the average for the workers over the age of 45 was twice that amount of time.

If discrimination against older workers exists in time of labor shortages, it is even more intensified during times of mass unemployment, as in the 1957-59 period in Detroit and many other industrial centers. It is no consolation to say that the percentage of unemployed older workers is not higher than that of younger workers. The truth is that the duration of unemployment among older workers (55 years and above) was twice the figure for the young age groups, during the 1959-58 recession.

It would be possible to document far more extensively than I have here the kinds of problems which our older people face. They boil down to this simple fact, however: Many people age 60 and over, unable to support themselves through regular employment, having low or nonexistent incomes, are being forced to exhaust their savings, and live in destitution, simply because they are a few years short of the magical age of retirement.

I believe Congress should help these people. They are facing a life of retirement that is no less compulsory than that of workers a few years older. The promise now held out to them that they can look forward to some measure of security when they reach 65 is worth very little when the years before must be ones of severe privation. By providing for voluntary retirement at age 60, Congress could do much to help them win their present struggle with poverty and despair. It would also be taking a great step forward in meeting a test outlined for us by Franklin Delano Roosevelt, when he said:

The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

Mr. GILBERT. Mr. Chairman, I was happy to cast my vote today in favor of the Social Security Amendments of 1961.

I would have preferred approval of the President's plan for higher social security benefits, but the bill which came before us today, although a scaled-down version of President Kennedy's plan, does provide some benefits and is another step forward toward our goal of adequate assistance to our older citizens.

More than three and a half million persons will receive higher benefits under the bill. Cash benefits for widows are raised; the minimum monthly benefit increase will help more than 2 million persons. Those entirely dependent upon social security benefits and who have been receiving the minimum monthly benefit have been subjected to real hardships; they could not begin to meet living expenses; they had to depend upon charity to keep them alive, and many barely existed. This increase has been long overdue and the needs have been apparent for years. In a country as rich as ours, it is a sad commentary upon our Government that the needs of our older citizens have not been provided for more adequately and that their sad plight has been so consistently ignored.

The provision which allows male workers to retire at 62 years of age, under permanently reduced benefits, will be a boon to many thousands who are now forcing themselves to work, although they are in ill health, because they cannot quit without the financial help provided by social security. Also, if the workers have been fortunate enough to accumulate savings so that, with the help provided by social security, they can retire at 62, this privilege should be theirs. After many years of labor, our people should be allowed such years of leisure and pleasant retirement life as they can manage and as may be permitted them.

Although, as I stated, I am gratified by any increase in benefits under the Social Security Act, I am hopeful that the time is not too far distant when my bill, providing for full benefits, when based upon the attainment of retirement age, to men at age 60 and to women at age 55, will be passed.

Mr. SANTANGELO. Mr. Chairman, I rise to support H.R. 6207. This bill is an advance into the new frontiers and carries out a pledge by the President, John F. Kennedy, in his campaign that his administration will be one which cares. This bill is a manifestation of the concern which this new administration has for our elder citizens, employed and self-employed. Much more could be done, but this is a great step forward.

The scope of this bill is vast. The proposed changes would benefit 4,420,000 people within the first 12 months through new or increased benefits amounting to \$780 million. These changes constitute sound improvements in the system. Income in 1960 exceeded outgo benefits; income being \$10,866,000, and outgo being \$10,677,000. The increased benefits will be financed by an increase of one-fourth of 1 percent, and the present balance of the fund of \$20,324,000 will not be impaired and the increase in benefits will not impair the actuarial soundness of the system.

A detailing of the benefits would be informative and illuminating. The minimum monthly retirement benefit will be increased from \$33 to \$40 with a proportionate increase in minimum benefits payable to dependents and survivors. Two million one hundred and

seventy-five thousand people would be benefited by this provision.

In view of increasing unemployment and the lack of disposition of industry to hire elderly persons, the payment of benefits for men beginning at age 62 at reduced amounts is salutary, practical, and wise. Five hundred and sixty thousand people would get benefits from this provision and their ability to retire and receive retirement benefits will provide employment for more vigorous bodies and more agile hands.

In many instances persons have been denied benefits because they were employed in industries which were not covered or they were self-employed. In late life these persons obtained employment in covered industry, but found that because of their late participation, they were ineligible. This bill proposes to liberalize insured status requirements so that a worker would be fully insured if he has one quarter of coverage for every year elapsing after 1950, or after the year in which he attained age 21, if that was later and up to year of death or disability or retirement. This means that a person to qualify must have 2½ years of employment since 1950. The change would benefit 160,000 people.

In the past, wives have lost their spouses and their benefits have been inadequate. This bill proposes a 10-percent increase of workers' retirement benefit for widow, widower, or dependent parents benefits. One million five hundred and twenty-five thousand people would benefit.

A nation's moral fiber is judged by the concern it shows for its young, its aged, and its disabled. This bill demonstrates that our Nation's moral fiber is strong and healthy. While we have been trying to help the impoverished people and nations of the free world, we have not fully taken care of our own. This is an attempt to provide for our own people. I am privileged and pleased to vote for this measure. I believe we are fulfilling our promises to demonstrate that we live in a country with a government which cares. I urge my colleagues to vote for this measure. Our older citizens await our action and if this youthful administration demonstrates its concern for its senior citizens, we can say that the new frontiers are good, not only for our youth, but also for our elderly and our disabled.

I urge the passage of this bill, H.R. 6207.

Mr. RHODES of Pennsylvania. Mr. Chairman, I am in agreement with the committee's proposals and intend to cast my vote for them. We all know, however, that further improvements in our social security program are necessary to make it more realistic. Many of our disabled and aged citizens are faced with extreme hardships, and do not receive the benefits of social security.

It is extremely difficult and often impossible for older persons to find gainful employment. Many of our senior citizens who are not covered by the social security system have been forced to exist on private charity or depend on children

who have family difficulties of their own in meeting everyday needs.

I feel that the time has come to enact legislation which would extend the minimum social security benefits to every needy individual over retirement age who is not covered by existing legislation. Although the benefits which they would receive under this program would be very small they would at least allow these retired folks to share in some small way in the Nation's prosperity without losing their dignity and self-respect.

We in Congress have an obligation to liberalize the disability insurance program to take into consideration the fact that the period of social security coverage is not a fair way to determine a person's eligibility for disability benefits. Disability brings hardship regardless of one's period of coverage. This is particularly true of the family breadwinner. It is unrealistic and cruel to deny a disabled worker benefits merely because he lacks 20 quarters within the required period of coverage.

The bill before us today liberalizes the provision for eligibility, but it does not go far enough to meet the needs of our aged and disabled citizens.

I can appreciate the necessity of compromise on legislation of this kind. There are some Members who are now, and always have been, opposed to the social security program. Many will vote for even these mild improvements with reservations.

I am pleased, however, that some progress on social security is being made so early in this new Congress. The President used good judgment to leave the controversial medical aid provision for later action. He has made it possible to bring needed benefits and additional help promptly to many distressed aged and handicapped citizens.

Mr. ULLMAN. Mr. Chairman, I rise in support of the bill before us. Many of us would like to see amendments to the social security program which would go even further in meeting the increasing needs which are resulting from the rise in our cost of living and other changes in our economy. However, this legislation is a long step forward. The bill before us, sponsored by our able and distinguished chairman, the gentleman from Arkansas, is a sound measure. It will substantially improve the social security program and do so at a modest cost. I am extremely pleased to express my strong support of H.R. 6207, particularly since it includes two provisions which I proposed in 1958 and have consistently favored since that time.

First, the measure would increase the minimum benefit from the current \$33 level to \$40. As I pointed out in testimony before the committee in the 85th Congress, this will "put more money immediately into the hands of those who may be assumed to need it most." Not only is this increase fully justified by the fact that \$40 a month is an extremely small sum on which to live, especially in these days of higher living costs, but it will reduce the gap between those who did not come under the program until they were approaching retirement and

those who have had the advantage of a longer period of coverage. Many of the more than 2 million retirees now receiving only the minimum benefits are people who, because they came under the program late in life, were not earning at their best during the period of coverage. If they had been covered by the program earlier, their benefits would have generally reflected higher average earnings. The new \$40 minimum will still not bring their benefits up to the level they would have if they had been covered during their most productive years, but it will be an important step in that direction.

Second, this measure will increase the level of widow's benefits. In the 85th Congress, I also proposed an increase in the widow's benefit from 75 percent of her deceased husband's benefit to 85 percent. The bill before us provides an increase to 82½ percent and again is an important step forward. The facts clearly show the disadvantaged situation of widows and these figures become even more meaningful when we think of them, not in terms only of dollars and cents, but in terms of people trying to live out their years of retirement in dignity and some measure of comfort.

Women who get aged widow's benefits are worse off than other elderly beneficiaries. For one thing, they get less in benefits. The average benefit for widows is only \$58 a month, while the average old-age benefit for retired workers is \$70. Under the bill, the average benefit for widows would be \$64.

When we look at total retirement income and assets of older people, the position of widows is again shown to be a poor one. They are less likely to be getting private pensions than retired workers. A 1957 survey of aged people getting social security benefits showed that in this group the widows then were a great deal worse off than married couples, and had much less in retirement income than single persons. Half of the aged widows getting benefits got less than \$720 a year, including not only social security benefits but all kinds of permanent retirement income. On the other hand, a married couple could count on a permanent retirement income of \$1,580—more than twice as much as the widow had. Benefits were raised in 1958, of course, but the increase did not make up for increases in prices since the last increase in benefits before 1958.

Aged widows are less likely to have income from work than other older people. In the 1957 survey, only 15 percent of the widows had earnings from work, while 29 percent of the single men and 37 percent of the single women had such income. And even the widows who do have earnings do not earn as much as other beneficiaries who work. Of all the people in the survey who got social security benefits and worked, the median income from earnings was \$600 for single women and \$590 for single men, but only \$410 for widows.

Because most widows need every cent they can get just to pay their everyday living expenses, the additional benefits paid to widows under the bill would be spent quickly and would give a needed boost to our economy. In the first 12

months of operation, about 1,525,000 widows would get additional benefits, amounting to about \$105 million, under the new provision.

Third, the bill which our committee is recommending changes the insured status requirement from the present one quarter in every three to one quarter in every four. Like the increase in the minimum benefit, this change will help many people who did not come under the program until late in life. In this instance, we are dealing with people whose late coverage under the program has worked to prevent their eligibility even for the minimum level of benefits. About 160,000 persons would be brought under social security by this change. Most of these people are currently uninsured, not because they were irregular workers but because the work they did during their most productive years was not covered by the program at the time.

The effect of this change will be to make the work requirements for these people comparable to those that our young people of today will have to meet in order to receive retirement benefits in the future. It seems to me unfair to provide work requirements for these older people which are, in effect, more restrictive than those for young people and this bill will eliminate that inequity. The number of new persons brought under coverage by this provision may appear to be small relative to the total scope of the program but these modest changes are of vital importance to the people concerned and, as always, it is necessary to view our actions in terms of individuals and their dignity and economic independence.

Finally, the bill before us provides for optional retirement for men at age 62, with actuarially reduced benefits. This provision, recommended by the President in his message on social security, would add a much-needed measure of flexibility to the program. Considered in the context of the rather strict definition of disability which the law includes, the earlier retirement age for men has added importance. We all know that many men are not able to keep working until they are 65; many get sick or are partially disabled and many get laid off from their job and then find it difficult if not impossible to find new employment. This situation is particularly acute at the present time when, because of the recession, even young men who are looking for work are not always able to find jobs. Employers are even more reluctant to hire an older man just because he is so close to age 65.

With a provision under which men can get benefits at age 62, the social security program would be flexible enough to give some protection to men who are approaching age 65 and cannot get jobs. Older workers would have some choice as to when to take their benefits. At any time from age 62 on, a man could weigh the amount of the benefit he could get against his physical condition, the availability of work, and his general financial situation and make the choice that seemed best for him under all the circumstances. About

660,000 men are expected to take their benefits before age 65 during the first year; the additional benefits would amount to about \$440 million.

In summary, Mr. Chairman, the bill before us makes substantial and important improvements in our social security program. These improvements are, in my opinion, not only fully warranted but in fact overdue. The bill is based on the sound and progressive recommendations of the President and is the result of long and careful consideration by our committee. The cost of the changes we are proposing is, as I have said, modest—only one-fourth of 1 percent of payroll on a level-premium basis. I hope that H.R. 6027 will be passed by this House and enacted into law.

Mrs. GRANAHAN. Mr. Chairman, I am sorry to see that the Republican members of the Committee on Ways and Means, who filed supplemental and minority and additional views on the pending social security bill, do not believe that a social security bill should be used as a means of combating temporary economic recession, as this bill seeks to do. I am sorry that they believe as they do, but I am hardly surprised by the views they have stated, for the simple reason that the Republican Party as a party has consistently opposed the basic concept of effective social security legislation ever since the original act was proposed in the first administration of Franklin D. Roosevelt. We cannot forget—nor should we—that the Republican platform of 1936 promised—believe it or not—to repeal the Social Security Act.

Fundamental to the purposes of the original act was the desire to help those facing old age with nothing to look forward to but the county poorhouse. Try to find a county poorhouse in America today. Yet, at the time this program went into effect, the poorhouses were firmly a part of the local governmental structure in just about every part of the country.

The improvements being made in the social security program by this bill we are debating today represent, to a large extent, long-range betterments in the program which will have immediate effect in helping many of our older citizens—people who need help immediately because they are out of work and too old to obtain consideration for new jobs and too young to go on social security retirement annuities. In Pennsylvania, thousands of older workers who have lost their jobs and face a bleak future once their unemployment compensation ends can, under this bill, go on social security at 62 or 63 or 64 and receive benefits they have worked for and earned over the years. Otherwise, they would have to go on public assistance until they are 65. Which is better? I am sure there can be no argument about that.

The minority here suggests all sorts of alternatives to this bill, and some of the proposals are attractive. I, too, want to see the earnings limitation raised. I, too, want to see included under the program those over 72 who never worked under the social security law, or who did not earn enough credits under

it to qualify. If these were added to the other provisions of the bill, it would make sense. But obviously, our Republican colleagues do not intend these as further improvements in this bill, but only as a substitute for the more far-reaching improvements this bill would make. Perhaps the Senate will have an opportunity to add these other improvements. I hope so. Unfortunately, under our rules here, we cannot do so today.

However, I think that when we take up the proposals for expanding benefits for the retired—including the provision of a new program for hospitalization insurance—we should definitely go into these other proposals which are meritorious. I hope that at that time, the Republicans now opposing this bill will still be supporting the same changes they say they are supporting now.

But for this terrible unemployment emergency which we are experiencing, we must immediately help those who are struggling to keep going in face of the acute contraction in jobs for older workers. In that respect, this bill supplements what we are doing in the distressed areas bill, and in the speedup of public works, and in so many other proposals of the Kennedy administration.

The social security system cannot remain static and still fulfill the role it was meant to serve. This bill is a good step in the right direction, and I support it as far as it goes.

Mr. ROBISON. Mr. Chairman, once again we prepare to "improve" the social security system that has grown like "Topsy" since its somewhat modest beginnings some 24 years ago. The only thing really different about this year's approach is that we act in an off-year rather than in an election year—thus departing from a rather long-standing congressional custom that has occasionally cast a cloud upon our motives.

I happen to think that the social security system, with all its present-day vast ramifications, has proven to be a very useful social tool—a program of high worth, and that it is our individual duty to keep it such. There is much in the bill now before us (H.R. 6027), of which I approve and I expect to vote for it. In fact, I will be very much surprised if there is, in the end, more than a handful of votes against. Nevertheless, I must confess that I am often concerned by the fact—which by now ought to be apparent to all of us, that this system is becoming more and more in the nature of an inverted triangle, and that the day may well be nearing when we can no longer, with immunity, continue to pile additional benefits, or "improvements" if you prefer that word, on top of the uptilted base of that triangle lest the whole structure collapse and fall down upon us.

The time within which that day may approach will be determined by our constituents as much as it will by this or future Congresses. Up to now, there has been no sign of anything resembling a "taxpayers' revolt", or even that we are approaching the saturation point when the burden of this ever-expanding social program will become more than the economy can or will bear. We must, I think, seek at our peril to avoid ever

reaching such a point, not only as the representatives of those who benefit from the program, but also as the representatives of those future generations who may someday repudiate the whole thing because some future Congress has been so tempted by political expediency as to move beyond the worthy social purposes for which this tool was designed, or to violate the trusteeship duty which is so peculiarly ours to protect and defend the actuarial soundness of the system.

Once again, despite the liberalization of the Rules Committee which was designed to permit the whole House to work its will on every piece of responsible legislation that might come before it, I am faced with a closed or "gag" rule that prohibits me or any of us from offering what we might consider to be perfecting amendments, or for substituting our thinking for that of the Ways and Means Committee majority which, despite its acknowledged understanding of this subject, should not always have not only the last but also the only word.

All that those of us may do, who differ in some respects with this or that provision of H.R. 6027, is to lend our support to the one attempt that can be made to change this bill by recourse to the route of a motion to recommit with instructions. It is my understanding that such a motion will be made in favor of a bill resembling H.R. 6283, as introduced by the gentleman from Wisconsin [Mr. BYRNES]. I have studied that bill, and am prepared to give it my support even though its prospects, under the awkward manner in which it must be presented, are much less than good.

I am prepared to support it because it moves in the direction, among other things, of liberalizing the so-called retirement test by increasing the amount of earnings permitted a social security retiree without full deductions from his or her benefits. I have supported such a move ever since I came to Congress, along with an ever-growing number of my colleagues, even though we have had little reason for hope other than the numerous letters from our constituents which confirmed our conviction that our idea was sound. With all the talk these days about self-respect, and about the needs of our senior citizens, it has always seemed to me that nothing would do more to restore their self-respect than permitting them at least a better chance than they now have of meeting their own needs through just such a liberalization of the existing earnings limitation. Some progress was made along this line last year but, in my judgment, nowhere near enough. Under the concept embodied in H.R. 6283, that ceiling would, in effect, be lifted to \$2,400 a year, which moves somewhat beyond the legislation I have heretofore sponsored to lift that ceiling to \$1,800 a year, but which I am completely willing to accept.

In addition to this, H.R. 6283, or the bill which we will have a chance to consider via the recommittal route, gives long-overdue consideration to those of our citizens who might well be called the "forgotten Americans," and whose demonstrated needs are perhaps the greatest of any of our people. I refer,

of course, to those persons over 72 years of age who are not now eligible for OASI benefits of any kind. H.R. 6283 would provide that the minimum social security benefit would be paid in this fashion to some 2 million persons including some 1.5 million women of whom at least 1 million are widows. These are either people who retired before this program reached its present status of almost universal coverage, or are widows whose husbands died prior to such an expansion of coverage. Of this group, it is estimated that about 1.25 million are already receiving some form of public assistance, and they are in their present plight chiefly because the Congress acted too late in broadening the OASI system as far as they were concerned.

In a sense, to now cover them under social security would be a "wash" operation insofar as cost is concerned, because the present Federal old-age assistance contribution to their support could be reduced accordingly, and it is likewise pointless to argue that it is unfair to give them benefits merely because they have never paid into the system, since no present beneficiary has ever yet paid into the system anything approaching the actuarial cost of his potential benefits.

Thus, I think that for us to so bring these deserving citizens under coverage, at least for the minimum benefit, would have not only a considerable material justification, but would be a move of great psychological value.

As I have mentioned, should the recommittal motion fail, I will still vote in favor of H.R. 6027 on final passage not only because I believe it proper to increase the minimum monthly benefit, and to make the other technical improvements in benefits that are provided, but also because I feel that the provisions for optional retirement of men at reduced benefits at age 62 will relieve the plight of those male workers who have lost their jobs during the recent recession, or for other reasons, and, because of their advanced age, find it difficult if not impossible to secure other employment. It can be argued, as it has here today, that this may encourage industry to try to stimulate the earlier retirement of industrial workers in a day when medical progress is succeeding in lengthening the life expectancy of all of us. While I recognize that this could produce some undesirable social consequences, I, for one, doubt that this step would have much effect along those lines.

In concluding, however, I believe it is necessary for us to pause to consider—as we apparently head into a real battle next year over the question of providing medical-care benefits through this system, which battle will be fought out in an atmosphere fraught with political overtones—exactly how heavy an economic burden the presently expanded and broadened OASI program already is, and how near we may already be to that saturation point—or that danger point—to which I earlier had reference. I think this means that we must better seek to fulfill our difficult duty of picking and choosing priorities among the seemingly endless "improvements" of social secu-

urity that have and will continue to be suggested to us. Our responsibility along such lines is a heavy one, but we dare not continue to shirk it.

Mr. DORN. Mr. Chairman, many textile workers in my district have been working for 40 years and still have not reached the age to draw social security. Some have worked for 45 years and a few have actually been on the job for 50 years and are not yet 65. Some of these fine people actually started work in the cotton mills at age 12 and may never live to be 65. It is high time that this House consider these workers who have labored so long and hard. This bill should pass so our people can retire at age 62 if they so desire. Automation and cheap low-wage foreign imports are causing a stretch-out system in our mills which is causing our people to age more quickly. I am glad this bill lowers the social security age to 62. Much of the wages of my people is being withheld to build mills in foreign countries and to support foreign aid all over the world. We must do something for our own people. This bill is a step in the right direction. This bill will increase the minimum benefits for recipients from \$33 to \$40. It will increase the benefits for widows. It will change the number of quarters needed from one out of three to one out of four.

Mr. Chairman this is a bill for the widows, their orphans and the working man who has paid into this program for so long. I am proud and glad that I started working and speaking for this legislation more than 10 years ago. I hope it will pass this Congress by an overwhelming vote.

Mr. DANIELS. Mr. Chairman, I rise in support of H.R. 6207. I want to commend the Ways and Means Committee for their speedy action in getting this measure onto the floor. This is an important bill which merits the strong support of every Member of the House. By its provisions several longstanding inequities of the social security system will be eliminated.

For years, I, and, I am sure, most other Members have received considerable mail from constituents exhorting us to lower the age at which retirement is possible. It is certainly an anachronism, at a time when women can retire at 62, and when discrimination against older people as well as the general economic situation make employment for the man in his sixties difficult to obtain, to require him to wait until he reaches 65 to receive his social security pension. This amendment narrowly missed acceptance last year when, although it passed the Senate, it was rejected in conference. It gives me great pleasure to note that, this year, it is included in the bill which the Ways and Means Committee has reported to the House.

The measure which we are considering today will also take an important step forward by increasing the minimum monthly benefit. It is unfortunate, indeed, that financial considerations and the limits of the OASI fund will not permit a much greater improvement at this time. Thirty-three dollars a month purchases very little security for those pensioners with minimum eligibility in

the year 1961. The 21-percent increase contemplated by this bill, while still most inadequate, will at least provide some relief for this group. At the least, it will point up the fact that the Congress recognizes the critical inadequacy of the present scale of benefits in an era of rising prices and high cost of living.

The other amendments included in this proposal are equally important. By approving this bill we will liberalize the insured status requirements, increase the benefits available for widows and dependents of deceased workers, and extend the time during which a disabled worker may apply for benefits retroactive to the date of onset of the disability.

The one glaring omission in the bill, it seems to me, is the failure to make any provision with regard to the income limitations. If this legislation were not before us under a closed rule, I would take this opportunity to introduce an appropriate amendment. As it is, I want to urge the committee to give earnest consideration to this problem as soon as practicable.

The income limitations are undoubtedly the most unfair and the most inequitable provisions in our social security program. On the one hand, we award monthly benefits which are far below that which is required to maintain an adequate standard of living; on the other hand, we prevent recipients from supplementing their pension by outside earnings.

Nor is this the only absurdity. Community groups and State agencies spend huge sums each year to help senior citizens make a social adjustment by meaningful participation in community life. At the same time, we penalize those older people who are willing and able to find suitable employment.

Above all, we discriminate against the average worker who wants to supplement his pension by earnings. Those citizens who are fortunate enough to have accumulated investment income can clip all the coupons they desire and still retain their social security eligibility. But the less fortunate worker seeks outside employment only at the risk of losing or decreasing his monthly benefit.

I believe it is time we faced up to this inequity and did something substantial about it. Ideally, I would like to see all income limitations eliminated entirely. Realistically, however, I suggest that the present \$1,200 exemption be raised at least to \$2,400. I am presently preparing a bill for this purpose. My bill will retain the liberalization incorporated in the Social Security Amendments Act of 1960, whereby an individual can earn in excess of the limit and lose only a portion, instead of his entire, monthly benefit.

It is significant that over 100 Members of Congress introduced legislation to raise or eliminate the income limitations in the last Congress. A large number of bills have already been introduced in the current session. This overwhelming sentiment should not be ignored. I urge that immediate steps be taken to remove what is at best an unrealistic,

and at worst an unfair, restriction on our senior citizens.

Mr. VANIK. Mr. Chairman, the social security improvements set forth in this bill constitute a giant step forward in meeting the needs of the increasing ranks of the elderly citizens.

This measure, along with the Temporary Unemployment Compensation Extension Act constitute effective weapons against recession and the gathering problems of worker displacement through automation.

The increase in the monthly minimum benefit from \$33 to \$40 is of great importance to my community. I am disturbed to find great numbers of my residents entitled only to minimum benefits. Their supplemental support becomes a grave family problem and a grave community problem involving public charity. Even this slight increase in benefits will help these people face rising costs of utility services, shelter, and health care.

The 10 percent increase in widow's, widower's, and parent's benefits will also be of immeasurable help.

The reduction in the retirement age for men to age 62 constitutes the most important advantage of this legislation. It is a proposal which I have advocated since I first entered Congress in 1955. Although it is contemplated that approximately 560,000 men over 62 could get benefits under this proposal, I believe that very soon almost 2 million male workers will take advantage of the opportunity to accelerate their retirement in this way.

Accelerated retirement stimulated under this bill creates extensive employment opportunities for younger workers coming along. When retirement is made possible for a worker, a new job opportunity is created for another. If 2 million male workers eventually retire under this program, 2 million job opportunities will be created, and unemployment will be reduced.

In this way, we can legislate to protect against the impact of automation and the job displacement it creates. We can more thoroughly prepare the young workers by developing higher skills. By creating inducements for retirement, we can accelerate the movement of our senior work force into retirement. By extending the period of education and training for the young and by inducing senior workers to retire, America can engineer its work force to its most productive potential and more adequately insure full employment.

Our retirement program does not meet the time in life when thousands of workers in my community find employment difficult. Until they reach retirement age, they suffer as regiments of the chronically unemployed. Any worker over 45 displaced by automation or plant relocation faces an almost impossible hurdle in searching for a new job.

Insofar as this legislation narrows the gap to retirement, it will be helpful.

Our system of social security, developed under the administration of former President Franklin Roosevelt, improved by former President Truman, now forges

ahead under the inspired leadership of President Kennedy.

I am happy to play a part in supporting this program.

Although the social security has some weaknesses and although it has not become a cure-all for social ills, it certainly has been a main prop in our economic and social structure. Our senior citizens have a retirement opportunity unprecedented in the history of mankind. They are no longer dependent on their children. They live as they choose and in their own homes. The county old folk's home has disappeared. Cases of parental neglect are almost unheard of in our courts. Retirement in dignity is almost within the reach of everyone.

Mrs. SULLIVAN. Mr. Chairman, earlier today, I asked a series of questions of the chairman of the Committee on Ways and Means dealing with the proposal in the bill for reduced annuities for those who chose to retire under social security between 62 and 65. I did not want to imply, in asking the critical questions I posed to the chairman, that I am against the idea of permitting voluntary retirement at age 62.

I think it is important for me to point this out, in view of the fact that the Republican members of the Committee on Ways and Means have submitted strongly worded supplemental and minority views in the committee report sharply critical of the provision for voluntary retirement of men at age 62. Since their views contain at least indirect references to some of the same points I raised in questioning the chairman today, it might appear that I am joining in the Republican position here. Far from it.

WE MUST WATCH FOR POSSIBLE ABUSES

True, I share the concern which has been expressed here that by reducing the retirement age to 62 for men, we might be making it possible for some employers to ruthlessly force into retirement all of their older employees at age 62. At the time we passed the law several years ago permitting retirement for women at age 62, I said that we must make sure this does not lead to, or result in, forced retirement for women at 62, and that the program must be watched closely for any abuses of that nature. So far, I have not heard of abuses taking place in any degree affecting women who are 62. But we must be constantly alert to this danger, for both men and women.

On the other hand, as the majority members of the Committee on Ways and Means made clear in reporting out this bill, we have untold numbers of workers in this country in their early sixties who have found themselves out of work and too old to get a new job and too young to retire under social security, and they are deserving of the opportunity to go on social security under those circumstances. I sincerely doubt that very many men in good health and with satisfying and useful jobs would want to retire on social security at 62, even if there is not a reduction in their annuity for retiring before 65.

ULTIMATE SOLUTION LIES IN MORE JOB OPPORTUNITIES FOR ELDERLY

But with the spread of automation, with the consolidations and mergers and plant abandonments and runaway shops and all of the other things which have occurred to eliminate the jobs held by so many men who have devoted a lifetime to a particular job and skill, we definitely face a serious problem and one which this proposed expansion of the social security system can help to solve.

But it is by no means the ultimate solution, of course. I think we must do much, much more to assure new job opportunities for those who lose out to automation or to changing technology or to other factors beyond the worker's control. We particularly need the skills and abilities and the seasoned judgment of our older workers in our production economy. We cannot as a nation afford the so-called luxury of throwing men onto the job scrap heap years before the end of their useful working lives.

Presumably those who say here today that we should not lower the retirement age to 62 for men would then be most anxious to see to it that there are jobs for all those between 62 and 65 who want to work. Unfortunately, however, when it comes to passing the kind of legislation needed to assure such a result, such as in the depressed areas bill, for instance, it seems strange that so many of the same Members now opposing retirement for men at 62 were unwilling to help us provide new job opportunities for these older workers. So the objections to voluntary retirement at 62 are rather hollow.

LIFETIME REDUCTION IN ANNUITY IS UNFAIR

But on the matter of reducing the annuity as a lifetime penalty for early retirement, the bill is unfair. Ever since the act was passed several years ago permitting women to retire at 62, I have been sponsoring legislation to eliminate the penalty now assessed against the annuities of women who retire before 65. However, instead of eliminating this unfair feature we are building it even more solidly into the social security law in this bill which, in its present form, provides for reductions in benefits also for men who retire between 62 and 65.

Since we are considering this bill under a closed rule with no opportunity for amendments from the floor, I cannot submit an amendment to eliminate the early-retirement penalty from this bill or from present law. I wish I could. But I hope that the members of the Committee on Ways and Means will agree to study this problem further and correct what I believe is a most unfair provision.

WHY NOT ONLY A TEMPORARY REDUCTION IN ANNUITY?

Can we not devise a method under which those who retire between 62 and 65, particularly those who have lost their jobs and cannot find new ones, or who are in declining health but not disabled—could we not devise a system under which they would receive a re-

duced annuity only until they reach 65, and then go on full benefits? I have asked the chairman to let us know how much such a provision would cost in payroll terms. I sincerely urge sympathetic consideration for this idea.

I have heard from many women in St. Louis and elsewhere who are 62, 63, or 64 and still working but are in poor health, and who protest the grim and morbid decision they are forced to make in this matter—that is, in trying to decide how long they think they will live and whether it is to their long-run disadvantage to retire before 65 or not. And for those who have now retired before reaching age 65 the theme runs constantly through their letters that they really had very little choice about retirement—they were either out of work or in such poor health that they no longer felt they could continue to do a full day's work. These are the people we are talking about when we discuss the lowering of the retirement age. In the main, we are not discussing able-bodied and vigorous and satisfactorily employed individuals who might just want to knock off and relax at age 62 on a pension. We all know that social security annuities are not sufficiently high to provide a life of ease and contentment for anyone. So why make it even harder for those we are seeking to help—those who will choose retirement at 62 largely out of economic or physical necessity?

Mr. Chairman, I urge passage of the bill before us because I think it improves the social security program. I do not think it goes far enough in making improvements, and I think it contains an unfortunate backward step in accepting the principle of reduced benefits for those who retire between 62 and 65. I want to see that provision eliminated, just as I want the provision of present law eliminated for women who have retired or who will retire between 62 and 65, so that the law stands as originally proposed by the Committee on Ways and Means several years ago before the Senate inserted the amendment providing for reduced benefits for women.

Mr. MILLS. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the gentleman from Wisconsin, my good friend [Mr. BYRNES] has notified the House that he intends to offer a motion to recommit the bill presently before the committee. The effect of his motion to recommit, as I understand, and I want to be correct, would be to strike from the bill presently before us two provisions, namely, the provision increasing the percentage of widows' benefits from 75 to 82.5 percent of the primary benefit, affecting approximately 1.5 million widows. The other provision that would be stricken from the bill before us is the optional retirement for men at age 62. In lieu thereof would be substituted two provisions: One, the blanketing in of people at age 72 for minimum benefits who are not under social security and in the future who would not be under social security in perpetuity as long as the pro-

gram would last. Second, he would substitute a provision liberalizing the work test by amending existing law, changing the \$1,500 limitation for the reduction in benefits whereby a beneficiary loses \$1 of benefits for every \$2 of earnings to \$2,400.

Have I correctly stated the gentleman's motion to recommit? What would be eliminated?

Mr. BYRNES of Wisconsin. We have changed the number of people who would obtain benefits under the legislation. I call attention to the fact that the blanketing in affects about 2 million people.

Mr. MILLS. That is true.

Mr. BYRNES of Wisconsin. The retirement test would affect about 750,000 persons.

Mr. MILLS. That is true. But the point is that the widows whose benefits are increased in this bill would not be included in the group that are provided some degree of assistance.

Mr. BYRNES of Wisconsin. That is right. I think the gentleman recognizes why that is done.

Mr. MILLS. Yes.

Mr. BYRNES of Wisconsin. It is done in order to keep the cost of this package in keeping with the cost of the bill as reported by the committee. In fact, you will find that actuarially our bill would put us in a little better actuarial posture than under the committee bill.

Mr. MILLS. I take this time so that I can clarify and completely understand what has been suggested. It is my understanding from what the gentleman has said that the blanketing-in provision would require an expenditure in the first year from the general funds of the Treasury of \$750 million for this purpose, and in the second year about \$45 or \$50 million, and some each year in the future. The gentleman says this would have the effect of providing some reduction in public assistance, some \$300 million of Federal money, provided State benefits are retained and no additional numbers are put on at State levels. That of course is problematical, as to whether or not there will be a reduction to that extent. I must agree with the gentleman, though, on the basis of his assumption that his figures are right, if there are no changes made in the benefit level by the State or if additional people are not put on by the State. My point is that we have not seen reductions before in the cost of public assistance as we have broadened social security.

The gentleman leaves me in a position of really wondering if it would not be better not to offer these subject matters as a motion to recommit than to do so, for I am satisfied that most people in the House would like an opportunity of doing what the committee bill proposes to do and most people in the House would like an opportunity, perhaps, of doing what the gentleman from Wisconsin proposes to do, but the membership is put in the position of exercising judgment as to which of these propositions really enjoys the greater priority in action by the Congress. I ask if we can justify increasing the earnings

test in the way that this proposal would do at the cost of denying an increase in the benefits to the widows presently drawing benefits under social security, because we cannot view the individual propositions, one the committee bill, and the motion to recommit, on the other hand, without recognizing that when you have both of the full propositions together the Congress must make a choice.

To me, the matter of a change in the work test is most important. There is a great deal of interest in it. But, when we increase the work test, we are increasing the cost to the fund, as evidenced by the fact that we must increase the tax to support it. We are doing that for the benefit of people in retirement who have a capacity to earn more dollars than \$1,500 a year. When we make it \$2,400 a year, we add to the cost of the fund because we provide benefits for people presently making that much who are denied benefits because they prefer to continue working rather than to retire. I do not say that that is not important. I think it is most important. But, I would challenge the justification for doing it at the expense of that person who has been left alone and who is now a widow, dependent in most cases almost exclusively upon the social security benefits built up for her by her husband. Now I know my friend, the gentleman from Wisconsin, feels just as strongly as I do as to the justification for increasing these benefits. I think just as strongly as he does, very frankly, about taking care of some of these people who have been deprived of social security coverage either, as he says, because they were born too late or because the Congress did not provide the coverage. I do not want to be put in the position of having to say, frankly, the only way I can provide coverage for them is to take out of this bill this increased amount of benefit for those I think are also entitled to consideration, namely, the people who have been left behind. I dare say that the man who is going to pay the tax of one-eighth of 1 percent more would have much less objection to paying that tax if he knew the bulk of it was being used to provide additional coverage for those who will be left behind when he passes on. I wonder whether or not the people will be as willing to accept that increase at this time when it will be utilized to increase the work test, and when it will be utilized to put people under social security who have not heretofore been put under it, and not because of their fault but maybe because we did not do it. I do not have any quarrel about that, but we cannot change just the one thing—this is a package that we are being offered. It is a package and in the process, there are two things we take and two things we throw out either way we go. I trust my friend from Wisconsin will not put the membership of the House in the position of having to exercise this choice, but will give the Committee on Ways and Means a chance to study this later.

If you want to offer a motion to do one thing—if you do not want the age 62 proposition—offer a motion to strike it

out, but do not put the House in a position of having to make a choice between two proposals. In the opinion of the gentleman, those things are good. The gentleman has said that he is opposed to this optional retirement at age 62, but the gentleman has said he is just as favorable as I am to doing more for widows who are left behind, and I am just as favorable as the gentleman is about doing more for people who are not presently covered by social security. But, I do not want to have to make the choice and I am sure the membership of the House does not want to have to make that choice. I would suggest to the gentleman that he modify his desires with respect to the motion to recommit and not put the membership in a position of having to make this choice—that you limit it more in some respects. Or, let us let this bill go without this motion. Let us give the Committee on Ways and Means, of which my friend from Wisconsin is a very distinguished and a very hard-working member, an opportunity to look further into this.

I have this question about the gentleman's blanketing-in proposition. Twenty years from now, or 50 years from now, when we blanket-in people at age 72, people who are then 72, can it be said that it is the fault of Congress that they are not covered under social security? Maybe it is the fault of Congress that they are over 72 years of age and are not under social security. Let us accept that, accept it, and say it is the fault of the Congress; but shall it be said 50 years from today, when a person gets to be 72 years of age, that he shall be blanketed in for benefits under social security because he is not now covered by social security? Give us the chance to work on it and blanket these people in for coverage through our own volition. We do not have to do it in perpetuity.

Mr. BYRNES of Wisconsin. Is the gentleman saying there is any really voluntary aspect as to whether or not a person comes under the system?

Mr. MILLS. No, there is nothing voluntary. I am trying to get the gentleman to volunteer not to offer his motion to recommit.

Mr. BYRNES of Wisconsin. Let me suggest to the gentleman that I pointed out that this is a matter of priority. My only point is I am not willing to pass it by and wait until a future date when there may be an even greater need. We have both been talking about widows at least to an extent. The gentleman and I both realize there are over a million widows most of whom are on relief in the proposal I have discussed. They are in greater need of a priority allocation of help than those who are now getting 75 percent of their husband's basic benefit.

Mr. MILLS. I am not attacking the gentleman's position. We are all most sympathetic with these people who have been passed over and who are now 72, but I am really concerned about the proposition of allowing that in perpetuity and providing that coverage in perpetuity for people whether they come under the program or not; just to say

that when they reach the age of 72 they automatically come in.

Mr. BYRNES of Wisconsin. If the gentleman will yield on this question of perpetuity.

Mr. MILLS. I yield.

Mr. BYRNES of Wisconsin. The gentleman knows that the system looks to the point of eventual universal coverage.

I think the gentleman will agree with me that we should look to the time when we have universal coverage whether it is an additional 50 years or some other length of time. When that point is reached there will be no need for further blanketing in.

Mr. MILLS. Maybe doctors will not be in, but under the substitute we nevertheless would make this available for them and their widows at age 72. There are others who may not be under social security. I think the gentleman should reconsider this perpetuity feature.

I hope my good friend will not offer his motion to recommit, but if he does I hope my colleagues will see fit to defeat it and support the committee bill.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. OSTERTAG].

(Mr. OSTERTAG asked and was given permission to revise and extend his remarks.)

Mr. OSTERTAG. Mr. Chairman, I rise to express my interest and concern in the matter of our social security system and to join with others in support of any and all proposals or amendments which tend to provide the benefits so essential to the economic well being of millions of Americans. I want to state that I have introduced several bills designed to amend the social security law and while it is not my intention to discuss such legislation at this time, I can only point out that I regret the committee's failure to include in this package measure, many changes and improvements which I believe to be necessary and desirable. I would, if I had my way, include the important changes to be included in the motion to recommit in the bill before us. In other words, I believe all to be worthy of acceptance. Unfortunately under the rule, we are foreclosed for supporting both. The statement of the gentleman from Wisconsin, about the coverage of all persons over 72 years of age is particularly impressive and certainly proves the justification for many reasons. One being that of the cost which would in sense be eventually balanced off by a reduction in the cost of the old-age assistance benefits. And too, I believe, we should raise the ceiling on earnings, as the recommittal proposal would do. On the other hand, I believe my bill to provide for a graduated means of limiting earnings on the basis of benefits whereby the beneficiaries who receive minimum benefits would be privileged to earn more than those who receive the maximum benefits.

I do hope the committee will consider the need for additional changes in our social security system and that our action here today does not mean we are through with this all important program and problem. In any event, I am happy

to support these changes to increase the minimum benefits; to increase the benefits to widows; and to lower the age requirements for men under certain circumstances. These are all steps in the right direction and I trust this program will receive the hearty approval of the House at this time.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

[Mr. VAN ZANDT addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Chairman, I have asked for this time because I am sure that I represent a great many in the House today who find themselves in a dilemma regarding the proposed motion to recommit. For two or three sessions of this Congress, I have introduced legislation seeking to increase the amount that a recipient of social security can earn without penalty. I firmly agree that that should be done; but I am not ready, Mr. Chairman, whatever the argument, to admit that the matter of putting all at any age under social security without payment has been adequately presented, or adequately examined, or certainly by me adequately thought out; nor am I ready, even if I decided after due consideration that such course would be wise, to do so at the expense of the small increase in this bill for widows. I personally will work to increase the amount a recipient of social security may earn without penalty, until further remedial legislative action in that direction is taken.

I likewise feel that I have a responsibility further to examine the other propositions proposed to be embodied in the motion to recommit, before action is taken. For that reason I urge the gentleman from Wisconsin not to put the House in the position of having to make a quick and blanket choice such as he has suggested. It is a choice that would be most difficult wholeheartedly and wisely to support.

Mr. DONOHUE. Mr. Chairman, I very earnestly hope that this House will promptly approve the modest improvements recommended in this bill, H.R. 6027, the Social Security Amendments Act of 1961.

Although the improvements included in this proposal are not as liberal or expansive as a great many of us have recommended, the changes suggested will benefit almost 4½ million American people within the first year of operation.

As has been more technically explained here, the bill in summary provides a small increase in the minimum benefit with a 10 percent increase in the benefits for widows, widowers and par-

ents, makes benefits available for men beginning at age 62, liberalizes the insured status requirements and establishes a further period of disability.

These increases and changes are all in accord with the policies established by the Congress in the past and add to our present law improvements that are sound and desirable.

The increases and improvements are fully financed by the very slight addition to the contribution rates and insure that the social security system continues in actuarial soundness.

There is no question but what the overwhelming majority of the American people approve and desire the continuation and reasonable expansion of our social security system in accord with the economic trends. This measure offers us the opportunity to meet the desires of our people and move toward reasonable adjustment of the program in line with the economic standards under which we live. It offers us, also, the further opportunity to demonstrate to the American taxpayers that, while we have true concern for the rehabilitation and progress of peoples in foreign lands, our primary concern is and ought to be for our own people who are making tremendous sacrifices for the promotion of peace and progress throughout the world.

Mr. BYRNES of Wisconsin. Mr. Chairman, I have no further requests for time.

Mr. MILLS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Under the rule the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments by direction of the Committee on Ways and Means.

The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 20, line 11, strike out "(b)" and insert "(d)".

The committee amendment was agreed to.

The CHAIRMAN. If there are no further committee amendments, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. McCORMACK) having resumed the chair, Mr. HULL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, pursuant to House Resolution 258, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. CURTIS of Missouri. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CURTIS of Missouri. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CURTIS of Missouri moves to recommit the bill (H.R. 6027) to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Strike out all after the enacting clause and insert the text of H.R. 6283, as follows: "That this Act may be cited as the 'Social Security Amendments of 1961'."

"TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

"Increase in minimum benefits

"Amount

"SEC. 101. (a) The table in section 215(a) of the Social Security Act is amended by striking out all the figures in columns I, II, III, IV, and V down through the line which reads

\$13.49	14.00	37.10	38.00	68	69	41	61.50'
-----	13.48	-----	37.00	---	67	40	60.00
''\$13.49	14.00	\$37.10	38.00	68	69	41	61.50'

"Effective Date

"(b) The amendment made by subsection (a) shall apply only in the case of monthly insurance benefits under title II of the Social Security Act for months beginning on or after the effective date of this title (see section 106), and in the case of lump-sum death payments under such title with respect to deaths on or after such effective date.

"Liberalization of retirement test

"Amount of Earnings Permitted Without Full Deduction

"SEC. 102. (a) The first sentence of section 203(f)(3) of the Social Security Act is amended to read as follows: "For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be his earnings for such year in excess of the product of \$100 multiplied by the number of months in such year, except that of the first \$1,200 of such excess (or all of such excess if it is less than \$1,200) an amount equal to one-half thereof shall not be included."

"Effective date

"(b) The amendment made by subsection (a) shall apply—

"(1) in the case of any individual entitled to old-age insurance benefits under title II of the Social Security Act, or to monthly insurance benefits under section 202 of such Act on the basis of the wages and self-employment of a deceased person, with respect to monthly benefits under such title II for months in any taxable year (of such individual) ending after the date of the enactment of this Act, and

"(2) in the case of any individual entitled to wife's, husband's, or child's insurance benefits under title II of the Social Security Act on the basis of the wages and self-employment income of a person who is entitled to old-age insurance benefits, with respect to monthly benefits under such title II for months in any taxable year (of such

person) ending after the date of the enactment of this Act.

"Minimum benefits for certain individuals who have attained age 72

"Entitlement

"SEC. 103. (a)(1) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Benefit payments to persons not otherwise entitled under this section

""(v)(1) Every individual who—

""(A) has attained age 72,

""(B) is not and would not, upon filing application therefor, be entitled to any monthly benefits under any other subsection of this section for the month in which he attains such age or, if later, the month in which he files application under this subsection,

""(C) is a resident of the United States,

""(D)(i) is a citizen of the United States, and has resided in the United States continuously for not less than 18 months before the month in which he files application for benefits under this subsection, or (ii) has resided in the United States continuously for the 10-year period preceding the month in which he files application for benefits under this subsection, and

""(E) has filed application for benefits under this subsection,

shall be entitled to a benefit under this subsection for each month, beginning with the first month in which he becomes so entitled to such benefits and ending with the month preceding the month in which he dies. Such individual's benefit for each month shall be equal to the first figure in column IV of the table in section 215(a).

""(2)(A) If—

""(i) any individual is entitled to a benefit for any month under this subsection, and

""(ii) it is determined that a periodic benefit or benefits are payable for such month to such individual under any other law of the United States or a State or under a pension or retirement system established by any agency of the United States or of a State or political subdivision thereof (or any instrumentality of the United States or a State or a political subdivision or subdivisions thereof which is wholly owned thereby),

then the benefit referred to in clause (i) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month.

""(B) If any periodic benefit referred to in subparagraph (A)(ii) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), the reduction of such individual's benefit under this paragraph shall be made at such time or times and in such amounts as the Secretary finds approximates, as nearly as practicable, the reduction prescribed in subparagraph (A).

""(C) In order to assure that the purposes of this subsection will be carried out, the Secretary may, as a condition to certification for payment of any monthly benefit to an individual under this subsection (if it appears to the Secretary that such individual may be eligible for a periodic benefit which would give rise to a reduction under this paragraph), require adequate assurance of reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

""(D) Any agency of the United States which is authorized by any law of the United

States to pay periodic benefits, or has a system of periodic benefits, shall (at the request of the Secretary) certify to him with respect to any individual such information as the Secretary deems necessary to carry out his functions under this paragraph. For purposes of this subparagraph, the term "agency of the United States" includes any instrumentality of the United States which is wholly owned by the United States.

""(3) Benefits shall not be paid under this subsection—

""(A) to an alien for any month during any part of which he was outside the United States;

""(B) to any individual for any month during all of which he was an inmate of a public institution; or

""(C) to any individual who is a member or an employee of an organization required to register under an order of the Subversive Activities Control Board as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization under the Internal Security Act of 1950, as amended'.

"(2) The following provisions of section 202 of such Act are each amended by striking out 'or (h)' and inserting in lieu thereof ' (h), or (v)':

""(A) subsection (d) (6) (A),

""(B) subsection (e) (4) (A),

""(C) subsection (f) (4) (A),

""(D) subsection (g) (4) (A), and

""(E) the first sentence of subsection (j) (1).

"(3) Section 202 (h) (4) (A) of such Act is amended by striking out 'or (g)' and inserting in lieu thereof '(g), or (v)'.

"(4) Section 202 (k) (2) (B) of such Act is amended by striking out 'preceding'.

"Reimbursement of Trust Fund

"(b)(1) With respect to every individual who becomes entitled to a benefit under title II of the Social Security Act by reason of the amendments made by subsection (a), the Secretary of the Treasury shall transfer to the Federal Old-Age and Survivors Insurance Trust Fund, from the general fund in the Treasury, an amount equal to the sum of:

"(A) The total amount of employee and employer taxes that would have been paid under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954 if such individual had been paid wages (as defined in section 209 of the Social Security Act) equal to the first figure in column III of the table in section 215(a) in each month of the period beginning with January 1951 (or January of the year after the year in which he attained age 31, if that is later) and ending with December of the year in which he attained age 71 (or, if later, December 1960); and

"(B) Interest, compounded at 3 percent per annum, on the total amount determined under subparagraph (A), for each year in the period referred to in such subparagraph.

"(2) The transfer of funds from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund with respect to any individual pursuant to paragraph (1) shall be made not later than the end of the calendar quarter following the calendar quarter in which such individual becomes entitled to benefits under title II of the Social Security Act by reason of the amendments made by subsection (a).

"Increases for Beneficiaries at Age 72

"(c)(1) Section 202(m) of such Act is amended by striking out "no other individual" and inserting in lieu thereof '(1) such benefit is payable to an individual who attained age 72 in or before such month, or (2) no other individual.'

"(2) Such section 202(m) is further amended by adding at the end thereof the

following new sentence: 'Notwithstanding any other provision of this section, the total of the benefits under this section of any individual for any month shall, if he attained age 72 in or before such month, be increased to the extent such total is, after any reduction under subsections (k) (3) and (q), less than the first figure in column IV of the table in section 215(a).'

"(3) The last sentence of section 203(a) of such Act is amended by inserting 'and a benefit increased as the result of section 202(m)' after 'disability insurance benefit'.

"Effective Date

"(d) The amendments made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months beginning on or after the effective date of this title (see section 106) based on applications filed in or after March 1961. The amendments made by subsection (c) shall apply only in the case of monthly benefits under title II of the Social Security Act for months beginning on or after such effective date.

"Liberalization of eligibility requirements

"Fully Insured Status

"Sec. 104. (a) Section 214(a) of the Social Security Act is amended to read as follows:

"Fully Insured Individual

"(a) The term "fully insured individual" means any individual who had not less than—

"(1) one quarter of coverage (whenever acquired) for each calendar year elapsing—

"(A) after 1950 (or, if later, the year in which he attained age 21), and

"(B) before the year in which he died or (if earlier) the year in which he attained retirement age,

except that in no case shall an individual be a fully insured individual unless he has at least 6 quarters of coverage; or

"(2) 40 quarters of coverage; or

"(3) in the case of an individual who died before 1951, 6 quarters of coverage; not counting as an elapsed year for purposes of paragraph (1) any year any part of which was included in a period of disability (as defined in section 218(i)).

"Effective Date

"(b) The amendment made by subsection (a) shall apply—

"(1) in the case of monthly benefits under title II of the Social Security Act for months beginning on or after the effective date of this title (see section 106), based on applications filed in or after March 1961.

"(2) in the case of lump-sum death payments under such title with respect to deaths on or after the effective date of this title, and

"(3) in the case of an application for a disability determination (with respect to a period of disability, as defined in section 218(i) of such Act) filed in or after March 1961.

"Time for Filing Proof of Support

"(c) In the case of any widower or parent who would not be entitled to widower's insurance benefits under section 202(f), or parent's insurance benefits under section 202(h), of the Social Security Act except for the enactment of this Act (other than this subsection), the requirement in sections 202(f)(1)(D) and 202(h)(1)(B), respectively, of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed before the close of the 2-year period which begins on the effective date of this title.

"Technical Amendment

"(d) Effective as of September 13, 1960, the last sentence of section 303(g)(1) of the Social Security Amendments of 1960 is

amended to read as follows: 'The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act; except that the term "fully insured" shall have the meaning assigned to it by such title II as in effect on September 12, 1960.'

"Technical Amendments, etc.

"Retroactive Effect of Certain Applications for Disability Determinations

"Sec 105. (a) Effective with respect to applications for disability determinations filed on or after the date of the enactment of this Act, section 216(1)(4) of the Social Security Act is amended by striking out 'July 1961' and inserting in lieu thereof 'July 1962' and by striking out 'July 1960' and inserting in lieu thereof 'January 1961'.

"Simplification and Improvement of Section 202 (q) and (r)

"(b) Subsections (q) and (r) of section 202 of the Social Security Act are amended to read as follows:

"Adjustments of Old-Age and Wife's Insurance Benefit Amounts in Accordance with Age of Female Beneficiary

"(q)(1) If the first month for which a woman is entitled to an old-age or wife's insurance benefit is a month before the month in which she attains age 65, the amount of such benefit for each month shall, subject to the succeeding paragraphs of this subsection, be reduced by—

"(A) 5/9 of 1 percent of such amount if such benefit is an old-age insurance benefit, or 25/36 of 1 percent of such amount if such benefit is a wife's insurance benefit; multiplied by

"(B)(i) the number of months in the reduction period for such benefit (determined under paragraph (5)), if such benefit is for a month before the month in which such individual attains age 65, or

"(ii) the number of months in the adjusted reduction period for such benefit (determined under paragraph (6)), if such benefit is for the month in which such individual attains age 65 or for any month thereafter.

"(2)(A) If the first month for which a woman both is entitled to a wife's or husband's insurance benefit and has attained age 62 is a month for which she is also entitled to—

"(i) an old-age insurance benefit (to which she was first entitled for a month before she attains age 65), or

"(ii) a disability insurance benefit, then in lieu of any reduction under paragraph (1) (but subject to the succeeding paragraphs of this subsection) such wife's insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D).

"(B) For any month for which such individual is entitled to an old-age insurance benefit, such individual's wife's insurance benefit shall be reduced by the sum of—

"(i) the amount by which such old-age insurance benefit is reduced under paragraph (1), and

"(ii) the amount by which such wife's insurance benefit would be reduced under paragraph (1) if it were equal to the excess of such wife's insurance benefit (before reduction under this subsection) over such old-age insurance benefit (before reduction under this subsection).

"(C) For any month for which such individual is entitled to a disability insurance benefit, such individual's wife's insurance benefit shall be reduced by the amount by which such benefit would be reduced under paragraph (1) if it were equal to the excess of such benefit (before reduction under this subsection) over such disability insurance benefit.

"(D) For any month for which such individual is entitled neither to an old-age

insurance benefit nor to a disability insurance benefit, such individual's wife's insurance benefit shall be reduced by the amount by which it would be reduced under paragraph (1).

"(3) If—

"(A) an individual is or was entitled to a benefit subject to reduction under this subsection, and

"(B) such benefit is increased by reason of an increase in the primary insurance amount of the individual on whose wages and self-employment income such benefit is based,

then the amount of the reduction of such benefit for each month shall be computed separately (under paragraph (1) or (2), whichever applies) for the portion of such benefit which constitutes such benefit before any increase described in subparagraph (B), and separately (under paragraph (1) or (2), whichever applies to the benefit being increased) for each such increase. For purposes of determining the amount of the reduction under paragraph (1) or (2) in any such increase, the reduction period and the adjusted reduction period shall be determined as if such increase were a separate benefit to which such individual was entitled for and after the first month for which such increase is effective.

"(4) (A) No wife's insurance benefit shall be reduced under this subsection—

"(i) for any month before the first month for which there is in effect a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection, or

"(ii) for any month in which she has in her care (individually or jointly with the person on whose wages and self-employment income her wife's insurance benefit is based) a child of such person entitled to child's insurance benefits.

"(B) Any certificate described in subparagraph (A)(i) shall be effective for purposes of this subsection (and for purposes of preventing deductions under section 203(c)(2))—

"(i) for the month in which it is filed and for any month thereafter, and

"(ii) for months, in the period designated by the woman filing such certificate, of one or more consecutive months (not exceeding 12) immediately preceding the month in which such certificate is filed;

except that such certificate shall not be effective for any month before the month in which she attains age 62, nor shall it be effective for any month to which subparagraph (A)(ii) applies.

"(C) If a woman does not have in her care a child described in subparagraph (A)(ii) in the first month for which she is entitled to a wife's insurance benefit and if such first month is a month before the month in which she attains age 65, she shall be deemed to have filed in such first month the certificate described in subparagraph (A)(i).

"(5) For purposes of this subsection, the 'reduction period' for an individual's old-age or wife's insurance benefit is the period—

"(A) beginning—

"(i) in the case of an old-age insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

"(ii) in the case of a wife's insurance benefit, with the first day of the first month for which a certificate described in paragraph (4)(A)(i) is effective, and

"(B) ending with the last day of the month before the month in which such individual attains age 65.

"(6) For purposes of this subsection, the 'adjusted reduction period' for an individual's old-age or wife's insurance benefit is

the reduction period prescribed by paragraph (b) for such benefit, excluding from such period—

“(A) any month in which such benefit was subject to deductions under section 203 (b), 203(c)(1), 203(d)(1), or 222(b), and

“(B) in the case of wife's insurance benefits any month—

“(i) in which she had in her care (individually or jointly with the person on whose wages and self-employment income such benefit is based) a child of such person entitled to child's insurance benefits, or

“(ii) for which she was not entitled to such benefits because the spouse on whose wages and self-employment income such benefits were based ceased to be under a disability.

“(7) This subsection shall be applied after reduction under section 203(a) and after application of section 215(g). If the amount of any reduction computed under paragraph (1) or (2) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.

“Presumed Filing of Application by Women Eligible for Old-Age Insurance Benefits and for Wife's Insurance Benefits

“(r)(1) If the first month for which an individual is entitled to an old-age insurance benefit is a month before the month in which such individual attains age 65, and if such individual is eligible for a wife's insurance benefit for such first month, such individual shall be deemed to have filed an application in such month for wife's insurance benefits.

“(2) If the first month for which an individual is entitled to a wife's insurance benefit reduced under subsection (q) is a month before the month in which such individual attains age 65, and if such individual is eligible for an old-age insurance benefit for such first month, such individual shall be deemed to have filed an application for old-age insurance benefits—

“(A) in such month, or

“(B) if such individual is also entitled to a disability insurance benefit for such month, in the first subsequent month for which such individual is not entitled to a disability insurance benefit.

“(3) For purposes of this subsection, an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, she would be entitled to such benefit for such month.”

“Miscellaneous

“(c)(1)(A) Section 202(s) of the Social Security Act is hereby repealed.

“(B) Section 223(a) of such Act is amended by adding at the end thereof the following new paragraph:

“(3) If, for any month before the month in which an individual attains age 65, such individual is entitled to—

“(A) a widow's or parent's insurance benefit, or

“(B) an old-age or wife's insurance benefit which is reduced under subsection (q),

such individual may not, for any month after the first month for which such individual is so entitled, become entitled to disability insurance benefits.”

“(C) Section 223(a)(1) of such Act is amended by striking out ‘the month in which he attains the age of sixty-five,’ and inserting in lieu thereof ‘the month in which he attains age 65, the first month for which he is entitled to old-age insurance benefits.’

“(2) Section 202(j)(3) of such Act is amended to read as follows:

“(3) Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to any benefit referred to in paragraph (1) for any one or more consecutive months (beginning with the earliest month for which such individual would otherwise be entitled to such benefit)

which occur before the month in which such individual files application for such benefit; and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before such individual filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.”

“Effective Dates

“(d)(1)(A) Except as provided in subparagraphs (B), (C), and (D), section 202 (q) of such Act, as amended by subsection (b), shall apply with respect to monthly benefits for months beginning on or after the effective date of this title (see section 106).

“(B) Section 202(q)(3) of such Act, as amended by subsection (b), shall apply with respect to monthly benefits for months beginning on or after the effective date of this title, but only if the increase described in such section 202(q)(3)—

“(1) is not effective for any month beginning before the effective date of this title, or

“(i) is based on an application for a recomputation filed on or after the effective date of this title.

“(C) In the case of any individual who attained age 65 before the effective date of this title, the adjustment in such individual's reduction period provided for in section 202(q)(6) of such Act, as amended by subsection (b), shall not apply to such individual unless the total of the months specified in subparagraphs (A), (B), and (C) of such section 202(q)(6) is not less than 3.

“(D) In the case of any individual entitled to a monthly benefit for the last month beginning before the effective date of this title, if the amount of such benefit for any month thereafter is, solely by reason of the change in section 202(q) of such Act made by subsection (b), lower than the amount of such benefit for such last month, then it shall be increased to the amount of such benefit for such last month.

“(2) Section 202(r) of such Act, as amended by subsection (b), shall apply only with respect to monthly benefits for months beginning on or after the effective date of this title, except that subparagraph (B) of section 202(r)(2) (as so amended) shall apply only if the first subsequent month described in such subparagraph (B) is a month beginning on or after the effective date of this title.

“(3) The amendments made by subsection (c)(1) shall take effect on the effective date of this title.

“(4) The amendments made by subsection (c)(2) shall apply with respect to applications for monthly benefits filed on or after the effective date of this title.

“Effective date

“Sec. 106. Except as otherwise provided, the effective date of this title is the first day of the first calendar month which begins on or after the 30th day after the date of the enactment of this Act.

“TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

“Changes in tax schedules

“Self-Employment Income Tax

“Sec. 201. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income) is amended to read as follows:

“Sec. 1401. Rate of Tax.

“In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

“(1) in the case of any taxable year beginning after December 31, 1961, and before January 1, 1963, the tax shall be equal

to 4½ percent of the amount of the self-employment income for such taxable year;

“(2) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to 5½ percent of the amount of the self-employment income for such taxable year;

“(3) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to 6½ percent of the amount of the self-employment income for such taxable year; and

“(4) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year.”

“Tax on Employees

“(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

“Sec. 3101. Rate of Tax.

“In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121 (b))—

“(1) with respect to wages received during the calendar year 1962, the rate shall be 3½ percent;

“(2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3 percent;

“(3) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4½ percent; and

“(4) with respect to wages received after December 31, 1968, the rate shall be 4 percent.”

“Tax on Employers

“(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

“Sec. 3111. Rate of tax.

“In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

“(1) with respect to wages paid during the calendar year 1962, the rate shall be 3½ percent;

“(2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3 percent;

“(3) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be 4½ percent; and

“(4) with respect to wages paid after December 31, 1968, the rate shall be 4 percent.”

“Effective Dates

“(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1961. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1961.

“TITLE III—MISCELLANEOUS

“Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance

“Sec. 301. Section 1(q) of the Railroad Retirement Act of 1937 is amended by striking out ‘1960’ and inserting in lieu thereof ‘1961.’”

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.
The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 400, nays 14, not voting 17, as follows:

[Roll No. 40]

YEAS—400

Abbutt	Daniels	Huddleston
Abernethy	Davis, John W.	Hull
Adair	Davis, Tenn.	Ichord, Mo.
Addabbo	Dawson	Ikard, Tex.
Addonizio	Delaney	Inouye
Albert	Dent	Jarman
Alexander	Denton	Jennings
Alford	Derounian	Jensen
Andersen,	Derwinski	Joelson
Minn.	Devine	Johnson, Calif.
Anderson, Ill.	Dominick	Johnson, Md.
Andrews	Donohue	Johnson, Wis.
Anfuso	Dooley	Jonas
Arends	Dorn	Jones, Ala.
Ashbrook	Dowdy	Jones, Mo.
Ashley	Downing	Judd
Ashmore	Doyle	Karsten
Aspinall	Dulski	Karth
Auchincloss	Durno	Kastenmeier
Avery	Dwyer	Kearns
Ayres	Edmondson	Kee
Balley	Elliott	Kelly
Baker	Ellsworth	Keogh
Baldwin	Everett	Kilburn
Baring	Evins	Kilday
Barrett	Fallon	Kilgore
Barry	Farbstein	King, Calif.
Bass, N.H.	Fascell	King, N.Y.
Bates	Feighan	King, Utah
Battin	Finnegan	Kirwan
Becker	Fino	Kitchin
Beckworth	Fisher	Kluczynski
Belcher	Flood	Knox
Bell	Flynt	Kornegay
Bennett, Fla.	Fogarty	Kowalski
Bennett, Mich.	Ford	Kyl
Berry	Forrester	Laird
Betts	Fountain	Lane
Blatnik	Frazier	Langen
Blitch	Frelinghuysen	Lankford
Boland	Friedel	Latta
Bolling	Fulton	Lennon
Bolton	Gallagher	Lesinski
Bonner	Garland	Libonati
Bow	Garmatz	Lindsay
Boykin	Gary	Lipscomb
Brademas	Gathings	Loser
Bray	Gavin	McCormack
Breeding	Giulmo	McCulloch
Brewster	Gilbert	McDonough
Bromwell	Glenn	McDowell
Brooks, La.	Goodell	McFall
Brooks, Tex.	Goodling	McIntire
Broomfield	Granahan	McMillan
Brown	Grant	McSween
Broyhill	Gray	McVey
Bruce	Green, Oreg.	Macdonald
Buckley	Green, Pa.	Machrowicz
Burke, Ky.	Griffin	Mack
Burke, Mass.	Griffiths	Madden
Burleson	Gross	Magnuson
Byrne, Pa.	Gubser	Mahon
Byrnes, Wis.	Hagan, Ga.	Malllard
Cahill	Hagen, Calif.	Marshall
Cannon	Haley	Martin, Mass.
Carey	Hall	Mathias
Casey	Halleck	Matthews
Cederberg	Halpern	May
Celler	Hansen	Meador
Chamberlain	Harding	Merrow
Chelf	Hardy	Miller, Clem
Chenoweth	Harris	Miller,
Chipperfield	Harrison, Va.	George P.
Church	Harrison, Wyo.	Miller, N.Y.
Clancy	Harvey, Ind.	Milliken
Clark	Harvey, Mich.	Mills
Coad	Hays	Minshall
Cohelan	Healey	Moeller
Collier	Hébert	Monagan
Colmer	Hechler	Montoya
Conte	Hemphill	Moore
Cook	Henderson	Moorehead,
Cooley	Herlong	Ohio
Corbett	Hiestand	Moorhead, Pa.
Corman	Hoeven	Morgan
Cramer	Hollfield	Morris
Cunningham	Holland	Morrison
Curtis, Mass.	Holtzman	Morse
Daddario	Horan	Mosher
Dague	Hosmer	Moss

Moulder	Robison
Multer	Rodino
Murphy	Rogers, Colo.
Murray	Rogers, Fla.
Natcher	Rogers, Tex.
Neisen	Rooney
Nix	Roosevelt
Norblad	Rostenkowski
Nygaard	Roudebush
O'Brien, Ill.	Rutherford
O'Brien, N.Y.	Ryan
O'Hara, Ill.	St. George
O'Konski	St. Germain
Olsen	Santangelo
O'Neill	Saund
Osmers	Saylor
Ostertag	Schadeberg
Passman	Schenck
Patman	Schneebell
Pelly	Schweiker
Perkins	Schwengel
Peterson	Scott
Pfost	Scranton
Philbin	Seely-Brown
Pike	Selden
Pilcher	Shelley
Pillion	Sheppard
Pirnie	Shipley
Poage	Shriver
Poff	Sibal
Powell	Sikes
Price	Siler
Pucinski	Sisk
Qule	Slack
Rabaut	Smith, Calif.
Rains	Smith, Iowa
Randall	Smith, Miss.
Reuss	Smith, Va.
Rhodes, Ariz.	Spence
Rhodes, Pa.	Springer
Riehlman	Stafford
Riley	Staggers
Rivers, Alaska	Steed
Rivers, S.C.	Stephens
Roberts	Stratton

Stubblefield
Sullivan
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toil
Tollefson
Trimble
Tuck
Tupper
Ullman
Vanik
Van Pelt
Van Zandt
Vinson
Wallhauser
Walter
Watts
Weaver
Weiss
Westland
Whalley
Wharton
Whitener
Whitten
Wickersham
Widnall
Williams
Willis
Wilson, Calif.
Wilson, Ind.
Winstead
Wright
Yates
Younger
Zablocki
Zelenko

NAYS—14

Alger	Hoffman, Ill.	Ray
Beermann	Hoffman, Mich.	Rousselot
Curtis, Mo.	Johansen	Scherer
Dole	Martin, Nebr.	Short
Findley	Michel	

NOT VOTING—17

Bass, Tenn.	Dingell	Mason
Boggs	Fenton	O'Hara, Mich.
Curtin	Harsha	Reifel
Davis,	Keith	Taber
James C.	Landrum	Utt
Diggs	MacGregor	Young

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Fenton for, with Mr. Mason against.
Mr. MacGregor for, with Mr. Taber against.
Mr. Boggs for, with Mr. Utt against.

Until further notice:

Mr. James C. Davis with Mr. Curtin of Pennsylvania.

Mr. O'Hara of Michigan with Mr. Harsha.
Mr. Landrum with Mr. Keith.
Mr. Diggs with Mr. Reifel.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

1 columns I, II, III, IV, and V down through the line which
2 reads

“\$13.49 14.00 37.10 38.00 68 69 41 61.50”

3 and inserting in lieu thereof the following:

“----- \$13.48 ----- \$37.00 ----- \$67 \$40 \$60.00
\$13.49 14.00 \$37.10 38.00 \$68 69 41 61.50”.

4 (b) The amendment made by subsection (a) shall apply
5 only in the case of monthly insurance benefits under title
6 II of the Social Security Act for months beginning on or
7 after the effective date of this title (see section 106), and in
8 the case of lump-sum death payments under such title with
9 respect to deaths on or after such effective date.

10 REDUCED BENEFITS FOR MEN AT AGE 62

11 SEC. 102. (a) Section 202 of the Social Security Act
12 is amended by striking out “retirement age” and “retirement
13 age (as defined in section 216 (a))” each place they appear
14 therein and inserting in lieu thereof “age 62”.

15 (b) (1) Subsections (q) and (r) of section 202 of such
16 Act are amended to read as follows:

17 “Adjustment of Old-Age, Wife’s, or Husband’s Insurance
18 Benefit Amounts in Accordance With Age of Benefi-
19 ciary

20 “(q) (1) If the first month for which an individual is
21 entitled to an old-age, wife’s, or husband’s insurance benefit
22 is a month before the month in which such individual attains

1 age 65, the amount of such benefit for each month shall,
2 subject to the succeeding paragraphs of this subsection, be
3 reduced by—

4 “(A) $\frac{5}{9}$ of 1 percent of such amount if such benefit
5 is an old-age insurance benefit, or $\frac{25}{36}$ of 1 percent of
6 such amount if such benefit is a wife’s or husband’s in-
7 surance benefit; multiplied by

8 “(B) (i) the number of months in the reduction
9 period for such benefit (determined under paragraph
10 (5)), if such benefit is for a month before the month in
11 which such individual attains age 65, or

12 “(ii) the number of months in the adjusted reduc-
13 tion period for such benefit (determined under para-
14 graph (6)), if such benefit is for the month in which
15 such individual attains age 65 or for any month there-
16 after.

17 “(2) (A) If the first month for which an individual
18 both is entitled to a wife’s or husband’s insurance benefit and
19 has attained age 62 is a month for which such individual is
20 also entitled to—

21 “(i) an old-age insurance benefit (to which such
22 individual was first entitled for a month before he at-
23 tains age 65), or

24 “(ii) a disability insurance benefit,
25 then in lieu of any reduction under paragraph (1) (but

1 subject to the succeeding paragraphs of this subsection) such
2 wife's or husband's insurance benefit for each month shall be
3 reduced as provided in subparagraph (B), (C), or (D).

4 “(B) For any month for which such individual is en-
5 titled to an old-age insurance benefit, such individual's wife's
6 or husband's insurance benefit shall be reduced by the sum
7 of—

8 “(i) the amount by which such old-age insurance
9 benefit is reduced under paragraph (1), and

10 “(ii) the amount by which such wife's or husband's
11 insurance benefit would be reduced under paragraph (1)
12 if it were equal to the excess of such wife's or husband's
13 insurance benefit (before reduction under this subsec-
14 tion) over such old-age insurance benefit (before reduc-
15 tion under this subsection).

16 “(C) For any month for which such individual is en-
17 titled to a disability insurance benefit, such individual's wife's
18 or husband's insurance benefit shall be reduced by the amount
19 by which such benefit would be reduced under paragraph
20 (1) if it were equal to the excess of such benefit (before
21 reduction under this subsection) over such disability insur-
22 ance benefit.

23 “(D) For any month for which such individual is en-
24 titled neither to an old-age insurance benefit nor to a dis-
25 ability insurance benefit, such individual's wife's or husband's

1 insurance benefit shall be reduced by the amount by which it
2 would be reduced under paragraph (1).

3 “(3) If—

4 “(A) an individual is or was entitled to a benefit
5 subject to reduction under this subsection, and

6 “(B) such benefit is increased by reason of an
7 increase in the primary insurance amount of the indi-
8 vidual on whose wages and self-employment income such
9 benefit is based,

10 then the amount of the reduction of such benefit for each
11 month shall be computed separately (under paragraph (1)
12 or (2), whichever applies) for the portion of such benefit
13 which constitutes such benefit before any increase described
14 in subparagraph (B), and separately (under paragraph (1)
15 or (2), whichever applies to the benefit being increased) for
16 each such increase. For purposes of determining the amount
17 of the reduction under paragraph (1) or (2) in any such
18 increase, the reduction period and the adjusted reduction
19 period shall be determined as if such increase were a sepa-
20 rate benefit to which such individual was entitled for and
21 after the first month for which such increase is effective.

22 “(4) (A) No wife’s insurance benefit shall be reduced
23 under this subsection—

24 “(i) for any month before the first month for which
25 there is in effect a certificate filed by her with the Sec-

1 retary, in accordance with regulations prescribed by
2 him, in which she elects to receive wife's insurance
3 benefits reduced as provided in this subsection, or

4 “(ii) for any month in which she has in her care
5 (individually or jointly with the person on whose
6 wages and self-employment income her wife's insurance
7 benefit is based) a child of such person entitled to child's
8 insurance benefits.

9 “(B) Any certificate described in subparagraph (A) (i)
10 shall be effective for purposes of this subsection (and
11 for purposes of preventing deductions under section
12 203 (c) (2))—

13 “(i) for the month in which it is filed and for any
14 month thereafter, and

15 “(ii) for months, in the period designated by the
16 woman filing such certificate, of one or more consecutive
17 months (not exceeding 12) immediately preceding the
18 month in which such certificate is filed;

19 except that such certificate shall not be effective for any
20 month before the month in which she attains age 62, nor
21 shall it be effective for any month to which subparagraph
22 (A) (ii) applies.

23 “(C) If a woman does not have in her care a child
24 described in subparagraph (A) (ii) in the first month for
25 which she is entitled to a wife's insurance benefit, and if

1 such first month is a month before the month in which she
2 attains age 65, she shall be deemed to have filed in such first
3 month the certificate described in subparagraph (A) (i).

4 “(5) For purposes of this subsection, the ‘reduction pe-
5 riod’ for an individual’s old-age, wife’s, or husband’s insur-
6 ance benefit is the period—

7 “(A) beginning—

8 “(i) in the case of an old-age or husband’s in-
9 surance benefit, with the first day of the first month
10 for which such individual is entitled to such benefit,
11 or

12 “(ii) in the case of a wife’s insurance benefit,
13 with the first day of the first month for which a cer-
14 tificate described in paragraph (4) (A) (i) is ef-
15 fective, and

16 “(B) ending with the last day of the month before
17 the month in which such individual attains age 65.

18 “(6) For purposes of this subsection, the ‘adjusted
19 reduction period’ for an individual’s old-age, wife’s, or hus-
20 band’s insurance benefit is the reduction period prescribed
21 by paragraph (5) for such benefit, excluding from such
22 period—

23 “(A) any month in which such benefit was sub-
24 ject to deductions under section 203 (b), 203 (c) (1),
25 203 (d) (1), or 222 (b),

1 “(B) in the case of wife’s insurance benefits, any
2 month in which she had in her care (individually or
3 jointly with the person on whose wages and self-
4 employment income such benefit is based) a child of
5 such person entitled to child’s insurance benefits, and

6 “(C) in the case of wife’s or husband’s insurance
7 benefits, any month for which such individual was not
8 entitled to such benefits because the spouse on whose
9 wages and self-employment income such benefits were
10 based ceased to be under a disability.

11 “(7) This subsection shall be applied after reduction
12 under section 203 (a) and after application of section 215
13 (g). If the amount of any reduction computed under para-
14 graph (1) or (2) is not a multiple of \$0.10, it shall be re-
15 duced to the next lower multiple of \$0.10.

16 “Presumed Filing of Application by Individuals Eligible for
17 Old-Age Insurance Benefits and for Wife’s or Husband’s
18 Insurance Benefits

19 “(r) (1) If the first month for which an individual is
20 entitled to an old-age insurance benefit is a month before the
21 month in which such individual attains age 65, and if such in-
22 dividual is eligible for a wife’s or husband’s insurance bene-
23 fit for such first month, such individual shall be deemed to
24 have filed an application in such month for wife’s or hus-
25 band’s insurance benefits.

1 “(2) If the first month for which an individual is en-
2 titled to a wife’s or husband’s insurance benefit reduced un-
3 der subsection (q) is a month before the month in which
4 such individual attains age 65, and if such individual is eligi-
5 ble for an old-age insurance benefit for such first month, such
6 individual shall be deemed to have filed an application for
7 old-age insurance benefits—

8 “(A) in such month, or

9 “(B) if such individual is also entitled to a dis-
10 ability insurance benefit for such month, in the first sub-
11 sequent month for which such individual is not en-
12 titled to a disability insurance benefit.

13 “(3) For purposes of this subsection, an individual shall
14 be deemed eligible for a benefit for a month if, upon filing
15 application therefor in such month, he would be entitled to
16 such benefit for such month.”

17 (2) (A) Section 202 (s) of the Social Security Act
18 is hereby repealed.

19 (B) Section 223 (a) of such Act is amended by adding
20 at the end thereof the following new paragraph:

21 “(3) If, for any month before the month in which an
22 individual attains age 65, such individual is entitled to—

23 “(A) a widow’s, widower’s, or parent’s insurance
24 benefit, or

1 “(B) an old-age, wife’s or husband’s insurance
2 benefit which is reduced under subsection (q),
3 such individual may not, for any month after the first month
4 for which such individual is so entitled, become entitled to
5 disability insurance benefits; and a period of disability
6 may not begin with respect to such individual in any month
7 after such first month.”

8 (C) Section 223 (a) (1) of such Act is amended by
9 striking out “the month in which he attains the age of
10 sixty-five,” and inserting in lieu thereof “the month in which
11 he attains age 65, the first month for which he is entitled
12 to old-age insurance benefits,”.

13 (D) The third sentence of section 216 (i) (2) of such
14 Act is amended by striking out “a period of disability shall
15 begin” and inserting in lieu thereof “a period of disability
16 shall (subject to section 223 (a) (3)) begin”.

17 (3) Section 202 (j) (3) of such Act is amended to read
18 as follows:

19 “(3) Notwithstanding the provisions of paragraph (1),
20 an individual may, at his option, waive entitlement to any
21 benefit referred to in paragraph (1) for any one or more
22 consecutive months (beginning with the earliest month for
23 which such individual would otherwise be entitled to such
24 benefit) which occur before the month in which such individ-
25 ual files application for such benefit; and, in such case,

1 such individual shall not be considered as entitled to such
2 benefits for any such month or months before such individual
3 filed such application. An individual shall be deemed to
4 have waived such entitlement for any such month for which
5 such benefit would, under the second sentence of paragraph
6 (1), be reduced to zero.”

7 (c) (1) Section 216 (a) of the Social Security Act is
8 hereby repealed.

9 (2) The following provisions of title II of such Act
10 are amended by striking out “retirement age” each place it
11 appears therein and inserting in lieu thereof “age 62”:

12 (A) the next to the last sentence of section 213 (a) ,

13 (B) subsections (b), (c), (f), and (g) of section
14 216, and

15 (C) the second sentence of section 223 (a) (2) .

16 (3) The following provisions of title II of such Act are
17 amended by striking out “retirement age” and “retirement
18 age (as defined in section 216 (a))” each place they appear
19 therein and inserting in lieu thereof “age 62 (if a woman) or
20 age 65 (if a man)”:

21 (A) section 209 (i) ,

22 (B) the last sentence of section 213 (a) ,

23 (C) section 216 (i) (3) (A) ,

24 (D) the first sentence of section 223 (a) (2) , and

25 (E) section 223 (c) (1) (A) .

1 (d) (1) Section 215 (a) (4) of such Act is amended
2 to read as follows:

3 “(4) In the case of—

4 “(A) a woman who was entitled to a disa-
5 bility insurance benefit for the month before the
6 month in which she died or became entitled to old-
7 age insurance benefits, or

8 “(B) a man who was entitled to a disability
9 insurance benefit for the month before the month
10 in which he died or attained age 65,

11 the amount in column IV which is equal to such disa-
12 bility insurance benefit.”

13 (2) Section 215 (b) (3) of such Act is amended to read
14 as follows:

15 “(3) For purposes of paragraph (2), the number of an
16 individual’s elapsed years is the number of calendar years
17 after 1950 (or, if later, the year in which he attained age
18 21) and before—

19 “(A) in the case of a woman, the year in which
20 she died or (if earlier) the first year after 1960 in which
21 she both was fully insured and had attained age 62,

22 “(B) in the case of a man who has died, the year in
23 which he died or (if earlier) the first year after 1960
24 in which he both was fully insured and had attained age
25 65, or

1 “(C) in the case of a man who has not died, the
2 first year after 1960 in which he attained (or would at-
3 tain) age 65 or (if later) the first year in which he was
4 fully insured.

5 For purposes of the preceding sentence, any calendar year
6 any part of which was included in a period of disability shall
7 not be included in such number of calendar years.”

8 (3) Section 215 (f) of such Act is amended by adding
9 at the end thereof the following new paragraph:

10 “(7) (A) In the case of a man who attains age 65 and
11 who became entitled to old-age insurance benefits before
12 the month in which he attains such age, his primary insur-
13 ance amount shall be recomputed as provided in subsection
14 (a) as though he became entitled to old-age insurance bene-
15 fits in the month in which he attained age 65, except that
16 his computation base years referred to in subsection (b) (2)
17 shall include the year in which he attained age 65. Such
18 recomputation shall be effective for and after the month in
19 which he attained age 65.

20 “(B) In the case of a man who became entitled to old-
21 age insurance benefits and died before the month in which
22 he attained age 65, the Secretary shall, if any person is
23 entitled to monthly insurance benefits or a lump-sum death
24 payment on the basis of the wages and self-employment

1 income of the decedent, recompute his primary insurance
2 amount as provided in subsection (a) as though he became
3 entitled to old-age insurance benefits in the month in which
4 he died; except that (i) his computation base years referred
5 to in subsection (b) (2) shall include the year in which he
6 died, and (ii) his elapsed years referred to in subsection
7 (b) (3) shall not include the year in which he died or any
8 year thereafter. In the case of monthly insurance benefits,
9 such recomputation of a man's primary insurance amount
10 shall be effective for and after the month in which he died."

11 (e) (1) Section 202 (b) (1) (C) of such Act is
12 amended to read as follows:

13 " (C) is not entitled to old-age or disability in-
14 surance benefits, or is entitled to old-age or disability
15 insurance benefits based on a primary insurance amount
16 which is less than one-half of the primary insurance
17 amount of her husband,".

18 (2) So much of section 202 (b) (1) of such Act as
19 follows clause (C) is amended by striking out "equal to or
20 exceeds one-half of an old-age or disability insurance benefit
21 of her husband," and inserting in lieu thereof "equal to or
22 exceeds one-half of the primary insurance amount of her
23 husband,".

24 (3) Section 202 (b) (2) of such Act is amended by

1 striking out "old-age or disability insurance benefit" and
2 inserting in lieu thereof "primary insurance amount".

3 (4) Section 202 (c) (1) (D) of such Act is amended
4 to read as follows:

5 " (D) is not entitled to old-age or disability insur-
6 ance benefits, or is entitled to old-age or disability
7 insurance benefits based on a primary insurance amount
8 which is less than one-half of the primary insurance
9 amount of his wife,".

10 (5) So much of section 202 (c) (1) of such Act as
11 follows clause (D) is amended by striking out "old-age or
12 disability insurance benefit equal to or exceeding one-half
13 of the primary insurance amount of his wife," and inserting
14 in lieu thereof "old-age or disability insurance benefit based
15 on a primary insurance amount which is equal to or exceeds
16 one-half of the primary insurance amount of his wife,".

17 (6) Section 202 (c) (3) of such Act is amended by
18 striking out "Such" and inserting in lieu thereof "Except
19 as provided in subsection (q), such".

20 (f) (1) The amendments made by subsection (a) shall
21 apply with respect to monthly benefits for months beginning
22 on or after the effective date of this title (see section 106)
23 based on applications filed in or after March 1961.

1 (2) (A) Except as provided in subparagraphs (B),
2 (C), and (D), section 202 (q) of such Act, as amended by
3 subsection (b) (1), shall apply with respect to monthly
4 benefits for months beginning on or after the effective date
5 of this title.

6 (B) Section 202 (q) (3) of such Act, as amended by
7 subsection (b) (1), shall apply with respect to monthly
8 benefits for months beginning on or after the effective date
9 of this title, but only if the increase described in such section
10 202 (q) (3) —

11 (i) is not effective for any month beginning before
12 the effective date of this title, or

13 (ii) is based on an application for a recomputation
14 filed on or after the effective date of this title.

15 (C) In the case of any individual who attained age 65
16 before the effective date of this title, the adjustment in such
17 individual's reduction period provided for in section 202 (q)
18 (6) of such Act, as amended by subsection (b) (1), shall
19 not apply to such individual unless the total of the months
20 specified in subparagraphs (A), (B), and (C) of such sec-
21 tion 202 (q) (6) is not less than 3.

22 (D) In the case of any individual entitled to a monthly
23 benefit for the last month beginning before the effective date
24 of this title, if the amount of such benefit for any month
25 thereafter is, solely by reason of the change in section 202

1 (q) of such Act made by subsection (b) (1), lower than
2 the amount of such benefit for such last month, then it
3 shall be increased to the amount of such benefit for such last
4 month.

5 (3) Section 202 (r) of such Act, as amended by sub-
6 section (b) (1), shall apply only with respect to monthly
7 benefits for months beginning on or after the effective date
8 of this title, except that subparagraph (B) of section 202
9 (r) (2) (as so amended) shall apply only if the first sub-
10 sequent month described in such subparagraph (B) is a
11 month beginning on or after the effective date of this title.

12 (4) The amendments made by subsection (b) (2) shall
13 take effect on the effective date of this title.

14 (5) The amendments made by subsection (b) (3) shall
15 apply with respect to applications for monthly benefits filed
16 on or after the effective date of this title.

17 (6) The amendments made by subsections (c) and
18 (d) (1) and (2) shall apply with respect to—

19 (A) monthly benefits for months beginning on or
20 after the effective date of this title based on applica-
21 tions filed in or after March 1961, and

22 (B) lump-sum death payments under title II of the
23 Social Security Act in the case of deaths on or after the
24 effective date of this title.

1 the year in which he attained (or would attain)
2 age 65,

3 except that in no case shall an individual be a fully in-
4 sured individual unless he has at least 6 quarters of
5 coverage; or

6 “(2) 40 quarters of coverage; or

7 “(3) in the case of an individual who died before
8 1951, 6 quarters of coverage;

9 not counting as an elapsed year for purposes of paragraph
10 (1) any year any part of which was included in a period of
11 disability (as defined in section 216(i)).”

12 (b) The amendment made by subsection (a) shall
13 apply—

14 (1) in the case of monthly benefits under title II
15 of the Social Security Act for months beginning on or
16 after the effective date of this title (see section 106),
17 based on applications filed in or after March 1961,

18 (2) in the case of lump-sum death payments under
19 such title with respect to deaths on or after the effective
20 date of this title, and

21 (3) in the case of an application for a disability
22 determination (with respect to a period of disability, as
23 defined in section 216(i) of such Act) filed in or
24 after March 1961.

1 (c) In the case of any widower or parent who would
2 not be entitled to widower's insurance benefits under section
3 202 (f), or parent's insurance benefits under section 202 (h),
4 of the Social Security Act except for the enactment of this
5 Act (other than this subsection), the requirement in sec-
6 tions 202 (f) (1) (D) and 202 (h) (1) (B), respectively, of
7 the Social Security Act relating to the time within which
8 proof of support must be filed shall not apply if such proof
9 of support is filed before the close of the 2-year period which
10 begins on the effective date of this title.

11 (d) Effective as of September 13, 1960, the last
12 sentence of section 303 (g) (1) of the Social Security
13 Amendments of 1960 is amended to read as follows: "The
14 terms used in this subsection shall have the meaning assigned
15 to them by title II of the Social Security Act; except that the
16 terms 'fully insured' and 'retirement age' shall have the
17 meaning assigned to them by such title II as in effect on
18 September 12, 1960."

19 INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S

20 INSURANCE BENEFITS

21 SEC. 104. (a) Section 202 (e) (2) of such Act is
22 amended to read as follows:

23 “(2) Such widow's insurance benefit for each month
24 shall be equal to $82\frac{1}{2}$ percent of the primary insurance
25 amount of her deceased husband.”

1 (b) Section 202 (f) (3) of such Act is amended to
2 read as follows:

3 “(3) Such widower’s insurance benefit for each month
4 shall be equal to $82\frac{1}{2}$ percent of the primary insurance
5 amount of his deceased wife.”

6 (c) Section 202 (h) (2) of such Act is amended to
7 read as follows:

8 “(2) (A) Except as provided in subparagraphs (B)
9 and (C), such parent’s insurance benefit for each month
10 shall be equal to $82\frac{1}{2}$ percent of the primary insurance amount
11 of such deceased individual.

12 “(B) For any month for which more than one parent
13 is entitled to parent’s insurance benefits on the basis of such
14 deceased individual’s wages and self-employment income,
15 such benefit for each such parent for such month shall (ex-
16 cept as provided in subparagraph (C)) be equal to 75
17 percent of the primary insurance amount of such deceased
18 individual.

19 “(C) In any case in which—

20 “(i) any parent is entitled to a parent’s insurance
21 benefit for a month on the basis of a deceased individual’s
22 wages and self-employment income, and

23 “(ii) another parent of such deceased individual
24 is entitled to a parent’s insurance benefit for such month
25 on the basis of such wages and self-employment income,

1 and on the basis of an application filed after such month
2 and after the month in which the application for the
3 parent's benefits referred to in clause (i) was filed,
4 the amount of the parent's insurance benefit of the parent
5 referred to in clause (i) for the month referred to in such
6 clause shall be determined under subparagraph (A) instead
7 of subparagraph (B) and the amount of the parent's insur-
8 ance benefit of a parent referred to in clause (ii) for such
9 month shall be equal to 150 percent of the primary in-
10 surance amount of the deceased individual minus the amount
11 (before the application of section 203 (a)) of the benefit
12 for such month of the parent referred to in clause (i)."

13 (d) (1) Subsections (e) (1) and (f) (1) of section 202
14 of such Act are amended by striking out "three-fourths" each
15 place it appears therein and inserting in lieu thereof "82½
16 percent".

17 (2) Section 202 (h) (1) of such Act is amended by
18 striking out "three-fourths of the primary insurance amount
19 of such deceased individual" each place it appears therein
20 and inserting in lieu thereof "82½ percent of the primary in-
21 surance amount of such deceased individual if the amount
22 of the parent's insurance benefit for such month is de-
23 terminable under paragraph (2) (A) (or 75 percent of
24 such primary insurance amount in any other case)".

25 (e) The amendments made by this section shall apply

1 with respect to monthly benefits under section 202 of the
2 Social Security Act for months beginning on or after the
3 effective date of this title (see section 106).

4 (f) Where—

5 (1) two or more persons were entitled (without
6 the application of subsection (j) (1) of section 202 of
7 the Social Security Act) to monthly benefits under such
8 section 202 for the last month beginning before the effec-
9 tive date of this title on the basis of the wages and self-
10 employment income of a deceased individual, and one or
11 more of such persons is entitled to a monthly insurance
12 benefit under subsection (e), (f), or (h) of such sec-
13 tion 202 for such last month; and

14 (2) no person, other than the persons referred to
15 in paragraph (1) of this subsection, is entitled to bene-
16 fits under such section 202 on the basis of such indi-
17 vidual's wages and self-employment income for a sub-
18 sequent month or for any month after such last month
19 and before such subsequent month; and

20 (3) the total of the benefits to which all persons
21 are entitled under such section 202 on the basis of such
22 individual's wages and self-employment income for such
23 subsequent month is reduced by reason of the applica-
24 tion of section 203 (a) of such Act,

25 then the amount of the benefit to which each such person re-

1 ferred to in paragraph (1) of this subsection is entitled for
2 such subsequent month shall be determined without regard
3 to this Act if, after the application of this Act, such benefit
4 for such month is less than the amount of such benefit for
5 such last month. The preceding provisions of this subsection
6 shall not apply to any monthly benefit of any person for any
7 month beginning after the effective date of this title unless
8 paragraph (3) also applies to such benefit for the month
9 beginning on such effective date (or would so apply but for
10 the next to the last sentence of section 203 (a) of the Social
11 Security Act).

12 RETROACTIVE EFFECT OF CERTAIN APPLICATIONS FOR
13 DISABILITY DETERMINATIONS

14 SEC. 105. Effective with respect to applications for
15 disability determinations filed on or after the date of the
16 enactment of this Act, section 216(i) (4) of the Social
17 Security Act is amended by striking out "July 1961" and
18 inserting in lieu thereof "July 1962" and by striking out
19 "July 1960" and inserting in lieu thereof "January 1961".

20 EFFECTIVE DATE

21 SEC. 106. Except as otherwise provided, the effective
22 date of this title is the first day of the first calendar month
23 which begins on or after the 30th day after the date of the
24 enactment of this Act.

1 TITLE II—AMENDMENTS TO THE INTERNAL
2 REVENUE CODE OF 1954
3 CHANGES IN TAX SCHEDULES
4 Self-Employment Income Tax

5 SEC. 201. (a) Section 1401 of the Internal Revenue
6 Code of 1954 (relating to rate of tax on self-employment
7 individual, a tax as follows:

8 “SEC. 1401. RATE OF TAX.

9 “In addition to other taxes, there shall be imposed for
10 each taxable year, on the self-employment income of every
11 individual, a tax as follows:

12 “(1) in the case of any taxable year beginning
13 after December 31, 1961, and before January 1, 1963,
14 the tax shall be equal to $4\frac{1}{16}$ percent of the amount of
15 the self-employment income for such taxable year;

16 “(2) in the case of any taxable year beginning after
17 December 31, 1962, and before January 1, 1966, the
18 tax shall be equal to $5\frac{7}{16}$ percent of the amount of the
19 self-employment income for such taxable year;

20 “(3) in the case of any taxable year beginning
21 after December 31, 1965, and before January 1, 1969,
22 the tax shall be equal to $6\frac{3}{16}$ percent of the amount of
23 the self-employment income for such taxable year; and

24 “(4) in the case of any taxable year beginning

1 after December 31, 1968, the tax shall be equal to $6\frac{15}{16}$
2 percent of the amount of the self-employment income
3 for such taxable year.”

4 Tax on Employees

5 (b) Section 3101 of such Code (relating to rate of tax
6 on employees under the Federal Insurance Contributions
7 Act) is amended to read as follows:

8 “SEC. 3101. RATE OF TAX.

9 “In addition to other taxes, there is hereby imposed on
10 the income of every individual a tax equal to the following
11 percentages of the wages (as defined in section 3121 (a))
12 received by him with respect to employment (as defined in
13 section 3121 (b)) —

14 “(1) with respect to wages received during the
15 calendar year 1962, the rate shall be $3\frac{1}{8}$ percent;

16 “(2) with respect to wages received during the
17 calendar years 1963 to 1965, both inclusive, the rate
18 shall be $3\frac{5}{8}$ percent;

19 “(3) with respect to wages received during the
20 calendar years 1966 to 1968, both inclusive, the rate
21 shall be $4\frac{1}{8}$ percent; and

22 “(4) with respect to wages received after Decem-
23 ber 31, 1968, the rate shall be $4\frac{5}{8}$ percent.”

1 Tax on Employers

2 (c) Section 3111 of such Code (relating to rate of tax
3 on employers under the Federal Insurance Contributions
4 Act) is amended to read as follows:

5 "SEC. 3111. RATE OF TAX.

6 "In addition to other taxes, there is hereby imposed on
7 every employer an excise tax, with respect to having indi-
8 viduals in his employ, equal to the following percentages of
9 the wages (as defined in section 3121 (a)) paid by him with
10 respect to employment (as defined in section 3121 (b))—

11 " (1) with respect to wages paid during the calen-
12 dar year 1962, the rate shall be $3\frac{1}{8}$ percent;

13 " (2) with respect to wages paid during the calen-
14 dar years 1963 to 1965, both inclusive, the rate shall
15 be $3\frac{5}{8}$ percent;

16 " (3) with respect to wages paid during the calen-
17 dar years 1966 to 1968, both inclusive, the rate shall be
18 $4\frac{1}{8}$ percent; and

19 " (4) with respect to wages paid after December
20 31, 1968, the rate shall be $4\frac{5}{8}$ percent."

21 Effective Dates

22 (d) The amendment made by subsection (a) shall apply
23 with respect to taxable years beginning after December 31,

1 1961. The amendments made by subsections (b) and (c)
2 shall apply with respect to remuneration paid after December
3 31, 1961.

4 TITLE III—MISCELLANEOUS
5 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL-
6 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DIS-
7 ABILITY INSURANCE

8 SEC. 301. Section 1 (q) of the Railroad Retirement Act
9 of 1937 is amended by striking out “1960” and inserting in
10 lieu thereof “1961”.

Passed the House of Representatives April 20, 1961.

Attest: RALPH R. ROBERTS,
Clerk.

87TH CONGRESS
1ST SESSION

H. R. 6027

AN ACT

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

APRIL 24, 1961

Read twice and referred to the Committee on Finance

87TH CONGRESS }
1st Session }

SENATE

{REPORT
No. 425

SOCIAL SECURITY AMENDMENTS OF 1961

REPORT

OF THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

TO ACCOMPANY

H.R. 6027

AN ACT TO IMPROVE BENEFITS UNDER THE OLD-AGE,
SURVIVORS, AND DISABILITY INSURANCE PROGRAM
BY INCREASING THE MINIMUM BENEFITS AND AGED
WIDOW'S BENEFITS AND BY MAKING ADDITIONAL PER-
SONS ELIGIBLE FOR BENEFITS UNDER THE PROGRAM,
AND FOR OTHER PURPOSES



JUNE 20, 1961.—Ordered to be printed

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SOCIAL SECURITY AMENDMENTS OF 1961

JUNE 20, 1961.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H.R. 6027]

I. SCOPE OF THE BILL

H.R. 6027, as reported by the committee, affects both the old-age; survivors, and disability insurance program and the public assistance program.

As to the insurance program the reported bill is generally the same as that passed by the House of Representatives, which adopted the proposals of the President but reduced them somewhat in scope. Certain other minor provisions have also been added relating to extension of coverage. Passage of the bill will mean that within the first 12 months about 4,420,000 people will get new or increased benefits amounting to \$780 million.

As to the public assistance program, the committee increased the Federal matching maximum for old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

The committee also has authorized the expenditure of Federal funds for temporary assistance to certain U.S. nationals who have returned from foreign countries and are without immediately available resources.

II. SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BILL

A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

The committee accepted the provisions of the House approved bill which increases the minimum benefit, provides benefits for men at age 62, liberalizes the insured status requirement, increases the widow's benefit, and relates to the establishment of periods of disability. These liberalizations would be financed by an appropriate increase in the tax rates so that the program will continue to be self-supporting and on a sound actuarial basis.

1. Increase in the minimum benefit

The bill would increase from \$33 to \$40 the minimum monthly retirement benefit payable under the program to persons retiring at or after age 65 and the minimum monthly disability benefit, with proportionate increases in the minimum benefits payable to dependents and survivors. This provision would mean increased benefits for 2,175,000 people, amounting to \$170 million, during the first 12 months of operation.

2. Benefits at age 62 for men

The bill would make benefits available for men beginning at age 62, with the benefits payable to men claiming them before age 65 reduced to take account of the longer period over which the benefits will be paid. The effect of this change would be that men electing to retire at age 62 will receive the same total amount of benefits over the remainder of their lives as they would have received had they waited to retire at age 65.

In the first year of operation, about 560,000 people would get benefits amounting to \$440 million under this proposed change.

3. Liberalization of the insured status requirements

The bill would liberalize the insured status requirements so that a worker would be fully insured for benefit purposes if he has one quarter of coverage for every year elapsing after 1950 (or after the year in which he attained age 21, if that was later) and up to the year of disability, death, or attainment of age 65 for men (62 for women). Under present law one quarter of coverage is required for every three elapsed calendar quarters.

This change would bring about 160,000 people onto the benefit rolls in the first year for a total of \$65 million in benefits.

4. Increase in widow's, widower's, and parent's benefits

The bill would increase aged widow's, widower's and surviving parent's benefit from 75 to 82½ percent of the workers' retirement benefit—a 10-percent increase in benefits for these people.

This provision would increase benefits for 1,525,000 people by \$105 million in the first 12 months of operation.

5. Establishing a period of disability

The bill extends for 1 year—to June 30, 1962—the period within which a person may file an application for establishing a period of disability for purposes of determining eligibility for, and the amount of, old-age, survivors, and disability insurance benefits, and have the period begin as early as the time when his disability began.

6. Facilitation of coverage for certain State and local employees, and certain ministers

The committee added a provision to the House-approved bill which modifies the so-called divided system coverage of employees under State and local retirement systems so that (1) New Mexico would be added to the list of States who are permitted this method of coverage and (2) those employees who originally had chosen not to come under the program would be given an additional chance to elect to be in the group which has coverage.

Likewise, the provision in present law which permits ordained ministers to elect coverage before April 16, 1962, would be modified

by the committee bill so that, in the case of a minister who died before this date without making such an election, his widow or other survivor beneficiary would be able to make the election within the original time period prescribed.

7. Effective dates

The benefit provisions of the bill will be effective generally for the 1st month that begins on or after the 30th day after the bill is enacted.

8. Increase in tax rates

To meet the increased cost incurred as a result of the improvements in the old-age, survivors, and disability insurance program which would be made by the bill, provision is made for an increase in the scheduled contribution rates. The bill provides that, beginning in 1962, contribution rates would be raised by one-eighth of 1 percent each for employees and employers and by approximately three-sixteenths of 1 percent for the self-employed. This means that the improvements would be fully financed and the system would remain actuarially sound.

B. PUBLIC ASSISTANCE

The committee bill adds a provision to the House-approved bill that would increase the amount of public assistance payments which would be subject to Federal matching for the old-age assistance, aid to the blind, and aid to the permanently and totally disabled programs. The increase would be applicable for a 1-year period terminating on June 30, 1962, and the States would be required to pass along the increase in Federal funds to the needy recipients. It is estimated that this provision will cost the Federal Government about \$20 million for the year.

C. ASSISTANCE TO U.S. NATIONALS RETURNED FROM FOREIGN COUNTRIES

The committee adds a provision to the House-approved bill which would authorize the expenditure of Federal funds for the temporary assistance of U.S. nationals without available resources who have returned, or been brought back, to this country because of illness or destitution or because of war, threat of war, invasion, or similar crisis.

III. GENERAL DISCUSSION

A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

1. Increase in the minimum benefit

Under the bill the minimum monthly benefit payable to a worker retiring at or after age 65, to a disabled worker, and to a sole survivor of an insured worker would be raised from \$33 to \$40. Proportionate increases would be made in the benefits for dependents and survivors based on the increased minimum benefit of a worker.

Improving the adequacy of the benefits for people at the lower benefit levels will make the protection of this social insurance program much more effective at the present time, yet it will increase costs but little over the long run. People coming on the rolls in the future

will generally receive benefits at higher levels because they will have had more chance to work in covered employment at higher wages and incomes.

An estimated 2,175,000 people would have their benefits increased under this amendment during the first 12 months of operation. The additional benefits that would be paid out during the first 12 months would be \$170 million. The level-premium (long-range) cost would be 0.06 percent of payroll.

The increase in minimum benefits would be effective for the 1st month that begins on or after the 30th day after enactment.

2. *Benefits at age 62 for men*

The bill provides that old-age and survivors insurance benefits will be made available to men at age 62, with the old-age and husbands benefits payable to men who claim them before age 65 reduced to take account of the longer period over which the benefits will be paid. Under present law, reduced benefits are provided for women workers and wives at age 62. The decision to take reduced benefits, in both cases, is a purely voluntary one.

The provision of benefits at age 62 for men will help to alleviate the hardships faced by that group of men who, because of ill health, automation, or other technological change, are forced into premature retirement before age 65. The situation is particularly difficult for those workers in depressed areas where economic forces beyond their control have had the effect of reducing their actual retirement age below age 65. Although the committee believes that able-bodied men will continue to work up to, and beyond, age 65 as has been the experience of women workers with the early retirement option, this provision will add flexibility to the program by making protection available to individuals who must leave the labor market between the ages of 62 and 65.

(a) *Rate of reduction.*—The reduction rates provided in your committee's bill for men are the same as those now applied to women. The reduction rate is the percentage by which a person's benefit is reduced for each month by which he is under 65 when he begins to get benefits. Under the bill, the benefits for the male worker would be reduced at the same rate as now applies for the female worker (five-ninths of 1 percent). Husband's benefits would be reduced at the same rate as now applies to wife's benefits (twenty-five thirty-sixths of 1 percent). Widower's and surviving father's benefits would be payable in full at age 62 (as widow's and surviving mother's benefits now are).

A worker who begins getting benefits in the month in which he reaches age 62 will get a benefit amounting to 80 percent of the amount he would get if he stopped working then but waited until his 65th birthday to apply; a man getting husband's benefits at 62 will get 75 percent of what he would have gotten at 65.

The reduction rate for the wife's benefit in present law (twenty-five thirty-sixths of 1 percent) is greater than the rate for a woman worker's benefit (five-ninths of 1 percent) because the latter's benefit is payable during all her remaining years after retirement, whereas the wife's reduced benefit is payable only while her husband is alive.

The following table shows monthly benefit amounts for men who apply for benefits between ages 62 and 65:

Average monthly wage	Old-age insurance benefit at—			
	Age 65	Age 64	Age 63	Age 62
\$50.....	\$40	\$37.40	\$34.70	\$32.00
\$85.....	50	46.70	43.40	40.00
\$110.....	65	60.70	56.40	52.00
\$180.....	80	74.70	69.40	64.00
\$275.....	100	93.40	86.70	80.00
\$370.....	120	112.00	104.00	96.00
\$400.....	127	118.60	110.10	101.60

A wife between the ages of 62 and 65 of a man who retires at or after age 62 would, under the provisions of the bill, be able to get a reduced benefit based on her husband's benefit before reduction on account of his age. For example, where a man entitled to a \$100 benefit at age 65 claims a reduced benefit of \$80 at age 62, his wife, if she is 65, when he retires, will get \$50. If, on the other hand, she is age 62 when he retires she would receive \$37.50 (75 percent of \$50).

(b) *Eligibility and benefit amounts.*—Under the committee's bill, the method of determining men worker's eligibility for benefits and benefit amounts would not be changed in the way it was done for women when reduced benefits were provided for them in the 1956 amendments. A man's eligibility and benefit amounts would continue to be figured over the period up to age 65, as under present law. If a provision were included to figure a man's eligibility for benefits and benefit amounts over a shorter period (up to age 62 instead of to age 65), as is now done for women, the long-range cost of the program would be increased by an estimated 0.10 percent of payroll. In view of the significant cost that would be incurred, the committee has concluded that it is not advisable to include such a provision.

(c) *Recomputation of benefits at age 65.*—The actuarial reduction factor for persons electing to receive benefits before reaching age 65 is designed to reflect the longer period over which such persons will, on the average, be receiving benefits. However, due principally to the operation of the retirement test, many beneficiaries will not in fact receive benefits for all of the months between the time of their election and the time they reach age 65. Therefore, the committee's bill provides for a roundup recalculation for both men and women at age 65. In effect, the benefit amounts will be recomputed taking into account only those months prior to attainment of age 65 for which benefits were actually paid. (Under existing law women are entitled to such a roundup calculation only if they have had at least 3 months' benefits withheld. The committee bill would remove this 3-month requirement.)

(d) *Effect of benefit increase on reduced benefits.*—The committee's bill would make still another improvement, applicable to both men and women which would be actuarially equitable. Under present law, if a woman receives an increase in her benefit by working after she first begins to get benefits, or if a general benefit increase is provided by law, the increase in the benefit is reduced, even though the increase may be paid for a much shorter period than the original benefit. At the age of 72, for example, 10 years after she elected to take a reduced benefit under present law, a woman still could not get the full amount of a benefit increase. Still another example of the

operation of present law in this respect is that a woman who took reduced benefits in 1957 and who is now age 67 could not get the full amount of the increase in the minimum benefit that would be payable to a woman age 65 who had just begun to draw benefits. Over a lifetime, this basis could mean a serious diminution in a person's total benefits. Under the bill a benefit increase for a person getting reduced benefits—a man or a woman—would be reduced only for the months remaining before age 65 at the time the increase was effective.

(e) *Individuals affected and costs.*—An estimated 560,000 people can be expected to get benefits under the amendment during the first 12 months of operation. Taking into account the increase in the minimum benefit also provided at this time, the additional benefits that would be paid out during the first 12 months to men claiming benefits before age 65 would be \$440 million. There would be no level-premium (long-range) costs for this proposal since early-year benefit disbursements will be balanced by the reduced benefits payable in the future.

This provision would be effective for the 1st month which begins on or after the 30th day after enactment.

3. Liberalization of the insured status requirements

The committee recommends that the requirements for fully insured status be changed so that a person would need one quarter of coverage for every year (generally, one quarter for each four calendar quarters) elapsing after 1950 (or after the year in which he attained the age of 21, if that was later) and before the beginning of the year in which he reached age 65 (or age 62 for women), died, or became disabled, instead of one quarter of coverage for every three calendar quarters elapsing, as required under present law. (The minimum requirement of 6 quarters of coverage and the maximum requirement of 40 quarters of coverage for permanently insured status would be retained.)

This provision would make the insured-status requirements for people who are now old comparable to those that will apply in the long run for people who will attain retirement age in the future. People who were young when the program started and young people who began working after that time will need about 1 year of work for every 4 years elapsing after age 21 (10 years out of a possible 40 or more years in a working lifetime) in order to be permanently insured for old-age insurance benefits. Under present law, people who are now old must meet a proportionally stricter test even though their actual years of coverage may be relatively short. People who were first covered in 1955, for example, and who reached retirement age (65 for men; 62 for women) in 1961 must, under present law, have $3\frac{1}{4}$ years of coverage out of the 6 years in which they could possibly have been covered. Under the proposed change, they would need $2\frac{1}{2}$ years.

The bill also changes the provision for excluding periods of disability from the elapsed period for determining insured status. Under existing law a calendar quarter any part of which is in a period of disability is not counted as an elapsed quarter unless it is also a quarter of coverage. The bill would change this to an annual basis to conform to the change in the general insured-status requirement by providing that any year any part of which is in a period of disability will not count as an elapsed year. This change will enable a few people who become disabled to become fully insured with one or two

quarters of coverage less than are required by excluding only quarters that are not quarters of coverage.

The following table shows the number of quarters of coverage required for fully insured status, under existing law and under the bill, for women who attain age 62 and men who attain age 65 in specified years, and who did not have a period of disability.

Year of attainment of age 62 (for women) or age 65 (for men)	Required quarters	
	Existing law	Proposed
1956 and earlier.....	6	6
1957.....	8	6
1958.....	9	7
1959.....	10	8
1960.....	12	9
1961.....	13	10
1966.....	20	15
1971.....	26	20
1976.....	33	25
1981.....	40	30
1986.....	40	35
1991 and after.....	40	40

Under this amendment, about 160,000 people who are not now eligible would get benefits in the first 12 months of operation. Taking into account the increase in the minimum benefit and the payment of actuarially reduced benefits to men, the total amount that would be payable to these people in the first 12 months would be \$65 million. The level-premium (long-range) cost would be 0.02 percent of payroll.

The effective date for the liberalization in the insured-status requirement is the 1st month which begins on or after the 30th day after enactment.

4. Increase in widow's, widower's, and surviving dependent parent's benefits

Under the bill the aged widow's benefit would be increased from 75 percent of her husband's retirement benefit to 82½ percent—a 10-percent increase in benefits for such persons. A similar increase would be made in the benefit payable to a dependent widower and to a surviving dependent parent. (Where there is more than one dependent parent the parent's benefits would not be increased—each parent would continue to get 75 percent of the primary benefit.)

An increase in the widow's benefit is one of the most needed changes in the social security program. Aged widows are among the neediest groups in our population. The average benefit for an aged widow today is \$57.80 a month, as compared with \$70 for a retired worker without eligible dependents; under the bill (taking into account the increase in the minimum benefit as well) the average widow's benefit will be increased to \$64.

Widows not only receive lower benefits than do retired workers; they also have less in other income. Very few receive private pensions, for example. According to a survey of beneficiaries conducted by the Bureau of Old-Age and Survivors Insurance in 1957, one-half of the women receiving aged widow's benefits had money income of less than \$270 a year in addition to their old-age and survivors insurance benefit, as compared with \$470 for nonmarried retired workers.

The proposed change would provide needed additional funds for these older women. In addition, men who are currently working will know that through their work and contributions to the program they are building more adequate survivor protection for their families in the event of their death.

Taking into account the increase in the minimum benefit, also recommended at this time, it is estimated that 1,525,000 people would have their benefits increased during the first 12 months of operation by the change in the benefit amounts payable to widows, widowers, and parents. The additional benefits that would be paid out during the first 12 months would amount to about \$105 million. The level-premium cost would be 0.17 percent of payroll.

This change would be effective for the 1st month that begins on or after the 30th day after enactment.

The following table compares the amounts that are now payable, and the amounts that will be payable under the bill, to widows whose deceased husbands had average monthly earnings of given amounts:

Average monthly wage	Amount of widow's benefit under present law	Amount of widow's benefit under the bill
\$50.....	¹ \$33.00	^{1 2} \$40.00
\$100.....	44.30	48.70
\$150.....	54.80	60.30
\$200.....	63.00	69.30
\$250.....	71.30	78.40
\$300.....	78.80	86.70
\$350.....	87.00	95.70
\$400.....	95.30	104.80

¹ Where widow is sole survivor.

² Reflects the increase in the minimum benefit provided for in the bill.

5. *Extension of the time for filing fully retroactive applications for establishing disability periods*

The committee's bill would extend for 1 year—through June 30, 1962—the time within which insured workers with longstanding disabilities may file applications for disability protection on the basis of which the beginning of a period of disability could be established as early as the actual onset of disablement. This provision of the bill would allow more time for persons who have only recently—through the 1960 amendment that provided cash disability benefits for disabled workers under age 50—become eligible for monthly disability benefits to file for these benefits. Many of these new eligibles only now are learning of their rights to disability benefits.

6. *Facilitation of coverage for certain State and local employees and certain ministers*

(a) *Addition of New Mexico to the States which may provide coverage through division of retirement systems.*—The committee has added a provision to the House-approved bill which would make applicable to the State of New Mexico the provision in present law which permits 16 specified States and all interstate instrumentalities to divide their retirement systems into two parts for the purpose of extending old-age, survivors, and disability insurance coverage, under the States' coverage agreements with the Secretary of Health, Education, and

Welfare, to only those State and local government employees who desire such coverage, provided all future entrants into the retirement system are covered compulsorily. The 16 States which are now permitted to extend coverage under this provision are California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin.

(b) *Facilitating coverage under the provision for division of State and local government retirement systems.*—The committee has added a provision to the bill which would provide an additional opportunity for State and local employees to elect coverage under the provision permitting specified States to extend coverage to only those members of retirement systems who desire such coverage. Under a provision added to the act by the 1958 amendments, individuals who do not choose coverage at the first opportunity may, at their request, be covered by the State at any time within a year after the date on which coverage for the group was approved (or before January 1, 1960, if that was later). The committee's amendment provides that the option of bringing additional persons under coverage would be open for 2 years after coverage for the group was approved, or through December 31, 1962, if that date is later.

Many individuals whose time for electing coverage has expired have asked that they be given a further opportunity to obtain coverage. For various reasons, these individuals were not covered within the time limits established by the 1958 amendments. The committee amendment would reopen or hold open the option of obtaining coverage until the end of 1962 in cases where coverage has been extended to a retirement system group before this year. In cases where coverage is extended to a retirement system group this year or in the future, the amendment would allow coverage to be open for 2 years after coverage was initially approved. This extension of time takes account of the fact that many State legislatures meet only once every 2 years, and of other factors which might result in individuals not coming under the program within 1 year after the original coverage extension.

The committee amendment specifically requires that coverage for members of a retirement system who are brought under the old-age, survivors, and disability insurance program after coverage has been initially extended must begin on the same date as for those originally coming under the program, to avoid any possible differences in treatment as between those initially choosing coverage and those covered later.

(c) *Giving survivors of certain ministers opportunity to elect coverage.*—The 1960 amendments provided an extension of the time provided for ministers to elect old-age and survivors, and disability insurance coverage up to April 16, 1962. Under a provision added to the bill by the committee, the survivors of ministers (or Christian Science practitioners) who die on or after the date of enactment of the 1960 amendments (September 13, 1960) and before April 16, 1962, would be eligible to take advantage of this extension. Such a survivor, as in the case of the minister himself had he lived, would have the opportunity through April 15, 1962, to file a certificate electing coverage of services performed by the minister before his death. A certificate filed by a survivor would be effective generally to cover the minister's services retroactively for 1 year just as if the certificate had been filed by the minister himself on the date of his death.

Under present law a waiver certificate may not be filed on behalf of a minister after his death. Thus, if a minister dies without electing coverage there is no way for his family to secure old-age, survivors, and disability insurance protection. The committee believes that a minister's family should not be deprived of social security benefits because the minister died before he had a full opportunity to exercise his right to elect coverage under the 1960 legislation.

7. Increase in tax rates

It is essential that the old-age, survivors, and disability insurance program remain soundly financed. The Congress has established the policy that the tax schedule in the law should make the system fully self-supporting and keep it actuarially sound. Consistent with this policy, the increase in the bill for employees and employers would be one-eighth of 1 percent each. The rate for the self-employed was, under the House-approved bill, 1½ times the rate for employees; or, in other words, the rate is increased by three-sixteenths of 1 percent. The fractions resulting from an increase of three-sixteenths of 1 percent will, in the committee's opinion, make it difficult for self-employed people to compute their taxes. Therefore, in the committee bill the rates for the self-employed are expressed in decimals, rounded to the nearest tenth of 1 percent.

The new tax schedule would be as follows:

Years	Rate for employees and employers	Rate for self-employed
	Percent	Percent
1962.....	3½	4.7
1963 to 1965.....	3¾	5.4
1966 to 1968.....	4¼	6.2
1969 and later.....	4½	6.9

8. Actuarial cost estimates for the old-age, survivors, and disability insurance system

(a) *Financing policy.*—The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress expressed the opinion that the program should be completely self-supporting from the contributions of covered individuals and employers and repealed the provision permitting appropriations to the system from general revenues of the Treasury. This policy has been continued in subsequent amendments, with the Congress believing that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and, therefore, actuarially sound.

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This is not a necessary basis for a national compulsory social insurance system and, moreover, is not always the

case for well-administered private pensions, which may not have "funded" all the liability for benefits based on prior service.

It can reasonably be presumed that a social insurance system under Government auspices will continue indefinitely into the future. The test of financial soundness is not then a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from taxes and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. The concept of "unfunded accrued liability" does not have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This is the case if the estimated future income from contributions and from interest earnings on the accumulated trust funds will, over the long run, support the estimated disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates. Nonetheless, the intent that the system be self-supporting (or actuarially sound) can be expressed in law by a contribution schedule that, according to the intermediate-cost estimate, results in the system being substantially in balance.

(b) *Actuarial balance of program in past years.*—The actuarial balance under the 1952 act¹ was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table 1. This was the case because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding its enactment, which virtually offset the increased cost due to benefit liberalizations. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-premium cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

¹ The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

TABLE 1.—Actuarial balance of old-age, survivors, and disability insurance program under various acts for various estimates on an intermediate cost basis

[Percent]

Legislation	Date of estimate	Level-premium equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
Old-age, survivors, and disability insurance ⁴				
1950 act.....	1950	6.05	5.95	-0.10
1952 act.....	1952	5.85	5.75	-.10
1952 act.....	1954	6.62	6.05	-.57
1954 act.....	1954	7.50	7.12	-.38
1954 act.....	1956	7.45	7.29	-.16
1956 act.....	1956	7.85	7.72	-.13
1956 act.....	1958	8.25	7.83	-.42
1958 act.....	1958	8.76	8.52	-.24
1958 act.....	1960	8.73	8.68	-.05
1960 act.....	1960	8.98	8.68	-.30
1961 bill.....	1961	9.33	9.03	-.30
Old-age and survivors insurance ⁴				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	-.57
1958 act.....	1958	8.27	8.02	-.25
1958 act.....	1960	8.38	8.18	-.20
1960 act.....	1960	8.42	8.18	-.24
1961 bill.....	1961	8.77	8.53	-.24
Disability insurance ⁴				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+.15
1958 act.....	1958	.49	.50	+.01
1958 act.....	1960	.35	.50	+.15
1960 act.....	1960	.56	.50	-.06
1961 bill.....	1961	.56	.50	-.06

¹ Expressed as a percentage of taxable payroll.

² Including adjustments (a) to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, and (c) for administrative expense costs.

³ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

⁴ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then-current estimates had indicated in regard to the financing of the 1952 act.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were considerable numbers of retirements from

among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. This may have been due, in large part, to the liberalizations of the retirement test that had been made in recent years—so that aged persons are better able to effectuate a smoother transition from full employment to full retirement. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by an immediate increase of 0.5 percent in the combined employer-employee contribution rate and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability-insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

At the beginning of 1960, the cost estimates for the old-age, survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption previously based on the 1956 level was changed to reflect the 1959 level. Also, data had just become available on the detailed operations of the disability provisions for 1956, the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who meet the insured status conditions to be eligible for these benefits had been significantly overestimated. It was also found that the disability experience in respect to eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability-insurance portion of the program.

The committee believes that it is a matter for concern if either portion of the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view has been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system is about 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in

the tax schedule or through other methods, and at the same time the actuarial status of the program was improved. The changes provided in the committee's bill are in conformity with these principles.

(c) *Basic assumptions for cost estimates.*—Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow, but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors, and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1970 and thereafter) are presented on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1959. In addition to the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to provide a basis for the financing provisions.

In general, the costs are shown as percentages of covered payroll, the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease.

The short-range cost estimates (shown for the individual years 1961–65) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved can be so forecast that only a single estimate is necessary. A gradual rise in the earnings level in the future, paralleling that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the "21st Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund" (H. Doc. No. 60, 87th Cong.).

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then because the number of births in the 1930's was very low compared with subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which would tend to result in low-benefit costs for the old-age, survivors, and disability insurance system during that period. Accordingly, the year 2000 is by no means a typical ultimate year insofar as costs are concerned. It is assumed that benefit payments remain level after the year 2050.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based

on discounting at interest. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

The long-range estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they are assumed to rise steadily until the year 2050 as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the program in relation to payroll is a very important "safety factor" in the financial operations of the system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings; if experience follows the high-cost assumption, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). The possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation.

If benefits are adjusted currently to keep pace with rising earnings trends as they occur, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since, under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad

Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service (and also for all survivor cases).

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that over the long range the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. The cost estimates reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in 1961 and thereafter.

(d) *Results of intermediate-cost estimates.*—The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging the dollar estimates and then developing the corresponding estimates relative to payroll. The intermediate-cost estimate does not represent the most probable estimate, which it is impossible to develop. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

Because Congress believes that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis, a single estimate is necessary in the development of a tax schedule. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

From an actuarial-cost standpoint, the benefit and contribution provisions of the committee's bill are substantially the same as those of the House-approved bill.

The contribution schedule contained in the committee's bill in respect to the combined employer-employee rate is higher than that under present law by 0.25 percent in all future years. The principle that the tax rate for the self-employed should be 75 percent of the combined employer-employee rate is continued, except that under the committee's bill the resulting rate is rounded to the nearest one-tenth of 1 percent rather than being carried out to an exact fraction, as in the House-approved bill. The committee's change will make tax computation easier for the self-employed. The maximum earnings base to which these tax rates are applied is the same under the com-

mittee's bill as under present law—namely, \$4,800 per year. These schedules are as follows:

Calendar year	Employee rate (same for employer)		Self-employed rate		
	Present law	Bill	Present law	House- approved bill	Committee- approved bill
1962.....	3	3½	4½	4½	4.7
1963 to 1965.....	3½	3½	5¼	5½	5.4
1966 to 1968.....	4	4½	6	6¾	6.2
1969 and after.....	4½	4½	6¾	6½	6.9

The interest rate used for the level-premium costs for the committee's bill is 3.02 percent. This is the same rate that was used in the cost estimates for the 1960 amendments.

Table 1 has shown that under the 1960 amendments the lack of actuarial balance of the old-age and survivors insurance system was 0.24 percent of payroll. The disability insurance system similarly had a lack of actuarial balance of 0.06 percent of payroll. The effect of the 1960 amendments on the combined old-age, survivors, and disability insurance system was an actuarial deficit of 0.30 percent of payroll, which is well within the margin of variation possible in actuarial cost estimates, and which is about the same as had generally prevailed in the past when the system has been considered to be in substantial actuarial balance.

Under the committee's bill the benefit changes proposed would, it is estimated, be exactly financed by the increases in the contribution rates. Accordingly, the previous figures as to lack of actuarial balance continue to apply. The level-premium cost of the benefits and the level-premium equivalent of the contributions are somewhat higher than in respect to the 1960 act, not only because of the provisions of the bill, but also because of the valuation date being 2 years later (beginning of 1962, instead of beginning of 1960); but the relative relationship of benefits and contributions is about the same. If the cost estimates had been based on a higher interest rate than 3.02 percent (which is somewhat above the current level being earned by the trust funds although considerably below the prevailing market rate of interest on long-term Government obligations), the lack of actuarial balance would have been considerably less than 0.30 percent of payroll. In fact, if an interest rate of 3½ percent had been hypothesized, the cost estimates would show no actuarial deficit.

Table 2 traces through the change in the actuarial balance of the system from its situation under the 1960 act, according to the latest estimate, to that under the committee's bill, by type of major changes involved.

TABLE 2.—Changes in actuarial balance, expressed in terms of estimated level-premium cost as percentage of taxable payroll, by type of change, intermediate-cost estimate, 1960 act and committee bill

[Percent]	
Item	Committee bill
Old-age and survivors insurance benefits:	
Lack of balance (—) under 1960 act.....	-0.24
Increase in widow's benefit to 82½ percent of primary benefit ¹	-.17
Increase in minimum benefit to \$40.....	-.06
Liberalization of fully insured status ²	-.02
Reduction in retirement age for men (to 62).....	.00
Effect of increased contribution rates.....	+.25
Lack of balance (—).....	-.24
Disability insurance benefits:	
Lack of balance under 1960 act (—).....	-.06
Effect of changes in bill ³.....	.00
Lack of balance (—).....	-.06

¹ Similar increase for widower's and parent's benefits.

² Requirement is 1 quarter of coverage for every 4 "elapsed quarters," instead of "1 for 3" (with 40 quarters as maximum requirement in each instance).

³ The increase in the minimum benefit and the liberalization of fully insured status result in small increases in cost, but these are offset by the lower cost resulting from some men claiming reduced old-age benefits and then not being eligible for disability benefits later.

The changes made by the committee's bill would have relatively little cost effect in the disability insurance portion of the program. Few disability beneficiaries qualify for as little as the minimum benefit (less than 1 percent of the awards in 1959 were for under \$40). Also, the liberalization of the fully insured status provision would have little effect in making more persons eligible for these benefits because the vast majority of persons who meet the requirement of 20 quarters of coverage out of the last 40 quarters will thereby have sufficient coverage so as to be fully insured under the definition in present law. On the other hand, the introduction of actuarially reduced benefits for men electing them between ages 62 and 65 will reduce the disability benefit costs slightly; in certain cases a man might take the reduced benefits and thus no longer be eligible for disability benefits, whereas under present law, he might have qualified for the latter at some later date (but before age 65). As a result of these counterbalancing factors, it is estimated that there is no significant change in the cost of the disability insurance portion of the program.

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the old-age and survivors insurance system be financed by a high, level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level-premium cost of the old-age and survivors insurance benefits (without considering administrative expenses and the effect of interest earnings on the existing trust fund) under the 1960 act, according to the latest intermediate-cost estimate, was about 8.5 per-

cent of payroll, and the corresponding figure for the committee's bill is about 8.8 percent. The corresponding figures for the disability benefits are 0.56 percent for both the 1960 act and the committee's bill.

Table 3 presents the benefit costs under the committee's bill, separately for each of the various types of benefits.

TABLE 3.—*Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under committee bill as percentage of taxable payroll,¹ by type of benefit, intermediate-cost estimate at 3.02 percent interest,*

[Percent]

Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.11	0.44
Wife's benefits.....	.60	.05
Widow's benefits.....	1.43	(?)
Parent's benefits.....	.02	(?)
Child's benefits.....	.46	.07
Mother's benefits.....	.11	(?)
Lump-sum death payments.....	.12	(?)
Total benefits.....	8.85	.56
Administrative expenses.....	.10	.02
Interest on existing trust fund ³	-.18	-.02
Net total level-premium cost.....	8.77	.56

¹ Including adjustment to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate.

² This type of benefit is not payable under this program.

³ This item is taken as an offset to the benefit and administrative expense costs.

The level-premium contribution rates equivalent to the graded schedules in the law may be computed in the same manner as level-premium benefit costs. These are shown in table 1, as are also figures for the net actuarial balances.

Under the committee's bill, old-age and survivors insurance benefit disbursements for the calendar year 1961 will be increased by about \$285 million, since the effective date for the increased benefits is the second month after the month of enactment (here assumed to be June 1961, so that the first increased benefits are for August, and these will be reflected in checks issued at the beginning of September). There will, of course, be no additional income during 1961, since the contribution rate increases are effective on January 1, 1962.

In calendar year 1961, benefit disbursements under the old-age and survivors insurance system as modified by the committee's bill will total about \$11.9 billion. At the same time, contribution income for old-age and survivors insurance in 1961, inclusive of reimbursements from the General Treasury for the additional cost of noncontributory credit for military service, will amount to about \$11.7 billion under the committee's bill, the same as under present law. Thus, the excess of benefit outgo over contribution income will be about \$225 million under the committee's bill, as compared with an almost exact balance under present law. The size of the old-age and survivors insurance trust fund under the committee's bill will, on the basis of this estimate, decrease by about \$300 million in 1961 (interest receipts approximately equal the outgo for administrative expenses and for transfers to the railroad retirement account); under present law, it is

estimated that this trust fund would remain relatively unchanged as between the beginning and the end of 1961.

In 1962, benefit disbursements under the old-age and survivors insurance system as it would be modified by the committee's bill will be about \$13.2 billion, or an increase of about \$800 million over present law. Contribution income for old-age and survivors insurance for 1962 will be \$12.4 billion, an increase of about \$400 million over present law. Accordingly, in 1962, there will be an excess of benefit outgo over contribution income of about \$800 million under the committee's bill, as against a corresponding figure of \$400 million under present law. Under the committee's bill, the situation will reverse in 1963 (as a result of the presently scheduled increase in the tax rate), and there will be an excess of contributions over benefit outgo of about \$800 million in 1963 and about \$1.1 billion in 1964.

Under the committee's bill, according to this estimate, the old-age and survivors insurance trust fund will thus decrease in 1961-62 from its size of \$20.3 billion at the end of 1960, declining to \$20.0 billion at the end of 1961 and \$19.2 billion at the end of 1962. At the end of 1963, however, it is estimated to rise to \$20.0 billion. Under present law, the decrease in the trust fund during 1961-62 is estimated at about \$400 million.

As to the disability insurance system, for the reasons described previously, the cost estimates for the program as it would be modified by the committee's bill are unchanged from those for present law. In calendar year 1961, such benefit disbursements will total about \$850 million, and there will be an excess of contribution income over benefit disbursements of about \$200 million. Similarly, in 1962 and the years immediately following, contribution income will be well in excess of benefit outgo.

Table 4 gives the estimated operation of the old-age and survivors insurance trust fund under the committee's bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but it is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 4.—Progress of old-age and survivors insurance trust fund under committee bill, high-employment assumptions, intermediate-cost estimate at 3.02 percent interest ¹

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ²	Interest on fund ¹	Balance in fund ³
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	468	20,576
1955.....	5,713	4,968	119	-----	461	21,663
1956.....	6,172	5,715	132	-----	531	22,519
1957.....	6,825	7,347	⁴ 162	-----	557	22,393
1958.....	7,566	8,327	⁴ 194	-\$121	549	21,864
1959.....	8,052	9,842	184	-275	525	20,141
1960.....	10,866	10,677	203	-308	506	20,324
Estimated data (short-range estimate)						
1961.....	\$11,713	\$11,943	\$268	-\$310	\$509	\$20,026
1962.....	12,376	13,151	259	-305	511	19,198
1963.....	14,638	13,813	258	-325	526	19,966
1964.....	15,482	14,374	271	-320	573	21,056
1965.....	15,864	14,840	282	-305	632	22,125
Estimated data (long-range estimate)						
1970.....	\$20,583	\$16,898	\$245	-\$160	\$1,189	\$38,120
1975.....	22,298	19,657	260	-91	1,724	59,232
1980.....	24,000	22,633	270	1	2,250	77,300
2000.....	32,386	31,451	356	86	3,972	135,811
2020.....	39,396	43,106	456	86	7,700	260,614

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, which is equivalent to such fixed rate.

² A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse. Interest payment adjustments between the 2 systems are included in the "interest" column.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service.

In every year after 1962 for the next 25 years, contribution income under the committee's bill is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily, reaching \$38 billion in 1970, \$77 billion in 1980, and over \$135 billion at the end of this century. In the very far distant future, namely, in about the year 2025, the trust fund is estimated to reach a maximum of about \$275 billion, and then decrease. The old-age and survivors insurance trust fund, according to this estimate, will not become exhausted until about a century hence.

The disability insurance trust fund, under the committee's bill, grows steadily for about the next 10 years and then decreases slowly, according to the intermediate-cost estimate, as shown by table 5. In 1970, it is shown as being \$3.4 billion, while in 1980, the corresponding figure is \$2.4 billion, respectively. There is an excess of contribution income over benefit disbursements for every year up to about 1965, and even thereafter the trust fund continues to grow because of its interest earnings. This trust fund is shown to decline after 1970, which is to be expected since the level-premium cost of the disability benefits according to the intermediate-cost estimate is slightly higher than the level-premium income, 0.50 percent of payroll. As the experience develops, it will be necessary to study it very carefully to determine whether the actuarial cost factors used are appropriate or if the financing basis needs to be modified. The use of slightly less conservative cost factors would result in the cost estimates for the disability insurance system probably showing it to be completely in actuarial balance, with a trust fund that would grow steadily and level off rather than declining.

TABLE 5.—Progress of disability insurance trust fund under committee bill, high-employment assumptions, intermediate-cost estimate at 3.02 percent interest ¹

[In millions]					
Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund ¹	Balance in fund
Actual data					
1957.....	\$702	\$57	\$3	\$7	\$649
1958.....	966	249	12	25	1,379
1959.....	891	457	50	41	1,825
1960.....	1,015	568	36	53	2,289
Estimated data (short range estimate)					
1961.....	\$1,044	\$857	\$43	\$61	\$2,494
1962.....	1,079	986	49	71	2,609
1963.....	1,108	1,071	52	78	2,672
1964.....	1,141	1,137	54	81	2,703
1965.....	1,171	1,186	57	83	2,714
Estimated data (long range estimate)					
1970.....	\$1,177	\$1,229	\$53	\$111	\$3,354
1975.....	1,275	1,401	58	95	3,108
1980.....	1,372	1,550	62	75	2,438
2000.....	1,852	2,048	80	(3)	(3)
2020.....	2,252	2,701	103	(3)	(3)

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, which is equivalent to such fixed rate.

² These figures are artificially low because of the method of reimbursements between the trust fund and the old age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

³ Fund exhausted in 1983.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

(e) *Results of cost estimates on range basis.*—Table 6 shows the estimated operation of the old-age and survivors insurance trust fund under the committee's bill for the low- and high-cost estimates, while table 7 gives corresponding figures for the disability insurance trust fund.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$255 billion and is then growing at a rate of about \$14 billion a year. Likewise, the disability insurance trust fund grows steadily under the low-cost estimate, reaching about \$10 billion in 1980 and \$26 billion in the year 2000, at which time its annual rate of growth is about \$1 billion. For both trust funds, under these estimates, benefit disbursements do not exceed contribution income in any year after 1962 for the foreseeable future.

TABLE 6.—*Estimated progress of old-age and survivors insurance trust fund under committee bill, high-employment assumptions, low- and high-cost estimates*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund	Balance in fund
Low-cost estimate						
1970.....	\$20,640	\$16,541	\$230	-\$100	\$1,320	\$42,363
1975.....	22,504	19,113	240	-41	1,969	67,897
1980.....	24,509	21,734	250	41	2,713	93,831
2000.....	35,050	28,564	332	126	7,404	255,693
High-cost estimate						
1970.....	\$20,527	\$17,259	\$260	-\$220	\$1,059	\$33,876
1975.....	22,094	20,204	280	-141	1,479	50,557
1980.....	23,492	23,537	290	-39	1,786	60,743
2000.....	29,721	34,340	379	46	537	² 15,834

¹ A positive figure indicates payment to the trust fund from the railroad retirement account and a negative figure indicates the reverse.

² Fund exhausted in 2004.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service.

TABLE 7.—*Estimated progress of disability insurance trust fund under committee bill, high-employment assumptions, low- and high-cost estimates*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
Low-cost estimate					
1970.....	\$1,180	\$934	\$51	\$180	\$5,622
1975.....	1,287	1,049	55	223	7,599
1980.....	1,401	1,160	58	285	9,805
2000.....	2,004	1,573	78	743	25,537
High-cost estimate					
1970.....	\$1,174	\$1,525	\$55	\$42	\$1,089
1975.....	1,263	1,752	62	(¹)	(¹)
1980.....	1,343	1,943	66	(¹)	(¹)
2000.....	1,699	2,522	82	(¹)	(¹)

¹ Fund exhausted in 1973.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

On the other hand, under the high-cost estimate the old-age and survivors insurance trust fund builds up to a maximum of about \$63 billion in about 25 years, but decreases thereafter until it is exhausted shortly after the year 2000. Under this estimate, benefit disbursements from the old-age and survivors insurance trust fund are less than contribution income during all years after 1962 and before 1980.

As to the disability insurance trust fund, under the high-cost estimate, in the early years of operation the contribution income is about the same as the benefit outgo. Accordingly, the disability insurance trust fund, as shown by this estimate, will be about \$2.5 billion during 1961-64 and will then slowly decrease until it is exhausted in 1973.

The foregoing results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately self-supporting. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency will eventually arise. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports, the tax schedule would be adjusted in future years so that none of the developments of the trust funds shown in tables 6 and 7 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

Table 8 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the committee's bill as a percentage of payroll for various future years through the year 2050, and also the level-premium cost of the two programs for the low-, high-, and intermediate-cost estimates (as was previously shown in tables 1 and 3 for the intermediate-cost estimate).

TABLE 8.—Estimated cost of benefits of old-age, survivors, and disability insurance system as percent of payroll,¹ under committee bill

[In percent]

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
Old-age and survivors insurance benefits			
1970.....	7.01	7.35	7.18
1980.....	7.76	8.76	8.25
1990.....	7.94	10.00	8.92
2000.....	7.13	10.10	8.49
2025.....	8.02	13.28	10.20
2050.....	10.17	15.16	12.11
Level-premium cost ³	7.69	10.06	8.77
Disability insurance benefits			
1970.....	0.40	0.65	0.52
1980.....	.41	.72	.56
1990.....	.39	.71	.54
2000.....	.39	.74	.55
2025.....	.45	.82	.60
2050.....	.49	.85	.63
Level-premium cost ³.....	.42	.73	.56

¹ Taking into account lower contribution rate for the self-employed, as compared with combined employer-employee rate.

² Based on the average of the dollar costs under the low-cost and high-cost estimates.

³ Level-premium contribution rate, at 3.02 percent interest rate, for benefits after 1961, taking into account interest on the Dec. 31, 1961, trust fund, future administrative expenses, and the lower contribution rates payable by the self-employed.

(f) *Summary of actuarial cost estimates.*—The old-age, survivors, and disability insurance system, as modified by the committee's bill, has an estimated benefit cost that is very closely in balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted.

The old-age and survivors insurance system as modified by the committee's bill is about as close to actuarial balance, according to the intermediate-cost estimate, as was the 1960 act according to the latest cost estimates. The system as modified by the committee's bill, and the system as it was modified by the previous amendments, has been shown to be not quite self-supporting under the intermediate-cost estimate. Nevertheless, there is close to an exact balance, especially considering that a range of variation is necessarily present in the long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program, under the committee's bill, is actuarially sound. The cost of the liberalized benefits under the committee's bill is met by the financing provided.

The separate disability insurance trust fund established under the 1956 act shows a small lack of actuarial balance under the committee's bill, as under the 1960 act, because the contribution rate allocated to this fund is slightly less than the cost of the disability benefits, based on the intermediate-cost estimate. Considering the variability of cost estimates for disability benefits and certain elements of conservatism believed to be present in these estimates, this small actuarial deficit is not significant.

B. PUBLIC ASSISTANCE

1. Additional Federal participation in public assistance payments

The committee has added a provision to the bill intended to encourage States that are already making payments up to the Federal maximums in the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled to further increase such payments. Under existing law, the Federal Government participates in payments under these programs up to an average of \$65 and, in the case of old-age assistance, participates additionally in payments for medical care of recipients up to an additional \$15 beyond the \$65 maximum. The amendment would increase the amount by \$2.50 above the present maximums. The Federal share of this amount would vary from 50 percent in States at or above the national per capita income to 65 percent in the States with lowest per capita incomes. The amendment would be effective for 1 year ending on June 30, 1962, the same date that several other provisions affecting the public assistance programs are scheduled to expire. The amendment includes a provision designed to assure that the States will not receive additional funds unless they pass on at least the additional Federal funds to the recipients of assistance.

2. Costs

The estimated cost of the amendment for the fiscal year 1962 is \$20 million. The accompanying table shows the amount for which individual States will be eligible on the basis of the present State and local expenditures assuming that States that are eligible to do so would increase their payments and thus avail themselves of the full amount of Federal funds to which they will then be entitled.

Public assistance: Annual additional Federal cost of raising maximum from \$65 to \$67.50¹ (based on data for April 1961)

States and other jurisdictions	Increase in Federal funds (amounts in thousands)			
	Total	Old-age assistance ²	Aid to the blind	Aid to the permanently and totally disabled
Total.....	\$20,045	\$16,643	\$785	\$2,617
Alabama.....				
Alaska.....	23	21	2	(3)
Arizona.....	15		15	(3)
Arkansas.....				
California.....	4,186	3,804	198	184
Colorado.....	838	743	5	90
Connecticut.....	251	212	5	34
Delaware.....	10		4	6
District of Columbia.....	82	37	3	42
Florida.....	13			13
Georgia.....				
Guam.....				
Hawaii.....	16		1	15
Idaho.....	167	141	3	23
Illinois.....	335		44	291
Indiana.....	29		29	(3)
Iowa.....	626	589	25	12
Kansas.....	561	478	10	73
Kentucky.....				
Louisiana.....	2,499	2,445	54	
Maine.....	268	224	1	43
Maryland.....				
Massachusetts.....	1,137	950	32	155
Michigan.....	943	841	26	76
Minnesota.....	861	798	18	
Mississippi.....				
Missouri.....				
Montana.....	26		5	21
Nebraska.....	49		13	36
Nevada.....	42	39	3	(3)
New Hampshire.....	96	84	4	8
New Jersey.....	409	284	14	111
New Mexico.....	258	207		51
New York.....	1,594	991	53	550
North Carolina.....				
North Dakota.....	162	138	2	22
Ohio.....	252		52	200
Oklahoma.....	1,941	1,714	35	192
Oregon.....	343	261	4	78
Pennsylvania.....	395	300	95	
Puerto Rico.....				
Rhode Island.....	137	89	2	46
South Carolina.....				
South Dakota.....				
Tennessee.....				
Texas.....				
Utah.....	50			50
Vermont.....	15	-9	1	14
Virgin Islands.....				
Virginia.....				
Washington.....	813	711	11	109
West Virginia.....				
Wisconsin.....	620	542	15	63
Wyoming.....	10		1	9

¹ Assumes increase in Federal funds will be passed along to recipients in the form of higher money payments.

² Assumes that 1961 amendment increasing from \$12 to \$15 per month the average vendor medical payment in which there is Federal participation (as provided under the Social Security Amendments of 1960) was already in effect.

³ No program in operation.

⁴ Increase would be larger if vendor medical payments were raised instead of money payments.

C. TEMPORARY ASSISTANCE TO U.S. NATIONALS RETURNED FROM FOREIGN COUNTRIES

The committee bill would add a new section to the Social Security Act which would authorize the appropriation for a program of temporary assistance to U.S. nationals returned from foreign countries. The program, to be administered by the Secretary of Health, Education, and Welfare, is designed to assist two distinct groups of individuals who are to be identified by the State Department as having returned or been brought from foreign lands to this country. The assistance would be provided exclusively in this country, primarily at ports of entry, and would go to (1) destitute or ill nationals and dependents of nationals who are ill, and (2) nationals displaced or returned from foreign lands because of war, threat of war, invasion, or similar crisis. Both such groups of nationals must be without immediately available resources. But the Secretary of Health, Education, and Welfare will provide, by regulation, that those individuals who can do so shall reimburse the Federal Government. All funds in the program will come from the Federal Government and the Secretary of Health, Education, and Welfare can provide assistance directly or through the facilities of public or private agencies. The temporary assistance may include money payments, medical care, temporary billeting, transportation, and other goods and welfare services.

The need for this authority is particularly acute at the present time because of the repatriation of a substantial number of American citizens from Cuba. However, for many years, the welfare needs of sick and destitute nationals arriving in this country have presented a problem to State welfare and private agencies in port areas.

IV. SECTION-BY-SECTION ANALYSIS

The first section of the bill provides that it may be cited as the "Social Security Amendments of 1961."

The remainder of the bill is divided into three titles and eight sections as follows:

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

- Sec. 101. Increase in minimum benefits.
- Sec. 102. Reduced benefits for men at age 62.
- Sec. 103. Fully insured status.
- Sec. 104. Increase in widow's, widower's, and parent's insurance benefits.
- Sec. 105. Retroactive effect of certain applications for disability determinations.
- Sec. 106. Extension of time within which certain State-Federal agreements may be modified.
- Sec. 107. Inclusion of New Mexico among States which may divide their retirement systems into two parts.
- Sec. 108. Effective date.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Sec. 201. Changes in tax schedules.

Sec. 202. Extension of time to elect coverage on behalf of ministers.

TITLE III—MISCELLANEOUS

Sec. 301. Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance.

Sec. 302. Assistance for returning U.S. nationals.

Sec. 303. Additional Federal participation in public assistance payments.

Sec. 304. Meaning of term "Secretary."

SEC. 101. INCREASE IN MINIMUM BENEFITS

(a) *Increase in minimum primary insurance amount.*—Section 101(a) of the bill amends section 215(a) of the Social Security Act, which contains the table for determining primary insurance amounts and maximum family benefits. Under this amendment, the minimum primary insurance amount is increased from \$33 to \$40. The primary insurance amount is the amount payable to a retired worker (before any reduction because benefit payments begin before age 65), to a disabled worker receiving disability insurance benefits, and to a person described in section 202(m) of the Social Security Act (generally, a person who is the only survivor receiving minimum benefits on a worker's record). The primary insurance amount of the worker is also used in arriving at the amount of monthly benefits to which other persons are entitled. The wife's, husband's, child's, widow's, widower's, mother's, and parent's insurance benefits are specified percentages or fractions of the worker's primary insurance amount.

Under the amendment, all families now receiving benefits based on primary insurance amounts of less than \$40 will have their benefit amounts increased. Similarly, individuals coming on the rolls with respect to months beginning on or after the effective date of title I of the bill will be entitled to benefits based on primary insurance amounts of at least \$40.

The maximum amount of benefits payable to a family on an earnings record at the new minimum will be \$60. The corresponding maximum under existing law is \$53.

Finally, the amendment will increase the minimum lump-sum death payment under section 202(i) of the Social Security Act from \$99 to \$120.

(b) *Effective date for increase in minimum benefits.*—Section 101(b) of the bill provides the effective date for the increase in minimum benefits made by section 101(a) of the bill. The amendment is to apply (1) in the case of monthly benefits, to such benefits for months beginning on or after the effective date for title I of the bill, and (2) in the case of lump-sum death payments, where the death occurs on or after such effective date. Section 106 of the bill provides that the effective date for title I of the bill is the 1st day of the 1st calendar month which begins on or after the 30th day after the day on which the bill is enacted.

SEC. 102. REDUCED BENEFITS FOR MEN AT AGE 62

(a) *Age requirement for monthly benefits for men reduced from 65 to 62.*—Section 102(a) of the bill amends section 202 of the Social Security Act by striking out “retirement age” and “retirement age (as defined in section 216(a))” each place they appear therein and by inserting in lieu thereof “age 62”. The effect of these amendments is to reduce from 65 to 62 the age at which men may become entitled to old-age, husband’s, widower’s, and parent’s insurance benefits. As explained below, old-age insurance benefits and husband’s insurance benefits which become payable to men before they have attained age 65 will be reduced; widower’s and parent’s insurance benefits which become so payable will not be reduced.

(b)(1) *Adjustment of old-age, wife’s, or husband’s insurance benefit amounts in accordance with age of beneficiary.*—Section 102(b)(1) of the bill amends subsections (q) and (r) of section 202 of the Social Security Act to provide (1) the method for reducing old-age insurance benefits for men, and husband’s insurance benefits, where the beneficiary becomes entitled to such benefits before attaining age 65, and (2) to simplify and improve the method of reduction for both men and women. In general, the reduction provided by the bill is patterned after the reduction provided in existing law in the case of old-age insurance benefits for women, and wife’s insurance benefits, where the beneficiary becomes entitled to such benefits before attaining age 65.

One of the most important of the changes in the method of reduction appears in the amended section 202(q)(3) and relates to certain cases where the benefit of an individual is increased after he begins receiving such benefit. Under existing law, the amount of any benefit increase for a woman receiving reduced benefits is reduced on the basis of the beneficiary’s age when the original benefit began. Under the amended section 202(q)(3), an increase in the reduced benefit of a man or woman (where such increase is attributable to an increase in the primary insurance amount on which such benefit is based) is treated as a separate benefit, and is reduced in accordance with the beneficiary’s age at the time the increase becomes effective.

Another important change (which is discussed below in connection with the amended sec. 202(q)(2)) relates to the case where entitlement to an old-age insurance benefit begins after entitlement to a wife’s or husband’s insurance benefit. In such a case, under the amendment the amount of the old-age insurance benefit is not reduced by the amount of the reduction in the wife’s or husband’s insurance benefit.

Sec. 202(q)(1). General rule for reduction

Paragraph (1) of the amended section 202(q) of the Social Security Act provides for the reduction of an old-age, wife’s, or husband’s insurance benefit where the first month for which the individual is entitled to such benefit is a month before he attains age 65. The rate of reduction for men will be the same as the rate of reduction provided by existing law for women. Thus, the old-age insurance benefit of a man or woman for any month before he or she attains age 65 will be reduced by $\frac{1}{2}$ of 1 percent of the amount of such benefit,

multiplied by the number of months in the "reduction period" for such benefit for such individual (that is, the number of months in the period beginning with the first month for which such individual is entitled to such benefit and ending with the last day of the month before the month in which such individual attains age 65). For example, in the case of an individual who becomes entitled to an old-age insurance benefit for the month in which he attains age 62 which is based on a primary insurance amount of \$40, such monthly benefit will be reduced by \$8 (20 percent). This is arrived at by multiplying $\frac{5}{9}$ of 1 percent of \$40 by 36 (the number of months in the reduction period). The reduction may be expressed mathematically as follows:

$$\frac{5}{9} \times \frac{1}{100} \times \$40 \times 36 = \$8$$

If, in the preceding example, the first month of entitlement had been the month in which the individual attained 63½, the reduction period would consist of 18 months in lieu of 36, and the reduction would be \$4 (10 percent).

At age 65, the reduction period for this benefit is adjusted as provided in paragraph (6) of the amended section 202(q) for months in which the benefit was subject to deductions under specified provisions of title II of the Social Security Act. The effect of the adjustment under paragraph (6) is to reduce the reduction in old-age insurance benefits, effective for the month of attaining age 65 and for months thereafter, where the individual did not receive such benefits for any month or months before attaining age 65 by reason of work deductions.

A reduction, similar to the reduction for old-age insurance benefits, is made under paragraph (1) of the amended section 202(q) for wife's or husband's insurance benefits to which an individual becomes entitled before attaining age 65. Here, however, the reduction fraction is $\frac{25}{36}$ of 1 percent in lieu of the $\frac{5}{9}$ of 1 percent provided for old-age insurance benefits. (This $\frac{25}{36}$ of 1 percent is the reduction fraction provided by existing law in the case of wife's insurance benefits.)

For example, if an individual becomes entitled to an unreduced wife's or husband's insurance benefit of \$40 for the month in which he or she attains age 62, the reduction under such paragraph (1) will be \$10 (25 percent). This may be expressed mathematically as follows:

$$\frac{25}{36} \times \frac{1}{100} \times \$40 \times 36 = \$10$$

If, instead of becoming so entitled at age 62, the individual became so entitled at age 63½, the reduction for the first month of entitlement, and for each month thereafter before the month in which he or she attains age 65, would be \$5 (12½ percent). At age 65, the reduction period would be adjusted to eliminate months in which benefits were not received for any of the reasons stated in paragraph (6) of the amended section 202(q).

The following table gives examples of the amount of the reduction under paragraph (1) of representative old-age, wife's, and husband's insurance benefits first becoming payable at age 62, 63, or 64:-

	Unreduced amount	Age first payable	Months in reduction period	Amount of reduction*	Reduced benefit
Old-age benefit (reduction fraction equals $\frac{3}{4}$ of 1 percent).	\$40	62	36	\$8	\$32
	40	63	24	5.30	34.70
	40	64	12	2.60	37.40
	\$80	62	36	\$16	\$64
	80	63	24	10.60	69.40
	80	64	12	5.30	74.70
	\$120	62	36	\$24	\$96
	120	63	24	16	104
	120	64	12	8	112
Wife's or husband's benefit (reduction fraction equals $\frac{3}{4}$ of 1 percent).	\$20	62	36	\$5	\$15
	20	63	24	3.30	16.70
	20	64	12	1.60	18.40
	\$40	62	36	\$10	\$30
	40	63	24	6.60	33.40
	40	64	12	3.30	36.70
	\$60	62	36	\$15	\$45
	60	63	24	10	50
	60	64	12	5	55

*In the examples in this explanation, all reductions in benefits which are not multiples of \$0.10 are rounded to the next lower multiple of \$0.10, as required by paragraph (7) of the amended section 202(q).

Sec. 202(q)(2). Special reduction rule for certain cases where individual is entitled to more than one benefit

Paragraph (2) of the amended section 202(q) provides a special rule for reducing the wife's or husband's insurance benefit. It applies if, for the first month for which the individual is entitled to such benefit at or after attaining age 62, the individual is also entitled to an old-age insurance benefit subject to reduction under section 202(q) or to a disability insurance benefit.

The type of case in which paragraph (2) will have its most frequent application is where an individual becomes entitled to an old-age insurance benefit before attaining age 65, and simultaneously or subsequently such individual becomes entitled to a larger wife's or husband's insurance benefit. Paragraph (2)(B) provides that in this case the wife's or husband's insurance benefit is to be reduced by the dollar amount of reduction applicable to the old-age insurance benefit under paragraph (1) of the amended section 202(q), and then further reducing the wife's or husband's insurance benefit by the reduction which would be appropriate under such paragraph (1) if the amount of such benefit were equal to the excess of the unreduced wife's or husband's insurance benefit over the unreduced old-age insurance benefit.

For example, at age 62 an individual becomes entitled to an unreduced old-age insurance benefit of \$40 and to an unreduced wife's or husband's insurance benefit of \$60. Under paragraph (2)(B) of the amended section 202(q), the wife's or husband's insurance benefit would be reduced by \$13 to \$47. First, the dollar amount of reduction

in the old-age insurance benefit of \$40 is determined under paragraph (1). This is \$8. Then paragraph (1) is applied to the excess of the wife's or husband's insurance benefit over the old-age insurance benefit. This excess (computed on the unreduced amount of each benefit) is \$20. Applying paragraph (1) to a wife's or husband's insurance benefit of \$20 to which an individual first becomes entitled at age 62 yields a reduction of \$5. Thus, the total reduction in the \$60 wife's or husband's insurance benefit would be \$13.

If, in the preceding example, the individual had become entitled to an unreduced old-age insurance benefit of \$40 at age 62, and had become entitled to an unreduced wife's or husband's insurance benefit of \$60 at age 63½, then the total reduction in the wife's or husband's insurance benefit would be \$10.50 (\$8, the reduction in the old-age insurance benefit, plus \$2.50, the appropriate reduction under par. (1) for a wife's or husband's insurance benefit of \$20 to which an individual becomes entitled at age 63½).

Paragraph (2)(C) of the amended section 202(q) provides the method of reduction under paragraph (2) in cases where an individual is entitled to a disability insurance benefit and simultaneously or subsequently becomes entitled to a wife's or husband's insurance benefit. Disability insurance benefits are not reduced by reason of the age of the beneficiary. Therefore, in this case the wife's or husband's insurance benefit is reduced by applying paragraph (1) to the amount by which the wife's or husband's insurance benefit (before reduction) exceeds the amount of the disability insurance benefit. For example, at age 62 an individual becomes entitled to a disability insurance benefit of \$40. At age 64 such individual becomes entitled to an unreduced wife's or husband's insurance benefit of \$50 (and remains entitled to the disability insurance benefit). In this case, the wife's or husband's insurance benefit will be reduced by \$0.80 to \$49.20. Under paragraph (2)(C) the reduction is computed by treating the wife's or husband's insurance benefit as being such a benefit of \$10 (the excess of \$50 over \$40). The formula for this reduction may be expressed as:

$$\frac{25}{36} \times \frac{1}{100} \times \$10 \times 12 = \$0.80$$

Paragraph (2)(D) of the amended section 202(q) deals with the case where an individual first becomes entitled to a wife's or a husband's insurance benefit simultaneously with, or subsequently to, entitlement to an old-age insurance benefit or a disability insurance benefit, and later on the entitlement to the old-age insurance benefit or to the disability insurance benefit ceases. Such a case may arise where a man recovers from his disability before he reaches age 65 and is not fully insured for old-age insurance benefits. Such a case may also arise where a man was entitled before age 65 to an old-age insurance benefit based entirely, or in part, on his earnings from railroad work and then acquires sufficient railroad service to make a total of 120 months, as a result of which his entitlement to old-age insurance benefits terminates.

In any such case, the wife's or husband's insurance benefit is reduced under paragraph (2)(D) by applying paragraph (1) to the full amount of the wife's or husband's insurance benefit. In making such application, the reduction period (i.e., the factor consisting of the number of months in the period beginning with the first month of entitlement and ending with the month before the month in which the individual attains age 65) is the reduction period applicable with respect to the first month for which the wife's or husband's insurance benefit was payable (and not the reduction period determined by reference to the month after the month in which entitlement to the old-age insurance benefit or the disability insurance benefit ceased).

As explained below, the amended section 202(r) of the Social Security Act deems that a person who is eligible for an old-age insurance benefit when he or she applies for a reduced wife's or husband's insurance benefit is also applying for such old-age insurance benefit. This provision, together with the amended section 202(q)(2), assures that in the usual case (the case where the wife's or husband's insurance benefit begins at the same time as, or after, a reduced old-age insurance benefit) the wife's or husband's insurance benefit will be reduced to take account of the old-age insurance benefit.

Under existing law (see sec. 202(q)(4) of existing law), where entitlement to an old-age insurance benefit begins after entitlement to a wife's insurance benefit, the old-age insurance benefit is reduced by the dollar reduction applicable to such wife's insurance benefit plus an amount equal to the excess (if any) of the unreduced old-age insurance benefit over the unreduced wife's insurance benefit times five-ninths of 1 percent for each month of entitlement to the old-age insurance benefit before age 65. No provision for reducing an old-age insurance benefit by the dollar amount of the reduction in any previous benefit is contained in the amended section 202(q), and for both men and women in this type of case the old-age insurance benefit (if entitlement begins before attaining age 65) will be reduced under paragraph (1) without regard to the prior reduction in the wife's or husband's insurance benefit. In the case of women now on the rolls whose old-age insurance benefit has been reduced by reason of a prior entitlement to a wife's insurance benefit, this change in law will affect benefits for the month beginning on the effective date of title I of the bill and for months thereafter.

Sec. 202(q)(3). Separate reduction computation for certain increases in benefits

Under existing law, if an old-age insurance or wife's insurance benefit which has been reduced under section 202(q) is later increased for any reason, the reduction period applicable to the original benefit is applied to the increase as though the increase had been payable in the first month for which the individual became entitled to the original benefit. This rule is changed in the amended section 202(q)(3) for any increase in a benefit resulting from an increase in the primary insurance amount (such an increase may arise from a recomputation of the worker's primary insurance amount to take account of additional earnings, or by legislation, such as sec. 101 of the bill, increasing primary insurance amounts).

In the case of any increase described in the amended section 202(q)(3), the increase will be reduced as though it were a separate

benefit beginning in the first month for which it is effective—that is, in accordance with the age the beneficiary attains in the first month for which the increase is effective. Furthermore, the increase will be reduced under paragraph (1) or (2) of the amended section 202(q), whichever of such paragraphs applies in determining the amount by which the original benefit is reduced.

The effect of the amendment to existing law contained in the new paragraph (3) may be illustrated by the following example. Assume that a woman became entitled in the past to an old-age insurance benefit at age 62 on the basis of her primary insurance amount of \$33. This was reduced by \$6.60 (20 percent); so she is at present entitled to a monthly benefit of \$26.40. Section 101 of the bill provides that the minimum primary insurance amount, and therefore the minimum unreduced old-age insurance benefit, is to be \$40. Under existing law, this increase of \$7 would be reduced by \$1.40 (20 percent of \$7) to \$5.60, since the original benefit was reduced by 20 percent.

Under the amended section 202(q)(3), the amount of the reduction in this \$7 increase will depend on the age which this woman attains in the month which begins on the effective date for title I of the bill. If she is then 64½, the \$7 increase will be reduced by \$0.20, and she will be entitled to a reduced old-age insurance benefit of \$33.20 (\$26.40 plus \$6.80). Without this amendment, she would be entitled to \$32 (\$26.40 plus \$5.60).

If, at the time this bill takes effect, she has attained age 65, there will be no reduction in the \$7 increase. Under existing section 202(q), there would be a 20 percent reduction in the increase regardless of her attained age.

It is to be noted that the amended section 202(q)(3) will in some cases apply even though, immediately before an increase in the primary insurance amount, the individual was not entitled to the benefit in question. For example, assume that a woman becomes entitled to an unreduced wife's insurance benefit of \$20, based on a primary insurance amount of \$40. Subsequently, she becomes entitled to an unreduced old-age insurance benefit of \$40. At this point, she ceases to be entitled to the wife's insurance benefit, since she is now entitled to an old-age insurance benefit based on a primary insurance amount greater than one-half of the primary insurance amount on which the wife's insurance benefit is based (see the conditions of entitlement to a wife's insurance benefit contained in sec. 202(b) of the Social Security Act). Still later, the primary insurance amount of her husband is recomputed by reason of additional earnings and is increased to \$100. Upon filing application therefor, she will become entitled to an unreduced wife's insurance benefit of \$50. The amended section 202(q)(3) will apply to the difference between the unreduced original wife's insurance benefit of \$20 and the new unreduced amount of such benefit (\$50), and this \$30 increase will be reduced under the amended section 202(q)(1) on the basis of the age she attains in the first month for which she becomes entitled to such \$50 wife's insurance benefit.

Sec. 202(q)(4). Special reduction rules for wife's insurance benefits

Paragraph (4) of the amended section 202(q) provides that there is to be no reduction in a wife's insurance benefit for any month in

which she has in her care a child of the person on whose primary insurance amount such wife's insurance benefit is based, if for such month such child is entitled to a child's insurance benefit. This rule is similar to a rule contained in existing law, but is modified by removing the requirement that the entitlement of the child to his benefit be based on the same earnings record as is the wife's insurance benefit. Still retained, however, is the requirement that the child be a child of the person on whose earnings record the wife's insurance benefit is based.

This modification of existing law may have an effect, for instance, where a woman with a child remarries. After a year, this child is treated for purposes of title II of the Social Security Act as being the child of both the first husband and the second husband. If the primary insurance amount of the first husband is greater than that of the second husband, the child's insurance benefit will be computed by reference to the primary insurance amount of the first husband. And, since the wife's insurance benefit in this case must be based on the primary insurance amount of the second husband, under existing law, unless the child actually applies for benefits on the second husband's earnings record, this woman is not treated as having a child in her care for the purpose of avoiding the reduction in her wife's insurance benefit. The child might not apply for benefits on the second husband's earnings record because, for example, his benefit might be reduced even though the second husband's primary insurance amount was larger than the first husband's. This could happen because the child's benefit would be only 50 percent of the primary insurance amount of the retired worker while it would be 75 percent of the primary insurance amount of the deceased worker. The amended paragraph (4) treats her as having a child in her care if the child is a child of the second husband. This modification conforms the treatment of such a child for purposes of preventing reductions in the wife's insurance benefit to the treatment provided by existing law in adjusting the reduction in the wife's insurance benefit at age 65. Under existing law, and under the bill, in this type of situation the reduction period will be reduced when she reaches age 65 for any month in which she has such a child in her care.

Under the amended section 202(q)(4) (as under existing law) there will be no reduction in a wife's insurance benefit for any month in which she does not have a described child in her care, unless she has filed a certificate electing reduced benefits. If no certificate is filed electing reduced benefits, she will be entitled to a full wife's insurance benefit for a month in which she does not have a described child in her care, but section 203(c)(2) of the Social Security Act has the effect of applying a deduction to that benefit equal to the full amount thereof.

Subparagraph (C) of the amended paragraph (4) provides that if a woman does not have in her care a described child in the first month for which she is entitled to a wife's insurance benefit, and if such first month is a month before the month in which she attains age 65, then she is treated as having filed in such first month a certificate electing reduced benefits. This provision is in accordance with existing administrative practice.

Sec. 202(q)(5). Definition of reduction period

Paragraph (5) of the amended section 202(q) contains a definition of the term "reduction period." In order to determine the appropriate reduction under section 202(q) in the old-age, wife's, or husband's insurance benefit of any individual for months before he or she attains age 65 it is necessary to find the reduction period for that benefit. Where an individual is entitled to both an old-age insurance benefit and to a wife's or husband's insurance benefit, a separate reduction period must be ascertained for each such benefit.

Each reduction period consists of the months included in a period which ends with the month before the month in which the individual attains age 65, and begins generally with the first month for which the individual is entitled to the benefit in question. However, in the case of the wife's insurance benefit, the reduction period begins with the first month for which a certificate electing reduced wife's insurance benefits is effective.

Sec. 202(q)(6). Definition of adjusted reduction period

Paragraph (6) of the amended section 202(q) defines the term "adjusted reduction period." This is applicable in the case of old-age, wife's, or husband's insurance benefits subject to reduction under section 202(q) which are payable for the month in which the individual attains age 65 or for any month thereafter. To determine the adjusted reduction period for any of the enumerated benefits of an individual, it is necessary to find the reduction period for that benefit under paragraph (5). Such reduction period is then adjusted by eliminating certain months contained in such reduction period.

In the case of an old-age, wife's, or husband's insurance benefit, there is eliminated each month in the reduction period for which that benefit was withheld under the retirement test provisions. In the case of a wife's insurance benefit, there is also eliminated each month in the reduction period for which unreduced benefits were payable because the woman had in her care a child (of the person on whose earnings record her wife's insurance benefits are based) entitled to child's benefits. And in the case of a wife's or husband's insurance benefit based on the spouse's entitlement to a disability insurance benefit, there is also eliminated each month in the reduction period for which the wife's or husband's benefit (1) was withheld on account of the spouse's refusal to accept rehabilitation services, or (2) was not payable because the spouse recovered from his disability.

The effect of this provision is to apply to old-age insurance benefits for men and to husband's insurance benefits the provisions now applicable to old-age insurance benefits for women and to wife's insurance benefits which relate to the recalculation, at age 65, of the reduction in benefits so as to give credit for months before age 65 for which reduced benefits were not payable. However, the requirement of existing law that there must have been at least 3 months for which reduced benefits were withheld before there can be a recalculation of the reduced amount is eliminated. This change in law applies to individuals attaining age 65 on or after the effective date of title I of the bill. For these individuals there will be a recalculation even if a reduced benefit was withheld for only 1 month.

The operation of the amended paragraph (6) may be illustrated by the following example. At age 62 an individual becomes entitled to an old-age insurance benefit based on a primary insurance amount of \$90. The amount of such benefit for each month before the month in which he attains age 65 is reduced by \$18 to \$72 ($\frac{1}{36}$ of 1 percent of \$90, multiplied by 36). Assume that during the reduction period of 36 months beginning with the first month of entitlement and ending with the month before the month in which the individual attains age 65, this benefit is subject to a full deduction under section 203(b) of the Social Security Act in each of 16 months because such months are charged with excess earnings equal to the amount of the reduced benefit for such months. In addition, for each of an additional 3 months there is a partial deduction under section 203(b) because such months are charged with excess earnings which are less than the amount of the reduced benefit for such months. Accordingly, there were 17 months before the month in which he attains age 65 in which his reduced benefit was not withheld.

For the month in which this individual attains age 65, and for months thereafter, the old-age insurance benefit reduction is recalculated in the light of paragraph (6). The reduction is now \$8.50 ($\frac{1}{17}$ of 1 percent of \$90, multiplied by 17), and the reduced benefit is now \$81.50. For each month beginning with the month in which this individual attains age 65, he will be entitled to receive \$81.50. This is the same monthly benefit amount he would have been entitled to receive had his first month of entitlement been the month in which he attained age 63 and 7 months (assuming, in this latter case that there was no month before he attained age 65 for which the reduced benefit was withheld).

Sec. 202(q)(7). Rounding of benefits, etc.

Paragraph (7) provides that the amended section 202(q) is to be applied after section 203(a) of the Social Security Act, which places a limit on the amount of the benefits which may be paid to a family for any month. It is also to be applied after the application of section 215(g) of such act, which provides for rounding of any benefit which is not a multiple of \$0.10 to the next higher multiple of \$0.10. If, after applying these other provisions, the amended section 202(q) would result in a reduction which is not a multiple of \$0.10, then the reduction is rounded by eliminating that portion of it which is not such a multiple. This paragraph (7) provides the same rules for computing reduced benefits for both men and women as are provided under existing section 202(q)(9) for computing reduced old-age and wife's insurance benefits for women.

Sec. 202(r). Presumed filing of application by person eligible for an old-age insurance benefit and for a wife's or husband's insurance benefit

Section 102(b)(1) of the bill also amends section 202(r) of the Social Security Act to apply to a man the provision now applicable to a woman under which a person is deemed to have filed an application for both an old-age insurance benefit and a wife's (or, under the amended provision, husband's) insurance benefit where he is eligible for both in the same month before age 65 and where he applies for only one. (The exception in existing law applicable to a wife with a child beneficiary in her care for the first month of entitlement is continued.) The amended section 202(r) also contains a new provision

needed to correct the anomaly in existing law where a woman entitled to disability insurance benefits is deemed to have filed an application for reduced old-age insurance benefits, thereby terminating her unreduced disability insurance benefit, when she becomes entitled to a reduced wife's insurance benefit. Under the amended section 202(r), where a person is entitled to a disability insurance benefit for the same month for which an application for a reduced wife's or husband's insurance benefit is effective, the person will be deemed to have filed an application for an old-age insurance benefit only as of the first subsequent month for which he or she is not entitled to a disability insurance benefit.

Sec. 102(b)(2) of the bill—Relationship of benefits reduced on account of age to disability insurance benefits.—Section 102(b)(2)(A) of the bill repeals section 202(s) of the act, dealing with the relationship between reduced benefits and disability insurance benefits. The provisions of the repealed section, modified so as to apply to men as well as to women, are incorporated in the sections they affect. As noted in the analysis of the new paragraph (2) of section 202(q), above, the provision of section 202(s) relating to the simultaneous entitlement to a wife's insurance benefit and to a disability insurance benefit is now incorporated in that paragraph.

Section 102(b)(2)(B) of the bill amends section 223(a) of the act, relating to disability insurance benefits, by adding to it the provision now contained in paragraph (1) of section 202(s), modified so as to apply to men as well as women, under which entitlement before age 65 to a widow's or parent's (or, under the amended provision, widower's) insurance benefit, or to a reduced old-age or wife's (or, under the amended provision, husband's) insurance benefit, bars later entitlement to a disability insurance benefit. In order to give full effect to this provision as it applies to men, the new paragraph also provides that a period of disability (for the purpose of excluding the period from the "elapsed period" in determining a person's insured status and benefit amount) may not begin after entitlement to a widow's, widower's, or parent's insurance benefit or to a reduced old-age, wife's, or husband's insurance benefit. This additional restriction is needed for men, but not for women, because the primary insurance amount for a man is computed on the basis of an elapsed period up to the year in which he attains age 65. Since the primary insurance amount for a woman is computed on the basis of an elapsed period up to the year in which she attains age 62, any period of disability established for her beginning after age 62 would have no effect.

Section 102(b)(2)(C) of the bill amends section 223(a) of the act by incorporating therein the provision now contained in paragraph (3) of section 202(s), modified to apply to men as well as women, under which a disability insurance benefit is terminated with the month before the month in which a person becomes entitled to an old-age insurance benefit.

Section 102(b)(2)(D) of the bill amends section 216(i)(2) of the act, relating to the definition of a period of disability, to provide a cross-reference to section 223(a)(3) (described above) under which a person may not begin a period of disability after the month in which he became entitled to any of the benefits listed in such section 223(a)(3).

Sec. 102(b)(3)—Waiver of retroactive benefits.—Section 102(b)(3) of the bill amends section 202(j)(3) of the act to make it clear that a man or a woman has the right to waive entitlement to old-age or survivors insurance benefits for one or more consecutive months before the month in which he or she becomes entitled to such benefits, beginning with the earliest month for which he or she would otherwise be entitled in the retroactive period. Existing law has been interpreted as having this effect. Paragraph (3) of section 202(j) of the act, which now specifically gives women the right to waive entitlement to benefits for retroactive months between the ages of 62 and 65 (months that would cause a reduction in her benefits), is made generally applicable to all benefits by the amendment.

Sec. 102(c)—Conforming amendments.—Section 102(c) of the bill makes a number of changes in the Social Security Act to conform various provisions to the changes made by the bill in providing monthly insurance benefits for men at age 62.

Paragraph (1) of section 102(c) repeals section 216(a) of the act, which defines "retirement age" as age 65 in the case of men and age 62 in the case of women. The paragraphs which follow paragraph (1) substitute references to specific ages in the provisions of the law where reference is now made to "retirement age."

Paragraph (2) of section 102(c) provides for substituting "age 62," where appropriate, in the provisions listed in such paragraph (2).

Paragraph (3) of section 102(c) of the bill amends a number of provisions of the Social Security Act primarily for the purpose of reflecting the retention of the beginning of the year of attainment of age 65 as the ending point of the elapsed period for a man, both for determining his benefit amount and for determining his insured status.

Sec. 102(d)—Other conforming amendments.—Section 102(d)(1) amends section 215(a)(4) of the act. Such section 215(a)(4) provides, in part, that in the case of an individual who was entitled to disability insurance benefits for the month before the month in which he became entitled to old-age insurance benefits, his old-age insurance benefit will be equal to his disability insurance benefit if that is the largest amount which may be determined for him. As amended, this provision will apply to a man only if he first became entitled to old-age insurance benefits at age 65. A man entitled to disability insurance benefits who became entitled to old-age insurance benefits before attainment of age 65 (usually because he has recovered from his disability) will have his old-age insurance benefit based on a primary insurance amount computed under other applicable provisions of the law. This primary insurance amount may be smaller than the primary insurance amount on which his disability insurance benefit was based because years after the year in which he recovered and before he reached age 65 are included as elapsed years.

Section 102(d)(2) of the bill amends section 215(b)(3) of the act (relating to the number of elapsed years to be used in the computation of an individual's average monthly wage, on which his benefit amount is based) so that even though a man can begin to receive old-age insurance benefits before attaining age 65, the period for determining the number of elapsed years to be used in the computation of his primary insurance amount will go up to the first year after 1960 in which he both was fully insured and had attained (or would attain) age 65. This is the period used for men in existing law.

Section 102(d)(3) adds a new paragraph (7) to section 215(f) (relating to the recomputation of benefit amounts).

Subparagraph (A) of the new paragraph (7) provides for a recomputation, after attainment of age 65, of the benefit amount of a man who started to receive old-age insurance benefits before the month in which he attains age 65. The recomputation will be made as though the man became entitled to old-age insurance benefits in the year in which he attains age 65. Earnings in years after the man first became entitled to benefits and through the year in which he attains age 65 will be used in the recomputation, if use of them increases the primary insurance amount. The recomputation will be made without application by the beneficiary. Any increase resulting from the recomputation will be payable for months starting with the month of attaining age 65, and (under sec. 202(q)(3), as amended by the bill) will not be subject to reduction.

Subparagraph (B) of paragraph (7) provides for a recomputation of the primary insurance amount for a man who received reduced old-age insurance benefits and who died before attaining age 65. The recomputation will be made, without the need for an application, if any individual is entitled to monthly survivors benefits or a lump-sum death payment on the basis of the earnings of the deceased worker. The number of elapsed years will be measured over a period going up to (but not including) the year of death, rather than up to the year in which age 65 would have been attained; and earnings in years up through the year of death will be considered in the average monthly wage computation. The primary insurance amount as modified by the recomputation will be the basis for fixing the amount of monthly survivors benefits and the lump-sum death payment.

Sec. 102(e)—Adjustment of other provisions to take account of the provision of reduced benefits for men before age 65.—Section 102(e) of the bill amends subsections (b) and (c) of section 202 of the act, relating to the eligibility requirements for wife's and husband's insurance benefits, to make technical changes required to take account of the provisions for paying reduced benefits to men. Paragraphs (1) through (5) make changes that are needed because under the bill the old-age insurance benefit for a man will no longer always be the same as his primary insurance amount; it can be a lower amount. (The disability insurance benefit will continue to be the same as the primary insurance amount.) Paragraph (6) makes an exception to the provision that a husband's insurance benefit is one-half of the wife's primary insurance amount in order to reflect the possibility of a reduction in the husband's insurance benefit on account of the husband's age.

Sec. 102(f)—Effective dates for section 102.—Section 102(f)(1) of the bill provides that the changes made by section 102(a) of the bill resulting in making old-age and survivors insurance benefits available to men, as well as women, at age 62 are to apply for monthly benefits only for months beginning on or after the effective date of title I of the bill, and only on the basis of applications filed in or after March 1961. (Sec. 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the date of the enactment of the bill.)

Subparagraph (A) of section 102(f)(2) provides that, in general, the changes made by section 102(b)(1) of the bill which relate to

reductions in old-age, wife's, and husband's insurance benefits beginning before age 65 are to apply for monthly benefits only for months beginning on or after the effective date of title I of the bill. Under this provision, a woman on the rolls whose old-age insurance benefit was reduced and who had been entitled to a wife's insurance benefit before she became entitled to an old-age insurance benefit will have her benefits recomputed to give her the advantage (for the months described in the preceding sentence) of the change under which, in such cases, an old-age insurance benefit is not reduced on account of a reduced wife's insurance benefit (but may be reduced on its own account).

Section 102(f)(2)(B) provides that the new provision for computing the reduction amount for an increase in a reduced benefit in accordance with the age of the beneficiary at the time the increase is effective (rather than his age at the time the original benefit began) is to apply to benefits only for months beginning on or after the effective date of title I of the bill, but only in cases where the increase is not effective for any month beginning before the effective date of title I of the bill, or where the increase is based on an application for a recomputation filed on or after such effective date.

Section 102(f)(2)(C) provides that the requirement under present law that the reduced benefits of a woman must have been withheld for at least 3 months in order for her to be eligible for a recalculation of the reduction amount at age 65 is to continue to apply to anyone who attains age 65 before the effective date of title I of the bill. The effect is to restrict the amendment eliminating the 3-month requirement to people who attain age 65 on or after the effective date.

Section 102(f)(2)(D) provides that where a person is entitled to a monthly benefit for the last month beginning before the effective date of title I of the bill, the amount of the benefit will not be decreased because of the changes made in section 202(q) of the act. The primary purpose of this provision is to prevent a decrease in benefits that might result from a recomputation to give women on the rolls the benefit of the change under which an old-age insurance benefit is not reduced solely because of prior entitlement to a reduced wife's benefit. Although the change described in the preceding sentence is a liberalization for virtually all cases, in a very rare case (arising from the adjustment in the reduction period at age 65) it could be a deliberalization.

Section 102(f)(3) provides an effective date for the changes made by section 102(b)(1), relating to the deemed-simultaneous filing of an application for both old-age insurance benefits and wife's or husband's insurance benefits where a person is eligible for both in the same month before age 65 but applies for only one such benefit. The changes apply to benefits only for months beginning on or after the effective date of title I of the bill. The new provision under which a person who was entitled to a disability insurance benefit in the first month before age 65 for which he was entitled to a husband's or wife's insurance benefit is deemed to have applied for an old-age insurance benefit for the first subsequent month for which he is not entitled to a disability insurance benefit applies only if that first subsequent month is a month beginning on or after the effective date of title I of the bill.

Section 102(f)(4) provides that the changes made by section 102(b)(2), dealing with the relationship between reduced benefits and disability insurance benefits, are to take effect on the effective date of title I of the bill.

Section 102(f)(5) provides that the changes made by section 102(b)(3), relating to the right to waive retroactive benefits, are to apply only where the application is filed on or after the effective date of title I of the bill.

Section 102(f)(6) provides an effective date for the changes made by section 102(c) and sections 102(d)(1) and 102(d)(2) of the bill to conform to the provisions making benefits available to men at age 62. The changes will apply with respect to (1) monthly benefits for months beginning on or after the effective date of title I of the bill based on applications filed in or after March 1961; and (2) lump-sum death payments based on deaths on or after the effective date of title I of the bill.

Section 102(f)(7) provides an effective date for the change made by section 102(d)(3) of the bill, relating to special recomputations for men who began to draw old-age insurance benefits before age 65. This change will take effect on the effective date of title I of the bill.

Section 102(f)(8) provides that the technical changes made by section 102(e) of the bill, which are required to take account of the provisions for paying reduced benefits to men before age 65, are to apply to benefits only for months beginning on or after the effective date of title I of the bill.

Section 102(f)(9) states that for purposes of section 102(f), dealing with effective dates for section 102 of the bill, the term "monthly benefits" means monthly old-age, survivors, and disability insurance benefits payable under title II of the Social Security Act.

SEC. 103. FULLY INSURED STATUS

(a) *Fully insured status.*—Section 103(a) of the bill amends section 214(a) of the Social Security Act to change the work requirements for fully insured status, at the same time putting the provision defining fully insured status on an annual basis. The amended section 214(a) provides that a person will be fully insured if he has one quarter of coverage (acquired at any time after 1936) for *each calendar year* elapsing after 1950 (or after the year in which he attained age 21, if that was later than 1950) and before:

(1) In the case of a woman, the year in which she died or attained age 62, whichever is earlier;

(2) In the case of a man who has died, the year in which he died or the year in which he attained age 65, whichever is earlier;

or

(3) In the case of a man who has not died, the year in which he attained, or would attain, age 65.

The existing minimum requirement of 6 quarters of coverage and maximum requirement of 40 quarters of coverage are retained.

The amended section 214(a) of the act conforms the provision for excluding periods of disability from the elapsed period to the annual basis for determining insured status by providing that any year any part of which is in a period of disability will not count as an elapsed

year. Under existing law, any *calendar quarter* any part of which is in a period of disability is not counted as an elapsed quarter unless it is also a quarter of coverage (only the first and the last quarter of a period of disability may be quarters of coverage). The change to an annual basis will enable some few people who become disabled to become fully insured with one or (in a very rare case) two quarters of coverage less than would be required if the quarterly basis were kept. On a quarterly basis, a person whose period of disability began after the first quarter of a year would have one or more elapsed quarters counted in that year, and a person who recovered from a disability before the fourth quarter of a year would have one or more elapsed quarters counted in that year. On an annual basis, the entire year in which a disability began and the entire year in which the disability ended will be excluded from the elapsed period.

(b) *Effective date for section 103.*—Section 103(b) provides that the amendments made by section 103(a) are to be effective for (1) monthly benefits for months beginning on or after the effective date of title I of the bill on the basis of applications filed in or after March 1961; (2) lump-sum death payments with respect to deaths occurring on or after the effective date of title I of the bill; and (3) disability determinations (for the purpose of excluding a period of disability from the elapsed period in determining insured status and the benefit amount) based on applications filed in or after March 1961. Section 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the enactment of the bill.

(c) *Special rule for filing proof of support.*—Section 103(c) of the bill provides a 2-year period (beginning with the effective date of title I of the bill) before the end of which proof of support may be filed in any case where a dependent widower or parent becomes eligible for benefits solely as a result of the changes made in the insured status requirements by section 103(a) of the bill. In the absence of such a provision, these dependents, who may have been denied the opportunity to file proof of support because the worker was not insured, would be barred from filing simply because the present statutory period for filing such proof (within 2 years after the worker's death, with a further 2-year extension if there was good cause for the failure to file) had expired.

(d) *Technical amendment to computation provision.*—Section 103(d) of the bill amends section 303(g)(1) of the Social Security Amendments of 1960 to prevent people who become fully insured solely as a result of the change in insured status made by the bill from taking advantage of an alternative method of benefit computation that is intended only for people who were already eligible for old-age insurance benefits (that is, fully insured and past retirement age) before the date of the enactment of the 1960 amendments. Such people can have their benefits figured over a period of years ending with the year in which they were first eligible for benefits, if that would yield the largest benefit amount for them. The amendment provides that "fully insured status" and "retirement age," as used in section 303(g)(1) of the 1960 amendments, are to have the same meaning as they had in the law before those amendments (fully insured status defined as one quarter of coverage for every two quarters elapsing after 1950, rather than for every three quarters as in the 1960 amendments or for every

year as in the bill; and "retirement age" set at 62 for women and 65 for men).

SEC. 104. INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S INSURANCE BENEFITS

(a) *Increase in widow's insurance benefit.*—Section 104(a) of the bill amends section 202(e)(2) of the Social Security Act so as to increase the widow's insurance benefit from 75 percent of the primary insurance amount of her deceased husband to 82½ percent of his primary insurance amount.

(b) *Increase in widower's insurance benefit.*—Section 104(b) of the bill amends section 202(f)(3) of the Social Security Act so as to increase the widower's insurance benefit from 75 percent of the primary insurance amount of his deceased wife to 82½ percent of her primary insurance amount.

(c) *Increase in parent's insurance benefit.*—Section 104(c) of the bill amends section 202(h)(2) of the Social Security Act by replacing it with three new subparagraphs.

Subparagraph (A) of the amended section 202(h)(2) provides that, in general, a parent's insurance benefit will be 82½ percent of the primary insurance amount of the deceased worker on whose wages and self-employment income the parent's benefit is based. Exceptions to this general rule are set forth in subparagraphs (B) and (C).

Subparagraph (B) provides that for any month for which more than one parent is entitled to parent's insurance benefits based on a deceased worker's earnings, the benefit for each parent will be 75 percent (as in existing law) of the deceased worker's primary insurance amount.

Subparagraph (C) provides that if one parent is entitled to parent's insurance benefits based on the earnings of a deceased worker for a month, and later, because of an application that is retroactively effective for the same month, another parent of the worker becomes entitled to parent's insurance benefits for that month based on such worker's earnings, the total of the parent's insurance benefits for any month in the period for which that application has retroactive effect shall be limited to 150 percent of the primary insurance amount. Since the parent who first became entitled to benefits will have been entitled to a benefit equal to 82½ percent of the primary insurance amount for the month, the parent who later becomes entitled to benefits will get a benefit for that month equal to 67½ percent of the primary insurance amount. For months beginning with the month in which the second parent filed his application for benefits, each parent's insurance benefit will be 75 percent of the primary insurance amount, as provided in subparagraph (B).

(d) *Conforming amendments.*—Section 104(d)(1) of the bill amends section 202(e)(1) of the Social Security Act (relating to eligibility for widow's insurance benefits) and section 202(f)(1) of the Social Security Act (relating to eligibility for widower's insurance benefits) to take into account the higher widow's and widower's insurance benefits payable by reason of the amendments made by subsections (a) and (b), respectively, of section 104 of the bill. Under the new provision, a widow could be eligible to receive a widow's insurance benefit if her old-age insurance benefit were less than 82½ percent (instead of 75 percent) of the deceased worker's primary insurance amount, and

the widow's insurance benefit would be terminated if the widow became entitled to an old-age insurance benefit equal to or exceeding 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker. Similarly, a widower could be eligible to receive a widower's insurance benefit if his old-age insurance benefit was less than 82½ percent of the deceased worker's primary insurance amount, and the widower's insurance benefit would be terminated if the widower became entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of the deceased worker.

Section 104(d)(2) amends section 202(h)(1) of the Social Security Act (relating to eligibility for parent's benefits) to take into account the higher parent's insurance benefits which can be payable under section 104(c) of the bill. Under the new provision, a parent could be eligible to receive a parent's insurance benefit if his old-age insurance benefit was less than 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker, provided that only one parent was entitled to parent's insurance benefits based on the earnings of the worker (the only situation in which the parent's insurance benefit is increased by the bill). If more than one parent is entitled to parent's insurance benefits based on the earnings of a worker, there will be no increase in the parent's insurance benefit under the bill—therefore, the effect of the present law is retained; each parent could become entitled to parent's insurance benefits only if his old-age insurance benefit is less than 75 percent of the primary insurance amount of the deceased worker. Similarly, a parent's insurance benefit will be terminated if the parent becomes entitled to an old-age insurance benefit equal to or in excess of 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker, provided that only one parent is entitled to parent's insurance benefits based on the earnings of the deceased worker. If more than one parent is entitled to parent's insurance benefits based on the earnings of the deceased worker, a parent's insurance benefit would be terminated if he became entitled to an old-age insurance benefit that was equal to or in excess of 75 percent (as in present law) of the primary insurance amount of the deceased worker.

(e) *Effective date for section 104.*—Section 104(e) of the bill provides that the amendments made by section 104 of the bill are to apply with respect to monthly benefits for months beginning on or after the effective date of title I of the bill. (Sec. 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the date of enactment of the bill.)

(f) *Saving clause.*—Section 104(f) of the bill is a saving clause which provides that the increased benefits paid to a widow, widower, or parent as a result of the changes made by the bill are not to cause a reduction in the benefit paid to any other person entitled to benefits based on the earnings of the same individual for the month before the first month for which the increases in widow's, widower's, and parent's insurance benefits are effective. If there were no saving clause, because of the limitation on the total of the benefits that may be paid to a family on the basis of the earnings of one individual, the benefits payable to a person on the rolls when the bill is enacted might be reduced because of the increase in payments to widows,

widowers, and parents resulting from enactment of the bill. In an individual case the saving clause will be effective only until such time as a new person becomes entitled to benefits on the same earnings record, when benefits would be reduced under existing law. A further provision is added to restrict the applicability of the saving clause to those cases where it applies in the first month for which the increases in benefits are effective. Otherwise, because of future changes in the law, it could apply for the first time many years after the bill is enacted. To avoid this result, the saving clause applies at all only if it is applicable in the particular case for the first month for which the increase in widow's, widower's, and parent's insurance benefits will be effective—i.e., in cases where the benefits payable for such month would be reduced but for the saving clause.

SEC. 105. RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY DETERMINATIONS

Section 105 of the bill amends section 216(i)(4) of the Social Security Act to extend for 1 year (through June 30, 1962) the time within which disabled workers may file applications for disability determinations on the basis of which the beginning of a period of disability would be established as early as the actual onset of disablement (provided the other requirements of the law are met). This provision is effective with respect to applications for such determinations filed on or after the date of enactment of the bill.

SEC. 106. EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-FEDERAL AGREEMENTS MAY BE MODIFIED

Subsection (a) of section 106 of the bill would amend section 218(d)(6)(F) of the act which was enacted in 1958 to grant an additional opportunity to obtain coverage to State and local employees who did not desire coverage under an original divided retirement system agreement. The present law allows members of a retirement system to elect coverage, if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary before 1960, or, if later, 1 year after the date on which coverage was approved for the group that originally elected coverage. Under the committee's bill the time in which such persons could elect to be covered would be extended until 1963 or, if later, the expiration of 2 years after the date on which coverage was approved for the group that originally elected coverage.

Subsection (b) of section 106 of the bill would add an additional sentence at the end of section 218(d)(6)(F) of the act providing that the coverage of persons to whom the amendment in subsection (a) of section 106 of the bill would apply must begin on the same date that coverage became effective for the group that originally elected coverage. This objective is currently being carried out by administrative ruling in applying the present law.

SEC. 107. INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS

Section 107 of the bill would amend section 218(d)(6)(C) of the act by adding New Mexico to the list of States which are permitted to divide their retirement systems into two divisions for coverage pur-

poses, one division consisting of those members desiring coverage under the act and the other consisting of those who do not, with all new members being covered on a compulsory basis.

SEC. 108. EFFECTIVE DATE FOR TITLE I

Section 108 of the bill provides that, except as otherwise provided, the effective date of title I of the bill (which makes changes in title II of the Social Security Act) will be the first day of the first calendar month which begins on or after the 30th day after the date of enactment of the bill.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE

SEC. 201. CHANGES IN TAX SCHEDULES

Section 201 of the bill increases the rates of taxes under the Self-Employment Contribution Act of 1954 (ch. 2 of the Internal Revenue Code of 1954) and the Federal Insurance Contributions Act (ch. 21 of such code). Each rate provided by existing law for the employer tax and the employee tax under the Federal Insurance Contributions Act is increased by one-eighth percent, effective with respect to remuneration paid after 1961. Each rate provided by existing law for the self-employment tax is increased by three-sixteenths percent and rounded to the nearest tenth of 1 percent, effective for taxable years beginning after December 31, 1961.

The following tables illustrate the proposed changes in rates:

Self-employment tax rates

	Existing law (percent)	Proposed (percent)
1962.....	4½	4.7
1963 to 1965, inclusive.....	5¼	5.4
1966 to 1968, inclusive.....	6	6.2
1969 and after.....	6¾	6.9

Employer tax and employee tax rates (each)

	Existing law (percent)	Proposed (percent)
1962.....	3	3½
1963 to 1965, inclusive.....	3½	3¾
1966 to 1968, inclusive.....	4	4½
1969 and after.....	4½	4¾

SEC. 202. EXTENSION OF TIME TO ELECT COVERAGE ON BEHALF OF MINISTERS

Section 202(a) of the bill amends section 1402(e) of the Internal Revenue Code of 1954 by adding at the end thereof a new paragraph numbered (6). Under the new paragraph in any case where a minister or Christian Science practitioner dies after September 12, 1960, and before April 16, 1962, his survivor or the fiduciary of his estate may

file a certificate, on or before April 15, 1962, electing to have the services of the minister or Christian Science practitioner covered under title II of the Social Security Act. Such a certificate would be effective for the period prescribed in existing law as if filed by the minister or Christian Science practitioner on the date of his death.

Section 202(b) of the bill provides the effective date for the amendment contained in section 202(a) of the bill. The amendment is to apply on the date of enactment of the bill but no monthly benefits shall be payable or increased by reason of such amendment for the month in which the bill is enacted or any prior month and no lump-sum death payment shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of the bill.

TITLE III—MISCELLANEOUS

SEC. 301. AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Section 1(q) of the Railroad Retirement Act of 1937 provides that for purposes of that act the terms "Social Security Act" and "Social Security Act, as amended" are to mean the Social Security Act as amended in 1960. Section 301 of the bill amends this provision by striking out "1960" and inserting in lieu thereof "1961".

SEC. 302. ASSISTANCE FOR RETURNING U.S. NATIONALS

Section 302 of the bill adds a new section 1113 to title XI of the Social Security Act. This new section would authorize a new program of assistance for U.S. nationals returned from foreign countries.

Paragraph (1) of subsection (a) of the new section authorizes the Secretary of Health, Education, and Welfare to provide temporary assistance to U.S. nationals and to dependents of U.S. nationals if—

(1) Such individuals are identified by the Department of State as having returned, or been brought, from a foreign country to the United States;

(2) The cause of such return is any of the following:

(a) The destitution of the U.S. national;

(b) The illness of the U.S. national;

(c) The illness of any of his dependents; or

(d) War, threat of war, invasion, or similar crisis; and,

(3) Such individuals are without available resources.

Paragraph (2) of subsection (a) provides that provision shall be made for reimbursement of the United States by recipients of temporary assistance. However, the Secretary may provide by regulations that certain classes of persons shall be exempt from this requirement.

Paragraph (3) of subsection (a) authorizes the Secretary of Health, Education, and Welfare to provide assistance either directly, or through the facilities of public or private agencies according to agreements entered into by such agencies and the Secretary providing for payment, in advance or by way of reimbursement, of the cost of such assistance, as determined by the Secretary according to statistical, sampling, or other method provided in the agreement.

Subsection (b) authorizes the Secretary of Health, Education, and Welfare to make plans and arrangements for the carrying out of the program, but requires that such plans shall be made after consultation with the Secretary of State and the Secretary of Defense. To the extent feasible, assistance is to be carried out in accordance with the plans developed by the Secretary of Health, Education, and Welfare.

Subsection (c) defines the term "temporary assistance" to include—

- (1) Money payments,
- (2) Medical care,
- (3) Temporary billeting,
- (4) Transportation, and
- (5) Other goods and services necessary for the health or welfare of individuals.

Item No. (5) includes guidance, counseling, and other welfare services. All assistance must be rendered within the United States, and must be furnished to individuals after their return to the United States from a foreign country. Assistance may be furnished for such period thereafter as the Secretary of Health, Education, and Welfare may by regulation prescribe.

SEC. 303. ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSISTANCE PAYMENTS

Subsection (a)(1) of section 303 of the bill provides additional Federal participation in old-age assistance payments to States that raise their average payment per recipient under the program. This increase would be effective for the period beginning July 1, 1961, and ending June 30, 1962. The increase in Federal funds may not exceed the Federal percentage of \$2.50 per recipient or, if less, the Federal percentage of expenditures not subject to Federal participation under existing law. Moreover, it may not exceed the amount of the increase in expenditures over a base period (the quarter beginning Jan. 1, 1961) computed on an average per recipient times the number of recipients basis. If any decrease in State and local funds has occurred since the base period, this decrease is to be subtracted from the amount of increase in expenditures (computed as provided above) to determine the amount subject to Federal participation. These provisions are designed to assure that the additional Federal funds represent additional assistance to recipients.

Subsection (a)(2) makes approximately proportionate changes in the special provisions applying to Guam, Puerto Rico, and the Virgin Islands.

Subsections (b)(1) and (b)(2) make similar changes in title X, aid to the blind.

Subsections (c)(1) and (c)(2) make similar changes in title XIV, aid to the totally and permanently disabled.

SEC. 304. MEANING OF TERM "SECRETARY"

Section 304 of the bill provides that the term "Secretary" as used in titles I and III of the bill, and the provisions of the Social Security Act amended thereby, means the Secretary of Health, Education, and Welfare unless the context requires otherwise.

V. CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE
AND MEDICAL ASSISTANCE FOR THE AGED

* * * * *

Payment to States

Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of old-age assistance for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received old-age assistance in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as old-age assistance in the form of medical or any other type of remedial care); plus

(B) the Federal percentage (as defined in section 1101 (a) (8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of old-age assistance for such month; plus

(C) the larger of the following: (i) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds (I) the product of \$80 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of \$65 multiplied by such total number of such recipients, or (ii) 15 per centum of the total

of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such recipients of old-age assistance for such month: [and] plus

(D) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smallest of the following:

(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clauses (B) and (C); or

(ii) the Federal percentage of the product of \$2.50 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; or

(iii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of old-age assistance by the excess of the monthly average of old-age assistance per recipient for such quarter over the monthly average of old-age assistance per recipient for the base period, such excess being first reduced by the extent, if any, to which the monthly average of such assistance per recipient for such quarter from State or local funds is less than the monthly average of such assistance per recipient for the base period (which, for purposes of this subsection, means the quarter beginning January 1, 1961) from State or local funds: and

(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to—

(A) one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of old-age assistance for such month; plus

(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of \$42.50 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of \$35 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds

the product of \$7.50 multiplied by the total number of such recipients of old-age assistance for such month; [and] plus (C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

(i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clauses (A) and (B); or

(ii) one-half of the product of \$1.25 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; and

(3) in the case of any State, an amount equal to the Federal medical percentage (as defined in section 6(c) of the total amounts expended during such quarter as medical assistance for the aged under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof); and

(4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care.

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TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

* * * * *

OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

Old-Age Insurance Benefits

SEC. 202. (a) Every individual who—

(1) is a fully insured individual (as defined in section 214(a)),

(2) has attained [retirement age (as defined in section 216(a))] age 62, and

(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained the age of 65,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. Except as provided in subsection (q), such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215(a)) for such month.

Wife's Insurance Benefits

(b)(1) The wife (as defined in section 216(b)) of an individual entitled to old-age or disability insurance benefits, if such wife—

(A) has filed application for wife's insurance benefits,

(B) has attained [retirement age] *age 62* or has in her care (individually or jointly with her husband) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband, and

(C) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of [an old-age or disability insurance benefit] *the primary insurance amount* of her husband,

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained [retirement age] *age 62*, she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of [an old-age or disability insurance benefit] *the primary insurance amount* of her husband, or her husband is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.

(2) Except as provided in subsection (q), such wife's insurance benefit for each month shall be equal to one-half of the [old-age or disability insurance benefit] *primary insurance amount* of her husband for such month.

Husband's Insurance Benefits

(c) (1) The husband (as defined in section 216(f)) of a currently insured individual (as defined in section 214(b)) entitled to old-age or disability insurance benefits, if such husband—

(A) has filed application for husband's insurance benefits,

(B) has attained [retirement age] *age 62*,

(C) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual—

(i) if she had a period of disability which did not end prior to the month in which she became entitled to old-age or disability insurance benefits, at the beginning of such period or at the time she became entitled to such benefits, or

(ii) if she did not have such a period of disability, at the time she became entitled to such benefits,

and filed proof of such support within two years after the month in which she filed application with respect to such period of disability or after the month in which she became entitled to such benefits, as the case may be, or, if she did not have such a period, two years after the month in which she became entitled to such benefits, and

(D) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits [each of] *based on a primary insurance amount which is less than one-half of the primary insurance amount of his wife,* shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age or disability insurance benefit [equal to or exceeding] *based on a primary insurance amount which is equal to or exceeds one-half of the primary insurance amount of his wife, or his wife is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.*

(2) The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph, shall not be applicable in the case of any husband who—

(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under subsection (f) or (h); or

(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d).

(3) [Such] *Except as provided in subsection (q), such husband's insurance benefit for each month shall be equal to one-half of the primary insurance amount of his wife for such month.*

Child's Insurance Benefits

(d) (1) Every child (as defined in section 216(e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and either (i) had not attained the age of eighteen or (ii) was under a disability (as defined in section 223(c)) which began before he attained the age of eighteen, and

(C) was dependent upon such individual—

(i) if such individual is living, at the time such application was filed,

(ii) if such individual has died, at the time of such death

or

(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the

month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a step-parent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), or attains the age of eighteen and is not under a disability (as defined in section 223(c)) which began before he attained such age. Entitlement of any child to benefits under this subsection shall also end with the month preceding the third month following the month in which he ceases to be under a disability (as so defined) after the month in which he attains age eighteen. Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month. In the case of an individual entitled to disability insurance benefits, the provisions of clause (i) of subparagraph (C) of this paragraph shall not apply to a child of such individual unless he (A) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual) or (B) was legally adopted by such individual before the end of the twenty-four month period beginning with the month after the month in which such individual most recently became entitled to disability insurance benefits, but only if (i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption or (ii) such adopted child was living with such individual in such month.

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the primary insurance amount of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual.

(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1)(C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child had been adopted by some other individual.

For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216(h)(2) (B) shall, if such individual is the child's father, be deemed to be the legitimate child of such individual.

(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1)(C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1)(C) if such mother or adopting mother was a currently insured individual. A child

shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1)(C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

(6) In the case of a child who has attained the age of eighteen and who marries—

(A) an individual entitled to benefits under subsection (a), (e), (f), (g), or (h) of this section or under section 223(a), or

(B) another individual who has attained the age of eighteen and is entitled to benefits under this subsection, such child's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under section 223(a) or this subsection, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or this subsection unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

Widow's Insurance Benefits

(e)(1) The widow (as defined in section 216(c)) of an individual who died a fully insured individual, if such widow—

(A) has not remarried,

(B) has attained [retirement age] *age 62*,

(C)(i) has filed application for widow's insurance benefit, or was entitled, after attainment of [retirement age] *age 62*, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained [retirement age] *age 62*, and

(D) is not entitled to old-age insurance benefits or is entitled to old-age insurance benefits each of which is less than [three-fourths] *82½ percent* of the primary insurance amount of her deceased husband,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] *82½ percent* of the primary insurance amount of her deceased husband.

(2) Such widow's insurance benefit for each month shall be equal to [three-fourths] *82½ percent* of the primary insurance amount of her deceased husband.

- (3) In the case of any widow of an individual—
- (A) who marries another individual, and
 - (B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death which occurs within one year after such marriage and he did not die a fully insured individual,

the marriage to the individual referred to in clause (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) November 1956.

- (4) In the case of a widow who marries—

(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such widow's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.

Widower's Insurance Benefits

(f) (1) The widower (as defined in section 216(g)) of an individual who died a fully and currently insured individual, if such widower—

(A) has not remarried,

(B) has attained [retirement age] age 62,

(C) has filed application for widower's insurance benefits or was entitled to husband's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died,

(D) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time of her death or, if such individual had a period of disability which did not end prior to the month in which she died, at the time such period began or at the time of her death, and filed proof of such support within two years after the date of such death, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the date of such death, as the case may be, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual, and she was a currently insured individual, at the time she became entitled to old-age or disability insurance benefits or, if such individual had a period of disability which did not end prior to the month in which she became so entitled, at the time

such period began or at the time she became entitled to such benefits, and filed proof of such support within two years after the month in which she became entitled to such benefits, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the month in which she became entitled to such benefits, as the case may be, and

(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than **[three-fourths]** *82½ percent* of the primary insurance amount of his deceased wife,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding **[three-fourths]** *82½ percent* of the primary insurance amount of his deceased wife.

(2) The requirement in paragraph (1) that the deceased fully insured individual also be a currently insured individual, and the provisions of subparagraph (D) of such paragraph, shall not be applicable in the case of any individual who—

(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of **[retirement age]** *age 62* in such prior month would have been entitled to, benefits under this subsection or subsection (h); or

(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d).

(3) Such widower's insurance benefit for each month shall be equal to **[three-fourths]** *82½ percent* of the primary insurance amount of his deceased wife.

(4) In the case of a widower who marries—

(A) an individual entitled to benefits under subsection (e), (g), or (h), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such widower's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage.

Mother's Insurance Benefits

(g)(1) The widow and every former wife divorced (as defined in section 216(d)) of an individual who died a fully or currently insured individual if such widow or former wife divorced—

(A) has not remarried,

(B) is not entitled to a widow's insurance benefit,

(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,

(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and

(F) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and the child referred to in subparagraph (E) is her son, daughter, or legally adopted child and the benefits referred to in such subparagraph are payable on the basis of such individual's wages and self-employment income shall be entitled to a mother's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased individual.

(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

(3) In the case of any widow or former wife divorced of an individual—

(A) who marries another individual, and

(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not, and upon filing application therefor in the month in which he died would not be, entitled to benefits for such month on the basis of his wages and self-employment income,

the marriage to the individual referred to in clause (A) shall, for the purpose of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or former wife divorced files application for purposes of this paragraph, or (iii) the month following the month in which this paragraph is enacted.

(4) In the case of a widow or former wife divorced who marries—

(A) an individual entitled to benefits under subsection (a), (f), or (h), or under section 223(a), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), the entitlement of such widow or former wife divorced to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under section 223(a) or subsection (d) of this section, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

Parent's Insurance Benefits

(h)(1) Every parent (as defined in this subsection) of an individual who died a fully insured individual if such parent—

(A) has attained [retirement age] *age 62*,

(B)(i) was receiving at least one-half of his support from such individual at the time of such individual's death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and (ii) filed proof of such support within two years after the date of such death, or, if such individual had such a period of disability, within two years after the month in which such individual filed application with respect to such period of disability or two years after the date of such death, as the case may be,

(C) has not married since such individual's death,

(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than [three-fourths] *82½ percent* of the primary insurance amount of such deceased individual *if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case)*, and

(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] *82½ percent* of the primary insurance amount of such deceased individual *if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case)*.

[(2) Such parent's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.]

(2) (A) *Except as provided in subparagraphs (B) and (C), such parent's insurance benefit for each month shall be equal to 82½ percent of the primary insurance amount of such deceased individual.*

(B) For any month for which more than one parent is entitled to parent's insurance benefits on the basis of such deceased individual's wages and self-employment income, such benefit for each such parent for such month shall (except as provided in subparagraph (C)) be equal to 75 percent of the primary insurance amount of such deceased individual.

(C) In any case in which—

(i) any parent is entitled to a parent's insurance benefit for a month on the basis of a deceased individual's wages and self-employment income, and

(ii) another parent of such deceased individual is entitled to a parent's insurance benefit for such month on the basis of such wages and self-employment income, and on the basis of an application filed after such month and after the month in which the application for the parent's benefits referred to in clause (i) was filed,

the amount of the parent's insurance benefit of the parent referred to in clause (i) for the month referred to in such clause shall be determined under subparagraph (A) instead of subparagraph (B) and the amount of the parent's insurance benefit of a parent referred to in clause (ii) for such month shall be equal to 150 percent of the primary insurance amount of the deceased individual minus the amount (before the application of section 203(a)) of the benefit for such month of the parent referred to in clause (i).

(3) As used in this subsection, the term "parent" means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

(4) In the case of a parent who marries—

(A) an individual entitled to benefits under this subsection or subsection (e), (f), or (g), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such parent's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.

Lump-Sum Death Payments

(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower of the deceased and to have been living in the same household with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid—

(1) if all or part of the burial expenses of such insured individual which are incurred by or through a funeral home or funeral

homes remains unpaid, to such funeral home or funeral homes to the extent of such unpaid expenses, but only if (A) any person who assumed the responsibility for the payment of all or any part of such burial expenses files an application, prior to the expiration of two years after the date of death of such insured individual, requesting that such payment be made to such funeral home or funeral homes, or (B) at least 90 days have elapsed after the date of death of such insured individual and prior to the expiration of such 90 days no person has assumed responsibility for the payment of any of such burial expenses;

(2) if all of the burial expenses of such insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under clause (1)), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such burial expenses; or

(3) if any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) and (2), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid other expenses in connection with the burial of such insured individual, in the following order of priority: (A) expenses of opening and closing the grave of such insured individual, (B) expenses of providing the burial plot of such insured individual, and (C) any remaining expenses in connection with the burial of such insured individual.

No payment (except a payment authorized pursuant to clause (1)(A) of the preceding sentence) shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the fifty States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210(l) (1) are applicable, and who is returned to any State or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if

application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.

Application for Monthly Insurance Benefits

(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the twelfth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Secretary has certified for payment for such prior month.

(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.

[(3) Notwithstanding the provisions of paragraph (1), a woman may, at her option, waive entitlement to old-age insurance benefits or wife's insurance benefits for any one or more consecutive months which occur—

[(A) after the month before the month in which she attains the age of sixty-two,

[(B) prior to the month in which she attains the age of sixty-five, and

[(C) prior to the month in which she files application for such benefits;

and, in such case, she shall not be considered as entitled to such benefits for any such month or months before she filed such application. A woman shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.]

(3) *Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to any benefit referred to in paragraph (1) for any one or more consecutive months (beginning with the earliest month for which such individual would otherwise be entitled to such benefit) which occur before the month in which such individual files application for such benefit; and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before such individual filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.*

Simultaneous Entitlement to Benefits

(k) (1) A child, entitled to child's insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child's insurance bene-

fits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child's insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child's insurance benefits on the basis of the wages and self-employment income of such other individual has been filed by any other child who would, on filing application, be entitled to child's insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

(B) Any individual who, under the preceding provisions of this section and under the provisions of section 223, is entitled for any month to more than one monthly insurance benefit (other than old-age or disability insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

(3) If an individual is entitled to an old-age or disability insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, after any reduction under subsection (q) and any reduction under section 203(a), shall be reduced, but not below zero, by an amount equal to such old-age or disability insurance benefit (after reduction under such subsection (q)).

Entitlement to Survivor Benefits Under Railroad Retirement Act

(1) If any person would be entitled, upon filing application therefor to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f)(1) of such section, with respect to the death of an employee (as defined in such Act) no lump-sum death payment, and no monthly benefit for the month in which such employee died or for any month thereafter, shall be paid under this section to any person on the basis of the wages and self-employment income of such employee.

Minimum Survivor's or Dependent's Benefit

(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k)(3) and subsection (q), less than the first figure in column IV of the table in section 215(a) and no other individual is (without the application of section 202(j)(1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k)(3) and subsection (q), be increased to the first figure in column IV of the table in section 215(a).

Termination of Benefits Upon Deportation of Primary Beneficiary

(n)(1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241(a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

(A) no monthly benefit under this section or section 223 shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence.

(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b), (c), and (d) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241(a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation.

Application for Benefits by Survivors of Members and Former Members of the Uniformed Services

(o) In the case of any individual who would be entitled to benefits under subsection (d), (e), (g), or (h) upon filing proper application therefor, the filing with the Administrator of Veterans' Affairs by or on behalf of such individual of an application for such benefits, on the form described in section 3005 of Title 38, United States Code, shall satisfy the requirement of such subsection (d), (e), (g), or (h) that an application for such benefits be filed.

Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment

(p) In any case in which there is a failure—

(1) to file proof of support under subparagraph (C) of subsection (c)(1), clause (i) or (ii) of subparagraph (D) of subsection (f)(1), or subparagraph (B) of subsection (h)(1), or under clause (B) of subsection (f)(1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection.

and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.

[Adjustment of Old-Age and Wife's Insurance Benefit Amounts in Accordance With Age of Female Beneficiary

[(q)(1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

[(A) $\frac{1}{2}$ of 1 per centum, multiplied by

[(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

[(2) The wife's insurance benefit of any wife for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

[(A) $\frac{2}{3}$ of 1 per centum, multiplied by

[(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which she attains the age of sixty-two.

The preceding provisions of this paragraph shall not apply to the benefit for any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence, if such wife does not have in such month such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

[(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with such individual), and

[(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attained the age of sixty-two, and (iii) for which such certificate is effective.

[(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the first month for which she is so entitled (but not for any prior month) or for any later month occurring before the month in which she attains the age of sixty-five, is entitled to a wife's insurance benefit to which paragraph (2) is applicable, the amount of such wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

[(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1), plus

[(B) an amount equal to—

[(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

[(ii) $2\frac{5}{8}$ of 1 per centum, and further multiplied by

[(iii) the excess of such wife's insurance benefit prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

[(4) In the case of any woman who is or was entitled to a wife's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which she is or was so entitled (but not for such first month or any earlier month) occurring before the month in which she attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

[(A) an amount equal to the amount by which such wife's insurance benefit is reduced under paragraph (2) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which she was entitled thereto), plus

[(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's insurance benefit prior to reduction under this subsection, an amount equal to—

[(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

[(ii) $\frac{1}{2}$ of 1 per centum, and further multiplied by
 [(iii) the excess of such old-age insurance benefit over such wife's insurance benefit.

[(5) In the case of any woman who is entitled to an old-age insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

[(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under section 203(b) or paragraph (1) of section 203(c),
 and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

[(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under section 203(b), under section 203(c)(1), under section 203(d)(1), or under section 222(b),

[(C) the number equal to the number of months occurring after the first month for which such wife's insurance benefit was reduced under such paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

[(D) the number equal to the number of months for which such wife's insurance benefit was reduced under such paragraph (2), but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, a wife's insurance benefit shall not be considered terminated for any reason prior to the month in which she attains the age of sixty-five.

[(6) In the case of any woman who is entitled to a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

[(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which

such benefit was subject to deductions under section 203(b), under section 203(c)(1), under section 203(d)(1) or under section 222(b),

[(B) the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

[(C) the number equal to the number of months for which such benefit was reduced under such paragraph, but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits.

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3) and—

[(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under section 203(b), or paragraph (1) of section 203(c)

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three.

[(7) In the case of a woman who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's insurance benefit, the amount of such wife's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month.

[(8) In the case of a woman who is or was entitled to a wife's insurance benefit to which paragraph (2) was applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's insurance benefit is reduced under paragraph (6) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which she was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which she attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

[(9) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203(a) and application of section 215(g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.]

Adjustment of Old-Age, Wife's, or Husband's Insurance Benefit Amounts in Accordance With Age of Beneficiary

(q)(1) *If the first month for which an individual is entitled to an old-age, wife's, or husband's insurance benefit is a month before the month in which such individual attains age 65, the amount of such benefit for each month shall, subject to the succeeding paragraphs of this subsection, be reduced by—*

(A) $\frac{1}{2}$ of 1 percent of such amount if such benefit is an old-age insurance benefit, or $\frac{2}{3}$ of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit; multiplied by

(B) (i) *the number of months in the reduction period for such benefit (determined under paragraph (5)), if such benefit is for a month before the month in which such individual attains age 65, or*

(ii) *the number of months in the adjusted reduction period for such benefit (determined under paragraph (6)), if such benefit is for the month in which such individual attains age 65 or for any month thereafter.*

(2)(A) *If the first month for which an individual both is entitled to a wife's or husband's insurance benefit and has attained age 62 is a month for which such individual is also entitled to—*

(i) *an old-age insurance benefit (to which such individual was first entitled for a month before he attains age 65), or*

(ii) *a disability insurance benefit,*

then in lieu of any reduction under paragraph (1) (but subject to the succeeding paragraphs of this subsection) such wife's or husband's insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D).

(B) *For any month for which such individual is entitled to an old-age insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the sum of—*

(i) *the amount by which such old-age insurance benefit is reduced under paragraph (1), and*

(ii) *the amount by which such wife's or husband's insurance benefit would be reduced under paragraph (1) if it were equal to the excess of such wife's or husband's insurance benefit (before reduction under this subsection) over such old-age insurance benefit (before reduction under this subsection).*

(C) *For any month for which such individual is entitled to a disability insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the amount by which such benefit would be reduced under paragraph (1) if it were equal to the excess of such benefit (before reduction under this subsection) over such disability insurance benefit.*

(D) *For any month for which such individual is entitled neither to an old-age insurance benefit nor to a disability insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the amount by which it would be reduced under paragraph (1).*

(3) *If—*

(A) *an individual is or was entitled to a benefit subject to reduction under this subsection, and*

(B) *such benefit is increased by reason of an increase in the primary insurance amount of the individual on whose wages and self-employment income such benefit is based,*

then the amount of the reduction of such benefit for each month shall be computed separately (under paragraph (1) or (2), whichever applies)

for the portion of such benefit which constitutes such benefit before any increase described in subparagraph (B), and separately (under paragraph (1) or (2), whichever applies to the benefit being increased) for each such increase. For purposes of determining the amount of the reduction under paragraph (1) or (2) in any such increase, the reduction period and the adjusted reduction period shall be determined as if such increase were a separate benefit to which such individual was entitled for and after the first month for which such increase is effective.

(4)(A) No wife's insurance benefit shall be reduced under this subsection—

(i) for any month before the first month for which there is in effect a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection, or

(ii) for any month in which she has in her care (individually or jointly with the person on whose wages and self-employment income her wife's insurance benefit is based) a child of such person entitled to child's insurance benefits.

(B) Any certificate described in subparagraph (A)(i) shall be effective for purposes of this subsection (and for purposes of preventing deductions under section 203(c)(2))—

(i) for the month in which it is filed and for any month thereafter, and

(ii) for months, in the period designated by the woman filing such certificate, of one or more consecutive months (not exceeding 12) immediately preceding the month in which such certificate is filed;

except that such certificate shall not be effective for any month before the month in which she attains age 62, nor shall it be effective for any month to which subparagraph (A)(ii) applies.

(C) If a woman does not have in her care a child described in subparagraph (A)(ii) in the first month for which she is entitled to a wife's insurance benefit, and if such first month is a month before the month in which she attains age 65, she shall be deemed to have filed in such first month the certificate described in subparagraph (A)(i).

(5) For purposes of this subsection, the "reduction period" for an individual's old-age, wife's, or husband's insurance benefit is the period—

(A) beginning—

(i) in the case of an old-age or husband's insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

(ii) in the case of a wife's insurance benefit, with the first day of the first month for which a certificate described in paragraph (4)(A)(i) is effective, and

(B) ending with the last day of the month before the month in which such individual attains age 65.

(6) For purposes of this subsection, the "adjusted reduction period" for an individual's old-age, wife's, or husband's insurance benefit is the reduction period prescribed by paragraph (5) for such benefit, excluding from such period—

(A) any month in which such benefit was subject to deductions under section 203(b), 203(c)(1), 203(d)(1), or 222(b),

(B) in the case of wife's insurance benefits, any month in which she had in her care (individually or jointly with the person on whose

wages and self-employment income such benefit is based) a child of such person entitled to child's insurance benefits, and

(C) in the case of wife's or husband's insurance benefits, any month for which such individual was not entitled to such benefits because the spouse on whose wages and self-employment income such benefits were based ceased to be under a disability.

(7) This subsection shall be applied after reduction under section 203(a) and after application of section 215(g). If the amount of any reduction computed under paragraph (1) or (2) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.

【Presumed Filing of Application by Woman Eligible for Old-Age and Wife's Insurance Benefits

【(r) Any woman who becomes entitled to an old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for a wife's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's insurance benefits. Any woman who becomes entitled to a wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless she has in such month a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, she would have been entitled to such benefit for such month.】

Presumed Filing of Application by Individuals Eligible for Old-Age Insurance Benefits and for Wife's or Husband's Insurance Benefits

(r) (1) If the first month for which an individual is entitled to an old-age insurance benefit is a month before the month in which such individual attains age 65, and if such individual is eligible for a wife's or husband's insurance benefit for such first month, such individual shall be deemed to have filed an application in such month for wife's or husband's insurance benefits.

(2) If the first month for which an individual is entitled to a wife's or husband's insurance benefit reduced under subsection (q) is a month before the month in which such individual attains age 65, and if such individual is eligible for an old-age insurance benefit for such first month, such individual shall be deemed to have filed an application for old-age insurance benefits—

(A) in such month, or

(B) if such individual is also entitled to a disability insurance benefit for such month, in the first subsequent month for which such individual is not entitled to a disability insurance benefit.

(3) For purposes of this subsection, an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, he would be entitled to such benefit for such month.

Female Disability Insurance Beneficiary

[(s) (1) If any woman becomes entitled to a widow's insurance benefit or parent's insurance benefit for a month before the month in which she attains the age of sixty-five, or becomes entitled to an old-age insurance benefit or wife's insurance benefit for a month before the month in which she attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.]

[(2) If a woman would, but for the provisions of subsection (k) (2) (B), be entitled for any month to a disability insurance benefit and to a wife's insurance benefit, subsection (q) shall be applicable to such wife's insurance benefit for such month only to the extent it exceeds such disability insurance benefit for such month.]

[(3) The entitlement of any woman to disability insurance benefits shall terminate with the month before the month in which she becomes entitled to old-age insurance benefits.]

Suspension of Benefits of Aliens Who Are Outside the United States

(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual who is not a citizen or national of the United States for any month which is—

(A) after the sixth consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States, and

(B) prior to the first month thereafter for all of which such individual has been in the United States.

(2) Paragraph (1) shall not apply to any individual who is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and under which—

(A) periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and

(B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

(3) Paragraph (1) shall not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of the enactment of this subsection.

(4) Paragraph (1) shall not apply to any benefit for any month if—

(A) not less than forty of the quarters elapsing before such month are quarters of coverage for the individual on whose wages and self-employment income such benefit is based, or

(B) the individual on whose wages and self-employment income such benefit is based has, before such month, resided in the United States for a period or periods aggregating ten years or more, or

(C) the individual entitled to such benefit is outside the United States while in the active military or naval service of the United States, or

(D) the individual on whose wages and self-employment income such benefit is based died, before such month, either (i) while on active duty or inactive duty training (as those terms are defined in section 210 (l) (2) and (3)) as a member of a uniformed service (as defined in section 210(m)), or (ii) as the result of a disease or injury which the Administrator of Veterans' Affairs determines was incurred or aggravated in line of duty while on active duty (as defined in section 210(l)(2)), or an injury which he determines was incurred or aggravated in line of duty while on inactive duty training (as defined in section 210(l)(3)), as a member of a uniformed service (as defined in section 210(m)), if the Administrator determines that such individual was discharged or released from the period of such active duty or inactive duty training under conditions other than dishonorable, and if the Administrator certifies to the Secretary his determinations with respect to such individual under this clause, or

(E) the individual on whose employment such benefit is based had been in service covered by the Railroad Retirement Act which was treated as employment covered by this Act pursuant to the provisions of section 5(k)(1) of the Railroad Retirement Act.

(5) No person who is, or upon application would be, entitled to a monthly benefit under this section for December 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 is based.

(6) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

(7) Subsections (b), (c), and (d) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

(8) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the continental United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection.

Conviction of Subversive Activities, Etc.

(u)(1) If any individual is convicted of any offense (committed after the date of the enactment of this subsection) under—

(A) chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or

(B) section 4, 112, or 113 of the Internal Security Act of 1950, as amended,

then the court may, in addition to all other penalties provided by law, impose a penalty that in determining whether any monthly insurance benefit under this section or section 223 is payable to such individual for the month in which he is convicted or for any month thereafter, and in determining the amount of any such benefit payable to such individual for any such month, there shall not be taken into account—

(C) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and

(D) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year.

(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, the Attorney General shall notify the Secretary of such imposition.

(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon of the offense by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon is granted.

* * * * *

DEFINITION OF WAGES

SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

* * * * *

(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains [retirement age (as defined in section 216(a))] *age 62 (if a woman) or age 65 (if a man)*, if he did not work for the employer in the period for which such payment is made. As used in this subsection, the term "sick pay" includes remuneration for service in the employ of a State, a political subdivision (as defined in section 218(b)(2)) of a State, or an instrumentality of two or more States, paid to an employee thereof for a period during which he was absent from work because of sickness, or

* * * * *

QUARTER AND QUARTER OF COVERAGE

Definitions

c. 213. (a) For the purpose of this title—

(1) The term “quarter”, and the term “calendar quarter”, means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term “quarter of coverage” means a quarter in which the individual has been paid \$50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with \$100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal \$3,000 in the case of a calendar year before 1951, or \$3,600 in the case of a calendar year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954 and before 1959, or \$4,800 in the case of a calendar year after 1958, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954 and before 1959, or \$4,800 in the case of a taxable year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages equal or exceed \$100 but are less than \$200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$200 but are less than \$300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$300 but are less than \$400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are \$400 or more; and

(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained [retirement age] *age 62* or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recom-

putation of his primary insurance amount, or the requirements of paragraph (3) of section 216(i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters. If, in the case of an individual who did not die prior to January 1, 1955, and who attained [retirement age] *age 62 (if a woman) or age 65 (if a man)* or died before July 1, 1957, the requirements for insured status in section 214(a)(3) are not met because of his having too few quarters of coverage but would be met if his quarters of coverage in the first calendar year in which he had any covered employment had been determined on the basis of the period during which wages were earned rather than on the basis of the period during which wages were paid (any such wages paid that are reallocated on an earned basis shall not be used in determining quarters of coverage for subsequent calendar years), then upon application filed by the individual or his survivors and satisfactory proof of his record of wages earned being furnished by such individual or his survivors, the quarters of coverage in such calendar year may be determined on the basis of the periods during which wages were earned.

* * * * *

INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE
BENEFITS

SEC. 214. For the purposes of this title—

Fully Insured Individual

(a) The term “fully insured individual” means any individual who had not less than—

[(1) one quarter of coverage (whenever acquired) for each three of the quarters elapsing—

[(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

[(B) prior to (i) the year in which he died, or (ii) i earlier, the year in which he attained retirement age,]

(1) *one quarter of coverage (whenever acquired) for each calendar year elapsing after 1950 (or, if later, the year in which he attained age 21) and before—*

(A) *in the case of a woman, the year in which she died or (if earlier) the year in which she attained age 62,*

(B) *in the case of a man who has died, the year in which he died or (if earlier) the year in which he attained age 65, or*

(C) *in the case of a man who has not died, the year in which he attained (or would attain) age 65,*

except that in no case shall an individual be a fully insured individual unless he has at least [six] 6 quarters of coverage; or

(2) [forty] 40 quarters of coverage; or

(3) in the case of an individual who died **[prior to]** *before* 1951, **[six]** 6 quarters of coverage; not counting as an elapsed **[quarter]** *year* for purposes of paragraph (1) any **[quarter]** *year* any part of which was included in a period of disability (as defined in section 216(i)) **[unless such quarter was a quarter of coverage. When the number of elapsed quarters referred to in paragraph (1) is not a multiple of three, such number shall, for purposes of such paragraph, be reduced to the next lower multiple of three].**

Currently Insured Individual

(b) The term "currently insured individual" means any individual who has not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section, or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits, not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage.

COMPUTATION OF PRIMARY INSURANCE AMOUNT

SEC. 215. For the purposes of this title—

(a) Subject to the conditions specified in subsections (b), (c), and (d) of this section, the primary insurance amount of an insured individual shall be whichever of the following is the largest:

(1) The amount in column IV on the line on which in column III of the following table appears his average monthly wage (as determined under subsection (b));

(2) The amount in column IV on the line on which in column II of the following table appears his primary insurance amount (as determined under subsection (c));

(3) The amount in column IV on the line on which in column I of the following table appears his primary insurance benefit (as determined under subsection (d)); or

[(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he became entitled to old-age insurance benefits or died, the amount in column IV which is equal to his disability insurance benefit.]

(4) *In the case of—*

(A) *a woman who was entitled to a disability insurance benefit for the month before the month in which she died or became entitled to old-age insurance benefits, or*

(B) *a man who was entitled to a disability insurance benefit for the month before the month in which he died or attained age 65,*

the amount in column IV which is equal to such disability insurance benefit.

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self employment income shall be—
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
\$44.89	\$45.60	\$88.40	\$89.20	\$250	\$253	\$95	\$202.40
		89.30	90.10	254	258	96	206.40
		90.20	91.10	259	263	97	210.40
		91.20	92.00	264	267	98	213.60
		92.10	92.90	268	272	99	217.60
		93.00	93.90	273	277	100	221.60
		94.00	94.80	278	281	101	224.80
		94.90	95.80	282	286	102	228.80
		95.90	96.70	287	291	103	232.80
		96.80	97.60	292	295	104	236.00
		97.70	98.60	296	300	105	240.00
		98.70	99.50	301	305	106	244.00
		99.60	100.40	306	309	107	247.20
		100.50	101.40	310	314	108	251.20
		101.50	102.30	315	319	109	254.00
		102.40	103.20	320	323	110	254.00
		103.30	104.20	324	328	111	254.00
		104.30	105.10	329	333	112	254.00
		105.20	106.00	334	337	113	254.00
		106.10	107.00	338	342	114	254.00
		107.10	107.90	343	347	115	254.00
		108.00	108.50	348	351	116	254.00
				352	356	117	254.00
				357	361	118	254.00
				362	365	119	254.00
				366	370	120	254.00
				371	375	121	254.00
				376	379	122	254.00
				380	384	123	254.00
				385	389	124	254.00
				390	393	125	254.00
				394	398	126	254.00
				399	400	127	254.00

Average Monthly Wage

(b) (1) For the purposes of column III of the table appearing in subsection (a) of this section, an individual's "average monthly wage" shall be the quotient obtained by dividing—

(A) the total of his wages paid in and self-employment income credited to his "benefit computation years" (determined under paragraph (2)), by

(B) the number of months in such years.

(2) (A) The number of an individual's "benefit computation years" shall be equal to the number of elapsed years (determined under paragraph (3) of this subsection), reduced by five; except that the number of an individual's benefit computation years shall in no case be less than two.

(B) An individual's "benefit computation years" shall be those computation base years, equal in number to the number determined under subparagraph (A), for which the total of his wages and self-employment income is the largest.

(C) For the purposes of subparagraph (B), "computation base years" include only calendar years occurring—

- (i) After December 31, 1950, and
- (ii) prior to the year in which the individual became entitled to old-age insurance benefits or died, whichever first occurred; except that the year in which the individual became entitled to old-age insurance benefits or died, as the case may be, shall be included as a computation base year if the Secretary determines, on the basis of evidence available to him at the time of the computation of the primary insurance amount for such individual, that the inclusion of such year would result in a higher primary insurance amount. Any calendar year all of which is included in a period of disability shall not be included as a computation base year.

[(3) For the purposes of paragraph (2), an individual's "elapsed years" shall be the number of calendar years—

[(A) after (i) December 31, 1950, or (ii) if later, December 31 of the years in which he attained the age of twenty-one, and

[(B) prior to (i) the year in which he died, or (ii) if earlier, the first year after December 31, 1960, in which he both was fully insured and had attained retirement age.]

(3) *For purposes of paragraph (2), the number of an individual's elapsed years is the number of calendar years after 1950 (or, if later, the year in which he attained age 21) and before—*

(A) in the case of a woman, the year in which she died or (if earlier) the first year after 1960 in which she both was fully insured and had attained age 62,

(B) in the case of a man who has died, the year in which he died or (if earlier) the first year after 1960 in which he both was fully insured and had attained age 65, or

(C) in the case of a man who has not died, the first year after 1960 in which he attained (or would attain) age 65 or (if later) the first year in which he was fully insured.

For [the] purposes of the preceding sentence, any calendar year any part of which was included in a period of disability shall not be included in such number of calendar years.

(4) The provisions of this subsection shall be applicable only in the case of an individual with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and—

(A) who becomes entitled to benefits after December 1960 under section 202(a) or section 223; or

(B) who dies after December 1960 without being entitled to benefits under section 202(a) or section 223; or

(C) who files an application for a recomputation under subsection (f)(2)(A) after December 1960 and is (or would, but for the provisions of subsection (f)(6), be) entitled to have his primary insurance amount recomputed under subsection (f)(2)(A); or

(D) who dies after December 1960 and whose survivors are (or would, but for the provisions of subsection (f)(6), be) entitled to a recomputation of his primary insurance amount under subsection (f)(4).

(5) In the case of any individual—

(A) to whom the provisions of this subsection are not made applicable by paragraph (4), but

(B) (i) prior to 1961, met the requirements of this paragraph (including subparagraph (E) thereof) as in effect prior to the enactment of the Social Security Amendments of 1960, or (ii) after 1960, meets the conditions of subparagraph (E) of this paragraph as in effect prior to such enactment, then the provisions of this subsection as in effect prior to such enactment shall apply to such individual for the purposes of column III of the table appearing in subsection (a) of this section.

* * * * *

Recomputation of Benefits

(f) (1) After an individual's primary insurance amount has been determined under this section, there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217(b).

* * * * *

(7)(A) *In the case of a man who attains age 65 and who became entitled to old-age insurance benefits before the month in which he attains such age, his primary insurance amount shall be recomputed as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he attained age 65, except that his computation base years referred to in subsection (b)(2) shall include the year in which he attained age 65. Such recomputation shall be effective for and after the month in which he attained age 65.*

(B) *In the case of a man who became entitled to old-age insurance benefits and died before the month in which he attained age 65, the Secretary shall, if any person is entitled to monthly insurance benefits or a lump-sum death payment on the basis of the wages and self-employment income of the decedent, recompute his primary insurance amount as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he died; except that (i) his computation base years referred to in subsection (b)(2) shall include the year in which he died, and (ii) his elapsed years referred to in subsection (b)(3) shall not include the year in which he died or any year thereafter. In the case of monthly insurance benefits, such recomputation of a man's primary insurance amount shall be effective for and after the month in which he died.*

Rounding of Benefits

(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 or 223 which (after reduction under section 203(a)) and deductions under section 203(b) is not a multiple of \$0.10 shall be raised to the next higher multiple of \$0.10.

* * * * *

OTHER DEFINITIONS

SEC. 216. For the purposes of this title—

[Retirement Age

- [(a) The term "retirement age" means—
[(1) in the case of a man, age sixty-five, or
[(2) in the case of a woman, age sixty-two.]

Wife

(b) The term "wife" means the wife of an individual, but only if she (1) is the mother of his son or daughter, (2) was married to him for a period of not less than one year immediately preceding the day on which her application is filed, or (3) in the month prior to the month of her marriage to him (A) was entitled to, or on application therefor and attainment of **[retirement age]** *age 62* in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Widow

(c) The term "widow" (except when used in section 202(i)) means the surviving wife of an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (4) she was married to him at the time both of them legally adopted a child under the age of eighteen, (5) she was married to him for a period of not less than one year immediately prior to the day on which he died, or (6) in the month prior to the month of her marriage to him (A) she was entitled to, or on application therefor and attainment of **[retirement age]** *age 62* in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) she had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Former Wife Divorced

(d) The term "former wife divorced" means a woman divorced from an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (4) she was married to him at the time both of them legally adopted a child under the age of eighteen.

Child

(e) The term "child" means (1) the child or legally adopted child of an individual, and (2) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which application for child's insurance benefits is filed or (if the insured indi-

vidual is deceased) the day on which such individual died. For purposes of clause (1), a person shall be deemed, as of the date of death of an individual, to be the legally adopted child of such individual if such person was at the time of such individual's death living in such individual's household and was legally adopted by such individual's surviving spouse after such individual's death but before the end of two years after the day on which such individual died or the date of enactment of this Act; except that this sentence shall not apply if at the time of such individual's death such person was receiving regular contributions toward his support from someone other than such individual or his spouse, or from any public or private welfare organization which furnishes services or assistance for children. For purposes of clause (2), a person who is not the stepchild of an individual shall be deemed the stepchild of such individual if such individual was not the mother or adopting mother or the father or adopting father of such person and such individual and the mother or adopting mother, or the father or adopting father, as the case may be, of such person went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of subsection (h)(1)(B), would have been a valid marriage.

Husband

(f) The term "husband" means the husband of an individual, but only if (1) he is the father of her son or daughter, (2) he was married to her for a period of not less than one year immediately preceding the day on which his application is filed, or (3) in the month prior to the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Widower

(g) The term "widower" (except when used in section 202(i)) means the surviving husband of an individual, but only if (1) he is the father of her son or daughter, (2) he legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) she legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (4) he was married to her at the time both of them legally adopted a child under the age of eighteen, (5) he was married to her for a period of not less than one year immediately prior to the day on which she died, or (6) in the month before the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of [retirement age] *age 62* in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Determination of Family Status

(h)(1)(A) An applicant is the wife, husband, widow, or widower of a fully or currently insured individual for purposes of this title if the courts of the State in which such insured individual is domiciled at the time such applicant files an application, or, if such insured individual is dead, the courts of the State in which he was domiciled at the time of death, or, if such insured individual is or was not so domiciled in any State, the courts of the District of Columbia, would find that such applicant and such insured individual were validly married at the time such applicant files such application or, if such insured individual is dead, at the time he died. If such courts would not find that such applicant and such insured individual were validly married at such time, such applicant shall, nevertheless be deemed to be the wife, husband, widow, or widower, as the case may be, of such insured individual if such applicant would, under the laws applied by such courts in determining the devolution of intestate personal property, have the same status with respect to the taking of such property as a wife, husband, widow, or widower of such insured individual.

(B) In any case where under subparagraph (A) an applicant is not (and is not deemed to be) the wife, widow, husband, or widower of a fully or currently insured individual, or where under subsection (b), (c), (f), or (g) such applicant is not the wife, widow, husband, or widower of such individual, but it is established to the satisfaction of the Secretary that such applicant in good faith went through a marriage ceremony with such individual resulting in a purported marriage between them which, but for a legal impediment not known to the applicant at the time of such ceremony, would have been a valid marriage, and such applicant and the insured individual were living in the same household at the time of the death of such insured individual or (if such insured individual is living) at the time such applicant files the application, then, for purposes of subparagraph (A) and subsections (b), (c), (f), and (g), such purported marriage shall be deemed to be a valid marriage. The provisions of the preceding sentence shall not apply (i) if another person is or has been entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual and such other person is (or is deemed to be) a wife, widow, husband, or widower of such insured individual under subparagraph (A) at the time such applicant files the application, or (ii) if the Secretary determines, on the basis of information brought to his attention, that such applicant entered into such purported marriage with such insured individual with knowledge that it would not be a valid marriage. The entitlement to a monthly benefit under subsection (b), (c), (e), (f), or (g) of section 202, based on the wages and self-employment income of such insured individual, of a person who would not be deemed to be a wife, widow, husband, or widower of such insured individual but for this subparagraph, shall end with the month before the month (i) in which the Secretary certifies, pursuant to section 205 (i), that another person is entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual, if such other person is (or is deemed to be) the wife, widow, husband, or widower of such

insured individual under subparagraph (A), or (ii) if the applicant is entitled to a monthly benefit under subsection (b) or (c) of section 202, in which such applicant entered into a marriage, valid without regard to this subparagraph, with a person other than such insured individual. For purposes of this subparagraph, a legal impediment to the validity of a purported marriage includes only an impediment (i) resulting from the lack of dissolution of a previous marriage or otherwise arising out of such previous marriage or its dissolution, or (ii) resulting from a defect in the procedure followed in connection with such purported marriage.

(2) (A) In determining whether an applicant is the child or parent of a fully or currently insured individual for purposes of this title, the Secretary shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or, if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a child or parent shall be deemed such.

(B) If an applicant is a son or daughter of a fully or currently insured individual but is not (and is not deemed to be) the child of such insured individual under subparagraph (A), such applicant shall nevertheless be deemed to be the child of such insured individual if such insured individual and the mother or father, as the case may be, of such applicant went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of paragraph (1)(B), would have been a valid marriage.

Disability; Period of Disability

(i) (1) Except for purposes of sections 202(d), 223, and 225, the term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

(2) The term "period of disability" means a continuous period (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)), but only if such period is of not less than six full calendar

months' duration or such individual was entitled to benefits under section 223 for one or more months in such period. No such period shall begin as to any individual unless such individual, while under such disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains the age of sixty-five. Except as provided in paragraph (4), a period of disability shall (*subject to section 223(a)(3)*) begin—

(A) if the individual satisfies the requirements of paragraph (3) on such day,

(i) on the day the disability began, or

(ii) on the first day of the eighteen-month period which ends with the day before the day on which the individual files such application,

whichever occurs later;

(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the month preceding whichever of the following months is the earlier: the month in which the individual attains age sixty-five or the third month following the month in which the disability ceases. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph), or, in any case in which clause (ii) of section 223(a)(1) is applicable, more than six months before the first month for which such applicant becomes entitled to benefits under section 223, shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted. Any application for a disability determination which is filed within such three months' period or six months' period shall be deemed to have been filed on such first day or in such first month, as the case may be.

(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained [retirement age] *age 62 (if a woman) or age 65 (if a man)* and filed application for benefits under section 202(a) on the first day of such quarter; and

(B) he had not less than twenty quarters of coverage during the forty-quarter period which ends with such quarter, not counting as part of such forty-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage;

except that the provisions of subparagraph (A) of this paragraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such subparagraph, begin prior to 1955.

(4) If an individual files an application for a disability determination after December 1954, and before July [1961] 1962, with respect to a disability which began before [July 1960] January 1961, and continued without interruption until such application was filed, then the beginning day for the period of disability shall be—

(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements.

Periods of Limitation Ending on Nonwork Days

(j) Where this title, any provision of another law of the United States (other than the Internal Revenue Code of 1954) relating to or changing the effect of this title, or any regulation issued by the Secretary pursuant thereto provides for a period within which an act is required to be done which affects eligibility for or the amount of any benefit or payment under this title or is necessary to establish or protect any rights under this title, and such period ends on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order, then such act shall be considered as done within such period if it is done on the first day thereafter which is not a Saturday, Sunday, or legal holiday or any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order. For purposes of this subsection, the day on which a period ends shall include the day on which an extension of such period, as authorized by law or by the Secretary pursuant to law, ends. The provisions of this subsection shall not extend the period during which benefits under this title may (pursuant to section 202(j)(1) or 223(b)) be paid for months prior to the day application for such benefits is filed, or during which an application for benefits under this title may (pursuant to section 202(j)(2) or 223(b)) be accepted as such.

* * * * *

Voluntary Agreements for Coverage of State and Local Employees

* * * * *

Sec. 218.

* * * * *

Positions Covered by Retirement Systems

(d)(1) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5)(A)). The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph

(5)(A) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system.

(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)), if the Governor of the State, or an official of the State designated by him for the purpose, certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

(C) Not less than ninety days' notice of such referendum was given to all such employees;

(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

(E) A majority of the eligible employees voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemed an "eligible employee" for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an "eligible employee" if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after the last previous referendum held with respect to such retirement system.

(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

(B) all employees in positions which became covered by such system at any time after such date; and

(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c)(3)(C)).

(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

(6)(A) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. Where a retirement system covering positions of employees of a State and positions of employees of one or more political subdivisions of a State or covering positions of employees of two or more political subdivisions of the State, is not divided into separate retirement systems pursuant to the preceding sentence or pursuant to subparagraph (C), then the State may, for purposes of subsection (f) only, deem the system to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned.

(B) If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this subparagraph, the term "institutions of higher learning" includes junior colleges and teachers colleges. If a retirement system covers positions of employees of a hospital which is an integral part of a political subdivision, then, for purposes of the preceding paragraphs there shall, if the State so desires, be deemed to be a separate retirement system for the employees of such hospital.

(C) For the purposes of this subsection, any retirement system established by the State of California, Connecticut, Florida, Georgia, Massachusetts, Minnesota, *New Mexico*, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, Wisconsin, or Hawaii, or any political subdivision of any such State, which, on, before, or after the date of enactment of this subparagraph, is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. If, in the case of a separate retirement system which is deemed to exist by reason of subparagraph (A) and which has been divided into two divisions or parts pursuant to the first sentence of this subparagraph, individuals become members of such system by reason of action taken by a political subdivision after coverage under an agreement under this section has been extended to the division or part thereof composed of positions of individuals who desire such coverage, the positions of such individuals who become members of such retirement system by reason of the action so taken shall be included in the division or part of such system composed of positions of members who do not desire such coverage if (i) such individuals, on the day before becoming such members, were in the division or part of another separate retirement system (deemed to exist by reason of subparagraph (A)) composed of positions of members of such system who do not desire coverage under an agreement under this section, and (ii) all of the positions in the separate retirement system of which such individuals so become members and all of the positions in the separate retirement system referred to in clause (i) would have been covered by a single retirement system if the State had not taken action to provide for separate retirement systems under this paragraph.

(D) The position of any individual which is covered by any retirement system to which subparagraph (C) is applicable shall, if such individual is ineligible to become a member of such system on August 1, 1956, or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title.

(E) An individual who is in a position covered by a retirement system to which subparagraph (C) is applicable and who is not a member of such system but is eligible to become a member thereof shall, for purposes of this subsection (other than paragraph (8)), be regarded as a member of such system; except that, in the case of any retirement system a division or part of which is covered under the agreement (either in the original agreement or by a modification thereof), which coverage is agreed to prior to 1960, the preceding provisions of this subparagraph shall apply only if the State so requests and any such individual referred to in such preceding provisions shall, if the State so requests, be treated, after division of the retirement system pursuant to such subparagraph (C), the same as individuals in positions referred to in subparagraph (F).

(F) In the case of any retirement system divided pursuant to subparagraph (C), the position of any member of the division or part composed of positions of members who do not desire coverage may be transferred to the separate retirement system composed of positions of members who desire such coverage if it is so provided in a modification of such agreement which is mailed, or delivered by other means, to the Secretary [prior to 1960 or, if later, the expiration of one year after the date] *prior to 1963 or, if later, the expiration of two years after the date* on which such agreement, or the modification thereof making the agreement applicable to such separate retirement system, as the case may be, is agreed to, but only if, prior to such modification or such later modification, as the case may be, the individual occupying such position files with the State a written request for such transfer. *Notwithstanding subsection (f)(1), any such modification or later modification, providing for the transfer of additional positions within a retirement system previously divided pursuant to subparagraph (C) to the separate retirement system composed of positions of members who desire coverage, shall be effective with respect to services performed after the same effective date as that which was specified in the case of such previous division.*

* * * * *

DISABILITY INSURANCE BENEFIT PAYMENTS

Disability Insurance Benefits

SEC. 223. (a)(1) Every individual who—

(A) is insured for disability insurance benefits (as determined under subsection (c)(1)),

(B) has not attained the age of sixty-five,

(C) has filed application for disability insurance benefits, and

(D) is under a disability (as defined in subsection (c)(2)) at the time such application is filed,

shall be entitled to a disability insurance benefit (i) for each month beginning with the first month after his waiting period (as defined in subsection (c)(3)) in which he becomes so entitled to such insurance benefits, or (ii) for each month beginning with the first month during all of which he is under a disability and in which he becomes so entitled to such insurance benefits, but only if he was entitled to

disability insurance benefits which terminated, or had a period of disability (as defined in section 216(i)) which ceased, within the sixty-month period preceding the first month in which he is under such disability, and ending with the month preceding whichever of the following months is the earliest; the month in which he dies, the month in which he attains **[the age of sixty-five]** *age 65, the first month for which he is entitled to old-age insurance benefits*, or the third month following the month in which his disability ceases.

(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he had attained **[retirement age]** *age 62 (if a woman) or age 65 (if a man)* in—

(A) the first month of his waiting period, or

(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first month for which he becomes entitled to such disability insurance benefits, and as though he had become entitled to old-age insurance benefits in the month in which he filed his application for disability insurance benefits. For the purposes of the preceding sentence in the case of a woman who both was fully insured and had attained retirement age in or before the first month referred to in subparagraph (A) or (B) of such sentence, as the case may be the elapsed years referred to in section 215(b)(3) shall not include the first year in which she both was fully insured and had attained **[retirement age]** *age 62*, or any year thereafter.

(3) *If, for any month before the month in which an individual attains age 65, such individual is entitled to—*

(A) *a widow's, widower's or parent's insurance benefit, or*

(B) *an old-age wife's, or husband's insurance benefit which is reduced under subsection (q) of section 202, such individual may not, for any month after the first month for which such individual is so entitled, become entitled to disability insurance benefits; and a period of disability may not begin with respect to such individual in any month after such first month.*

Filing of Application

(b) No application for disability insurance benefits shall be accepted as a valid application for purposes of this section (1) if it is filed more than nine months before the first month for which the applicant becomes entitled to such benefits, or (2) in any case in which clause (ii) of paragraph (1) of subsection (a) is applicable, if it is filed more than six months before the first month for which the applicant becomes entitled to such benefits; and any application filed within such nine months' period or six months' period, as the case may be, shall be deemed to have been filed in such first month. An individual who would have been entitled to a disability insurance benefit for any month after June 1957 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he is continuously under a disability after such month and until he files application therefor, and he files such application prior to the end of the twelfth month immediately succeeding such month.

Definitions

(c) For purposes of this section—

(1) An individual shall be insured for disability insurance benefits in any month if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained [retirement age] *age 62 (if a woman) or age 65 (if a man)* and filed application for benefits under section 202(a) on the first day of such month, and

(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216(i)) unless such quarter was a quarter of coverage.

(2) The term “disability” means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

(3) The term “waiting period” means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

(A) throughout which the individual who files such application has been under a disability which continues until such application is filed, and

(B) (i) which begins not earlier than with the first day of the eighteenth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such eighteenth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such eighteenth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before January 1, 1957.

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

* * * * *

Sec. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the prod-

uct of \$30 multiplied by the total number of recipients of aid to the blind for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received aid to the blind in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to the blind in the form of medical or any other type of remedial care); plus

(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of aid to the blind for such month; plus

(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the blind for such month; or

(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the blind by the excess of the monthly average of aid to the blind per recipient for such quarter over the monthly average of aid to the blind per recipient for the quarter beginning January 1, 1961;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to (A) one-half of the total of the sums expended during such quarter as aid to the blind under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of aid to the blind for such month; plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the blind for such month; and (3) in the case of any State, an amount equal to one-half of the total sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care.

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TITLE XI—GENERAL PROVISIONS

* * * * *

ASSISTANCE FOR UNITED STATES NATIONALS RETURNED FROM FOREIGN COUNTRIES

SEC. 1113. (a)(1) *The Secretary is authorized to provide temporary assistance to the United States nationals and to dependents of United States nationals, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the United States national or the illness of such national or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources.*

(2) *Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.*

(3) *The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.*

(b) *The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a)(1). Such plans shall be developed and such arrangements shall be made after consultation with the Secretary of State and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.*

(c) *For purposes of this section, the term "temporary assistance" means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their return to the United States from a foreign country and for such period after their return as may be provided in regulations of the Secretary.*

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TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

* * * * *

Payments to States

Sec. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and

Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received aid to the permanently and totally disabled in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to the permanently and totally disabled in the form of medical or any other type of remedial care); plus

(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; plus

(C) *with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:*

(i) *the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; or*

(ii) *100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the permanently and totally disabled by the excess of the monthly average of aid to the permanently and totally disabled per recipient for such quarter over the monthly average of aid to the permanently and totally disabled per recipient for the quarter beginning January 1, 1961;*

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to (A) one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month; plus (B) *with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total*

number of recipients of aid to the permanently and totally disabled for such month;

and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care.

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SECTION 303(g) OF THE SOCIAL SECURITY AMENDMENTS OF 1960

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COMPUTATIONS AND RECOMPUTATIONS OF PRIMARY INSURANCE AMOUNTS

SEC. 303. (g) (1) In the case of any individual who both was fully insured and had attained retirement age prior to 1961 and (A) who becomes entitled to old-age insurance benefits after 1960, or (B) who dies after 1960 without being entitled to such benefits, then, notwithstanding the amendments made by the preceding subsections of this section, the Secretary shall also compute such individual's primary insurance amount on the basis of such individual's average monthly wage determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act with a closing date determined under section 215(b)(3)(B) of such Act as then in effect, but only if such closing date would have been applicable to such computation had this section not been enacted. If the primary insurance amount resulting from the use of such an average monthly wage is higher than the primary insurance amount resulting from the use of an average monthly wage determined pursuant to the provisions of section 215 of the Social Security Act, as amended by the Social Security Amendments of 1960, such higher primary insurance amount shall be the individual's primary insurance amount for purposes of such section 215. The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act; *except that the terms "fully insured" and "retirement age" shall have the meaning assigned to them by such title II as in effect on September 12 1960.*

(2) Notwithstanding the amendments made by the preceding subsections of this section, in the case of any individual who was entitled (without regard to the provisions of section 223(b) of the Social Security Act) to a disability insurance benefit under such section 223 for the month before the month in which he became entitled to an old-age insurance benefit under section 202(a) of such Act, or in which he die, and such disability insurance benefit was based upon a primary insurance amount determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act, the Secretary shall, in applying the provisions of such section 215(a) (except paragraph (4) thereof), for purposes of determining benefits payable under section 202 of such Act on the basis of such in-

dividual's wages and self-employment income, determine such individual's average monthly wage under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act. The provisions of this paragraph shall not apply with respect to any such individual, entitled to such old-age insurance benefits, (i) who applies, after 1960, for a recomputation (to which he is entitled) of his primary insurance amount under section 215(f)(2) of such Act, or (ii) who dies after 1960 and meets the conditions for a recomputation of his primary insurance amount under section 215(f)(4) of such Act.

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INTERNAL REVENUE CODE OF 1954

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

Sec. 1401. Rate of tax.
 Sec. 1402. Definitions.
 Sec. 1403. Miscellaneous provisions.

SEC. 1401. RATE OF TAX.

In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

[(1) in the case of any taxable year beginning after December 31, 1958, and before January 1, 1960, the tax shall be equal to 3¼ percent of the amount of the self-employment income for such taxable year;]

[(2)] (1) in the case of any taxable year beginning after December 31, [1959,] 1961, and before January 1, 1963, the tax shall be equal to [4½] 4.7 percent of the amount of the self-employed income for such taxable year.

[(3)] (2) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to [5¼] 5.4 percent of the amount of the self-employment income for such taxable year;

[(4)] (3) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to [6] 6.2 percent of the amount of the self-employment income for such taxable year; and

[(5)] (4) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to [6¾] 6.9 percent of the amount of the self-employment income for such taxable year.

NOTE.—The amendments to section 1401 of the Internal Revenue Code of 1954 apply with respect to taxable years beginning after December 31, 1961.

SEC. 1402. DEFINITIONS.

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(e) **MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.**—

(1) **WAIVER CERTIFICATE.**—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order)

or (B) a Christian Science practitioner may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service described in subsection (c)(4), or service described in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be, performed by him.

(2) **TIME FOR FILING CERTIFICATE.**—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before whichever of the following dates is later: (A) the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed, in the case of an individual referred to in paragraph (1)(A), without regard to subsection (c)(4), and, in the case of an individual referred to in paragraph (1)(B), without regard to subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of \$400 or more, any part of which was derived from the performance of service described in subsection (c)(4), or from the performance of service described in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be; or (B) the due date of the return (including any extension thereof) for his second taxable year ending after 1959.

(3) (A) **EFFECTIVE DATE OF CERTIFICATE.**—A certificate filed pursuant to this subsection shall be effective for the taxable year immediately preceding the earliest taxable year for which, at the time the certificate is filed, the period for filing a return (including any extension thereof) has not expired, and for all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable.

(B) Notwithstanding the first sentence of subparagraph (A), if an individual filed a certificate on or before the date of enactment of this subparagraph which (but for this subparagraph) is effective only for the first taxable year ending after 1956 and all succeeding taxable years, such certificate shall be effective for his first taxable year ending after 1955 and all succeeding taxable years if—

(i) such individual files a supplemental certificate after the date of enactment of this subparagraph and on or before April 15, 1962,

(ii) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith) for his first taxable year ending after 1955 is paid on or before April 15, 1962, and

(iii) in any case where refund has been made of any such tax which (but for this subparagraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

The provisions of section 6401 shall not apply to any payment or repayment described in this subparagraph.

(4) TREATMENT OF CERTAIN REMUNERATION PAID IN 1955 AND 1956 AS WAGES.—If—

(A) in 1955 or 1956 an individual was paid remuneration for service described in section 3121(b)(8)(A) which was erroneously treated by the organization employing him (under a certificate filed by such organization pursuant to section 3121(k) or the corresponding section of prior law) as employment (within the meaning of chapter 21), and

(B) on or before the date of the enactment of this paragraph the taxes imposed by sections 3101 and 3111 were paid (in good faith and upon the assumption that the insurance system established by title II of the Social Security Act had been extended to such service) with respect to any part of the remuneration paid to such individual for such service,

then the remuneration with respect to which such taxes were paid, and with respect to which no credit or refund of such taxes (other than a credit or refund which would be allowable if such service had constituted employment) has been obtained on or before the date of the enactment of this paragraph, shall be deemed (for purposes of this chapter and chapter 21) to constitute remuneration paid for employment and not net earnings from self-employment.

(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1962.—In any case where an individual has derived earnings, in any taxable year ending after 1954 and before 1960, from the performance of service described in subsection (c)(4), or in subsection (c)(5) (as in effect prior to the enactment of this paragraph) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the date of the enactment of this paragraph and on or before the due date prescribed for filing such return (including any extension thereof)—

(A) a certificate filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205 (c) (1) (C) of the Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962, may be effective, at the election of the person filing such certificate, for the first taxable year ending after 1954 and before 1960 for which such a return was filed, and for all succeeding taxable years, rather than for the period prescribed in paragraph (3), and

(B) a certificate filed by such individual on or before the date of the enactment of this paragraph which (but for this subparagraph) is ineffective for the first taxable year ending after 1954 and before 1959 for which such a return was filed shall be effective for such first taxable year, and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205 (c) (1) (C) of

Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962, but only if—

(i) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year ending before 1960 in the case of a certificate described in subparagraph (A) or for each such year ending before 1959 in the case of a certificate described in subparagraph (B), is paid on or before April 15, 1962, and

(ii) in any case where refund has been made of any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

The provisions of section 6401 shall not apply to any payment or repayment described in this paragraph.

(6) *CERTIFICATE FILED BY FIDUCIARIES OR SURVIVORS ON OR BEFORE APRIL 15, 1962.*—*In any case where an individual, whose death has occurred after September 12, 1960, and before April 16, 1962, derived earnings from the performance of services described in subsection (c)(4), or in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, a certificate may be filed after the date of enactment of this paragraph, and on or before April 15, 1962, by a fiduciary acting for such individual's estate or by such individual's survivor within the meaning of section 205(c)(1)(C) of the Social Security Act. Such certificate shall be effective for the period prescribed in paragraph (3)(A) as if filed by the individual on the day of his death.*

Note.—The amendment to section 1402(e) of the Internal Revenue Code of 1954 shall take effect on the date of enactment of this amendment; except that no monthly benefits under title II of the Social Security Act for the month in which this amendment is enacted or any prior month shall be payable or increased by reason of such amendment, and no lump-sum death payment under such title shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of this amendment.

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SUBTITLE C—EMPLOYMENT TAXES

CHAPTER 21. Federal insurance contributions act.

CHAPTER 22. Railroad retirement tax act.

CHAPTER 23. Federal unemployment tax act.

CHAPTER 24. Collection of income tax at source on wages.

CHAPTER 25. General provisions relating to employment taxes.

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

SUBCHAPTER A. Tax on employees.

SUBCHAPTER B. Tax on employers.

SUBCHAPTER C. General provisions.

SUBCHAPTER A—TAX ON EMPLOYEES

Sec. 3101. Rate of tax.

Sec. 3102. Deduction of tax from wages.

SEC. 3101. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

[(1) with respect to wages received during the calendar year 1959, the rate shall be 2½ percent;]

[(2)] (1) with respect to wages received during the calendar [years 1960 to 1962, both inclusive,] *year 1962*, the rate shall be [3] 3½ percent;

[(3)] (2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be [3½] 3½ percent;

[(4)] (3) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be [4] 4½ percent; and

[(5)] (4) with respect to wages received after December 31, 1968, the rate shall be [4½] 4½ percent.

NOTE.—The amendments to section 3101 of the Internal Revenue Code of 1954 apply with respect to remuneration paid after December 31, 1961.

* * * * *

SUBCHAPTER B—TAX ON EMPLOYERS

Sec. 3111. Rate of tax.

Sec. 3112. Instrumentalities of the United States.

Sec. 3113. District of Columbia credit unions.

SEC. 3111. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

[(1) with respect to wages paid during the calendar year 1959, the rate shall be 2½ percent;]

[(2)] (1) with respect to wages paid during the calendar [years 1960 to 1962, both inclusive,] *year 1962*, the rate shall be [3] 3½ percent;

[(3)] (2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be [3½] 3½ percent;

[(4)] (3) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be [4] 4½ percent; and

[(5)] (4) with respect to wages paid after December 31, 1968, the rate shall be [4½] 4½ percent.

NOTE.—The amendments to section 3111 of the Internal Revenue Code of 1954 apply with respect to remuneration paid after December 31, 1961.

SECTION 1 OF THE RAILROAD RETIREMENT ACT OF 1937

DEFINITIONS

SECTION 1. For the purposes of this Act—

* * * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended," shall mean the Social Security Act as amended in **[1960]** 1961.

* * * * *

○

1 columns I, II, III, IV, and V down through the line which
2 reads

“\$13.49 14.00 37.10 38.00 68 69 41 61.50”

3 and inserting in lieu thereof the following:

“----- \$13.48 ----- \$37.00 ----- \$67 \$40 \$60.00
\$13.49 14.00 \$37.10 38.00 \$68 69 41 61.50”.

4 (b) The amendment made by subsection (a) shall apply
5 only in the case of monthly insurance benefits under title
6 II of the Social Security Act for months beginning on or
7 after the effective date of this title (see section 106), and in
8 the case of lump-sum death payments under such title with
9 respect to deaths on or after such effective date.

10 REDUCED BENEFITS FOR MEN AT AGE 62

11 SEC. 102. (a) Section 202 of the Social Security Act
12 is amended by striking out “retirement age” and “retirement
13 age (as defined in section 216 (a))” each place they appear
14 therein and inserting in lieu thereof “age 62”.

15 (b) (1) Subsections (q) and (r) of section 202 of such
16 Act are amended to read as follows:

17 “Adjustment of Old-Age, Wife’s, or Husband’s Insurance
18 Benefit Amounts in Accordance With Age of Benefi-
19 ciary

20 “(q) (1) If the first month for which an individual is
21 entitled to an old-age, wife’s, or husband’s insurance benefit
22 is a month before the month in which such individual attains

1 age 65, the amount of such benefit for each month shall,
2 subject to the succeeding paragraphs of this subsection, be
3 reduced by—

4 “(A) $\frac{5}{9}$ of 1 percent of such amount if such benefit
5 is an old-age insurance benefit, or $\frac{25}{36}$ of 1 percent of
6 such amount if such benefit is a wife’s or husband’s in-
7 surance benefit; multiplied by

8 “(B) (i) the number of months in the reduction
9 period for such benefit (determined under paragraph
10 (5)), if such benefit is for a month before the month in
11 which such individual attains age 65, or

12 “(ii) the number of months in the adjusted reduc-
13 tion period for such benefit (determined under para-
14 graph (6)), if such benefit is for the month in which
15 such individual attains age 65 or for any month there-
16 after.

17 “(2) (A) If the first month for which an individual
18 both is entitled to a wife’s or husband’s insurance benefit and
19 has attained age 62 is a month for which such individual is
20 also entitled to—

21 “(i) an old-age insurance benefit (to which such
22 individual was first entitled for a month before he at-
23 tains age 65), or

24 “(ii) a disability insurance benefit,
25 then in lieu of any reduction under paragraph (1) (but

1 subject to the succeeding paragraphs of this subsection) such
2 wife's or husband's insurance benefit for each month shall be
3 reduced as provided in subparagraph (B), (C), or (D).

4 “(B) For any month for which such individual is en-
5 titled to an old-age insurance benefit, such individual's wife's
6 or husband's insurance benefit shall be reduced by the sum
7 of—

8 “(i) the amount by which such old-age insurance
9 benefit is reduced under paragraph (1), and

10 “(ii) the amount by which such wife's or husband's
11 insurance benefit would be reduced under paragraph (1)
12 if it were equal to the excess of such wife's or husband's
13 insurance benefit (before reduction under this subsec-
14 tion) over such old-age insurance benefit (before reduc-
15 tion under this subsection).

16 “(C) For any month for which such individual is en-
17 titled to a disability insurance benefit, such individual's wife's
18 or husband's insurance benefit shall be reduced by the amount
19 by which such benefit would be reduced under paragraph
20 (1) if it were equal to the excess of such benefit (before
21 reduction under this subsection) over such disability insur-
22 ance benefit.

23 “(D) For any month for which such individual is en-
24 titled neither to an old-age insurance benefit nor to a dis-
25 ability insurance benefit, such individual's wife's or husband's

1 insurance benefit shall be reduced by the amount by which it
2 would be reduced under paragraph (1).

3 “(3) If—

4 “(A) an individual is or was entitled to a benefit
5 subject to reduction under this subsection, and

6 “(B) such benefit is increased by reason of an
7 increase in the primary insurance amount of the indi-
8 vidual on whose wages and self-employment income such
9 benefit is based,

10 then the amount of the reduction of such benefit for each
11 month shall be computed separately (under paragraph (1)
12 or (2), whichever applies) for the portion of such benefit
13 which constitutes such benefit before any increase described
14 in subparagraph (B), and separately (under paragraph (1)
15 or (2), whichever applies to the benefit being increased) for
16 each such increase. For purposes of determining the amount
17 of the reduction under paragraph (1) or (2) in any such
18 increase, the reduction period and the adjusted reduction
19 period shall be determined as if such increase were a sepa-
20 rate benefit to which such individual was entitled for and
21 after the first month for which such increase is effective.

22 “(4) (A) No wife’s insurance benefit shall be reduced
23 under this subsection—

24 “(i) for any month before the first month for which
25 there is in effect a certificate filed by her with the Sec-

1 retary, in accordance with regulations prescribed by
2 him, in which she elects to receive wife's insurance
3 benefits reduced as provided in this subsection, or

4 “(ii) for any month in which she has in her care
5 (individually or jointly with the person on whose
6 wages and self-employment income her wife's insurance
7 benefit is based) a child of such person entitled to child's
8 insurance benefits.

9 “(B) Any certificate described in subparagraph (A) (i)
10 shall be effective for purposes of this subsection (and
11 for purposes of preventing deductions under section
12 203 (c) (2))—

13 “(i) for the month in which it is filed and for any
14 month thereafter, and

15 “(ii) for months, in the period designated by the
16 woman filing such certificate, of one or more consecutive
17 months (not exceeding 12) immediately preceding the
18 month in which such certificate is filed;

19 except that such certificate shall not be effective for any
20 month before the month in which she attains age 62; nor
21 shall it be effective for any month to which subparagraph
22 (A) (ii) applies.

23 “(C) If a woman does not have in her care a child
24 described in subparagraph (A) (ii) in the first month for
25 which she is entitled to a wife's insurance benefit, and if

1 such first month is a month before the month in which she
2 attains age 65, she shall be deemed to have filed in such first
3 month the certificate described in subparagraph (A) (i).

4 “(5) For purposes of this subsection, the ‘reduction pe-
5 riod’ for an individual’s old-age, wife’s, or husband’s insur-
6 ance benefit is the period—

7 “(A) beginning—

8 “(i) in the case of an old-age or husband’s in-
9 surance benefit, with the first day of the first month
10 for which such individual is entitled to such benefit,
11 or

12 “(ii) in the case of a wife’s insurance benefit,
13 with the first day of the first month for which a cer-
14 tificate described in paragraph (4) (A) (i) is ef-
15 fective, and

16 “(B) ending with the last day of the month before
17 the month in which such individual attains age 65.

18 “(6) For purposes of this subsection, the ‘adjusted
19 reduction period’ for an individual’s old-age, wife’s, or hus-
20 band’s insurance benefit is the reduction period prescribed
21 by paragraph (5) for such benefit, excluding from such
22 period—

23 “(A) any month in which such benefit was sub-
24 ject to deductions under section 203 (b), 203 (c) (1),
25 203 (d) (1), or 222 (b),

1 “(B) in the case of wife’s insurance benefits, any
2 month in which she had in her care (individually or
3 jointly with the person on whose wages and self-
4 employment income such benefit is based) a child of
5 such person entitled to child’s insurance benefits, and

6 “(C) in the case of wife’s or husband’s insurance
7 benefits, any month for which such individual was not
8 entitled to such benefits because the spouse on whose
9 wages and self-employment income such benefits were
10 based ceased to be under a disability.

11 “(7) This subsection shall be applied after reduction
12 under section 203 (a) and after application of section 215
13 (g). If the amount of any reduction computed under para-
14 graph (1) or (2) is not a multiple of \$0.10, it shall be re-
15 duced to the next lower multiple of \$0.10.

16 “Presumed Filing of Application by Individuals Eligible for
17 Old-Age Insurance Benefits and for Wife’s or Husband’s
18 Insurance Benefits

19 “(r) (1) If the first month for which an individual is
20 entitled to an old-age insurance benefit is a month before the
21 month in which such individual attains age 65, and if such in-
22 dividual is eligible for a wife’s or husband’s insurance bene-
23 fit for such first month, such individual shall be deemed to
24 have filed an application in such month for wife’s or hus-
25 band’s insurance benefits.

1 “(2) If the first month for which an individual is en-
2 titled to a wife’s or husband’s insurance benefit reduced un-
3 der subsection (q) is a month before the month in which
4 such individual attains age 65, and if such individual is eligi-
5 ble for an old-age insurance benefit for such first month, such
6 individual shall be deemed to have filed an application for
7 old-age insurance benefits—

8 “(A) in such month, or

9 “(B) if such individual is also entitled to a dis-
10 ability insurance benefit for such month, in the first sub-
11 sequent month for which such individual is not en-
12 titled to a disability insurance benefit.

13 “(3) For purposes of this subsection, an individual shall
14 be deemed eligible for a benefit for a month if, upon filing
15 application therefor in such month, he would be entitled to
16 such benefit for such month.”

17 (2) (A) Section 202 (s) of the Social Security Act
18 is hereby repealed.

19 (B) Section 223 (a) of such Act is amended by adding
20 at the end thereof the following new paragraph:

21 “(3) If, for any month before the month in which an
22 individual attains age 65, such individual is entitled to—

23 “(A) a widow’s, widower’s, or parent’s insurance
24 benefit, or

1 “(B) an old-age, wife’s or husband’s insurance
2 benefit which is reduced under subsection (q) *of section*
3 *202,*
4 such individual may not, for any month after the first month
5 for which such individual is so entitled, become entitled to
6 disability insurance benefits; and a period of disability
7 may not begin with respect to such individual in any month
8 after such first month.”

9 (C) Section 223 (a) (1) of such Act is amended by
10 striking out “the month in which he attains the age of
11 sixty-five,” and inserting in lieu thereof “the month in which
12 he attains age 65, the first month for which he is entitled
13 to old-age insurance benefits,”.

14 (D) The third sentence of section 216 (i) (2) of such
15 Act is amended by striking out “a period of disability shall
16 begin” and inserting in lieu thereof “a period of disability
17 shall (subject to section 223 (a) (3)) begin”.

18 (3) Section 202 (j) (3) of such Act is amended to read
19 as follows:

20 “(3) Notwithstanding the provisions of paragraph (1),
21 an individual may, at his option, waive entitlement to any
22 benefit referred to in paragraph (1) for any one or more
23 consecutive months (beginning with the earliest month for
24 which such individual would otherwise be entitled to such
25 benefit) which occur before the month in which such individ-

1 ual files application for such benefit; and, in such case,
2 such individual shall not be considered as entitled to such
3 benefits for any such month or months before such individual
4 filed such application. An individual shall be deemed to
5 have waived such entitlement for any such month for which
6 such benefit would, under the second sentence of paragraph
7 (1), be reduced to zero.”

8 (c) (1) Section 216 (a) of the Social Security Act is
9 hereby repealed.

10 (2) The following provisions of title II of such Act
11 are amended by striking out “retirement age” each place it
12 appears therein and inserting in lieu thereof “age 62”:

13 (A) the next to the last sentence of section 213 (a),

14 (B) subsections (b), (c), (f), and (g) of section
15 216, and

16 (C) the second sentence of section 223 (a) (2).

17 (3) The following provisions of title II of such Act are
18 amended by striking out “retirement age” and “retirement
19 age (as defined in section 216 (a))” each place they appear
20 therein and inserting in lieu thereof “age 62 (if a woman) or
21 age 65 (if a man)”:

22 (A) section 209 (i),

23 (B) the last sentence of section 213 (a),

24 (C) section 216 (i) (3) (A),

25 **(D) the first sentence** of section 223 (a) (2), and

1 (E) section 223 (c) (1) (A).

2 (d) (1) Section 215 (a) (4) of such Act is amended
3 to read as follows:

4 “(4) In the case of—

5 “(A) a woman who was entitled to a disa-
6 bility insurance benefit for the month before the
7 month in which she died or became entitled to old-
8 age insurance benefits, or

9 “(B) a man who was entitled to a disability
10 insurance benefit for the month before the month
11 in which he died or attained age 65,

12 the amount in column IV which is equal to such disa-
13 bility insurance benefit.”

14 (2) Section 215 (b) (3) of such Act is amended to read
15 as follows:

16 “(3) For purposes of paragraph (2), the number of an
17 individual’s elapsed years is the number of calendar years
18 after 1950 (or, if later, the year in which he attained age
19 21) and before—

20 “(A) in the case of a woman, the year in which
21 she died or (if earlier) the first year after 1960 in which
22 she both was fully insured and had attained age 62,

23 “(B) in the case of a man who has died, the year in
24 which he died or (if earlier) the first year after 1960

1 in which he both was fully insured and had attained age
2 65, or

3 “(C) in the case of a man who has not died, the
4 first year after 1960 in which he attained (or would at-
5 tain) age 65 or (if later) the first year in which he was
6 fully insured.

7 For purposes of the preceding sentence, any calendar year
8 any part of which was included in a period of disability shall
9 not be included in such number of calendar years.”

10 (3) Section 215 (f) of such Act is amended by adding
11 at the end thereof the following new paragraph:

12 “(7) (A) In the case of a man who attains age 65 and
13 who became entitled to old-age insurance benefits before
14 the month in which he attains such age, his primary insur-
15 ance amount shall be recomputed as provided in subsection
16 (a) as though he became entitled to old-age insurance bene-
17 fits in the month in which he attained age 65, except that
18 his computation base years referred to in subsection (b) (2)
19 shall include the year in which he attained age 65. Such
20 recomputation shall be effective for and after the month in
21 which he attained age 65.

22 “(B) In the case of a man who became entitled to old-
23 age insurance benefits and died before the month in which
24 he attained age 65, the Secretary shall, if any person is

1 entitled to monthly insurance benefits or a lump-sum death
2 payment on the basis of the wages and self-employment
3 income of the decedent, recompute his primary insurance
4 amount as provided in subsection (a) as though he became
5 entitled to old-age insurance benefits in the month in which
6 he died; except that (i) his computation base years referred
7 to in subsection (b) (2) shall include the year in which he
8 died, and (ii) his elapsed years referred to in subsection
9 (b) (3) shall not include the year in which he died or any
10 year thereafter. In the case of monthly insurance benefits,
11 such recomputation of a man's primary insurance amount
12 shall be effective for and after the month in which he died."

13 (e) (1) Section 202 (b) (1) (C) of such Act is
14 amended to read as follows:

15 " (C) is not entitled to old-age or disability in-
16 surance benefits, or is entitled to old-age or disability
17 insurance benefits based on a primary insurance amount
18 which is less than one-half of the primary insurance
19 amount of her husband,".

20 (2) So much of section 202 (b) (1) of such Act as
21 follows clause (C) is amended by striking out "equal to or
22 exceeds one-half of an old-age or disability insurance benefit
23 of her husband," and inserting in lieu thereof "equal to or
24 exceeds one-half of the primary insurance amount of her
25 husband,".

1 (3) Section 202 (b) (2) of such Act is amended by
2 striking out "old-age or disability insurance benefit" and
3 inserting in lieu thereof "primary insurance amount".

4 (4) Section 202 (c) (1) (D) of such Act is amended
5 to read as follows:

6 “(D) is not entitled to old-age or disability insur-
7 ance benefits, or is entitled to old-age or disability
8 insurance benefits based on a primary insurance amount
9 which is less than one-half of the primary insurance
10 amount of his wife,”.

11 (5) So much of section 202 (c) (1) of such Act as
12 follows clause (D) is amended by striking out "old-age or
13 disability insurance benefit equal to or exceeding one-half
14 of the primary insurance amount of his wife," and inserting
15 in lieu thereof "old-age or disability insurance benefit based
16 on a primary insurance amount which is equal to or exceeds
17 one-half of the primary insurance amount of his wife,”.

18 (6) Section 202 (c) (3) of such Act is amended by
19 striking out "Such" and inserting in lieu thereof "Except
20 as provided in subsection (q), such”.

21 (f) (1) The amendments made by subsection (a) shall
22 apply with respect to monthly benefits for months beginning
23 on or after the effective date of this title (see section 106)
24 based on applications filed in or after March 1961.

25 (2) (A) Except as provided in subparagraphs (B),

1 (C), and (D), section 202 (q) of such Act, as amended by
2 subsection (b) (1), shall apply with respect to monthly
3 benefits for months beginning on or after the effective date
4 of this title.

5 (B) Section 202 (q) (3) of such Act, as amended by
6 subsection (b) (1), shall apply with respect to monthly
7 benefits for months beginning on or after the effective date
8 of this title, but only if the increase described in such section
9 202 (q) (3) —

10 (i) is not effective for any month beginning before
11 the effective date of this title, or

12 (ii) is based on an application for a recomputation
13 filed on or after the effective date of this title.

14 (C) In the case of any individual who attained age 65
15 before the effective date of this title, the adjustment in such
16 individual's reduction period provided for in section 202 (q)
17 (6) of such Act, as amended by subsection (b) (1), shall
18 not apply to such individual unless the total of the months
19 specified in subparagraphs (A), (B), and (C) of such sec-
20 tion 202 (q) (6) is not less than 3.

21 (D) In the case of any individual entitled to a monthly
22 benefit for the last month beginning before the effective date
23 of this title, if the amount of such benefit for any month
24 thereafter is, solely by reason of the change in section 202
25 (q) of such Act made by subsection (b) (1), lower than

1 the amount of such benefit for such last month, then it
2 shall be increased to the amount of such benefit for such last
3 month.

4 (3) Section 202 (r) of such Act, as amended by sub-
5 section (b) (1), shall apply only with respect to monthly
6 benefits for months beginning on or after the effective date
7 of this title, except that subparagraph (B) of section 202
8 (r) (2) (as so amended) shall apply only if the first sub-
9 sequent month described in such subparagraph (B) is a
10 month beginning on or after the effective date of this title.

11 (4) The amendments made by subsection (b) (2) shall
12 take effect on the effective date of this title.

13 (5) The amendments made by subsection (b) (3) shall
14 apply with respect to applications for monthly benefits filed
15 on or after the effective date of this title.

16 (6) The amendments made by subsections (c) and
17 (d) (1) and (2) shall apply with respect to—

18 (A) monthly benefits for months beginning on or
19 after the effective date of this title based on applica-
20 tions filed in or after March 1961, and

21 (B) lump-sum death payments under title II of the
22 Social Security Act in the case of deaths on or after the
23 effective date of this title. /

1 the year in which he attained (or would attain)
2 age 65,

3 except that in no case shall an individual be a fully in-
4 sured individual unless he has at least 6 quarters of
5 coverage; or

6 “(2) 40 quarters of coverage; or

7 “(3) in the case of an individual who died before
8 1951, 6 quarters of coverage;

9 not counting as an elapsed year for purposes of paragraph
10 (1) any year any part of which was included in a period of
11 disability (as defined in section 216(i)).”

12 (b) The amendment made by subsection (a) shall
13 apply—

14 (1) in the case of monthly benefits under title II
15 of the Social Security Act for months beginning on or
16 after the effective date of this title (see section 106),
17 based on applications filed in or after March 1961,

18 (2) in the case of lump-sum death payments under
19 such title with respect to deaths on or after the effective
20 date of this title, and

21 (3) in the case of an application for a disability
22 determination (with respect to a period of disability, as
23 defined in section 216(i) of such Act) filed in or
24 after March 1961.

1 (c) In the case of any widower or parent who would
2 not be entitled to widower's insurance benefits under section
3 202 (f), or parent's insurance benefits under section 202 (h),
4 of the Social Security Act except for the enactment of this
5 Act (other than this subsection), the requirement in sec-
6 tions 202 (f) (1) (D) and 202 (h) (1) (B), respectively, of
7 the Social Security Act relating to the time within which
8 proof of support must be filed shall not apply if such proof
9 of support is filed before the close of the 2-year period which
10 begins on the effective date of this title.

11 (d) Effective as of September 13, 1960, the last
12 sentence of section 303 (g) (1) of the Social Security
13 Amendments of 1960 is amended to read as follows: "The
14 terms used in this subsection shall have the meaning assigned
15 to them by title II of the Social Security Act; except that the
16 terms 'fully insured' and 'retirement age' shall have the
17 meaning assigned to them by such title II as in effect on
18 September 12, 1960."

19 INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S

20 INSURANCE BENEFITS

21 SEC. 104. (a) Section 202 (e) (2) of such Act is
22 amended to read as follows:

23 "(2) Such widow's insurance benefit for each month
24 shall be equal to $82\frac{1}{2}$ percent of the primary insurance
25 amount of her deceased husband."

1 (b) Section 202 (f) (3) of such Act is amended to
2 read as follows:

3 “(3) Such widower’s insurance benefit for each month
4 shall be equal to $82\frac{1}{2}$ percent of the primary insurance
5 amount of his deceased wife.”

6 (c) Section 202 (h) (2) of such Act is amended to
7 read as follows:

8 “(2) (A) Except as provided in subparagraphs (B)
9 and (C), such parent’s insurance benefit for each month
10 shall be equal to $82\frac{1}{2}$ percent of the primary insurance amount
11 of such deceased individual.

12 “(B) For any month for which more than one parent
13 is entitled to parent’s insurance benefits on the basis of such
14 deceased individual’s wages and self-employment income,
15 such benefit for each such parent for such month shall (ex-
16 cept as provided in subparagraph (C)) be equal to 75
17 percent of the primary insurance amount of such deceased
18 individual.

19 “(C) In any case in which—

20 “(i) any parent is entitled to a parent’s insurance
21 benefit for a month on the basis of a deceased individual’s
22 wages and self-employment income, and

23 “(ii) another parent of such deceased individual
24 is entitled to a parent’s insurance benefit for such month

1 on the basis of such wages and self-employment income,
2 and on the basis of an application filed after such month
3 and after the month in which the application for the
4 parent's benefits referred to in clause (i) was filed,
5 the amount of the parent's insurance benefit of the parent
6 referred to in clause (i) for the month referred to in such
7 clause shall be determined under subparagraph (A) instead
8 of subparagraph (B) and the amount of the parent's insur-
9 ance benefit of a parent referred to in clause (ii) for such
10 month shall be equal to 150 percent of the primary in-
11 surance amount of the deceased individual minus the amount
12 (before the application of section 203 (a)) of the benefit
13 for such month of the parent referred to in clause (i)."

14 (d) (1) Subsections (e) (1) and (f) (1) of section 202
15 of such Act are amended by striking out "three-fourths" each
16 place it appears therein and inserting in lieu thereof "82½
17 percent".

18 (2) Section 202 (h) (1) of such Act is amended by
19 striking out "three-fourths of the primary insurance amount
20 of such deceased individual" each place it appears therein
21 and inserting in lieu thereof "82½ percent of the primary in-
22 surance amount of such deceased individual if the amount
23 of the parent's insurance benefit for such month is de-
24 terminable under paragraph (2) (A) (or 75 percent of
25 such primary insurance amount in any other case)".

1 (e) The amendments made by this section shall apply
2 with respect to monthly benefits under section 202 of the
3 Social Security Act for months beginning on or after the
4 effective date of this title (see section 106).

5 (f) Where—

6 (1) two or more persons were entitled (without
7 the application of subsection (j) (1) of section 202 of
8 the Social Security Act) to monthly benefits under such
9 section 202 for the last month beginning before the effec-
10 tive date of this title on the basis of the wages and self-
11 employment income of a deceased individual, and one or
12 more of such persons is entitled to a monthly insurance
13 benefit under subsection (e), (f), or (h) of such sec-
14 tion 202 for such last month; and

15 (2) no person, other than the persons referred to
16 in paragraph (1) of this subsection, is entitled to bene-
17 fits under such section 202 on the basis of such indi-
18 vidual's wages and self-employment income for a sub-
19 sequent month or for any month after such last month
20 and before such subsequent month; and

21 (3) the total of the benefits to which all persons
22 are entitled under such section 202 on the basis of such
23 individual's wages and self-employment income for such
24 subsequent month is reduced by reason of the applica-
25 tion of section 203 (a) of such Act,

1 then the amount of the benefit to which each such person re-
2 ferred to in paragraph (1) of this subsection is entitled for
3 such subsequent month shall be determined without regard
4 to this Act if, after the application of this Act, such benefit
5 for such month is less than the amount of such benefit for
6 such last month. The preceding provisions of this subsection
7 shall not apply to any monthly benefit of any person for any
8 month beginning after the effective date of this title unless
9 paragraph (3) also applies to such benefit for the month
10 beginning on such effective date (or would so apply but for
11 the next to the last sentence of section 203 (a) of the Social
12 Security Act).

13 RETROACTIVE EFFECT OF CERTAIN APPLICATIONS FOR
14 DISABILITY DETERMINATIONS

15 SEC. 105. Effective with respect to applications for
16 disability determinations filed on or after the date of the
17 enactment of this Act, section 216(i)(4) of the Social
18 Security Act is amended by striking out "July 1961" and
19 inserting in lieu thereof "July 1962" and by striking out
20 "July 1960" and inserting in lieu thereof "January 1961".

21 EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-
22 FEDERAL AGREEMENTS MAY BE MODIFIED

23 SEC. 106. (a) Section 218(d)(6)(F) of the Social
24 Security Act is amended by striking out "prior to 1960 or,

1 *if later, the expiration of one year after the date* and insert-
2 *ing in lieu thereof "prior to 1963 or, if later, the expiration*
3 *of two years after the date".*

4 *(b) Section 218(d)(6)(F) of the Social Security Act*
5 *is further amended by adding at the end thereof the follow-*
6 *ing new sentence: "Notwithstanding subsection (f)(1), any*
7 *such modification or later modification, providing for the*
8 *transfer of additional positions within a retirement system*
9 *previously divided pursuant to subparagraph (C) to the*
10 *separate retirement system composed of positions of members*
11 *who desire coverage, shall be effective with respect to services*
12 *performed after the same effective date as that which was*
13 *specified in the case of such previous division."*

14 *INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY*
15 *DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS*

16 *SEC. 107. The first sentence of section 218(d)(6)(C)*
17 *of the Social Security Act is amended by inserting "New*
18 *Mexico," after "Minnesota,".*

19 **EFFECTIVE DATE**

20 **SEC. ~~106~~ 108.** Except as otherwise provided, the effec-
21 tive date of this title is the first day of the first calendar
22 month which begins on or after the 30th day after the date
23 of the enactment of this Act.

1 TITLE II—AMENDMENTS TO THE INTERNAL
2 REVENUE CODE OF 1954
3 CHANGES IN TAX SCHEDULES
4 Self-Employment Income Tax

5 SEC. 201. (a) Section 1401 of the Internal Revenue
6 Code of 1954 (relating to rate of tax on self-employment
7 income) is amended to read as follows:

8 **“SEC. 1401. RATE OF TAX.**

9 “In addition to other taxes, there shall be imposed for
10 each taxable year, on the self-employment income of every
11 individual, a tax as follows:

12 “(1) in the case of any taxable year beginning
13 after December 31, 1961, and before January 1, 1963,
14 the tax shall be equal to ~~4 1/10~~ 4.7 percent of the
15 amount of the self-employment income for such taxable
16 year;

17 “(2) in the case of any taxable year beginning after
18 December 31, 1962, and before January 1, 1966, the
19 tax shall be equal to ~~5 7/10~~ 5.4 percent of the amount of
20 the self-employment income for such taxable year;

21 “(3) in the case of any taxable year beginning
22 after December 31, 1965, and before January 1, 1969,
23 the tax shall be equal to ~~6 2/10~~ 6.2 percent of the amount
24 of the self-employment income for such taxable year;
25 and

1 shall apply with respect to remuneration paid after December
2 31, 1961.

3 *EXTENSION OF TIME TO ELECT COVERAGE*

4 *ON BEHALF OF MINISTERS*

5 *SEC. 202. (a) Section 1402(e) of the Internal Revenue*
6 *Code of 1954 is amended by adding at the end thereof the*
7 *following new paragraph:*

8 *“(6) CERTIFICATE FILED BY FIDUCIARIES OR*
9 *SURVIVORS ON OR BEFORE APRIL 15, 1962.—In any*
10 *case where an individual, whose death has occurred after*
11 *September 12, 1960, and before April 16, 1962, derived*
12 *earnings from the performance of services described in*
13 *subsection (c)(4), or in subsection (c)(5) insofar as it*
14 *relates to the performance of service by an individual in*
15 *the exercise of his profession as a Christian Science prac-*
16 *titioner, a certificate may be filed after the date of enact-*
17 *ment of this paragraph, and on or before April 15,*
18 *1962, by a fiduciary acting for such individual’s estate*
19 *or by such individual’s survivor within the meaning of*
20 *section 205(c)(1)(C) of the Social Security Act. Such*
21 *certificate shall be effective for the period prescribed in*
22 *paragraph (3)(A) as if filed by the individual on the*
23 *day of his death.”*

24 *(b) The amendment made by subsection (a) shall take*

1 *effect on the date of enactment of this Act; except that no*
 2 *monthly benefits under title II of the Social Security Act for*
 3 *the month in which this Act is enacted or any prior month*
 4 *shall be payable or increased by reason of such amendment,*
 5 *and no lump-sum death payment under such title shall be*
 6 *payable or increased by reason of such amendment in the*
 7 *case of any individual who died prior to the date of enact-*
 8 *ment of this Act.*

9 TITLE III—MISCELLANEOUS

10 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL- 11 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DIS- 12 ABILITY INSURANCE

13 SEC. 301. Section 1 (q) of the Railroad Retirement Act
 14 of 1937 is amended by striking out "1960" and inserting in
 15 lieu thereof "1961".

16 ASSISTANCE FOR RETURNING UNITED STATES NATIONALS

17 SEC. 302. Title XI of the Social Security Act is amended
 18 by adding at the end thereof the following new section:

19 "ASSISTANCE FOR UNITED STATES NATIONALS RETURNED 20 FROM FOREIGN COUNTRIES

21 SEC. 1113. (a) (1) The Secretary is authorized to pro-
 22 vide temporary assistance to the United States nationals and
 23 to dependents of United States nationals, if they (A) are
 24 identified by the Department of State as having returned, or
 25 been brought, from a foreign country to the United States

1 *because of the destitution of the United States national or*
2 *the illness of such national or any of his dependents or*
3 *because of war, threat of war, invasion, or similar crisis,*
4 *and (B) are without available resources.*

5 *“(2) Except in such cases or classes of cases as are*
6 *set forth in regulations of the Secretary, provision shall be*
7 *made for reimbursement to the United States by the recipi-*
8 *ents of the temporary assistance to cover the cost thereof.*

9 *“(3) The Secretary may provide assistance under para-*
10 *graph (1) directly or through utilization of the services and*
11 *facilities of appropriate public or private agencies and organ-*
12 *izations, in accordance with agreements providing for pay-*
13 *ment, in advance or by way of reimbursement, as may be*
14 *determined by the Secretary, of the cost thereof. Such cost*
15 *shall be determined by such statistical, sampling, or other*
16 *method as may be provided in the agreement.*

17 *“(b) The Secretary is authorized to develop plans and*
18 *make arrangements for provision of temporary assistance*
19 *within the United States to individuals specified in sub-*
20 *section (a)(1). Such plans shall be developed and such*
21 *arrangements shall be made after consultation with the Secre-*
22 *tary of State and the Secretary of Defense. To the extent*
23 *feasible, assistance provided under subsection (a) shall be*
24 *provided in accordance with the plans developed pursuant to*
25 *this subsection, as modified from time to time by the Secretary.*

1 “(c) For purposes of this section, the term ‘temporary
2 assistance’ means money payments, medical care, temporary
3 billeting, transportation, and other goods and services neces-
4 sary for the health or welfare of individuals (including
5 guidance, counseling, and other welfare services) furnished
6 to them within the United States upon their return to the
7 United States from a foreign country and for such period
8 after their return as may be provided in regulations of the
9 Secretary.”

10 *ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSIST-*
11 *ANCE PAYMENTS*

12 *SEC. 303. (a)(1) Paragraph (1) of section 3(a) of*
13 *the Social Security Act is amended by striking out “and”*
14 *at the end of clause (C) and inserting in lieu thereof “plus”*
15 *and by adding after such clause (C) the following:*

16 “(D) with respect to such expenditures during
17 any quarter beginning after June 30, 1961, and
18 ending prior to July 1, 1962, the smallest of the
19 following:

20 “(i) the Federal percentage of the amount
21 by which such expenditures exceed the maximum
22 which may be counted under clauses (B) and
23 (C); or

24 “(ii) the Federal percentage of the product

1 of \$2.50 multiplied by the sum of the total num-
2 ber, for each month of such quarter, of recipients
3 of old-age assistance; or

4 “(iii) 100 per centum of the product ob-
5 tained by multiplying the sum of the total
6 number, for each month of such quarter, of
7 recipients of old-age assistance by the excess of
8 the monthly average of old-age assistance per
9 recipient for such quarter over the monthly
10 average of old-age assistance per recipient for
11 the base period, such excess being first reduced
12 by the extent, if any, to which the monthly
13 average of such assistance per recipient for such
14 quarter from State or local funds is less than
15 the monthly average of such assistance per recip-
16 ient for the base period (which, for purposes of
17 this subsection, means the quarter beginning
18 January 1, 1961) from State or local funds;
19 and”.

20 (2) Paragraph (2) of such section is amended by strik-
21 ing out “and” at the end of clause (B) and inserting in lieu
22 thereof “plus” and by adding after such clause the following:

23 “(C) with respect to such expenditures during
24 any quarter beginning after June 30, 1961, and

1 ending prior to July 1, 1962, the smaller of the
2 following:

3 “(i) one-half of the amount by which such
4 expenditures exceed the maximum which may be
5 counted under clauses (A) and (B); or

6 “(ii) one-half of the product of \$1.25 mul-
7 tiplied by the sum of the total number, for each
8 month of such quarter, of recipients of old-age
9 assistance; and”.

10 (b)(1) Section 1003(a)(1) of the Social Security Act
11 is amended by inserting “plus” after the semicolon at the end
12 of clause (B) and by adding after such clause (B) the
13 following:

14 “(C) with respect to such expenditures during
15 any quarter beginning after June 30, 1961, and
16 ending prior to July 1, 1962, the smaller of the
17 following:

18 “(i) the Federal percentage of the amount
19 by which such expenditures exceed the maximum
20 which may be counted under clause (B), not
21 counting so much of any expenditure with re-
22 spect to any month as exceeds the product of
23 \$67.50 multiplied by the total number of such
24 recipients of aid to the blind for such month; or

25 “(ii) 100 per centum of the product ob-

1 *tained by multiplying the sum of the total num-*
2 *ber, for each month of such quarter, of recip-*
3 *ients of aid to the blind by the excess of the*
4 *monthly average of aid to the blind per recipient*
5 *for such quarter over the monthly average of aid*
6 *to the blind per recipient for the quarter begin-*
7 *ning January 1, 1961;”.*

8 (2) Section 1003(a)(2) of such Act is amended by in-
9 serting “(A)” before “one-half” and adding after the semi-
10 colon at the end thereof the following: “plus (B) with respect
11 to such expenditures during any quarter beginning after June
12 30, 1961, one-half of the amount by which such expenditures
13 exceed the maximum which may be counted under clause (A),
14 not counting so much of any expenditure with respect to any
15 month as exceeds the product of \$36.25 multiplied by the
16 total number of recipients of aid to the blind for such month;”.

17 (c) (1) Section 1403(a)(1) of the Social Security Act
18 is amended by inserting “plus” after the semicolon at the
19 end of clause (B) and by adding after such clause (B) the
20 following:

21 “(C) with respect to such expenditures during
22 any quarter beginning after June 30, 1961, and
23 ending prior to July 1, 1962, the smaller of the fol-
24 lowing:

25 “(i) the Federal percentage of the amount

1 *by which such expenditures exceed the maximum*
2 *which may be counted under clause (B), not*
3 *counting so much of any expenditure with re-*
4 *spect to any month as exceeds the product of*
5 *\$67.50 multiplied by the total number of such*
6 *recipients of aid to the permanently and totally*
7 *disabled for such month; or*

8 *“(ii) 100 per centum of the product ob-*
9 *tained by multiplying the sum of the total num-*
10 *ber, for each month of such quarter, of recipients*
11 *of aid to the permanently and totally disabled*
12 *by the excess of the monthly average of aid to the*
13 *permanently and totally disabled per recipient*
14 *for such quarter over the monthly average of aid*
15 *to the permanently and totally disabled per re-*
16 *ipient for the quarter beginning January 1,*
17 *1961;”.*

18 *(2) Section 1403(a)(2) of such Act is amended by in-*
19 *serting “(A)” before “one-half” and adding after the semi-*
20 *colon at the end thereof the following: “plus (B) with respect*
21 *to such expenditures during any quarter beginning after June*
22 *30, 1961, and ending prior to July 1, 1962, the Federal*
23 *percentage of the amount by which such expenditures exceed*
24 *the maximum which may be counted under clause (A), not*
25 *counting so much of any expenditure with respect to any*

1 *month as exceeds the product of \$36.25 multiplied by the total*
2 *number of recipients of aid to the permanently and totally dis-*
3 *abled for such month;”.*

4 *MEANING OF TERM “SECRETARY”*

5 *SEC. 304. As used in this title and title I, and in the*
6 *provisions of the Social Security Act amended thereby, the*
7 *term “Secretary”, unless the context otherwise requires,*
8 *means the Secretary of Health, Education, and Welfare.*

Passed the House of Representatives April 20, 1961.

Attest: RALPH R. ROBERTS,
Clerk.

Calendar No. 400

87TH CONGRESS
1ST SESSION

H. R. 6027

[Report No. 425]

AN ACT

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

APRIL 24, 1961

Read twice and referred to the Committee on Finance

JUNE 20, 1961

Reported with amendments

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I should like the attention of the Senate, in order to make a unanimous consent request at this time, because I must leave to attend a meeting of the committee on Democratic policy.

I ask unanimous consent that at the conclusion of morning business the unfinished business, H.R. 6027, an act to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, be laid before the Senate and made the pending business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

**SOCIAL SECURITY AMENDMENTS
OF 1961**

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed. Under the previous agreement, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making persons eligible for benefits under the program, and for other purposes, which had been reported from the Committee on Finance with amendments.

	Persons affected	1st-year benefits
		<i>Millions</i>
Increase in the minimum benefit.....	2,175,000	\$170
Reduced benefits for men at 62.....	560,000	440
Change in insured status.....	160,000	65
Increase in widows' benefits.....	1,525,000	105

These liberalizations of the program will be financed by an increase in the social security tax rate of one-eighth of 1 percent on both the employer and the employee, and of approximately three-eighths of 1 percent on the self-employed. This is a reduction of one-half in the tax rate increase recommended by the President and is possible because the long-range cost of the bill, as passed by the House and reported by the Committee on Finance, was cut in half. On the basis of responsible testimony, the committee found that the benefits and tax increases provided are in actuarial balance so as to keep the system on a soundly financed basis.

The public assistance amendment added by the committee would raise the maximum amount which would be matched by the Federal Government by an average of \$2.50 per recipient per month for a temporary period of 1 year commencing July 1, 1961. The old-age assistance, aid to the blind, and aid to the permanently and totally disabled programs would be affected, and the States would be required to pass along the increase in Federal funds to the needy recipients. It is estimated that this provision will cost the Federal Government about \$20 million for the year. It should be noted, incidentally, that, according to estimates furnished to the committee by the Department of Health, Education, and Welfare, the changes made by the bill in the social security program—primarily the increase in the minimum and the widow's benefits—will effect substantial savings in Federal and State public assistance expenditures.

Finally, the bill includes a provision which would authorize the expenditure of the Federal funds for the temporary assistance of U.S. nationals without available resources who have returned, or been brought back, to this country because of illness or destitution or because of war, threat of war, invasion, or similar crisis. The assistance would be furnished exclusively in this country, primarily at ports of entry. Funds for the program will come from the Federal Government, and the Secretary of Health, Education, and Welfare—who will administer the program—can provide assistance directly or through the facilities of State, local, or private agencies. Those individuals who can reimburse the Federal Government will be required to do so under regulations promulgated by the Secretary.

The need for this authority is particularly acute at the present time because of the repatriation of a substantial number of American citizens from Cuba. However, for many years, the welfare needs of sick and destitute nationals arriving in this country have presented a problem to State welfare and private agencies in port areas.

SOCIAL SECURITY AMENDMENTS OF 1961

The Senate resumed the consideration of the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making persons eligible for benefits under the program, and for other purposes.

Mr. KERR. Mr. President, the bill reported by the Committee on Finance incorporates the changes in the social security law which passed the House of Representatives, and makes some further changes in the law. As to the old-age, survivors, and disability insurance program the bill effectuates the major social security recommendations of President Kennedy's economic message, but reduces them somewhat in scope. It adds amendments which would facilitate the coverage of certain State and local employees and certain ministers with respect to the coverage of the system.

The committee also added a public assistance provision to the House-approved bill which increases the Federal matching maximum for the needy aged, blind, and disabled. In addition, the committee authorizes the expenditure of Federal funds for temporary assistance to U.S. nationals who have returned from foreign countries and are without immediately available resources.

The major social security provisions of the committee bill, like the House-approved bill, would increase the minimum monthly benefit from \$33 to \$40; provide the option of early retirement to men at age 62 with benefits on an actuarially reduced basis; increase the widow's benefit by 10 percent; and liberalize the insured status requirement for benefit eligibility purposes. As a result, over 4.4 million people will get new or increased benefits totaling \$780 million, in the first full year of operation. The breakdown of persons affected and the additional benefits payable in the first full year of operation is as follows:

Mr. President, I ask that the committee amendments be agreed to en bloc and that the bill as amended be treated as original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 10, line 2, after the letter "(q)", to insert "of section 202"; on page 24, after line 20, to insert a new section, as follows:

"EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-FEDERAL AGREEMENTS MAY BE MODIFIED

"Sec. 106. (a) Section 218(d)(6)(F) of the Social Security Act is amended by striking out 'prior to 1960 or, if later, the expiration of one year after the date' and inserting in lieu thereof 'prior to 1963 or, if later, the expiration of two years after the date'.

"(b) Section 218(d)(6)(F) of the Social Security Act is further amended by adding at the end thereof the following new sentence: "Notwithstanding subsection (f)(1), any such modification or later modification, providing for the transfer of additional positions within a retirement system previously divided pursuant to subparagraph (C) to the separate retirement system composed of positions of members who desire coverage, shall be effective with respect to services performed after the same effective date as that which was specified in the case of such previous division."

On page 25, after line 13, to insert a new section, as follows:

"INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS

"Sec. 107. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting 'New Mexico,' after 'Minnesota.'"

At the beginning of line 20, to change the section number from "106" to "108"; on page 26, line 14, after the word "to", to strike out "4 $\frac{1}{16}$ " and insert "4.7"; in line 19, after the word "to", to strike out "5 $\frac{1}{16}$ " and insert "5.4"; in line 23, after the word "to", to strike out "6 $\frac{1}{16}$ " and insert "6.3"; on page 27, at the beginning of line 3, to strike out "6 $\frac{1}{16}$ " and insert "6.9"; on page 29, after line 2, to insert a new section, as follows:

"EXTENSION OF TIME TO ELECT COVERAGE ON BEHALF OF MINISTERS

"Sec. 202. (a) Section 1402(e) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

"(6) CERTIFICATE FILED BY FIDUCIARIES OR SURVIVORS ON OR BEFORE APRIL 15, 1962.—In any case where an individual, whose death has occurred after September 12, 1960, and before April 16, 1962, derived earnings from the performance of services described in subsection (c)(4), or in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, a certificate may be filed after the date of enactment of this paragraph, and on or before April 15, 1962, by a fiduciary acting for such individual's estate or by such individual's survivor within the meaning of section 205(c)(1)(C) of the Social Security Act. Such certificate shall be effective for the period prescribed in paragraph (3)(A) as if filed by the individual on the day of his death."

"(b) The amendment made by subsection (a) shall take effect on the date of enactment of this Act; except that no monthly benefits under title II of the Social Security

Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendment, and no lump-sum death payment under such title shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of this Act."

On page 30, after line 15, to insert a new section, as follows:

"ASSISTANCE FOR RETURNING UNITED STATES NATIONALS

"Sec. 302. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"ASSISTANCE FOR UNITED STATES NATIONALS RETURNED FROM FOREIGN COUNTRIES

"Sec. 1113. (a)(1) The Secretary is authorized to provide temporary assistance to the United States nationals and to dependents of United States nationals, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the United States national or the illness of such national or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources.

"(2) Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.

"(3) The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.

"(b) The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a)(1). Such plans shall be developed and such arrangements shall be made after consultation with the Secretary of State and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.

"(c) For purposes of this section, the term "temporary assistance" means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their return to the United States from a foreign country and for such period after their return as may be provided in regulations of the Secretary."

On page 32, after line 9, to insert a new section, as follows:

"ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSISTANCE PAYMENTS

"Sec. 303. (a)(1) Paragraph (1) of section 3(a) of the Social Security Act is amended by striking out 'and' at the end of clause (C) and inserting in lieu thereof 'plus' and by adding after such clause (C) the following:

"(D) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smallest of the following:

"(1) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clauses (B) and (C); or

"(ii) the Federal percentage of the product of \$2.50 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; or

"(iii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of old-age assistance by the excess of the monthly average of old-age assistance per recipient for such quarter over the monthly average of old-age assistance per recipient for the base period, such excess being first reduced by the extent, if any, to which the monthly average of such assistance per recipient for such quarter from State or local funds is less than the monthly average of such assistance per recipient for the base period (which, for purposes of this subsection, means the quarter beginning January 1, 1961) from State or local funds; and'

"(2) Paragraph (2) of such section is amended by striking out 'and' at the end of clause (B) and inserting in lieu thereof 'plus' and by adding after such clause the following:

"(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

"(1) one-half of the amount by which such expenditures exceed the maximum which may be counted under clauses (A) and (B); or

"(ii) one-half of the product of \$1.25 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; and'

"(b)(1) Section 1003(a)(1) of the Social Security Act is amended by inserting 'plus' after the semicolon at the end of clause (B) and by adding after such clause (B) the following:

"(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

"(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the blind for such month; or

"(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the blind by the excess of the monthly average of aid to the blind per recipient for such quarter over the monthly average of aid to the blind per recipient for the quarter beginning January 1, 1961."

"(2) Section 1003(a)(2) of such Act is amended by inserting '(A)' before 'one-half' and adding after the semicolon at the end thereof the following: 'plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the blind for such month.'

"(c)(1) Section 1403(a)(1) of the Social Security Act is amended by inserting 'plus' after the semicolon at the end of clause (B) and by adding after such clause (B) the following:

"(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

"(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under

clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; or

"(1) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the permanently and totally disabled by the excess of the monthly average of aid to the permanently and totally disabled per recipient for such quarter over the monthly average of aid to the permanently and totally disabled per recipient for the quarter beginning January 1, 1961;".

"(2) Section 1403(a)(2) of such Act is amended by inserting '(A)' before 'one-half' and adding after the semicolon at the end thereof the following: 'plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month;".

And, on page 37, after line 3, to insert a new section, as follows:

"MEANING OF TERM 'SECRETARY'

"SEC. 304. As used in this title and title I, and in the provisions of the Social Security Act amended thereby, the term 'Secretary', unless the context otherwise requires, means the Secretary of Health, Education, and Welfare."

Mr. KERR. Mr. President, I send to the desk amendments of a technical or perfecting nature and ask for their immediate adoption.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 2, line 7, it is proposed to strike out "(see section 106)".

On page 15, line 23, strike out "(see section 106)".

On page 19, line 16, strike out "(see section 106)".

On page 20, line 18, strike out "12" and insert in lieu thereof "13".

On page 23, line 4, strike out "(see section 106)".

On page 24, lines 16 and 17, strike out "the date of the enactment of this Act" and insert in lieu thereof "July 1, 1961".

Mr. KERR. Mr. President, the first amendment remedies a defect in the language of the House-approved bill which would have the effect of revoking a right to a recomputation of benefits provided by the 1960 amendments for those individuals who became eligible for benefits on the basis of the liberalization of the insured status requirements at that time. Without this amendment a number of people might have the benefits to which they are presently entitled reduced to a substantial degree.

The second amendment remedies a provision of the House-approved bill caused by the passage of time. Under the House bill, if the legislation is not signed by July 1, 1961, which appears to be the case, disabled individuals who file for benefits and/or a disability freeze between July 1 and enactment date will have to file another application after the enactment date. The amendment rem-

edies this situation so that all applications filed July 1, 1961, and thereafter, will be valid.

The third amendment remedies a drafting flaw caused by changing the section numbers of the provision concerning the effective date.

The PRESIDING OFFICER. Without objection, the several amendments are agreed to.

Mr. KERR. Mr. President, I ask unanimous consent that two members of the staff of the Legislative Counsel, Miss Helen E. Livingston and Mr. Frederick B. Arner, of the Library of Congress, be permitted to be present in the Chamber during the deliberations upon the bill, in order that their advice and information may be available.

I make the same request with reference to Mr. Wilbur J. Cohen, Assistant Secretary of Health, Education, and Welfare.

The PRESIDING OFFICER. Without objection, the request is granted.

Mr. KERR. Mr. President, I urge the passage of the bill as amended.

Mr. YOUNG of Ohio obtained the floor.

Mr. CLARK. Mr. President, will the Senator from Ohio yield to me for a moment?

Mr. YOUNG of Ohio. Mr. President, without losing my right to the floor, I yield to the distinguished Senator from Pennsylvania.

Mr. CLARK. Mr. President, I call up my amendment "6-21-61-B." I ask that it not be read but that the text be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 25, between lines 18 and 19, insert the following new section:

"EXEMPTION FROM COVERAGE OF SELF-EMPLOYED INDIVIDUALS WHO HOLD CERTAIN RELIGIOUS BELIEFS

"Sec. 108. (a) Subsection (c) of section 211 of the Social Security Act is amended (1) by striking out 'or' at the end of paragraph (4), (2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or", and (3) by adding after paragraph (5) the following new paragraph:

"(6) The performance of service by an individual during the period for which a certificate filed by such individual under section 1402(h) of the Internal Revenue Code of 1954 is in effect."

"(b) Subsection (c) of section 1402 of the Internal Revenue Code of 1954 is amended (1) by striking out 'or' at the end of paragraph (4), (2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or", and (3) by adding after paragraph (5) the following new paragraph:

"(6) the performance of service by an individual during the period for which a certificate filed by such individual under section 1402(h) is in effect."

"(c) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(h) MEMBERS OR ADHERENTS OF CERTAIN CHURCHES OR RELIGIOUS SECTS.—

"(1) EXEMPTION CERTIFICATE.—Any individual who is a member or adherent of any recognized church or religious sect the tenets or teaching of which forbid its members or adherents from accepting social insurance

benefits of the type provided by the insurance system established by title II of the Social Security Act may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects not to have such insurance system extended to service performed by him in his trade or business.

"(2) EFFECTIVE PERIOD OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the taxable year in which it is filed and all succeeding taxable years, except that no such certificate shall be effective for any taxable year which ends before the date of enactment of this subsection."

On page 25, line 20, strike out "Sec. 108" and insert in lieu thereof "Sec. 109".

Mr. CLARK. Mr. President, I thank the distinguished Senator from Ohio for yielding to me.

Mr. YOUNG of Ohio. Mr. President, Americans who retire in their later years have earned the right to live comfortably, with dignity, and free from the haunting insecurity of penniless old age.

The Social Security Act, one of the greatest and most humane legislative achievements of all time, has through the years emancipated millions of Americans from the dread fear of destitution. Today, under the beneficent provisions of this act, more than 72 million Americans have assurance that in their old age they will enjoy a measure of security.

Since the passage of the Social Security Act in 1935, Congress has made changes in keeping with the fast changing times. It is my happy personal recollection that, as a member of the committee on Ways and Means of the House of Representatives, I helped draft the present liberalized and expanded social security law.

However, the need for broader, more sweeping changes has outstripped our efforts to meet the needs of our rapidly growing and constantly changing society. Our social security program today does not give enough protection to enough people. It has not kept pace with the times, nor has it kept pace with expanding needs of our elderly citizens.

Today, most of our over 65 population have inadequate incomes, cannot afford proper medical care, and many are ill housed and ill fed. It is clear that expansion on a broad level in social security must be made now, to avoid catastrophe of sweeping proportions among our aged.

It is tragic that this important and deserving segment of our population has been, economically speaking, traveling by mule train, while most of our society has traveled by jet. Today, three-fifths of this aged group have less than \$1,000 income annually. Four-fifths have less than \$2,000.

Coincident with these shocking statistics is the fact that life expectancy is constantly increasing. The consequences of longer life on less money hold out the prospect of an increasingly impoverished, rapidly expanding, elderly population.

Only an ostrich would fail to see that care of the aged has become a major national problem. While we have been trying to help impoverished peoples all over the world, the fact is we have not fully taken care of our own.

During the last session of Congress, we in the Senate proposed to the Social Security Act a series of, liberalizing amendments which would have helped to alleviate many of the needs of our elder citizens. Although a few, including the one ending the arbitrary age of 50 limitation for disabled workers, were agreed to by the other body, most of the more beneficent amendments were killed in conference. As the distinguished junior Senator from Louisiana [Mr. Long] said at the time:

We sent over a henhouse filled with hens, and the House of Representatives conferees gave us back a bag of feathers.

Mr. President, as we enter the 1960's under the leadership of President John F. Kennedy, the time has come for a major breakthrough toward the New Frontier—a crash program in social security.

Among the amendments before us today are four which, in my opinion, are essential if we are to be consistent with the spirit of the Social Security Act and our concern for the welfare of all Americans, nearly 4½ million Americans will benefit directly from this legislation. All Americans will benefit in the sense that we shall have a healthier and more economically sound Nation.

One amendment would increase the present \$33 monthly minimum benefit to \$40, for persons retiring after age 65. More than 2,175,000 Americans would acquire necessary added purchasing power from this provision; \$40 monthly is certainly not a prince's ransom, but for millions of Americans this added \$7 can make the struggle for a recent standard of living easier. For some, it will mean an extra bag of groceries or a previously postponed visit to the doctor. For others, it may mean a movie, a ball game, or other simple forms of entertainment which previously were out of reach.

The need for this is obvious. It is a fact that persons living on fixed incomes—and those dependent on social security are among them—suffer most from every increase in the cost of living. Increasing the minimum monthly benefit will enable these citizens at least to maintain their living standard. Certainly, in our affluent Nation we must make this possible.

Mr. President, a second important amendment would give men the option of retiring at age 62, instead of at age 65, with correspondingly reduced benefits. It is estimated that 560,000 men could elect to take this step within a year. Women beneficiaries have already been allowed this option, in previous legislation.

This step bears an important relationship to the unemployment problem now plaguing our economy, and which promises to continue to do so—although much less severely, we hope—for many years to come. Among those hardest hit by unemployment at all times have been the elderly. Men over 45, who in reality are young men—or, at least in my opinion, they are comparatively young—once they lose their jobs, rarely get them back. Finding new employ-

ment in industry has become very difficult for workers in this age bracket.

This amendment will help protect those citizens who are now, or will be, stranded in the desert of unemployment, with the promised land of security in old age many work-years away.

Humanity dictates that we enable men who have reached age 62 to have at least a choice between whether to try to remain in the labor market or to retire with the dignity and security this amendment would furnish.

Liberalization of insured status requirements is another segment of this bill for which I urge Senate approval. This would fully insure, for benefit purposes, a worker who has one quarter of coverage for every year after 1950, instead of the present requirement of one quarter of coverage for every three calendar quarters.

More than 160,000 people this year alone would benefit from this amendment and would qualify for retirement payments for the first time. It would help achieve the goal of making the Social Security Act truly universal in coverage.

Mr. President, no amendment is more important from the standpoint of our responsibility to the American people than that proposing a 10-percent increase in retirement benefits for elderly widows. It is tragic that more than half of the elderly widows in our rich land have less than \$720 a year income, including all pensions and annuities. Elderly widows, most of whom receive social security benefits, are among the most impoverished groups in America. They receive, on the average, only \$56 a month. We should increase this amount, for it is shockingly inadequate, and must be rectified. This proposal will also increase benefits for widowers and surviving parents. In all, over a million and one-half Americans will receive, under this provision, desperately needed increases in their meager incomes.

Our social security system is an actuarially sound insurance system, and must remain so. To assure this, these amendments will be financed by a very slight increase in the present payroll tax—one-eighth of 1 percent for employees and employers and three-sixteenths of 1 percent for all self-employed.

As was stated a few minutes ago by the distinguished senior Senator from Oklahoma [Mr. KERR], who is the floor manager for this proposed legislation, this is a pay-as-you-go program, and must be kept actuarially sound in every respect.

The hope all of us cherish is an old age free from care and want. To that end, people toil patiently and live closely, seeking to save something for the day when they can earn no more.

There has been no more pitiful tragedy than the lot of the worker who had struggled all his life to gain a competence, but at age 65 was poverty stricken and dependent upon charity.

The old-age, survivors, and disability insurance program offers security with dignity. It is not charity. It is social insurance. It proves that a free society,

through elected representatives, can adapt itself to meet changing conditions in the chair), it was my hope that the based on an economic right that has been earned by contributions over a person's productive years.

Madam President (Mrs. NEUBERGER in the chair), it was my hope that the Finance Committee would have reported even more extensive legislation than the excellent amendments we are considering today. Other improvements in our social security system are vitally needed.

Madam President, we take comfort in the fact that this session of Congress probably will continue until Labor Day or thereabouts, and that either at this session or at the next session of Congress, beginning next January, the Congress of the United States will take further action in this field for the welfare of the people of this country.

This Nation can no longer afford to handicap its elderly with inadequate benefits, while at the same time confining them to an unrealistic, unfair, and unnecessary earnings limitation of \$1,350 a year. This present limitation imposes cruel financial punishment on persons still able to work after 65 and denies them a right they have earned by their own contributions into the social security fund which their work and their money has built.

Men and women over 65 will, and many do, have the ability to participate in gainful employment after retirement. It is unfair to bar these men and women from receiving social security retirement payments for which they have paid premiums during their more active years. This can be remedied at no cost whatsoever to taxpayers by increasing the earnings limitation.

Madam President, our social security program should be universal, covering all employed and self-employed, whatever their occupation or profession.

For years, the ruling clique of the American Medical Association and its powerful lobby in Washington have stood in the way of inclusion of the medical profession under the beneficent provisions of the social security program. They have even resisted the strong sentiment within the ranks of the AMA itself to give coverage to doctors.

Wherever doctors have been polled—in Ohio, Pennsylvania, New York, and other States—from 65 to 70 percent have expressed themselves in favor of compulsory coverage within social security. Nevertheless, officials of the State medical associations and the AMA continue to bar the door.

Dentists and lawyers are now protected by this program, in response to the request of the vast majority in these professions expressed on every referendum taken through their various State dental associations and bar associations.

Only the American Medical Association, through its high-salaried leaders—political doctors who control the organization—has prevented the same coverage for physicians and surgeons, despite the mounting evidence that most physicians and surgeons themselves desire it. The attitudes and actions of the AMA

house of delegates keep doctors as the only professional group who are still holdouts.

To remedy these omissions and others in the present law, I have introduced measures, S. 1120 and S. 1121.

Madam President, along with these provisions, it is my fervent hope that before the 87th Congress adjourns, we shall have given the American people a medical, surgical, and hospital care for the elderly program under our social security system. Of all the deficiencies in the present law, the lack of a medical care program is the most glaring. It is vital that we act favorably on President Kennedy's recommendations to correct this situation. We must overcome the objections of the little group of willful men lacking in vision and humanitarian ideals who are directing the American Medical Association. They are attempting to withhold from the American people this urgently needed legislation.

The truth is, Madam President, that the adoption of a modernized and expanded social security program, including the amendments before us today, will mean a stronger, more vibrant America, a Nation of expanded opportunity for all, where no one is forgotten, where the young have faith and the aged have hope, and where the dignity of the individual is still looked upon as the highest goal of civilized society.

I yield the floor.

Mr. CLARK. Madam President, I return to the amendment which is the pending business before the Senate.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. CLARK. I yield.

Mr. MANSFIELD. I wish to propound a unanimous-consent request, having to do with the pending amendment only, that a time limitation of one-half an hour be in effect, 15 minutes to be allocated to the Senator from Pennsylvania [Mr. CLARK] and 15 minutes to the minority leader [Mr. DIRKSEN].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CLARK. Madam President, I yield myself such time as I may require.

This amendment is jointly cosponsored by the able and beloved junior Senator from Arizona [Mr. GOLDWATER] and me.

One of our colleagues passing by the back row a few moments ago said, "Any such amendment, so cosponsored by Senators GOLDWATER and CLARK, ought to be adopted by a unanimous vote of the Senate, because it must be right."

I hope that this amendment will have the happy fate which my colleague suggested, but, being a realist, I somewhat doubt it.

The purpose of my amendment is to permit voluntary withdrawal from obligation to pay social security taxes and from receiving social security benefits to those self-employed persons whose religious views forbid participation in systems of social insurance.

Concretely, this amendment would apply to no more than 150 members of the Amish faith in the Pennsylvania Dutch country in my State, and a few

hundred others in other States, who have a deeply held religious conviction that systems of social insurance are improper and violate the tenets of their religion.

A great many Pennsylvanians and other Americans were shocked this spring when three horses belonging to Valentine Y. Byler, of New Wilmington, Pa., were seized and sold by the Internal Revenue Service to meet Mr. Byler's unpaid social security self-employment tax, for which he became liable under the amendment to this act in 1954, which included within the coverage self-employed individuals who conducted farm operations.

Mr. Byler is a member of the Amish faith, which teaches its members to avoid insurance in any form. He therefore declined to pay his social security tax for 1956 to 1959, although he, quite properly, reported the tax on his income tax returns for those years.

The Commissioner of Internal Revenue subsequently indicated that, under existing law, his agency had no choice but to enforce collection of Mr. Byler's tax, which amounted, with interest, to \$308.96.

Present law does not permit to laymen any exception from the social security tax obligation because of religious conviction.

Permitting exception from the operation of general laws where religious principles conflict, and the exception does not operate to the detriment of the general welfare, is well established in American legislative custom. For example, selective service legislation has for many years permitted registrants who are adherents of the "peace churches," or who give satisfactory evidence of religious objection to military service, to be designated conscientious objectors. Indeed, when social security was extended to include most professional groups, members of the clergy were permitted to participate on a voluntary basis.

Members of the medical profession, who appear to have something which quite closely approaches religious conviction with reference to passing a medical care for the aged bill under social security, are also a large group who were exempted from these social security taxes and benefits.

Similarly, members serving under the civil service provisions of various States and localities are exempted. In other words, there are plenty of precedents, if we wish to make another exception for this very small number of conscientious people whose religious beliefs are deeply held.

Madam President, the design of the amendment is simple. It would permit any adherent of a recognized church or religious sect, the teachings of which forbid its members from accepting social insurance benefits of the type provided by social security, to file with the appropriate Government official an exemption certificate. Following the filing of the certificate, the individual would be relieved of payment of social security self-employment taxes and would cease to be eligible for those benefits he otherwise would have been accruing.

I emphasize, Madam President, this would take away the benefits of the system, as well as relieving the Amish from the payment of the taxes.

The number of persons affected by the amendment, I thought at one point, would be pretty well limited to 3,000. I discover now, as a result of a letter I have received from the Commissioner of Internal Revenue, that the number would be far smaller. I wish to quote the letter which was written to me May 15, from the Commissioner of Internal Revenue.

THE PRESIDING OFFICER. Will the Senator from Pennsylvania yield so that the Senate may receive a message from the House of Representatives?

Mr. CLARK. I yield, Madam President.

SOCIAL SECURITY AMENDMENTS OF 1961

The Senate resumed the consideration of the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making persons eligible for benefits under the program, and for other purposes.

Mr. CLARK. Madam President, I assume that the time for the message from the House of Representatives will not be taken from my time on the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. CLARK. Madam President, I wish to quote from the letter written by the Commissioner of Internal Revenue.

Out of the 2,000 to 3,000 Amish farmers filing taxable returns there remained a number whose refusal to pay continued—

Most of them finally and reluctantly paid the tax—

in approximately 130 cases over the last 2 years, collection was enforced by levying on bank accounts and from the proceeds of farm produce. In a few cases enforcement in this manner was not possible, because of the inability of Internal Revenue officials to locate bank accounts or sources of income subject to the levy process.

In other words, Madam President, the number of people involved is minimal, yet the principle involved is of great importance. I submit that if we wish to pass legislation based upon compassion and to grant to people whose strongly held views prevent them from conscientiously accepting the social security system, because of a religious belief, the amendment should be agreed to.

This is not a widespread problem. I know of no other faith in the country which holds these views. The amount involved is relatively negligible, yet based upon the fine American principle of the right to a religious belief, I urge the Senate to accept the amendment.

Mr. PROXMIRE. Madam President, will the Senator yield?

Mr. CLARK. I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. Is it not true that upon the basis of religious belief we have exempted from military service citizens of the United States who otherwise would have been obligated to serve their country, during wartime?

Mr. CLARK. The Senator is correct.

Mr. PROXMIRE. Does it not follow, in view of this well-established principle, which is respected even by those who feel very strongly about the necessity for universal military service, that we should certainly abide by the same principle in terms of the payment of social security taxes, if people are self-employed?

Mr. CLARK. That would certainly be my view. I am glad to note that the Senator from Wisconsin is indicating by his questions he agrees.

Mr. PROXMIRE. I think the Senator has a logical amendment, and I am delighted to support it.

Mr. CLARK. I thank my friend from Wisconsin.

Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 7 minutes remaining.

Mr. CLARK. Madam President, I reserve the remainder of my time.

Mr. KERR. Madam President, I hope the Senator from Pennsylvania will not push the amendment which he has offered. This is a matter about which the Department of Health, Education, and Welfare has had much concern, and to which it has given extended consideration.

I should like to read into the RECORD at this point two paragraphs from a letter written by W. L. Mitchell, Commissioner, to Hon. KENNETH B. KEATING, U.S. Senate, dated June 21, 1961:

This is in further reply to your letter of June 2 regarding an inquiry you received from Mr. Barry A. Motelson, 1921 Anthony Avenue, New York, N.Y., concerning the attitude of the Amish toward participation in the old-age, survivors, and disability insurance program.

We have a deep respect for the religious convictions of the Amish. Their attitude toward social security, which grows out of their religious objections to any type of insurance, poses a difficult problem for which we have earnestly tried to find a solution. To this end, representatives of the Department of Health, Education, and Welfare have met with groups of the Amish bishops on a number of occasions, and have given much consideration to possible approaches that might be helpful.

The objection of the Amish to social security does not stem from a reluctance to pay the necessary taxes but rather from the conviction that they should provide for the

needs of their own members; the objection therefore is directed to the benefits that are available to the Amish by reason of participation in the social security program.

Madam President, no other Member of this body has a higher respect for the integrity of the objections by religious denominations to legislation on the basis of violating the principles of the separation of church and of state than I. I have tried to familiarize myself with the amendment and with the objections of the very fine people of the Amish faith to the language of the law which prompted the amendment, and I am compelled to the conclusion that it is a matter of personal conviction, as is stated by Mr. Mitchell: "not from a reluctance to pay the necessary taxes but rather from the conviction that they should provide for the needs of their own members."

This is not an objection, Madam President, which prompts an amendment to exempt all the members of the denomination from the provisions of the social security law. If I correctly understand the amendment—and I ask the distinguished Senator to correct me if I am in error—the purpose of the amendment is to give optional exemption from the social security law to the individual members of the Amish faith.

Mr. CLARK. To those who draw up a certificate asking for exemption. The Senator is correct.

Mr. KERR. Yes. It would be on an individual basis.

Mr. CLARK. The Senator is correct.

Mr. KERR. I invite attention to another paragraph in the letter from Mr. Mitchell, in which he says:

It is inevitable that employers would have responsibilities in connection with an exemption provision; otherwise they could not fulfill their tax reporting obligations. In addition to keeping records of workers for whom exemption had been granted, employers would in some cases become involved in the question of whether or not a worker qualifies for the exemption. It is not unlikely that such inquiries would sometimes have a damaging effect on the employer-employee relations. Because it does not necessarily follow that a person who is at one time a member of a sect or church will remain a member all his life some arrangement would probably have to be made for followup verification of a person's right to exemption. Although it is likely that any such followup inquiries would have to be initiated by the Government, employers would have to keep abreast of any changes in the exempt status of employees in order to carry out their social security reporting obligations.

I read one further paragraph:

Exclusion from coverage on the basis of individual religious beliefs would create other problems which are in themselves significant. For example, such an exclusion would necessitate what some persons might think were unwarranted governmental inquiries into matters of religious affiliation and personal faith; many people might resent strongly the injection of an inquiry about their religion into an employment and social security matter. Also, it can be anticipated that some persons who claim and obtain exemption might later change their minds; in the case of a worker who obtains an exemption and later dies, the survivors might decide that they did not want the exemption to apply to them.

In view of the fact that questions of such far-reaching significance and implication are involved in the amendment, and in view of the fact that no hearings, either by the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate, have been held on the amendment, I urgently oppose its adoption.

Mr. CLARK. Madam President, I yield myself 2 minutes.

It is a heavy burden in this body to carry an amendment over the opposition of the administration and over the opposition, accordingly, of the leadership on this side of the aisle, and I have no illusions as to what will happen to the amendment this time. But I should like the RECORD to show that the amendment is just, that it is in the American tradition, and that in my opinion, in due course—in the foreseeable future—the administration and the leadership will change its mind and will do simple justice to these simple people.

The objections of the administration on this proposal, I submit, are more illusory than real. A simple procedure is provided under which an exemption certificate, which would state that the man or woman claiming the exemption is a member of a religious faith which objects to the insurance system would be filed, and the exemption certificate would remain in force until there was some evidence that the individual had left the sect or that in due course he or she had died. I reiterate that the number of people involved would be very small indeed. However, a principle is involved.

I am prepared to yield back the remainder of my time, if the Senator from Oklahoma is willing to yield back the remainder of his time.

Mr. KERR. I yield back the remainder of my time.

Mr. CLARK. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Pennsylvania.

The amendment was rejected.

Mr. COTTON. Madam President, I call up my amendment.

The PRESIDING OFFICER. The amendment of the Senator from New Hampshire will be stated.

The LEGISLATIVE CLERK. On page 25, between lines 18 and 19, it is proposed to insert a new section, as follows:

INCREASE IN THE EARNED INCOME LIMITATION

Sec. 108. (a) (1) Paragraphs (1), (3), and (4) (B) of subsection (f) of section 203 of the Social Security Act are each amended by striking out "\$100" wherever it appears therein and inserting in lieu thereof "\$150".

(2) The first sentence of paragraph (3) of such subsection (f) is amended by striking out "except that of the first \$300 of such excess (or all of such excess if it is less than \$300), an amount equal to one-half thereof shall not be included".

(b) Paragraph (1) (A) of subsection (h) of section 203 of such Act is amended by striking out "\$100" and inserting in lieu thereof "\$150".

(c) The amendments made by this section shall be effective, in the case of any individual, with respect to taxable years of such individual beginning after June 1961.

On page 25, line 20, strike out "108" and insert in lieu thereof "109".

Mr. COTTON. Madam President, the senior Senator from New York [Mr. JAVITS] is associated with me in offering the amendment.

Mr. MANSFIELD. Madam President, will the Senate yield?

Mr. COTTON. I yield to the distinguished majority leader, without losing my right to the floor.

Mr. MANSFIELD. Madam President, I propose a unanimous-consent agreement that time on the pending Cotton-Javits amendment be limited to 1 hour, one-half hour to be under the control of the Senator from New Hampshire [Mr. COTTON], and one-half hour under the control of the Senator from Oklahoma [Mr. KERR].

The PRESIDING OFFICER. Is there objection?

Mr. COTTON. Madam President, reserving the right to object, may we have the understanding, as a part of the unanimous-consent agreement, that if we must have a quorum call for the sake of obtaining an order for the yeas and nays, it may be agreed that the time not be taken from either side?

Mr. MANSFIELD. I add that request to my proposal.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Madam President, I ask unanimous consent that, following consideration of the Cotton-Javits amendment, the amendment to be offered by the Senator from New York [Mr. JAVITS] be considered germane, and that debate on the amendment be allocated a 2-hour limitation, with 1 hour under the control of the Senator from New York [Mr. JAVITS] and 1 hour under the control of the Senator from Oklahoma [Mr. KERR].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. COTTON. Madam President, I yield myself 5 minutes.

I ask unanimous consent that the name of the junior Senator from New York [Mr. KEATING] also be added as a cosponsor, since both Senators from New York [Mr. JAVITS and Mr. KEATING] had submitted similar amendments. I ask that they be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. COTTON. Madam President, I ask unanimous consent that the name of the Senator from Pennsylvania [Mr. SCOTT] also be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Madam President, I shall take only a few minutes to explain the amendment. I believe Senators are familiar with the proposal, because it has been considered again and again. The amendment proposes that the amount of money a person on social security would be allowed to earn

without being penalized or suffering loss of social security benefits be a straight \$1,800 a year instead of the arrangement which now exists.

The proposal has been made many times. One reason I have presumed to insist upon asking for the yeas and nays on the amendment is that so far as I know, despite the fact that the amendment was not considered by the committee—and that objection will doubtless be raised to the amendment—it has been considered so many times and has been so long before the Committee on Finance and the Senate that it is hardly cogent to say that the Senate should not express itself on the question without further hearings.

Mr. CARLSON. Madam President, will the Senator yield?

Mr. COTTON. I yield.

Mr. CARLSON. In view of the statement of the Senator from New Hampshire, I think it should be stated for the record that the amendment was not considered by the appropriate committees this year, and that the proposal has been considered on several previous occasions by the Senate Committee on Finance. Last year I offered an amendment which was accepted in committee, and in a conference report the amount stated in the amendment was reduced to \$1,500 at the request of the Department.

Mr. COTTON. I thank the Senator.

The Senate will recall that last year a sort of hybrid arrangement was adopted as a substitute for a provision which frankly and clearly increased the exemption. I am not criticizing the arrangement. I know it was done conscientiously, with great care, and with regard to the public interest.

It will be recalled that in the Senate last year a measure identical to the one which I am now introducing was passed in the Senate but was changed in conference to the present complex and impractical law. We now allow a social security beneficiary to earn up to \$1,200, and he is allowed to keep only one-half of the first \$300 over \$1,200. Above \$1,500 for every dollar that he earns, his income is reduced by \$1. In effect, for every dollar over \$1,500 earned by the person, he is taxed for 100 percent of his income.

Mr. CURTIS. Madam President, will the Senator yield for a question at that point?

Mr. COTTON. I yield.

Mr. CURTIS. At the present time, if the monthly earnings of a recipient of social security exceed \$100, his benefits are reduced. Under the amendment offered by the Senator from New Hampshire, the ceiling on annual earnings would be \$1,800. Suppose the recipient should earn in excess of \$1,800? Would he lose the entire amount that would otherwise be payable to him?

Mr. COTTON. If his earnings exceeded \$1,800, he would pay for every dollar that he received in addition to the \$1,800.

Mr. CURTIS. Would the recipient lose his benefits? Would he lose his year's benefits?

Mr. COTTON. No; that is not the purpose of my amendment.

Mr. CURTIS. The present law provides that he does not lose his year's benefits.

Mr. COTTON. The purpose of my amendment is to permit a recipient to earn \$1,800. If he earned more than that amount, he would pay for what he earned in excess of \$1,800.

The arrangement that was adopted last year is so complicated that I recall that when it was presented by the conferees in the report to the Senate—I do not want to presume to speak for other Senators, although I am sure I do speak for some—it seemed to me that it was extremely difficult to determine what it meant. In speaking to people who benefit under the act, I have attempted sometimes to explain the provisions to them, but to no avail. In my opinion, Madam President, a straight exemption, which is clear-cut, so that he who runs may read, and that is clear to everyone, is needed.

I assert that \$1,800 is not an excessive amount. Medical science has increased the span of life. I have always contended that it is unfair to place elderly people on the shelf and to deny them social security benefits they have earned and paid for, and then curtail their earnings to such a small amount as \$1,200. Certainly only people who are receiving a very small income would determine their retirement on a \$600 difference. It would be of greater benefit to the smaller income beneficiary. In the light of the way we have been spending money in the past few months for assistance to various groups, I can think of no group which can more justly ask for this relief.

Therefore I hope that the Senate, in place of what was adopted last year, will adopt my amendment, which is a clean-cut arrangement for an \$1,800 exemption. If a person exceeds that, he has to pay on the excess. If he does not exceed it, he has the benefit of the social security payments to which he is entitled.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COTTON. I yield 5 minutes to the Senator from New York.

Mr. JAVITS. Madam President, I am deeply honored to join the Senator from New Hampshire in offering the amendment. Like other Members of the Senate, I have had a bill dealing with this subject in the Senate for a long time. I inherited it, in a sense, from our former distinguished colleague from North Dakota, Mr. Langer, who made this subject a holy war, to take the ceiling off entirely.

I deeply believe that that is dictated by the situation. If the social security system, as the committee states at page 10 of the report, shall be self-financing and that Congress shall no longer appropriate money out of general revenues for the purpose of maintaining the system, then benefits paid under the system cease to be a gift from the Government and become a wonderful, exciting, but nonetheless, self-financing actually operated system. Under those circum-

stances there seems to be no reason that I can perceive why there should be a ceiling on what is earned by an individual beneficiary.

Mr. CARLSON. Madam President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. CARLSON. The Senator from New York is making it clear that the \$1,800 of income refers only to earned income. A person may have unlimited income from dividends, rents, royalties, or from any other source, and have that income exempt. However, if he earns \$1,500 at the present time, he is penalized, even though he may receive \$1,500 or \$1,800 or thousands of dollars in dividends or interest or other income. As long as it is not earned income, it does not count.

Mr. JAVITS. All of us, I am sure, acknowledge the outstanding leadership of the Senator from Kansas in this field. All that we are trying to do, actually, is to move the ball farther down on the field beyond the point to which he has already moved it, in a kind of relay race, knowing that he will take up the ball again, because of his interest in this field and his influence on the committee.

Madam President, I might say, too, that I have refrained from offering an amendment to remove the whole ceiling, as others have also refrained—I believe that my colleague from New York [Mr. KEATING] has introduced a bill of the same effect—because of my feeling that by trying gradually to raise the ceiling we will gradually phase into perhaps the complete lifting of the ceiling. Therefore I suggest that we at least make progress on that program. If we raise the \$1,500 figure we will be making some progress.

I would therefore like to address a question, if I may, to the Senator from Oklahoma. I might say, in that connection, that I do not make my argument on any theory that the Senator from Oklahoma is dug in against us on this matter. The Senator has as much solicitude for the people we are talking about as those of us who are sponsoring this amendment, and is motivated by the same feelings that motivate us. I should like to ask him how those of us who feel as we do might best make progress beyond the point where he has already taken us. Would the Senator yield himself some time in that connection?

Mr. KERR. I yield myself 5 minutes.

In replying to the Senator from New York I must address myself briefly to the remarks of the Senator from New Hampshire in presenting the amendment. Last year the action by the conference on this amendment was, in my judgment, very constructive. Prior to last year's amendment, if a person retired under social security and earned \$1 beyond \$1,200 a year, he would immediately lose 1 month's benefit under the social security retirement benefit program.

We amended the law so that that would not be the case. The Committee on Finance of the Senate, as stated a short time ago by the distinguished

Senator from Kansas [Mr. CARLSON], had this matter before it in its deliberations on the Social Security Amendments for 1960, and it approved an amendment offered by the Senator from New Hampshire, in the form in which he has offered it today.

We brought it to the floor of the Senate, and the Senate approved it. In conference, the administration called to the attention of the conferees that the provisions of the amendment, if implemented, would cost in the neighborhood of \$500 million a year, or about two-tenths of 1 percent of the payroll tax on the amount at that time subject to the social security tax; and that an increase in benefits of the amount that this amendment would cost, without making provision for additional revenues to the social security fund, would impair the fiscal integrity of the social security fund. Therefore, in conference the Senate conferees, after having worked out the compromise referred to by the Senator from New Hampshire, receded and brought the bill back to the Senate, where the compromise was agreed to. Under the present law a beneficiary under the Social Security System can earn \$1,200 without being penalized on the basis of the law prior to last year's amendment. Of the first \$300 earned by a recipient of social security benefits, the beneficiary-retiree loses \$1 dollar of the social security benefits for each \$2 earned above \$1,200 per year, up to a maximum of \$1,500. Above that he loses not the full amount of the retirement for going above \$1,500 but only \$1 of benefits for each additional dollar earned.

I say to my friend from New York that I am just as much interested as he is in having the benefits to the retirees increased. I am just as much interested as is the Senator from New Hampshire in making it possible for retirees to earn above the \$1,350 net which is provided under existing law without suffering the loss of social security benefits.

It occurs to me, however, that in view of the regard which I know both the Senator from New York and the Senator from New Hampshire, and all other Senators, have for the fiscal integrity of the fund, no approach should be made for increasing the benefits without at the same time providing the revenues with which to pay for the benefits. The objection is valid and significant that adoption of the amendment offered by the Senator from New Hampshire and other Senators would result in the loss of \$500 million a year, and that the loss would not be offset by an increase in the tax to provide money with which to pay the benefits. It therefore seems to me that in view of the fact that we have before us a bill which makes a very substantial increase in the benefits, on a basis which does not involve the impairment of the fiscal integrity of the fund, an amendment which would result in the impairment of the fiscal integrity of the fund should not be pressed.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. KERR. I yield.

Mr. JAVITS. I would not call the formula approved in conference, the Senator's own, because I believe the Senator is on our side temperamentally and from an ideological point of view, but taking the formula approved in conference, what would the Senator feel was the hope for improving that formula, perhaps making "300" "600"?

Mr. KERR. In conference last year, the House yielded to the fullest extent which the actuarial authorities of the Department indicated was possible without causing an impairment of the fiscal integrity of the fund. Therefore, I would have to take the position that any benefit Congress would provide would have to be offset by an increase in tax in an amount sufficient to pay the increase.

Mr. JAVITS. Can the Senator tell us what the cost actually was?

Mr. KERR. I do not recall the amount. The Assistant Secretary, who is seated beside me to provide information on questions such as this, says he will have the information for us in a little while.

Mr. JAVITS. I was thinking of the amount in terms of what we lawyers call *deminimis*. In other words, if the amount of the increase did not cause very much difference in the cost to the fund, might we not consider extending that principle and perhaps developing that idea, because, again, it would not have a material or an organic effect on the fund?

Mr. KERR. In my judgment, based upon what the representative of the Department of Health, Education, and Welfare has told me, the cost of the Senator's proposal would be between one-third and one-half of one-tenth of 1 percent.

There is in this fiscal year and there will be in the next fiscal year actually a substantial deficit in the cash reserves of the social security fund. We have been assured by actuaries and technical representatives of the Department that the deficits now occurring will be recouped and more than offset by the present tax structure, with the increasing coverage of wages and the increasing averages of wages in the near years ahead.

But the definite fact is that as of now a substantial deficit is incurred each year in the cash reserve of the fund. In view of the fact that only last year two very substantial increases in benefits to the retirees were provided within the limits of the fiscal integrity of the fund, the part of wisdom seems to indicate that no further benefit should be made this year without offsetting it by an additional tax.

Mr. JAVITS. Whatever may happen to this amendment, I shall, of course, vote for it. I hope the Senator from Oklahoma might hold out this branch of hope to those who are affected; that as the situation may improve a bit, certainly early consideration will be given to improving the formula.

Mr. KERR. I thank the Senator from New York.

Mr. JAVITS. I thank the Senator from Oklahoma.

Mr. CURTIS. Madam President, will the Senator from Oklahoma yield time to me?

Mr. KERR. Madam President, I yield 5 minutes to the distinguished Senator from Nebraska.

Mr. CURTIS. Madam President, I am very much in sympathy with our citizens who are under social security or are about to be, and who would like to earn whatever amount they can earn without having to reduce the amount or denying themselves their social security benefits.

However, I have secured figures as to the cost of the amendment which would raise the amount of permissible earnings to a straight \$1,800 a year. The chief actuary of the Social Security Administration tells me that in the first year this proposal would cost the fund \$420 million, and that the average annual cost would be around \$620 million.

Translating that into payroll, it is 0.19 percent—about one-fifth of 1 percent. Translating it into cost, it means that the worker who is now paying on \$4,800 would have his social security tax increased about \$4.50. A self-employed person would have his tax increased about \$6.75 a year. The employer's tax on a worker earning \$4,800 per year would be increased about \$4.50 also.

Mr. DIRKSEN. For how long?

Mr. CURTIS. In perpetuity.

Here is the problem: The distinguished Senator from New York [Mr. JAVITS] pointed out that the statute prohibits the payment of social security benefits out of the general fund. Therefore, the implication is that the fund is self-sustaining.

That is partly true, but it is not true that the individual now or for some time to come pays or will pay for his own benefits.

The social security system has stood for years, and stands now, in much the same position as the oldtime assessment life insurance companies which sprang up over the country three-quarters of a century ago. Those companies enrolled many young persons as members. Few died in their youth. The assessments were very small.

By and by, as the early generation of members became old, their claims were paid, and the treasury dwindled away and the assessments became very high.

The social security system has this difference. It does not have to go out and get new members. The Federal Government has the power to tax. But if Senators wish to read some interesting figures about how social security works, I suggest that they turn to page 93 of the hearings.

Social security became effective January 1, 1936. The first persons to retire under the act did so in 1940.

I asked what would have been the maximum amount an individual could have paid from 1936 to 1940. In all those years, what would have been the total amount?

The answer was \$90, a like amount having been paid by the employer.

The last line of the table is based upon the assumption that that person is alive

today—and that his wife is of the same age and is still living. The amount they have drawn out is \$23,240.70. That is a maximum case.

The minimum amount which would have been paid by someone who qualified for benefits for the same period was a tax of \$3 and a like payment made by his employer. Such a person and his wife have drawn out \$7,315.

These are extreme cases to illustrate a point, not in opposition to social security, but to present social security as it is; namely, as a tax on all the people who work, in order to pay a social benefit to those who reach an age at which they cannot work.

That is right; that is just. It is not insurance. No one has a social security insurance policy. The Government, in the act itself, reserves the right to change any portion of the act at any time, and Congress has taken away an expected benefit.

Social security is a system of taxing workers who are young, old, or middle aged, in order to pay social security benefits to those who retire. Within that purview we should make it as generous as we can, so that the load on those of middle age and on the young people and on the elderly who are working will not be too burdensome; yet we should do this as well as we can, in order to make adequate provision for the retired ones. A just balance should be reached between those who pay and those who receive.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. CURTIS. Let me ask the Senator from Oklahoma whether I may have a few more minutes.

Mr. KERR. I yield 2 more minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 2 more minutes.

Mr. CURTIS. I thank the Senator from Oklahoma.

Madam President, I wonder whether the distinguished Senator from New Hampshire [Mr. COTTON] will couple this with his amendment, a provision for the necessary tax increase, in order to treat these people more generously. I do not oppose his amendment, as such, but I believe we must realize that we are not paying these retired individuals something for which they have paid the entire cost, or nearly so. Instead, we are paying them a benefit that the clerk in a grocery store, those who work in the mines, those who work in the manufacturing plants, the farmers and all other Americans during their working years will pay for. I believe that when benefits are increased that the necessary taxes must be collected.

Mr. COTTON. Madam President, I yield myself 3 minutes; and then I shall yield some time to the Senator from New York.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 3 minutes.

Mr. COTTON. Madam President, first, I wish to make crystal clear—in order that there may be no misunderstanding—just what this amendment

will do. It will allow a Social Security beneficiary to earn \$1,800 and not pay a tax on it. If the beneficiary earns more than \$1,800, the amount in excess of \$1,800 would be deducted from his social security payments the next year. In other words, if he earned \$1,900, \$100 would be withheld from his Social Security payments the following year; or if he earned \$2,100, \$300 would be deducted from his social security benefits the following year.

With respect to the remarks of the distinguished Senator from Nebraska [Mr. CURTIS] and the distinguished Senator from Oklahoma [Mr. KERR], I wish to say that I am not questioning any of the figures submitted, for I have served on the Finance Committee, and I know well the accuracy of both of these gentlemen. But, on the other hand, I do not accept those figures. I do not know exactly what they are predicated on, but I suspect they are predicated on the assumption that everyone in this country who is on Social Security would promptly earn \$1,800 a year, because figures of approximately \$500 million or \$600 million are rather large, in my book. In that connection, I am reminded of what Babbage, the inventor of the adding machine, observed when he read Lord Tennyson's poem—

Fill the cup and fill the can,
Have a rouse before the morn;
Every moment dies a man
Every moment one is born.

But Babbage said that was not accurate. He said that, actually, one and one-sixteenth men were born, for every death, and that that change should be made in the poem. That exemplifies the fallacy of the expert mind, at times.

It is easy to project the millions of dollars this provision would cost. But I remember the situation when we raised the minimum wage and when we were providing more unemployment compensation for those who do not have jobs or for those whose jobs do not happen to appeal to them. These things may well cost money; but we are proposing that this group of elderly persons receive only their social security.

The PRESIDING OFFICER. The time the Senator from New Hampshire has yielded to himself has expired.

Mr. COTTON. Madam President, I yield myself 1 more minute.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 1 more minute.

Mr. COTTON. Madam President, if there is any cost to this amendment, the cost is in what is taken away from the earnings of the elderly people who have retired.

The Senate has already gone on record, four square, as favoring this amendment; but the amendment was eliminated in conference last year. We arrived at a compromise which allows the retired to have a net of only \$1,350 before the Government starts levying a 100-percent tax on their earnings.

I doubt that this will ever amount to one-fifth of 1 percent. But, Madam President, if there is any group of persons in the country who deserve this treatment, it is our elderly citizens.

At this time, I yield 3 minutes to the Senator from New York [Mr. KEATING].

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. KEATING. Madam President, bearing out the remarks about statistics and their pitfalls made by the distinguished Senator from New Hampshire [Mr. Corron], and in line with the simile he suggested, I point out that a man can drown in a river with an average depth of 3 feet.

As indicated by the figures given by the distinguished members of the committee, and also as is apparently the judgment of the distinguished Senator from New Hampshire, it is presumed that most people would take advantage of this plan, if the permissible limit were raised to \$1,800.

I have received—and I am sure that many other Members of the Senate have also received—many very appealing letters from elderly people who feel that their self-respect and their dignity will be maintained and enhanced by the fact that they continue to work beyond age 65. They will be happier and will lead more useful and active lives if they are not circumscribed by the current rigid provisions.

I have introduced, as have other Senators—but I have refrained from offering it here as an amendment—a bill which would completely eliminate the earnings test. I have every confidence in the world that we eventually shall reach this point in our social security legislation.

I have asked many who are covered by the social security law, "Would you be willing to pay the increased cost and would your employer be willing to pay the increased cost which would arise, in order to keep the system sound, if this earnings test were taken off?" They almost always say they would be willing to do so, and that such a provision they feel, would be a reasonable one.

The PRESIDING OFFICER. The time yielded to the Senator from New York has expired.

Mr. COTTON. Madam President, I yield 2 more minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 more minutes.

Mr. KEATING. Madam President, I have also prepared an amendment to this bill which would approach this matter by changing the present \$300 million in what the Senator has rightly called a rather complicated formula to \$1200. The cost is only two-thirds of one-tenth of 1 percent, or .06 percent, which amounts, in total, to an estimated \$138 million. It seems to me that if the Cotton amendment is opposed, there could well be some midground approach to this problem.

Mr. COTTON. Madam President, will the Senator from New York yield to me, if I yield an additional minute to him?

Mr. KEATING. Yes, I am happy to yield.

Mr. COTTON. I should like to ask the Senator from New York, who is so

ably presenting this picture, this question: If there must be any compromise in connection with this matter, should it not be made in the conference committee? If we begin to chisel away on this matter on the floor of the Senate, we shall get exactly zero for the elderly.

So I hope the Senate will do as it did last year—namely, pass this as a clear-cut amendment. Then, if there must be some chiseling, let it be done in the conference committee.

Mr. KEATING. I agree emphatically with the distinguished Senator from New Hampshire. I would not want anything I have said to be construed as indicating that I favor a different approach.

I support the amendment of the junior Senator from New Hampshire enthusiastically but I realize that the other body has some different ideas from ours regarding this situation. I was pointing out the very modest amount involved in the amendment I have drafted to increase the present \$300 figure to \$1,200.

I feel confident that, if it is necessary to increase the assessment upon an employer or employee, they would be willing, indeed would be very ready, to increase it to the extent incorporated in the amendment so ably presented by the Senator from New Hampshire.

The PRESIDING OFFICER. The time of the Senator has expired.

ing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

Mr. COTTON. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from New Hampshire has 10 minutes remaining, and the Senator from Oklahoma has 14 minutes.

Mr. KERR. What was the Senator's inquiry?

Mr. COTTON. I asked about the time remaining. I have 10 minutes, and the Senator from Oklahoma has 14 minutes. Does the Senator wish to yield back his remaining time and vote?

Mr. KERR. I should like to say a few words first.

Mr. COTTON. Then I do not wish to yield back my remaining time.

Mr. KERR. The Senator can make any remarks he cares to.

Mr. COTTON. The proponents of the amendment ought to have an opportunity to say the last word, I believe.

The PRESIDING OFFICER. The time for this exchange will be equally divided between the two sides.

Mr. COTTON. Madam President—
The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. COTTON. We have presented our case. I do not care to repeat it, but I do not wish to yield back my remaining time. If the Senator from Oklahoma wishes to proceed, that will be fine. If not, I suggest we both yield back our remaining time.

Mr. KERR. Madam President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. KERR. I deeply regret that I find myself in disagreement with the distinguished Senator from New Hampshire. I am a little surprised, however, to find the Senator in the posture he has taken in this matter. While I have been in the U.S. Senate, I have learned to have a very high regard for the Senator's sense of fiscal responsibility. It is seldom I have seen him in what I regarded as being an indefensible, undefensible, non-defensible position from the standpoint of fiscal responsibility.

I invite the attention of the Senator from New Hampshire and of the other Members of the Senate to the fact that in 1956 the balance in the social security fund was \$22,519 million; that during fiscal year 1960 it decreased to \$20,324 million, or nearly 10 percent; and that in fiscal 1961, the year to close June 30, the fund will be reduced to \$20,026 million.

Under the provisions of the bill the fund, in fiscal year 1962, will be reduced to \$19,198 million, or \$824 million less for the fiscal year.

As I said a little while ago, the actuaries and technicians from the Department of Health, Education, and Welfare assured the committee that under the language of the bill the shrinkage would in subsequent years be recouped, having the net result that the long-range cost

of the provisions of the bill would not adversely affect the fiscal integrity of the social security fund.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. KERR. I yield to the Senator from Montana.

Mr. MANSFIELD. Is it not correct to say that the proposal was adopted by the Senate last year and was rejected by the House?

Mr. KERR. In conference.

Mr. MANSFIELD. In conference.

Mr. KERR. The Senator is correct.

Mr. MANSFIELD. Is it not true that if the amendment is agreed to, the cost will be two-tenths of 1 percent on a payroll tax basis?

Mr. KERR. That is the figure which was given us. I believe nineteen one-hundredths, or approximately two-tenths of 1 percent, is the amount the actuaries and technicians in the Department of Health, Education, and Welfare advised the Finance Committee would be the cost.

Mr. MANSFIELD. If the amendment is agreed to, would it not mean there would be disbursements of approximately \$500 million a year?

Mr. KERR. The estimates to the committee ranged from \$427 million to \$615 million. The figure the Senator has given is the figure which the technicians advise us we could expect as the cost of the amendment.

Mr. MANSFIELD. Is there in the amendment under consideration any proposal for the levying of contributions to pay for the additional benefits?

Mr. KERR. I will let the Senator from New Hampshire answer that question.

If there are any provisions in the amendment to provide an additional tax I have not heard of them, nor have I discovered them.

Mr. COTTON. The Senator from Oklahoma is entirely correct. There are none in the amendment.

Mr. KERR. That is all I asked.

Mr. MANSFIELD. If the Senator will yield further, Madam President, on the basis of the figures the Senator has enunciated with regard to the amount in the social security fund several years ago and the amount in the fund today, would it not be reasonable to assume that if an amendment of the kind proposed is agreed to, meritorious though it is and needed though it may be, it will have the effect of reducing still further the amount in the social security trust fund?

Mr. KERR. The Senator is correct.

Mr. MANSFIELD. Have any hearings been held either in the House or in the Senate on this particular proposal this year?

Mr. KERR. The amendment was considered in the Finance Committee in executive session. No hearings were held on the amendment either in the House committee or in the Senate committee. I believe that to be the fact.

Mr. MANSFIELD. I personally think the amendment offered by the distinguished Senator from New Hampshire has a great deal of merit, but I hope in view

SOCIAL SECURITY AMENDMENTS OF 1961

The Senate resumed the consideration of the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increas-

of the long and detailed hearings held, in both the House and Senate Committees on Ways and Means and Finance, that the judgment of the Finance Committee will be upheld by the Senate in this particular instance and that further consideration will be given to the meritorious proposal at some future date.

Mr. KERR. I thank the Senator from Montana.

Mr. HUMPHREY and Mr. LAUSCHE addressed the Chair.

Mr. KERR. I yield to the Senator from Minnesota.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. I yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 3 minutes.

Mr. HUMPHREY. Can the Senator tell us what the total cost of the additional benefits to be provided by the bill will amount to?

Mr. KERR. The total cost of the benefits now in the bill will amount to \$780 million in the first full year of operation.

Mr. HUMPHREY. Do I correctly understand that those costs are claimed to be a benefit to the recipients of the lowest grade of insurance; the people with the lowest figure of insurance, the widows?

Mr. KERR. The increase in the minimum benefit will go to the 2,175,000 people, at a cost of \$170 million.

The reduced benefits for men at age 62 will be provided for 560,000, at a cost of \$440 million.

The change in insured status will affect 160,000 people, at a cost of \$65 million.

The increase in widows' benefits will be provided for 1,525,000, at a cost of \$105 million.

Mr. HUMPHREY. In other words, as reported from the Committee on Finance, the bill seeks to provide a greater degree of protection under old-age and survivors insurance, first, to widows; second, to the recipients of the smallest amount of old-age insurance, by raising the minimum; and third, to provide for the opportunity of men to have an optional retirement at age 62 with reduced benefits, in the same manner as is now provided for women.

Mr. KERR. And the change in the insurance status.

Mr. HUMPHREY. And the change in the insurance status. What would be the cost in dollars of the proposed \$1,800 exemption, which is an exemption, by the way, contained in one of my amendments submitted to the committee?

Mr. KERR. The estimates range from \$425 million to \$625 million. The Senator from Oklahoma took the position that the minimum cost would be \$500 million.

Mr. HUMPHREY. So unless we wish to increase the tax by approximately two-tenths of 1 percent, we have the choice of either giving up some of the benefits which the Senator has already listed, such as the benefit to the widow and to the recipient of the minimum, the \$30 benefit, or taking the \$1,800—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. I yield myself an additional minute.

The Senator is correct. There is a third choice. Without regard to the sacred integrity of the trust fund, we could impair the fiscal integrity of the trust fund for the 70-some million people now under social security.

Mr. HUMPHREY. I was of the opinion that no Senator would wish to take that action, and therefore I did not want to include it as an alternative. I am sure Congress has a very solemn obligation not to impair that trust fund. In fact, our obligation is to maintain its basic integrity.

Does the Senate Committee on Finance intend to give consideration to the request to increase from the present \$1,500 to \$1,800 the limit on earnings?

Mr. KERR. The Senate Committee on Finance will hold hearings on that question at any time Senators ask for them.

Mr. HUMPHREY. I recognize that if such action is to be taken, we must also face up to the tax situation. I do not believe we can expect all the proposed benefits without paying for them.

Mr. KERR. The Senator is correct.

Mr. HUMPHREY. In the past I have been willing to vote for the necessary taxes to pay for such items as the one to which we are now addressing our attention, and I shall do so in the future.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. I am sorry that the limit of \$1,800 is not provided in the bill, but I can understand that with the number of benefits that have been provided, we cannot do everything at once.

Mr. KERR. The Senator is correct.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. KERR. Not at this time. Madam President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 4 minutes remaining.

Mr. KERR. Perhaps the Senator from New Hampshire wishes to use some of his time.

Mr. COTTON. Madam President, how much time have I remaining?

The PRESIDING OFFICER. Ten minutes.

Mr. COTTON. I yield myself 5 minutes.

Madam President, the Senator from New Hampshire is sorry indeed that he has forfeited some of the confidence of his dear friend from Oklahoma, and that the Senator from Oklahoma has charged the Senator from New Hampshire with fiscal irresponsibility in offering and supporting this amendment.

I listened with keen interest to the distinguished Senator's review of the gradual depletion of the social security trust fund. The Senator from New Hampshire has the recollection and belief that Congress tore the bottom out of the social security trust fund the day it changed the character of the trust fund

from an old-age retirement program, and made it, in a sense, a health insurance program by inserting the element of total disability.

To be sure, at that time provision to take care of the added costs of the new program was alleged to have been made, but it was a provision that started with a small amount and increased through the years. The program was a deferred payment idea; and it is the distinct impression, and certainly the honest opinion of the Senator from New Hampshire, that at that point we began to undermine the social security trust fund.

In the second place, the suggestion has been made by the Senator from Oklahoma—a suggestion which he first attributed entirely to some technicians who advised him, but which he later, in a sense, asserted—that this amendment, if agreed to, would increase the cost, I believe, two-tenths of 1 percent or two-fifths of 1 percent. I, for one, do not accept the assertion that has been made that the cost of the amendment would be as much as \$500 million to \$600 million. Whatever the program would cost, the cost should be taken care of; and I am prepared to take care of it.

The estimated figures are based on several false assumptions. We can worm around and attribute them to this technician and that technician; but, in the first place, the figures are based on the assumption that many people who are not on social security will decide to retire and accept social security because they can earn \$1,800 a year instead of \$1,200. That idea, I assert, is preposterous. The number of people in this country working and earning money who would predicate their decision to retire on a difference of \$600 a year, I submit, would be very small and would be found in the lowest income group that we could possibly find. That is the group which my friends were most eager to benefit.

In the second place, the estimated figures are based on the assumption that everyone on retirement would proceed to earn at least \$1,800 a year. The Senator from New Hampshire questions such an argument.

So, I am sincerely sure that we are being given the maximum amount of the possible cost of the amendment.

I need not review the expenditure of the billions of dollars that we have been dishing out in the present Congress since we began our deliberations last January. Those billions of dollars have not been dished out with the concurrence or support of my former fellow members of the Committee on Finance. I take this opportunity to pay tribute to them, because they are consistently careful, as they are being careful today.

But when I think of the able-bodied people in this country who are able to maintain themselves in the prime of life, who have been assisted here and there by beneficial programs, I am surprised to see any Senator hold back when a proposal is made to give retired people a little more self-respect, and a little more opportunity to use the help, the talents, and the skills that God and medical science have given them in the evening of their lives—to the tune of how much?

How much, I ask Senators who deal in billions? To the tune of \$600 a year. We have been told that the amendment would cost social security two-tenths of 1 percent or two-fifths of 1 percent. Though I shall not mention gambling on the floor, poor as I am, I would otherwise accept a wager that it would not cost anywhere near the amount stated; and in my opinion such assertions will be disproved.

The Senate has once gone on record for this proposal.

I suggest that Senators go back to their States and tell the people in their States who find themselves curtailed in doing things they can do and want to do that they will be penalized after they have earned \$1,200—under the compromise of last year. I suggest that Senators go back and talk to those people about the financial security and soundness of the social security trust fund. We played with the fund to the tune of many millions when we started down the road of total disability, a road upon which we shall be compelled to travel further, because a person can be just as totally disabled at the age of 30 as at the age of 50.

These are the reasons why the Senator from New Hampshire, in spite of all the gathering of the forces of the majority leadership that have rallied round on this amendment, wants a record vote on the amendment, to give us a chance to stand up and say in no uncertain terms whether the Senate will take the position it took last year and give an opportunity to the elderly social security beneficiaries. The cost, I repeat, is not going to be anywhere near the sums that have been bandied about in the Chamber. Whatever the cost, I for one am willing to pay it, in view of the money that we have been handing out.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. May I inquire as to what the time situation is with respect to both sides?

The PRESIDING OFFICER. The Senator from New Hampshire has 3 minutes remaining. The Senator from Oklahoma has 4 minutes remaining.

Mr. KERR. I ask unanimous consent that each side be granted an additional 3 minutes of time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. I yield myself 3 minutes. The amendment offered by the Senator from New Hampshire is meritorious in principle on the basis of its approach. I remind him, however, of the fact that the \$780 million in benefits under the bill before the Senate provides additional benefits to those who benefit the least under the present social security law.

This is done by raising the minimum from \$33 to \$40, by raising the widow's benefits, and by changing the benefits for male retirees at age 62. The amendment offered by the distinguished Senator from New Hampshire would give additional benefits to those who are working. His additional benefits would go to those who need them the least, not those who need them the most. His amendment would tax the present workers to

provide additional benefits to those who have already retired and not making a contribution, whereby they would receive additional benefits without having to contribute to them, at the expense of those who are now paying for their own retirement programs.

As called to our attention by the Senator from Nebraska [Mr. CURTIS], a person making \$4,800 a year would have to contribute an additional \$9.12. A self-employed person now working would have to contribute 50 percent more, or about \$13.66, or whatever the mathematical calculation would show, to provide additional benefits for those who had not acquired them in the time when they were making contributions. The Senator from New Hampshire has said that the Senate initiated fiscal irresponsibility when it set up the separate fund to provide social security benefits for those declared to be and found to be disabled.

Mr. COTTON. Madam President, will the Senator yield?

Mr. KERR. I have obtained 3 additional minutes, so that the Senator may answer me on his own time.

Mr. COTTON. I would like to answer a misquotation.

Mr. KERR. I wish the Senator would correct me, if I have misquoted him.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. I yield myself 2 additional minutes.

The fact is that the amounts paid out to the disabled do not affect this fund. It is a separate fund contributed to for the purpose of establishing the fund for the disabled, not to be drawn on to provide a person benefits under the social security law, not drawn on to provide the \$780 million in increased benefits under the bill, and not to be drawn on to pay benefits provided for by the Senator from New Hampshire. Therefore I submit that the amendment, without an accompanying provision for a tax to pay for it, is an effort to move in the direction of fiscal irresponsibility. I must say that I am surprised and shocked to find the man for whom I have such great respect, the Senator from New Hampshire, leading such an effort.

Mr. COTTON. Madam President, I yield myself 2 minutes.

In the first place, the Senator from New Hampshire has not accused anyone or any Congress of fiscal irresponsibility. I left that for others to charge. I simply said that when we started to put a drain on the employees and employers and expanded the social security program to cover the totally disabled, it cost more money no matter how the fund is administered from a bookkeeping standpoint.

The distinguished Senator from Oklahoma has just stated, and has repeated it over and over again, that the Senator from New Hampshire and those associated with him are trying to increase the benefits to those who are earning money and who need it the least. As a matter of fact the amendment does not increase benefits to anyone. All it does is to have the Government not grab back quite as much from the earnings of those who are able to work and who want to

work. That has become a rather rare group in this country. It does not increase the benefits one single shiny shekel. The Senator from Oklahoma is fully aware of that fact. It says to those who want to earn a little more money in their old age, "We will let you earn \$1,800, instead of \$1,200, without taking some of it away from you." That is a great deal different from increasing benefits.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COTTON. Madam President, how much time remains?

The PRESIDING OFFICER. The Senator from New Hampshire has 4 minutes remaining.

Mr. COTTON. I yield 2 minutes to the distinguished Senator from Illinois.

Mr. DIRKSEN. Madam President, I believe that many Members of the Senate share my dilemma, in that I am interested in the actuarially soundness of the social security fund, having some background knowledge of what has happened to a great many fraternal organizations and insurance corporations who failed because they moved into a field that was actuarially unsound. That is the last thing we want to do.

However, what persists in my mind is that this same item appeared in the bill the Senate considered last year. I hope Senators will correct me if I am wrong. It was in the bill as it came from the committee, and when the bill passed, it passed the Senate by a vote of 91 to 2. It went to conference, and the conference notes indicate that this was the most important item considered by the conference. One would have thought, because of the public interest in the matter, that a good deal of research work would have been done on it long before this, so that we could deal with it on a strictly factual basis, and I have suggested to the distinguished chairman of the subcommittee, who is in charge of the bill on the floor, that he accept the amendment and take it to conference.

I understand his difficulty. He has made a case that he believes is earnest and sincere and convincing. However, on the other hand, if this matter is to be considered again, it can be considered only if it is incorporated in the bill and sent to conference. Deep as is my concern about the soundness of reserve, I will vote for the amendment, in the hope that when it gets to conference all the experts in the social security system can be brought in around the conference table so that the matter can be considered, and perhaps there can be contrived a formula less complicated than the one that was achieved last year and that will confer a larger measure of benefit upon the great group that has been so well styled by the distinguished Senator from New Hampshire as willing to work, wanting to work, but who simply by the inhibition in the law itself are denied that opportunity to work.

I shall support the amendment.

Mr. COTTON. Madam President, I yield 1 minute to the distinguished Senator from Kentucky.

Mr. MORTON. Madam President, we have heard much about encouraging an

increase in economic productivity. I believe one of the encouragements of such an increase would be a willingness on the part of more people to become members of the great productive force in American society. The amendment of the distinguished Senator from New Hampshire will do just that; and I offered a similar amendment in the last Congress and in this Congress.

Let me emphasize the point which the Senator from New Hampshire so eloquently made. This proposal is not for an increase in benefits. Let us disabuse our minds of that. The amendment merely increases the incentive, so that older citizens, who enjoy the greater longevity which medical science has provided, will remain productive members of our great society.

Mr. COTTON. Madam President, I yield 1 minute to the distinguished Senator from South Dakota.

Mr. MUNDT. Madam President, first I congratulate the Senator from New Hampshire for renewing the fight which he has made on the floor of the Senate for several years in this connection. I, too, have an amendment providing the same consideration.

It seems to me that the Senator from Illinois put the question very clearly before the Senate when he suggested that this amendment be adopted, so that we would have something to consider in conference.

If we are to bring this situation into focus, based upon the realities and the judgment of experts in this field, we must have something on which proposed legislation can be based with actuarial soundness. Actually, since the original social security legislation was passed, the forces of inflation have made the purchasing power of the proposal less than that of the \$1,300 originally available.

I urge that the Senate adopt this amendment today, and that it be taken to conference, so that we may ascertain if there are any good, valid, actuarial reasons for rejecting it. If there are not, let us incorporate it into the law.

The PRESIDING OFFICER. The yeas and nays have been ordered. Under the unanimous-consent agreement—

Mr. KERR. Madam President, does any time remain?

The PRESIDING OFFICER. Two minutes remain.

Mr. KERR. How much time remains for the proponents?

The PRESIDING OFFICER. Two minutes remain on each side.

Mr. LAUSCHE. Madam President, will the Senator from Oklahoma yield 1 minute of his time to me?

Mr. KERR. First, I yield 1 minute to the Senator from Minnesota; then I shall yield 1 minute to the Senator from Ohio.

Mr. HUMPHREY. Madam President, a parliamentary inquiry.

Mr. KERR. Madam President, the Senator does not need to have time yielded to him for a parliamentary inquiry, does he?

The PRESIDING OFFICER. Time is required for a parliamentary inquiry.

Mr. KERR. I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. Madam President, several Senators desire to offer a substitute for the pending amendment. May the substitute be offered now and be voted upon prior to the action upon the pending amendment?

The PRESIDING OFFICER. The amendment before the Senate is open to further amendment.

Mr. HUMPHREY. It is open to further amendment?

The PRESIDING OFFICER. Without any debate.

Mr. HUMPHREY. Without any debate? We desire to offer an amendment. I ask unanimous consent—

Mr. KERR. Madam President, I ask unanimous consent that the Senator from Minnesota may offer the amendment in the nature of a substitute and that 5 minutes be allotted to each side.

Mr. DIRKSEN. Madam President, I speak with the greatest kindness and respect. This very proposal, in its present undiluted form, has been before the Senate many times. We voted on it during the consideration of the bill last year.

I believe the Senate should have an opportunity to take a clear-cut vote on the proposition which is offered by the distinguished Senator from New Hampshire. If it fails, the distinguished Senator from Minnesota may then offer his amendment in the nature of a substitute or any other amendment he wishes to offer. But since an amendment is now before the Senate, I think the distinguished Senator from New Hampshire is entitled to a clean-cut vote on his proposal.

I am constrained to object, and I object.

Mr. KERR. Madam President, I yield 30 seconds to the distinguished Senator from Ohio.

Mr. LAUSCHE. Based upon the advice of the experts, if the change as proposed by the committee is adopted, will the fund be actuarially sound? Second, will the fund be sound if the amendment offered by the Senator from New Hampshire shall be adopted?

Mr. KERR. The answer to the Senator's first question is that the fund will be actuarially sound.

To his second question, the answer is that the fund would be impaired by a minimum of \$500 million a year if the amendment offered by the Senator from New Hampshire were adopted.

Mr. HARTKE. Madam President, is there time remaining?

The PRESIDING OFFICER. All time has expired.

Mr. HARTKE. Madam President, on behalf of myself, the Senator from Minnesota [Mr. HUMPHREY], and the Senator from West Virginia [Mr. RANDOLPH], I submit an amendment in the nature of a substitute and asked that it be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

Mr. PASTORE. Madam President, may we have order in the Chamber, so

that we can hear the amendment as it is read? We may not debate it, but we should be permitted to hear it.

The PRESIDING OFFICER. The Senate will be in order. The amendment to the amendment will be stated.

The legislative clerk read as follows:

Sec. — (a) paragraph (3) of section 203(f) of the Social Security Act is proposed to be amended by striking out "\$300" wherever it appears therein and inserting in lieu thereof "\$500".

(b) The amendment made by subsection (a) shall apply in the case of taxable years ending after the enactment of this Act.

Mr. HARTKE. Madam President on this amendment I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested. There is a sufficient second, and the yeas and nays are ordered.

Mr. KERR. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Is the nature of the amendment of the Senator from Indiana to increase the application of the 50-50 formula above the \$1,200 exemption, \$500 instead of the \$300 now provided in the law?

The PRESIDING OFFICER. The Chair has no authority to place an interpretation upon the amendment.

Mr. HARTKE. Madam President, the interpretation of the Senator from Oklahoma is correct.

Mr. HUMPHREY. That is also my understanding.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MUNDT. Madam President—

The PRESIDING OFFICER. The call of the roll has started.

Mr. MUNDT. No Senator has answered to his name. I make the point of order that no Senator has answered to his name.

The PRESIDING OFFICER. The Senator from South Dakota will state his point of order.

Mr. MUNDT. Madam President, I ask unanimous consent that the proponents of this amendment be given 5 minutes to explain it, and that the opponents be given 5 minutes to oppose it, so that the Senate may have some idea of what we are expected to vote upon.

Mr. KERR. Madam President, I made a similar request a few minutes ago, and the Senator from Illinois [Mr. DIRKSEN] objected.

Mr. HUMPHREY. Madam President, I object.

The PRESIDING OFFICER. The clerk will resume the call of the roll.

The legislative clerk resumed and concluded the calling the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Tennessee [Mr. GORE], the Senator from Georgia [Mr. RUSSELL], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Arizona [Mr. HAYDEN] is absent due to a death in the family.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Arizona [Mr. HAYDEN], and the Senator from Massachusetts [Mr. SMITH], would each vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from North Dakota [Mr. BURDICK]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from North Dakota would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Pennsylvania would vote "nay."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER], the Senator from Hawaii [Mr. FONG], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from North Dakota [Mr. BURDICK]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from North Dakota would vote "yea."

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 59, nays 30, as follows:

[No. 83]		
YEAS—59		
Anderson	Hill	Morse
Bartlett	Holland	Moss
Bible	Humphrey	Muskie
Byrd, Va.	Jackson	Neuberger
Byrd, W. Va.	Johnston	Pastore
Cannon	Jordan	Pell
Carroll	Kefauver	Proxmire
Church	Kerr	Randolph
Clark	Lausche	Robertson
Curtis	Long, Mo.	Saltonstall
Douglas	Long, Hawaii	Smathers
Dworshak	Long, La.	Sparkman
Eastland	Magnuson	Stennis
Ellender	Mansfield	Symington
Ervin	McCarthy	Talmadge
Fulbright	McClellan	Thurmond
Gruening	McGee	Williams, N.J.
Hart	McNamara	Yarborough
Hartke	Metcalf	Young, Ohio
Hickey	Monroney	
NAYS—30		
Aiken	Case, N.J.	Miller
Allott	Case, S. Dak.	Morton
Beall	Cooper	Mundt
Bennett	Cotton	Prouty
Boggs	Dirksen	Schoeppel
Bridges	Hickenlooper	Smith, Maine
Bush	Hruska	Tower
Butler	Javits	Wiley
Capehart	Keating	Williams, Del.
Carlson	Kuchel	Young, N. Dak.
NOT VOTING—11		
Burdick	Fong	Russell
Chavez	Goldwater	Scott
Dodd	Gore	Smith, Mass.
Engle	Hayden	

So the amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now before the Senate is on agreeing to the amendment of the Senator from New Hampshire, as amended.

Mr. DIRKSEN. Madam President, I ask for the yeas and nays, if they have not been ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Tennessee [Mr. GORE], the Senator from Georgia [Mr. RUSSELL], and the Senator from Massachusetts [Mr. SMITH], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Arizona [Mr. HAYDEN] is absent due to a death in the family.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Georgia [Mr. RUSSELL], and the Senator from Massachusetts [Mr. SMITH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER], the Senator from Hawaii [Mr. FONG], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 89, nays 0, as follows:

[No. 84]		
YEAS—89		
Aiken	Fulbright	Monroney
Allott	Gruening	Morse
Anderson	Hart	Morton
Bartlett	Hartke	Moss
Beall	Hickenlooper	Mundt
Bennett	Hickey	Muskie
Bible	Hill	Neuberger
Boggs	Holland	Pastore
Bridges	Hruska	Pell
Bush	Humphrey	Prouty
Butler	Jackson	Proxmire
Byrd, Va.	Javits	Randolph
Byrd, W. Va.	Johnston	Robertson
Cannon	Jordan	Saltonstall
Capehart	Keating	Schoeppel
Carlson	Kefauver	Smathers
Carroll	Kerr	Smith, Maine
Case, N.J.	Kuchel	Sparkman
Case, S. Dak.	Lausche	Stennis
Church	Long, Mo.	Symington
Clark	Long, Hawaii	Talmadge
Cooper	Long, La.	Thurmond
Cotton	Magnuson	Tower
Curtis	Mansfield	Wiley
Dirksen	McCarthy	Williams, N.J.
Douglas	McClellan	Williams, Del.
Dworshak	McGee	Yarborough
Eastland	McNamara	Young, N. Dak.
Ellender	Metcalf	Young, Ohio
Ervin	Miller	
NAYS—0		
NOT VOTING—11		
Burdick	Fong	Russell
Chavez	Goldwater	Scott
Dodd	Gore	Smith, Mass.
Engle	Hayden	

So Mr. COTTON's amendment, as amended, was agreed to.

Mr. DIRKSEN. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KERR. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair. The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. KERR. Madam President, I ask that the yeas and nays be ordered on the question of passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the amendment of the Senator from New York, for himself and other Senators, will be considered. The amendment will be stated for the information of the Senate.

Mr. COTTON. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COTTON. When was the unanimous-consent agreement agreed to?

The PRESIDING OFFICER. The unanimous-consent agreement was adopted before debate on the amendment offered by the Senator from New Hampshire.

The clerk will state the amendment for the information of the Senate.

Mr. JAVITS. Madam President, I ask unanimous consent that the reading of the amendment may be dispensed with and that it may be printed in the RECORD. I shall explain it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

The amendment, offered by Mr. JAVITS, for himself and other Senators, ordered to be printed in the RECORD, is as follows:

"TITLE IV—MEDICAL BENEFITS FOR THE AGED
 "Sec. 401. The title may be cited as the 'Health Insurance for the Aged Act'.
 "Sec. 402. The Social Security Act is hereby amended by inserting at the end thereof the following new title:
 "'TITLE XVI—MEDICAL BENEFITS FOR THE AGED
 APPROPRIATION
 "Sec. 1601. For the purpose of assisting the States to improve the health care of aged individuals of low incomes by enabling them to secure, at cost reasonably related to their incomes, protection either against the expenses of preventive and diagnostic services and short-term illness treatment or against long-term illness expenses, there are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine. The sums made available under this section shall be used for making payments to States with State plans submitted by them and approved under this title.
 "'State plans
 "Sec. 1602. The Secretary shall approve a State plan under this title which—
 "'(a) provides for establishment or designation of a single State agency to administer or supervise the administration of the State plan;
 "'(b) provides that each eligible individual (as defined in section 1605(a)) who applies therefor (and only such an individual) shall be furnished whichever of the following he may elect:

“(1) preventive, diagnostic, and short-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of the cost incurred by him for the following medical services rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1606)—

“(A) inpatient hospital services for not to exceed twenty-one days in any enrollment year, except that at the request of the individual days of skilled nursing-home services may be substituted for any or all of such days of inpatient hospital services at the rate of three days of skilled nursing-home care for one day of inpatient hospital services;

“(B) physicians' services furnished outside of a hospital or skilled nursing home, on not more than twelve days during an enrollment year;

“(C) ambulatory diagnostic laboratory and X-ray services furnished outside of a hospital or skilled nursing home to the extent the cost thereof is not in excess of \$100 in any enrollment year;

“(D) organized home health care services for not more than twenty-four days in any enrollment year; and

“(E) such additional medical services as the State may elect (subject to the limitations in clauses (E) (vi) and (vii) of paragraph (2) and to the limitations in section 1608); or

“(2) long-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of 80 per centum of the cost above the deductible amount incurred by him for the following services (hereinafter in this title referred to as “medical services”) rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1606)—

“(A) inpatient hospital services for not to exceed one hundred and twenty days in any enrollment year;

“(B) surgical services provided to inpatients in a hospital;

“(C) skilled nursing home services;

“(D) organized home health care services;

“(E) such of the following services as the State may elect (subject to the limitations in section 1608)—

“(i) physicians' services;

“(ii) outpatient hospital services;

“(iii) private duty nursing services;

“(iv) physical restorative services;

“(v) dental treatment;

“(vi) laboratory and X-ray services to the extent the cost thereof is not in excess of \$200 in any enrollment year;

“(vii) prescribe drugs to the extent the cost thereof is not in excess of \$350 in any enrollment year; and

“(viii) inpatient hospital services in excess of one hundred and twenty days in any enrollment year; or

“(3) private insurance benefits, which, for purposes of this title, shall consist of payment on behalf of such individual of one-half of the premiums of a private health insurance policy for him up to a maximum payment for any year of \$60;

“(c) provides for granting an opportunity for a fair hearing before the State agency to any individual whose claim for benefits under the plan has been denied;

“(d) provides for payment of enrollment fees, payable annually or more frequently, as the State may determine by eligible individuals applying for long-term illness benefits or diagnostic and short-term illness benefits under the plan, the amounts of such fees to be determined by a schedule established by the State and approved by the Secretary as providing fees the lowest of which is equal to not less than 10 per cen-

tum of the per capita cost for the enrollment year involved of the benefits provided and the remainder of which vary in relation to the income (as defined in section 1605 (b)) of the individuals;

“(e) includes provisions for individuals who, for the enrollment year involved, would not be eligible individuals but for the provisions of section 1605 (a) (2);

“(f) includes such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including—

“(1) methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

“(2) methods to assure that the applications of all individuals applying for benefits under the plan will be acted upon with reasonable promptness;

“(3) methods relating to collection of enrollment fees for long-term illness benefits or diagnostic and short-term illness benefits under the plan, except that the State may not utilize the services of any nonpublic agency or organization in the collection of such fees, and

“(4) methods for determining—

“(A) rates of payment for institutional services, and

“(B) schedules of fees or rates of payment for other medical services,

for which expenditures are made under the plan;

“(g) sets forth criteria, not inconsistent with the provisions of this title, for approval by the State agency, for purposes of the plan, of private health insurance policies;

“(h) provides that no benefits will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2, aid to dependent children under the State plan approved under section 402, aid to the blind under the State plan approved under section 1002, or aid to the permanently and totally disabled under the State plan approved under section 1402 (and for purposes of this paragraph an individual shall not be deemed to have received such assistance or aid with respect to any month unless he received such assistance or aid in the form of money payments for such month, or in the form of medical or any other type of remedial care in such month (without regard to when the expenditures in the form of such care were made));

“(i) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of benefits under the plan to purposes directly connected with the administration of the plan;

“(j) includes (1) provisions, conforming to regulations of the Secretary, with respect to the time within which individuals desiring benefits under the plan may elect for any enrollment year between the types of benefits available under the plan and may apply for the benefits so elected for such year and (2) to the extent required by regulations of the Secretary, provisions, conforming to such regulations, with respect to the furnishing of benefits described in paragraph (1) or (2) of subsection (b) to eligible individuals during temporary absences from the State;

“(k) provides for establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for any persons, institutions, and agencies, providing medical services for which expenditures are made under the plan; and

“(1) provides that the State agency will

make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports. Notwithstanding the preceding provisions of this section, the Secretary shall not approve any State plan under this title unless the State has established to his satisfaction that the medical or any other type of remedial care, together with the amounts, if any, included in old-age assistance in the form of money payments on account of their medical needs, for recipients of old-age assistance under the State plan approved under title I will be at least as great in amount, duration, and scope as the diagnostic and short-term illness benefits included under the State plan under this title.

“(m) makes provision (1) authorizing employees' pension or welfare funds to contribute to the payment of enrollment fees under the plan for or on behalf of eligible members or beneficiaries of such funds, (2) authorizing employers (including the State or any political subdivision thereof when acting as an employer) to contribute to the payment of their employees' enrollment fees under the plan, and (3) permitting any employee, or member or beneficiary of an employees' pension or welfare fund, to authorize his employer (including the State or any political subdivision thereof when acting as an employer) or trustee or other governing body of such fund to deduct from his wages or from such fund, as the case may be, an amount equal to his enrollment fees under the plan and to pay the same to the State agency administering the plan;

“Payments

“Sec. 1603. (a) From the sums appropriated therefor each State which has a plan approved under section 1603 shall be entitled to receive, for each calendar quarter beginning with the quarter commencing July 1, 1962, an amount equal to (1) the Federal share for such State of the total amounts expended during such quarter by the State under the plan as long-term illness, diagnostic and short-term illness, or private insurance benefits, plus (2) one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan.

“(b) Payment of the amounts due a State under subsection (a) shall be made in advance thereof on the basis of estimates made by the Secretary, with such adjustments as may be necessary on account of overpayments or underpayments during prior quarters; and such payments may be made in such installments as the Secretary may determine. Adjustments under the preceding sentence shall include decreases in estimates equal to the pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered by the State or any political subdivision thereof, with respect to benefits furnished under the State plan, whether as the result of being subrogated to the rights of the recipient of the benefits against another person, or as the result of recovery by the recipient from such other person, or because such benefits were incorrectly furnished, or for any other reason.

“(c) For purposes of subsection (a), (1) expenditures under a State plan in any calendar year shall be included only to the extent they exceed the amount of the enrollment fees collected in such year under the State plan, and (2) expenditures under a State plan for preventive diagnostic and short-term illness benefits or for long-term illness benefits in excess of \$128 multiplied by the number of individuals enrolled for benefits under such plan in such year shall not be counted.

Operation of State plans

"Sec. 1604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of any State plan which has been approved under section 1602, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1602; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to parts of the State plan not affected by such failure) until the Secretary is satisfied that there is no longer any such noncompliance. Until he is so satisfied, no further payments shall be made to such State (or payments shall be limited to parts of the State plan not affected by such failure).

Eligible individuals

"Sec. 1605. (a) For the purposes of this title, the term "eligible individual" means, with respect to any enrollment year for any individual, an individual who—

"(1) (A) is 65 years of age or over.

"(B) resides in the State at the beginning of such year, and

"(C) meets with respect to such year, the income requirements of subsection (b); or

"(2) (A) resides in the State at the beginning of such year, (B) was an eligible individual for the preceding enrollment year, and (C) paid enrollment fees under the plan for the preceding enrollment year or had a private health insurance policy and the State made payments under the State plan toward the cost of the premiums of the policy during such year.

"(b) For the purposes of this title, the income requirements of this subsection are met by any individual with respect to any enrollment year if, for his last taxable year (for purposes of the Federal income tax) ending before the beginning of such enrollment year—

"(1) he did not pay any income tax, or

"(2) (A) his income did not exceed \$3,000 in the case of an individual who, at the beginning of such enrollment year, was unmarried or was not living with his spouse, or

"(B) the combined income of such individual and his spouse did not exceed \$4,500 in the case of an individual who, at the beginning of such enrollment year, was married and living with his spouse.

"(c) The term "income" as used in subsection (b) means the amount by which the gross income (within the meaning of the Internal Revenue Code of 1954) exceeds the deductions allowable in determining adjusted gross income under section 62 of such Code; except that the following items shall be included (as items of gross income):

"(1) Monthly insurance benefits under title II of this Act,

"(2) Monthly benefits under the Railroad Retirement Acts of 1935 and 1937, and

"(3) Veterans' pensions.

Determinations under this section shall be made (in the manner prescribed by the Secretary by regulations) by or under the supervision of the State agency administering or supervising the administration of the plan approved under section 1602.

Benefits

"Sec. 1606. Subject to regulations of the Secretary—

"(a) (1) Except as provided in paragraph (2), the term "medical services" means the following to the extent determined by the physician to be medically necessary:

"(A) Inpatient hospital services;

"(B) Skilled nursing-home services;

"(C) Physicians' services;

"(D) Outpatient hospital services;

"(E) Organized home care services;

"(F) private duty nursing services;

"(G) therapeutic services;

"(H) major dental treatment;

"(I) laboratory and X-ray services; and

"(J) prescribed drugs.

"(2) The term "medical services" does not include—

"(A) services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"(B) services for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

Inpatient Hospital Services

"(3) The term "inpatient hospital services" means the following items furnished to an inpatient by a hospital:

"(1) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

"(2) Physicians' services, nursing services, and interns' services; and

"(3) Nursing services, interns' services, laboratory and X-ray services, ambulance service, and other services, drugs, and appliances related to his care and treatment (whether furnished directly by the hospital or, by arrangement, through other persons).

Surgical Services

"(c) The term "surgical services" means surgical procedures provided to an inpatient in a hospital, other than those included in the term "inpatient hospital services", including oral surgery, and surgical procedures provided in an emergency in a doctor's office or by a hospital to an outpatient.

Skilled Nursing-Home Services

"(d) The term "skilled nursing-home services" means the following items furnished to an inpatient in a nursing home:

"(1) Skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or performed under the general direction of, a physician;

"(2) Such medical supervisory services and other services related to such skilled nursing care as are generally provided in nursing homes providing such skilled nursing care; and

"(3) Bed and board in connection with the furnishing of such skilled nursing care.

Physicians' Services

"(e) The term "physicians' services" means services provided in the exercise of his profession in any State by a physician licensed in such State; and the term "physician" includes a physician within the meaning of section 1101(a)(7).

Outpatient Hospital Services

"(f) The term "outpatient hospital services" means medical and surgical care furnished by a hospital to an individual as an outpatient.

Organized Home Health Care Services

"(g) The term "organized home health care services" means—

"(1) visiting nurse services and physicians' services, and services related thereto, which are prescribed by a physician and are provided in a home through a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians (who are responsible

for supervising the execution of such policies) to govern such services; and

"(2) homemaker services of a nonmedical nature which are prescribed by a physician and are provided, through a public or private nonprofit agency, in the home to a person who is in need of and in receipt of other medical services.

Private Duty Nursing Services

"(h) The term "private duty nursing services" means nursing care provided in the home by a registered professional nurse or licensed practical nurse, under the general direction of a physician, to a patient requiring nursing care on a full-time basis, or provided by such a nurse under such direction to a patient in a hospital who requires nursing care on a full-time basis.

Physical Restorative Services

"(i) The term "physical restorative services" means services prescribed by a physician for the treatment of disease or injury by physical nonmedical means, including retraining for the loss of speech.

Dental Treatment

"(j) The term "dental treatment" means services provided by a dentist, in the exercise of his profession, with respect to a condition of an individual's teeth, oral cavity, or associated parts which has affected, or may affect, his general health. As used in the preceding sentence, the term "dentist" means a person licensed to practice dentistry or dental surgery in the State where the services are provided.

Laboratory and X-ray Services

"(k) The term "laboratory and X-ray services" includes only such services prescribed by a physician.

Prescribed Drugs

"(l) The term "prescribed drugs" means medicines which are prescribed by a physician.

Hospital

"(m) The term "hospital" means a hospital (other than a mental or tuberculosis hospital) which is (1) a Federal hospital, (2) licensed as a hospital by the State in which it is located, or (3) in the case of a State hospital, approved by the licensing agency of the State.

Nursing Home

"(n) the term "nursing home" means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides.

Miscellaneous definitions

"Sec. 1607. For purposes of this title—

Federal Share

"(a) (1) The "Federal share" with respect to any State means 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (A) the Federal share shall in no case be less than 33½ per centum nor more than 66½ per centum, and (B) the Federal share with respect to Puerto Rico, the Virgin Islands, and Guam shall be 66½ per centum.

"(2) The Federal share for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for

each of the eight quarters in the period beginning July 1 next succeeding such promulgations.

“(3) As used in paragraphs (1) and (2), the term “United States” means the fifty States and the District of Columbia.

“Deductible Amount

“(b) The “deductible amount” for any individual for any enrollment year means an amount equal to \$250 of expenses for medical services (determined without regard to the limitations in clauses (A) or (E) (vi) or (vii) of section 1602(a)(2)) which are included in the State plan and are incurred in such year by or on behalf of such individual, whether he is married or single, except that, in the case of an individual who is married and living with his spouse at the beginning of his enrollment year, it shall be an amount equal to \$400 of expenses for medical services (so determined) incurred in such year by or on behalf of such individual or his spouse for the care or treatment of either of them, but only if application of such \$400 amount with respect to such individual and his spouse would result in payment under the plan of a larger share of the cost of their medical services incurred in such year. Subject to the limitations in section 1608, the \$250 amount referred to in the preceding sentence may be reduced for any State if such State so elects; and in case of such an election the \$400 amount referred to, in such sentence shall be proportionately reduced.

“Enrollment Year

“(c) The term “enrollment year” means, with respect to any individual, a period of twelve consecutive months as designated by the State agency for the purposes of this title in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, the State plan may permit the extension of an enrollment year in order to avoid hardship.

“Private Health Insurance Policy

“(d) The term “private health insurance policy” means, with respect to any State, a policy, offered by a private insurance organization licensed to do business in the State, which is approved by the State agency (administering or supervising the administration of the plan approved under section 1602), which is noncancelable except at the request of the insured individual or for failure to pay the premiums when due and which is available to all eligible individuals in the State.

“Cost

“(e) The per capita cost of long-term illness benefits or diagnostic and short-term illness benefits for any year or other period shall be determined by the State, in accordance with regulations of the Secretary, on the basis of estimates and such other data as may be permitted in such regulations.

“Election of medical services to be provided by State

“Sec. 1608. Any election by a State pursuant to the provisions of clause (E) of paragraph (1) or the provisions of paragraph (2) of section 1602(b) or of the second sentence of section 1607(b) shall be valid for purposes of this title for any enrollment year or other period determined by the Secretary only if an election is also made by the State under the other of such provisions so that, in the judgment of the Secretary, the per capita cost of benefits under paragraph (1) of section 1602(b) and the per capita cost of benefits under paragraph (2) of such section for such period after such elections bear the same relationship to each other as the per capita cost of benefits under each such paragraph for such period without such elections bear to each other.

“Advisory council on health insurance

“Sec. 1609. (a) There shall be in the Department of Health, Education, and Welfare an Advisory Council on Medical Benefits for the Aged (hereinafter referred to as the “Council”) to advise the Secretary on matters relating to the general policies and administration of this title. The Secretary shall secure the advice of the Council before prescribing regulations under this title.

“(b) The Council shall consist of the Surgeon General of the Public Health Service and the Commissioner of Social Security, who shall be ex officio members (and one of whom shall from time to time be designated by the Secretary to serve as Chairman), and twelve other persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. Four of the appointed members shall be selected from among representatives of various State or local government agencies concerned with the provision of health care or insurance against the costs thereof, four from among nongovernmental persons who are concerned with the provision of such care or with such insurance, and four from the general public, including consumers of health care.

“(c) Each member appointed by the Secretary shall hold office for a term of four years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of the members first taking office shall expire as follows: four shall expire two years after the date of the enactment of this title, four shall expire four years after such date, and four shall expire six years after such date, as designated by the Secretary at the time of appointment. None of the appointed members shall be eligible for reappointment within one year after the end of his preceding term.

“(d) Appointed members of the Council, while attending meetings or conferences of the Council, shall receive compensation at a rate fixed by the Secretary but not exceeding \$50 a day, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

“Savings Provision

“Sec. 1610. Nothing in this title shall modify obligations assumed by the Federal Government under other laws for the hospital and medical care of veterans or other presently authorized recipients of hospital and medical care under Federal programs.

“Planning Grants to States

“Sec. 1611. (a) For the purpose of assisting the States to make plans and initiate administrative arrangements preparatory to participating in the Federal-State program of medical benefits for the aged authorized by title XVI of the Social Security Act, there are hereby authorized to be appropriated for making grants to the States such sums as the Congress may determine.

“(b) A grant under this section to any State shall be made only upon application therefor which is submitted by a State agency designated by the State to carry out the purpose of this section and is approved by the Secretary. No such grant for any State may exceed 50 per centum of the cost of carrying out such purpose in accordance with such application.

“(c) Payment of any grant under this section may be made in advance or by way of reimbursement, and in such installments,

as the Secretary may determine. The aggregate amount paid to any State under this section shall not exceed \$50,000.

“(d) Appropriations pursuant to this section shall remain available for grants under this section only until the close of June 30, 1963; and any part of such a grant which has been paid to a State prior to the close of June 30, 1963, but has not been used or obligated by such State for carrying out the purpose of this section prior to the close of such date, shall be returned to the United States.

“(e) As used in this section, the term “State” includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

“Technical amendment

“Sec. 1612. Effective July 1, 1962, section 1101(a)(1) of the Social Security Act (as amended by section 541 of this Act) is amended by striking out “and XIV” and inserting in lieu thereof “XIV, and XVI.”

Mr. JAVITS. Madam President, I yield 4 minutes to the Senator from New Hampshire [Mr. COTTON].

Mr. COTTON. Madam President, I ask for the attention of the Senator from Oklahoma. I asked for the 4 minutes because I wished to comment on and to make the Record clear as to the vote the Senate has just taken.

Madam President, early in the discussion of my original amendment, which would raise the exemption to \$1,800, the distinguished Senator from Oklahoma [Mr. KERR] expressed himself as extremely shocked and aggrieved at such irresponsibility. In response to a question from the Senator from New York as to whether a smaller amount could be agreed upon or some compromise might be effected, the Senator from Oklahoma indicated very sadly, and reluctantly, to be sure, that he was afraid that nothing could be obtained from the other body, which was adamant.

When the debate was concluded, the time had been consumed, and it began to be apparent—my statement is only an expression of opinion—that the Cotton amendment providing for a \$1,800 exemption would be agreed to, at the last minute a substitute was proposed, which I assume provided a lesser amount or some consolation prize for our older people. I hope, in view of the fact that the substitute was agreed to, and that the original amendment which the Senator from New Hampshire offered was diluted at the last minute, that the Senator from Oklahoma will find that the opposition in the other body will have relaxed sufficiently so that we can have a tiny bit of fiscal irresponsibility and place the amendment into the bill, so that the old folks will have at least a modicum of results from the bill.

I want the Record to be clear that we obtained the benefit because we did not let go, and because we pushed to the very end to have the amendment agreed to.

Mr. KERR. Madam President, with the permission of the Senator from New York, I yield myself 2 minutes.

I appreciate the advice and admonition of the Senator from New Hampshire. I deeply regret that he saw fit some months or years previous to this

time to find it necessary, on his own volition, to remove himself from the Committee on Finance. Had he remained, who knows but that he might even have been a member of the conference and have been placed in a position to maintain the integrity of the position of the Senate in a manner suitable to his concept and his convictions.

However, in view of the fact that the Senator from New Hampshire withdrew from the Committee on Finance, and therefore under ordinary procedure he would not be eligible to be on the conference committee, I presume that he would indulge the possibility that Senators who are still members of the Committee on Finance, and who will be on the conference committee, might have as high a regard for the integrity of the position of the Senate as the distinguished Senator from New Hampshire might have had, had he maintained his own eligibility to be a member of the conference committee.

Mr. DIRKSEN. Madam President, will the Senator yield?

Mr. JAVITS. I yield 1 minute to the Senator from Illinois.

Mr. DIRKSEN. I know of no inhibition under the rules by which the distinguished Senator from New Hampshire could not be made a conferee, and if the distinguished Senator from Oklahoma will ask for him, I am sure he will serve as a member of the conference with distinction.

Mr. KERR. Why should the Senator from Oklahoma impose upon the Senator from New Hampshire an obligation which he himself, by his own act, avoided?

Mr. DIRKSEN. He may have seen the light on this issue and now would be only too delighted to undertake that responsibility.

Mr. COTTON. Madam President, will the Senator from New York yield 1 additional minute?

Mr. JAVITS. I yield.

Mr. COTTON. I wish to say to my dear friend from Oklahoma, for whom I entertain the highest and deepest regard, that while I regret that I no longer serve as a member of the Committee on Finance, the one reason why I have some relief in no longer serving as a member of the Committee on Finance is that I was blinded by his brilliance, and blistered by his eloquence which was no less forceful in committee than on the floor of the Senate. I used to sit in hourly dread for fear I would fall into his displeasure, and be subjected to one of his tongue lashings. For that reason I withdrew.

Mr. KERR. Madam President, let the statement of the Senator from New Hampshire sound from State to State, until it echoes in the great State of Oklahoma, where those who hear it, and who might be of some benefit to the Senator from Oklahoma will be thus assured by the kindly and generous—and, I might say, accurate—remarks of the Senator from New Hampshire.

Mr. COTTON. Madam President, after serving with the able Senator from Oklahoma, and admiring his ability and his force, and after seeing him take away

half of my amendment, I know that with his inimitable power, he can bring back the bacon from the conference with members of the other body, if he wishes to do so, and I ask him to do it.

Mr. KERR. Madam President, the Senator from Oklahoma will do the best he can to bring back a bill that contains what the Senate has approved, but it is not one-half the amount provided by the Senator from New Hampshire, bless his noble and generous but unlearned heart; it is only 22½ percent of what the Senator would have provided.

Mr. JAVITS. Madam President, while there is a moment of charm and good fellowship, I should like to engage the attention of the Senate about a rather important point that arises in connection with my amendment. My proposal was voted on last year. In substance, a few changes have been made, but they are not material. The proposal is a general revenue plan for medical care for the aged. Traditionally the social security bill has been the vehicle for plans for medical care for the aged. Senators know that we do not have the votes to adopt the plan, any more than we had them the previous time.

There have been too many rumors going about with respect to the fact that the administration proposes, notwithstanding its strong advocacy of medical care for the aged, to place the subject on the shelf until 1962. I and the 9 cosponsors of my bill felt that the subject should be brought out on the floor of the Senate, and the only way to do so was through an amendment on the appropriate bill, which is a proper vehicle, in order to determine the intentions of the administration.

Some of us who are cosponsoring the bill, though by no means all, have pledged ourselves to try to work out some approach with Senators on the other side of the aisle who are similarly minded and have some deference to our views, for example, on the subject of the importance of choice on the part of the beneficiary as between private plans and public plans, which would be provided with respect to preventive care, with respect to State action, and other provisions of the bill, which would give some real attention to the complaints which have been made against it, and which might receive the support essential to its passage.

Many Senators on this side of the aisle who are interested in the same objective that I am believe with me that the subject should not be used for a convenient campaign slogan. That is what ruined the measure the last time. We took such action in 1960, and no medical care for the aged resulted.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. I am one of those who have sponsored the medical care bill. I am a sponsor of the bill because I believe medical aid for the aged should rest on a voluntary basis rather than on a Social Security basis. I do not necessarily think that the present bill is one on which the amendment should

be offered, but I do believe that the Senator from New York is wise in bringing this subject before the Senate, and I am glad to have him bring it up at this time. While I agree that his amendment should not be adopted, I commend the Senator from New York for his action at this time.

Mr. JAVITS. I am grateful to my colleague, because it is always a problem, when one seeks to serve a purpose of this kind in bringing an issue to a head, as to when, how, and under what circumstances to do so in fairness to the Senate and in fairness to the issue. I am grateful to my distinguished colleague for his statement.

Mr. ALLOTT. Madam, will the Senator from New York yield for a short statement, to appear at the conclusion of his remarks?

Mr. JAVITS. I ask unanimous consent that I may yield for that purpose without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I yield myself 10 additional minutes. I yield myself 10 minutes in addition to the time that I have used.

The matter of medical care for the aged is a matter which we dealt with last year in part. The legislation we passed affected 2½ million Americans under the old age assistance program and those who are medically indigent. Although the cost is still undetermined, it does not appear to be great. The conditions confronting our aged are very serious, and a majority of these people do not have enough to live on, and are carrying the added burden of medical care which has become intolerable, having in mind also that the incidence of illness is far greater of those who are over 65.

Nonetheless, here it is the end of June and nothing has been done about it. We are assured that there will be hearings held in the other body. We have made inquiries here as to what would be done, but so far to no avail.

The problem is chronic and serious. Then we hear rumors that the matter would be allowed to go over until next year, which would have a fatal effect on the bill. I hope very much in the course of the discussion with the distinguished Senator who handled the matter on the floor last year, the Senator from New Mexico [Mr. ANDERSON], we might come to some meeting of minds as to what ought to be done.

The subject came up for debate last year after the nominations for President had been made. It was practically impossible in that atmosphere to expect that this matter could be successfully effectuated. So we saw the matter fall between two stools. The other side could not carry it, and we could not carry it. As a consequence, the matter got nowhere. It received what I consider very adequate treatment for those who need old age assistance and those who are medically indigent.

The measure which we proposed last year and which I proposed with some modifications this year, is the substance of my amendment now before the Senate.

We are determined that there should be a Federal program for health care for the aged, and we will persevere in the effort to find a way in which this can be done and to develop a program that can pass and be enacted into law.

This is not the social security plan. What we offered, we respectfully submitted at the time, was the fairest way to deal with the subject, in view of the fact that those over 65 who would be the beneficiaries now did not contribute to the cost with social security payments.

I might say, from the researches that I have undertaken, with the aid of governmental authorities on this subject, and also private authorities, and also from exploring into what might be done with respect to the plan which I support, I am satisfied that with reference to those major criteria which I have stated on our side in terms of a medical care plan for the aged, as incorporated in this program, we are within areas of agreement. We can get together. The question is when does this get done legislatively? So it is my purpose to see if it can be effectuated, with fairness to all who are interested in the subject, and to see that it is effectuated this year, rather than next year, in the atmosphere of a national congressional election.

Mr. ANDERSON. Madam President, will the Senator from New York yield?

Mr. JAVITS. I am glad to yield to the Senator from New Mexico.

Mr. ANDERSON. I do not intend to interrupt the Senator from New York. That is not my purpose. However, I wish to say to the Senator that I appreciate the very kind way in which he has discussed the possibility of reaching a harmonious solution of this problem. I have today been in consultation with the chairman of the House Ways and Means Committee, the Honorable WILBUR MILLS, of Arkansas. In that conference I tried to find out if he intended to go through with the program of holding hearings. The Senator from New York and I have served as Members of the House of Representatives. I served as a member of the Committee on Ways and Means, and I know that I have never seen that committee busier than it is now. I know that the Representative from Arkansas, Mr. MILLS, had hoped to have the hearings start during the month of June. He thought the committee could begin its hearings in the third week of June. However, because of the tax bills, that proved to be impossible.

I know that the Senator from New York, like myself, wants the House to complete its work in these other fields. In my discussion with the Representative from Arkansas, I asked him if he would set a date, but he said he did not want to establish another date, because we had had trouble in this respect in the past, but he did say that he hoped that they could be held around the 15th of July, and that he hoped that the hearings on all such proposals in the House would be completed in the month of July.

Therefore I appeal to the Senator from New York to take this fact into consid-

eration, because he knows, as I know, that the House is very jealous of its privileges, as is the Senate jealous of its privileges.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself an additional 5 minutes.

Mr. ANDERSON. If we could let the House go ahead with its hearings and complete the hearings on the matter, I believe that we could make substantial headway. I do not believe that the goal that the Senator and I have set out is impossible to reach. I believe there are strongly developing areas of agreement.

I say frankly to the Senator from New York that I will seek his help and advice and counsel when we come to the time of writing a bill that will be acceptable to both sides of the aisle. Therefore I would hope that he would allow this matter to go until the House had held its hearings.

I understand that in the House hearings some suggestions may be made which have heretofore not appeared in the discussion of this question. I would hope that the Senator from Virginia [Mr. BYRD] would permit us to hold hearings very early, so that we would be dealing specifically with the subject, and that as a result of that we might bring before us a program that would take care of medical care for the aged, not in 1962, but during this year.

I recognize that this is asking quite a good bit on faith. I am sure Representative MILLS had intended and fully believed that he would be able to hold hearings during June. I also know that the Representative from Arkansas believed he would be able to hold hearings very early in July. As a matter of fact, he had notified the Department of Health, Education, and Welfare that they had better be ready to testify around the 10th of July. He now finds that that schedule is somewhat difficult to keep. He did say to me that he hoped that the schedule of July 15 would be possible to meet, and he has assured me that hearings would be definitely completed during the month of July.

Mr. JAVITS. Does the Senator believe that there will be other bills from the Ways and Means Committee coming over before the adjournment of this session?

Mr. ANDERSON. Yes, I do believe that there will be and I believe that there will be plenty of opportunity later on, if we cannot pass the bill in the ordinary way, to find a place to bring it before the body. The great advantage is that if the House holds its hearings, then when a bill passed by the Senate, if there should be one, comes to the House, Members of the House will not say, "We have had no chance to examine these matters at all. We have had no chance to explore the subject and find out what might be done." Whereas if they had hearings, and the bill which came to them was one on which they had not acted, the groundwork would have been laid to improve on the opportunity which had been presented.

Mr. JAVITS. I should like the Sen-

ator from New Mexico to comment on this point. This does not concern only me, it concerns the whole country. I am not nearly so concerned with what political mileage anyone may be able to pile up in this situation, because one never knows what it might be. It could turn out to be disastrous in 1962 for the people who think they have it thoroughly under control. I saw in 1960—and I think everyone else saw—how inauspicious was the atmosphere for getting the job done when we were in the shadow of a national election. Therefore, it was my hope that at least in the Senate we might act this year, at this session.

Can the Senator from New Mexico give us any assurance on that score? I do not think it is inappropriate to note that so far as the majority side is concerned, it is generally accepted that the Senator from New Mexico is the Senator who will be in charge of the bill, whatever it may be and whenever it may come before the Senate.

Mr. ANDERSON. Madam President, I wish I could guarantee to the Senator from New York that some bill would be brought up. I am one of the Senators who do not believe that the Senate should remain in session until Thanksgiving Day. Equally, it might be said that I should regret it if there is a possibility that we might be held here until Labor Day. I do not know what subjects may come up which will detain us a long time. I can conceive of bills coming up which would tie the Senate up for a long period of time.

The PRESIDING OFFICER. The additional time of the Senator from New York has expired.

Mr. JAVITS. Madam President, I yield myself an additional 5 minutes.

Mr. ANDERSON. I would not have wanted to make a pledge to the Senator from New York and then fail to live up to it. I say to him as sincerely as I can that I do not hope to see action on this proposal put off until 1962. I hope to see it brought before the Senate for action at the present session of Congress.

I have in mind that the legislative program is being handled by the majority leader and the minority leader, and that they may agree upon a program quite different from what the Senator from New York and I may decide upon. All I can say is that I know some headway will be made.

As a matter of fact, when it was the province of the Committee on Finance to write a bill a year ago, the Senator from New York had some ideas and the Senator from New Mexico had some ideas. We had no chance for a public hearing upon this question, because the question did not come before us in that way. Therefore, neither the program which the Senator from New York had envisioned, and which he finally translated into an amendment, nor the program which I had in mind, and which finally also resulted in an amendment, could be considered. The Senator from New York would be the first to agree that that is not the ideal way to proceed. It would be much better to have specific hearings as to his proposals, and specific hearings

on behalf of the proposal I may make on behalf of myself and other Senators, and also on new proposals which might be offered.

I have assurance that that sort of hearing can be held in the Senate. It will be held in the House. I hope the result of those two hearings will be the passage by the Senate of a bill this year, at this session of Congress.

Mr. JAVITS. I understand perfectly well, in calling up my amendment, that we do not have the votes on this side to adopt it, any more than we did the last time such an amendment was before the Senate. Nonetheless, if we are in a situation where nothing could be gained from waiting, then we might just as well have Senators state their position, record their votes, and let the matter go at that, rather than to await action by the other body.

Mr. ANDERSON. I think there is something to be gained. That is why I am appealing to the Senator from New York, who is very sincere in his approach to the problems in this field. The thing that is to be gained is that the House of Representatives will have had its hearing. Therefore, any bill which is brought to the House of Representatives will be considered by the House as something which is not completely strange to them, something on which they had not had the opportunity for long hearings, if they desire them. The mere fact that the gentleman from Arkansas plans to hold very good hearings is, in my opinion, something that will have been gained.

I am afraid—and I say this in all sincerity to the able Senator from New York—that if a vote were taken on the Senator's amendment today, and the vote was somewhat similar to the vote upon a similar amendment once before, some persons might construe that as an indication that we will not make much headway in this field. I think we will, and I think the Senator from New York is one of the reasons why we will. I think we will be helpful, when the time comes, in having a good measure presented to the Senate.

Much is to be gained by delay, in my opinion. The important thing is that the House will have had its hearings, and there will be hearings in the Senate in which persons can express themselves. Then we can examine the different plans, examine the strength and weaknesses of those plans, and as a result of that delay we will increase the likelihood of taking favorable action in this very year.

Mr. JAVITS. The reason why I am so concerned about delay is that the whole question may be taken over into 1962. Can the Senator from New Mexico give us this assurance, based upon his discussion with the Member of the other body: That he feels convinced that hearings will be held in the other body at this session, and that they will be completed?

Mr. ANDERSON. I have complete confidence that hearings will be held in the other body during this session.

Mr. JAVITS. Madam President, will the Senator from New Mexico yield me 5 minutes from his time?

Mr. ANDERSON. Madam President, in the absence of the Senator from Oklahoma, I yield, from the time on this side, 10 minutes to the Senator from New York.

Mr. JAVITS. Madam President, it is my deep conviction that this question needs to be acted on at this session. That it must be acted on responsibly is very clear. It is generally understood—the Senator from Massachusetts noted it and the Senator from New Mexico noted it—that we are not ready to act in a definitive way with respect to this particular measure today. I did not expect that we were. But I did put it forward today because it is my deep conviction that it is the only way in which this proposal can be pressed to issue—and pressed to issue it must be.

While this amendment is still before the Senate and it is being discussed, I should like to make four basic points of principle which, it seems to me, will have to be included in whatever medical care for the aged program is adopted. They are as follows:

First, there should be complete coverage for all the aged, even those outside the social security system. This, of course, is not now provided in the King bill, the so-called administration bill resulting from the message sent to Congress by the President in February of this year.

Second, there must be an alternative for the individual to manage his voluntary plan or his membership in a medical care plan attributable to his union, his corporation, or whatever the voluntary plan may be, rather than to enter into a Government plan, if that should be the way it comes out.

Third, there should be a preventive care program as an essential part of the medical care plan, and the medical care plan should not be strictly a hospital plan.

Fourth, and very importantly, there should be an opportunity in each State to improve upon the benefit package while preserving the basic minimum as a uniform plan in every State. This is attributable to the fact that the 50 States have very different opportunities for medical care of their aged person. Therefore, they should have an opportunity to improve upon the minimum benefit which the Federal Government, whether out of general revenues or under some social security plan, or variation thereof, may be able to support.

Before I take my seat, I shall withdraw my amendment from consideration and shall allow the bill—because I think mine is the last amendment—to pass, for the following reasons:

First, I am convinced that there will be another opportunity before the end of the session, in a measure coming out of the Committee on Ways and Means of the House of Representatives, thereby giving this amendment the same status it would have if attached to the social security bill.

Second, because I have a great feeling that if anything finally results in the way of a plan for medical care for the aged, it will be because of the willingness to cooperate by some of us on this side of the aisle with home on the other side of the aisle; otherwise, as it did before, that will not happen. It is because I do not wish in any way to breach that cooperation or to diminish what I know to be the encouragement which the Senator from New Mexico derives from that cooperation that I shall not press my amendment today.

I believed it was essential, without taking too much of the Senator's time, to raise the question as I did today. It may be essential before the end of the session to raise it in respect of another bill and actually to put it to a vote if we do not get the necessary action from the administration and from the majority side. I think it is fair to say that, certainly, the 10 Senators on this side of the aisle who are cosponsors of the amendment are deeply convinced that either we must have a definitive plan for medical care for the aged reflecting, to some extent, at least, our views upon which we will have the chance to vote before the end of this session, or we will feel dutybound to bring the amendment I have called up today, or some variation of it, to a vote. We feel that either way the subject must be definitely dealt with before the session ends.

Also, Madam President, I hope very much that what has transpired here today on the floor will find its echo in the House of Representatives and also will find its echo in the hearts of the millions of Americans who are very definitely affected. I never received more mail than that I have received in regard to the subject of medical care for the aged, and I believe that other Members have received such mail in similar amounts. I am deeply convinced that medical care for the aged remains a burning issue in our country, not only for the elderly, but also for the millions and millions of other Americans who, like myself, are maintaining the elderly. After all we pay these bills during our younger years; and unless proper and suitable provision is made, there will be no adequate means of enabling them to receive the medical care which society really owes them as a debt, in view of their present situation.

Therefore, Madam President, as I have stated. I shall withdraw the amendment at this time, based upon my sincere belief in the assurances which have been given us by the Senator from New Mexico and those which have been transmitted from the other body; namely, that before the end of the session, we shall have an opportunity to offer this amendment to a measure which will come from the House Ways and Means Committee, and also because of my feeling that the amendment we have proposed today will have served its purpose if it calls the attention of the President of the United States and the attention of all other Americans to the fact that the time to make these amendments is in the year

1961, rather than to wait until just before election in 1962.

Mr. ANDERSON. Madam President, I deeply appreciate the attitude of the Senator from New York and his willingness to withdraw the amendment. I feel that the provision in which he is interested is really on its way. I thank him most sincerely for his attitude in this connection.

Mr. JAVITS. Madam President, I now withdraw the amendment.

The PRESIDING OFFICER. The amendment of the Senator from New York has been withdrawn.

The bill is open to further amendment.

Mr. KERR. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll.

Mr. KERR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Madam President, on behalf of the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. ANDERSON] and myself, I offer the following amendments: On page 26, in line 22, strike out "1969", and insert in lieu thereof "1968."

On page 27, in line 2, strike out "1968", and insert in lieu thereof "1967."

On page 27, in line 21, strike out "1968", and insert in lieu thereof "1967."

On page 27, in line 24, strike out "1968", and insert in lieu thereof "1967."

On page 28, in line 17, strike out "1968", and insert in lieu thereof "1967."

On page 28, in line 20, strike out "1968", and insert in lieu thereof "1967."

Madam President, the purpose of these amendments is to provide the funds with which to pay for the increased benefits which will accrue under the amendment the Senate adopted earlier today—that is to say, the amendment submitted by the Senator from Indiana [Mr. HARTKE], on behalf of himself, the Senator from Minnesota [Mr. HUMPHREY], and the Senator from West Virginia [Mr. RANDOLPH], as a substitute for the amendment submitted by the Senator from New Hampshire [Mr. CORTON].

It would do the following: Under the terms of the bill, the effective years for an increase in the tax rate are set forth, the pertinent dates being in line 22 on page 26, lines 2, 21, and 24 on page 27, and lines 17 and 20 on page 28.

Under the bill, the new tax rate becomes effective on the dates set forth in those places. The amendments which the Senator from Virginia, the Senator from New Mexico, and the Senator from Oklahoma are now offering would move up for 1 year the effective dates for that particular increase in the tax rate. The actuaries in the Department of Health, Education, and Welfare have advised the Senator from New Mexico, the Senator from Virginia, and the Senator from

Oklahoma that the amendments would provide money to pay for the benefits created under the amendment adopted by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Oklahoma for himself and other Senators.

Without objection, the amendments will be considered en bloc.

The amendments were agreed to.

Mr. HUMPHREY. Madam President, I send to the desk an amendment, and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to add a new section as follows:

SEC. 108. (a) (1) subparagraph (D) of paragraph (11) of subsection (a) of section 2 of the Social Security Act is amended by striking out "and" at the end thereof.

(2) Subparagraph (E) of such paragraph (11) is amended by striking out the period and inserting in lieu thereof "and".

(3) Such paragraph (11) is further amended by adding at the end thereof the following new subparagraph:

"(F) provide that any individual eligible to receive medical assistance for the aged shall not be precluded by State law or regulation from receiving any care and services which are covered by the State plan from any provider of care or services who is licensed under State law to provide such care and services to individuals who are not recipients of medical assistance for the aged."

Mr. HUMPHREY. Madam President, I have discussed the amendment with the Senator from Oklahoma [Mr. KERR]. It was discussed at the time the medical assistance provision was enacted into law a year ago, but my amendment was not then offered. It was merely discussed.

The amendment makes clear that if a State establishes a medical care program to cooperate under the so-called Kerr-Mills medical assistance program, it cannot preclude by statute any eligible older person from selecting medical care and services of his own choice. It provides freedom of choice for such a person to select his doctor, hospital, and medical care.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. The amendment would not establish a new law or a new program, would it?

Mr. HUMPHREY. It would not.

Mr. JAVITS. It would operate within the framework of the Kerr-Mills program.

Mr. HUMPHREY. That is correct.

Mr. JAVITS. Has any State tried to prevent such freedom of choice?

Mr. HUMPHREY. No. The amendment is to assure that it does not.

Mr. JAVITS. My State has passed implementing legislation, putting out a good deal of money in the process. Does the Senator know whether this amendment would in any way interfere with New York State law?

Mr. HUMPHREY. I can assure the Senator it would not.

Mr. KERR. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KERR. As I understand the amendment, I think it is appropriate and worthy. I wish to clear up one point. Under existing law, a patient receiving, or entitled to receive, medical care may choose to receive care from other than licensed physicians or surgeons—for example, believers in religious methods of assistance or healing, and certain other licensed practitioners.

Mr. HUMPHREY. That is correct.

Mr. KERR. It is not the purpose or effect of the Senator's amendment in any way to change that.

Mr. HUMPHREY. No.

Madam President, I have a statement that explains the very point I have discussed, and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY
FREEDOM OF CHOICE UNDER THE MEDICAL CARE
FOR THE AGED PROGRAM

Last year the Congress after extensive consideration wrote into the Social Security Act the so-called Kerr-Mills plan to provide Federal grants to the States to enable them to establish medical assistance programs for older citizens who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services.

I joined in supporting this plan although I was disappointed that a broader program to provide medical care for the aged by way of the social security system was not accepted.

I have been rather amazed that those who argue that medical care for the aged by way of the social security system is an encroachment on individual freedom do not express concern over the fact that the legislation we passed last year contains no provision to assure to our older citizens that they may be free to choose the hospital, or nursing home, or doctor or pharmacist of their own choice. There is nothing in the present law to prevent a State from setting up a medical care for the aged program requiring beneficiaries to go only to certain hospitals or nursing homes, or to only certain physicians or dentists or druggists. There is nothing in the act—as a matter of fact—which prevents a State if it so desires from setting up a system whereby older citizens would be required to go only to State hospitals, clinics, nursing homes, dispensaries, and to doctors employed by the State. In fact, the present law would permit a complete system of socialized medicine.

I do not believe in socialized medicine, and I know that no Member of this body does. I deplore the thought of the Government taking over or running a medical care system from stem to stern, of dictating to people what hospital they must go to and what doctor they must see and what druggist they must get their prescription from. But, I repeat, the law we passed last year did inadvertently give the States such power if they should care to exercise it.

I therefore sent to the desk an amendment to make it clear that no State can set up a program of medical assistance for the aged which would deny the right to select one's own hospital, nursing home, doctor, or druggist.

My amendment makes it clear that if a State establishes a medical care for the aged program—in accordance with the bill we

passed last year—it cannot preclude by statute or by regulation any eligible older person from choosing a licensed provider of care and services of his own choice.

My amendment would assure that recipients of medical assistance for the aged are given the same freedom of choice as enjoyed by older citizens fortunate enough to be able to meet the costs of medical care through their own income and resources. I believe very strongly that the Government must respect and assure the dignity of our older citizens—regardless of their financial position. The criteria for the manner in which the Government treats its older citizens should not be the length of their purse.

I would call to my colleagues' attention the fact that the White House Conference on Aging passed a resolution endorsing this freedom of choice concept in medical care programs. The text of the resolution reads as follows:

"Every governmental program of medical assistance for the aged should embody a provision granting beneficiaries full freedom in choosing a physician, dentist, hospital, nursing home, dispenser of prescription medications, or other provider of health services."

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. Was the amendment which has now been offered by the Senator from Minnesota submitted to the committee?

Mr. HUMPHREY. Yes, it was before the committee, but it was not considered in connection with this particular bill. It was discussed in some detail last year.

Mr. LAUSCHE. But it was not submitted to the committee this year?

Mr. HUMPHREY. It was introduced as a separate bill, but was not offered as an amendment to this particular bill.

Mr. LAUSCHE. Were hearings held on the separate bill?

Mr. HUMPHREY. I do not think such hearings were held.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. Does this amendment in any way involve hospitals which have contracts with physicians?

Mr. HUMPHREY. No. It merely precludes the States from saying, for example, that patients shall have no choice in selecting the hospital or the doctor for their care. In other words, it would preclude a State from saying that all patients under medical care plans shall go to a county hospital.

Mr. ANDERSON. It would not in any way involve the situation which exists regarding chiropractors or osteopaths?

Mr. HUMPHREY. It would not affect any particular profession. I believe that was the question raised by the Senator from Oklahoma.

Mr. ANDERSON. That question involved a question of religion, also. I am concerned mainly about the arguments that are constantly or sometimes raised as between chiropractors and doctors.

Mr. HUMPHREY. No; it does not affect that situation.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. As I understand the situation, a separate bill is pending; and

if this amendment is not accepted, hearings will be held on the separate bill; and in the consideration of that separate bill, the committee will then be able to pass on the propriety of making it law.

Mr. HUMPHREY. The Senator is more optimistic on some of these occasions than I am. There is a separate bill pending. I would hope if this amendment is not adopted, that there would be hearings on the bill, but there are many bills before committees.

This particular proposal has had the very active support of licensed groups in the healing profession. It seems to me its purpose is to make sure the program of medical care as authorized by the Congress is not a socialized medicine program. That is the purpose of the amendment.

Mr. LAUSCHE. If the amendment is now accepted, it will spare the Senator from Minnesota the task of making his case before the committee. Is that correct?

Mr. HUMPHREY. I shall be glad to do it all over again, I may say to the kind and generous Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. KERR. Madam President, if there are no further tributes to be paid on the floor between Senators, I recommend the adoption of the amendment.

Mr. LAUSCHE. Madam President, I cannot subscribe to the practice of offering separate bills as amendments to other bills. Though there may be full merit to what has been said, I think the normal procedure ought to be followed with respect to the bill as it is pending before the committee. It ought not to be tied in to the bill before the Senate in the manner suggested. Therefore, I wish to indicate my adverse vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. MILLER. Madam President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 31, line 2, it is proposed to insert the following at the end thereof:

(As determined by the President of the United States.)

Also, it is proposed to strike the period at the end of line 4 and insert the following:

and their parents, children, brothers, or sisters are without resources which can be made available to said nationals or dependents; (c) have not absented themselves from the United States or any of its possessions to avoid prosecution for violation of any Federal or local law.

Also, it is proposed to insert after the word "State" in line 22, the following: "the Attorney General."

Mr. MILLER. Madam President, I have discussed the amendment with the distinguished Senator from Oklahoma

[Mr. KERR] the manager of the bill. The amendment is not designed to do anything other than to make sure the interests of the United States are protected.

For one thing, the amendment points out that benefits under the particular provision of the bill will not be made available to anyone who either has resources of his own or has parents, brothers, sisters, or a child who can furnish these resources to him. I point out that it is not the intent of the amendments to preclude the Secretary from furnishing some benefits under the provision during an interim period when a determination is made as to whether the beneficiary does have resources which can subsequently be made available, or does have relatives in the classes enumerated who can make resources available to him.

Another point is that the benefits are not to be provided to those who have deliberately absented themselves from the United States for the purpose of avoiding prosecution either under State or Federal law. It would seem that the benefits should not be given to those people who see fit to come back under the conditions listed in the provision.

Nothing is provided, in the bill as it is now written, in regard to who is to determine whether there is a war or a threat of war or invasion or similar crisis. The determination of such events ought to be made by the President of the United States, and the amendment I have offered would so provide.

Finally, in addition to the Secretary of State and the Secretary of Defense, with whom plans are to be developed for implementing the provision, it would seem the Attorney General's office ought to be consulted. My amendment so provides.

I shall be happy to yield for questions, if any Senators desire to ask questions.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. MILLER].

The amendment was agreed to.

Mr. HARTKE. Madam President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 25, between lines 18 and 19, it is proposed to insert the following:

BROADENING OF DEFINITION OF DISABILITY

SEC. 108. (a) Clause (A) of the first sentence of section 216(1)(I) of the Social Security Act is amended by striking out "which can be expected to result in death or to be of long-continued and indefinite duration".

(b) Paragraph (2) of section 223(c) of such Act is amended to read as follows:

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment. For purposes of clause (1) of subsection (a)(1) and for purposes of section 202(d), an individual shall not be considered to be under a disability unless such impairment (A) has lasted or can be expected to last continu-

ously for a period of at least 6 calendar months or (B) can be expected to result in death. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required."

(c) The amendments made by subsections (a) and (b) shall be effective with respect to an application for disability insurance benefits under section 223, for monthly insurance benefits under section 202(d), or for a disability determination under section 216(1), of the Social Security Act filed—

(1) on or after the date of enactment of this Act, or

(2) after 1957 and before such date of enactment, if the applicant has not died before such date of enactment and if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such date of enactment; or

(B) the notice referred to in subparagraph (A) has been so given before such date of enactment but civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, on, or after such date of enactment) and final judgment of the court has not been rendered before such date of enactment;

except that no monthly insurance benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by subsections (a) and (b) for months before April 1961.

On page 25, line 20, strike out "Sec. 108" and insert in lieu thereof "Sec. 109".

Mr. HARTKE. Madam President, this amendment would carry into effect the President's recommendation made in the social security message to the Congress, to provide special consideration for those who are disabled for a period of more than 6 months.

Last year we removed the requirement that a person who was disabled must be at least 50 years of age. However, about 85,000 people still are excluded from the provisions of coverage, because of the fact that the present law requires the finding that the person either has a disability which will ultimately lead to his death or a disablement which will be of a long and enduring nature.

The amendment really adopts the principle of the private insurance carriers. What it provides, in substance, is that if a person is disabled for a period of 6 months there is a presumption, in effect, that he is totally disabled for life. At that time the person can draw social security payments. If at any time later the person were in a position to resume his employment, then, of course, the payments would be stopped.

Frankly, as the President indicated in his message to Congress, there is a psychological barrier at the present time. Whenever one tells a man he is totally and permanently disabled for life, there is a psychological barrier as to rehabilitation.

The provision has worked very well so far as private insurance carriers are concerned. They find no difficulty in enforcing such a rule. I see no reason why the same provision should not be employed so far as the social security law of the United States is concerned.

About 85,000 people would receive benefits the first year if the provision were changed. The effect on the payroll would be less than 1 percent; in fact, only three-one hundredths of a percent. The cost of the amendment, if agreed to, in the first year would be approximately \$35 million.

This, in substance, is the entire proposal. The amendment is not an expensive one. The President asked for it. His advisers asked for it. The amendment was not adopted by the House Committee on Ways and Means. I offered the amendment in the Senate Committee on Finance, and it was rejected by the Finance Committee. That is why I present it to the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana.

Mr. KERR. Madam President, the amendment offered by the Senator from Indiana is certainly based on generosity and on recognition of need, and has merit. However, I invite attention to the fact that, on the basis of amendments already provided in the bill as brought to the Senate and agreed to by the Senate, an additional \$825 million will be payable from the trust fund in the first year. The action of the committee and of the Senate thus far has provided the money with which to pay these benefits.

The amendment offered by the Senator from Indiana would go not to expenditures from the trust fund account for all benefits other than for the disabled. Under the action of the Congress some years ago, a program for the disabled was set up and a separate tax was provided to pay for such benefits. The proceeds were to be collected and placed in a separate trust fund. The trust fund for disability benefits is separate and apart from the trust fund for all other social security benefits. It is financed by a separate tax.

I urge the distinguished Senator from Indiana not to press his amendment. If the amendment is pressed, I urge it not be agreed to. It is far-reaching and significant. I do not think it should be acted upon until extended hearings have been held both by the House Ways and Means Committee and by the Senate Finance Committee, especially in view of the fact that it would be a charge to the extent of which, frankly, I have not been advised nor able to determine, against the separate disability fund in the social security trust fund. Therefore I hope that the amendment will not be pressed and, if pressed, that it will not be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. HARTKE].

The amendment was rejected.

Mr. JOHNSTON. Madam President, much has been said today and in years preceding, both on the floor and in committee meetings, concerning the increase in social security benefits and retirement possibilities. I believe it is well known how I stand on this subject and I have consistently voted to broaden social se-

curity benefits. Consequently, I shall not take a great deal of the Senate's time this afternoon discussing this bill, but I would like made known for the record several points that I think sometimes are overlooked.

I would remind the opponents of this legislation that the Social Security Act is paid for in its entirety by contributions of workers and employers. Federal contributions are not involved and the increase allowed in this modest proposal will be paid for by an additional one-eighth of 1 percentage point payroll tax on all employees and employers covered by social security. The very modest increase in the minimum from \$33 to \$40 a month still will not allow a decent income for anyone trying to live on this assistance. The proposed change allowing a male worker to retire at age 62 is, in my mind, a fine step in the right direction. The worker can only get what he has contributed in the past and this proposal before us today would penalize him by decreasing his monthly payments, if he chooses to retire early. So early retirees would still only get what they had contributed to the program. I know many workers in my home State of South Carolina who have toiled all their lives since their early teens and have been contributing to the social security program since its inception, that are unable to continue to work past the age of 62 and have written me urging a change in the social security law such as this so they might be allowed to retire and draw now, when they need it, the retirement assistance they have paid for in this act. I repeat, the money belongs to the workers. They should, if they desire, be allowed to retire early at a more modest monthly rate. Likewise, the modest increase for widows is a step in the right direction and will definitely benefit the widows who are desperately trying to make ends meet in the face of inflation. I consider this legislation essential and am happy to give it my full endorsement.

Mr. YARBOROUGH subsequently said: I wish to congratulate the Committee on Finance for presenting the bill to improve our social security system and the public assistance program. More than 4 million older citizens will be tangibly benefited during the next year by these sound improvements recommended by the committee.

Each of the improvements proposed by the bill is well justified, but I am particularly pleased by the provision for optional retirement by men at age 62 instead of the present age requirement of 65. Many of my constituents have communicated their approval of this change to me; it will be of great value to the worker whom age has overtaken but who is not quite disabled.

Also of great benefit are the provisions increasing the minimum benefit from \$33 to \$40 a month, increasing the widow's benefits 10 percent, and easing the requirements for attaining the insured status by reducing the quarters of work required. I support these recommendations of the committee wholeheartedly.

which are in line with the President's program.

There are other needed changes in the social security system which I have long advocated. I strongly support the increased earnings limit for social security recipients, and have long supported even more liberalized earnings limits for the older people. Other improvements also are needed in the social security system that I hope will be a part of the record of the 87th Congress. However, this bill represents fiscally sound progress at this time and I support its enactment today.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Tennessee [Mr. GORE], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Arizona [Mr. HAYDEN] is absent because of a death in the family.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], and the Senator from Massachusetts [Mr. SMITH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER], the Senator from Hawaii [Mr. FONG], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from Hawaii [Mr. FONG] and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 90, nays 0, as follows:

[No. 85]

YEAS—90

Aiken	Carroll	Hart
Allott	Case, N.J.	Hartke
Anderson	Case, S. Dak.	Hickenlooper
Bartlett	Church	Hickey
Beall	Clark	Hill
Bennett	Cooper	Holland
Bible	Cotton	Hruska
Boggs	Curtis	Humphrey
Bridges	Dirksen	Jackson
Bush	Douglas	Javits
Butler	Dworshak	Johnston
Byrd, Va.	Eastland	Jordan
Byrd, W. Va.	Ellender	Keating
Cannon	Ervin	Kefauver
Capehart	Fulbright	Kerr
Carlson	Gruening	Kuchel

No. 106—21

Lausche	Morton	Smathers
Long, Mo.	Moss	Smith, Maine
Long, Hawaii	Mundt	Sparkman
Long, La.	Muskie	Stennis
Magnuson	Neuberger	Symington
Mansfield	Pastore	Talmadge
McCarthy	Pell	Thurmond
McClellan	Prosty	Tower
McGee	Proxmire	Wiley
McNamara	Randolph	Williams, N.J.
Metcalf	Robertson	Williams, Del.
Miller	Russell	Yarborough
Monroney	Saltanstill	Young, N. Dak.
Morse	Schoeppe	Young, Ohio

NAYS—0

NOT VOTING—10

Burdick	Fong	Scott
Chavez	Goldwater	Smith, Mass.
Dodd	Gore	
Engle	Hayden	

So the bill (H.R. 6027) was passed.

Mr. KERR. Madam President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. BYRD of Virginia. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. Madam President, I ask unanimous consent that the bill be printed showing the Senate amendments numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Madam President, I move that the Senate insist upon its amendments and ask a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

Mr. MANSFIELD. Madam President, once again I compliment the distinguished senior Senator from Oklahoma [Mr. KERR] for his rare managerial ability and skill. I believe he has managed more bills successfully through the Senate this year than has any other Member of the Senate. The record should show that he has done it with his usual intelligence and with a full knowledge of the bills which he had guided so successfully through the Senate, and with a tolerant understanding of the desire of other Members of the Senate, even though they may be in opposition to what he believes in.

Once again I salute the distinguished senior Senator for the excellent job he has done in piloting this bill so successfully to passage.

In the Senate of the United States,

June 26, 1961.

Resolved, That the bill from the House of Representatives (H.R. 6027) entitled "An Act to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes", do pass with the following

AMENDMENTS:

(1)Page 2, line 7, strike out [(see section 106)]

(2)Page 10, line 2, after "(q)" insert: *of section 202*

(3)Page 15, line 22, strike out [(see section 106)] "

(4)Page 19, line 16, strike out [(see section 106)]

(5)Page 20, line 18, strike out [12] and insert: *13*

(6)Page 23, line 3, strike out [(see section 106)]

(7)Page 24, lines 15 and 16, strike out [the date of the enactment of this Act] and insert: *July 1, 1961*

(8)Page 24, after line 19, insert:

*EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-
FEDERAL AGREEMENTS MAY BE MODIFIED*

SEC. 106. (a) Section 218(d)(6)(F) of the Social Security Act is amended by striking out "prior to 1960 or, if later, the expiration of one year after the date" and inserting in lieu thereof "prior to 1963 or, if later, the expiration of two years after the date".

(b) Section 218(d)(6)(F) of the Social Security Act is further amended by adding at the end thereof the following new sentence: "Notwithstanding subsection (f)(1), any such modification or later modification, providing for the transfer of additional positions within a retirement system previously divided pursuant to subparagraph (C) to the separate retirement system composed of positions of members who desire coverage, shall be effective with respect to services performed after the same effective date as that which was specified in the case of such previous division."

(9)Page 24, after line 19, insert:

*INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY
DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS*

SEC. 107. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting "New Mexico," after "Minnesota,".

(10)Page 24, after line 19, insert:

LIBERALIZATION OF THE EARNED-INCOME LIMITATION

SEC. 108. (a) Paragraph (3) of section 203(f) of the Social Security Act is amended by striking out “\$300” wherever it appears therein and inserting in lieu thereof “\$500”.

(b) The amendment made by subsection (a) shall apply in the case of taxable years ending after the enactment of this Act.

(11)Page 24, after line 19, insert:

FREEDOM OF CHOICE

SEC. 109. (a)(1) Subparagraph (D) of paragraph (11) of subsection (a) of section 2 of the Social Security Act is amended by striking out “and” at the end thereof.

(2) Subparagraph (E) of such paragraph (11) is amended by striking out the period and inserting in lieu thereof “; and”.

(3) Such paragraph (11) is further amended by adding at the end thereof the following new subparagraph:

“(F) provide that any individual eligible to receive medical assistance for the aged shall not be precluded by State law or regulation from receiving any care and services which are covered by the State plan from any provider of care or services who is licensed under State

law to provide such care and services to individuals who are not recipients of medical assistance for the aged.”

(b) The amendments made by subsection (a) shall take effect October 1, 1962.

(12)Page 24, line 21, strike out **[106]** and insert: *110*

(13)Page 25, line 14, strike out **[4¹/₁₆]** and insert: *4.7*

(14)Page 25, line 18, strike out **[5⁷/₁₆]** and insert: *5.4*

(15)Page 25, line 21, strike out **[1969]** and insert: *1968*

(16)Page 25, line 22, strike out **[6³/₁₆]** and insert: *6.2*

(17)Page 26, line 1, strike out **[1968]** and insert: *1967*

(18)Page 26, line 1, strike out **[6¹/₁₆]** and insert: *6.9*

(19)Page 26, line 20, strike out **[1968]** and insert: *1967*

(20)Page 26, line 23, strike out **[1968]** and insert: *1967*

(21)Page 27, line 17, strike out **[1968]** and insert: *1967*

(22)Page 27, line 20, strike out **[1968]** and insert: *1967*

(23) Page 28, after line 3, insert:

*EXTENSION OF TIME TO ELECT COVERAGE
ON BEHALF OF MINISTERS*

SEC. 202. (a) Section 1402(e) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

“(6) CERTIFICATE FILED BY FIDUCIARIES OR SURVIVORS ON OR BEFORE APRIL 15, 1962.—In any case where an individual, whose death has occurred after September 12, 1960, and before April 16, 1962, derived earnings from the performance of services described in subsection (c)(4), or in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, a certificate may be filed after the date of enactment of this paragraph, and on or before April 15, 1962, by a fiduciary acting for such individual’s estate or by such individual’s survivor within the meaning of section 205(c)(1)(C) of the Social Security Act. Such certificate shall be effective for the period prescribed in

paragraph (3)(A) as if filed by the individual on the day of his death.”

(b) The amendment made by subsection (a) shall take effect on the date of enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendment, and no lump-sum death payment under such title shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of this Act.

(24)Page 28, after line 10, insert:

ASSISTANCE FOR RETURNING UNITED STATES NATIONALS

SEC. 302. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

*“ASSISTANCE FOR UNITED STATES NATIONALS RETURNED
FROM FOREIGN COUNTRIES*

“SEC. 1113. (a)(1) The Secretary is authorized to provide temporary assistance to the United States nationals and to dependents of United States nationals, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the United States national or the illness of such national or any of his dependents or

(as determined by the President of the United States) because of war, threat of war, invasion, or similar crisis, and (B) are without available resources and their parents, children, brothers, or sisters are without resources which can be made available to said nationals or dependents; and (C) have not absented themselves from the United States or any of its possessions to avoid prosecution for violation of any Federal or local law.

“(2) Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.

“(3) The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.

“(b) The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a)(1). Such plans shall be developed and such arrangements shall be made after consultation with the Secre-

tary of State, the Attorney General, and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.

“(c) For purposes of this section, the term ‘temporary assistance’ means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their return to the United States from a foreign country and for such period after their return as may be provided in regulations of the Secretary.”

(25)Page 28, after line 10, insert:

*ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSIST-
ANCE PAYMENTS*

SEC. 303. (a)(1) Paragraph (1) of section 3(a) of the Social Security Act is amended by striking out “and” at the end of clause (C) and inserting in lieu thereof “plus” and by adding after such clause (C) the following:

“(D) with respect to such expenditures during any quarter beginning after June 30, 1961, and

ending prior to July 1, 1962, the smallest of the following:

“(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clauses (B) and (C); or

“(ii) the Federal percentage of the product of \$2.50 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; or

“(iii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of old-age assistance by the excess of the monthly average of old-age assistance per recipient for such quarter over the monthly average of old-age assistance per recipient for the base period, such excess being first reduced by the extent, if any, to which the monthly average of such assistance per recipient for such quarter from State or local funds is less than the monthly average of such assistance per recipient for the base period (which, for purposes of this subsection, means the quarter beginning

January 1, 1961) from State or local funds; and”.

(2) Paragraph (2) of such section is amended by striking out “and” at the end of clause (B) and inserting in lieu thereof “plus” and by adding after such clause the following:

“(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

“(i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clauses (A) and (B); or

“(ii) one-half of the product of \$1.25 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; and”.

(b) (1) Section 1003(a)(1) of the Social Security Act is amended by inserting “plus” after the semicolon at the end of clause (B) and by adding after such clause (B) the following:

“(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

“(i) the Federal percentage of the amount

by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the blind for such month; or

“(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the blind by the excess of the monthly average of aid to the blind per recipient for such quarter over the monthly average of aid to the blind per recipient for the quarter beginning January 1, 1961;”.

(2) Section 1003(a)(2) of such Act is amended by inserting “(A)” before “one-half” and adding after the semicolon at the end thereof the following: “plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the blind for such month;”.

(c)(1) Section 1403(a)(1) of the Social Security Act is amended by inserting “plus” after the semicolon at the

end of clause (B) and by adding after such clause (B) the following:

“(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

“(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; or

“(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the permanently and totally disabled by the excess of the monthly average of aid to the permanently and totally disabled per recipient for such quarter over the monthly average of aid to the permanently and totally disabled per recipient for the quarter beginning January 1, 1961;”.

(2) Section 1403(a)(2) of such Act is amended by inserting “(A)” before “one-half” and adding after the semicolon at the end thereof the following: “plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month;”.

(26)Page 28, after line 10, insert:

MEANING OF TERM “SECRETARY”

SEC. 304. As used in this title and title I, and in the provisions of the Social Security Act amended thereby, the term “Secretary”, unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

Attest:

Secretary.

87TH CONGRESS
1ST SESSION

H. R. 6027

AMENDMENTS

In the Senate of the United States,

June 26, 1961.

Resolved, That the bill from the House of Representatives (H.R. 6027) entitled "An Act to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes", do pass with the following

AMENDMENTS:

(1)Page 2, line 7, strike out [(see section 106)]

(2)Page 10, line 2, after "(q)" insert: *of section 202*

(3)Page 15, line 22, strike out [(see section 106)]

(4)Page 19, line 16, strike out [(see section 106)]

(5)Page 20, line 18, strike out [12] and insert: *13*

(6)Page 23, line 3, strike out [(see section 106)]

(7)Page 24, lines 15 and 16, strike out [the date of the enactment of this Act] and insert: *July 1, 1961*

(8)Page 24, after line 19, insert:

*EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-
FEDERAL AGREEMENTS MAY BE MODIFIED*

SEC. 106. (a) Section 218(d)(6)(F) of the Social Security Act is amended by striking out "prior to 1960 or, if later, the expiration of one year after the date" and inserting in lieu thereof "prior to 1963 or, if later, the expiration of two years after the date".

(b) Section 218(d)(6)(F) of the Social Security Act is further amended by adding at the end thereof the following new sentence: "Notwithstanding subsection (f)(1), any such modification or later modification, providing for the transfer of additional positions within a retirement system previously divided pursuant to subparagraph (C) to the separate retirement system composed of positions of members who desire coverage, shall be effective with respect to services performed after the same effective date as that which was specified in the case of such previous division."

(9)Page 24, after line 19, insert:

*INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY
DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS*

SEC. 107. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting "New Mexico," after "Minnesota,".

(10)Page 24, after line 19, insert:

LIBERALIZATION OF THE EARNED-INCOME LIMITATION

SEC. 108. (a) Paragraph (3) of section 203(f) of the Social Security Act is amended by striking out “\$300” wherever it appears therein and inserting in lieu thereof “\$500”.

(b) The amendment made by subsection (a) shall apply in the case of taxable years ending after the enactment of this Act.

(11)Page 24, after line 19, insert:

FREEDOM OF CHOICE

SEC. 109. (a)(1) Subparagraph (D) of paragraph (11) of subsection (a) of section 2 of the Social Security Act is amended by striking out “and” at the end thereof.

(2) Subparagraph (E) of such paragraph (11) is amended by striking out the period and inserting in lieu thereof “; and”.

(3) Such paragraph (11) is further amended by adding at the end thereof the following new subparagraph:

“(F) provide that any individual eligible to receive medical assistance for the aged shall not be precluded by State law or regulation from receiving any care and services which are covered by the State plan from any provider of care or services who is licensed under State

law to provide such care and services to individuals who are not recipients of medical assistance for the aged.”

(b) The amendments made by subsection (a) shall take effect October 1, 1962.

(12)Page 24, line 21, strike out **[106]** and insert: *110*

(13)Page 25, line 14, strike out **[4¹/₁₆]** and insert: *4.7*

(14)Page 25, line 18, strike out **[5⁷/₁₆]** and insert: *5.4*

(15)Page 25, line 21, strike out **[1969]** and insert: *1968*

(16)Page 25, line 22, strike out **[6³/₁₆]** and insert: *6.2*

(17)Page 26, line 1, strike out **[1968]** and insert: *1967*

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(21)Page 27, line 17, strike out **[1968]** and insert: *1967*

(22)Page 27, line 20, strike out **[1968]** and insert: *1967*

(23) Page 28, after line 3, insert:

EXTENSION OF TIME TO ELECT COVERAGE

ON BEHALF OF MINISTERS

SEC. 202. (a) Section 1402(e) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

“(6) CERTIFICATE FILED BY FIDUCIARIES OR SURVIVORS ON OR BEFORE APRIL 15, 1962.—In any case where an individual, whose death has occurred after September 12, 1960, and before April 16, 1962, derived earnings from the performance of services described in subsection (c)(4), or in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, a certificate may be filed after the date of enactment of this paragraph, and on or before April 15, 1962, by a fiduciary acting for such individual's estate or by such individual's survivor within the meaning of section 205(c)(1)(C) of the Social Security Act. Such certificate shall be effective for the period prescribed in

paragraph (3)(A) as if filed by the individual on the day of his death.”

(b) The amendment made by subsection (a) shall take effect on the date of enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendment, and no lump-sum death payment under such title shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of this Act.

(24)Page 28, after line 10, insert:

ASSISTANCE FOR RETURNING UNITED STATES NATIONALS

SEC. 302. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

*“ASSISTANCE FOR UNITED STATES NATIONALS RETURNED
FROM FOREIGN COUNTRIES*

“SEC. 1113. (a)(1) The Secretary is authorized to provide temporary assistance to the United States nationals and to dependents of United States nationals, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the United States national or the illness of such national or any of his dependents or

(as determined by the President of the United States) because of war, threat of war, invasion, or similar crisis, and (B) are without available resources and their parents, children, brothers, or sisters are without resources which can be made available to said nationals or dependents; and (C) have not absented themselves from the United States or any of its possessions to avoid prosecution for violation of any Federal or local law.

“(2) Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.

“(3) The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.

“(b) The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a)(1). Such plans shall be developed and such arrangements shall be made after consultation with the Secre-

tary of State, the Attorney General, and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.

“(c) For purposes of this section, the term ‘temporary assistance’ means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their return to the United States from a foreign country and for such period after their return as may be provided in regulations of the Secretary.”

(25)Page 28, after line 10, insert:

*ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSIST-
ANCE PAYMENTS*

SEC. 303. (a)(1) Paragraph (1) of section 3(a) of the Social Security Act is amended by striking out “and” at the end of clause (C) and inserting in lieu thereof “plus” and by adding after such clause (C) the following:

“(D) with respect to such expenditures during any quarter beginning after June 30, 1961, and

ending prior to July 1, 1962, the smallest of the following:

“(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clauses (B) and (C); or

“(ii) the Federal percentage of the product of \$2.50 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; or

“(iii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of old-age assistance by the excess of the monthly average of old-age assistance per recipient for such quarter over the monthly average of old-age assistance per recipient for the base period, such excess being first reduced by the extent, if any, to which the monthly average of such assistance per recipient for such quarter from State or local funds is less than the monthly average of such assistance per recipient for the base period (which, for purposes of this subsection, means the quarter beginning

January 1, 1961) from State or local funds; and”.

(2) Paragraph (2) of such section is amended by striking out “and” at the end of clause (B) and inserting in lieu thereof “plus” and by adding after such clause the following:

“(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

“(i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clauses (A) and (B); or

“(ii) one-half of the product of \$1.25 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; and”.

(b)(1) Section 1003(a)(1) of the Social Security Act is amended by inserting “plus” after the semicolon at the end of clause (B) and by adding after such clause (B) the following:

“(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

“(i) the Federal percentage of the amount

by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the blind for such month; or

“(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the blind by the excess of the monthly average of aid to the blind per recipient for such quarter over the monthly average of aid to the blind per recipient for the quarter beginning January 1, 1961;”.

(2) Section 1003(a)(2) of such Act is amended by inserting “(A)” before “one-half” and adding after the semicolon at the end thereof the following: “plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the blind for such month;”.

(c)(1) Section 1403(a)(1) of the Social Security Act is amended by inserting “plus” after the semicolon at the

end of clause (B) and by adding after such clause (B) the following:

“(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

“(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; or

“(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the permanently and totally disabled by the excess of the monthly average of aid to the permanently and totally disabled per recipient for such quarter over the monthly average of aid to the permanently and totally disabled per recipient for the quarter beginning January 1, 1961;”.

(2) Section 1403(a)(2) of such Act is amended by inserting “(A)” before “one-half” and adding after the semicolon at the end thereof the following: “plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month;”.

(26)Page 28, after line 10, insert:

MEANING OF TERM “SECRETARY”

SEC. 304. As used in this title and title I, and in the provisions of the Social Security Act amended thereby, the term “Secretary”, unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

Attest:

Secretary.

87TH CONGRESS
1ST SESSION

H. R. 6027

AMENDMENTS

1 columns I, II, III, IV, and V down through the line which
2 reads

“\$13.49 14.00 37.10 38.00 68 69 41 61.50”

3 and inserting in lieu thereof the following:

“_____ \$13.48 _____ \$37.00 _____ \$67 \$40 \$60.00
\$13.49 14.00 \$37.10 38.00 \$68 69 41 61.50”.

4 (b) The amendment made by subsection (a) shall apply
5 only in the case of monthly insurance benefits under title
6 II of the Social Security Act for months beginning on or
7 after the effective date of this title **(1)** ~~(see section 106)~~, and
8 in the case of lump-sum death payments under such title with
9 respect to deaths on or after such effective date.

10 **REDUCED BENEFITS FOR MEN AT AGE 62**

11 **SEC. 102.** (a) Section 202 of the Social Security Act
12 is amended by striking out “retirement age” and “retirement
13 age (as defined in section 216 (a))” each place they appear
14 therein and inserting in lieu thereof “age 62”.

15 (b) (1) Subsections (q) and (r) of section 202 of such
16 Act are amended to read as follows:

17 “Adjustment of Old-Age, Wife’s, or Husband’s Insurance
18 Benefit Amounts in Accordance With Age of Benefi-
19 ciary

20 “(q) (1) If the first month for which an individual is
21 entitled to an old-age, wife’s, or husband’s insurance benefit
22 is a month before the month in which such individual attains
23 age 65, the amount of such benefit for each month shall,

1 subject to the succeeding paragraphs of this subsection, be
2 reduced by—

3 “ (A) $\frac{5}{9}$ of 1 percent of such amount if such benefit
4 is an old-age insurance benefit, or $\frac{25}{36}$ of 1 percent of
5 such amount if such benefit is a wife’s or husband’s in-
6 surance benefit; multiplied by

7 “ (B) (i) the number of months in the reduction
8 period for such benefit (determined under paragraph
9 (5)), if such benefit is for a month before the month in
10 which such individual attains age 65, or

11 “ (ii) the number of months in the adjusted reduc-
12 tion period for such benefit (determined under para-
13 graph (6)), if such benefit is for the month in which
14 such individual attains age 65 or for any month there-
15 after.

16 “ (2) (A) If the first month for which an individual
17 both is entitled to a wife’s or husband’s insurance benefit and
18 has attained age 62 is a month for which such individual is
19 also entitled to—

20 “ (i) an old-age insurance benefit (to which such
21 individual was first entitled for a month before he at-
22 tains age 65), or

23 “ (ii) a disability insurance benefit,
24 then in lieu of any reduction under paragraph (1) (but
25 subject to the succeeding paragraphs of this subsection) such

1 wife's or husband's insurance benefit for each month shall be
2 reduced as provided in subparagraph (B), (C), or (D).

3 “(B) For any month for which such individual is en-
4 titled to an old-age insurance benefit, such individual's wife's
5 or husband's insurance benefit shall be reduced by the sum
6 of—

7 “(i) the amount by which such old-age insurance
8 benefit is reduced under paragraph (1), and

9 “(ii) the amount by which such wife's or husband's
10 insurance benefit would be reduced under paragraph (1)
11 if it were equal to the excess of such wife's or husband's
12 insurance benefit (before reduction under this subsec-
13 tion) over such old-age insurance benefit (before reduc-
14 tion under this subsection).

15 “(C) For any month for which such individual is en-
16 titled to a disability insurance benefit, such individual's wife's
17 or husband's insurance benefit shall be reduced by the amount
18 by which such benefit would be reduced under paragraph
19 (1) if it were equal to the excess of such benefit (before
20 reduction under this subsection) over such disability insur-
21 ance benefit.

22 “(D) For any month for which such individual is en-
23 titled neither to an old-age insurance benefit nor to a dis-
24 ability insurance benefit, such individual's wife's or husband's

1 insurance benefit shall be reduced by the amount by which it
2 would be reduced under paragraph (1).

3 “(3) If—

4 “(A) an individual is or was entitled to a benefit
5 subject to reduction under this subsection, and

6 “(B) such benefit is increased by reason of an
7 increase in the primary insurance amount of the indi-
8 vidual on whose wages and self-employment income such
9 benefit is based,

10 then the amount of the reduction of such benefit for each
11 month shall be computed separately (under paragraph (1)
12 or (2), whichever applies) for the portion of such benefit
13 which constitutes such benefit before any increase described
14 in subparagraph (B), and separately (under paragraph (1)
15 or (2), whichever applies to the benefit being increased) for
16 each such increase. For purposes of determining the amount
17 of the reduction under paragraph (1) or (2) in any such
18 increase, the reduction period and the adjusted reduction
19 period shall be determined as if such increase were a sepa-
20 rate benefit to which such individual was entitled for and
21 after the first month for which such increase is effective.

22 “(4) (A) No wife’s insurance benefit shall be reduced
23 under this subsection—

24 “(i) for any month before the first month for which

1 there is in effect a certificate filed by her with the Sec-
2 retary, in accordance with regulations prescribed by
3 him, in which she elects to receive wife's insurance
4 benefits reduced as provided in this subsection, or

5 “(ii) for any month in which she has in her care
6 (individually or jointly with the person on whose
7 wages and self-employment income her wife's insurance
8 benefit is based) a child of such person entitled to child's
9 insurance benefits.

10 “(B) Any certificate described in subparagraph (A) (i)
11 shall be effective for purposes of this subsection (and
12 for purposes of preventing deductions under section
13 203 (c) (2))—

14 “(i) for the month in which it is filed and for any
15 month thereafter, and

16 “(ii) for months, in the period designated by the
17 woman filing such certificate, of one or more consecutive
18 months (not exceeding 12) immediately preceding the
19 month in which such certificate is filed;

20 except that such certificate shall not be effective for any
21 month before the month in which she attains age 62, nor
22 shall it be effective for any month to which subparagraph
23 (A) (ii) applies.

24 “(C) If a woman does not have in her care a child

1 described in subparagraph (A) (ii) in the first month for
2 which she is entitled to a wife's insurance benefit, and if
3 such first month is a month before the month in which she
4 attains age 65, she shall be deemed to have filed in such first
5 month the certificate described in subparagraph (A) (i).

6 “(5) For purposes of this subsection, the ‘reduction pe-
7 riod’ for an individual's old-age, wife's, or husband's insur-
8 ance benefit is the period—

9 “(A) beginning—

10 “(i) in the case of an old-age or husband's in-
11 surance benefit, with the first day of the first month
12 for which such individual is entitled to such benefit,
13 or

14 “(ii) in the case of a wife's insurance benefit,
15 with the first day of the first month for which a cer-
16 tificate described in paragraph (4) (A) (i) is ef-
17 fective, and

18 “(B) ending with the last day of the month before
19 the month in which such individual attains age 65.

20 “(6) For purposes of this subsection, the ‘adjusted
21 reduction period’ for an individual's old-age, wife's, or hus-
22 band's insurance benefit is the reduction period prescribed
23 by paragraph (5) for such benefit, excluding from such
24 period—

25 “(A) any month in which such benefit was sub-

1 ject to deductions under section 203 (b), 203 (c) (1),
2 203 (d) (1), or 222 (b),

3 “(B) in the case of wife’s insurance benefits, any
4 month in which she had in her care (individually or
5 jointly with the person on whose wages and self-
6 employment income such benefit is based) a child of
7 such person entitled to child’s insurance benefits, and

8 “(C) in the case of wife’s or husband’s insurance
9 benefits, any month for which such individual was not
10 entitled to such benefits because the spouse on whose
11 wages and self-employment income such benefits were
12 based ceased to be under a disability.

13 “(7) This subsection shall be applied after reduction
14 under section 203 (a) and after application of section 215
15 (g). If the amount of any reduction computed under para-
16 graph (1) or (2) is not a multiple of \$0.10, it shall be re-
17 duced to the next lower multiple of \$0.10.

18 “Presumed Filing of Application by Individuals Eligible for
19 Old-Age Insurance Benefits and for Wife’s or Husband’s
20 Insurance Benefits

21 “(r) (1) If the first month for which an individual is
22 entitled to an old-age insurance benefit is a month before the
23 month in which such individual attains age 65, and if such in-
24 dividual is eligible for a wife’s or husband’s insurance bene-
25 fit for such first month, such individual shall be deemed to

1 have filed an application in such month for wife's or hus-
2 band's insurance benefits.

3 “(2) If the first month for which an individual is en-
4 titled to a wife's or husband's insurance benefit reduced un-
5 der subsection (q) is a month before the month in which
6 such individual attains age 65, and if such individual is eligi-
7 ble for an old-age insurance benefit for such first month, such
8 individual shall be deemed to have filed an application for
9 old-age insurance benefits—

10 “(A) in such month, or

11 “(B) if such individual is also entitled to a dis-
12 ability insurance benefit for such month, in the first sub-
13 sequent month for which such individual is not en-
14 titled to a disability insurance benefit.

15 “(3) For purposes of this subsection, an individual shall
16 be deemed eligible for a benefit for a month if, upon filing
17 application therefor in such month, he would be entitled to
18 such benefit for such month.”

19 (2) (A) Section 202 (s) of the Social Security Act
20 is hereby repealed.

21 (B) Section 223 (a) of such Act is amended by adding
22 at the end thereof the following new paragraph:

23 “(3) If, for any month before the month in which an
24 individual attains age 65, such individual is entitled to—

1 “(A) a widow’s, widower’s, or parent’s insurance
2 benefit, or

3 “(B) an old-age, wife’s or husband’s insurance
4 benefit which is reduced under subsection (q) ~~(2)~~ of
5 *section 202,*

6 such individual may not, for any month after the first month
7 for which such individual is so entitled, become entitled to
8 disability insurance benefits; and a period of disability
9 may not begin with respect to such individual in any month
10 after such first month.”

11 (C) Section 223 (a) (1) of such Act is amended by
12 striking out “the month in which he attains the age of
13 sixty-five,” and inserting in lieu thereof “the month in which
14 he attains age 65, the first month for which he is entitled
15 to old-age insurance benefits,”.

16 (D) The third sentence of section 216 (i) (2) of such
17 Act is amended by striking out “a period of disability shall
18 begin” and inserting in lieu thereof “a period of disability
19 shall (subject to section 223 (a) (3)) begin”.

20 (3) Section 202 (j) (3) of such Act is amended to read
21 as follows:

22 “(3) Notwithstanding the provisions of paragraph (1),
23 an individual may, at his option, waive entitlement to any
24 benefit referred to in paragraph (1) for any one or more
25 consecutive months (beginning with the earliest month for

1 which such individual would otherwise be entitled to such
2 benefit) which occur before the month in which such individ-
3 ual files application for such benefit; and, in such case,
4 such individual shall not be considered as entitled to such
5 benefits for any such month or months before such individual
6 filed such application. An individual shall be deemed to
7 have waived such entitlement for any such month for which
8 such benefit would, under the second sentence of paragraph
9 (1), be reduced to zero.”

10 (c) (1) Section 216(a) of the Social Security Act is
11 hereby repealed.

12 (2) The following provisions of title II of such Act
13 are amended by striking out “retirement age” each place it
14 appears therein and inserting in lieu thereof “age 62”:

15 (A) the next to the last sentence of section 213(a),

16 (B) subsections (b), (c), (f), and (g) of section
17 216, and

18 (C) the second sentence of section 223(a)(2).

19 (3) The following provisions of title II of such Act are
20 amended by striking out “retirement age” and “retirement
21 age (as defined in section 216(a))” each place they appear
22 therein and inserting in lieu thereof “age 62 (if a woman) or
23 age 65 (if a man)”:

24 (A) section 209(i),

25 (B) the last sentence of section 213(a),

1 (C) section 216 (i) (3) (A),
2 (D) the first sentence of section 223 (a) (2), and
3 (E) section 223 (c) (1) (A).

4 (d) (1) Section 215 (a) (4) of such Act is amended
5 to read as follows:

6 “(4) In the case of—

7 “(A) a woman who was entitled to a disa-
8 bility insurance benefit for the month before the
9 month in which she died or became entitled to old-
10 age insurance benefits, or

11 “(B) a man who was entitled to a disability
12 insurance benefit for the month before the month
13 in which he died or attained age 65,

14 the amount in column IV which is equal to such disa-
15 bility insurance benefit.”

16 (2) Section 215 (b) (3) of such Act is amended to read
17 as follows:

18 “(3) For purposes of paragraph (2), the number of an
19 individual’s elapsed years is the number of calendar years
20 after 1950 (or, if later, the year in which he attained age
21 21) and before—

22 “(A) in the case of a woman, the year in which
23 she died or (if earlier) the first year after 1960 in which
24 she both was fully insured and had attained age 62,

25 “(B) in the case of a man who has died, the year in

1 which he died or (if earlier) the first year after 1960
2 in which he both was fully insured and had attained age
3 65, or

4 “(C) in the case of a man who has not died, the
5 first year after 1960 in which he attained (or would at-
6 tain) age 65 or (if later) the first year in which he was
7 fully insured.

8 For purposes of the preceding sentence, any calendar year
9 any part of which was included in a period of disability shall
10 not be included in such number of calendar years.”

11 (3) Section 215 (f) of such Act is amended by adding
12 at the end thereof the following new paragraph:

13 “(7) (A) In the case of a man who attains age 65 and
14 who became entitled to old-age insurance benefits before
15 the month in which he attains such age, his primary insur-
16 ance amount shall be recomputed as provided in subsection
17 (a) as though he became entitled to old-age insurance bene-
18 fits in the month in which he attained age 65, except that
19 his computation base years referred to in subsection (b) (2)
20 shall include the year in which he attained age 65. Such
21 recomputation shall be effective for and after the month in
22 which he attained age 65.

23 “(B) In the case of a man who became entitled to old-
24 age insurance benefits and died before the month in which
25 he attained age 65, the Secretary shall, if any person is

1 entitled to monthly insurance benefits or a lump-sum death
2 payment on the basis of the wages and self-employment
3 income of the decedent, recompute his primary insurance
4 amount as provided in subsection (a) as though he became
5 entitled to old-age insurance benefits in the month in which
6 he died; except that (i) his computation base years referred
7 to in subsection (b) (2) shall include the year in which he
8 died, and (ii) his elapsed years referred to in subsection
9 (b) (3) shall not include the year in which he died or any
10 year thereafter. In the case of monthly insurance benefits,
11 such recomputation of a man's primary insurance amount
12 shall be effective for and after the month in which he died."

13 (e) (1) Section 202(b) (1) (C) of such Act is
14 amended to read as follows:

15 " (C) is not entitled to old-age or disability in-
16 surance benefits, or is entitled to old-age or disability
17 insurance benefits based on a primary insurance amount
18 which is less than one-half of the primary insurance
19 amount of her husband,".

20 (2) So much of section 202(b) (1) of such Act as
21 follows clause (C) is amended by striking out "equal to or
22 exceeds one-half of an old-age or disability insurance benefit
23 of her husband," and inserting in lieu thereof "equal to or
24 exceeds one-half of the primary insurance amount of her
25 husband,".

1 (3) Section 202 (b) (2) of such Act is amended by
2 striking out "old-age or disability insurance benefit" and
3 inserting in lieu thereof "primary insurance amount".

4 (4) Section 202 (c) (1) (D) of such Act is amended
5 to read as follows:

6 “(D) is not entitled to old-age or disability insur-
7 ance benefits, or is entitled to old-age or disability
8 insurance benefits based on a primary insurance amount
9 which is less than one-half of the primary insurance
10 amount of his wife,”.

11 (5) So much of section 202 (c) (1) of such Act as
12 follows clause (D) is amended by striking out "old-age or
13 disability insurance benefit equal to or exceeding one-half
14 of the primary insurance amount of his wife," and inserting
15 in lieu thereof "old-age or disability insurance benefit based
16 on a primary insurance amount which is equal to or exceeds
17 one-half of the primary insurance amount of his wife,”.

18 (6) Section 202 (c) (3) of such Act is amended by
19 striking out "Such" and inserting in lieu thereof "Except
20 as provided in subsection (q), such”.

21 (f) (1) The amendments made by subsection (a) shall
22 apply with respect to monthly benefits for months beginning
23 on or after the effective date of this title~~(3)~~~~(see section 106)~~
24 based on applications filed in or after March 1961.

25 (2) (A) Except as provided in subparagraphs (B),

1 (C), and (D), section 202 (q) of such Act, as amended by
2 subsection (b) (1), shall apply with respect to monthly
3 benefits for months beginning on or after the effective date
4 of this title.

5 (B) Section 202 (q) (3) of such Act, as amended by
6 subsection (b) (1), shall apply with respect to monthly
7 benefits for months beginning on or after the effective date
8 of this title, but only if the increase described in such section
9 202 (q) (3) —

10 (i) is not effective for any month beginning before
11 the effective date of this title, or

12 (ii) is based on an application for a recomputation
13 filed on or after the effective date of this title.

14 (C) In the case of any individual who attained age 65
15 before the effective date of this title, the adjustment in such
16 individual's reduction period provided for in section 202 (q)
17 (6) of such Act, as amended by subsection (b) (1), shall
18 not apply to such individual unless the total of the months
19 specified in subparagraphs (A), (B), and (C) of such sec-
20 tion 202 (q) (6) is not less than 3.

21 (D) In the case of any individual entitled to a monthly
22 benefit for the last month beginning before the effective date
23 of this title, if the amount of such benefit for any month
24 thereafter is, solely by reason of the change in section 202
25 (q) of such Act made by subsection (b) (1), lower than

1 the amount of such benefit for such last month, then it
2 shall be increased to the amount of such benefit for such last
3 month.

4 (3) Section 202 (r) of such Act, as amended by sub-
5 section (b) (1), shall apply only with respect to monthly
6 benefits for months beginning on or after the effective date
7 of this title, except that subparagraph (B) of section 202
8 (r) (2) (as so amended) shall apply only if the first sub-
9 sequent month described in such subparagraph (B) is a
10 month beginning on or after the effective date of this title.

11 (4) The amendments made by subsection (b) (2) shall
12 take effect on the effective date of this title.

13 (5) The amendments made by subsection (b) (3) shall
14 apply with respect to applications for monthly benefits filed
15 on or after the effective date of this title.

16 (6) The amendments made by subsections (c) and
17 (d) (1) and (2) shall apply with respect to—

18 (A) monthly benefits for months beginning on or
19 after the effective date of this title based on applica-
20 tions filed in or after March 1961, and

21 (B) lump-sum death payments under title II of the
22 Social Security Act in the case of deaths on or after the
23 effective date of this title.

1 the year in which he attained (or would attain)
2 age 65,

3 except that in no case shall an individual be a fully in-
4 sured individual unless he has at least 6 quarters of
5 coverage; or

6 “(2) 40 quarters of coverage; or

7 “(3) in the case of an individual who died before
8 1951, 6 quarters of coverage;

9 not counting as an elapsed year for purposes of paragraph
10 (1) any year any part of which was included in a period of
11 disability (as defined in section 216 (i)).”

12 (b) The amendment made by subsection (a) shall
13 apply—

14 (1) in the case of monthly benefits under title II
15 of the Social Security Act for months beginning on or
16 after the effective date of this title ~~(4)~~ (see section 106),
17 based on applications filed in or after March 1961,

18 (2) in the case of lump-sum death payments under
19 such title with respect to deaths on or after the effective
20 date of this title, and

21 (3) in the case of an application for a disability
22 determination (with respect to a period of disability, as
23 defined in section 216 (i) of such Act) filed in or
24 after March 1961.

1 (c) In the case of any widower or parent who would
2 not be entitled to widower's insurance benefits under section
3 202 (f), or parent's insurance benefits under section 202 (h),
4 of the Social Security Act except for the enactment of this
5 Act (other than this subsection), the requirement in sec-
6 tions 202 (f) (1) (D) and 202 (h) (1) (B), respectively, of
7 the Social Security Act relating to the time within which
8 proof of support must be filed shall not apply if such proof
9 of support is filed before the close of the 2-year period which
10 begins on the effective date of this title.

11 (d) Effective as of September 13, 1960, the last
12 sentence of section 303 (g) (1) of the Social Security
13 Amendments of 1960 is amended to read as follows: "The
14 terms used in this subsection shall have the meaning assigned
15 to them by title II of the Social Security Act; except that the
16 terms 'fully insured' and 'retirement age' shall have the
17 meaning assigned to them by such title II as in effect on
18 September ~~(5)~~¹² 13, 1960."

19 INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S
20 INSURANCE BENEFITS

21 SEC. 104. (a) Section 202 (e) (2) of such Act is
22 amended to read as follows:

23 "(2) Such widow's insurance benefit for each month
24 shall be equal to 82½ percent of the primary insurance
25 amount of her deceased husband."

1 (b) Section 202 (f) (3) of such Act is amended to
2 read as follows:

3 “(3) Such widower’s insurance benefit for each month
4 shall be equal to $82\frac{1}{2}$ percent of the primary insurance
5 amount of his deceased wife.”

6 (c) Section 202 (h) (2) of such Act is amended to
7 read as follows:

8 “(2) (A) Except as provided in subparagraphs (B)
9 and (C), such parent’s insurance benefit for each month
10 shall be equal to $82\frac{1}{2}$ percent of the primary insurance amount
11 of such deceased individual.

12 “(B) For any month for which more than one parent
13 is entitled to parent’s insurance benefits on the basis of such
14 deceased individual’s wages and self-employment income,
15 such benefit for each such parent for such month shall (ex-
16 cept as provided in subparagraph (C)) be equal to 75
17 percent of the primary insurance amount of such deceased
18 individual.

19 “(C) In any case in which—

20 “(i) any parent is entitled to a parent’s insurance
21 benefit for a month on the basis of a deceased individual’s
22 wages and self-employment income, and

23 “(ii) another parent of such deceased individual
24 is entitled to a parent’s insurance benefit for such month
25 on the basis of such wages and self-employment income,

1 and on the basis of an application filed after such month
2 and after the month in which the application for the
3 parent's benefits referred to in clause (i) was filed,
4 the amount of the parent's insurance benefit of the parent
5 referred to in clause (i) for the month referred to in such
6 clause shall be determined under subparagraph (A) instead
7 of subparagraph (B) and the amount of the parent's insur-
8 ance benefit of a parent referred to in clause (ii) for such
9 month shall be equal to 150 percent of the primary in-
10 surance amount of the deceased individual minus the amount
11 (before the application of section 203 (a)) of the benefit
12 for such month of the parent referred to in clause (i)."

13 (d) (1) Subsections (e) (1) and (f) (1) of section 202
14 of such Act are amended by striking out "three-fourths" each
15 place it appears therein and inserting in lieu thereof "82½
16 percent".

17 (2) Section 202 (h) (1) of such Act is amended by
18 striking out "three-fourths of the primary insurance amount
19 of such deceased individual" each place it appears therein
20 and inserting in lieu thereof "82½ percent of the primary in-
21 surance amount of such deceased individual if the amount
22 of the parent's insurance benefit for such month is de-
23 terminable under paragraph (2) (A) (or 75 percent of
24 such primary insurance amount in any other case)".

25 (e) The amendments made by this section shall apply

1 with respect to monthly benefits under section 202 of the
2 Social Security Act for months beginning on or after the
3 effective date of this title ~~(6)~~ (see section 106).

4 (f) Where—

5 (1) two or more persons were entitled (without
6 the application of subsection (j) (1) of section 202 of
7 the Social Security Act) to monthly benefits under such
8 section 202 for the last month beginning before the effec-
9 tive date of this title on the basis of the wages and self-
10 employment income of a deceased individual, and one or
11 more of such persons is entitled to a monthly insurance
12 benefit under subsection (e), (f), or (h) of such sec-
13 tion 202 for such last month; and

14 (2) no person, other than the persons referred to
15 in paragraph (1) of this subsection, is entitled to bene-
16 fits under such section 202 on the basis of such indi-
17 vidual's wages and self-employment income for a sub-
18 sequent month or for any month after such last month
19 and before such subsequent month; and

20 (3) the total of the benefits to which all persons
21 are entitled under such section 202 on the basis of such
22 individual's wages and self-employment income for such
23 subsequent month is reduced by reason of the applica-
24 tion of section 203 (a) of such Act,

25 then the amount of the benefit to which each such person re-

1 ferred to in paragraph (1) of this subsection is entitled for
 2 such subsequent month shall be determined without regard
 3 to this Act if, after the application of this Act, such benefit
 4 for such month is less than the amount of such benefit for
 5 such last month. The preceding provisions of this subsection
 6 shall not apply to any monthly benefit of any person for any
 7 month beginning after the effective date of this title unless
 8 paragraph (3) also applies to such benefit for the month
 9 beginning on such effective date (or would so apply but for
 10 the next to the last sentence of section 203 (a) of the Social
 11 Security Act).

12 **RETROACTIVE EFFECT OF CERTAIN APPLICATIONS FOR**
 13 **DISABILITY DETERMINATIONS**

14 **SEC. 105.** Effective with respect to applications for
 15 disability determinations filed on or after ~~(7)~~the date of the
 16 enactment of this Act *July 1, 1961*, section 216 (i) (4) of
 17 the Social Security Act is amended by striking out "July
 18 1961" and inserting in lieu thereof "July 1962" and by
 19 striking out "July 1960" and inserting in lieu thereof
 20 "January 1961".

21 **(8) EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-**
 22 **FEDERAL AGREEMENTS MAY BE MODIFIED**

23 **SEC. 106. (a)** *Section 218(d)(6)(F) of the Social*
 24 *Security Act is amended by striking out "prior to 1960 or,*
 25 *if later, the expiration of one year after the date" and insert-*

1 *ing in lieu thereof "prior to 1963 or, if later, the expiration*
2 *of two years after the date".*

3 *(b) Section 218(d)(6)(F) of the Social Security Act*
4 *is further amended by adding at the end thereof the follow-*
5 *ing new sentence: "Notwithstanding subsection (f)(1), any*
6 *such modification or later modification, providing for the*
7 *transfer of additional positions within a retirement system*
8 *previously divided pursuant to subparagraph (C) to the*
9 *separate retirement system composed of positions of members*
10 *who desire coverage, shall be effective with respect to services*
11 *performed after the same effective date as that which was*
12 *specified in the case of such previous division."*

13 **(9)INCLUSION OF NEW MEXICO AMONG STATES WHICH**
14 **MAY DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO**
15 **PARTS**

16 *SEC. 107. The first sentence of section 218(d)(6)(C)*
17 *of the Social Security Act is amended by inserting "New*
18 *Mexico," after "Minnesota,".*

19 **(10)LIBERALIZATION OF THE EARNED-INCOME LIMITATION**

20 *SEC. 108. (a) Paragraph (3) of section 203(f) of the*
21 *Social Security Act is amended by striking out "\$300" wher-*
22 *ever it appears therein and inserting in lieu thereof "\$500".*

23 *(b) The amendment made by subsection (a) shall apply*
24 *in the case of taxable years ending after the enactment of this*
25 *Act.*

(11) FREEDOM OF CHOICE

1

2 *SEC. 109. (a)(1) Subparagraph (D) of paragraph*
 3 *(11) of subsection (a) of section 2 of the Social Security Act*
 4 *is amended by striking out "and" at the end thereof.*

5 *(2) Subparagraph (E) of such paragraph (11) is*
 6 *amended by striking out the period and inserting in lieu*
 7 *thereof "; and".*

8 *(3) Such paragraph (11) is further amended by add-*
 9 *ing at the end thereof the following new subparagraph:*

10 *"(F) provide that any individual eligible to receive*
 11 *medical assistance for the aged shall not be precluded by*
 12 *State law or regulation from receiving any care and*
 13 *services which are covered by the State plan from any*
 14 *provider of care or services who is licensed under State*
 15 *law to provide such care and services to individuals who*
 16 *are not recipients of medical assistance for the aged."*

17 *(b) The amendments made by subsection (a) shall take*
 18 *effect October 1, 1962.*

19

EFFECTIVE DATE

20 **SEC. ~~(12)~~106 110.** Except as otherwise provided, the
 21 effective date of this title is the first day of the first calendar
 22 month which begins on or after the 30th day after the date
 23 of the enactment of this Act.

1 TITLE II—AMENDMENTS TO THE INTERNAL
2 REVENUE CODE OF 1954
3 CHANGES IN TAX SCHEDULES
4 Self-Employment Income Tax

5 SEC. 201. (a) Section 1401 of the Internal Revenue
6 Code of 1954 (relating to rate of tax on self-employment
7 income) is amended to read as follows:

8 "SEC. 1401. RATE OF TAX.

9 "In addition to other taxes, there shall be imposed for
10 each taxable year, on the self-employment income of every
11 individual, a tax as follows:

12 "(1) in the case of any taxable year beginning
13 after December 31, 1961, and before January 1, 1963,
14 the tax shall be equal to ~~(13)~~^{4¹¹/16} 4.7 percent of the
15 amount of the self-employment income for such taxable
16 year;

17 "(2) in the case of any taxable year beginning after
18 December 31, 1962, and before January 1, 1966, the
19 tax shall be equal to ~~(14)~~^{5⁷/16} 5.4 percent of the
20 amount of the self-employment income for such taxable
21 year;

22 "(3) in the case of any taxable year beginning
23 after December 31, 1965, and before January 1,

1 1961. The amendments made by subsections (b) and (c)
2 shall apply with respect to remuneration paid after December
3 31, 1961.

4 **(23) EXTENSION OF TIME TO ELECT COVERAGE**
5 **ON BEHALF OF MINISTERS**

6 *SEC. 202. (a) Section 1402(e) of the Internal Revenue*
7 *Code of 1954 is amended by adding at the end thereof the*
8 *following new paragraph:*

9 *“(6) CERTIFICATE FILED BY FIDUCIARIES OR*
10 *SURVIVORS ON OR BEFORE APRIL 15, 1962.—In any*
11 *case where an individual, whose death has occurred after*
12 *September 12, 1960, and before April 16, 1962, derived*
13 *earnings from the performance of services described in*
14 *subsection (c)(4), or in subsection (c)(5) insofar as it*
15 *relates to the performance of service by an individual in*
16 *the exercise of his profession as a Christian Science prac-*
17 *titioner, a certificate may be filed after the date of enact-*
18 *ment of this paragraph, and on or before April 15,*
19 *1962, by a fiduciary acting for such individual’s estate*
20 *or by such individual’s survivor within the meaning of*
21 *section 205(c)(1)(C) of the Social Security Act. Such*
22 *certificate shall be effective for the period prescribed in*
23 *paragraph (3)(A) as if filed by the individual on the*
24 *day of his death.”*

25 *(b) The amendment made by subsection (a) shall take*

1 effect on the date of enactment of this Act; except that no
 2 monthly benefits under title II of the Social Security Act for
 3 the month in which this Act is enacted or any prior month
 4 shall be payable or increased by reason of such amendment,
 5 and no lump-sum death payment under such title shall be
 6 payable or increased by reason of such amendment in the
 7 case of any individual who died prior to the date of enact-
 8 ment of this Act.

9 TITLE III—MISCELLANEOUS

10 AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL- 11 ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DIS- 12 ABILITY INSURANCE

13 SEC. 301. Section 1 (q) of the Railroad Retirement Act
 14 of 1937 is amended by striking out "1960" and inserting in
 15 lieu thereof "1961".

16 (24) ASSISTANCE FOR RETURNING UNITED STATES 17 NATIONALS

18 SEC. 302. Title XI of the Social Security Act is amended
 19 by adding at the end thereof the following new section:

20 "ASSISTANCE FOR UNITED STATES NATIONALS RETURNED 21 FROM FOREIGN COUNTRIES

22 "SEC. 1113. (a) (1) The Secretary is authorized to pro-
 23 vide temporary assistance to the United States nationals and
 24 to dependents of United States nationals, if they (A) are
 25 identified by the Department of State as having returned, or

1 *been brought, from a foreign country to the United States*
2 *because of the destitution of the United States national or*
3 *the illness of such national or any of his dependents or*
4 *(as determined by the President of the United States)*
5 *because of war, threat of war, invasion, or similar crisis,*
6 *and (B) are without available resources and their parents,*
7 *children, brothers, or sisters are without resources which*
8 *can be made available to said nationals or dependents; and*
9 *(C) have not absented themselves from the United States*
10 *or any of its possessions to avoid prosecution for violation*
11 *of any Federal or local law.*

12 *“(2) Except in such cases or classes of cases as are*
13 *set forth in regulations of the Secretary, provision shall be*
14 *made for reimbursement to the United States by the recipi-*
15 *ents of the temporary assistance to cover the cost thereof.*

16 *“(3) The Secretary may provide assistance under para-*
17 *graph (1) directly or through utilization of the services and*
18 *facilities of appropriate public or private agencies and organ-*
19 *izations, in accordance with agreements providing for pay-*
20 *ment, in advance or by way of reimbursement, as may be*
21 *determined by the Secretary, of the cost thereof. Such cost*
22 *shall be determined by such statistical, sampling, or other*
23 *method as may be provided in the agreement.*

24 *“(b) The Secretary is authorized to develop plans and*
25 *make arrangements for provision of temporary assistance*

1 *within the United States to individuals specified in sub-*
2 *section (a)(1). Such plans shall be developed and such*
3 *arrangements shall be made after consultation with the Secre-*
4 *tary of State, the Attorney General, and the Secretary of*
5 *Defense. To the extent feasible, assistance provided under*
6 *subsection (a) shall be provided in accordance with the plans*
7 *developed pursuant to this subsection, as modified from time*
8 *to time by the Secretary.*

9 “(c) *For purposes of this section, the term ‘temporary*
10 *assistance’ means money payments, medical care, temporary*
11 *billeting, transportation, and other goods and services neces-*
12 *sary for the health or welfare of individuals (including*
13 *guidance, counseling, and other welfare services) furnished*
14 *to them within the United States upon their return to the*
15 *United States from a foreign country and for such period*
16 *after their return as may be provided in regulations of the*
17 *Secretary.”*

18 **(25) ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC**
19 **ASSISTANCE PAYMENTS**

20 **SEC. 303. (a)(1) Paragraph (1) of section 3(a) of**
21 *the Social Security Act is amended by striking out “and”*
22 *at the end of clause (C) and inserting in lieu thereof “plus”*
23 *and by adding after such clause (C) the following:*

24 “(D) *with respect to such expenditures during*
25 *any quarter beginning after June 30, 1961, and*

1 ending prior to July 1, 1962, the smallest of the
2 following:

3 “(i) the Federal percentage of the amount
4 by which such expenditures exceed the maximum
5 which may be counted under clauses (B) and
6 (C); or

7 “(ii) the Federal percentage of the product
8 of \$2.50 multiplied by the sum of the total num-
9 ber, for each month of such quarter, of recipients
10 of old-age assistance; or

11 “(iii) 100 per centum of the product ob-
12 tained by multiplying the sum of the total
13 number, for each month of such quarter, of
14 recipients of old-age assistance by the excess of
15 the monthly average of old-age assistance per
16 recipient for such quarter over the monthly
17 average of old-age assistance per recipient for
18 the base period, such excess being first reduced
19 by the extent, if any, to which the monthly
20 average of such assistance per recipient for such
21 quarter from State or local funds is less than
22 the monthly average of such assistance per recip-
23 ient for the base period (which, for purposes of
24 this subsection, means the quarter beginning

1 *January 1, 1961) from State or local funds;*
2 *and”.*

3 (2) *Paragraph (2) of such section is amended by strik-*
4 *ing out “and” at the end of clause (B) and inserting in lieu*
5 *thereof “plus” and by adding after such clause the following:*

6 *“(C) with respect to such expenditures during*
7 *any quarter beginning after June 30, 1961, and*
8 *ending prior to July 1, 1962, the smaller of the*
9 *following:*

10 *“(i) one-half of the amount by which such*
11 *expenditures exceed the maximum which may be*
12 *counted under clauses (A) and (B); or*

13 *“(ii) one-half of the product of \$1.25 mul-*
14 *tiplied by the sum of the total number, for each*
15 *month of such quarter, of recipients of old-age*
16 *assistance; and”.*

17 (b)(1) *Section 1003(a)(1) of the Social Security Act*
18 *is amended by inserting “plus” after the semicolon at the end*
19 *of clause (B) and by adding after such clause (B) the*
20 *following:*

21 *“(C) with respect to such expenditures during*
22 *any quarter beginning after June 30, 1961, and*
23 *ending prior to July 1, 1962, the smaller of the*
24 *following:*

1 “(i) the Federal percentage of the amount
2 by which such expenditures exceed the maximum
3 which may be counted under clause (B), not
4 counting so much of any expenditure with re-
5 spect to any month as exceeds the product of
6 \$67.50 multiplied by the total number of such
7 recipients of aid to the blind for such month; or

8 “(ii) 100 per centum of the product ob-
9 tained by multiplying the sum of the total num-
10 ber, for each month of such quarter, of recip-
11 ients of aid to the blind by the excess of the
12 monthly average of aid to the blind per recipient
13 for such quarter over the monthly average of aid
14 to the blind per recipient for the quarter begin-
15 ning January 1, 1961;”.

16 (2) Section 1003(a)(2) of such Act is amended by in-
17 serting “(A)” before “one-half” and adding after the semi-
18 colon at the end thereof the following: “plus (B) with respect
19 to such expenditures during any quarter beginning after June
20 30, 1961, one-half of the amount by which such expenditures
21 exceed the maximum which may be counted under clause (A),
22 not counting so much of any expenditure with respect to any
23 month as exceeds the product of \$36.25 multiplied by the
24 total number of recipients of aid to the blind for such month;”.

25 (c) (1) Section 1403(a)(1) of the Social Security Act

1 is amended by inserting "plus" after the semicolon at the
2 end of clause (B) and by adding after such clause (B) the
3 following:

4 " (C) with respect to such expenditures during
5 any quarter beginning after June 30, 1961, and
6 ending prior to July 1, 1962, the smaller of the fol-
7 lowing:

8 " (i) the Federal percentage of the amount
9 by which such expenditures exceed the maximum
10 which may be counted under clause (B), not
11 counting so much of any expenditure with re-
12 spect to any month as exceeds the product of
13 \$67.50 multiplied by the total number of such
14 recipients of aid to the permanently and totally
15 disabled for such month; or

16 " (ii) 100 per centum of the product ob-
17 tained by multiplying the sum of the total num-
18 ber, for each month of such quarter, of recipients
19 of aid to the permanently and totally disabled
20 by the excess of the monthly average of aid to the
21 permanently and totally disabled per recipient
22 for such quarter over the monthly average of aid
23 to the permanently and totally disabled per re-
24 cipient for the quarter beginning January 1,
25 1961;".

87TH CONGRESS
1ST SESSION

H. R. 6027

AN ACT

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 26, 1961

Ordered to be printed with the amendments of the
Senate numbered

House of Representatives

TUESDAY, JUNE 27, 1961

foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none, and appoints the following conferees: Messrs. MILLS, KING of California, O'BRIEN of Illinois, MASON, and BYRNES of Wisconsin.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6027. An act to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widows' benefits by making additional persons eligible for benefits under the program, and for other purposes.

The message also announced that the Senate insists on its amendments to the

SOCIAL SECURITY AMENDMENTS OF 1961

JUNE 28, 1961.—Ordered to be printed

Mr. MILLS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 6027]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 11.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, and 26, and agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *109*; and the Senate agree to the same.

Amendment numbered 24:

That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

ASSISTANCE FOR RETURNING UNITED STATES CITIZENS

SEC. 302. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES

"SEC. 1113. (a)(1) *The Secretary is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources.*

"(2) *Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.*

"(3) *The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements, providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.*

"(b) *The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a)(1). Such plans shall be developed and such arrangements shall be made after consultation with the Secretary of State, the Attorney General, and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.*

"(c) *For purposes of this section, the term 'temporary assistance' means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their arrival in the United States and for such period after their arrival as may be provided in regulations of the Secretary.*

"(d) *No temporary assistance may be provided under this section after June 30, 1962.*"

And the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSISTANCE PAYMENTS

SEC. 303. (a)(1) Section 3(a)(1) of the Social Security Act is amended—

(A) by striking out “\$30” and inserting in lieu thereof “\$31”;

(B) by striking out “\$65” each place it appears therein and inserting in lieu thereof “\$66”; and

(C) by striking out “\$80” and inserting in lieu thereof “\$81”.

(2) Section 3(a)(2) of such Act is amended—

(A) by striking out “\$35” each place it appears therein and inserting in lieu thereof “\$35.50”; and

(B) by striking out “\$42.50” and inserting in lieu thereof “\$43”.

(b)(1) Section 1003(a)(1) of such Act is amended—

(A) by striking out “\$30” and inserting in lieu thereof “\$31”; and

(B) by striking out “\$65” and inserting in lieu thereof “\$66”.

(2) Section 1003(a)(2) of such Act is amended by striking out “\$35” and inserting in lieu thereof “\$35.50”.

(c)(1) Section 1403(a)(1) of such Act is amended—

(A) by striking out “\$30” and inserting in lieu thereof “\$31”; and

(B) by striking out “\$65” and inserting in lieu thereof “\$66”.

(2) Section 1403(a)(2) of such Act is amended by striking out “\$35” and inserting in lieu thereof “\$35.50”.

(d) Effective only for the fiscal year ending June 30, 1962, section 1108 of the Social Security Act (as amended by section 6 of Public Law 87-31) is amended by striking out “\$9,425,000”, “\$318,750”, and “\$425,000” and inserting in lieu thereof “\$9,500,000”, “\$320,000”, and “\$430,000”, respectively.

(e) The amendments made by subsections (a), (b), and (c) of this section shall apply only in the case of expenditures made after September 30, 1961, and before July 1, 1962, under a State plan approved under title I, X, or XIV, as the case may be, of the Social Security Act.

And the Senate agree to the same.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
RUSSELL B. LONG,
JOHN J. WILLIAMS,
FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1, 2, 3, 4, 5, 6, and 7: These are technical amendments. The House recesses.

Amendment No. 8: Section 218(d)(6)(F) of the Social Security Act was enacted in 1958 to grant an additional opportunity to obtain coverage under the old-age, survivors, and disability insurance program to State and local employees who did not elect coverage under an original divided retirement system agreement. Existing law allows employees who did not elect coverage to change their decisions and elect coverage if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary of Health, Education, and Welfare, before 1960 or (if later) 1 year after the date on which coverage was approved for the group which originally elected coverage.

Under Senate amendment No. 8, the time in which such persons may elect to be covered is extended through December 31, 1962, or (if later) the expiration of 2 years after the date on which coverage was approved for the group which originally elected coverage.

Senate amendment No. 8 also adds a sentence at the end of section 218(d)(6)(F) of the Social Security Act to make it clear that the coverage of the persons described above must begin on the same date that coverage became effective for the group which originally elected coverage.

The House recesses.

Amendment No. 9: This amendment amends section 218(d)(6)(C) of the Social Security Act to add New Mexico to the list of States which are permitted to divide their retirement systems into two divisions for coverage purposes, one division consisting of those members desiring coverage and the other consisting of those who do not, with all new members being covered on a compulsory basis. The House recesses.

Amendment No. 10: Section 203(f)(3) of the Social Security Act provides that, for purposes of the earned income limitation, an individual's excess earnings for a taxable year are his earnings for such year in excess of the product of \$100 multiplied by the number of months in such year, except that of the first \$300 of such excess (or all of such excess if it is less than \$300), an amount equal to one-half thereof is not to be included. Senate amendment No. 10 amends

section 203(f)(3) to strike out "\$300" each place it appears therein and to insert in lieu thereof "\$500".

The effect of this amendment is to increase from \$300 to \$500 the area in which only one-half of the earnings are treated as excess earnings. Under existing law, for example, an individual whose taxable year consists of 12 months and who has earnings of \$1,700 is treated as having excess earnings of \$350 (one-half of \$300, plus \$200). Under Senate amendment No. 8, he is treated as having excess earnings of \$250 (one-half of \$500). The amendment is effective for taxable years ending after the date of the enactment of the bill.

The House recedes.

Amendment No. 11: Paragraph (11) of section 2(a) of the Social Security Act contains certain requirements for State plans under title I of the act which include medical assistance for the aged. Senate amendment No. 11 adds a new requirement (effective October 1, 1962) under which such a State plan must provide that any individual eligible to receive medical assistance for the aged shall not be precluded by State law or regulation from receiving any care and services which are covered by the State plan from any provider of care or services who is licensed under State law to provide such care and services to individuals who are not recipients of medical assistance for the aged. The Senate recedes.

Amendment No. 12: This is a clerical amendment. The House recedes with a clerical amendment.

Amendments Nos. 13, 14, 16, and 18: Section 201(a) of the House bill amends section 1401 of the Internal Revenue Code of 1954 to increase the rates of tax under the Self-Employment Contributions Act of 1954. Each rate provided by existing law for the self-employment tax is increased by three-sixteenths of 1 percent. Senate amendments Nos. 13, 14, 16, and 18 round these rates to the nearest one-tenth of 1 percent. The House recedes.

Amendments Nos. 15 and 17: Under existing law, an increase in the rate of the tax under the Self-Employment Contributions Act of 1954 is scheduled for taxable years beginning after December 31, 1968. Senate amendments Nos. 15 and 17 provide that this increase in the rate of tax, as modified by the House bill and by Senate amendment No. 18, is to apply to taxable years beginning after December 31, 1967. Under the conference agreement, the rate of such tax for taxable years beginning after December 31, 1967, will be 6.9 percent. The House recedes.

Amendments Nos. 19, 20, 21, and 22: Under existing law, an increase in the rate of tax for employers and employees under the Federal Insurance Contributions Act is scheduled to take effect for calendar year 1969 and subsequent calendar years. Senate amendments Nos. 19, 20, 21, and 22 provide that this increase in the rate of tax, as modified by the House bill, is to apply to the calendar year 1968 and subsequent calendar years. Thus, under the conference agreement the rate of the employer tax, and the rate of the employee tax, for the calendar year 1968 and subsequent calendar years will be 4½ percent. The House recedes.

Amendment No. 23: Senate amendment No. 23 adds a new section 202 to the bill. Subsection (a) amends section 1402(e) of the Internal Revenue Code of 1954 by adding at the end thereof a new paragraph No. (6). Under the new paragraph in any case where a minister

or Christian Science practitioner dies after September 12, 1960, and before April 16, 1962, his survivor or the fiduciary of his estate may file a certificate, on or before April 15, 1962, electing to have the services of the minister or Christian Science practitioner covered under title II of the Social Security Act. Such a certificate would be effective for the period prescribed in existing law as if filed by the minister or Christian Science practitioner on the date of his death.

Subsection (b) of the new section 202 provides the effective date for the amendment.

The House recesses.

Amendment No. 24: This amendment adds a new section 1113 to title XI of the Social Security Act authorizing, on a permanent basis, a new program of assistance for U.S. nationals returned from foreign countries.

The House recesses with an amendment which is a substitute for the language proposed to be inserted in title XI by the Senate. Under this substitute, the Secretary of Health, Education, and Welfare is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if (1) they are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (2) they are without available resources.

Except in such cases or classes of cases as are set forth in regulations of the Secretary of Health, Education, and Welfare, provision is to be made for reimbursement to the United States by the recipients of the temporary assistance under the new section 1113 to cover the cost of such assistance. In connection with this requirement of reimbursement, it is contemplated that the regulations will include provisions for the assignment of claims in appropriate cases.

The Secretary may provide this assistance directly or through utilization of the services and facilities of appropriate public or private agencies and organizations.

The new provision also authorizes the Secretary of Health, Education, and Welfare to develop plans and make arrangements for provision of temporary assistance within the United States to individuals eligible for such assistance.

For purposes of the new provision, the term "temporary assistance" is defined as meaning money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States on their arrival in the United States and for such period after their arrival as may be provided in regulations.

No assistance may be provided under this new section 1113 after June 30, 1962.

Amendment No. 25: Senate amendment No. 25 adds a new section 303 to the bill providing for additional Federal participation during the period July 1, 1961, to June 30, 1962, in public assistance payments under titles I, X, and XIV of the Social Security Act.

Subsection (a)(1) of the new section provides additional Federal participation in old-age assistance payments to States that raise their average payment per recipient under the program. The increase in

Federal funds may not exceed the Federal percentage of \$2.50 per recipient or, if less, the Federal percentage of expenditures not subject to Federal participation under existing law. In addition, the increase in Federal funds may not exceed the amount of the increase in expenditures over a base period (the quarter beginning January 1, 1961) computed on an average per recipient times the number of recipients basis. In determining this increase, adjustments would be made for the decrease (if any) in assistance from State or local funds.

Subsection (a)(2) of the new section makes approximately proportionate changes in the special provisions applying to Guam, Puerto Rico, and the Virgin Islands.

Subsections (b) and (c) make similar changes in title X (aid to the blind) and title XIV (aid to the totally and permanently disabled).

In general, title I of the Social Security Act provides for Federal financial participation in old-age assistance expenditures by the States equal to—

- (1) four-fifths of the first \$30 per month of the average old-age assistance payment, plus
- (2) the Federal percentage (varying in accordance with relative State per capita income between 50 percent and 65 percent) of the excess of the average monthly old-age assistance payment over \$30 but not over \$65.

Under the conference agreement the \$30 and \$65 figures are increased to \$31 and \$66, respectively. Comparable changes are made in title X (aid to the blind) and title XIV (aid to the totally and permanently disabled) of the Social Security Act.

Approximately proportionate changes are made in the special provisions of titles I, X, and XIV of such act applying to Puerto Rico, the Virgin Islands, and Guam by increasing the \$35 per month maximum on the average monthly payment in which the Federal Government participates to \$35.50.

Title I of the act also provides for Federal financial participation in the excess of the State average old-age assistance payment per month over \$65 but not over \$80, but only to the extent that such excess is represented by expenditures in the form of vendor medical care payments. Under the conference agreement the \$65 and \$80 figures are increased to \$66 and \$81, respectively. Approximately proportionate changes are made in the vendor medical care payment provisions applying to Puerto Rico, the Virgin Islands, and Guam.

Under the conference agreement, the amendments made to titles I, X, and XIV are to apply only in the case of expenditures made after September 30, 1961, and before July 1, 1962, under State plans approved under such titles.

In conformity with the conference agreement with respect to increased Federal payments to Puerto Rico, the Virgin Islands, and Guam under titles I, X, and XIV, the conference agreement increases the limitations under section 1108 of the Social Security Act on the total amounts which may be paid to them for the fiscal year ending June 30, 1962.

Amendment No. 26: This amendment added a new section 304 to the bill providing that as used in titles I and III of the bill (and in the provisions of the Social Security Act amended thereby) the term "Secretary", unless the context otherwise requires, means the Secretary of Health, Education, and Welfare. The House recedes.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.



SOCIAL SECURITY AMENDMENTS
OF 1961

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House have until midnight tonight to file a conference report to accompany the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

CONFERENCE REPORT (H. REPT. NO. 611)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 11.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, and 26, and agree to the same.

Amendment Numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "109"; and the Senate agree to the same.

Amendment Numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"ASSISTANCE FOR RETURNING UNITED STATES
CITIZENS

"SEC. 302. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES"

"SEC. 1113. (a) (1) The Secretary is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources.

"(2) Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.

"(3) The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.

"(b) The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a) (1). Such plans shall be developed and such arrangements shall be made after consultation with the Secretary of State, the Attorney General, and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.

"(c) For purposes of this section, the term "temporary assistance" means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their arrival in the United States and for such period after their arrival as may be provided in regulations of the Secretary.

"(d) No temporary assistance may be provided under this section after June 30, 1962."

And the Senate agree to the same.

Amendment Numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSISTANCE PAYMENTS"

"SEC. 303. (a) (1) Section 3(a) (1) of the Social Security Act is amended—

"(A) by striking out '\$30' and inserting in lieu thereof '\$31';

"(B) by striking out '\$65' each place it appears therein and inserting in lieu thereof '\$66'; and

"(C) by striking out '\$80' and inserting in lieu thereof '\$81'.

"(2) Section 3(a) (2) of such Act is amended—

"(A) by striking out '\$35' each place it appears therein and inserting in lieu thereof '\$35.50'; and

"(B) by striking out '\$42.50' and inserting in lieu thereof '\$43'.

"(b) (1) Section 1003(a) (1) of such Act is amended—

"(A) by striking out '\$30' and inserting in lieu thereof '\$31'; and

"(B) by striking out '\$65' and inserting in lieu thereof '\$66'.

"(2) Section 1003(a) (2) of such Act is amended by striking out '\$35' and inserting in lieu thereof '\$35.50'.

"(c) (1) Section 1403(a) (1) of such Act is amended—

"(A) by striking out '\$30' and inserting in lieu thereof '\$31'; and

"(B) by striking out '\$65' and inserting in lieu thereof '\$66'.

"(2) Section 1403(a) (2) of such Act is amended by striking out '\$35' and inserting in lieu thereof '\$35.50'.

"(d) Effective only for the fiscal year ending June 30, 1962, section 1108 of the Social Security Act (as amended by section 6 of Public Law 87-31) is amended by striking out '\$9,425,000', '\$318,750', and '\$425,000' and inserting in lieu thereof '\$9,500,000', '\$320,000', and '\$430,000', respectively.

"(e) The amendments made by subsections (a), (b), and (c) of this section shall apply only in the case of expenditures made after September 30, 1961, and before July 1, 1962, under a State plan approved under title I, X, or XIV, as the case may be, of the Social Security Act."

And the Senate agree to the same.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBERT S. KERR,
RUSSELL B. LONG,
JOHN J. WILLIAMS,
FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1, 2, 3, 4, 5, 6, and 7: These are technical amendments. The House recedes.

Amendment No. 8: Section 218(d) (6) (F) of the Social Security Act was enacted in 1958 to grant an additional opportunity to obtain coverage under the old-age, survivors, and disability insurance program to State and local employees who did not elect coverage under an original divided retirement system agreement. Existing law allows employees who did not elect coverage to change their decisions and elect coverage if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary of Health, Education, and Welfare, before 1960 or (if later) 1 year after the date on which coverage was approved for the group which originally elected coverage.

Under Senate amendment numbered 8, the time in which such persons may elect to be covered is extended through December 31, 1962, or (if later) the expiration of 2 years after the date on which coverage was approved for the group which originally elected coverage.

Senate amendment numbered 8 also adds a sentence at the end of section 218(d) (6) (F) of the Social Security Act to make it clear that the coverage of the persons described above must begin on the same date that coverage became effective for the group which originally elected coverage.

The House recedes.

Amendment No. 9: This amendment amends section 218(d) (6) (C) of the Social Security Act to add New Mexico to the list of States which are permitted to divide their retirement systems into two divisions for coverage purposes, one division consisting of those members desiring coverage and the other consisting of those who do not, with all new members being covered on a compulsory basis.

The House recedes.

Amendment No. 10: Section 203(f) (3) of the Social Security Act provides that, for purposes of the earned income limitation, an individual's excess earnings for a taxable year are his earnings for such year in excess of the product of \$100 multiplied by the number of months in such year, except that of the first \$300 of such excess (or all of such excess if it is less than \$300), an amount equal to one-half thereof is not to be included. Senate amendment numbered 10 amends section 203(f) (3) to strike out "\$300" each place it appears therein and to insert in lieu thereof "\$500".

The effect of this amendment is to increase from \$300 to \$500 the area in which only one-half of the earnings are treated as excess earnings. Under existing law, for example, an individual whose taxable year consists of 12 months and who has earnings of \$1,700 is treated as having excess earnings of \$350 (½ of \$300, plus \$200). Under Senate amendment numbered 8, he is treated as having excess earnings of \$250 (½ of \$500). The amendment is effective for taxable years ending after the date of the enactment of the bill.

The House recedes.

Amendment No. 11: Paragraph (11) of section 2(a) of the Social Security Act contains certain requirements for State plans under title I of the Act which includes medical assistance for the aged. Senate amendment No. 11 adds a new requirement (effective October 1, 1962) under which such a State plan must provide that any individual eligible to receive medical assistance for the aged shall not be precluded by State law or regulation from receiving any care and services which are covered by the State plan from any provider of care or services who is licensed under State law to provide such care and services to individuals who are not recipients of medical assistance for the aged.

The Senate recedes.

Amendment No. 12: This is a clerical amendment.

The House recedes with a clerical amendment.

Amendments Nos. 13, 14, 16, and 18: Section 201(a) of the House bill amends section 1401 of the Internal Revenue Code of 1954 to increase the rates of tax under the Self-Employment Contributions Act of 1954. Each rate provided by existing law for the self-employment tax is increased by three-sixteenths of 1 percent. Senate amendments Nos. 13, 14, 16, and 18 round these rates to the nearest one-tenth of 1 percent.

The House recedes.

Amendments Nos. 15 and 17: Under existing law, an increase in the rate of the tax under the Self-Employment Contributions Act of 1954 is scheduled for taxable years beginning after December 31, 1968. Senate amendments Nos. 15 and 17 provide that this increase in the rate of tax, as modified by the House bill and by Senate amendment No. 18, is to apply to taxable years beginning after December 31, 1967. Under the conference agreement, the rate of such tax for taxable years beginning after December 31, 1967, will be 6.9 percent.

The House recedes.

Amendments Nos. 19, 20, 21, and 22: Under existing law, an increase in the rate of tax for employers and employees under the Federal Insurance Contributions Act is scheduled to take effect for calendar year 1969 and

subsequent calendar years. Senate amendments numbered 19, 20, 21, and 22 provide that this increase in the rate of tax, as modified by the House bill, is to apply to the calendar year 1968 and subsequent calendar years. Thus, under the conference agreement the rate of the employer tax, and the rate of the employee tax, for the calendar year 1968 and subsequent calendar years will be 4½ percent.

The House recedes.

Amendment No. 23: Senate amendment numbered 23 adds a new section 202 to the bill. Subsection (a) amends section 1402(e) of the Internal Revenue Code of 1954 by adding at the end thereof a new paragraph numbered (6). Under the new paragraph in any case where a minister or Christian Science practitioner dies after September 12, 1960, and before April 16, 1962, his survivor or the fiduciary of his estate may file a certificate, on or before April 15, 1962, electing to have the services of the minister or Christian Science practitioner covered under title II of the Social Security Act. Such a certificate would be effective for the period prescribed in existing law as if filed by the minister or Christian Science practitioner on the date of his death.

Subsection (b) of the new section 202 provides the effective date for the amendment.

The House recedes.

Amendment No. 24: This amendment adds a new section 1113 to title XI of the Social Security Act authorizing, on a permanent basis, a new program of assistance for United States nationals returned from foreign countries.

The House recedes with an amendment which is a substitute for the language proposed to be inserted in title XI by the Senate. Under this substitute, the Secretary of Health, Education, and Welfare is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if (1) they are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (2) they are without available resources.

Except in such cases or classes of cases as are set forth in regulations of the Secretary of Health, Education, and Welfare, provision is to be made for reimbursement to the United States by the recipients of the temporary assistance under the new section 1113 to cover the cost of such assistance. In connection with this requirement of reimbursement, it is contemplated that the regulations will include provisions for the assignment of claims in appropriate cases.

The Secretary may provide this assistance directly or through utilization of the services and facilities of appropriate public or private agencies and organizations.

The new provision also authorizes the Secretary of Health, Education, and Welfare to develop plans and make arrangements for provision of temporary assistance within the United States to individuals eligible for such assistance.

For purposes of the new provision, the term "temporary assistance" is defined as meaning money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States on their arrival in the United States and for such period after their arrival as may be provided in regulations.

No assistance may be provided under this new section 1113 after June 30, 1962.

Amendment No. 25: Senate amendment numbered 25 adds a new section 303 to the bill providing for additional Federal partici-

pation during the period July 1, 1961, to June 30, 1962, in public assistance payments under titles I, X, and XIV of the Social Security Act.

Subsection (a) (1) of the new section provides additional Federal participation in old-age assistance payments to States that raise their average payment per recipient under the program. The increase in Federal funds may not exceed the Federal percentage of \$2.50 per recipient or, if less, the Federal percentage of expenditures not subject to Federal participation under existing law. In addition, the increase in Federal funds may not exceed the amount of the increase in expenditures over a base period (the quarter beginning January 1, 1961) computed on an average per recipient times the number of recipients basis. In determining this increase, adjustments would be made for the decrease (if any) in assistance from State or local funds.

Subsection (a) (2) of the new section makes approximately proportionate changes in the special provisions applying to Guam, Puerto Rico, and the Virgin Islands.

Subsections (b) and (c) make similar changes in title X (aid to the blind) and title XIV (aid to the totally and permanently disabled).

In general, title I of the Social Security Act provides for Federal financial participation in old-age assistance expenditures by the States equal to—

(1) four-fifths of the first \$30 per month of the average old-age assistance payment, plus

(2) the Federal percentage (varying in accordance with relative State per capita income between 50 percent and 65 percent) of the excess of the average monthly old-age assistance payment over \$30 but not over \$65.

Under the conference agreement the \$30 and \$65 figures are increased to \$31 and \$66, respectively. Comparable changes are made in title X (aid to the blind) and title XIV (aid to the totally and permanently disabled) of the Social Security Act.

Approximately proportionate changes are made in the special provisions of titles I, X, and XIV of such Act applying to Puerto Rico, the Virgin Islands, and Guam by increasing the \$35 per month maximum on the average monthly payment in which the Federal Government participates to \$35.50.

Title I of the Act also provides for Federal financial participation in the excess of the State average old-age assistance payment per month over \$65 but not over \$80, but only to the extent that such excess is represented by expenditures in the form of vendor medical care payments. Under the conference agreement the \$65 and \$80 figures are increased to \$66 and \$81, respectively. Approximately proportionate changes are made in the vendor medical care payment provisions applying to Puerto Rico, the Virgin Islands, and Guam.

Under the conference agreement, the amendments made to titles I, X, and XIV are to apply only in the case of expenditures made after September 30, 1961, and before July 1, 1962, under State plans approved under such titles.

In conformity with the conference agreement with respect to increased Federal payments to Puerto Rico, the Virgin Islands, and Guam under titles I, X, and XIV, the conference agreement increases the limitations under section 1108 of the Social Security Act on the total amounts which may be paid to them for the fiscal year ending June 30, 1962.

Amendment No. 26: This amendment added a new section 304 to the bill providing that as used in titles I and III of the bill (and in the provisions of the Social Security Act amended thereby) the term "Secretary", unless the context otherwise requires, means

the Secretary of Health, Education, and Welfare.

The House recedes.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

old-age, survivors, and disability insurance program by increasing the minimum benefit and aged widows' benefits, by making additional persons eligible for benefits under the program, and by making further improvements in the program. The other body retained all of the substantive provisions of the House bill and in addition, added 26 amendments, of which about eight were "substantive" and the remainder were technical or conforming.

Amendments Nos. 1, 2, 3, 4, 5, 6, and 7 of the other body are technical amendments, and the House conferees receded.

Senate amendment No. 8 amends section 218(d)(6)(F) of the Social Security Act, which was enacted in 1958 to grant an additional opportunity to obtain coverage under the old-age, survivors, and disability insurance program to State and local employees who did not elect coverage under an original divided retirement system agreement. Existing law allows employees who did not elect coverage to change their decisions and elect coverage if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary of Health, Education, and Welfare, before 1960 or—if later—one year after the date on which coverage was approved for the group which originally elected coverage. The amendment of the other body extends the time in which such persons may elect to be covered through December 31, 1962, or—if later—the expiration of 2 years after the date on which coverage was approved for the group which originally elected coverage. The amendment also adds a sentence at the end of section 218(d)(6)(F) of the Social Security Act to make it clear that the coverage of the persons described above must begin on the same date that coverage became effective for the group which originally elected coverage. Members of the House had bills pending on this subject. Your conferees agreed to this amendment.

SOCIAL SECURITY AMENDMENTS OF 1961

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 28, 1961.)

Mr. MILLS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, as Members will recall, as passed by the House, H.R. 6027, the Social Security Amendments of 1961, provided for improved benefits under the

Senate amendment No. 9 amends section 218(d)(6)(C) of the Social Security Act to add New Mexico to the list of 16 States which are permitted to divide their retirement systems into two parts for coverage purposes, one part consisting of those members desiring coverage and the other consisting of those who do not, with all new members being covered on a compulsory basis. Our colleagues from New Mexico were interested in this. It has been customary for the Congress to add States to this list, upon request of the State. The House conferees agreed to this amendment.

Senate amendment No. 10 liberalizes somewhat section 203(f)(3) of the Social Security Act, which is the earnings limitation, more commonly called the "retirement test," or "work clause." Under existing law, an individual can, generally, earn up to \$1,200 per year without loss of any benefits; for earnings from \$1,200 to \$1,500, \$1 of benefits is lost for each \$2 of earnings; and above \$1,500, the reduction is on a dollar-for-dollar basis. The Senate amendment

increases, in practical effect, the \$1,500 to \$1,700. Thus, the effect of this amendment is to increase from \$300 to \$500 the area in which only one-half of the earnings are treated as excess earnings. Under existing law, for example, an individual whose taxable year consists of 12 months and who has earnings of \$1,700 is treated as having excess earnings of \$350—one-half of \$300, plus \$200. Under this amendment, he is treated as having excess earnings of \$250—half of \$500. The amendment is effective for taxable years ending after the date of enactment of the bill. Your conferees agreed to this amendment.

Under existing law, an increase in the rate of the tax under the Self-Employment Contributions Act of 1954 is scheduled for taxable years beginning after December 31, 1968. Senate amendments Nos. 15 and 17 provide that this increase in the rate of tax, as applied to the self-employed, and as modified by the House bill and by Senate amendment No. 18, is to apply to taxable years beginning after December 31, 1967. Senate amendments Nos. 19, 20, 21, and 22 provide that the increase in the rate of tax for employers and employees which under existing law is scheduled to take effect for calendar year 1969 and subsequent calendar years, as modified by the House bill, is to apply to the calendar year 1968 and subsequent calendar years.

In short, Mr. Speaker, the last scheduled rate stepup is moved forward 1 year. The House conferees receded.

It was explained to the House conferees by the Senate conferees that the changes made by amendments Nos. 15, 17, 19, 20, 21 and 22 were made because of the cost incurred by the liberalization of the retirement test provided by Senate amendment No. 10.

Your House conferees did not agree to the amendment of the other body—No. 11—which would have been added to the medical care bill which was passed last year. The Senate receded on this amendment.

The House conferees receded on Senate amendment No. 12, a clerical amendment.

Under the House bill, section 1401 of the Internal Revenue Code of 1954 was amended to increase the rates of tax under the Self-Employment Contributions Act of 1954 by increasing each rate provided by existing law for the self-employment tax by three-sixteenths of 1 percent. Senate amendments Nos. 13, 14, 16, and 18 round these rates to the nearest one-tenth of 1 percent. The House conferees receded, since this will make it easier to compute the tax.

Amendment No. 23 of the other body adds a new section 202 to the bill, which amends section 1402(e) of the Internal Revenue Code of 1954 by adding at the end thereof a new paragraph (6). Under the new paragraph in any case where a minister or Christian Science practitioner dies after September 12,

1960, and before April 16, 1962, his survivor or the fiduciary of his estate may file a certificate, on or before April 15, 1962, electing to have the services of the minister or Christian Science practitioner covered under title II of the Social Security Act. Such a certificate would be effective for the period prescribed in existing law as if filed by the minister or Christian Science practitioner on the date of his death. Your conferees receded on this amendment.

Since the Senate amendment which moves forward the last scheduled rate increase by 1 year provides funds for the liberalization of the retirement test, we bring back the bill to you insofar as the OASDI feature is concerned in the same actuarial balance that the bill was in when it left the House.

There were some other amendments Mr. Speaker, agreed to in the conference that did not relate to OASDI. One of them has to do with this question of the relief or the satisfying of the relief needs of American citizens who return to the United States from an area that has taken the property of these American citizens. It was a matter submitted to the Congress, and initially referred in the House to the Committee on Foreign Affairs, as I recall. I consulted with the chairman of that committee. He said he had no objection himself to the conference committee accepting this amendment, if the conference committee decided to do so. The amendment is only with respect to one fiscal year, from July 1, 1961 to June 30, 1962. It will permit us to do for American citizens the same thing we are now permitted to do under existing law with respect to Cuban refugees who come to the United States and who are penniless and in need. I will explain the amendment in more detail.

The Senate amendment would have added a new section 1113 to title XI of the Social Security Act authorizing, on a permanent basis, a new program of assistance for U.S. nationals returned from foreign countries.

Under the conference agreement, the Secretary of Health, Education, and Welfare is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if first, they are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and second, they are without available resources. Except in such cases or classes of cases as are set forth in regulations of the Secretary of Health, Education, and Welfare, provision is to be made for reimbursement to the United States by the recipients of the temporary assistance under the new section 1113 to cover the cost of such assistance. In connection with this requirement of reimbursement, it is con-

templated that the regulations will include provisions for the assignment of claims in appropriate cases. The Secretary may provide this assistance directly or through utilization of the services and facilities of appropriate public or private agencies and organizations. The new provision also authorizes the Secretary of Health, Education, and Welfare to develop plans and make arrangements for provision of temporary assistance within the United States to individuals eligible for such assistance. For purposes of the new provision, the term "temporary assistance" is defined as meaning money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals—including guidance, counseling, and other welfare services—furnished to them within the United States on their arrival in the United States and for such period after their arrival as may be provided in regulations. The program under this amendment is limited in time. No assistance may be provided under this new section 1113 after June 30, 1962.

Mr. Speaker, the second amendment we accepted, dealing with old age assistance, increases from \$30 to \$31 in the first step benefits paid to people under that program at an 80 percent Federal rate and increases the ceiling from \$65 for Federal participation in the payment of these benefits to \$66.

It will be recalled that when Social Security amendments were on the floor of the House in another session of the Congress and we were dealing with this matter of public assistance, that we passed through the House a bill that did increase the ceiling for Federal participation to \$66. That was changed to \$65 by the Senate, and at that time the conference committee accepted the Senate amendment leveling it to \$65.

This amendment does increase the \$65 to \$66. It will be in effect from October 1, 1961, to June 30, 1962, under the amendment and will cost out of the Federal Treasury an additional \$15 million. It should be recognized in that connection, however, Mr. Speaker, that the amendments that are being enacted with respect to the old-age and survivors insurance program reduce the cost of public assistance under the budget figure by \$20 million, that we are not adding \$15 million to the budget by the acceptance of this amendment. We are, however, reducing the savings that were in the bill under the budget figure from \$20 million to \$5 million.

Mr. Speaker, the conference report is signed by all of the managers on the part of the House, and I feel that the House should accept the conference report.

Mr. Speaker, I would like to insert a table, prepared by the Department of Health, Education, and Welfare, showing a State-by-State projection of the public assistance amendment distribution:

Public assistance: Estimated additional Federal funds to be paid to States as a result of formula change¹ in H.R. 6027, Oct. 1, 1961—June 30, 1962

	Total	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled		Total	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled
United States.....	\$15,225,400	\$12,693,200	\$532,000	\$2,000,200	Missouri.....	\$583,100	\$582,300	\$21,700	\$79,100
Alabama.....	436,300	383,600	6,000	46,700	Montana.....	43,000	31,800	2,200	9,000
Alaska.....	10,900	10,200	700	(?)	Nebraska.....	89,800	68,900	5,600	15,300
Arizona.....	73,630	67,300	6,300	(?)	Nevada.....	15,200	13,900	1,300	(?)
Arkansas.....	253,700	217,400	7,700	28,600	New Hampshire.....	39,600	34,600	1,800	3,200
California.....	2,009,500	1,826,100	94,300	88,500	New Jersey.....	196,400	136,400	6,700	53,300
Colorado.....	380,600	337,500	2,100	41,000	New Mexico.....	68,900	48,700	1,400	18,800
Connecticut.....	120,500	101,800	2,800	16,500	North Carolina.....	280,300	184,700	25,300	214,200
Delaware.....	11,400	6,700	1,800	2,900	North Dakota.....	60,100	51,100	700	8,300
District of Columbia.....	38,200	16,500	1,500	21,200	Ohio.....	604,500	493,300	25,100	96,100
Florida.....	392,400	333,000	11,500	47,900	Oklahoma.....	719,100	634,800	13,100	71,200
Georgia.....	471,000	369,000	13,900	88,100	Oregon.....	157,000	119,500	1,800	35,000
Hawaii.....	15,300	7,700	600	7,000	Pennsylvania.....	411,900	270,400	45,500	96,000
Idaho.....	61,900	52,300	1,100	8,500	Rhode Island.....	70,500	48,000	900	21,600
Illinois.....	542,500	381,400	21,200	139,900	South Carolina.....	157,500	120,400	6,600	30,500
Indiana.....	151,000	137,600	13,400	(?)	South Dakota.....	38,100	33,000	600	4,500
Iowa.....	257,000	241,900	10,300	4,800	Tennessee.....	258,900	209,300	10,400	39,200
Kansas.....	233,800	199,200	4,300	30,300	Texas.....	1,013,300	954,800	27,500	31,000
Kentucky.....	255,200	215,300	9,300	30,600	Utah.....	51,700	32,100	800	18,800
Louisiana.....	989,200	905,700	20,100	63,400	Vermont.....	22,400	18,800	400	3,200
Maine.....	58,900	41,400	1,700	15,800	Virginia.....	86,200	55,900	4,900	25,500
Maryland.....	87,900	51,700	2,300	33,900	Washington.....	398,500	341,100	5,100	52,300
Massachusetts.....	545,900	455,900	15,500	74,500	West Virginia.....	104,800	72,600	3,900	28,300
Michigan.....	451,500	410,300	12,500	36,700	Wisconsin.....	279,500	244,400	6,700	28,400
Minnesota.....	349,700	339,200	7,600	11,900	Wyoming.....	21,200	16,700	400	4,100
Mississippi.....	382,800	319,900	23,100	48,800					

¹ Average maximum on 1st part of payment subject to 4/5 matching raised from \$30 to \$31; overall average maximum raised from \$65 to \$66 with \$15 additional in old-age

assistance. Assumes increase in Federal funds will be passed on to recipients.
² No program in operation.

Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Speaker, I signed the conference report on H.R. 6027, the Social Security Amendments of 1961. However, I would say to the House Membership that I did so reluctantly; and, in fact, one amendment that was adopted in conference I opposed most strenuously. I will make specific reference to this controversial amendment later in my brief remarks.

As far as the basic provisions which were adopted by this House when we first considered this legislation are concerned, the Senate made no changes of any substance. It will be recalled that as this legislation passed the House it was limited in its substantive scope to apply exclusively to the OASDI provisions of the Social Security Act. The House-passed bill increased the minimum benefit from \$33 to \$40, reduced from age 65 to age 62 the point at which a man could become eligible for benefits, liberalized the insured status requirement so that benefit eligibility could be claimed with 1 out of 4 quarters of coverage instead of 1 out of 3 quarters of coverage, increased the benefit percentage of the primary insured amount for certain dependents, and extended for 1 year the filing period for disability for purposes of determining benefit eligibility. The bill also provided for an increase in the tax rates so as to finance the benefit liberalizations provided in the bill.

The other body adopted one OASDI amendment, Mr. Speaker, which I believe was particularly meritorious and the action by the conference committee was to retain that amendment. That amendment pertained to what is known as the retirement test, or the limitation on amount that a beneficiary may earn

without incurring a loss of benefit rights. It will be recalled that during the House consideration of H.R. 6027, the Republican Members of the House joined in supporting an amendment to the bill which would have liberalized this retirement test. That move was defeated by the House, but a Senate amendment that was approved accomplishes substantially the objective of the amendment that we considered in the House, although it is more limited than the action that we would have taken.

The House amendment would have increased the ceiling from \$1,500 to \$1,800 at which there is imposed a dollar loss of benefit entitlement for each dollar earned. This amendment would have broadened the \$300 band between the range from \$1,200 to \$1,500 under present law to a range of \$1,200 to \$1,800 within which an individual would lose \$1 in benefit for every \$2 earned. As I said this Republican endeavor was defeated in the House. The Senate amendment accomplished substantially the objective of this House Republican amendment except that instead of going to a \$1,800 limit the ceiling would be \$1,700. The cost of this liberalization under the Senate amendment which the House conferees accepted would be defrayed by advancing 1 year to 1968 the tax rate increases scheduled under existing law to occur beginning January 1, 1969.

On that amendment, Mr. Speaker, I have said the House yielded, and I think we were wise in yielding; and we bring to you that change.

I would speak now, though, Mr. Speaker, of two amendments that were added to the House bill that do not relate to the Old Age, Survivors and Disability Insurance System, which is what we confined ourselves to in the House bill. These Senate amendments on which I will now comment relate to the area of the public assistance pro-

grams such as old-age assistance, aid to the blind and aid to the disabled.

One of these two amendments adds an entirely new category of assistance that will be considered as part of our public assistance programs; namely, assistance to returning citizens of the United States from foreign countries who may be ill and destitute and in need.

First, let me address myself to this amendment which concerns a completely new program. This will be a program financed entirely with Federal funds to assist citizens of the United States and dependents of citizens of the United States who return from a foreign country without available resources. My criticism of this amendment is not that I am unwilling to have a Federal program operate in this area. Instead my concern is directed toward the fact that the Congress has no knowledge of what is really planned in the way of a program in this area. We are in effect giving a blanket authorization and practically a blank check to the Secretary of Health, Education, and Welfare. I would hope that the Committee on Appropriations will look at this program and proposed expenditure very closely so that the funds granted are consistent with the justifications presented. I would hope that the Committee on Appropriations would not follow the course of just giving a blanket authorization or a blank check as we were obliged to do in the conference meeting.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS. I would like to join the gentleman from Wisconsin in the expression of that expectation and hope. I think we did about all we could do in conference with respect to this matter. I think my esteemed and able friend will agree with that statement. It should be pointed out we have only done this

for one fiscal year. We can check it again.

Mr. BYRNES of Wisconsin. I agree with the distinguished gentleman. I am sure the Chairman would concur that I insisted we could not go beyond 1 year and that next year we had to take a completely fresh look at this thing and really go into details of the proposal before any kind of an extension or a permanent authorization is made.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. MILLS. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. BYRNES of Wisconsin. Mr. Speaker, it is true that the Congress will have an opportunity to review the program next year, but if there is an urgent need for such program I am unable to understand why the administration has not come forward with detailed plans prior to this time. In view of all the other details for programs we have been exposed to and will be exposed to in months to come that have been sent to Congress from the administration where are the details for this program? The administration knew this problem existed. The administration did not bring the proposal before the Committee on Ways and Means but waited in the Senate until the last minute, the end of the fiscal year, and then in panic say they have to have this authority. I agree that there is a problem here that has to be met, but I complain at the way this has been handled by the administration and the way the executives has put us in a position where we have to put a blank OK on something about which we know nothing of the details. To that I protest most strongly as a member of the Committee on Ways and Means and a Member of the House.

The second Senate amendment in the area of public assistance that I would address myself to that was accepted in conference and which I opposed provides for an increase in Federal participation in the various public assistance programs. What we have done here, Mr. Speaker, is without any request or recommendation for it. There has been no request from the administration. I have not heard from any State public welfare administration that has come to us and said, "We need this additional help."

At this time when our budget is in a precarious situation and certainly that was pointed out a few days ago in the debate on legislation increasing our borrowing capacity because of the deficit spending in which we are presently engaged—in spite of that budget situation, this amendment finds Congress acting on public assistance without any justification, request, or recommendation, that was presented to us. In fact, this amendment was approved against the administration's position. It hands out \$15 million more in Federal funds to the States.

Now, I will say this, I think the amendment that was adopted in the conference is better than the amendment that was adopted by the Senate, which would have involved \$20 million and given half

of the total cost to five States. At least under the House-Senate conference agreement every State gets something.

But, I would point out that a very interesting thing happened in the conference. The administration spokesmen said they opposed this amendment. They said, in fact, that they did not want any amendment to any existing public assistance program until they were able to review the whole program. But while they took that position, they constantly were giving suggestions as to how we could sweeten the thing up so that we could get it out of conference. I never heard such doubletalk in all my life in a conference on any bill as I did with respect to this item. The doubletalk from the Department of Health, Education, and Welfare, as to whether this was a good or bad amendment and whether or not it should be adopted was unbelievable. In one breath they say, "You cannot have it;" but in the other breath they would say, "Here it is sweetened up enough in the conference so that we can get it out." Mr. Speaker, such confused policy in conflict with a stated position, contradicted by a different stated suggestion does not, in my opinion, seem conducive to sound thinking with respect to fiscal policy or welfare program planning.

The cost of the amendment, as adopted by the House-Senate conference, as I have indicated, will be somewhat in excess of \$15 million for the 9-month period it will be in effect. This is \$15 million that the Federal Government does not have to spend which will be added to what the public debt otherwise would be and which will be given to the States that have not asked for the increase.

In effect we are asked to approve additional Government spending we cannot afford for a program change that is opposed by the administration to give unsolicited money to the States. We are asked to undertake a program of added Federal cost to accomplish a result that could be better undertaken by the States to the extent the States determined there was need for the expanded programs.

Mr. Speaker, I will not talk further on this conference report. I support the adoption of the report but express regret that the House conferees accepted those Senate amendments that I have briefly criticized in my remarks this afternoon.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks in the RECORD at this point, and I ask unanimous consent to revise and extend my remarks and to include certain tables.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. LOSER. Mr. Speaker, some weeks ago I introduced a bill amending the social security law so as to afford municipal and State employees another opportunity to elect whether such persons would elect to become members of the social security system. My bill would extend the period for making the election for 2 years. While this group of public employees has had two opportunities

to make this election, yet many of them were not fully informed as to the benefits that would be extended them under the system. Many of these people in my area have importuned me to assist them in this regard.

I am happy, Mr. Speaker, that under the conference report on the bill amending the social security law, as explained by the distinguished chairman of the Committee on Ways and Means, Mr. Mills of Arkansas, another opportunity is extended public employees to make the election as to whether they will become members of the system. This extension of time for making this election is for a period of 2 years.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SOCIAL SECURITY AMENDMENTS OF
1961—CONFERENCE REPORT

Mr. SYMINGTON obtained the floor.
Mr. KERR. Madam President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. KERR. The Senator from Missouri yields for a unanimous-consent request for the immediate consideration of a conference report on the Social Security Amendments of 1961, with the understanding that if the conference report is not disposed of in 3 minutes, it will be withdrawn.

The PRESIDING OFFICER. How much time does the Senator from Missouri yield?

Mr. SYMINGTON. I yield whatever time the distinguished Senator from Oklahoma feels is right and proper.

Mr. KERR. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of June 28, 1961, pp. 10699-10700, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KERR. Madam President, I ask unanimous consent that a brief statement of explanation be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6027) to improve benefits under the old-age survivors and disability insurance program by increasing the minimum benefits and aged widows benefits and by making additional persons eligible for benefits under the program, and for other purposes.

On the major provision of H.R. 6027 there was no disagreement between the two bodies. These were President Kennedy's recommendations, slightly modified, which will increase the social security minimum benefit and the widow's benefit, liberalize the insured status requirement, and provide an actuarially reduced benefit for men at age 62. As was pointed out in the Senate debate on the bill, the result will be new or increase benefits for 4.4 million people totaling some \$800 million in the first year.

I am happy to say that the House receded on all the major provisions added by the

Senate. The liberalization of the income limitation (retirement test) was approved in the same form as it passed the Senate. The Senator from New Hampshire will be particularly pleased, I know, that we were able to accomplish this result without "one tiny bit of fiscal irresponsibility" since the bill is now in exact actuarial balance. As you will recall, the Senate bill moves up the effective date of the ultimate social security tax rate by 1 year, from 1969 to 1968, to meet the 0.02 percent of payroll cost of this amendment.

The House also receded on the Senate amendment facilitating social security coverage of State and local employees and of certain ministers.

With respect to the changes in the public assistance program adopted by the Senate a compromise was reached in the conference which has the effect of providing higher Federal participation to all jurisdictions rather than just those States who are making payments at or above the Federal maximum.

The compromise adopted by the conference will increase Federal matching for the lower payment States—by increasing from \$30 to \$31 the amount the Federal Government will match at the 80 percent base level and then, in line with the philosophy of the Senate bill, will increase the maximum which will be matched from \$65 to \$66. The compromise also makes October 1, 1961 the effective date of this provision, reducing the total Federal cost from approximately \$20 million to \$15 million, since it will cover a period of 9 months rather than a full year. The total cost of this provision will be more than offset by the public assistance savings which will be brought about by the enactment of the old-age and survivors insurance provisions in the bill, particularly the increase in the minimum benefit and the liberalization of the insured status requirement.

The Senate amendment granting assistance to Americans returning from foreign countries because they are ill, destitute, or have been displaced by international disturbances was accepted by the House with some modifications. The program, under the conference agreement, will apply only to U.S. citizens, rather than to U.S. nationals, and will continue for only 1 year, rather than indefinitely.

The Senate receded on the floor amendment which would have required the States to allow the individual recipient of medical assistance to the aged the choice of who would provide him medical services. Although this amendment has much appeal, there was the feeling that its implications should be much more thoroughly explored inasmuch as some questions arose as to whether it might interfere with the traditional relationship of doctors with hospitals and also reduce the latitude of the States in controlling their medical programs.

I ask that the Senate accept the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. JAVITS. Madam President, I ask whether the conference report was agreed to unanimously by the conferees.

Mr. KERR. It was.

Mr. CURTIS. Madam President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. CURTIS. Will the Senator state for the RECORD on what points, if any,

the Senate yielded in the conference with the House?

Mr. KERR. I have asked to have printed in the RECORD a brief statement concerning the report of the committee of conference. In the main, the House agreed to the Senate amendments. On the amendment of the Senator from Minnesota the Senate receded. The amendment of the Senator from Iowa with reference to caring for indigent returning citizens was amended and agreed to. The public assistance amendment of the Senate to the bill was reduced about 25 percent and agreed to.

Mr. CURTIS. Is the Senator referring to the Long amendment?

Mr. KERR. Yes.

Mr. CURTIS. I ask concerning the so-called Smathers amendment, relating to the authorization for the Secretary of Health, Education, and Welfare to take care of certain individuals brought to this country by reason of war or other emergency.

Mr. KERR. The amendment was reduced in its extent and scope to apply to citizens. Its effectiveness was limited to 1 year, and it was accepted in that form.

Mr. CURTIS. In the main, the conference report slightly reduced the scope of the Senate bill.

Mr. KERR. Any changes were in the nature of reductions.

Mr. DIRKSEN. I understand that the conference report was signed by both the majority and the minority members of the conference committee. Is that correct?

Mr. KERR. The conference report is on the desk. They all signed it.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. KERR. I yield.

Mr. JAVITS. I understand that with respect to the matter of citizens and nationals, as the bill left the Senate, it referred to both citizens and nationals, but that in conference it was changed to refer to citizens only. Is that correct?

Mr. KERR. That is correct.

Mr. JAVITS. Obviously the report will be agreed to. I have no intention of opposing it. I should like to say to my friend from Oklahoma that this is a rather fundamental point. There are many laws under which we deprive nationals of the same opportunities that we give our citizens. They relate, for example, most damagingly in the cases of agreements with foreign countries, or funding agreements with relation to Iron Curtain countries, where the people have suffered losses when the Communists took over. For instance, there are cases where there is money left, and it is distributed. The distribution is then confined to citizens, although most of the people affected are alien residents who have not yet become citizens.

As I understand, the provision is limited to 1 year.

Mr. KERR. The Senator is correct.

Mr. JAVITS. So that there will be an opportunity again to consider the matter within that time.

Mr. KERR. The statement on the part of the House conferees is to the effect that that will be done.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. KERR. Madam President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. SYMINGTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. I thank my good friend from Missouri for his courtesy in permitting the Senate to dispose of the conference report. We had word from the White House that the President would like to receive the bill at this time, to be able to sign it, in order that it might become effective on July 1st for hundreds of thousands of beneficiaries for the month of August. I am very grateful to the Senator from Missouri.



Public Law 87-64
87th Congress, H. R. 6027
June 30, 1961

An Act

75 STAT. 131.

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1961".

Social Security
Amendments of
1961.

TITLE I—AMENDMENTS TO TITLE II OF THE
SOCIAL SECURITY ACT

INCREASE IN MINIMUM BENEFITS

SEC. 101. (a) The table in section 215(a) of the Social Security Act is amended by striking out all the figures in columns I, II, III, IV, and V down through the line which reads

72 Stat. 1013.
42 USC 415.

"\$13.49 14.00 37.10 38.00 68 69 41 61.50"

and inserting in lieu thereof the following:

"----- \$13.48 ----- \$37.00 ----- \$67 \$40 \$60.00
\$13.49 14.00 \$37.10 38.00 \$68 69 41 61.50".

(b) The amendment made by subsection (a) shall apply only in the case of monthly insurance benefits under title II of the Social Security Act for months beginning on or after the effective date of this title, and in the case of lump-sum death payments under such title with respect to deaths on or after such effective date.

42 USC 401-425.

REDUCED BENEFITS FOR MEN AT AGE 62

SEC. 102. (a) Section 202 of the Social Security Act is amended by striking out "retirement age" and "retirement age (as defined in section 216(a))" each place they appear therein and inserting in lieu thereof "age 62".

42 USC 402.

(b)(1) Subsections (q) and (r) of section 202 of such Act are amended to read as follows:

"Adjustment of Old-Age, Wife's, or Husband's Insurance Benefit
Amounts in Accordance With Age of Beneficiary

"(q) (1) If the first month for which an individual is entitled to an old-age, wife's, or husband's insurance benefit is a month before the month in which such individual attains age 65, the amount of such benefit for each month shall, subject to the succeeding paragraphs of this subsection, be reduced by—

"(A) $\frac{5}{9}$ of 1 percent of such amount if such benefit is an old-age insurance benefit, or $\frac{25}{36}$ of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit; multiplied by

"(B) (i) the number of months in the reduction period for such benefit (determined under paragraph (5)), if such benefit is for a month before the month in which such individual attains age 65, or

"(ii) the number of months in the adjusted reduction period for such benefit (determined under paragraph (6)), if such benefit is for the month in which such individual attains age 65 or for any other month thereafter.

“(2) (A) If the first month for which an individual both is entitled to a wife’s or husband’s insurance benefit and has attained age 62 is a month for which such individual is also entitled to—

“(i) an old-age insurance benefit (to which such individual was first entitled for a month before he attains age 65), or

“(ii) a disability insurance benefit,

then in lieu of any reduction under paragraph (1) (but subject to the succeeding paragraphs of this subsection) such wife’s or husband’s insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D).

“(B) For any month for which such individual is entitled to an old-age insurance benefit, such individual’s wife’s or husband’s insurance benefit shall be reduced by the sum of—

“(i) the amount by which such old-age insurance benefit is reduced under paragraph (1), and

“(ii) the amount by which such wife’s or husband’s insurance benefit would be reduced under paragraph (1) if it were equal to the excess of such wife’s or husband’s insurance benefit (before reduction under this subsection) over such old-age insurance benefit (before reduction under this subsection).

“(C) For any month for which such individual is entitled to a disability insurance benefit, such individual’s wife’s or husband’s insurance benefit shall be reduced by the amount by which such benefit would be reduced under paragraph (1) if it were equal to the excess of such benefit (before reduction under this subsection) over such disability insurance benefit.

“(D) For any month for which such individual is entitled neither to an old-age insurance benefit nor to a disability insurance benefit, such individual’s wife’s or husband’s insurance benefit shall be reduced by the amount by which it would be reduced under paragraph (1).

“(3) If—

“(A) an individual is or was entitled to a benefit subject to reduction under this subsection, and

“(B) such benefit is increased by reason of an increase in the primary insurance amount of the individual on whose wages and self-employment income such benefit is based,

then the amount of the reduction of such benefit for each month shall be computed separately (under paragraph (1) or (2), whichever applies) for the portion of such benefit which constitutes such benefit before any increase described in subparagraph (B), and separately (under paragraph (1) or (2), whichever applies to the benefit being increased) for each such increase. For purposes of determining the amount of the reduction under paragraph (1) or (2) in any such increase, the reduction period and the adjusted reduction period shall be determined as if such increase were a separate benefit to which such individual was entitled for and after the first month for which such increase is effective.

“(4) (A) No wife’s insurance benefit shall be reduced under this subsection—

“(i) for any month before the first month for which there is in effect a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife’s insurance benefits reduced as provided in this subsection, or

“(ii) for any month in which she has in her care (individually or jointly with the person on whose wages and self-employment income her wife’s insurance benefit is based) a child of such person entitled to child’s insurance benefits.

“(B) Any certificate described in subparagraph (A) (i) shall be effective for purposes of this subsection (and for purposes of preventing deductions under section 203(c) (2))—

74 Stat. 954.
42 USC 403.

“(i) for the month in which it is filed and for any month thereafter, and

“(ii) for months, in the period designated by the woman filing such certificate, of one or more consecutive months (not exceeding 12) immediately preceding the month in which such certificate is filed;

except that such certificate shall not be effective for any month before the month in which she attains age 62, nor shall it be effective for any month to which subparagraph (A) (ii) applies.

“(C) If a woman does not have in her care a child described in subparagraph (A) (ii) in the first month for which she is entitled to a wife’s insurance benefit, and if such first month is a month before the month in which she attains age 65, she shall be deemed to have filed in such first month the certificate described in subparagraph (A) (i).

“(5) For purposes of this subsection, the ‘reduction period’ for an individual’s old-age, wife’s, or husband’s insurance benefit is the period—

“Reduction period.”

“(A) beginning—

“(i) in the case of an old-age or husband’s insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

“(ii) in the case of a wife’s insurance benefit, with the first day of the first month for which a certificate described in paragraph (4) (A) (i) is effective, and

“(B) ending with the last day of the month before the month in which such individual attains age 65.

“(6) For purposes of this subsection, the ‘adjusted reduction period’ for an individual’s old-age, wife’s, or husband’s insurance benefit is the reduction period prescribed by paragraph (5) for such benefit, excluding from such period—

“Adjusted reduction period.”

“(A) any month in which such benefit was subject to deductions under section 203(b), 203(c) (1), 203(d) (1), or 222(b),

42 USC 403, 422.

“(B) in the case of wife’s insurance benefits, any month in which she had in her care (individually or jointly with the person on whose wages and self-employment income such benefit is based) a child of such person entitled to child’s insurance benefits, and

“(C) in the case of wife’s or husband’s insurance benefits, any month for which such individual was not entitled to such benefits because the spouse on whose wages and self-employment income such benefits were based ceased to be under a disability.

“(7) This subsection shall be applied after reduction under section 203(a) and after application of section 215(g). If the amount of any reduction computed under paragraph (1) or (2) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.

42 USC 403, 415.

“Presumed Filing of Application by Individuals Eligible for Old-Age Insurance Benefits and for Wife’s or Husband’s Insurance Benefits

“(r) (1) If the first month for which an individual is entitled to an old-age insurance benefit is a month before the month in which such individual attains age 65, and if such individual is eligible for a wife’s or husband’s insurance benefit for such first month, such individual shall be deemed to have filed an application in such month for wife’s or husband’s insurance benefits.

"(2) If the first month for which an individual is entitled to a wife's or husband's insurance benefit reduced under subsection (q) is a month before the month in which such individual attains age 65, and if such individual is eligible for an old-age insurance benefit for such first month, such individual shall be deemed to have filed an application for old-age insurance benefits—

"(A) in such month, or

"(B) if such individual is also entitled to a disability insurance benefit for such month, in the first subsequent month for which such individual is not entitled to a disability insurance benefit.

"(3) For purposes of this subsection, an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, he would be entitled to such benefit for such month."

42 USC 402.

(2) (A) Section 202(s) of the Social Security Act is hereby repealed.

42 USC 423.

(B) Section 223(a) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) If, for any month before the month in which an individual attains age 65, such individual is entitled to—

"(A) a widow's, widower's, or parent's insurance benefit, or

"(B) an old-age, wife's, or husband's insurance benefit which

Ante, p. 131.

is reduced under subsection (q) of section 202,

such individual may not, for any month after the first month for which such individual is so entitled, become entitled to disability insurance benefits; and a period of disability may not begin with respect to such individual in any month after such first month."

(C) Section 223(a)(1) of such Act is amended by striking out "the month in which he attains the age of sixty-five," and inserting in lieu thereof "the month in which he attains age 65, the first month for which he is entitled to old-age insurance benefits."

42 USC 416.

(D) The third sentence of section 216(i)(2) of such Act is amended by striking out "a period of disability shall begin" and inserting in lieu thereof "a period of disability shall (subject to section 223(a)(3)) begin".

Supra.

42 USC 402.

(3) Section 202(j)(3) of such Act is amended to read as follows:

"(3) Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to any benefit referred to in paragraph (1) for any one or more consecutive months (beginning with the earliest month for which such individual would otherwise be entitled to such benefit) which occur before the month in which such individual files application for such benefit; and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before such individual filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero."

42 USC 416.

(c) (1) Section 216(a) of the Social Security Act is hereby repealed.

(2) The following provisions of title II of such Act are amended by striking out "retirement age" each place it appears therein and inserting in lieu thereof "age 62":

42 USC 413.

(A) the next to the last sentence of section 213(a),

42 USC 416.

(B) subsections (b), (c), (f), and (g) of section 216, and

42 USC 423.

(C) the second sentence of section 223(a)(2).

(3) The following provisions of title II of such Act are amended by striking out "retirement age" and "retirement age (as defined in

section 216(a))" each place they appear therein and inserting in lieu thereof "age 62 (if a woman) or age 65 (if a man)":

- (A) section 209(i), 42 USC 409.
 - (B) the last sentence of section 213(a), 42 USC 413.
 - (C) section 216(i)(3)(A), 42 USC 416.
 - (D) the first sentence of section 223(a)(2), and 42 USC 423.
 - (E) section 223(c)(1)(A).
- (d)(1) Section 215(a)(4) of such Act is amended to read as 42 USC 415.

follows:

"(4) In the case of—

"(A) a woman who was entitled to a disability insurance benefit for the month before the month in which she died or became entitled to old-age insurance benefits, or

"(B) a man who was entitled to a disability insurance benefit for the month before the month in which he died or attained age 65,

the amount in column IV which is equal to such disability insurance benefit."

(2) Section 215(b)(3) of such Act is amended to read as follows: 42 USC 415.

"(3) For purposes of paragraph (2), the number of an individual's elapsed years is the number of calendar years after 1950 (or, if later, the year in which he attained age 21) and before—

"(A) in the case of a woman, the year in which she died or (if earlier) the first year after 1960 in which she both was fully insured and had attained age 62,

"(B) in the case of a man who has died, the year in which he died or (if earlier) the first year after 1960 in which he both was fully insured and had attained age 65, or

"(C) in the case of a man who has not died, the first year after 1960 in which he attained (or would attain) age 65 or (if later) the first year in which he was fully insured.

For purposes of the preceding sentence, any calendar year any part of which was included in a period of disability shall not be included in such number of calendar years."

(3) Section 215(f) of such Act is amended by adding at the end thereof the following new paragraph:

"(7)(A) In the case of a man who attains age 65 and who became entitled to old-age insurance benefits before the month in which he attains such age, his primary insurance amount shall be recomputed as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he attained age 65, except that his computation base years referred to in subsection (b)(2) shall include the year in which he attained age 65. Such recomputation shall be effective for and after the month in which he attained age 65.

"(B) In the case of a man who became entitled to old-age insurance benefits and died before the month in which he attained age 65, the Secretary shall, if any person is entitled to monthly insurance benefits or a lump-sum death payment on the basis of the wages and self-employment income of the decedent, recompute his primary insurance amount as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he died; except that (i) his computation base years referred to in subsection (b)(2) shall include the year in which he died, and (ii) his elapsed years referred to in subsection (b)(3) shall not include the year in which he died or any year thereafter. In the case of monthly insurance benefits, such recomputation of a man's primary insurance amount shall be effective for and after the month in which he died."

(e)(1) Section 202(b)(1)(C) of such Act is amended to read as 42 USC 402.

follows:

42 USC 402.

“(C) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of her husband,”.

(2) So much of section 202(b)(1) of such Act as follows clause (C) is amended by striking out “equal to or exceeds one-half of an old-age or disability insurance benefit of her husband,” and inserting in lieu thereof “equal to or exceeds one-half of the primary insurance amount of her husband,”.

(3) Section 202(b)(2) of such Act is amended by striking out “old-age or disability insurance benefit” and inserting in lieu thereof “primary insurance amount”.

(4) Section 202(c)(1)(D) of such Act is amended to read as follows:

“(D) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of his wife,”.

(5) So much of section 202(c)(1) of such Act as follows clause (D) is amended by striking out “old-age or disability insurance benefit equal to or exceeding one-half of the primary insurance amount of his wife,” and inserting in lieu thereof “old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of the primary insurance amount of his wife,”.

(6) Section 202(c)(3) of such Act is amended by striking out “Such” and inserting in lieu thereof “Except as provided in subsection (q), such”.

(f)(1) The amendments made by subsection (a) shall apply with respect to monthly benefits for months beginning on or after the effective date of this title based on applications filed in or after March 1961.

(2) (A) Except as provided in subparagraphs (B), (C), and (D), section 202(q) of such Act, as amended by subsection (b)(1), shall apply with respect to monthly benefits for months beginning on or after the effective date of this title.

(B) Section 202(q)(3) of such Act, as amended by subsection (b)(1), shall apply with respect to monthly benefits for months beginning on or after the effective date of this title, but only if the increase described in such section 202(q)(3)—

(i) is not effective for any month beginning before the effective date of this title, or

(ii) is based on an application for a recomputation filed on or after the effective date of this title.

(C) In the case of any individual who attained age 65 before the effective date of this title, the adjustment in such individual's reduction period provided for in section 202(q)(6) of such Act, as amended by subsection (b)(1), shall not apply to such individual unless the total of the months specified in subparagraphs (A), (B), and (C) of such section 202(q)(6) is not less than 3.

(D) In the case of any individual entitled to a monthly benefit for the last month beginning before the effective date of this title, if the amount of such benefit for any month thereafter is, solely by reason of the change in section 202(q) of such Act made by subsection (b)(1), lower than the amount of such benefit for such last month, then it shall be increased to the amount of such benefit for such last month.

(3) Section 202(r) of such Act, as amended by subsection (b)(1), shall apply only with respect to monthly benefits for months beginning on or after the effective date of this title, except that subpara-

graph (B) of section 202(r)(2) (as so amended) shall apply only if the first subsequent month described in such subparagraph (B) is a month beginning on or after the effective date of this title.

(4) The amendments made by subsection (b)(2) shall take effect on the effective date of this title.

(5) The amendments made by subsection (b)(3) shall apply with respect to applications for monthly benefits filed on or after the effective date of this title.

(6) The amendments made by subsections (c) and (d)(1) and (2) shall apply with respect to—

(A) monthly benefits for months beginning on or after the effective date of this title based on applications filed in or after March 1961, and

(B) lump-sum death payments under title II of the Social Security Act in the case of deaths on or after the effective date of this title. 42 USC 401-425.

(7) The amendment made by subsection (d)(3) shall take effect on the effective date of this title.

(8) The amendments made by subsection (e) shall apply with respect to monthly benefits for months beginning on or after the effective date of this title.

(9) For purposes of this subsection, the term "monthly benefits" means monthly insurance benefits under title II of the Social Security Act.

FULLY INSURED STATUS

SEC. 103. (a) Section 214(a) of the Social Security Act is amended 42 USC 414. to read as follows:

"Fully Insured Individual

"(a) The term 'fully insured individual' means any individual who had not less than—

"(1) one quarter of coverage (whenever acquired) for each calendar year elapsing after 1950 (or, if later, the year in which he attained age 21) and before—

"(A) in the case of a woman, the year in which she died or (if earlier) the year in which she attained age 62,

"(B) in the case of a man who has died, the year in which he died or (if earlier) the year in which he attained age 65,

or

"(C) in the case of a man who has not died, the year in which he attained (or would attain) age 65,

except that in no case shall an individual be a fully insured individual unless he has at least 6 quarters of coverage; or

"(2) 40 quarters of coverage; or

"(3) in the case of an individual who died before 1951, 6 quarters of coverage;

not counting as an elapsed year for purposes of paragraph (1) any year any part of which was included in a period of disability (as defined in section 216(i))."

42 USC 416.

(b) The amendment made by subsection (a) shall apply—

(1) in the case of monthly benefits under title II of the Social Security Act for months beginning on or after the effective date of this title, based on applications filed in or after March 1961,

(2) in the case of lump-sum death payments under such title with respect to deaths on or after the effective date of this title, and

(3) in the case of an application for a disability determination (with respect to a period of disability, as defined in section 216(i) of such Act) filed in or after March 1961.

42 USC 402. (c) In the case of any widower or parent who would not be entitled to widower's insurance benefits under section 202(f), or parent's insurance benefits under section 202(h), of the Social Security Act except for the enactment of this Act (other than this subsection), the requirement in sections 202(f)(1)(D) and 202(h)(1)(B), respectively, of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed before the close of the 2-year period which begins on the effective date of this title.

74 Stat. 964.
42 USC 415 note. (d) Effective as of September 13, 1960, the last sentence of section 303(g)(1) of the Social Security Amendments of 1960 is amended to read as follows: "The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act; except that the terms 'fully insured' and 'retirement age' shall have the meaning assigned to them by such title II as in effect on September 13, 1960."

INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S INSURANCE BENEFITS

42 USC 402. SEC. 104. (a) Section 202(e)(2) of such Act is amended to read as follows:

"(2) Such widow's insurance benefit for each month shall be equal to 82½ percent of the primary insurance amount of her deceased husband."

(b) Section 202(f)(3) of such Act is amended to read as follows:

"(3) Such widower's insurance benefit for each month shall be equal to 82½ percent of the primary insurance amount of his deceased wife."

(c) Section 202(h)(2) of such Act is amended to read as follows:

"(2)(A) Except as provided in subparagraphs (B) and (C), such parent's insurance benefit for each month shall be equal to 82½ percent of the primary insurance amount of such deceased individual.

"(B) For any month for which more than one parent is entitled to parent's insurance benefits on the basis of such deceased individual's wages and self-employment income, such benefit for each such parent for such month shall (except as provided in subparagraph (C)) be equal to 75 percent of the primary insurance amount of such deceased individual.

"(C) In any case in which—

"(i) any parent is entitled to a parent's insurance benefit for a month on the basis of a deceased individual's wages and self-employment income, and

"(ii) another parent of such deceased individual is entitled to a parent's insurance benefit for such month on the basis of such wages and self-employment income, and on the basis of an application filed after such month and after the month in which the application for the parent's benefits referred to in clause (i) was filed,

the amount of the parent's insurance benefit of the parent referred to in clause (i) for the month referred to in such clause shall be determined under subparagraph (A) instead of subparagraph (B) and the amount of the parent's insurance benefit of a parent referred to in clause (ii) for such month shall be equal to 150 percent of the primary insurance amount of the deceased individual minus the amount (before the application of section 203(a)) of the benefit for such month of the parent referred to in clause (i)."

(d) (1) Subsections (e)(1) and (f)(1) of section 202 of such Act are amended by striking out "three-fourths" each place it appears therein and inserting in lieu thereof "82½ percent".

(2) Section 202(h)(1) of such Act is amended by striking out 42 USC 402. "three-fourths of the primary insurance amount of such deceased individual" each place it appears therein and inserting in lieu thereof "82½ percent of the primary insurance amount of such deceased individual if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case)".

(e) The amendments made by this section shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning on or after the effective date of this title.

(f) Where—

(1) two or more persons were entitled (without the application of subsection (j)(1) of section 202 of the Social Security Act) to monthly benefits under such section 202 for the last month beginning before the effective date of this title on the basis of the wages and self-employment income of a deceased individual, and one or more of such persons is entitled to a monthly insurance benefit under subsection (e), (f), or (h) of such section 202 for such last month; and

(2) no person, other than the persons referred to in paragraph (1) of this subsection, is entitled to benefits under such section 202 on the basis of such individual's wages and self-employment income for a subsequent month or for any month after such last month and before such subsequent month; and

(3) the total of the benefits to which all persons are entitled under such section 202 on the basis of such individual's wages and self-employment income for such subsequent month is reduced by reason of the application of section 203(a) of such Act, 42 USC 403. then the amount of the benefit to which each such person referred to in paragraph (1) of this subsection is entitled for such subsequent month shall be determined without regard to this Act if, after the application of this Act, such benefit for such month is less than the amount of such benefit for such last month. The preceding provisions of this subsection shall not apply to any monthly benefit of any person for any month beginning after the effective date of this title unless paragraph (3) also applies to such benefit for the month beginning on such effective date (or would so apply but for the next to the last sentence of section 203(a) of the Social Security Act).

RETROACTIVE EFFECT OF CERTAIN APPLICATIONS FOR DISABILITY DETERMINATIONS

Sec. 105. Effective with respect to applications for disability determinations filed on or after July 1, 1961, section 216(i)(4) of the Social Security Act is amended by striking out "July 1961" and inserting in 42 USC 416. lieu thereof "July 1962" and by striking out "July 1960" and inserting in lieu thereof "January 1961".

EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-FEDERAL AGREEMENTS MAY BE MODIFIED

Sec. 106. (a) Section 218(d)(6)(F) of the Social Security Act 42 USC 418. is amended by striking out "prior to 1960 or, if later, the expiration of one year after the date" and inserting in lieu thereof "prior to 1963 or, if later, the expiration of two years after the date".

(b) Section 218(d)(6)(F) of the Social Security Act is further amended by adding at the end thereof the following new sentence: "Notwithstanding subsection (f)(1), any such modification or later modification, providing for the transfer of additional positions within a retirement system previously divided pursuant to subparagraph

(C) to the separate retirement system composed of positions of members who desire coverage, shall be effective with respect to services performed after the same effective date as that which was specified in the case of such previous division."

INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY DIVIDE THEIR
RETIREMENT SYSTEMS INTO TWO PARTS

42 USC 418. SEC. 107. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting "New Mexico," after "Minnesota,".

LIBERALIZATION OF THE EARNED-INCOME LIMITATION

42 USC 403. SEC. 108. (a) Paragraph (3) of section 203(f) of the Social Security Act is amended by striking out "\$300" wherever it appears therein and inserting in lieu thereof "\$500".

(b) The amendment made by subsection (a) shall apply in the case of taxable years ending after the enactment of this Act.

EFFECTIVE DATE

SEC. 109. Except as otherwise provided, the effective date of this title is the first day of the first calendar month which begins on or after the 30th day after the date of the enactment of this Act.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE
CODE OF 1954

CHANGES IN TAX SCHEDULES

Self-Employment Income Tax

26 USC 1401. SEC. 201. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income) is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1961, and before January 1, 1963, the tax shall be equal to 4.7 percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to 5.4 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1968, the tax shall be equal to 6.2 percent of the amount of the self-employment income for such taxable year; and

"(4) in the case of any taxable year beginning after December 31, 1967, the tax shall be equal to 6.9 percent of the amount of the self-employment income for such taxable year."

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows: 26 USC 3101.

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))— 26 USC 3121.

"(1) with respect to wages received during the calendar year 1962, the rate shall be $3\frac{1}{8}$ percent;

"(2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be $3\frac{5}{8}$ percent;

"(3) with respect to wages received during the calendar years 1966 to 1967, both inclusive, the rate shall be $4\frac{1}{8}$ percent; and

"(4) with respect to wages received after December 31, 1967, the rate shall be $4\frac{5}{8}$ percent."

Tax on Employers

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows: 26 USC 3111. 26 USC 3126.

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))— 26 USC 3121.

"(1) with respect to wages paid during the calendar year 1962, the rate shall be $3\frac{1}{8}$ percent;

"(2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be $3\frac{5}{8}$ percent;

"(3) with respect to wages paid during the calendar years 1966 to 1967, both inclusive, the rate shall be $4\frac{1}{8}$ percent; and

"(4) with respect to wages paid after December 31, 1967, the rate shall be $4\frac{5}{8}$ percent."

Effective Dates

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1961. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1961.

EXTENSION OF TIME TO ELECT COVERAGE ON BEHALF OF MINISTERS

SEC. 202. (a) Section 1402(e) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph: 26 USC 1402.

"(6) CERTIFICATE FILED BY FIDUCIARIES OR SURVIVORS ON OR BEFORE APRIL 15, 1962.—In any case where an individual, whose death has occurred after September 12, 1960, and before April 16, 1962, derived earnings from the performance of services described in subsection (c) (4), or in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, a certificate may be filed after the date of enactment of this paragraph, and on or before April 15, 1962, by a fiduciary acting for such individ-

42 USC 405.

ual's estate or by such individual's survivor within the meaning of section 205(c)(1)(C) of the Social Security Act. Such certificate shall be effective for the period prescribed in paragraph (3)(A) as if filed by the individual on the day of his death."

(b) The amendment made by subsection (a) shall take effect on the date of enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendment, and no lump-sum death payment under such title shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of this Act.

TITLE III—MISCELLANEOUS

AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

45 USC 228a.

SEC. 301. Section 1(q) of the Railroad Retirement Act of 1937 is amended by striking out "1960" and inserting in lieu thereof "1961".

ASSISTANCE FOR RETURNING UNITED STATES CITIZENS

42 USC 1301-1312.

Sec. 302. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES

"SEC. 1113. (a) (1) The Secretary is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources.

"(2) Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.

"(3) The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.

"(b) The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a) (1). Such plans shall be developed and such arrangements shall be made after consultation with the Secretary of State, the Attorney General, and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.

"Temporary assistance."

"(c) For purposes of this section, the term 'temporary assistance' means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare

services) furnished to them within the United States upon their arrival in the United States and for such period after their arrival as may be provided in regulations of the Secretary.

“(d) No temporary assistance may be provided under this section after June 30, 1962.”

ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSISTANCE PAYMENTS

SEC. 303. (a) (1) Section 3(a) (1) of the Social Security Act is amended—

(A) by striking out “\$30” and inserting in lieu thereof “\$31”;

(B) by striking out “\$65” each place it appears therein and inserting in lieu thereof “\$66”; and

(C) by striking out “\$80” and inserting in lieu thereof “\$81”.

(2) Section 3(a) (2) of such Act is amended—

(A) by striking out “\$35” each place it appears therein and inserting in lieu thereof “\$35.50”; and

(B) by striking out “\$42.50” and inserting in lieu thereof “\$43”.

(b) (1) Section 1003(a) (1) of such Act is amended—

(A) by striking out “\$30” and inserting in lieu thereof “\$31”;

and

(B) by striking out “\$65” and inserting in lieu thereof “\$66”.

(2) Section 1003(a) (2) of such Act is amended by striking out “\$35” and inserting in lieu thereof “\$35.50”.

(c) (1) Section 1403(a) (1) of such Act is amended—

(A) by striking out “\$30” and inserting in lieu thereof “\$31”;

and

(B) by striking out “\$65” and inserting in lieu thereof “\$66”.

(2) Section 1403(a) (2) of such Act is amended by striking out “\$35” and inserting in lieu thereof “\$35.50”.

(d) Effective only for the fiscal year ending June 30, 1962, section 1108 of the Social Security Act (as amended by section 6 of Public Law 87-31) is amended by striking out “\$9,425,000”, “\$318,750”, and “\$425,000” and inserting in lieu thereof “\$9,500,000”, “\$320,000”, and “\$430,000”, respectively.

(e) The amendments made by subsections (a), (b), and (c) of this section shall apply only in the case of expenditures made after September 30, 1961, and before July 1, 1962, under a State plan approved under title I, X, or XIV, as the case may be, of the Social Security Act.

74 Stat. 989.
42 USC 303.

42 USC 1203.

42 USC 1353.

Ante, p. 78.
42 USC 1308.

42 USC 301, 1201,
1351.

MEANING OF TERM “SECRETARY”

SEC. 304. As used in this title and title I, and in the provisions of the Social Security Act amended thereby, the term “Secretary”, unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

Approved June 30, 1961, 10:45 a. m.

[COMMITTEE PRINT]

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

Harry Flood Byrd, *Chairman*

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE;
MEDICAL ASSISTANCE FOR THE AGED; PUBLIC
ASSISTANCE; ASSISTANCE FOR U.S. CITIZENS
RETURNED FROM FOREIGN COUNTRIES;
AND TEMPORARY EXTENDED UN-
EMPLOYMENT COMPENSATION**

**SHOWING CHANGES MADE BY THE 87TH
CONGRESS DURING 1961**

**(Compiled by Education and Public Welfare Division, Legislative Reference Service,
Library of Congress, at the Direction of the Chairman and Printed
for the Use of the Committee on Finance)**

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OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

I. COVERAGE

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961, unless otherwise indicated)
A. Self-employed.....	<i>Covers</i> all self-employed if they have net earnings from self-employment of \$400 a year except that certain types of income, including dividends, interest, sale of capital assets, and rentals from real estate (including certain rentals paid in crop shares—see item 3, "Farm operators") are not covered unless received by dealers in real estate and securities in the course of business dealings.	No change.
1. Professional groups....	<i>Covers</i> all professional groups except physicians.	No change.
2. Ministers.....	<i>Covers</i> duly ordained, commissioned or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for U.S. employers or serving a congregation predominantly made up of U.S. citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed. Allows election of coverage for present minis-	No change except: Where ministers and Christian Science prac-

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
A. Self-employed—Continued 3. Farm operators-----	<p><i>Covers farm operators on the same basis as other self-employed persons except that farm operators whose annual gross earnings are \$1,800 or less can report either their actual net earnings or 66⅔ percent of their gross earnings.</i></p> <p><i>Farmers whose annual gross earnings are over \$1,800 report their actual net earnings if over \$1,200, but if actual net earnings are less than \$1,200, they may report \$1,200.</i></p> <p><i>Rentals from real estate are not creditable as self-employment earnings, but if landlord under arrangements with tenant or share farmer participates materially in the production of, or in the management of the crops or livestock on his land, the income is covered.</i></p>	No change.
4. Public officials-----	<p><i>Excludes individuals performing functions of public officials.</i></p>	No change.
5. Newspaper vendors---	<p><i>Covers individuals over 18 who buy newspapers and magazines at one price and sell them at another regardless of whether they are guaranteed minimum compensation or may return unsold papers and magazines.</i></p>	No change.
B. Employees-----	<p><i>Covers employees including certain agent or commission drivers, life insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common-law definition of employee.</i></p>	No change.
1. Agricultural workers-	<p><i>Covers agricultural workers who either (1) are paid \$150 or more in cash wages in a calendar year by an employer or (2) perform agricultural labor for an employer on 20 days or more during the calendar year for cash wages computed on a time basis. Farmworkers who are recruited and paid by a crew leader shall be deemed to be employees of the crew leader if such crew leader is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor; under such circumstances the crew leader shall be deemed to be self-employed.</i></p> <p><i>And excludes:</i></p> <p>a. Mexican contract workers.</p> <p>b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other islands in the British West Indies or from any other foreign country or its possessions, on a temporary basis to perform agricultural labor.</p>	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
B. Employees—Continued		
2. Domestic workers----	<p><i>Covers persons performing domestic service in private nonfarm homes if they receive \$50 or more during a calendar quarter from 1 employer. Noncash remuneration is excluded.</i></p> <p><i>Excludes students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college or university.</i></p>	No change.
3. Casual labor-----	<p><i>Covers cash remuneration for service not in the course of the employer's trade or business if the remuneration is \$50 or more from 1 employer during a calendar quarter</i></p>	No change.
4. State and local government employees.	<p><i>Covers employees of State and local governments provided the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions:</i></p> <p><i>a. States have the option of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.</i></p> <p><i>b. Excludes the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered:</i></p> <p style="margin-left: 40px;"><i>(1) employees on work relief projects;</i></p> <p style="margin-left: 40px;"><i>(2) patients and inmates of institutions who are employed by such institutions;</i></p> <p style="margin-left: 40px;"><i>(3) services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, except that agricultural and student services in this category may be covered at the option of the State.</i></p> <p><i>c. Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen in most States) may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. The Governor of a State or his delegate must certify that certain Social Security Act requirements under the referendum procedure have been properly carried out. In most States, all members of a retirement system (with minor exceptions) must be covered if any members are covered.</i></p>	<p>No change.</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Employees—Continued 4. State and local government employees—Continued</p>	<p>Employees of any institution of higher learning (including a junior college or a teachers' college and employees of a municipal or county hospital) under a retirement system can, if the State so desires, be covered as a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system.</p> <p>In addition, employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system could be covered without a referendum. Employees who are members or who have an option to join more than 1 State or local retirement system cannot be covered unless all such retirement systems are covered.</p> <p>Individuals in positions under retirement systems on Sept. 1, 1954, are precluded from obtaining coverage under the nonretirement system coverage provisions.</p> <p><i>Exceptions to general law concerning coverage in named States:</i></p> <p>(1) <i>Split-system provisions.</i>—Authorizes California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin, and all interstate instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new members of the retirement system coverage group are covered compulsorily. Also authorize similar treatment of political subdivision retirement systems of these States.</p> <p>Those employees covered by a divided retirement system who did not elect coverage in the original agreement, may, nevertheless elect coverage until 1960, or, if later, until 1 year after the date on which coverage was approved for the group that originally elected coverage.</p> <p>Also provides that where an individual who has chosen not to be covered under the divided retirement system provision</p>	<p>Adds New Mexico to the list. (Public Law 87-64.)</p> <p>Extends the time for making the election to 1963, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage. Also provides that the coverage of persons electing under this amendment would begin on the same date as coverage became effective for the group originally covered. (Public Law 87-64.)</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Employees—Continued 4. State and local government employees—Continued</p>	<p>becomes a member of a different retirement system group which has elected coverage because of the annexation of the employing political subdivision by another political subdivision, or through some other action taken by a political subdivision, such individual will continue to be excluded from coverage.</p> <p>(2) <i>Policemen and firemen.</i>—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Vermont, Virginia, and Washington and all interstate instrumentalities to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.</p> <p>(3) <i>Employees of unemployment compensation systems.</i>—Authorizes Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii, at their option, to cover their employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act—either by themselves or with the other employees of the department of the State in which they are employed—after complying with the referendum provisions.</p> <p>d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems.</p> <p>e. <i>Effective date of coverage agreement.</i>—Allows agreements or modifications made after 1959 to begin as early as 5 years before the year in which an agreement is made, but no earlier than Jan. 1, 1956. Where a retirement system is covered as a single retirement system coverage group, permits the State to provide different beginning dates for coverage of the employees of different political subdivisions.</p>	<p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Employees—Continued 5. Employees of non-profit organizations.</p>	<p><i>Covers</i> employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) <i>on a voluntary basis</i> if the employer organization certifies that it desires to extend coverage to its employees.</p> <p>Employees may concur by signing a list or supplemental list which is filed within 24 months after the quarter in which the certificate is filed. Employees who do not concur in the filing of the certificate are not covered <i>except</i> that all employees hired after a certificate becomes effective are covered.</p> <p>Waiver certificate may be made effective at the option of the organization on the 1st day of the quarter in which the certificate is filed, the 1st day of the succeeding quarter, on the 1st day of any of the 4 quarters preceding the quarter in which the certificate filed.</p> <p>Employees of nonprofit organizations who are in positions covered by State and local retirement systems and are members or eligible to become members of such systems must be treated apart from those not in such positions. Certificates must be filed separately for each group. All new employees who belong to a group for which a certificate has been filed are automatically covered, and new employees who belong to a group for which a certificate has not been filed are not covered.</p>	<p>No change.</p>
<p>6. Federal employees—</p>	<p><i>Excludes</i> employees of the United States or its instrumentalities if—</p> <ol style="list-style-type: none"> a. they are covered by a retirement system established by Federal law; or b. they perform services— <ol style="list-style-type: none"> (1) as the President, Vice President, or a Member of Congress; (2) in the legislative branch; (3) in a penal institution as an inmate; (4) as certain interns, student nurses, and other student employees of Federal hospitals; (5) as employees on a temporary basis in disaster situations; (6) as employees not covered by the Civil Service Retirement Act because they are subject to another retirement system (other than the retirement system of the Tennessee Valley Authority); or 	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Employees—Continued 6. Federal employees— Continued</p>	<p>c. the instrumentality has been specifically exempted by statute from the employer tax; or</p> <p>d. the instrumentality was exempt from the employer tax on Dec. 31, 1950, and its employees are covered by its retirement system.</p> <p><i>Covers</i> the following Federal employees excepted from the exclusion in 6-d unless they are excluded on the basis of one of the other provisions:</p> <p>a. employees of a corporation which is wholly owned by the United States;</p> <p>b. employees of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal credit union;</p> <p>c. employees (not compensated by funds appropriated by Congress) of the post exchanges of the various armed services (including the Coast Guard) and other similar organizations at military installations;</p> <p>d. employees of a State, county, or community committee under the Production and Marketing Administration.</p>	
<p>7. Students, interns, and nurses in schools and hospitals.</p>	<p><i>Excludes:</i></p> <p>a. Students in the employ of a school, college, or university if enrolled and regularly attending classes;</p> <p>b. student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes;</p> <p>c. interns in the employ of a hospital if they have completed a 4-year course in an approved medical school. (Students may be covered as employees of State or local governments at option of the State under State agreements. See 4b(3), p. 3.</p>	<p>No change.</p>
<p>8. Newsboys.....</p>	<p><i>Covers</i> individuals 18 and over who deliver and distribute newspapers or shopping news, but covers individuals under 18 only if they deliver or distribute such publications to points for subsequent delivery or distribution.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Employees—Continued</p> <p>9. Members of the Armed Forces and Peace Corps.</p>	<p><i>Covers</i> members of the uniformed services, after December 1956, while on active duty, (including active duty for training), with contributions and benefits computed on basic military pay.</p> <p>Noncontributory wage credits of \$160 per month, are granted, in general, for each month of active service in the Armed Forces of the United States during the World War II period (Sept. 16, 1940–July 24, 1947) and during the postwar emergency period (July 25, 1947–Dec. 31, 1956).</p> <p>Extends the noncontributory wage credits to certain American citizens who, prior to Dec. 9, 1941, entered the active military or naval service of countries that, on Sept. 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of \$160 would be provided for each month of such service performed after Sept. 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a U.S. citizen throughout the period of his active service or have lost his U.S. citizenship solely because of his entrance into such active service. He must have resided in the United States for at least 4 years during the 5-year period ending on the day of his entrance into such active service and must have been domiciled in the United States on such day.</p>	<p><i>Covers</i> volunteers and volunteer leaders of the Peace Corps with benefits computed on basic monthly rate which is reflected in termination payments (\$75 a month for volunteers and \$125 a month for volunteer leaders). Tax is payable at end of tour when termination payments are made. Effective as to service performed after Sept. 22, 1961, but also applies to services performed by volunteers engaged by contract prior to enactment of the law. (Public Law 87-293, Peace Corps Act.)</p>
<p>10. Railroad employees.</p>	<p>Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the benefits based on such employment are payable under this act; and (3) provision is made for mutual reimbursement between the 2 systems in order to place the old-age and survivors insurance trust fund in the same position in which it would have been if railroad service after 1936 had been counted as social-security employment.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Employees—Continued 11. Family employment.</p>	<p><i>Excludes</i> services rendered by— (1) One spouse for another. (2) Child under 21 for his parents. (3) Parents for their children, if such services are domestic services rendered in the home of the child, or such services are not rendered in the course of the child's trade or business.</p>	<p>No change.</p>
<p>12. Employees of Communist organizations.</p>	<p><i>Excludes</i> from coverage employees of any organization which is registered, or against which there is a final order of the Subversive Activities Control Board to register, under the Internal Security Act as a Communist-action, a Communist-front, or Communist-infiltrated organization.</p>	<p>No change.</p>
<p>C. Geographical scope-----</p>	<p><i>Covers</i> the 50 States, Puerto Rico, the Virgin Islands, the District of Columbia, Guam, and American Samoa.</p> <p><i>Covers</i>, on a self-employment basis, U.S. citizens employed within the United States by foreign governments and their instrumentalities, or by international organizations entitled to certain privileges under the International Organizations Immunities Act.</p> <p><i>Excludes</i> nonresident aliens engaged in self employment and employees on foreign registered aircraft or ships who also perform services while the plane or ship is outside of the United States, if the employee is not a citizen of the United States or the employer is not an American employer.</p> <p><i>Coverage outside of the United States is limited to:</i></p> <p>a. American citizens either self-employed or employed by an American employer, except ministers outside the United States if they serve a congregation predominantly made up of U.S. citizens even though their employer may not be a U.S. employer.</p>	<p><i>Excludes</i> services of nonresident alien students, educators, and specialists temporarily present in the United States under 101(a)(15) (F) or (J) of the Immigration and Nationality Act provided the services are related to the educational purposes for which they were admitted. Effective as to service performed after Dec. 31, 1961. (Public Law 87-256. Mutual Educational and Cultural Exchange Act.)</p> <p>No change.</p> <p>No change.</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
C. Geographical scope—Con.	<p>b. Citizens of the United States employed by certain foreign subsidiaries of American corporations are covered by voluntary agreements between the Federal Government and the parent American company. The domestic corporation can include some or all of its foreign subsidiaries in the agreement and must agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included.</p> <p>c. Individuals, regardless of citizenship, who are employed on American registered ships and aircraft if either the contract of service was entered into in the United States or the plane or vessel touches a port in the United States.</p>	

II. PROVISIONS RELATING TO DISABILITY

A. Nature of the provisions:		
1. Benefits-----	Provides monthly benefits for disabled workers meeting eligibility requirements. Benefits are computed in the same way as retirement benefits and are payable from the Federal disability insurance trust fund.	No change.
2. Disability "freeze"-----	Provides that when an individual for whom a period of disability has been established dies, or retires, on account of age or disability, his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes. (See also provisions relating to disabled child's benefits, pp. 16 and 21.)	No change.
B. Eligibility requirements		
1. Definition-----	For benefits or for the freeze, an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. (For purposes of the freeze only a specified degree of blindness is presumed disabling.) The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death.	No change.
2. Waiting period-----	An initial 6 months' "waiting period" is required before disability insurance benefits will be paid. Benefits are payable for 7th month. However, benefits may be paid for the 1st full month of disability to worker who becomes disabled within 60 months (5 years) after termination of disability insurance benefits or a period of disability.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO DISABILITY—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
B. Eligibility requirements— Continued		
3. Insured status (work requirement).	To be eligible an individual must— (1) have at least 20 quarters of coverage in the 40 quarters ending with the quarter in which the period of disability begins; (2) be fully insured. (See p. 30.) Also provides alternative insured status for individuals who have— (1) 20 quarters of coverage (at least 6 earned after 1950), and (2) quarters of coverage in all calendar quarters elapsing after 1950 and before quarter of disability.	No change.
4. Applications-----	Allows persons until July 1961 to file an application for benefit and "freeze" purposes which will establish a period of disability as early as the onset date of the disability. Applications filed July 1, 1961, and thereafter, will allow periods of disability to be established no earlier than 18 months before date of filing.	Extends deadline for 1 year so that application will be fully retroactive if filed before July 1, 1962. (Public Law 87-64.)
C. Disability determinations--	In administering the disability provisions— a. The Secretary enters into contractual agreements under which State vocational rehabilitation agencies, or other appropriate State agencies, make determinations of disability. b. The Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements. c. The Secretary may, on his own motion, review a State agency determination that a disability exists and may, as a result of such review, find that no disability exists or that the disability began later than determined by the State agency. d. Any individual who is dissatisfied with a determination, whether made by a State agency or by the Secretary, has the right to a hearing and to judicial review as provided in the law.	No change.
D. Administrative expenses---	Appropriations are authorized from the old-age and survivors insurance trust fund to reimburse State agencies for necessary costs incurred in making disability determinations for disability "freeze" purposes and from the disability insurance trust fund for determinations for monthly disability benefit purposes.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO DISABILITY—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
E. Rehabilitation-----	<p>The policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services. The act provides for deduction of benefits for refusal without good cause to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act in such amounts as the Secretary shall determine.</p> <p>A member or adherent of a recognized church or religious sect that relies on spiritual healing who refuses rehabilitation services is deemed to have done so with good cause.</p> <p>Allows, in effect, a 12-month trial work period for <i>all</i> disability beneficiaries (including childhood disability beneficiaries) who attempt to work. If, after 9 months of trial work (not necessarily consecutive), the beneficiary has demonstrated that he is able to engage in any substantial gainful activity, he will receive benefits for an additional 3 months. (Only 1 trial work period permitted for each period of disability; no additional trial work period for persons disabled a 2d time within 60 months.)</p> <p>Any beneficiary—whether or not he attempted to work—whose condition has improved so that he is able to engage in substantial gainful activity—will be given an additional 3 months of benefits as above.</p>	No change.
F. Suspension of benefits based on disability.	<p>If the Secretary believes that the disability no longer exists, he may suspend benefits pending his disability determination or that of the appropriate State agency.</p>	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>A. Workers and their dependents:</p>		
<p>1. Worker—old age....</p>	<p>Payable at age 65 to fully insured retired male worker. Payable at age 62 to fully insured retired female worker, but on an actuarially reduced basis. Her benefit is reduced by 5/9 of 1 percent for each month she is entitled to receive a benefit before age 65—the total reduction is 20 percent if she begins drawing benefits at age 62. The reduced amount is permanent, continuing after she reaches age 65.</p>	<p>Benefits are payable to men workers at age 62 on the same actuarially reduced basis as provided for women workers. (Public Law 87-64.)</p>
<p><i>Reduction where individual is entitled to a wife's benefit and an old-age benefit.</i></p>	<p>A woman who is entitled to an old-age insurance benefit prior to 65 and is eligible for a wife's benefit at the same time will be deemed to have filed application for both benefits. In the case where a woman is entitled to a reduced old-age insurance benefit and at the same time or subsequently becomes entitled to a wife's benefit, the wife's benefit would be reduced by the dollar reduction which was applicable to the old-age benefit, plus the regular reduction amount on the excess of the unreduced wife's benefit over the unreduced old-age benefit.</p>	<p>Same as existing law, but provision made applicable to men entitled to reduced old-age and dependent husband's benefits.</p>
<p><i>Effect of benefit increase on reduced benefits.</i></p>	<p>In the case where a woman is entitled to a reduced wife's benefit and subsequently becomes entitled to a reduced old-age benefit, the latter is reduced by the dollar reduction which was applicable to such wife's benefit, plus the regular reduction amount on any excess if the unreduced old-age benefit exceeded the unreduced wife's benefit.</p>	<p>Provision is eliminated. Thus, for both men and women, in this type of case, the full old-age benefit will be reduced according to the age at which it is claimed, without regard to the previous entitlement to a wife's (or husband's) reduced benefit. (Public Law 87-64.)</p>
<p><i>Recomputation of benefits at age 65 (the "round up").</i></p>	<p>A benefit increase from the recomputation of an individual's benefit or one resulting from new legislation (such as the 7-percent benefit increase under the 1958 amendments) is treated as though it was effective at the earlier time when the reduced benefit was elected and is reduced accordingly.</p>	<p>Provision is amended so that benefit increases will be reduced on the basis of their effective date. If an individual took a reduced benefit at age 62, and he was 64 when the benefit increase became effective, the amount of reduction in the increase would be for 1 year rather than 3 years. Persons who have attained 65 by the effective date of the increase will have the full increase added to their reduced benefit. (Public Law 87-64.)</p>
	<p>If a woman's benefits have been withheld (most common reason would be earnings which caused benefit withholding under the retirement test) for at least 3 months during the period of reduced benefits, she is entitled to a recomputation at age 65, which will readjust her post-65 benefit to take into account the months in which her reduced benefits were withheld.</p>	<p>Provision also made applicable to reduced benefits for men. Eliminates the requirement for both men and women that at least 3 monthly reduced benefits must be withheld before recomputation is allowed at age 65. (Public Law 87-64.)</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
A. Workers and their dependents—Continued		
2. Wife-----	<p>When a worker receives old-age or disability insurance benefits, wife's insurance benefits are payable upon filing application if the wife (as defined below) of the retired worker—</p> <p>a. has reached age 62 or, if under 62, has in her care (individually or jointly with her husband) at the time of filing the application, a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband;</p> <p>b. is not entitled to an old-age or disability insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the wife of the worker.</p> <p>Full benefits paid to the wife at age 65, but on an actuarially reduced basis if she claims at age 62. Her benefit is reduced by $\frac{2}{3}$ of 1 percent for each month she is entitled to receive a benefit before age 65—the total reduction is 25 percent if she begins drawing benefits at age 62. The reduced amount is permanent, continuing after she reaches age 65.</p> <p>A woman who has a child in her care entitled to a child's insurance benefit will continue to receive an unreduced wife's benefit.</p> <p><i>Termination of benefits:</i></p> <p>No benefits paid for the month (or subsequent months) that the wife dies, her husband dies, they are divorced a vinculo matrimonii (an absolute divorce), no child of her husband is entitled to a child's benefit and the wife has not attained retirement age, the wife becomes entitled to an old-age insurance benefit which is as much as her wife's benefit, or her husband is no longer entitled to a disability benefit and is not entitled to an old-age insurance benefit.</p>	<p>No change except those noted under old-age benefit A-1 (p. 13) in the case where a woman is entitled to both a wife's and old-age benefit.</p>
<i>Definition of wife</i> ---	<p>Means the wife of the individual but only if she (1) is the mother of his son or daughter, or (2) was married to him for at least 1 year immediately preceding application or (3) she was actually or potentially entitled to widow's, parent's, or disabled child's benefit in the month prior to month of marriage.</p>	
3. Dependent husband.	<p>When a woman worker receives old-age insurance or disability insurance benefits and in addition is currently insured, husband's insurance benefits are payable upon filing application if the husband—</p> <p>a. has reached age 65;</p>	<p>A dependent husband may elect to receive benefits at age 62 on the same actuarially reduced basis as provided for a wife. (See above.) (Public Law 87-64.)</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>A. Workers and their dependents—Continued 4. Child-----</p>	<p>When a worker receives old-age or disability insurance benefits, child's insurance benefits are payable to the child of the worker (including a stepchild or adopted child as defined below) upon filing application if—</p> <p>a. the child is unmarried and either under 18 or is under a disability (as determined under definition and procedures prescribed for disability benefits and "freeze", see pp. 10-12) which began before he attained the age of 18; and</p> <p>b. the child is dependent on the worker at time of application.</p> <p>If the worker had in effect a period of disability at the time he became entitled to old-age or disability insurance benefits, the dependency of the child could be determined either at the beginning of the period of disability or when the worker became entitled to benefits.</p> <p><i>Termination of benefits:</i></p> <p>No benefits paid for the month (and subsequent months) that the child either dies, marries, is adopted (in some cases), or attains the age of 18 unless disabled. A disabled child's benefit is paid for 3 months after his disability ends. No benefit will be paid for month after the worker is no longer entitled to a disability benefit and not entitled to an old-age insurance benefit.</p> <p>There is an exception to the termination provision in the case of a disabled child 18 and over who marries an individual entitled to old-age, disability, widow's, widower's, disabled child's, mother's, or parent's benefit. However, in the case of the marriage of a woman entitled to disabled child's benefits to a man entitled to disability insurance benefits or disabled child's benefits, her benefit will end when her spouse is no longer entitled to his benefits unless he dies or, in case he was entitled to disability benefits, he becomes entitled to an old-age insurance benefit.</p> <p><i>Definition of child---</i></p> <p>The term "child" includes a stepchild who has been such for at least 1 year immediately preceding the day on which the application for child benefits is filed (if a stepchild of the worker is later adopted by the worker, the child is considered to be an adopted child during the period the stepchild relationship existed).</p>	<p>No change.</p> <p>No change.</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>A. Workers and their dependents—Continued</p> <p>4. Child—Continued</p> <p><i>Definition of dependency on father, adopting father, stepfather, mother, adopting mother, and stepmother.</i></p> <p><i>When dependency is determined.</i></p>	<p>A child is considered dependent upon the <i>father</i> if the father is living with or contributing to the support of the child. However, even if the father is not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child has been adopted by some other individual.</p> <p>An adopted child is considered dependent upon his <i>adopting father</i> under the same conditions as those which apply to a father and his natural child.</p> <p>A child is considered dependent upon his <i>stepfather</i> at the time of filing application for child's benefits if the child was—</p> <ol style="list-style-type: none"> a. living with his stepfather; or b. receiving at least $\frac{1}{2}$ his support from his stepfather. <p>A child is considered dependent upon his <i>natural mother</i> or <i>adopting mother</i> at the time of filing application for child benefits if such mother <i>was currently insured</i> when she became entitled to old-age benefits regardless of presence of or support furnished the child by the father.</p> <p>Also a child is considered dependent upon his <i>natural, adopting or stepmother</i> at the time of filing application for child benefits if she was living with the child or contributing to the support of the child and provided the child was—</p> <ol style="list-style-type: none"> (1) neither living with, nor receiving contributions from, his father or adopting father, or (2) receiving at least $\frac{1}{2}$ of his support from her. <p>Child of retired worker must be dependent at time child applies for benefits.</p> <p>Child of disabled worker must be dependent at beginning of period of disability.</p> <p>Permits payment of benefits to child who is born, becomes the worker's stepchild, or is adopted after worker becomes disabled. An adopted child cannot become entitled unless he was adopted within 2 years after the month in which the worker became entitled to disability benefits and adoption proceedings had begun in or before the month in which the worker became entitled to disability benefits or he was living with the worker in that month.</p>	<p>No change.</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers:</p>		
<p>1. Surviving widow-----</p>	<p>Widow's insurance benefits are payable, upon filing application (no application required if widow was receiving a mother's insurance benefit when she becomes eligible for widow's benefit) at age 62 if the deceased worker was fully insured at the time of his death and the widow (as defined below)—</p> <p>a. has not remarried (marriage deemed to have not occurred if new husband died within 1 year of marriage and he was not fully insured);</p> <p>b. is not entitled to an old-age insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow of the deceased worker.</p>	<p>No change.</p>
	<p><i>Termination of benefits:</i></p> <p>No further benefits paid for the month (and subsequent months) in which the widow remarries, dies, or becomes entitled to an old-age insurance benefit in her own right which equals the amount of her widow's benefit.</p> <p>A widow's benefit shall not be terminated because of remarriage if the marriage is to a person entitled to widower's, parent's, or disabled child's benefits. However, in case of her remarriage to an individual entitled to a disabled child's benefit her widow's benefit would be terminated if his entitlement ceases (unless by death).</p> <p>Allows reinstatement of widow's benefit in the situation where the widow remarries but the new husband dies within 1 year after the marriage and was not fully insured.</p>	<p>No change.</p>
<p><i>Widow defined</i>-----</p>	<p>The term "widow" means the surviving wife of a deceased worker, but only if she meets one of the following conditions:</p> <p>a. was married to him for not less than 1 year immediately prior to the day on which he died; or</p> <p>b. is the mother of his son or daughter; or</p> <p>c. legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or</p> <p>d. was married to him at the time both of them legally adopted a child under the age of 18;</p> <p>e. her husband legally adopted her son or daughter while married to her and while such son or daughter was under the age of 18; or</p> <p>f. in the month before her marriage, she was actually or potentially entitled to widow's parent's, or disabled child's insurance benefit.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued</p> <p>2. Surviving widow with children (mother's benefit).</p>	<p><i>Mother's insurance benefits</i> are payable, upon filing application (no application required if mother was receiving a wife's insurance benefit when she becomes eligible for a mother's benefit), to the widow of a deceased worker if he was <i>currently</i> or <i>fully insured</i> at time of death and the widow—</p> <p>a. has in her care a child of the deceased worker entitled to child insurance benefits;</p> <p>b. has not remarried;</p> <p>Exception is made to the no-remarriage requirement where the widow marries another individual who dies but she cannot receive benefits on his earnings record.</p> <p>c. is not entitled to a widow's insurance benefit;</p> <p>d. is not entitled to an old-age insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow with children of the deceased worker.</p> <p><i>Termination of benefits:</i></p> <p>No further benefits paid to the widow for the month (and subsequent months) that there is no child of the deceased husband entitled to a child's benefit, the widow is entitled to an old-age insurance benefit which is as much as her mother's benefit, she is entitled to widow's benefits, she remarries, or she dies.</p> <p>There is an exception as to the termination provision where the widow marries another individual and then that individual dies but she cannot become entitled to benefits on his earnings.</p> <p>Provision is made for the reinstatement or continuation of benefits upon the widow's marriage to a man entitled to an old-age, disability, widower's, parent's, or disabled child's benefit. However, if she marries a man entitled to disability benefits or a disabled child's benefits her benefit will terminate when he ceases to be entitled to his benefits unless he dies or, in case he was entitled to disability benefits, he becomes entitled to an old-age insurance benefit.</p>	<p>No change.</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued</p>		
<p>3. Surviving former wife divorced (mother's benefit).</p>	<p><i>Mother's insurance benefits</i> are payable, upon filing application, to the former wife divorced (as defined below) of a deceased worker if he was <i>currently or fully insured</i> at time of death and the former wife divorced—</p> <p>a. has in her care a child of the deceased worker who is her son, daughter, or legally adopted child entitled to child insurance benefits payable on the basis of the deceased worker's wages or self-employment income;</p> <p>b. was receiving from the deceased worker (pursuant to agreement or court order) at least ½ of her support at the time of his death.</p> <p>Provides alternative time that support requirement can be met where a deceased husband has a period of disability at his death—either at the beginning of the period of disability or at death.</p> <p>c. has not remarried.</p> <p>There is an exception to the remarriage requirement in the same manner as for the surviving widow with children (see 2. b. above).</p> <p>d. is not entitled to a widow's insurance benefit; and</p> <p>e. is not entitled to an old-age insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the former wife divorced of the deceased worker.</p> <p><i>Termination of benefit:</i></p> <p>No further benefits paid to the surviving wife divorced for the month (or subsequent months) that there is no child of the deceased husband entitled to a child's benefit, the surviving wife divorced is entitled to an old-age insurance benefit which is as much as her mother's benefit, she is entitled to a widow's benefit, she remarries, or she dies. Benefits will also terminate for a surviving wife divorced when no son, daughter, or legally adopted child of hers is entitled to a child's benefit on the basis of the deceased husband's earnings.</p> <p>Same exceptions to termination for remarriage provisions as are applicable to surviving widow with children.</p>	<p>No change.</p> <p>No change.</p>
<p><i>Former wife divorced defined.</i></p>	<p>The term "former wife divorced" means a woman divorced from a deceased worker but only if she meets one of the following conditions:</p> <p>a. is the mother of his son or daughter;</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued 3. Surviving former wife—Con.</p>	<p>b. legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or c. was married to him at the time both of them legally adopted a child under the age of 18; or d. Her deceased former husband legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of 18.</p>	
<p>4. Surviving child-----</p>	<p><i>Child insurance benefits</i> are payable upon filing application to the child (including step-child or adopted child as defined below) of a deceased worker if he or she was <i>currently</i> or <i>fully insured</i> and the child— a. is unmarried and is either under 18 or under a disability (as determined under definition and procedures prescribed for disability benefits and "freeze," see pp. 10-12) which began before the child attained the age of 18; b. was dependent (as defined below) upon the deceased worker at the time of his death. If the deceased worker had a period of disability at the time he died, the dependency of the child could be determined either at the beginning of the period of disability or at the time he died.</p>	<p>No change.</p>
	<p><i>Termination of benefits:</i> No benefits paid for the month (and subsequent months) that the child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle after deceased worker's death), attains the age of 18 unless disabled, or, if disabled, the disability ceases. There is an exception to the termination provision in the case of a disabled child 18 and over who marries an individual entitled to old-age, disability, widow's, widower's, disabled child's, mother's, or parent's benefits. However, in the case of the marriage of a woman entitled to a disabled child's benefit to a man entitled to disability insurance benefit or a disabled child's benefit, her benefit will end when her husband is no longer entitled to his benefit, unless he dies or, in case he was entitled to a disability benefit, he becomes entitled to an old-age insurance benefit.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued 4. Surviving child—Con.</p>	<p>The term "child" includes a stepchild of a deceased worker who has been such a stepchild for at least 1 year immediately preceding the day on which the worker died; the term "child" also includes an adopted child of a deceased worker without regard to the length of time the child has been adopted.</p> <p>A child is deemed a legally adopted child if he was living as a member of deceased worker's household at the date of his death, was not receiving regular contributions toward his support from someone other than worker or his spouse or from a welfare organization furnishing services or assistance for children, and the surviving spouse legally adopts the child within 2 years after the day of the worker's death.</p> <p>A child is considered dependent upon the <i>father</i> if the father at the time of his death was living with or contributing to the support of the child. However, even if the father at the time of his death was not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child had been adopted by some other individual.</p> <p>An adopted child is considered dependent upon his <i>adopting father</i> under the same conditions as those which apply to a father and his natural child.</p> <p>A child is considered dependent upon his <i>stepfather</i> at the time of the stepfather's death if the child was—</p> <ol style="list-style-type: none"> a. living with his stepfather; or b. receiving at least ½ of his support from his stepfather. <p>A child is considered dependent upon his <i>natural mother</i> or <i>adopting mother</i> at the time of her death if such mother was currently insured when she died regardless of presence of, or support furnished the child by, the father.</p> <p>A child is considered dependent upon his <i>natural, adopting, or stepmother</i> at the time of death of such mother if she was living with or contributing to the support of the child and provided the child—</p> <ol style="list-style-type: none"> a. was neither living with nor receiving contributions from his father or adopting father, or b. was receiving at least ½ of his support from her. 	<p>No change.</p>
<p><i>Definition of dependency on father, adopting father, stepfather, mother, adopting mother, and stepmother.</i></p>		<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued 5. Surviving dependent widower.</p>	<p><i>Widower's insurance benefits</i> are payable, upon filing application, to the widower of a deceased woman worker who was <i>currently</i> and <i>fully insured</i> at the time of death and the widower (as defined below)—</p> <ul style="list-style-type: none"> a. has reached age 65; b. has not remarried; c. is not entitled to an old-age insurance benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent widower of the deceased wife; and d. either— <ul style="list-style-type: none"> (1) was receiving at least ½ of his support from the wife at the time or her death and filed proof of such support within 2 years of the date of death; or (2) was receiving at least ½ of his support from the wife and she was currently insured at the time she became entitled to old-age benefits and filed proof of such support within 2 years after the month in which she became so entitled. <p>An additional period of 2 years is authorized if there was failure to file for good cause.</p> <p>There is an alternative date for meeting support requirement in both (1) and (2)—the beginning of the wife's period of disability—if the wife has such a period of disability in effect at the time of her entitlement to old-age or disability benefits, or the time she died, whichever was applicable. Proof of support in such instances must be filed within 2 years of her application for a period of disability, her date of entitlement, or her death, depending on the time as of which the support is claimed. For the widower who would not be entitled to benefits except for the enactment of this provision proof of support can be filed by September 1960. Provision is also made so that the support requirement will not be necessary for the widower if in the month prior to his marriage to his deceased wife he was actually or potentially entitled to a widower's, parent's, or disabled child's benefit.</p> <p><i>Termination of benefits:</i></p> <p>No further widower's benefits paid for the month (and subsequent months) that the widower remarries, dies or becomes entitled to an old-age insurance benefit exceeding his widower's benefit.</p>	<p>Provides full benefits for surviving dependent widowers at age 62. (Public Law 87-64.)</p> <p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued</p> <p>5. Surviving dependent widower—Con.</p> <p><i>Widower defined</i></p>	<p>There is also exception to the termination provision where the widower marries a woman entitled to a widow's, mother's, parent's, or disabled child's benefit.</p> <p>The term "widower" means the surviving husband of a deceased woman worker, but only if he meets one of the following conditions:</p> <p>a. was married to her for not less than 1 year immediately prior to the date on which she died; or</p> <p>b. is the father of her son or daughter; or</p> <p>c. legally adopted her son or daughter while married to her and while such son or daughter was under age 18; or</p> <p>d. was married to her at the time both of them legally adopted a child under the age of 18; or</p> <p>e. his deceased wife legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of 18; or</p> <p>f. the widower was actually or potentially entitled to widower's, parent's, or disabled child's benefits in the month before his marriage to his deceased wife.</p>	<p>No change.</p>
<p>6. Surviving dependent parent.</p>	<p><i>Parent's insurance benefits</i> are payable, upon filing application, to the parent or parents (as defined below) of a worker who was fully insured at the time of death (or, had 6 quarters of coverage if his death occurred prior to 1940) and the parent—</p> <p>a. has reached age 65, if the father, and 62 if the mother;</p> <p>b. has not remarried after the death of the worker;</p> <p>c. was receiving at least ½ of his or her support from the worker at the time of the worker's death and filed proof of such support within 2 years of the date of death (an additional period of 2 years is authorized if there was failure to file for good cause):</p> <p>There is an alternative time at which support requirement can be shown if deceased worker has a period of disability in effect at the time of death—at beginning of period of disability or at death. Proof of such support must be filed within 2 years after the period of disability began or 2 years after the date of such death.</p> <p>d. is not entitled to an old-age insurance benefit based on his or her own earnings equal to or greater than the amount he or she would be entitled to as the dependent parent of the deceased worker.</p>	<p>Provides full benefits for surviving dependent fathers at age 62. (Public Law 87-64.)</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued</p> <p>6. Surviving dependent parent—Con.</p>	<p><i>Termination of benefits:</i></p> <p>No further benefits paid to the surviving parent for the month (or subsequent months) that he or she dies, remarries, or becomes entitled to an old-age insurance benefit which equals or exceeds his or her parent's benefit.</p> <p>Provides exception to the termination provision for parents marrying individuals entitled to widow's, widower's, mother's, parent's, or disabled child's benefit. However, if such parent marries a person entitled to a disabled child's benefit, the parent's benefit will be terminated if the individual loses entitlement otherwise than by death.</p>	<p>No change.</p>
<p><i>Parent defined</i>-----</p>	<p>The term "parent" means—</p> <p>a. the mother or father or a deceased worker;</p> <p>b. a stepparent of the deceased worker by a marriage contracted before the worker attained the age of 16; or</p> <p>c. an adopting parent who adopted the deceased worker before he or she reached age 16.</p>	<p>No change.</p>
<p>7. Lump-sum death payment.</p>	<p>Upon the death of a worker who died <i>currently</i> or <i>fully insured</i> a lump-sum death payment is payable to the person whom the Secretary of Health, Education, and Welfare determines to be the widow or widower of the deceased and to have been living in the same household with the deceased at the time of death. If there is no such person, an amount is payable to any person or persons to the extent and in the proportion that he or they have paid the burial expenses for the deceased insured individual.</p> <p>Lump sum payment can be sent directly to funeral director for unpaid funeral-home expenses on application of person who assumes responsibility for the expenses in cases where no eligible spouse survives. If any of the lump sum remains, it is paid to person who paid funeral bill; if any still remains, to persons who paid other burial expenses in a certain order of priority. If no one has assumed responsibility for payment of burial expenses within 90 days after worker's death, lump sum is payable directly to the funeral director.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Survivors of deceased workers—Continued</p> <p>7. Lump-sum death payment—Con.</p>	<p>No payment is made, however, unless application is filed within 2 years after the date of death. An additional period of 2 years is authorized if there was failure to file for good cause.</p>	
<p>C. Disabled worker-----</p>	<p>See II, p. 10. Disability benefits.</p>	

IV. BENEFIT AMOUNTS

<p>A. Average monthly wage-----</p>	<p>In general, an individual's "average monthly wage" which determines his old-age insurance benefit amount (before reduction for retirement before age 65) is computed by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved. Excluded from this computation are all months and all earnings in any year any part of which was included in a period of disability under the disability "freeze" (except that the months and earnings in the year in which the period of disability begins may be included if the resulting benefit would be higher).</p> <p>The average monthly wage in retirement cases is computed on the basis of a constant number of years, regardless of when, before age 22, the person started to work or when, after retirement age (62 for women, 65 for men) he files application for benefits. The number of years would be equal to 5 less than the number of years (excluding years in periods of disability) elapsing after 1950 or after the year in which the individual attained age 21, whichever is later, and up to the year in which the person was first eligible for old-age insurance benefits (generally the year in which he attained retirement age). In death and disability cases the number of years would be determined by the date of death or disability.</p> <p>In those cases where a larger benefit would result (because the individual's best earnings were in years before 1951) the number of years would be those elapsing after 1936, rather than 1950. This alternative is similar to the 1936 alternative "starting date" available under prior law in such cases. The subtraction of 5 from the number of elapsed years is the equivalent of the drop-out (in prior law) of the 5 years during which the individual's earnings were the lowest.</p>	<p>No change. For a man claiming old-age benefits before age 65, his constant number of years for average monthly wage purposes would be computed upon age 65 rather than 62. (Public Law 87-64.)</p>
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OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
A. Average monthly wage— Continued	<p>The earnings used in the computation would be earnings in the highest years. Earnings in years prior to attainment of age 22 or after attainment of retirement age could be used if they were higher than earnings in intervening years. The span of years could never be less than 2. Generally, the span of years to be used for the benefit computation in retirement cases could not be less than 5—the number of years that would have to be used under the prior law by people who attain retirement age in 1960.</p>	
B. Recomputations.....	<p>After a person has become entitled to benefits, he may, under certain circumstances, have his "average monthly wage" recomputed if it will increase his monthly benefit:</p> <p>(1) Recalculation to correct errors in original computation.</p> <p>(2) 1954 work recomputation: Where an individual who has 6 quarters of coverage after 1950 returns to work after becoming entitled to benefits and earns more than \$1,200 in a year he may have his average monthly wage recomputed including such earnings. Survivors are also entitled to any increase in benefits which would result from such recomputation.</p> <p>(3) Dropout recomputation: Beneficiary who became entitled to benefits prior to the amendment which allowed a dropout of 5 years of lowest earnings may have a recomputation using the dropout if he has 6 quarters of coverage after June 1953. Survivors are entitled to any increases which would result from such a recomputation.</p> <p>(4) Current year recomputation: An individual becoming entitled to benefits after August 1954 may have a recomputation which will include earnings in the year he retires if such earnings were not included in the original calculation. Survivors are entitled to any increases which would result from such a recomputation.</p> <p>(5) Recomputation of benefits at age 65 (the "round up"): If a woman's reduced benefit has been withheld (most common reason would be earnings which caused benefit withholding under the retirement test) for at least 3 months (during the period of reduced benefit) she is entitled to a recomputation at age 65 which will readjust her post-65 benefit to take into account the months in which her reduced benefit was withheld.</p> <p>(6) Other recomputations: Provides several recomputations of limited application.</p>	<p>No change except:</p> <p>Provision also made applicable to reduced benefits for men at age 62. Eliminates the requirement for both men and women that at least 3 monthly reduced benefits must be withheld before recomputation is allowed at age 65. (Public Law 87-64.)</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
C. Benefit formula.....	<p>The law provides a consolidated benefit table which is used in determining benefit amounts for both future beneficiaries and those now on the benefit rolls.</p> <p>Though not specifically stated in the law the formula is in effect, 58.85 percent of the 1st \$110 of the average monthly wage, plus 21.40 percent of the next \$290 of such wage (except that in some cases, for average monthly wages under \$85, a slightly higher amount is payable so as to fit in with the minimum benefit).</p>	No change.
D. Minimum primary insurance amount.	\$33 a month.....	Increases minimum benefit to \$40 per month. (Public Law 87-64.)
E. Maximum family benefits..	<p>Family maximum monthly benefits are set by the table and range from \$53 to \$254. Though not specifically stated in the law, the table provides that the maximum amount payable on a single wage record is the lesser of \$254 (twice the maximum possible primary insurance amount) or 80 percent of the individual's average monthly wage. the 80-percent limitation, however, cannot reduce family benefits below the larger of the primary amount plus \$20 or 1½ times the primary amount.</p>	Family maximum will range from \$60 to \$254. Same, except 80-percent limitation cannot reduce benefits below 1½ times the primary amount. (Public Law 87-64.)
F. Dependents' and survivors' benefits:	(Subject to maximum limitations on total family benefits.)	
1. Wife or husband of insured worker.	½ of primary insurance amount.....	No change.
2. Child of insured worker.	½ of primary insurance amount.....	No change.
3. Widow, widower, or parent of deceased insured worker (beneficiaries aged 62 or over).	¾ of primary insurance amount, except minimum is \$33 if individual is the sole beneficiary.	Increased by 82½ percent of primary insurance amount (but only 75 percent each if 2 parents), except minimum is \$40 if individual is the sole beneficiary. (Public Law 87-64.)
4. Widow or former wife divorced of deceased insured worker (beneficiary, regardless of age, with eligible child).	¾ of primary insurance amount, except minimum is \$33 if individual is the sole beneficiary.	No change. Widow can qualify for larger percentage under (3) when she is aged 62 or over.
5. Child of deceased insured worker.	<p>Each child is entitled to ¼ of primary insurance amount, subject to family maximum. Minimum is \$33 if the child is the sole beneficiary.</p>	No change, but increases minimum to \$40 if the child is the sole beneficiary.
6. Lump-sum death payment.	3 times the primary insurance amount with a statutory maximum of \$255. Minimum is \$99 (3 times the primary insurance amount minimum of \$33).	Same but minimum lump-sum payment is \$120 (3 times new primary insurance amount minimum of \$40).

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

V. CREDITABLE EARNINGS

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
	<p>All remuneration for services in covered work is covered except—</p> <p>(1) Earnings in excess of \$4,800. Effective for wages paid after 1958 and self-employment income for taxable years ending after 1958.</p> <p>(2) Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness, accident, or disability, etc.</p> <p>(3) Payments made to an employee who has reached retirement age (62 for women, 65 for men) (other than vacation or sick pay) if he did not work for the employer in the period for which such payments were made.</p> <p>Provides for the coverage of sick leave payments for State and local employees irrespective of whether they have reached retirement age by stating that "sick pay" as used in the parenthetical exemption includes remuneration paid to such employees for periods during which they were absent from work because of sickness.</p> <p>(4) Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. INSURED STATUS

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)																																									
A. Fully insured.....	<p>To be fully insured an individual must have either:</p> <p>(1) 40 quarters of coverage, or</p> <p>(2) 1 quarter of coverage (acquired at any time after 1936) for every 3 calendar quarters elapsing after 1950 (or after quarter in which age 21 was attained, if later) and before quarter of death or attainment of retirement age, whichever first occurs, but such individual must have at least 6 quarters of coverage, or</p> <p>(3) 6 quarters of coverage if the individual died before 1951.</p> <hr/> <p><i>Number of quarters of coverage required for fully insured status under prior law and under Social Security Amendments of 1961 (Public Law 87-64)</i></p> <table border="1" data-bbox="428 968 927 1444"> <thead> <tr> <th data-bbox="428 968 729 1031" rowspan="2">Year of death, disability, or attainment of age 65 for men (62 for women)</th> <th colspan="2" data-bbox="729 968 927 995">Required quarters</th> </tr> <tr> <th data-bbox="729 995 833 1073">Prior law</th> <th data-bbox="833 995 927 1073">1961 amendments</th> </tr> </thead> <tbody> <tr><td>1956 and earlier.....</td><td>6</td><td>6</td></tr> <tr><td>1957.....</td><td>8</td><td>6</td></tr> <tr><td>1958.....</td><td>9</td><td>7</td></tr> <tr><td>1959.....</td><td>10</td><td>8</td></tr> <tr><td>1960.....</td><td>12</td><td>9</td></tr> <tr><td>1961.....</td><td>13</td><td>10</td></tr> <tr><td>1966.....</td><td>20</td><td>15</td></tr> <tr><td>1971.....</td><td>26</td><td>20</td></tr> <tr><td>1976.....</td><td>33</td><td>25</td></tr> <tr><td>1981.....</td><td>40</td><td>30</td></tr> <tr><td>1986.....</td><td>40</td><td>35</td></tr> <tr><td>1991 and after.....</td><td>40</td><td>40</td></tr> </tbody> </table>	Year of death, disability, or attainment of age 65 for men (62 for women)	Required quarters		Prior law	1961 amendments	1956 and earlier.....	6	6	1957.....	8	6	1958.....	9	7	1959.....	10	8	1960.....	12	9	1961.....	13	10	1966.....	20	15	1971.....	26	20	1976.....	33	25	1981.....	40	30	1986.....	40	35	1991 and after.....	40	40	<p>The insured status requirement is liberalized so that a worker will be fully insured for benefit purposes if he has 1 quarter of coverage for every year elapsing after 1950 (or after the year in which he attained age 21, if that was later) and up to the year of disability, death, or attainment of age 65 for men (62 for women). (Public Law 87-64.)</p>
Year of death, disability, or attainment of age 65 for men (62 for women)	Required quarters																																										
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1991 and after.....	40	40																																									
B. Currently insured.....	<p>Exclusion of periods of disability: No quarter shall be counted as an elapsed quarter, in determining insured status, during which an individual was disabled, unless it was a quarter of coverage.</p> <p>Fully insured status qualifies for old-age, dependent, and survivor benefits; both fully and currently insured status required for dependent husband's and dependent widower's benefits.</p> <p>6 quarters of coverage within 13 quarters ending with quarter of death or entitlement to old-age insurance or disability benefits.</p> <p>Currently insured status qualifies for child's, widowed mother's, and lump-sum benefits.</p>	<p>No year shall be counted as an elapsed year, in determining insured status, if the individual was disabled during any part of the year.</p> <p>No change.</p>																																									

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. INSURED STATUS—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
C. Quarter of coverage defined.	<p>Quarter in which individual received at least \$50 in wages (other than for agricultural work) or was credited with at least \$100 in self-employment income.</p> <p>If an individual earns maximum creditable wages in any year, he is credited with 4 quarters of coverage:</p> <p>Maximum creditable earnings: \$3,600, 1951-54; \$4,200, 1955-58; \$4,800, 1959-</p> <p>In the case of wages computed on an annual basis for agricultural workers, 4 quarters of coverage are credited for a minimum of \$400, 3 quarters for income of \$300 to \$399.99; 2 quarters for income of \$200 to \$299.99, and 1 quarter for \$100 to \$199.99 for a year.</p>	No change.

VII. RETIREMENT TEST

A. Scope-----	Applies to covered as well as noncovered work.	No change.
B. Test of earnings-----	<p>Provides that benefits will be withheld from a beneficiary under age 72 (and from any dependent drawing on his record) at the rate of \$1 in benefits for each \$2 of annual earnings between \$1,200 and \$1,500 and \$1 in benefits for each \$1 of annual earnings above \$1,500.</p> <p>Benefits not withheld for any month during which the individual neither rendered services for wages in excess of \$100 nor rendered substantial services in a trade or business.</p>	Changes provision so that \$1 in benefits will be withheld for each \$2 of annual earnings between \$1,200 and \$1,700, and for each \$1 of annual earnings above \$1,700. (Public Law 87-64.) Effective for taxable years ending after June 30, 1961.
C. Test for noncovered work outside the United States.	<p>Deductions made from the benefits for any month in which a beneficiary under age 72 engages in a noncovered remunerative activity (whether employment or self-employment) outside the United States on 7 or more calendar days. If deductions are made for any month for this reason, deductions are also made from the benefits of any dependent drawing benefits on the basis of the individual's wage record.</p> <p>Beneficiaries are not required to file annual reports but must report when they work on 7 or more calendar days in the month. Penalties imposed for failure to file timely reports of work unless the failure to file on time was for "good cause." Penalties are not imposed on dependents for failure of primary beneficiary to report.</p>	No change.
D. Age exemption-----	Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.	No change

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VIII. FINANCING

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
A. Administration of the trust funds.	<p>The Federal old-age and survivors insurance trust fund receives all tax contributions, other than those allocated for the disability benefit program, from which benefits and administrative expenses are paid for the old-age and survivors insurance program.</p> <p>The Federal disability insurance trust fund receives tax contributions at the rate of $\frac{1}{4}$ of 1 percent each for employers and employees, and $\frac{3}{8}$ of 1 percent for the self-employed from which benefit and administrative expenses are paid for the disability insurance program.</p> <p>These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).</p>	No change.
B. Investment of the trust funds.	<p>The managing trustee (Secretary of the Treasury) shall invest such portion of the trust funds as is not, in his judgment, needed to meet current withdrawals. Investments must be made in interest-bearing obligations of the United States or in obligations guaranteed both as to interest and principal by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price.</p> <p>Such obligations issued for original purchase by the trust funds shall have maturities fixed with due regard for the needs of the funds, and bear interest at a rate equal to the average market yield (computed by the managing trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month. This interest rate, if not a multiple of $\frac{1}{8}$ of 1 percent, is rounded to the nearest multiple of $\frac{1}{8}$ of 1 percent.</p> <p>The managing trustee is authorized to make purchases in the open market only when he deems it is within the public interest.</p>	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VIII. FINANCING—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>C. Review of status of the trust funds:</p>		
<p>1. Board of Trustees...</p>	<p>These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as secretary).</p>	<p>No change.</p>
	<p>It shall be the duty of the Board of Trustees to—</p> <p>(1) hold the trust funds;</p> <p>(2) report to the Congress not later than the 1st day of March of each year on the operation and status of the trust funds during the preceding fiscal year and on their expected operation and status during the next ensuing 5 fiscal years;</p> <p>(3) report immediately to the Congress whenever it is their opinion that either of the trust funds is unduly small;</p> <p>(4) recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs, and review the general policies followed in managing the trust funds, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the trust funds are to be managed.</p> <p>The Board is also required to meet at least once each 6 months.</p>	<p>No change.</p>
<p>2. Advisory Council...</p>	<p>An Advisory Council on Social Security Financing will periodically review the status of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund in relation to the long-term commitments of the programs. The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the tax rate, to the Board of Trustees of the trust funds before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1, 1959, in its annual report.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VIII. FINANCING—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
C. Review of status of the trust funds—Continued 2. Advisory Council—Continued	Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary during 1963, 1966, and every 5th year thereafter and will report not later than Jan. 1 of the 2d year after the year in which they are appointed. The advisory council appointed in 1963 shall, in addition to the other findings it is required to make, include its findings and recommendations with respect to extensions of the coverage, benefit adequacy, and all other aspects of the program.	
D. Maximum taxable amount.	\$4,800 a year	No change.
E. Tax rate for self-employed.	Taxable years beginning in—	Provides increases in tax rates for employers, employees and the self-employed. The rates for employees and employers are each increased $\frac{1}{8}$ -percent. The rate for the self-employed is increased by approximately $\frac{3}{16}$ of 1 percent. In addition, the ultimate rate schedule will be reached in 1968, 1 year earlier than under prior law.
	Taxable years beginning in— 1961..... 4½ 1962..... 4½ 1963-65..... 5¼ 1966-68..... 6 1969 or after..... 6¾	Taxable years beginning in— 1961..... No change 1962..... 4.7 1963-65..... 5.4 1966-67..... 6.2 1968 and after..... 6.9
F. Tax rate for employees and employers.	Calendar years: 1961..... 3 1962..... 3 1963-65..... 3½ 1966-68..... 4 1969 and after..... 4½	Calendar years: 1961..... No change 1962..... 3½ 1963-65..... 3½ 1966-67..... 4½ 1968 and after..... 4½ (Public Law 87-64.)

IX. MISCELLANEOUS

A. Termination of benefits upon deportation.	Benefits will be terminated upon the deportation of the primary beneficiary under any 1 of 14 specified paragraphs of the Immigration and Nationality Act. Benefits of dependents and survivors who are not citizens will not be paid if they are out of the country.	No change.
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OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IX. MISCELLANEOUS—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
<p>B. Suspension of benefits for certain aliens outside the United States.</p>	<p>Suspends the payments to any individual (primary beneficiary or dependent) not a citizen or national of the United States who first becomes eligible for benefits after December 1956 if such an individual remains out of the country for 6 consecutive months. The payments would be resumed if he returns and remains in this country. However, payment of benefits to such an individual would <i>not</i> be suspended if—</p> <p>(1) he is a citizen of a foreign country which has in effect a social insurance or pension system of general application which would permit benefit payments to U.S. citizens in the event they left such foreign country without regard to the duration of their absence; or</p> <p>(2) the individual upon whose earnings the benefit is based has 40 quarters of coverage (10 years); or</p> <p>(3) the individual upon whose earnings the benefit is based has resided in the United States for 10 years; or</p> <p>(4) he is serving outside the country in the Armed Forces of the United States; or</p> <p>(5) the application of the provision would violate a treaty obligation of the United States.</p> <p>Benefits of aliens who are survivors of certain deceased members of the Armed Forces of the United States also will not be suspended.</p> <p>The individual upon whose earnings the benefit is based must have died (1) while on active duty or inactive duty training as a member of a uniformed service, or (2) as a result of a disease or injury which the Administrator of Veterans' Affairs determines was incurred or aggravated in line of duty while on active duty, or (3) as a result of an injury incurred or aggravated on inactive duty training, if the Administrator determines that such individual was released from such service under conditions other than dishonorable.</p> <p>Likewise, benefits of certain aliens whose entitlement is based on service covered by the Railroad Retirement Act which, inasmuch as it was for less than 10 years, was credited under the Social Security Act. (Principally applicable to Canadian residents employed by American railroads conducting a minor portion of their operations in Canada, and Canadian railroads operating in the United States.)</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IX. MISCELLANEOUS—Continued

Item	Prior law	Law as amended during 1961 (effective date Aug. 1, 1961 unless otherwise indicated)
C. Loss of benefits upon conviction of certain subversive crimes.	<p>If an individual is convicted of treason, espionage, or certain other offenses of a subversive nature including a number of offenses under the Internal Security Act, and the offense was committed after the enactment date of this provision (Aug. 1, 1956), the court in its discretion may provide as an additional penalty that none of the individual's wages or self-employment income (or the earnings of any other individual upon which his benefit is based) credited before his conviction shall be used in computing his benefit. The provision applies only to the individual convicted of the offense and does not affect the rights of his dependents or survivors.</p>	No change.
D. Criminal offenses-----	<p>Any individual who—</p> <p>(1) for the purpose of receiving an unauthorized benefit or having a benefit increased makes (or causes to be made) a false statement or representation as to the amount of any wages or self-employment income earned or paid, or for the period in which they are earned or paid, or</p> <p>(2) makes (or causes to be made) any false statement of a material fact in any application for any payment, or</p> <p>(3) makes (or causes to be made), at any time, any false statement or representation of a material fact for use in determining rights to payments, or</p> <p>(4) having knowledge of the occurrence of any event affecting his initial or continued right to a payment (or the right of a person upon whose behalf he made application or is receiving a benefit) conceals or fails to disclose such an event with intent to fraudulently receive an unauthorized payment or a greater amount than is due, or</p> <p>(5) converts the benefit he has received on behalf of another person for other than the use and benefit of the other person—</p> <p>shall be guilty of a misdemeanor and upon conviction shall be fined not more than \$1,000 or imprisoned for not more than a year, or both.</p>	No change.

MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF SOCIAL SECURITY ACT)

I. MEDICAL ASSISTANCE FOR THE AGED

Item	Prior law	Law as amended during 1961
A. Nature of program-----	Permits the States to include in their plans under title I a program of medical assistance for the aged; that is, to provide medical benefits for aged persons who are not old-age assistance recipients, but whose income and resources are insufficient to meet the costs of necessary medical services.	No change.
B. Eligibility for assistance----	<p>To be eligible an individual—</p> <p>(1) must have attained age 65;</p> <p>(2) must not be a recipient of old-age assistance;</p> <p>(3) must have income and resources, as determined by the State, insufficient to meet all of the cost of the medical services outlined below. The State must provide reasonable standards, consistent with the objectives of the program, for determining eligibility and the extent of assistance.</p>	No change.
C. Scope of benefits-----	<p>The State plan for medical assistance for the aged may specify medical services of any scope and duration, provided that both institutional and noninstitutional services are included. Federal participation is restricted to vendor medical payments: i.e., payments made by the States directly to the doctor, hospital, etc., providing medical services on behalf of the recipient.</p> <p>The Federal Government shares in the expense of providing the following kinds of medical services:</p> <p>(1) Inpatient hospital services;</p> <p>(2) Skilled nursing home services;</p> <p>(3) Physicians' services;</p> <p>(4) Outpatient hospital or clinic services;</p> <p>(5) Home health care services;</p> <p>(6) Private duty nursing services;</p> <p>(7) Physical therapy and related services;</p> <p>(8) Dental services;</p> <p>(9) Laboratory and X-ray services;</p> <p>(10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices;</p> <p>(11) Diagnostic, screening, and preventive services; and</p> <p>(12) Any other medical care or remedial care recognized under State law.</p> <p>The Federal Government does not share in the expense of providing medical services to inmates of public institutions (other than medical institutions), to patients in mental or tuberculosis institutions or to patients in medical institutions as a result of a diagnosis of tuberculosis or psychosis after 42 days of care.</p>	No change.

MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF SOCIAL SECURITY ACT)—Continued

I. MEDICAL ASSISTANCE FOR THE AGED—Continued

Item	Prior law	Law as amended during 1961																																																																								
D. Matching formula—Federal share.	<p>Federal payments reimburse the States for a portion of their expenditures under approved plans for medical assistance for the aged according to an equalization formula like that used to compute the Federal portion of old-age assistance payments between \$30 and \$65 per month except that the "Federal medical percentage" ranges from 50 to 80 percent depending upon the per capita income of the State as related to the national per capita income. The Federal Government bears half of the administrative expenses under such plans. For "Federal medical percentages" see following:</p> <p align="center"><i>Federal-medical percentages applicable for July 1, 1961, through June 30, 1963</i></p> <table border="0"> <thead> <tr> <th align="left">State:</th> <th align="right">Percentage</th> </tr> </thead> <tbody> <tr><td>Alabama.....</td><td align="right">79.04</td></tr> <tr><td>Alaska.....</td><td align="right">50.00</td></tr> <tr><td>Arizona.....</td><td align="right">58.39</td></tr> <tr><td>Arkansas.....</td><td align="right">80.00</td></tr> <tr><td>California.....</td><td align="right">50.00</td></tr> <tr><td>Colorado.....</td><td align="right">52.78</td></tr> <tr><td>Connecticut.....</td><td align="right">50.00</td></tr> <tr><td>Delaware.....</td><td align="right">50.00</td></tr> <tr><td>District of Columbia.....</td><td align="right">50.00</td></tr> <tr><td>Florida.....</td><td align="right">58.44</td></tr> <tr><td>Georgia.....</td><td align="right">75.04</td></tr> <tr><td>Hawaii.....</td><td align="right">53.38</td></tr> <tr><td>Idaho.....</td><td align="right">66.29</td></tr> <tr><td>Illinois.....</td><td align="right">50.00</td></tr> <tr><td>Indiana.....</td><td align="right">52.03</td></tr> <tr><td>Iowa.....</td><td align="right">58.48</td></tr> <tr><td>Kansas.....</td><td align="right">57.52</td></tr> <tr><td>Kentucky.....</td><td align="right">75.57</td></tr> <tr><td>Louisiana.....</td><td align="right">72.55</td></tr> <tr><td>Maine.....</td><td align="right">66.60</td></tr> <tr><td>Maryland.....</td><td align="right">50.00</td></tr> <tr><td>Massachusetts.....</td><td align="right">50.00</td></tr> <tr><td>Michigan.....</td><td align="right">50.00</td></tr> <tr><td>Minnesota.....</td><td align="right">57.96</td></tr> <tr><td>Mississippi.....</td><td align="right">80.00</td></tr> <tr><td>Missouri.....</td><td align="right">52.91</td></tr> <tr><td>Montana.....</td><td align="right">55.74</td></tr> <tr><td>Nebraska.....</td><td align="right">56.86</td></tr> <tr><td>Nevada.....</td><td align="right">50.00</td></tr> <tr><td>New Hampshire.....</td><td align="right">58.18</td></tr> <tr><td>New Jersey.....</td><td align="right">50.00</td></tr> <tr><td>New Mexico.....</td><td align="right">65.22</td></tr> <tr><td>New York.....</td><td align="right">50.00</td></tr> <tr><td>North Carolina.....</td><td align="right">77.47</td></tr> <tr><td>North Dakota.....</td><td align="right">72.44</td></tr> </tbody> </table>	State:	Percentage	Alabama.....	79.04	Alaska.....	50.00	Arizona.....	58.39	Arkansas.....	80.00	California.....	50.00	Colorado.....	52.78	Connecticut.....	50.00	Delaware.....	50.00	District of Columbia.....	50.00	Florida.....	58.44	Georgia.....	75.04	Hawaii.....	53.38	Idaho.....	66.29	Illinois.....	50.00	Indiana.....	52.03	Iowa.....	58.48	Kansas.....	57.52	Kentucky.....	75.57	Louisiana.....	72.55	Maine.....	66.60	Maryland.....	50.00	Massachusetts.....	50.00	Michigan.....	50.00	Minnesota.....	57.96	Mississippi.....	80.00	Missouri.....	52.91	Montana.....	55.74	Nebraska.....	56.86	Nevada.....	50.00	New Hampshire.....	58.18	New Jersey.....	50.00	New Mexico.....	65.22	New York.....	50.00	North Carolina.....	77.47	North Dakota.....	72.44	No change.
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**MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF
SOCIAL SECURITY ACT)—Continued**

I. MEDICAL ASSISTANCE FOR THE AGED—Continued

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E. State plan requirements....	<p>In order to be eligible for Federal participation, the State must provide medical assistance for the aged according to a plan submitted to the Secretary of Health, Education, and Welfare, and approved by him, which meets the requirements set out in the law. The State plan provisions are generally the same as those required for old age assistance with the following exceptions:</p> <p>A State plan—</p> <p>(1) must not require a premium or enrollment fee as a condition of eligibility;</p> <p>(2) must not impose property liens during the lifetime of the individual receiving benefits (except pursuant to court judgment on account of benefits incorrectly paid) and any recovery provisions under the plan must be limited to the estate of the individual after his death and the death of his surviving spouse;</p> <p>(3) must not impose a citizenship requirement which would exclude a citizen of the United States or a requirement which excludes a resident of the State; and</p> <p>(4) must also provide, to the extent required by the Secretary of Health, Education, and Welfare, for inclusion of residents of the State who are absent therefrom.</p>	No change.																																								

MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF SOCIAL SECURITY ACT)—Continued

I. MEDICAL ASSISTANCE FOR THE AGED—Continued

Item	Prior law	Law as amended during 1961
E. State plan requirements— Continued	<p>The use and disclosure of information under this program is limited to purposes directly related to administration. Unlike old-age assistance, the program is not subject to sec. 218 of the Revenue Act of 1951 which permits Federal matching where there is State legislation providing public access to disbursement records (for other than commercial or political purposes).</p>	

II. OLD-AGE ASSISTANCE

A. Eligibility for payments.	<p>Needy individuals who are 65 years or older. A State plan must provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming assistance. The State plan must include reasonable standards, consistent with objectives of the title, for determining the eligibility of individuals and the extent of old-age assistance.</p>	No change.
B. Federal matching.	<p>Federal payments to States are made quarterly. Each State receives an amount equal to part of its total expenditures for old-age assistance. The amount of the Federal payment is computed on the basis of the average expenditure per recipient in each month. There are 2 formulas under which such computations are made. The primary formula covers State expenditures up to \$65 per recipient per month. The secondary formula applies to State expenditures in providing medical or remedial care for recipients of old-age assistance. Total Federal payment is the sum of the amounts produced by each formula.</p>	No change.
1. The primary formula (money payments).	<p>The <i>primary formula</i> is as follows:</p> <ol style="list-style-type: none"> 1. "Federal share" equals the sum of "A" and "B." 2. "A" equals 80 percent of State expenditures up to \$30 per recipient per month. 3. "B" equals the "Federal percentage" of State expenditures between \$30 and \$65 per recipient per month. <p>The "Federal percentage" is determined according to a formula which relates the State's per capita income to the national per capita income. The percentage varies between 50 and 65 percent. States whose</p>	<p>For the period Sept. 30, 1961, to July 1, 1962:</p> <p>Changes "A" to equal 80 percent of State expenditures up to \$31 per recipient per month.</p> <p>Changes "B" to equal the "Federal percentage" of State expenditures between \$31 and \$66 per recipient per month. (Public Law 87-64.)</p>

**MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF
SOCIAL SECURITY ACT)—Continued**

II. OLD-AGE ASSISTANCE—Continued

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B. Federal matching—Con. 1. The primary formula—Con.	<p>per capita income is equal to or above the per capita income for the United States have 50 percent Federal matching while those below the national average have Federal matching which varies, up to a maximum of 65 percent.</p> <p>The "Federal percentages" as promulgated for the period July 1, 1961, through June 30, 1963, are as follows:</p>	No change.																																																																																									
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II. OLD-AGE ASSISTANCE—Continued

Item	Prior law	Law as amended during 1961
B. Federal matching—Con.	State—Con. <i>Federal percentage</i>	
1. The primary formula—Con.	Utah..... 63.74 Vermont..... 65.00 Virginia..... 64.91 Washington..... 50.00 West Virginia..... 65.00 Wisconsin..... 53.10 Wyoming..... 50.86 (25 F.R. 8727)	
2. The secondary formula (medical care expenditures).	In addition to matching under the primary formula, the Federal Government will provide, with respect to State expenditures for medical or remedial care, the <i>larger</i> of the following alternatives: "Federal medical percentage" of vendor payment expenditures that are above \$65 per month, up to \$12 per recipient per month,	Increases vendor payment matching maximum from \$12 to \$15 a month above \$65 per recipient per month maximum of primary formula Effective for fiscal 1962 and thereafter (for period Sept. 1, 1961, through June 30, 1962, the \$15 will be on top of the temporary \$66 per month maximum of the primary formula). (Public Law 87-31.)
	<i>or</i> 15 percent of vendor payment expenditures, up to \$12 per recipient per month.	Increases vendor payment matching maximum from \$12 to \$15 per month. Effective fiscal 1962 and thereafter. (Public Law 87-31.) No change.
"Federal medical percentage."	The "Federal medical percentage" is dependent on the relationship between State per capita income and the national per capita income. The percentage ranges from 50 percent for high income States to 80 percent for States with the lowest income. (See p. 38 for State-by-State percentages.)	
Effect of secondary formula.	For States with average monthly payments over \$65, the Federal Government participates in the expenditures over \$65 except that such participation is limited to the amount of the average vendor medical payment up to \$12 per recipient per month. For States with average monthly payments of \$65 per month or less, the Federal share in average vendor medical payments up to \$12 per recipient per month is an additional 15 percentage points over and above the "Federal percentage" used to compute the Federal share under the primary formula. Provision is also made so that a State with an average payment over \$65 per month can never receive less in additional Federal funds in respect to such medical service costs than if it had an average payment of \$65 per month.	Increases the spread of Federal matching for medical vendor payments from \$12 to \$15. (Public Law 87-31.)

**MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF
SOCIAL SECURITY ACT)—Continued**

II. OLD-AGE ASSISTANCE—Continued

Item	Prior law			Law as amended during 1961																																																																																																																																																																																																																																																																																																																																																																																																																																																
B. Federal matching—Con. 3. Total Federal payment. 4. Administrative expenses. 5. Effect of matching formula.	Total Federal payment equals the sum of the amounts computed under each formula. The Federal Government pays ½ of the States' administrative expenses. The following chart shows average assistance payments by States and the portion of such payments paid from Federal funds:			No change.																																																																																																																																																																																																																																																																																																																																																																																																																																																
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<tr><td>Delaware.....</td><td>50.25</td><td>50.25</td><td>-----</td><td>34.12</td><td>67.9</td><td>34.42</td><td>68.5</td></tr> <tr><td>District of Columbia.....</td><td>65.61</td><td>56.47</td><td>9.14</td><td>42.87</td><td>65.3</td><td>43.47</td><td>66.3</td></tr> <tr><td>Florida.....</td><td>59.25</td><td>48.09</td><td>11.16</td><td>43.13</td><td>72.8</td><td>43.33</td><td>73.1</td></tr> <tr><td>Georgia.....</td><td>47.09</td><td>47.09</td><td>-----</td><td>35.11</td><td>74.6</td><td>35.26</td><td>74.9</td></tr> <tr><td>Guam.....</td><td>25.20</td><td>25.20</td><td>-----</td><td>12.60</td><td>50.0</td><td>12.60</td><td>50.0</td></tr> <tr><td>Hawaii.....</td><td>73.68</td><td>62.77</td><td>10.91</td><td>47.31</td><td>64.2</td><td>47.58</td><td>64.6</td></tr> <tr><td>Idaho.....</td><td>81.60</td><td>56.92</td><td>24.68</td><td>54.79</td><td>67.1</td><td>57.61</td><td>70.6</td></tr> 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Columbia.....	65.61	56.47	9.14	42.87	65.3	43.47	66.3	Florida.....	59.25	48.09	11.16	43.13	72.8	43.33	73.1	Georgia.....	47.09	47.09	-----	35.11	74.6	35.26	74.9	Guam.....	25.20	25.20	-----	12.60	50.0	12.60	50.0	Hawaii.....	73.68	62.77	10.91	47.31	64.2	47.58	64.6	Idaho.....	81.60	56.92	24.68	54.79	67.1	57.61	70.6	Illinois.....	77.98	43.82	34.16	47.50	60.9	48.29	61.9	Indiana.....	65.58	44.29	21.29	43.30	66.0	44.34	67.6	Iowa.....	88.06	62.82	25.24	53.72	61.0	56.41	64.1	Kansas.....	82.13	68.92	13.21	52.56	64.0	54.10	65.9	Kentucky.....	50.12	50.04	.08	37.09	74.0	37.24	74.3	Louisiana.....	70.99	68.78	2.21	48.34	68.1	49.14	69.2	Maine.....	66.02	47.02	19.00	48.55	73.5	49.80	75.4	Maryland.....	62.72	57.47	5.25	41.15	65.6	41.45	66.1	Massachusetts.....	86.54	69.95	16.59	47.50	54.9	49.80	57.5	Michigan.....	78.98	66.04	12.94	47.50	60.1	48.77	61.7	Minnesota.....	95.12	52.28	42.84	51.53	54.2	54.09	56.9	Mississippi.....	34.54	34.54	-----	26.95	78.0	27.10	78.5	Missouri.....	61.27	59.74	1.53	40.93	66.8	41.20	67.2	Montana.....	63.98	63.61	.37	42.43	66.3	42.69	66.7	Nebraska.....	75.80	49.39	26.41	53.04	70.0	53.20	70.2	Nevada.....	80.67	71.17	9.50	46.25	57.3	47.05	58.3	New 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Columbia.....	42.87	65.3	43.47	66.3	Florida.....	43.13	72.8	43.33	73.1	Georgia.....	35.11	74.6	35.26	74.9	Guam.....	12.60	50.0	12.60	50.0	Hawaii.....	47.31	64.2	47.58	64.6	Idaho.....	54.79	67.1	57.61	70.6	Illinois.....	47.50	60.9	48.29	61.9	Indiana.....	43.30	66.0	44.34	67.6	Iowa.....	53.72	61.0	56.41	64.1	Kansas.....	52.56	64.0	54.10	65.9	Kentucky.....	37.09	74.0	37.24	74.3	Louisiana.....	48.34	68.1	49.14	69.2	Maine.....	48.55	73.5	49.80	75.4	Maryland.....	41.15	65.6	41.45	66.1	Massachusetts.....	47.50	54.9	49.80	57.5	Michigan.....	47.50	60.1	48.77	61.7	Minnesota.....	51.53	54.2	54.09	56.9	Mississippi.....	26.95	78.0	27.10	78.5	Missouri.....	40.93	66.8	41.20	67.2	Montana.....	42.43	66.3	42.69	66.7	Nebraska.....	53.04	70.0	53.20	70.2	Nevada.....	46.25	57.3	47.05	58.3	New Hampshire.....	51.22	60.0	53.76	62.9	New Jersey.....	47.50	52.3	49.80	54.9	New Mexico.....	49.97	71.7	50.09	71.8
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Colorado.....	99.72	81.34	18.38	49.11	49.2	51.51	51.7																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Delaware.....	50.25	50.25	-----	34.12	67.9	34.42	68.5																																																																																																																																																																																																																																																																																																																																																																																																																																													
District of Columbia.....	65.61	56.47	9.14	42.87	65.3	43.47	66.3																																																																																																																																																																																																																																																																																																																																																																																																																																													
Florida.....	59.25	48.09	11.16	43.13	72.8	43.33	73.1																																																																																																																																																																																																																																																																																																																																																																																																																																													
Georgia.....	47.09	47.09	-----	35.11	74.6	35.26	74.9																																																																																																																																																																																																																																																																																																																																																																																																																																													
Guam.....	25.20	25.20	-----	12.60	50.0	12.60	50.0																																																																																																																																																																																																																																																																																																																																																																																																																																													
Hawaii.....	73.68	62.77	10.91	47.31	64.2	47.58	64.6																																																																																																																																																																																																																																																																																																																																																																																																																																													
Idaho.....	81.60	56.92	24.68	54.79	67.1	57.61	70.6																																																																																																																																																																																																																																																																																																																																																																																																																																													
Illinois.....	77.98	43.82	34.16	47.50	60.9	48.29	61.9																																																																																																																																																																																																																																																																																																																																																																																																																																													
Indiana.....	65.58	44.29	21.29	43.30	66.0	44.34	67.6																																																																																																																																																																																																																																																																																																																																																																																																																																													
Iowa.....	88.06	62.82	25.24	53.72	61.0	56.41	64.1																																																																																																																																																																																																																																																																																																																																																																																																																																													
Kansas.....	82.13	68.92	13.21	52.56	64.0	54.10	65.9																																																																																																																																																																																																																																																																																																																																																																																																																																													
Kentucky.....	50.12	50.04	.08	37.09	74.0	37.24	74.3																																																																																																																																																																																																																																																																																																																																																																																																																																													
Louisiana.....	70.99	68.78	2.21	48.34	68.1	49.14	69.2																																																																																																																																																																																																																																																																																																																																																																																																																																													
Maine.....	66.02	47.02	19.00	48.55	73.5	49.80	75.4																																																																																																																																																																																																																																																																																																																																																																																																																																													
Maryland.....	62.72	57.47	5.25	41.15	65.6	41.45	66.1																																																																																																																																																																																																																																																																																																																																																																																																																																													
Massachusetts.....	86.54	69.95	16.59	47.50	54.9	49.80	57.5																																																																																																																																																																																																																																																																																																																																																																																																																																													
Michigan.....	78.98	66.04	12.94	47.50	60.1	48.77	61.7																																																																																																																																																																																																																																																																																																																																																																																																																																													
Minnesota.....	95.12	52.28	42.84	51.53	54.2	54.09	56.9																																																																																																																																																																																																																																																																																																																																																																																																																																													
Mississippi.....	34.54	34.54	-----	26.95	78.0	27.10	78.5																																																																																																																																																																																																																																																																																																																																																																																																																																													
Missouri.....	61.27	59.74	1.53	40.93	66.8	41.20	67.2																																																																																																																																																																																																																																																																																																																																																																																																																																													
Montana.....	63.98	63.61	.37	42.43	66.3	42.69	66.7																																																																																																																																																																																																																																																																																																																																																																																																																																													
Nebraska.....	75.80	49.39	26.41	53.04	70.0	53.20	70.2																																																																																																																																																																																																																																																																																																																																																																																																																																													
Nevada.....	80.67	71.17	9.50	46.25	57.3	47.05	58.3																																																																																																																																																																																																																																																																																																																																																																																																																																													
New Hampshire.....	85.42	67.69	17.73	51.22	60.0	53.76	62.9																																																																																																																																																																																																																																																																																																																																																																																																																																													
New Jersey.....	90.76	54.69	36.07	47.50	52.3	49.80	54.9																																																																																																																																																																																																																																																																																																																																																																																																																																													
New Mexico.....	69.73	59.06	10.67	49.97	71.7	50.09	71.8																																																																																																																																																																																																																																																																																																																																																																																																																																													
Alabama.....	\$39.04	74.1	\$39.19	74.3																																																																																																																																																																																																																																																																																																																																																																																																																																																
Alaska.....	41.50	62.9	42.30	64.1																																																																																																																																																																																																																																																																																																																																																																																																																																																
Arizona.....	43.61	71.5	43.78	71.8																																																																																																																																																																																																																																																																																																																																																																																																																																																
Arkansas.....	39.46	75.6	39.61	75.9																																																																																																																																																																																																																																																																																																																																																																																																																																																
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Colorado.....	49.11	49.2	51.51	51.7																																																																																																																																																																																																																																																																																																																																																																																																																																																
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District of Columbia.....	42.87	65.3	43.47	66.3																																																																																																																																																																																																																																																																																																																																																																																																																																																
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Illinois.....	47.50	60.9	48.29	61.9																																																																																																																																																																																																																																																																																																																																																																																																																																																
Indiana.....	43.30	66.0	44.34	67.6																																																																																																																																																																																																																																																																																																																																																																																																																																																
Iowa.....	53.72	61.0	56.41	64.1																																																																																																																																																																																																																																																																																																																																																																																																																																																
Kansas.....	52.56	64.0	54.10	65.9																																																																																																																																																																																																																																																																																																																																																																																																																																																
Kentucky.....	37.09	74.0	37.24	74.3																																																																																																																																																																																																																																																																																																																																																																																																																																																
Louisiana.....	48.34	68.1	49.14	69.2																																																																																																																																																																																																																																																																																																																																																																																																																																																
Maine.....	48.55	73.5	49.80	75.4																																																																																																																																																																																																																																																																																																																																																																																																																																																
Maryland.....	41.15	65.6	41.45	66.1																																																																																																																																																																																																																																																																																																																																																																																																																																																
Massachusetts.....	47.50	54.9	49.80	57.5																																																																																																																																																																																																																																																																																																																																																																																																																																																
Michigan.....	47.50	60.1	48.77	61.7																																																																																																																																																																																																																																																																																																																																																																																																																																																
Minnesota.....	51.53	54.2	54.09	56.9																																																																																																																																																																																																																																																																																																																																																																																																																																																
Mississippi.....	26.95	78.0	27.10	78.5																																																																																																																																																																																																																																																																																																																																																																																																																																																
Missouri.....	40.93	66.8	41.20	67.2																																																																																																																																																																																																																																																																																																																																																																																																																																																
Montana.....	42.43	66.3	42.69	66.7																																																																																																																																																																																																																																																																																																																																																																																																																																																
Nebraska.....	53.04	70.0	53.20	70.2																																																																																																																																																																																																																																																																																																																																																																																																																																																
Nevada.....	46.25	57.3	47.05	58.3																																																																																																																																																																																																																																																																																																																																																																																																																																																
New Hampshire.....	51.22	60.0	53.76	62.9																																																																																																																																																																																																																																																																																																																																																																																																																																																
New Jersey.....	47.50	52.3	49.80	54.9																																																																																																																																																																																																																																																																																																																																																																																																																																																
New Mexico.....	49.97	71.7	50.09	71.8																																																																																																																																																																																																																																																																																																																																																																																																																																																

MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF SOCIAL SECURITY ACT)—Continued

II. OLD-AGE ASSISTANCE—Continued

Item	Prior law			Law as amended during 1961			
B. Federal matching—Con. 5. Effect of matching formula—Con.	<i>Old-age assistance—Average payment per recipient for assistance for money payments and for vendor payments for medical care—Federal participation, by States—Based on payments for March 1961—Continued</i>						
	Average payment per recipient, March 1961			Federal share			
	Total	Money	Vendor. medical	Prior to Public Laws 87-31 and 87-64		Under Public Laws 87-31 and 87-64	
			Amount	Percent	Amount	Percent	
New York.....	111. 71	\$77. 52	34. 19	\$47. 50	42. 5	\$49. 80	44. 6
North Carolina.....	44. 78	42. 50	2. 28	33. 95	75. 8	34. 10	76. 2
North Dakota.....	92. 79	56. 50	36. 29	55. 65	60. 0	58. 68	63. 2
Ohio.....	76. 40	64. 74	11. 66	47. 20	61. 8	47. 50	62. 2
Oklahoma.....	84. 44	66. 46	17. 98	54. 85	65. 0	57. 68	68. 3
Oregon.....	85. 50	52. 97	32. 53	48. 71	57. 0	51. 09	59. 8
Pennsylvania.....	68. 25	64. 30	3. 95	43. 12	63. 2	43. 42	63. 6
Puerto Rico.....	8. 27	8. 27	-----	3. 78	45. 7	3. 95	47. 8
Rhode Island.....	81. 15	66. 15	15. 00	47. 50	58. 5	49. 80	61. 4
South Carolina.....	42. 61	38. 29	4. 32	32. 85	77. 1	33. 00	77. 4
South Dakota.....	63. 67	63. 67	-----	45. 89	72. 1	46. 04	72. 3
Tennessee.....	43. 37	40. 57	2. 80	33. 11	76. 3	33. 26	76. 7
Texas.....	52. 73	52. 73	-----	37. 95	72. 0	38. 13	72. 3
Utah.....	71. 80	51. 88	19. 92	51. 20	71. 3	51. 35	71. 5
Vermont.....	71. 44	49. 76	21. 68	50. 99	71. 4	51. 13	71. 6
Virgin Islands.....	26. 44	26. 44	-----	13. 22	50. 0	13. 22	50. 0
Virginia.....	53. 47	41. 31	12. 16	41. 06	76. 8	41. 23	77. 1
Washington.....	93. 25	56. 80	36. 45	47. 50	50. 9	49. 80	53. 4
West Virginia.....	39. 00	34. 04	4. 96	30. 59	78. 4	30. 74	78. 8
Wisconsin.....	88. 60	38. 14	50. 46	49. 66	56. 0	52. 10	58. 8
Wyoming.....	76. 33	64. 95	11. 38	47. 59	62. 3	47. 88	62. 7
United States.....	69. 43	57. 81	11. 61	-----	-----	-----	-----
C. Exclusion of patients in public, mental, and tuberculosis institutions.	For Federal matching purposes excludes any money payments to, or vendor medical care payments on behalf of, persons who are patients in institutions for tuberculosis or mental disease or inmates in a public institution (other than a medical institution). Payments may be made to, or on behalf of, persons in institutions (other than mental or tuberculosis institutions) on account of a diagnosis of tuberculosis or psychosis, but only for the 1st 42 days.			No change.			

MEDICAL ASSISTANCE FOR THE AGED AND OLD-AGE ASSISTANCE (TITLE I OF SOCIAL SECURITY ACT)—Continued

II. OLD-AGE ASSISTANCE—Continued

Item	Prior law	Law as amended during 1961																						
<p>D. Special formula for Puerto Rico, Virgin Islands, and Guam (applicable to old age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children).</p>																								
<p>1. Matching formula...</p>	<p>Federal matching on a 50-50 basis on both money and vendor medical payments up to a maximum of \$35 a month times the number of recipients on the old-age, blind, and disabled program and a maximum of \$18 a month times the number of recipients on aid to dependent children.</p> <p>Additional matching for vendor medical expenditures is available for up to \$6 per month per recipient on old age assistance rather than the additional \$12 a month for the States and the District of Columbia.</p>	<p>For last 3 quarters of fiscal 1962 <i>only</i>:</p> <p>Changes matching to 50 percent of State expenditures up to \$35.50 per recipient per month on old age, blind, and disabled programs. (Public Law 87-64.)</p> <p>Increases limit on additional matching for medical vendor payments to old age recipients from \$6 to \$7.50 per recipient per month. Effective for fiscal 1962 and thereafter. (Public Law 87-31.)</p>																						
<p>2. Dollar limitation...</p>	<p>Total Federal payments for all 4 public assistance programs may not exceed the following amounts in each fiscal year:</p>	<p>Provides increases in the limits on public assistance expenditures:</p>																						
	<table border="0"> <tr> <td>Puerto Rico.....</td> <td>\$9,000,000</td> </tr> <tr> <td>Virgin Islands.....</td> <td>315,000</td> </tr> <tr> <td>Guam.....</td> <td>420,000</td> </tr> </table>	Puerto Rico.....	\$9,000,000	Virgin Islands.....	315,000	Guam.....	420,000	<table border="1"> <thead> <tr> <th></th> <th>Fiscal 1961</th> <th>1962</th> <th>1963 and after</th> </tr> </thead> <tbody> <tr> <td>Puerto Rico.....</td> <td>\$9,075,000</td> <td>\$9,500,000</td> <td>\$9,125,000</td> </tr> <tr> <td>Virgin Islands.....</td> <td>315,000</td> <td>320,000</td> <td>318,750</td> </tr> <tr> <td>Guam.....</td> <td>420,000</td> <td>430,000</td> <td>425,000</td> </tr> </tbody> </table>		Fiscal 1961	1962	1963 and after	Puerto Rico.....	\$9,075,000	\$9,500,000	\$9,125,000	Virgin Islands.....	315,000	320,000	318,750	Guam.....	420,000	430,000	425,000
Puerto Rico.....	\$9,000,000																							
Virgin Islands.....	315,000																							
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	Fiscal 1961	1962	1963 and after																					
Puerto Rico.....	\$9,075,000	\$9,500,000	\$9,125,000																					
Virgin Islands.....	315,000	320,000	318,750																					
Guam.....	420,000	430,000	425,000																					
	<p>In each case a portion of these amounts is only available if used to provide additional medical vendor payments on behalf of assistance recipients.</p>	<p>The portions which can only be used for medical vendor payments are also increased:</p>																						
	<table border="0"> <tr> <td>Puerto Rico.....</td> <td>\$500,000</td> </tr> <tr> <td>Virgin Islands.....</td> <td>15,000</td> </tr> <tr> <td>Guam.....</td> <td>20,000</td> </tr> </table>	Puerto Rico.....	\$500,000	Virgin Islands.....	15,000	Guam.....	20,000	<table border="1"> <thead> <tr> <th></th> <th>Fiscal 1961</th> <th>1962 and after</th> </tr> </thead> <tbody> <tr> <td>Puerto Rico.....</td> <td>\$500,000</td> <td>\$625,000</td> </tr> <tr> <td>Virgin Islands.....</td> <td>15,000</td> <td>18,750</td> </tr> <tr> <td>Guam.....</td> <td>20,000</td> <td>25,000</td> </tr> </tbody> </table>		Fiscal 1961	1962 and after	Puerto Rico.....	\$500,000	\$625,000	Virgin Islands.....	15,000	18,750	Guam.....	20,000	25,000				
Puerto Rico.....	\$500,000																							
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	Fiscal 1961	1962 and after																						
Puerto Rico.....	\$500,000	\$625,000																						
Virgin Islands.....	15,000	18,750																						
Guam.....	20,000	25,000																						
	<p>Federal payments for programs of medical assistance for the aged are excepted from dollar limitation provision.</p>	<p>(Public Laws 87-31 and 87-64.)</p>																						

AID TO THE BLIND AND AID TO THE PERMANENTLY AND TOTALLY DISABLED (TITLES X AND XIV OF THE SOCIAL SECURITY ACT)

Item	Prior law	Law as amended during 1961
<p>I. Matching formulas-----</p>	<p>The following formulas are applicable for State expenditures which include both money payments and vendor payments for medical care.</p> <p>The matching formulas for these programs are the same as the primary matching formula for old age assistance.</p> <p>[The secondary formula applicable to old age assistance (primarily medical vendor payments) does not apply to these programs.]</p> <p>1. "A" equals the sum of "A" and "B."</p> <p>2. "A" equals—80 percent of State expenditures up to \$30 per recipient per month.</p> <p>3. "B" equals—the "Federal percentage" of State expenditures between \$30 and \$65 per recipient per month.</p> <p>"Federal percentage" is determined in the same manner as for old age assistance. (See p. 41 for current "Federal percentages.")</p> <p>For matching formula and ceiling on payment to Guam Virgin Islands, and Puerto Rico see p. 45.</p>	<p>No change except:</p> <p>For the period Sept. 30, 1961, to July 1, 1962: Changes "A" to equal—80 percent of State expenditures up to \$31 per recipient per month.</p> <p>Changes "B" to equal—the "Federal percentage" of State expenditures between \$31 and \$66 per recipient, per month. (Public Law 87-64.)</p> <p>See p. 45.</p>
<p>II. Eligibility requirements:</p> <p>A. Aid to the permanently and totally disabled.</p>	<p>Needy individuals 18 years of age or older who are permanently and totally disabled. A State agency shall, in determining need, take into consideration any other income and resources of any individual claiming assistance.</p>	<p>No change.</p>
<p>B. Aid to the blind-----</p>	<p>Needy individuals who are blind. A State agency shall, in determining need, take into consideration any other income and resources of the individual claiming assistance, except that until June 30, 1962, the States may either disregard the first \$50 of earned income or the first \$85 per month of earned income plus half of monthly earnings over that amount. After June 30, 1962, the States must disregard the first \$85 per month of earned income plus half of monthly earnings over that amount.</p> <p>Temporary legislation (sec. 344(b) of the Social Security Amendments of 1950 which has been extended periodically) provides for the approval by the Secretary of certain State plans for aid to the blind which do not meet in full the requirements of the "needs" test. Expires June 30, 1964.</p>	<p>No change.</p>

AID TO THE BLIND AND AID TO THE PERMANENTLY AND TOTALLY DISABLED (TITLES X AND XIV OF THE SOCIAL SECURITY ACT)—Continued

Item	Prior law	Law as amended during 1961
<p>III. Exclusion of patients in public, mental, and tuberculosis institutions.</p>	<p>For Federal matching purposes excludes any money payments to, or medical vendor payments on behalf of, persons who are patients in institutions for tuberculosis or mental diseases, or who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof, or who are inmates in a public institution other than a medical institution. The institutional exclusions do not apply to the aid to dependent children program.</p>	<p>No change.</p>

AID TO DEPENDENT CHILDREN (TITLE IV OF THE SOCIAL SECURITY ACT)

Item	Prior law	Law as amended during 1961
<p>I. Temporary extension of program to families with unemployed parent:</p> <p>A. Eligibility requirements.</p> <p>B. Matching formula.</p>	<p>No provision. Program limited to needy dependent children under 18 (and parent or specified relative with whom they are living) who have been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent. (Specified relatives include grandmother, grandfather, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, 1st cousin, nephew, or niece.)</p> <p>The following formula is applicable to State expenditures which include both money payments and vendor payments for medical care.</p> <p>The Federal share equals the sum of "A" and "B."</p> <p>"A" equals—$\frac{1}{17}$ of State expenditures up to \$17 per recipient per month.</p> <p>"B" equals—the "Federal percentage" of State expenditures between \$17 and \$30 per recipient per month.</p> <p>"Federal percentage" is determined in the same manner as for old age assistance. (See p. 41 for current "Federal percentages.")</p> <p>For matching formula and ceiling on payments to Guam, Virgin Islands, and Puerto Rico see p. 45.</p>	<p>For 14-month period May 1, 1961, through June 30, 1962, adds "by reason of the unemployment of a parent (as defined by State)" as one of the alternative qualifying conditions for children who are deprived of parental support or care. (Public Law 87-31.)</p> <p>No change.</p> <p>See p. 45 for increase in ceiling.</p>

AID TO DEPENDENT CHILDREN (TITLE IV OF THE SOCIAL SECURITY ACT)—Continued

Item	Prior law	Law as amended during 1961
I. Temporary extension of program—Continued C. State plan requirements.	Various requirements relating to administration by a single State agency, merit system, requirement of fair hearing, notification of law-enforcement agencies in case of deserting parents, etc.	Same as existing law but adds requirements that State plan (1) make assurance that assistance will not be granted if, and for as long as, the unemployed parent refuses, without good cause, to accept employment in which he is able to engage and which is offered through either a public employment office or by an employer if the offer is determined by the State agency to be a bona fide offer of such employment; (2) provide for entering into cooperative arrangements with the system of public employment offices in the State looking toward the employment of unemployed parents, including appropriate provision for periodic registration of the unemployed parent and for the maximum utilization of the job placement and other services and facilities of such offices; and (3) provide for entering into cooperative arrangements with the State vocational education agency looking toward maximum utilization of its services and facilities to encourage retaining of such unemployed parent. Also allows any State, at its option, to provide for the denial of all (or any part) of aid under the plan to which any child or relative might be entitled for any month, if the unemployed parent receives compensation under an unemployment compensation law of a State or of the United States for any week, any part of which is included in such month. (Public Law 87-31.)
II. Temporary program of Federal payments for foster home care of dependent children: A. Eligibility requirements.	No provision—program limited to children living in the home of a parent or a relative specified in I.A.	For period beginning May 1, 1961, and ending June 30, 1962, allows Federal payments with respect to any child otherwise not eligible who— (1) is removed, after Apr. 30, 1961, from home of specified relative as a result of a judicial determination that continuation therein would be contrary to his welfare; (2) is placed in a foster family home (approved by the State) as a result of such determination, and

AID TO DEPENDENT CHILDREN (TITLE IV OF THE SOCIAL SECURITY ACT)—Continued

Item	Prior law	Law as amended during 1961
<p>II. Temporary program—Con. A. Eligibility requirements—Continued</p> <p>B. Matching formula.</p> <p>C. State plan requirements.</p>	<p>Same as I. B., p. 47-----</p> <p>Same as I. B., p. 47-----</p>	<p>(3) was receiving aid under the State aid-to-dependent-children program in the month when court proceedings were started, and for whose placement and care the State agency administering the program is responsible.</p> <p>No change.</p> <p>State plans with respect to this program must also—</p> <p>(1) include aid for any child meeting the above requirements, and</p> <p>(2) include provision for development of a plan for each such child (including periodic review of the necessity for the child's being in a foster family home) to assure that he receives proper care and that services are provided which are designed to improve the conditions in the home from which he was removed or to otherwise make possible his being placed in the home of a specified relative, and</p> <p>(3) provide or use by the State agency, to the maximum extent practicable, in placing such a child in a foster family home, of the services of employees of the State public welfare agency or of any local agency participating in the administration of the State's plan for child welfare services under title V of the Social Security Act.</p>
<p>III. State "suitable home" statutes</p>	<p>The Secretary of Health, Education, and Welfare is authorized to withhold Federal payments with respect to a State plan which fails to comply substantially with any provision required to be included in the plan. The Department of Health, Education, and Welfare in January 1961 advised the State agencies administering aid to dependent children programs that after June 30, 1961, grants to States would not be available if the State terminated assistance to children in homes determined to be unsuitable unless the State made other provision for the children affected.</p>	<p>Extends beyond June 30, 1961, the grace period for States with "unsuitable homes" statutes for compliance with the Department's ruling. For each State the period is extended to Sept. 1, 1962. During this period any action taken pursuant to a State statute which requires that aid be denied to a child because of conditions in the home where he resides, would not be a basis for withholding Federal payments to the State. (Public Law 87-31.)</p>

**ASSISTANCE FOR AMERICAN CITIZENS RETURNED FROM FOREIGN COUNTRIES
(TITLE XI OF THE SOCIAL SECURITY ACT)**

Item	Prior law	Law as amended during 1961
I. General.....	No provision.....	<p>Authorizes until June 30, 1962, a Federal program of "temporary assistance" to certain U.S. citizens who have returned from foreign countries and are without available resources. U.S. citizens and their dependents would be eligible if—</p> <p>(1) Such individuals are identified by the Department of State as having returned, or been brought, from a foreign country to the United States;</p> <p>(2) The cause of such return is any of the following—</p> <p>(a) The destitution of the U.S. citizen,</p> <p>(b) The illness of the U.S. citizen,</p> <p>(c) The illness of any of his dependents,</p> <p>or</p> <p>(d) War, threat of war, invasion, or similar crisis; and</p> <p>(3) Such individuals are without available resources.</p> <p>"Temporary assistance" includes the following:</p> <p>(1) Money payments;</p> <p>(2) Medical care;</p> <p>(3) Temporary billeting;</p> <p>(4) Transportation; and</p> <p>(5) Other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services).</p> <p>All assistance must be rendered within the United States, and must be furnished to individuals after their return from foreign countries. The Secretary of Health, Education, and Welfare is authorized to provide such assistance either directly, or through public or private agencies according to agreements entered into by the Secretary and the agencies.</p> <p>Provision must be made for the reimbursement of the United States by recipients of assistance. However, the Secretary is authorized to exempt certain classes of individuals from this requirement.</p> <p>The Secretary of Health, Education, and Welfare is authorized to make plans for the carrying out of the program, but he is required to make such plans after consultation with the Secretaries of State and Defense, and the Attorney General. (Public Law 87-64.)</p>
II. Eligibility.....	No provision.....	
III. Scope of assistance.....	No provision.....	
IV. Plans and arrangements.....	No provision.....	

**TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL (TITLE VII OF THE
SOCIAL SECURITY ACT)**

Item	Prior law	Law as amended during 1961
I. Purpose of authorization...	To assist the administration of public assistance programs by increasing the number of trained public welfare personnel. Funds may be used for (1) grants to public or other nonprofit institutions of higher learning for training personnel employed or preparing for employment in public assistance programs, (2) special courses of study or seminars of short duration conducted for such personnel, and (3) establishing and maintaining, directly or through grants to such institutions, fellowships, or traineeships for such personnel. Allotments to States based on population, need for personnel, and financial need.	No change.
II. Duration of authorization.	Authorizes the appropriation of whatever sum Congress determines through fiscal 1962.	Extends authorization through fiscal 1963.
III. Federal matching share...	80 percent for all States.....	100 percent for all States, effective for fiscal 1962 and thereafter. (Public Law 87-31.)

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1961 (PUBLIC LAW 87-6)

Item	Prior law	Law as amended during 1961
I. Benefits-----	No provisions-----	<p>Provides additional unemployment compensation payments to workers who remain out of work after they have exhausted their benefits under State and Federal unemployment compensation laws. Applies to workers who have exhausted their benefits between June 30, 1960, and Apr. 1, 1962, but those who establish their entitlement by Apr. 1, 1962, may continue to draw benefits for weeks they are unemployed up to July 1, 1962.</p> <p>A worker is granted extended unemployment compensation equal in amount to his benefits for half the number of weeks of his basic entitlement, within certain limits. These limits are that no worker may receive extended benefits for more than (1) 13 weeks, or (2) if he has received more than 26 weeks of basic benefits, his combined (basic and extended) benefits may not exceed 39 weeks. In those States where benefits are paid for over 26 weeks the State is reimbursed for payments to a worker in excess of 26 weeks and the worker is granted extended benefits within the combined limit of 39 weeks.</p> <p>There is also a limitation on amount of benefits which provides for a reduction in extended unemployment benefits of a worker equal to any amount he is being paid under a pension or retirement annuity contributed to by a base period employer of the worker. This means that a reduction is made if both types of payments (retirement and unemployment) arise by reason of service for the same employer. The reduction does not apply where the payment is made by reason of disability or in the case of old-age and survivors insurance benefits under title II of the Social Security Act.</p>
II. Temporary increase in Federal unemployment tax rate.	<p>The regular Federal unemployment tax rate is 3.1 percent on the first \$3,000 of an employee's covered wages, of which 2.7 percent of taxable payrolls may be offset by taxes paid under State unemployment compensation law or tax credits allowed under State law through experience rating. This leaves a net Federal tax of 0.4 percent of taxable payroll.</p>	<p>Benefits are financed by a temporary increase of 0.4 percent in the Federal unemployment tax (3.1 to 3.5) paid by employers on wages paid during 1962 and 1963, in effect increasing the net Federal tax to 0.8 percent of payroll during these 2 years. (Public Law 87-6.)</p>

DIRECTOR'S

Bulletin

NO. 333

SSA-OASI
February 3, 1961

PRESIDENT'S ECONOMIC MESSAGE TO CONGRESS

To Administrative, Supervisory
and Technical Employees

On February 2, the President sent to Congress his program for economic recovery and growth. In his economic message the President made five proposals for changes in the old-age, survivors, and disability insurance program:

1. Increase the aged widow's benefit from 75 percent of her husband's retirement benefit to 85 percent. (A similar increase would be made in the benefit payable to a widower or to a surviving dependent parent where only one parent is entitled to benefits.)
2. Change the requirements for insured status so that a worker will be fully insured if he has 1 quarter of coverage for every 4 calendar quarters elapsing after 1950 (or age 21 if later) instead of 1 for every 3.
3. Provide disability insurance benefits for insured workers and their families after the worker has been totally disabled for 6 months even though it is expected that he will eventually recover.
4. Increase the minimum benefit payable to a retired or disabled worker and to a sole survivor of an insured worker from \$33 to \$43.
5. Reduce the age of eligibility for benefits for men from 65 to 62, with the benefits payable to men who claim them before age 65 reduced actuarially to take account of the longer period over which benefits will be paid.

A proposal to provide aid to dependent children for families of needy unemployed workers was also included.

Fact sheets on the recommendations are attached. We will keep you informed of the progress of the proposed changes.

Victor Christgau
Victor Christgau
Director

Attachments

February 2, 1961

Proposed Social Security Changes

Fact Sheet No. 1

AID TO CHILDREN OF UNEMPLOYED PARENTS

Legislative Proposal

It is proposed to broaden the coverage of Title IV of the Social Security Act, under which grants are made to States for aid to dependent children, so as to provide assistance with Federal help to children who are in need because of the unemployment of a parent. This proposal would:

- A. Enable the States to include in their Federal-State aid to dependent children program not only the children deprived of care and support because of death, continued absence, or incapacity of a parent, but also the families where a parent is unemployed.
- B. Provide that States desiring to extend their Federal-State aid to dependent children program to the families of the unemployed be required to enter into cooperative arrangements with the State employment service to assure maximum utilization of that service in returning the unemployed parent to work. These arrangements would include provision for appropriate registration with the public employment service.
- C. State the intent of Congress that the additional funds made available be used for assistance to needy unemployed families who are either ineligible for assistance or who receive inadequate amounts of assistance and that the additional Federal funds are not intended to replace State and local funds now aiding needy persons.
- D. Become effective as of April 1, 1961, and would expire June 30, 1962.
- E. Temporarily increase the limitations on Federal funds which may be paid to Puerto Rico for public assistance.

Reasons for Proposal

- A. Federal grants to States under present law provide assistance only to the needy aged, blind, and disabled, and to dependent children who are deprived of parental support or care solely because of the death, continued absence, or the physical or mental incapacity of a

parent. Where a family is in need because the father is unemployed, the family cannot receive assistance under the Federally-aided program of aid to dependent children.

- B. Assistance to other needy persons, such as the unemployed, must come from State and local funds without Federal sharing in the cost of such assistance.
- C. States make varying provisions for needy persons not included under the four Federally-aided categories, and in many States assistance is not available to persons in need because of unemployment or is inadequate because State and local funds are limited.
- D. The proposed change in the Federal law to include children of unemployed parents would enable the States to provide assistance with Federal help to families in need because of a parent's unemployment.
- E. The provision for the establishment of cooperative arrangements with the public employment service will further the objective of helping these needy families to again become self-supporting.
- F. This measure will help meet the needs of a substantial number of unemployed families, including those not covered by the unemployment compensation program and those who have exhausted their benefits under that program.
- G. Without an increase in the existing limitation on public assistance funds Puerto Rico would not receive additional Federal funds.

Program Data for Aid to Dependent Children

Current Data

Number of families receiving assistance, November 1960 . . .	795,012
Number of children receiving assistance, November 1960 . . .	2,341,615
Federal expenditures for fiscal year 1960	665,700,000

Increases Under Proposal to add Unemployment (assuming passage by April 1, 1961 and participation by all States)

Average monthly number of families more than	250,000
Average monthly number of children more than	750,000
Increase in Federal funds for the 15 months period April 1, 1961 thru June 30, 1962	305,000,000

February 2, 1961

Proposed Social Security Changes

Fact Sheet No. 2

THE INCREASE IN WIDOW'S BENEFITS

The aged widow's benefit would be increased from 75 percent of her husband's retirement benefit to 85 percent. (A similar increase would be made in the benefit payable to a widower and to a surviving dependent parent where only one parent is entitled to benefits.)

The increase for widows is one of the most urgently needed changes in the social security program. Aged widows are among the neediest groups in our population. The average benefit for an aged widow in June 1960 was \$57.20 a month. Widows not only get lower benefits than do retired workers; they also have less in other income. They are much less likely, for example, to be getting private pensions than are retired workers. One-half of the women getting aged widow's benefits who were interviewed in a recent survey had income of less than \$270 in addition to their old-age and survivors insurance benefits, as compared with \$470 for nonmarried retired workers. The proposed change would provide desperately needed additional funds for these older women.

Enactment of the proposal would provide an effective method of getting money into the economy quickly, since most people getting aged widow's benefits must use all of their current income to meet their current needs.

After account is taken of the effect of raising the minimum benefit to \$43, a proposal also recommended at this time, it is estimated that 1,465,000 people would have their benefits increased during the first 12 months of operation by the change in the widow's benefit amount; the additional benefits that would be paid out during the first 12 months would amount to about \$140 million. The level-premium cost of increasing the widow's benefits (after account is taken of the increase in the minimum benefit) is estimated at 0.22 percent of payroll.

February 2, 1961

Proposed Social Security Changes

Fact Sheet No. 3

THE CHANGE IN THE INSURED STATUS REQUIREMENT

The requirements for insured status would be changed so that a worker would be fully insured if he had 1 quarter of coverage for every 4 calendar quarters elapsing after 1950 (or age 21 if later) and up to the year of death or attainment of retirement age, instead of 1 for every 3. (For most kinds of work a person acquires 1 quarter of coverage for each calendar quarter in which he is paid \$50 or more in wages; generally speaking, he acquires 4 quarters of coverage for any year in which he is covered as a self-employed person.) The present minimum requirement of 6 quarters of coverage (1-1/2 years of work) and the maximum requirement of 40 quarters of coverage (10 years of work) would be kept.

The 1-for-4 provision would make the insured-status requirements for people who are now old comparable to those that will apply in the long run for people who will attain retirement age in the future. People who were young when the program started and young people who began working after that time will need about 1 year of work for every 4 years elapsing after age 21 (10 years out of a possible 40 or more years in a working lifetime) in order to be insured at retirement age. Under the 1-for-3 requirement, people who are now old must meet a proportionally stricter test. People who were first covered in 1955, for example, and who reached age 65 in 1961 must have 3-1/4 years of coverage out of the 6 years in which they could possibly have been covered. This is an even stricter requirement than the general requirement of 1 quarter of coverage for every 2 elapsed quarters that was in the law before 1960.

The proposal would help especially people who are uninsured not because they worked irregularly over their lifetimes, but because the work they did in the prime of life was not covered. By the time their regular occupations were covered they were already so old that they could not work regularly enough to meet the insured-status requirements in the law.

Under the proposal, about 170,000 people who are not now insured would become eligible for benefits in the first 12 months of operation. Taking into account the proposals to raise the minimum benefit to \$43 and to pay actuarially reduced benefits to men as early as age 62, also being recommended at this time, the total amount that would be payable to these people in the first 12 months would be \$65 million. The level-premium cost of the proposal would be 0.02 percent of payroll.

February 2, 1961

Proposed Social Security Changes

Fact Sheet No. 4

THE IMPROVEMENT IN DISABILITY INSURANCE PROTECTION

Disability insurance benefits would be provided for insured workers and their families after the worker has been totally disabled for 6 months even though it is expected that he will eventually recover. Under present law, disability benefits are available only if his total disability is expected to result in death or to last for a long and indefinite period.

The proposed provision would meet a real need that is not satisfactorily met by existing public programs. While the group affected and the total benefits provided would be relatively small, the proposal would provide greatly needed social security protection. For many of the people involved a disability benefit would mean the difference between self-dependence and dependence on public assistance.

The proposal has merit, too, from the standpoint of the rehabilitation objective. In some cases a psychological barrier to rehabilitation results from the finding that a person's total disability is likely to result in death or to continue for a long and indefinite period. It is only natural that some totally disabled people have their morale and attitudes, and therefore their chances of rehabilitation, impaired if they know that they have been classified as unlikely to recover. Since under the proposal it would no longer be necessary to classify totally disabled people in this manner, the proposal would tie in better with the rehabilitation objectives of the disability insurance provisions.

The proposed provision would also simplify administration and help to speed up the payment of the first benefit check to disabled workers in those cases where a prognosis of the duration of disability is difficult to make. Under present law, the need for such prognoses delays a determination of disability in many instances and result in misunderstanding and resentment on the part of claimants.

The proposed change would in no sense be an innovation in the field of disability. Provisions much like the one proposed are in the majority of private insurance contracts and in many other disability programs.

About 85,000 people--disabled workers and their families--would become eligible for benefits in the first year of operation of the proposed provision. Benefit payments in the first year would amount to about \$35 million. The level-premium cost is estimated at 0.03 percent of payroll.

February 2, 1961

Proposed Social Security Changes

Fact Sheet No. 5

THE INCREASE IN THE MINIMUM BENEFIT

The minimum benefit payable to a worker retiring at or after age 65, to a disabled worker, and to a sole survivor of an insured worker would be raised from \$33 to \$43.

Many of the people who now get benefits at or near the minimum are people who were already old when their jobs were covered and whose earnings under the program consequently did not give an accurate picture of their average earnings over their lifetime. An increase in the minimum would make their benefits more nearly comparable to what they might have received had they been covered earlier in life.

Raising the minimum benefit will provide an effective method for getting money into the economy quickly, since people who are getting benefits at the minimum generally do not have much, if any, other retirement income, and must use all of their current income to meet their current needs.

An estimated 2,455,000 people would have their benefits increased under the proposal during the first 12 months of operation. The additional benefits that would be paid out during the first 12 months would be \$255 million. The level-premium cost of raising the minimum benefit to \$43 is estimated at 0.11 percent of payroll.

February 2, 1961

Proposed Social Security Changes

Fact Sheet No. 6

REDUCTION IN THE AGE OF ELIGIBILITY FOR BENEFITS FOR MEN

The age of eligibility for benefits for men would be reduced from 65 to 62, with the benefits payable to men who claim them before age 65 reduced actuarially to take account of the longer period over which the benefits will be paid. Benefits for women at 62 are provided on this basis under present law.

An estimated 600,000 people would be expected to get benefits under the proposal during the first 12 months of operation. Taking into account the effect of raising the minimum benefit to \$43 (another proposal recommended at this time), the additional benefits that would be paid out during the first 12 months to men claiming benefits before age 65 would be \$515,000,000.

The proposal would help primarily that group of men who because of ill health, technological unemployment, or other reasons find it impossible to continue working until they reach 65. Older workers who lose their jobs find it more difficult to get new jobs than do younger unemployed workers. The plight of the older unemployed man now is particularly bad during the current recession, and even more so in areas of chronic unemployment; but even with relatively high employment there will always be some people nearing age 65 who will lose their jobs and find it impossible to get new jobs. Adoption of the proposal will mean that the social security program, to which these people have made contributions over the years in the hope of building protection against the time when they are too old to work, will be flexible enough to provide a degree of protection for them when they find themselves unable to get work because they are close to the "normal" age of eligibility for benefits.

The level-premium cost of the program would be increased by .10 percent of payroll by the proposal. The reason why the proposal increases cost is that in increasing the age of eligibility to age 62 it would reduce the insured-status requirement slightly (since the period over which insured status is measured would end at 62 instead of 65) and would also shorten the period over which earnings must be averaged. (Similar changes were made for women when the age of eligibility was reduced for them.) These collateral changes that go along with the reduction in the age of eligibility will mean that a somewhat larger number of men will be insured than otherwise would be and that benefit amounts will in most cases be higher.

DIRECTOR'S

Bulletin

NO. 335

SSA-OASI
February 6, 1961

FINANCING THE PROPOSALS INCLUDED IN THE PRESIDENT'S ECONOMIC MESSAGE

To Administrative, Supervisory
and Technical Employees

On February 3, in Director's Bulletin No. 333, five proposals for improvements in the old-age, survivors, and disability insurance program that the President has recommended in his economic message were listed, and fact sheets describing the proposals were sent to you.

Many of you will have noted that the cost of the proposals totals about 0.48 percent of payroll. It is proposed that this additional cost be met through an increase of one quarter of one percent each in the contribution rates applicable to employers and employees, with a corresponding increase for the self-employed, to be effective at the beginning of 1963. Since the level-premium equivalent of the income to the trust funds from the proposed tax rate increase would be 0.49 percent of payroll, the proposed legislation would be more than fully financed.



Victor Christgau
Director

DIRECTOR'S

Bulletin

NO. 339

SSA-OASI
March 28, 1961

COMMITTEE ON WAYS AND MEANS APPROVES CHANGES IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

To Administrative, Supervisory
and Technical Employees

Yesterday the Committee on Ways and Means approved six changes in the social security program. These changes are generally along the lines of the changes recommended by the President and described in Director's Bulletins Nos. 333 and 335, though with some modifications. Next week the Committee will issue a report recommending adoption of these changes. The changes approved by the Committee are:

1. An increase in the aged widow's benefit from 75 percent of her husband's retirement benefit to 82-1/2 percent--an increase of 10 percent. (A similar increase would be made in the benefit payable to a widower or to a surviving dependent parent where only one parent is entitled to benefits.) The change would provide additional benefits amounting to \$105 million to about 1,525,000 older people during the first 12 months of operation. Attached is a table showing some examples of increases in widow's benefits.
2. A change in the requirements for insured status so that a worker will be fully insured if he has one quarter of coverage for every year elapsing after 1950 (or age 21 if later)--instead of one for every 3 elapsed quarters. (The 1-for-3 provision was enacted in 1960 as a compromise between the 1-for-4 proposal that had been included in the House Bill and the position taken by the Senate, which would have retained the 1-for-2 provision then in the law.) The change would make the insured status requirements for people who are now at or near retirement age comparable to those that will apply to people who are now young and who will need to work in covered employment for 10 years out of a working lifetime of about 40 years. Under the proposal about

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160,000 people who cannot qualify for benefits under the present law will get benefits amounting to about \$65 million in the first 12 months.

3. An increase in the minimum benefit payable to a retired or disabled worker or to a sole survivor of an insured worker from \$33 to \$40, with corresponding increases in the minimum benefits payable to people getting other types of benefits. This change will mean that additional benefits amounting to about \$170 million will be paid to 2,175,000 people during the first 12 months.
4. Payment of benefits to men at age 62, with the benefits payable to men who claim them before age 65 actuarially reduced, as are the benefits now payable to insured women and wives who elect to take benefits before age 65. An increase in the long-range cost of the program is avoided by keeping age 65 as the closing point for the elapsed period in determining insured status and benefit amount. This change will mean that benefits amounting to about \$440 million will be paid to 560,000 people during the first 12 months.
5. Extension for one year (through June 30, 1962) of the time within which workers with long-standing disabilities may file applications for disability protection and have the beginning of the period of disability established as far back as the onset of disablement.
6. Contribution rate increases of one-eighth of one percent for employers and employees and three-sixteenths of one percent for the self-employed, effective 1962. The new contribution schedule would be as follows:

<u>Calendar Years</u>	<u>Employers and Employees, Each</u>		<u>Self-Employed</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
1962	3%	3-1/8%	4-1/2%	4-11/16%
1963-65	3-1/2	3-5/8	5-1/4	5-7/16
1966-68	4	4-1/8	6	6-3/16
1969 and after	4-1/2	4-5/8	6-3/4	6-15/16

The increase in the level-premium cost of the program resulting from the other proposals would be 0.25 percent of payroll and the level-

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premium equivalent of the additional income resulting from the new contribution rates would also be 0.25 percent of payroll.

The Committee did not approve the proposal recommended by the President that would have provided for the payment of disability insurance benefits after a worker had been totally disabled for six months even though it was expected he would eventually recover.


Victor Christgau
Director

Attachment

Administrative, Supervisory
and Technical Employees--3/28/61

premium equivalent of the additional income resulting from the new contribution rates would also be 0.25 percent of payroll.

The Committee did not approve the proposal recommended by the President that would have provided for the payment of disability insurance benefits after a worker had been totally disabled for six months even though it was expected he would eventually recover.


Victor Christgau
Director

Attachment

Comparison of Widow's Benefits
 Payable under Present Law and under the Proposal
 at Various Levels of Average Monthly Wage

<u>Average Monthly Wage</u>	<u>Amount of Widow's Benefit under Present Law</u>	<u>Amount of Widow's Benefit under the Proposal</u>
\$ 50	\$33.00	\$40.00 <u>1/</u>
100	44.30	48.70
150	54.80	60.30
200	63.00	69.30
250	71.30	78.40
300	78.80	86.70
350	87.00	95.70
400	95.30	104.80

1/ The minimum benefit provided for in the proposal.

March 28, 1961

DIRECTOR'S

Bulletin

NO. 340

SSA-OASI
April 20, 1961

HOUSE OF REPRESENTATIVES PASSES SOCIAL SECURITY AMENDMENTS OF 1961

**To Administrative, Supervisory
and Technical Employees**

By a vote of 399 to 14, the House of Representatives today passed H. R. 6027, the Social Security Amendments of 1961. The provisions of the bill were described in Director's Bulletin No. 339.

The bill now goes to the Senate, where it will be considered by the Committee on Finance. At this time we do not know when the Committee will consider the bill.

Victor Christgau
Victor Christgau
Director

DIRECTOR'S

Bulletin

NO. 341

SSA-OASI
June 15, 1961

SENATE COMMITTEE ON FINANCE ACTS ON H.R. 6027

**To Administrative, Supervisory
and Technical Employees**

The Senate Committee on Finance today voted to report H.R. 6027. No changes were made in the provisions passed by the House except that the contribution rates for the self-employed were changed from fractions to decimals. Five new amendments were added. Three of the new amendments relate to the old-age, survivors, and disability insurance program, one is concerned with public assistance, and the sixth relates to relief for refugees. Attached is a description of the changes and additions made by the Committee.


Robert M. Ball
Acting Director

Attachment

June 15, 1961

AMENDMENTS TO H.R. 6027 APPROVED BY THE SENATE COMMITTEE ON FINANCE

1. State and local employees would be given additional time to elect coverage under the "divided retirement system" provision, which permits 16 specified States to cover only those retirement system members who desire coverage, with all future members being covered compulsorily. Under a provision added to the law by the 1958 amendments, individuals who do not choose coverage at the first opportunity may, at their request, be brought under the program by the State at any time within a year after the date on which coverage for the group was approved (or before January 1, 1960, if that was later). Under the Finance Committee amendment, the option of bringing additional persons under coverage would be open for two years after coverage for the group was approved, or through December 31, 1962, if that date is later.

2. The State of New Mexico would be added to the present list of 16 States to which the "divided retirement system" provision applies.

3. The Internal Revenue Code would be amended to allow survivors of certain deceased ministers the same right to elect social security coverage that the minister would have had if he had lived. The amendment would affect only a very few cases--perhaps 25 to 50; it would apply to survivors of ministers who die after September 12, 1960, and before April 16, 1962, without having elected coverage. Survivors of such ministers would be permitted (through April 15, 1962) to file certificates electing coverage of the ministerial employment. The effective date of the certificate would be determined as though it had been filed when the minister died.

4. Under the bill passed by the House of Representatives the contribution rates for the self-employed end in sixteenths of one percent. Since these fractions would make it hard for people to compute their taxes, the Committee has approved a change to decimals, rounded to the nearest one-tenth of one percent, for the self-employed rates. The new contribution schedule would be as follows:

<u>Calendar Years</u>	<u>Employers and Employees, Each</u>	<u>Self-Employed</u>
1962	3-1/8%	4.7%
1963-65	3-5/8	5.4
1966-68	4-1/8	6.2
1969 and after	4-5/8	6.9

5. The Committee approved an increase up to \$2.50 per recipient in the amounts the Federal Government will pay under the old-age assistance, aid to the blind and aid to the permanently and totally disabled programs. This increases the present maximum average payment that is

matchable from \$65 to \$67.50 (excluding the special provisions for matching of medical care payments that were made in 1960). The Committee also adopted a provision intended to assure that the additional Federal funds would be passed on to the recipient and not used for reducing State and local expenditures under these existing programs.

6. The Committee adopted an amendment authorizing the Secretary to provide temporary assistance to United States nationals without available resources who return to this country from foreign countries because of war or other emergency. The need for this provision has become acute with the return of United States nationals from Cuba. The amendment also authorizes the Secretary to make plans and arrangements with public and private agencies for the provision of temporary assistance to such United States nationals.

DIRECTOR'S

Bulletin

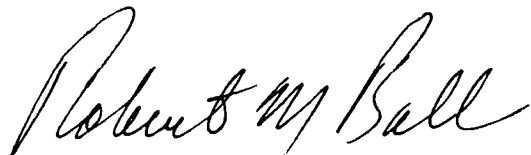
NO. 343

SSA-OASI
June 26, 1961

THE SENATE PASSES THE SOCIAL SECURITY AMENDMENTS OF 1961

To Administrative, Supervisory and Technical Employees

The Senate by a vote of 89 to 0 today passed H. R. 6027, the Social Security Amendments of 1961. The Senate added a provision to change the retirement test so that \$1 in benefits will be withheld for each \$2 of earnings between \$1200 and \$1700, rather than \$1500 as under present law. This change will be financed by advancing the schedule of contribution rate increases. The Senate also agreed to certain minor, technical amendments proposed by the Department. Since the bill passed by the Senate differs from the bill passed by the House of Representatives, it now goes back to the House of Representatives for consideration of the changes made by the Senate. Final action by the Congress is expected within a few days and a report of the contents of the bill as enacted will be made at that time.



Robert M. Ball
Acting Director

D I R E C T O R ' S

Bulletin

NO. 344

SSA-OASI
June 29, 1961

HOUSE-SENATE CONFERENCE AGREES ON OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS OF H. R. 6027

To Administrative, Supervisory
and Technical Employees

A House-Senate Conference has agreed to adopt the old-age, survivors, and disability insurance provisions of H. R. 6027 as passed by the senate on June 26, 1961. As a result of the Conference the enactment of these provisions is virtually assured. The old-age, survivors, and disability insurance provisions agreed to by the Conference are:

1. Benefits will be payable to men at age 62 with reduced benefits payable to men who claim them before age 65.

2. Aged widow's benefits will be increased by 10 percent--from 75 percent of her husband's retirement benefit to 82 1/2 percent. (A similar increase is made in the benefit payable to a widower or to a surviving parent where only one parent is entitled to benefits.)

3. The retirement test will be changed so that \$1 in benefits will be withheld for each \$2 of earnings between \$1200 and \$1700, rather than between \$1200 and \$1500. This change will be effective for taxable years ending after the date of enactment. As a result, the 1960 provision for a \$1 for \$2 adjustment between \$1200 and \$1500 will generally not be operative. It will apply only for the few people who die before the date of enactment or who are self-employed and have for income tax purposes chosen to use a fiscal year that ends before the date of enactment.

4. The requirement for insured status will be changed so that a worker will be fully insured if he has one quarter of coverage for every

**Administrative, Supervisory,
and Technical Employees--6/29/61**

year elapsing after 1950 (or age 21 if later) rather than one quarter for every three elapsed quarters.

5. The minimum benefit payable to a retired or disabled worker or to a sole survivor of an insured worker will be increased from \$33 to \$40.

6. State and local employees who did not elect coverage when their retirement system was "divided" in accordance with the "divided retirement system" provision will be given additional time to elect coverage.

7. The State of New Mexico is added to the present list of States to which the "divided retirement system" provision applies.

8. Survivors of ministers who die after September 12, 1960, and before April 16, 1962, will be granted the same right to elect social security coverage that the minister would have had if he had lived.

9. The time within which workers with long-standing disabilities may file applications for disability protection and have the beginning of the period of disability established as far back as the onset of disablement will be extended for one year (through June 30, 1962). As a result of a technical amendment passed by the Senate, applications filed after June 30, 1961, but before the enactment of the bill can be retroactive to the same extent as applications filed on or after the enactment date.

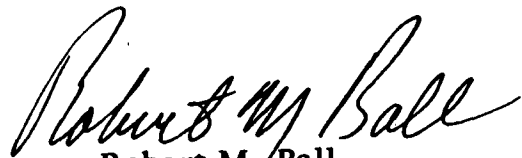
10. The Conference-approved bill will increase the cost of the old-age, survivors, and disability insurance program by 0.27 percent of payroll and provision is made to increase the income to the program by a similar amount. To do this the contribution rate for employers and employees is increased by one-eighth of one percent and the contribution rate for the self-employed by about three-sixteenths of one percent, effective in 1962. In addition, the tax increase scheduled for 1969 is advanced to 1968. The new contribution schedule is as follows:

Administrative, Supervisory,
and Technical Employees--6/29/61

<u>Calendar Years</u>	<u>Employers and Employees, Each</u>		<u>Self-Employed</u>	
	<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>
1962	3 %	3 1/8%	4 1/2%	4.7%
1963-65	3 1/2	3 5/8	5 1/4	5.4
1966-67	4	4 1/8	6	6.2
1968	4	4 5/8	6	6.9
1969 and after	4 1/2	4 5/8	6 3/4	6.9

In general, the effective date of the provisions of the bill will depend on the date when the bill is enacted. If the bill is signed by the President before July 3, the amendments will generally be effective for August. As soon as the President signs the bill you will be informed of the fact and of the effective date of the bill.

Claims Manual holders will soon receive a comprehensive summary of the 1961 amendments arranged in the order of Claims Manual chapters. After the bill becomes law they will begin to receive supplements for the Claims Manual on buff paper to be filed at the back of the chapters affected. All section numbers in the amendment supplements will be preceded by the letter "A. "


Robert M. Ball
Acting Director

DIRECTOR'S

Bulletin

NO. 345

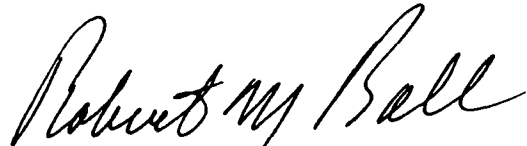
SSA-OASI
June 30, 1961

THE PRESIDENT SIGNS SOCIAL SECURITY AMENDMENTS OF 1961

**To Administrative, Supervisory
and Technical Employees**

Today the President signed the Social Security Amendments of 1961. The amendments generally are effective for the month of August. It is expected that in the first 12 months in which the amendments are effective 4,770,000 people will be paid \$815 million in new or increased benefits.

Hearings by the Committee on Ways and Means of the House of Representatives on health insurance benefits will probably begin toward the end of July.



Robert M. Ball
Acting Director

SUMMARY OF THE

SOCIAL SECURITY

AMENDMENTS

OF 1961

TITLE II



**DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE**

INTRODUCTION

This Summary is based on H.R. 6027 (Public Law 87-64) enacted on June 30, 1961. As provided in the bill, the effective date of the changes made in Title II is the first day of the first calendar month which begins on or after the 30th day after the date of enactment. Accordingly, the effective date is August 1, 1961, and the effective month is August 1961.

This Summary is organized so that it parallels the chapters in the CM. Only the chapters in the CM affected by the amendments are shown.

Prepared by
The Division of Claims Policy

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75. INSURED STATUS

A. Insured Status--General

The amendments change the requirements for fully insured status. Also, as a simplification, the disability exclusion from the insured status elapsed period is now expressed in terms of full years rather than in quarters. The provisions were also reworded to take into account the figuring of insured status for men by using the period up to age 65, even though benefits may be payable before age 65.

B. New Fully Insured Status Provisions: 1-for-4

A person is fully insured if credited with one QC (whenever acquired) for each year elapsing after 1950 or after the year of attainment of age 21, if later, and before:

- (1) In the case of a woman, the year in which she died or attained age 62, whichever is earlier;
- (2) In the case of a man who has died, the year in which he died or attained age 65, whichever is earlier;
- (3) In the case of a man who has not died, the year in which he attained, or would attain, age 65.

Any year, any part of which falls in an established period of disability, is not counted as an elapsed year.

The minimum 6 QC and the maximum 40 QC requirements are retained.

C. Effective Date For Changes

The new fully insured status provision is effective for monthly benefits for months beginning with 8/61 based on applications filed in or after 3/61.

The new provision is effective for the lump-sum death payment where death occurred on or after 8/1/61.

100. COMPUTATIONS AND RECOMPUTATIONS

A. General

The 1961 amendments in the area of computing benefit amounts revise the methods for figuring reduced benefits to include payments to husbands and male W/E's between age 62 and 65 and to make slight changes in the reduction provisions for women. The PIA of a male W/E is computed over the period to age 65 even where benefits are paid before age 65. For both men and women, after initial entitlement to a reduced benefit, a benefit increase (based on a PIA increase) is reduced dependent on the number of months of entitlement to the increase only. Where a man is entitled to a reduced OAIB before age 65, a special recomputation of the PIA will be given on attainment of age 65 or at death (as well as an actuarial adjustment where applicable) if the PIA would be increased.

In addition, the 1961 amendments increase the minimum sole survivor benefit and the minimum PIA from \$33 to \$40, with a corresponding increase to \$60 in the lowest maximum family benefit. The proportion of the PIA for widow's benefits, widower's benefits and parent's benefits (where only one parent is entitled) is also increased from 75% of the PIA to $82\frac{1}{2}\%$.

B. Reduced Benefits Between Age 62 And 65--General

Effective with 8/61 based on applications filed in or after 3/61, reduced OAIB and reduced husband's benefits may be payable to men between 62 and 65. The OAIB reduction factor is 5/9% per month, and husband's benefit reduction factor is 25/36%, as with the female OAIB and wife's benefit respectively. Except as explained in C, D, and E following, reduced benefits for both men and women are figured in the same manner as was provided for women under the law in effect before the 1961 amendments.

C. Entitlement To OAIB After Entitlement To Reduced Spouse's Benefits

The amended reduction provisions introduce a new method for computing an individual's OAIB where such individual was entitled for an earlier month to a reduced wife's or husband's benefit. The OAIB in such a case is reduced independent of the earlier benefit, that is, as if there had been no entitlement to an earlier benefit, and only for the number of months of entitlement to the OAIB before age 65. If initial OAIB entitlement is after age 65, it is not reduced. Prior to the amendments, an OAIB to which a woman became entitled after entitlement to a reduced wife's benefit was first reduced by the dollar amount of the wife's benefit reduction.

Where the claimant's own PIA is equal to or greater than one-half of the PIA on which the wife's or husband's benefit of the claimant is based, such auxiliary benefit terminates, as under the law in effect before the 1961 amendments with respect to women. Where the auxiliary benefit does not terminate, that amount of the reduced auxiliary benefit which exceeds the reduced OAIB is payable. In some cases, entitlement to a wife's or husband's benefit will not terminate, yet no part of these benefits will be payable because the reduced OAIB is equal to or greater than the reduced auxiliary benefit.

The new OAIB reduction method, where there is prior entitlement to reduced auxiliary benefits, is effective with benefits beginning 8/61 . OAIB's for 7/61 which are currently reduced wholly or partially by a wife's reduction factor will be automatically refigured through a conversion process in the PC's. In the rare case where such a benefit would be lower, the amendments provide a "saving clause" preserving the current benefit amount. This saving clause could apply, for example, in the case of a woman (1) whose OAIB initially had been reduced by a wife's benefit factor, (2) whose wife's benefit had been subject to deductions because her husband worked, and (3) whose OAIB (though perhaps payable for all months of entitlement before age 65) was increased through an automatic recomputation at age 65 to take into account wife's benefit deductions.

D. Entitlement To Reduced Spouse's Benefit After DIB Entitlement

Under the law in effect before the 1961 amendments, a woman, entitled to a DIB, who subsequently becomes entitled to a higher reduced wife's benefit, on filing application for the latter benefit is deemed to have filed for an OAIB, thus terminating prospectively her DIB. Under the amendments, a person entitled to DIB who files for reduced wife's or husband's benefits is deemed to have filed for an OAIB only at the time the DIB terminates (see §1000). In these cases, the DIB is as always unreduced. The wife's or husband's benefit reduction factor is based on the number of months of entitlement to the auxiliary benefit and the reduction is applied only to that part of the auxiliary benefit which exceeds the DIB. Where a person is retroactively entitled to the spouse's benefit for a month before the first month of DIB entitlement, the DIB is rendered erroneous, as under the law in effect before the amendments. (See CM §6052.)

E. Separate Reduction Factors For Benefit Increases

Under the amendments, an increase in a reduced benefit as a result of an increase in the PIA will be reduced in the same manner as the initial benefit was reduced but only for the number of months for which the beneficiary is entitled before age 65 to the increase.

If the increase is for the month of attainment of age 65 or later, it is not reduced. The increase, full or reduced (as the case may be), is added to the previous reduced benefit to become the new reduced benefit amount.

Separate treatment of benefit increases will apply to any automatic increases in the PIA (including the statutory increase to \$40 in the minimum PIA) which are effective beginning with the month of 8/61 or later. With respect to recomputations of the PIA the new provision is also effective for 8/61, but only where application for the recomputation is filed on or after 8/1/61. Increased benefits in a retroactive period before 8/61 will be figured under pre-amendment rules.

F. Adjustment Of Reduction Factor At Age 65

The reduction factors for OAIB's, wife's and husband's benefits will be adjusted at age 65 (as for women prior to the amendments) to take into account the months in the reduction period for which the benefit was subject to deductions on account of the W/E's work or refusal of rehabilitation services or the beneficiary's work. In the case of wife's benefits, credit is given for any month in the reduction period for which she had the W/E's entitled child in her care. In the case of wife's or husband's benefits, credit is given for any month in the reduction period for which the beneficiary was not entitled to benefits because the W/E's disability (and DIB) had ceased.

The adjustment of the reduction factor at age 65 will be made automatically as under the law in effect before the amendments. However, occurrence of any of the events discussed in the preceding paragraph in just one or two months is sufficient to require a reduction adjustment at age 65. Where a person attains age 65 before 8/61, there is no reduction adjustment unless there are at least 3 months of events for adjustment, as under the law in effect before the amendments.

G. Computation Elapsed Years For Men

The PIA of a man who becomes entitled to OAIB before age 65 is computed in a way different from the PIA of a woman. Elapsed years for women continue to be counted up to age 62. For purposes of determining the number of computation years to be used a man's computation elapsed years are counted up to the year in which he is, or would become, age 65 notwithstanding the fact that the PIA is reduced where entitlement to OAIB begins before age 65. This is the computation method which was used prior to the amendments and which would continue to be used for men who begin receiving benefits at or after age 65.

H. Summary Recomputation For Men At Age 65 or Death

For the man who is entitled to an OAIB before age 65, the amendments provide an automatic PIA recomputation effective at age 65 or death. This "summary" recomputation of the PIA is separate from and in addition to any automatic reduction factor adjustment for which the W/E may also qualify.

In life cases, earnings through the year in which the W/E attained age 65 will be included in a summary recomputation of his PIA if it would be increased. No application is required for the summary recomputation.

Where a W/E entitled to OAIB dies before he attains age 65, his PIA is recomputed to include earnings through the year of death. In these cases, the year of death and subsequent years are not counted as elapsed years. Thus, even with no additional earnings, the PIA might be increased merely by being based on fewer computation years.

The increase resulting from a summary recomputation is effective beginning with the month of attainment of age 65 or, in death cases, with the first month of entitlement to survivor benefits, or entitlement to the lump sum.

A male W/E who receives an OAIB before age 65 may, both before and after any summary recomputation, also become entitled to work recomputations and current year recomputations, the requirements for which are unchanged by the amendments. However, the requirement that the earnings in the year of attainment of age 65 or death be included in the summary recomputation precludes the use of a current year recomputation as a sequel to the summary recomputation.

I. Increase in Minimum PIA, Sole Survivor and Family Benefits

Effective with 8/61, the minimum PIA and sole survivor benefit is increased from \$33 to \$40. There is a corresponding increase in the lowest family maximum benefit from \$53 to \$60. The increase need not be applied for, but will be included in benefit checks for the effective month.*

J. Retroactive Benefits Where Parents Apply in Different Months

Where one parent is entitled, the amendments increase his or her parent's benefit amount to $82\frac{1}{2}\%$ of the W/E's PIA effective 8/61 (See 400, 450, 600A.) Where there are two parents entitled, each parent's benefit will be 75% of the PIA. In cases where one parent

becomes entitled to a benefit based on $82\frac{1}{2}\%$ of the PIA, and another parent applies in a later month, each parent's benefit becomes 75% of the PIA effective with the month of the later filing. In the retroactive months for which both are entitled, the second parent is entitled to $67\frac{1}{2}\%$ of the PIA (150% of the W/E's PIA less the amount of the first parent's benefit before reduction for the maximum, if any). Where the maximum applies in the retroactive period, the new beneficiary receives only that amount which would not reduce benefits already paid, as under the law before the amendments.

EXAMPLE: A parent applies for benefits in 7/62 establishing retroactive entitlement to 4/62. A second parent applies for benefits in 8/62 with retroactive entitlement to 3/62. The benefits are figured as follows:

Months (Retroactive)

	8/62	7/62	6/62	5/62	4/62	3/62
F1 - % of PIA	75%	Applies $82\frac{1}{2}\%$	$82\frac{1}{2}\%$	$82\frac{1}{2}\%$	First Ent. $82\frac{1}{2}\%$	
F2 - % of PIA	Applies 75%	$67\frac{1}{2}\%$	$67\frac{1}{2}\%$	$67\frac{1}{2}\%$	$67\frac{1}{2}\%$	First Ent. $82\frac{1}{2}\%$

K. Other Benefits "Saved" Where Survivor Benefit Goes to $82\frac{1}{2}\%$ of PIA

In cases where a parent's, widow's or widower's benefit increases under the 1961 amendments, the maximum family benefit provision might ordinarily require that the benefits of other persons entitled on the same account be reduced. However, the amendments provide a saving clause which prevents the reduction. The rules for applying the saving clause and for computing benefits where it applies are as follows:

- Where
- (1) two or more persons (one or more of whom is entitled to widow's, widower's or parent's benefits) apply and become entitled to monthly survivor benefits before 8/61, and
 - (2) no other person becomes entitled to benefits on the same account based on an application filed after 7/61, and
 - (3) the benefits for 8/61 are reduced for the maximum, or would be reduced if deductions did not apply, and
 - (4) benefits are reduced for the maximum for a month after 7/61,

Then, the benefit amount of each person is determined as if no benefit had increased to $82\frac{1}{2}\%$ of the PIA, if the amount of his benefit is less than his benefit for 7/61 .

EXAMPLE 1: A widow and two children (DCC) are entitled to benefits for 7/61 based on applications filed after 11/60 and before 8/61. The PIA is \$80 and the family maximum is \$146.40. The benefits are figured as follows:

	<u>7/61</u>	<u>8/61</u>	<u>8/61</u>
D	\$48.80	\$52.00	\$52.00
C	\$48.80	(\$47.30)*	\$48.80
C	<u>\$48.80</u>	<u>(\$47.30)*</u>	<u>\$48.80</u>
Total	\$146.40	(\$146.60)*	\$149.60

EXAMPLE 2: Same case as above except that all beneficiaries filed before 12/60 (and after 12/58). The child's benefit increase saving clause of the 1960 amendments is thus applicable. The benefits are figured as follows:

	<u>7/61</u>	<u>8/61</u>	<u>8/61</u>
D	\$54.90	\$58.30	\$58.30
C	\$45.80	(\$44.20)*	\$45.80
C	<u>\$45.80</u>	<u>(\$44.20)*</u>	<u>\$45.80</u>
Total	\$146.50	(\$146.70)*	\$149.90

Note that to determine the widow's benefit, the maximum in this case is theoretically distributed in the ratio $82\frac{1}{2}\%$, $62\frac{1}{2}\%$, and $62\frac{1}{2}\%$, as though the child's benefit did not go to 75% of the PIA, under the child's increase saving clause of the 1960 amendments.

L. Figuring the Elapsed Years: "1-for-4" Insured Status

Elapsed years, for determining the number of computation years where a person is insured under the 1-for-4 provision (see §75, Insured

* These amounts are not payable; they are computed only to determine the widow's benefit. These amounts would have been payable if no saving clause had been enacted.

Status), must include the year 1960. Even when such a person attains retirement age before 1961, there can be no alternative first eligibility closing date computation using a pre-1960 amendment computation method. The PIA is always computed using a 1960 method with at least 5 computation years. Men who attained age 65 and women who attained age 62 before 1961 who are insured under the 1-for-3 provision only, still have available the alternative of using the revised PIB method or the 1958 PIA method computation using a 1/1/60 closing date if advantageous. Similarly, those who were insured under the 1-for-2 provision and reached retirement age before 1960 also retain alternative first eligibility closing date computations.

M. DIB Conversion To OAIB

Under the law prior to the amendments, the PIA of a person entitled to DIB in the month before he dies or becomes entitled to OAIB is equal to his DIB, or is refigured under other applicable methods. The amendments retain this provision for women. For men, the provision applies only where he is entitled to DIB in the month before the month in which he dies or attains age 65. Where a man's DIB terminates before he is 65 (except for his death), his PIA for OAIB purposes is refigured as if there was no DIB entitlement.

175. OAIB

A. Requirements For Entitlement: Age 62 For Men

The amendments provide for the payment of reduced OAIB at age 62 for men as well as for women. The PIA of the man who becomes entitled to OAIB before age 65 is reduced in the same manner as for a woman. (See §100, Computations and Recomputations, for details.) For the man, however, insured status is figured using an elapsed period up to the year he attains age 65. (See §75, Insured Status.) Similarly, his elapsed years for computation purposes are figured up to the year in which he is or will be 65. (See §100, Computations and Recomputations.)

B. Reduced Benefits And Eligibility For DIB Or Freeze

For a discussion of how entitlement to reduced OAIB prevents subsequent establishment of a period of disability and entitlement to DIB see §6000B .

200. WIFE'S BENEFITS

A. General

The 1961 amendments affecting wife's benefits are generally in the area of reduced benefits before age 65. There is a new method for handling a reduced wife's benefit where there is subsequent entitlement to an OAIB. Benefit increases also receive new and separate reduction factors. For details, see §100, Computations and Recomputations.

In addition, where a woman entitled to DIB becomes entitled to a higher reduced wife's benefit, she is no longer "deemed" to have applied also for reduced OAIB (thus terminating her DIB) until the month after her DIB ceases. See further discussion of this provision in §1000, Applications.

B. Retroactivity of Certificate of Election

Certificates of election to receive reduced wife's benefits which are filed on or after 8/1/61 can be effective no earlier than the 12th preceding calendar month. Before the amendments, in-her-care months were not counted in figuring the potential 12 months retroactivity of a certificate of election. Thus, the gross retroactive period considered in some cases covered several years. Under the amendments the retroactive period to be considered will be no more than 12 consecutive months during which a woman may elect to receive reduced wife's benefits for months of potential entitlement.

250. HUSBAND'S BENEFITS

A. Requirements For Entitlement

Under the amendments, husband's benefits may be paid at age 62. This provision is effective beginning 8/61, with applications filed in or after 3/61. As with wife's benefits, husband's benefits, equal to one-half the W/E-spouse's PIA, are reduced for each month of entitlement before age 65. The reduction is figured in the same manner as for wife's benefits. See §100, Computations and Recomputations, for details.

There is no provision for paying unreduced husband's benefits before age 65 where the beneficiary has a child in his care.

B. Effect Of Entitlement To Reduced Benefits On Eligibility For DIB And Freeze

For a discussion of how entitlement before age 65 to husband's benefits prevents subsequent establishment of a period of disability and entitlement to DIB see §6000B.

- 400. WIDOW'S
- 450. WIDOWER'S
- 600. PARENT'S

A. Requirements For Entitlement; Widower's And Parent's Benefits For Men At Age 62

Effective beginning 8/61 , with application filed in or after 3/61, widower's and parent's benefits may be paid to men at age 62.

B. Amount Of Benefits

The amendments increase widow's (not mother's), widower's and parent's benefits (where there is one parent entitled) to $82\frac{1}{2}\%$ of the PIA. The change is automatic and is effective with benefits for 8/61 . A special savings clause prevents a reduction in other benefits where the maximum family benefit applies. (See §100K for details.) If a second parent becomes entitled where there is already one parent on the rolls, the benefits for each parent becomes 75% of the PIA, effective with the month in which the second parent files. Benefits in the retroactive period of the second application are figured in a special way as described in §100J.

C. Effect Of Entitlement To Benefits Before Age 65 On Eligibility For DIB And Freeze

See §6000B for a discussion of how a man's entitlement to widower's and parent's benefits before age 65 prevents subsequent establishment of a period of disability or entitlement to DIB.

D. Period For Filing Proof Of Support

A new period for filing proof of support is provided for widowers and parents of persons who died not fully insured before 8/61 and who are now fully insured. Where the deceased wife becomes fully insured under the 1-for-4 provision of the 1961 amendments, proof of support may be filed by the qualified widower or parent up to 8/1/63 .

1000. APPLICATIONS

Deemed Filing For Reduced Benefits

Where a person becomes entitled to reduced wife's or husband's benefits for a month before age 65, and in the first month of entitlement is eligible for OAIB (meets insured status and age requirements), then under the amendments he or she is deemed to have applied for OAIB, unless entitled in this first month to a DIB. In the latter case, the claimant is deemed to file for OAIB in such first month after the DIB terminates. (This also changes the pre-amendment law with respect to women.) This means that a wife or husband who is entitled to a DIB can now become entitled to a higher reduced wife's or husband's benefit without terminating the DIB by requiring entitlement to OAIB.

As under the law before the amendments, where a person becomes entitled to reduced OAIB and in the first month of entitlement is eligible for a wife's or husband's benefit, he or she is deemed to have applied for the wife's or husband's benefit. This merely extends the rule for women contained in the law before the amendments to both men and women.

The changes in this section provided by the new amendments are effective based upon applications filed on or after 8/1/61 .

1100. WAGES

Increase in Social Security Taxes

The amendments increase the social security taxes imposed on each employer and on the income of each employee. A comparison of the old and new rate is as follows:

<u>Wages Received During Calendar Years</u>	<u>Old Rate (Percent)</u>	<u>New Rate (Percent)</u>
1962	3	3 1/8
1963 thru 1965	3 1/2	3 5/8
1966 thru 1967	4	4 1/8
1968	4	4 5/8
1969 or later	4 1/2	4 5/8

1400. STATE AND LOCAL GOVERNMENTS

Division Of A Retirement System On Basis Of Members Desires

A. Additional States

Effective as of 8/1/61 the State of New Mexico is added to those States which may divide a retirement system on the basis of the desires of the membership.

B. Transfer Of Positions Under A Retirement System

Members of a retirement system who did not elect coverage when the system was divided on the basis of the desires of the members are given an additional period of time in which to request the State to transfer their positions to the part of the system composed of the positions of the members of the system who did elect coverage. Prior to the amendments a modification effecting a transfer of positions had to be submitted to the Secretary before 1960 or, if later, before the expiration of one year after the execution of the agreement or modification which covered the positions of the members of the system who elected coverage. Under the amendments such a modification may be submitted to the Secretary any time before 1963 or, if later, before the expiration of two years after the date of the execution of the agreement or modification which covered the positions of the members of the system who elected coverage. Coverage for members of a retirement system whose positions are transferred to the covered part of the system will be effective as of the same date as coverage was made effective for the members of the system who elected coverage at the time the system was divided on the basis of the desires of the members.

1500. SELF-EMPLOYMENT

A. Ministers And Christian Science Practitioners

1. Election Of Coverage On Behalf Of Deceased Minister.--The amendments provide that where a minister or Christian Science practitioner, who was eligible to elect coverage with normal retroactivity under the 1960 amendments, dies after September 12, 1960, and before April 16, 1962, without having filed a waiver certificate, such certificate may be filed after 6/30/61 but on or before April 15, 1962, by a fiduciary acting for such individual's estate or by his spouse, former wife divorced, child or parent. For effective date purposes such certificate will be considered to have been filed by the individual on the day of his death.

It is anticipated that this provision will be of limited application.

2. Limitation On Retroactivity.--No monthly benefits are payable or may be increased by reason of this amendment for 6/61 or for any prior month. No lump-sum death benefits are payable or may be increased by reason of this amendment where death occurred before 6/30/61.

B. Increase in Social Security Taxes

The amendments increase taxes on self-employment income. A comparison of the old and new rates is as follows:

<u>Taxable Year Begins In</u>	<u>Old Rate (Percent)</u>	<u>New Rate (Percent)</u>
1962	4½	4.7
1963 thru 1965	5¼	5.4
1966 thru 1967	6	6.2
1968	6	6.9
1969 or later	6 ¾	6.9

2500. DEDUCTIONS

Excess Earnings

Effective for the taxable years ending after 6/30/61, where earnings in a taxable year exceed \$100 times the number of months in such taxable year, an amount equal to one-half of the first \$500 or less of such excess, plus any remaining excess above this \$500, will (subject to the usual rules of charging excess earnings) be applied against and withheld from benefits payable for such year. If such amount is not a multiple of \$1 it is rounded to the next lower multiple of \$1. The effect of this is merely to increase from \$300 to \$500 the earnings in excess of the exempt amount (\$1200 for a 12-month taxable year) for which a beneficiary loses only \$1 in benefits for every \$2 of earnings.

6000. DISABILITY

A. Freeze Retroactivity Cut-Off Date

The amendments extend for one year the freeze retroactivity cut-off date. Where application is filed before July 1962, a period of disability may be established beginning on the day that the disability and work requirements are met. Applications filed after June 1962 can be used to establish a period of disability beginning no earlier than eighteen months before the day the application is filed.

B. Age 62 Retirement Benefits Prevent Subsequent Entitlement To DIB And Freeze

Entitlement before age 65 to widow's and parent's benefits and to wife's benefits or OAIB at present prevents subsequent entitlement to DIB. The amendments add to this list husband's benefits before age 65 and widower's benefits before age 65. In addition where a person becomes entitled to a retirement age benefit before age 65, the amendments provide that he cannot thereafter establish a period of disability beginning in or after the first month for which he was entitled. This latter provision does not affect benefits for women (whose computation elapsed period ends at age 62). For men who become entitled to retirement age benefits before age 65, however, this means that the number of computation elapsed years for OAIB purposes cannot be reduced because of subsequent periods of disability, but will include years up to age 65.

Social Security Amendments of 1961: Summary and Legislative History

by WILBUR J. COHEN and WILLIAM L. MITCHELL*

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U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE



Social Security Administration

Social Security Amendments of 1961: Summary and Legislative History

by **WILBUR J. COHEN** and **WILLIAM L. MITCHELL***

THE SOCIAL Security Amendments of 1961 (Public Law 87-64),¹ approved by President Kennedy on June 30, 1961, make significant improvements in the social security program that add to its flexibility and effectiveness. The legislation is a further step toward providing American workers and their families with basic protection against the hardships that can result from loss of earnings when the breadwinner retires, becomes disabled, or dies.

CHANGES IN BRIEF

Most of the changes made by Public Law 87-64 are in old-age, survivors, and disability insurance.

1. The age at which men are first eligible for old-age and survivors insurance benefits is lowered from 65 to 62; for those who claim benefits before they reach age 65, the monthly amount is reduced to take account of the longer period that they will draw benefits.

2. The minimum insurance benefit payable to a retired or disabled insured worker, and to the sole survivor of a deceased insured worker, is increased from \$33 a month to \$40, with corresponding increases for those—wives and children, for example—getting other types of benefits based on primary insurance amounts of less than \$40.

3. The requirement for fully insured status—the proportion of time that a person must work in covered employment and self-employment to be eligible for old-age and survivors insurance benefits—is changed from 1 quarter of covered work for each 3 calendar quarters elapsing after

1950 to 1 quarter for each calendar year (equivalent to 1 for each 4 calendar quarters). The insured-status requirements for persons who are now old are thus made comparable, on a proportionate basis, to those that will apply in the long run for persons attaining retirement age in the future.

4. The insurance benefit payable to the aged widow of a deceased insured worker is increased by 10 percent, from 75 percent of the worker's primary insurance amount (the basic amount on which all old-age, survivors, and disability insurance benefit amounts are based) to 82½ percent. (A similar increase is made in the benefit payable to a widower and, when only one parent is entitled to benefits, to a surviving dependent parent.)

5. Under the new provision for withholding benefits from beneficiaries whose earnings exceed \$1,200 a year (generally referred to as the retirement test), \$1 in benefits will be withheld for each \$2 of earnings between \$1,200 and \$1,700. Under previous law, \$1 was withheld for every \$2 of earnings between \$1,200 and \$1,500.

6. The social security contribution rates payable by employers and employees are increased by ⅛ of 1 percent each, and the rate for the self-employed is increased by ⅜ of 1 percent and rounded to the nearest ⅒ of 1 percent, beginning with 1962. In addition, the tax increase scheduled for 1969 becomes effective in 1968.

The above benefit changes are effective for August 1961 and thus will be reflected in the benefit checks distributed at the beginning of September. The change in the retirement test is effective for beneficiaries' taxable years ending in and after July 1961, so that for the vast majority of persons, it is effective for the calendar year 1961.

Other changes in old-age, survivors, and disability insurance made by the legislation give workers with a prolonged disability additional time to file applications to preserve their benefit rights, facilitate the coverage of additional em-

* Mr. Cohen is the Assistant Secretary (for Legislation) of Health, Education, and Welfare; Mr. Mitchell is the Commissioner of Social Security.

¹ See *Social Security Amendments of 1961: Executive Hearings Before the Committee on Ways and Means, House of Representatives, on H.R. 4751* (87th Cong., 1st sess.), Mar. 9, 13, 22, 24, and 27, 1961; and *Social Security Benefits and Eligibility: Hearings Before the Committee on Finance, U. S. Senate, on H.R. 6027* (87th Cong., 1st sess.), May 25 and 26, 1961.

ployees of State and local governments, and give survivors of certain deceased ministers an opportunity to obtain the protection of the program.

Public Law 87-64 also amends the public assistance program. Under the new law the amounts the Federal Government pays under the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled are increased.

For these categories, the Federal Government will pay 80 percent of the first \$31 per recipient per month instead of the first \$30. The over-all maximum average payment in which the Federal Government participates is raised from \$65 to \$66. (For old-age assistance, the amount of vendor medical payments in which there is additional Federal participation beyond the formula applicable to all three adult categories was raised earlier in 1961 from \$12 to \$15.)²

Another provision of Public Law 87-64 authorizes the Secretary of Health, Education, and Welfare to furnish temporary assistance to United States citizens without available resources who return to this country from foreign countries because of war or other emergency.

Many of those who will benefit from the changes in the old-age, survivors, and disability insurance program are getting public assistance because they are not now eligible for insurance benefits or because their benefits are inadequate to meet their needs. The new or increased insurance benefits will enable some of them to get along without public assistance, while others will need smaller amounts of assistance. It is estimated that the savings in assistance expenditures (Federal and State) resulting from the changes in the insurance program will total \$50 million in the first 12 months in which the amendments are in effect; the estimated saving in Federal expenditures alone is between \$19 million and \$20 million.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

The 1961 amendments liberalize old-age, survivors, and disability insurance in several important areas. It is expected that \$815 million in

new or increased benefits will be paid to 4,770,000 persons as a result of these changes during the first 12 months of operation.

Benefits for Men at Age 62

The new law makes insurance benefits payable to men at age 62; the amount of the monthly benefit payable for those claiming benefits before attainment of age 65 is actuarially, permanently reduced. Though there is general agreement that this change does not represent the only or the best solution to the economic problems of older unemployed workers, it does give them some protection. The fact is that the problem of the older worker who cannot get a job continues to exist, in good times as well as bad, and the social security program should be flexible enough to take account of this problem. Men and women make social security contributions over the years in the expectation of receiving insurance benefits when they are too old to work. They should have a degree of protection if they find themselves unable to get work because of conditions beyond their control when they are nearing retirement age, even though they have not reached age 65.

Under the provision making reduced benefits available at age 62, a man can weigh the amount of the benefit he can get against his physical condition, the availability of work, and his general financial situation and make the choice that seems best for him under all the circumstances. It is estimated that benefits amounting to \$440 million will be paid during the first 12 months of operation to about 560,000 persons who would not have been eligible for insurance benefits if it were not for this change.

The insurance benefits for a male worker are reduced, under the new provision, at the same rate as those for a woman worker ($\frac{5}{6}$ of 1 percent for each month before attainment of age 65 for which a benefit is payable). Husband's insurance benefits are reduced at the same rate now applicable to wife's insurance benefits ($\frac{25}{36}$ of 1 percent for each month before age 65); and benefits to a widower and to a surviving father are, like those for a widow and a surviving mother, payable without reduction. The monthly benefit for a man who begins to draw old-age insurance

² See the *Bulletin*, July 1961, page 18.

benefits in the month in which he reaches age 62 will amount to 80 percent of the benefit he would get if he stopped working then but waited until his sixty-fifth birthday to draw benefits; for a man getting husband's insurance benefits at age 62, they are 75 percent of the amount otherwise payable at age 65.

For men, as for women, the percentage reduction will continue to apply after the beneficiary reaches age 65. If, however, he returns to work and earns enough before he reaches age 65 to cause any of his benefits to be withheld, the reduction in his benefit will be refigured when he reaches age 65 to reflect the fact that benefits were not paid for as many months before his sixty-fifth birthday as had been contemplated at the time that the original computation was made.

A 1960 proposal to lower the minimum eligibility age for men involved some additional cost (estimated at 0.10 percent). The added cost would have arisen from the use of the same method of determining fully insured status and computing the average monthly wage as is now used for women electing to receive insurance benefits at age 62. The measuring period for such determinations for men would have been based on the period ending with the beginning of the year of attainment of age 62 instead of age 65—a period 3 years shorter than under the present law.

Using a smaller number of years in the computation permits the dropping of more years of low earnings and thus may give a higher average monthly wage and a higher benefit amount even when the person works up to age 65. In the 1961 amendments, an increase in the cost of the program is avoided by continuing to use age 65 for determining insured status and computing the average monthly wage for men.

Because the period for computing the average monthly wage for men extends to age 65 even though men may claim benefits before that age, in some cases, where coverage was very recent, as many as 3 years without earnings may have to be included in the computation. When the man works after entitlement to reduced benefits, therefore, the new law provides for a special automatic recomputation without an application at age 65 or at death, before age 65, in order to pick up such earnings. In addition, the period used in

the computation is shortened in cases of death before age 65.

Minimum Insurance Benefit

The provision for increasing the minimum insurance benefit from \$33 to \$40 makes an improvement in the old-age, survivors, and disability insurance program that has been much needed. Persons coming on the benefit rolls in the future will generally get benefits above the minimum because they will have had a chance to work in covered employment during their best working years. Many of those now on the rolls, however, are getting benefits at or near the minimum—not because they had a low level of lifetime earnings but because they were already old when their jobs were covered and their earnings under the program were lower than their average lifetime earnings. The increase in the minimum makes the protection of the program much more effective for these men and women.

The provision to increase the minimum insurance benefit to \$40 will put an additional \$170 million in the hands of 2,175,000 persons in the first 12 months of its operation.

Insured-Status Requirements

Under the new law a person is fully insured if he has 1 quarter of covered employment for every year elapsing after 1950 up to but not including the year in which he reaches age 65 (age 62 for women), dies, or becomes disabled. (As under the old law, a minimum of 6 quarters of coverage is required; the maximum requirement is 40.) One quarter of coverage was required under the previous law for every 3 quarters elapsing after 1950.

The change to 1 quarter out of every 4 will help many persons who are uninsured because the jobs they held during their best working years were not covered and, by the time their jobs were covered, they were already so old that they could not work regularly enough to meet the insured-status requirements then in the law. Here again, though the long-run cost is small (a level-premium cost of only 0.02 percent of payroll), the immediate effect is pronounced. About \$65 mil-

lion will be paid during the first 12 months to 160,000 persons who would not otherwise have qualified for insurance benefits.

Widow's Insurance Benefit

The amendments increase the aged widow's insurance benefit by 10 percent (from 75 percent to 82½ percent of the worker's primary insurance amount). Men getting widower's benefits and surviving dependent parents, when only one parent is entitled to benefits, also have the amount of their benefits increased.

Under the law in effect up to this time, when a retired-worker beneficiary died his widow had to get along with half the benefit income that he and his wife had been receiving while he was living. If the retirement benefit for a man bears a reasonable and adequate relationship to his previous earnings, as it is intended to, then three-fourths of that benefit is not adequate for his widow in terms of the man's earnings. The increase provided in the legislation produces a more reasonable relationship between the widow's benefit and her deceased husband's earnings. This change will result in \$105 million in additional benefits being paid to 1,525,000 older women and men during the first 12 months of operation.

In the following tabulation, benefits for aged widows under the new law, at various levels of average monthly wages, are compared with those previously payable.

Average monthly wage	Widow's benefit under old law	Widow's benefit under 1961 amendments
\$50.....	\$33.00	¹ \$40.00
100.....	44.30	48.70
150.....	54.80	60.30
200.....	63.00	69.30
250.....	71.30	78.40
300.....	78.80	86.70
350.....	87.00	95.70
400.....	95.30	104.80

¹ The minimum benefit payable under the 1961 amendments.

Retirement Test

Under the annual test of retirement, full benefits for the year are paid if earnings are \$1,200

or less. The 1961 amendments change the provision for withholding benefits from beneficiaries whose earnings exceed \$1,200 a year (generally referred to as the retirement test). Under the new law, \$1 in benefits will be withheld for each \$2 of a beneficiary's earnings between \$1,200 and \$1,700. Beyond that point, \$1 of benefits is lost for each \$1 of earnings. If an individual earns \$1,210, for example, he loses \$5 in benefits; if he earns \$1,600 he loses \$200; and if he earns \$2,000, he loses \$550 (½ of \$500 plus \$300). (As under the old law, no benefits are withheld, regardless of the amount of annual earnings, for any month in which the beneficiary neither earns wages of more than \$100 nor renders substantial services in self-employment or for any month in which the beneficiary is aged 72 or over.)

In 1960, Congress had eliminated the earlier requirement for withholding a month's benefit for each \$80 of earnings above \$1,200 and provided instead for withholding \$1 in benefits for each \$2 of earnings between \$1,200 and \$1,500 and for each \$1 of earnings above \$1,500. For most persons, whose taxable year for income-tax purposes is on a calendar-year basis, the 1960 provision was never effective since the first year to which the provision applied for them was 1961.

The changes made in the retirement test by the 1960 amendments reduced the deterrent to work and eliminated certain anomalies that had existed under previous law. Adjusting benefits in direct ratio to the amount of earnings above \$1,200 assures that a beneficiary who earns more than \$1,200 in a year will always have more in total income from benefits and earnings than if he had held his earnings to \$1,200.

The 1961 change increasing the \$1,500 limitation on the "\$1-for-\$2" band to \$1,700 raises the level-premium cost of the program by 0.02 percent of payroll on an intermediate-cost basis. Under the new test, about 350,000 persons will start to get insurance benefits or will receive more in benefits for 1961 than they would have received if the law had not been changed.

Period of Disability

Under the amendments, the deadline of June 30, 1961, for filing applications for establishing a period of disability beginning with the actual

onset of the disability (as far back as October 1941) is postponed for 1 year. (As in the old law, when an application is filed after the deadline a period of disability can be established no earlier than 18 months before the date of filing, even if the applicant stopped working because of his disability much earlier than that eighteenth month.)

This is a much more important provision than it may appear to be. Failure to qualify for a period of disability means that a person may lose his insured status for all types of insurance benefits—retirement and survivor, as well as disability—or may have the benefits payable on his earnings record greatly reduced. Yet about one-sixth of the disability claims now being filed are based on disabilities that began more than 18 months earlier. Many of these late filers are disabled workers under age 50, who only recently were made eligible for disability insurance benefits and who have just learned that they are eligible.

Coverage for State and Local Government Employees

The amendments give some employees of State and local governments additional time to elect coverage under the “divided retirement system” provision, which permits specified States to cover those retirement system members who desire coverage, with all future members being covered compulsorily. Under a provision added to the law by the 1958 amendments, employees who did not choose coverage at the first opportunity could, at their request, be brought under the program by the State at any time within a year after the date on which coverage for the group was approved (or before January 1, 1960, if that was later). Under the 1961 amendment, the option of bringing additional persons under coverage is open for 2 years after coverage for the group is approved, or through December 31, 1962, if that date is later. This extension of time takes account of the fact that State legislatures meet only once every 2 years and of other factors that might result in employees not coming under the program within the time limits of previous law.

Another amendment adds New Mexico to the list of States to which the “divided retirement”

system provision applies, bringing the total number to 17.

Election of Coverage by Ministers’ Survivors

A minor amendment affects the provisions for covering ministers. This change permits the survivors of ministers (or Christian Science practitioners) who die on or after September 13, 1960 (the date of enactment of the 1960 amendments), and before April 16, 1962, to take advantage of the extension of time for electing coverage that was provided for ministers in the 1960 amendments. Such a survivor, as would be true of the minister himself had he lived, has through April 15, 1962, to file a certificate electing coverage of services performed by the minister before his death. A certificate filed by a survivor will be effective, generally, to cover the minister’s services retroactively for 1 year, as if the certificate had been filed by the minister himself on the date of his death.

This change will help a few families who have been adversely affected by the fact that, in such cases, waiver certificates could not be filed on behalf of a minister after his death.

Financing the OASDI Amendments

The changes made by the 1961 amendments will increase the level-premium cost of the program by 0.27 percent of payroll and, in the long run, the income to the trust funds by an equal amount. This additional income will result from an increase in the contribution rates and from advancing by 1 year, to 1968, the time at which the ultimate scheduled contribution rate becomes effective.

The changes in the contribution schedule are shown below.

[Percent]

Calendar years	Employee rate (same for employer)		Self-employed rate	
	Old law	New law	Old law	New law
1962.....	3	3½	4½	4.7
1963-65.....	3½	3¾	5½	5.4
1966-67.....	4	4½	6	6.2
1968.....	4	4¾	6	6.9
1969 and after.....	4½	4¾	6½	6.9

In making the changes in old-age, survivors, and disability insurance, Congress has shown its customary concern for the financial soundness of the insurance program. Since the amendments increase the level-premium cost of the program by 0.27 percent of payroll, and since they provide for additional income to the trust funds that is also estimated at 0.27 percent of payroll, the actuarial balance of the program is not changed and the system remains on a sound financial basis.³

PUBLIC ASSISTANCE

The new legislation amends the Social Security Act to provide additional Federal participation in public assistance payments to recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. It also provides for aid on a temporary basis to those U. S. citizens and their dependents who, having returned to this country from abroad, lack funds and other resources necessary to their health, welfare, and resettlement as responsible citizens.

Federal Participation in Assistance Payments

In recognition of the need for more nearly adequate assistance payments to the needy, Congress raised the amount of the payment in which the Federal Government shares for the adult categories—old-age assistance, aid to the blind, and aid to the permanently and totally disabled. The Federal share has been 80 percent of the first \$30 per recipient per month paid by the participating State. The Federal share in the next \$35 of the average assistance payment (up to a maximum average total payment of \$65, excluding the special medical provision in old-age assistance) has ranged, according to relative State per capita income, from 50 percent to 65 percent.

The new legislation, effective from October 1, 1961, through June 30, 1962, provides a Federal share of 80 percent of the first \$31 of the average monthly payment, with the Federal share in the next \$35 ranging from 50 percent to 65 percent as

³ For a discussion of the financing basis and policy under the 1961 amendments, see pages 12-19 of this issue of the *Bulletin*.

heretofore. The maximum for the average total payment is thus raised from \$65 on an average basis to \$66. The provisions already in the law for special Federal financial participation in medical care vendor payments in old-age assistance beyond the monthly maximum are not affected by this legislation. The amount of the additional vendor medical payments in old-age assistance in which there is Federal sharing is \$15.

The new legislation makes appropriate changes in the special provisions for Federal financial participation in these programs for Puerto Rico, Guam, and the Virgin Islands.

The formula changes are expected to increase the Federal share in the Federal-State assistance programs by more than \$15 million for the 9-month period covered by the legislation.

Legislation enacted earlier in 1961 (Public Law 87-31) provided for an increase in Federal financial participation in the program of aid to dependent children by broadening the coverage to include the children of unemployed parents.⁴

Assistance for United States Citizens Returned From Foreign Countries

From time to time, United States citizens in foreign countries are without available resources and must be returned to this country because of their personal misfortune or illness or destitution or because of international crisis. After they reach a port of entry in the United States they may be in need of temporary assistance.

An amendment to title XI of the Social Security Act authorizes the Secretary of Health, Education, and Welfare to provide temporary assistance to citizens of the United States and their dependents who have been identified by the Department of State as having returned or been brought back from a foreign country because of destitution or illness, or the illness of any dependent, or because of war, threat of war, invasion, or other crisis when they are without resources.

Except in cases or classes of cases set forth in regulations by the Secretary, recipients of temporary assistance are to reimburse the Federal Government for the cost of assistance.

⁴ See the *Bulletin*, July 1961, page 18.

Assistance may be provided to the recipient directly by the Department of Health, Education, and Welfare or through the services and facilities of appropriate public or private agencies and organizations.

The Secretary of Health, Education, and Welfare is also authorized to develop plans and make arrangements for providing such assistance in the United States to United States citizens and their dependents who are without available resources after being returned or brought back from a foreign country.

"Temporary assistance" may include money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health and welfare of individuals. It may also include guidance, counseling, and other welfare services. Temporary assistance to individuals is available on their arrival in the United States and for a period after arrival as may be provided in regulations. The provision for temporary assistance will be effective through June 30, 1962.

In this critical period of history, the residence and travel of Americans in foreign countries can be a real method for building international friendship, economic progress, scientific and educational exchanges, and cultural ties. At the same time, however, American citizens abroad cannot always protect themselves against illness or even greater disasters in a foreign land. Yet some of them on returning to this country are ineligible for the public assistance available to other needy Americans.

Up to this time the responsibility for giving essential help to returning citizens has been largely carried—of necessity—by private agencies and organizations. The welfare agencies in the Nation's major ports have made substantial contributions of time, skill, and money drawn from State, local, and private sources.

The Department of Health, Education, and Welfare has worked with State and local public welfare agencies on an individual case basis in an effort to develop arrangements under which care and attention could be given to needy citizens from abroad. The Department for several years has been making preliminary plans with various Federal agencies for the care of returning American citizens and is now authorized to enter into agreements with them or with State

welfare agencies or with appropriate private agencies and organizations. Under the new law the Department will be able to reimburse such public and private agencies and organizations for the costs of care given at the reception point and for a limited period after the needy recipients reach their point of destination.

BACKGROUND AND LEGISLATIVE HISTORY

In general, the amendments make changes in the social security program along the lines recommended by President Kennedy in his message to Congress of February 2, in which he outlined a program to restore momentum to the national economy.⁵ Although the increases in the amount of the minimum insurance benefit and in the benefit for the aged widow are not as large as those the President had proposed, and although his proposal for paying disability insurance benefits to a worker with an extended but not necessarily permanent disablement is not included, the amendments largely meet the problems that prompted his recommendations for changes in the old-age, survivors, and disability insurance program.

In his message the President recommended five improvements in the old-age, survivors, and disability insurance program. These provisions were spelled out in the draft legislation that he submitted to Congress on February 20. They were: (1) An increase in the minimum benefit from \$33 to \$43 a month; (2) a provision that men might qualify for actuarially reduced benefits at age 62; (3) a liberalization in the requirement for fully insured status, from 1 quarter for every 3 quarters elapsing after 1950 to 1 quarter for every 4 quarters after 1950; (4) an increase in the benefit payable to the aged widow of a deceased insured worker, from 75 percent of the worker's retirement benefit to 85 percent; (5) a provision for payment of benefits to totally disabled per-

⁵ House Document No. 81 (87th Cong., 1st sess.). See also "Health and Social Security for the American People" (Task Force on Health and Social Security), which contained recommendations for improvements in the old-age, survivors, and disability insurance program. (Printed in *Nominations: Hearings Before the Senate Committee on Finance*, 87th Cong., 1st sess., Mar. 22 and 23, 1961, page 94.) Mr. Cohen was chairman of the task force, which made its recommendations to President Kennedy on January 10, 1961.

sons after 6 months of disability, without an expectation that the disability will necessarily result in death or continue for a long and indefinite period. These improvements, to be effective for April 1961, would have been financed by an increase of $\frac{1}{2}$ of 1 percent each in the taxes on employers and employees and by $\frac{3}{8}$ of 1 percent on self-employed persons beginning in 1963. Provisions (2) and (3) had been considered in the preceding Congress.

In 1960, in connection with the social security amendments then under consideration, an amendment to permit men to receive reduced insurance benefits at age 62 was proposed to the Senate Committee on Finance by Senator Byrd, of West Virginia, and cosponsored by 21 other Senators. (A 1956 amendment made actuarially reduced benefits available to women at age 62.) The provision was included in the Finance Committee's bill and passed by the Senate. It was later deleted in the House-Senate Conference because of its cost (then estimated at 0.05 percent of payroll).

The provision under which a person is fully insured for benefits if he has 1 quarter of coverage for every year (equivalent to 1 for each 4 calendar quarters) elapsing after 1950 and up to the year in which he reaches age 65 (age 62 for a woman), dies, or becomes disabled was included in the bill passed by the House of Representatives, but it was deleted in the Senate. Previous law had required 1 quarter of coverage for every 2 quarters elapsing after 1950; a provision requiring 1 quarter of coverage for each 3 calendar quarters elapsing came out of the 1960 House-Senate Conference as a compromise.

President Kennedy's Task Force on Area Re-development, in its report dated December 27, 1960, had advocated the payment of retirement benefits to men beginning at age 62, "to ease the burden of unemployment on the older workers." The President's Task Force on Health and Social Security also suggested this provision for consideration in its report of January 10, 1961, and the change was recommended by the President in his economic message.

House Action

On February 20, the same day that the draft legislation was transmitted to Congress, Repre-

sentative Mills, Chairman of the House Committee on Ways and Means, introduced a bill, H.R. 4571, incorporating the proposed changes. The Ways and Means Committee held executive hearings on the proposal on March 9, 13, 22, 24, and 27, 1961.

A clean bill, H.R. 6027, was introduced by Mr. Mills on March 29. This bill differed from the President's recommendations in a number of respects. The minimum benefit was to be increased to \$40 instead of \$43. The provision for benefits at age 62 was rewritten to avoid any increase in long-range actuarial cost. Benefits for widows were to be increased to 82.5 percent (instead of 85 percent) of the amount that would be payable to the husband before his death, and the proposed disability provision was dropped. The "1 out of 4" insured-status provision was adopted as recommended. The House Committee added an amendment extending for 1 year (through June 30, 1962) the time within which a disabled worker may file application to establish a period of disability that would begin with the onset of the disability.

The changes (effective for the month beginning after the thirtieth day following enactment) that were made by the Ways and Means Committee reduced the actuarial cost of the bill by about half and were to be financed by a tax of $\frac{1}{8}$ of 1 percent each on employers and employees and of $\frac{3}{16}$ of 1 percent on self-employed persons, effective January 1962. The bill as reported by the Ways and Means Committee on April 7 was passed by the House on April 20 by a vote of 400 to 14.

Senate Action

The Senate Finance Committee held public hearings on May 25 and 26, 1961. At these hearings, Secretary Ribicoff called attention to the differences between the President's recommendations and the House-passed bill. "All the changes proposed by the President," he said, "are desirable. Nevertheless, since in its overall effect the bill passed by the House will largely meet the problems that prompted the President to make his recommendations for changes in the insurance program and in view of the need for action to meet these problems, we recommend adoption of

the bill as passed by the House of Representatives.”

The Finance Committee considered the bill in executive session on May 31 and June 15. The Committee adopted a number of amendments. Those affecting old-age, survivors, and disability insurance included: (1) Additional time for State and local employees under the “divided retirement system” provision to elect coverage; (2) addition of the State of New Mexico to the list to which the “divided retirement system” provision applies; (3) provision for survivors of certain deceased ministers to have the same right to elect coverage that the minister would have had if he had lived; and (4) provision for rounding the contribution rate for self-employed persons to the nearest $\frac{1}{10}$ of 1 percent so that it can be expressed decimally rather than in sixteenths, thus making it easier for individuals to compute the amount of their contributions.

The Senate Finance Committee also adopted two amendments affecting public assistance. One, proposed by Senator Long of Louisiana, provided for additional Federal sharing in the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. The additional amount would have been available only in States paying more than the existing maximums on the average payment and would have been limited to participation in an additional \$2.50. This amendment was accompanied by a provision intended to assure that the additional Federal funds would be passed on to recipients of assistance and not substituted for existing State or local expenditures. The other amendment authorized the Secretary of Health, Education, and Welfare to provide temporary assistance to certain United States citizens without available resources who return to this country from other countries because of illness, destitution, war, or other emergencies.

The bill as amended was reported on June 20 to the Senate, where it was passed unanimously, 90 to 0, with further amendments, on June 26. Among the amendments adopted on the floor of the Senate was one liberalizing the retirement test—a substitute offered by Senators Hartke, Humphrey, and Randolph for a somewhat more liberal amendment that had been proposed by Senator Cotton. Under the 1960 law, \$1 in benefits was withheld for each \$2 of earnings in excess

of \$1,200 but not exceeding \$1,500. The amendment increased the \$1,500 limitation on the \$1-for-\$2 “band” to \$1,700. To finance the liberalization in the retirement test, which would have a level-premium cost of 0.02 percent of payroll, an amendment offered by Senators Kerr, Byrd of Virginia, and Anderson was adopted. This amendment, by moving forward from 1969 to 1968 the final scheduled tax increase, provided for additional revenues to the system, on a long-range basis. Also adopted was an amendment by Senator Humphrey intended to ensure for individual recipients of medical assistance for the aged freedom of choice in the selection of medical practitioners or suppliers of services. Several technical amendments were also adopted.

An amendment by Senator Clark and Senator Goldwater to permit individuals who belong to well-known religious sects that do not believe in social insurance programs to remain outside the old-age, survivors, and disability insurance system was defeated.

An amendment by Senator Javits and a number of other Senators, incorporating the same medical care plan for the aged that had been offered by essentially the same group in 1960, was debated but withdrawn.

Conference Action and Enactment

The House and Senate conferees met on June 27 and 28. All the Senate amendments relating to old-age, survivors, and disability insurance were accepted. The provision for assistance for United States citizens returned from foreign countries was modified to limit the Secretary's authority to provide such assistance for the period ending June 30, 1962. In place of Senator Long's original public assistance formula amendment that had been incorporated in the Senate bill a substitute amendment of approximately comparable cost was adopted. It provided for additional Federal participation in old-age assistance, aid to the blind, and aid to the permanently and totally disabled for all States during the 9-month period beginning October 1, 1961. Under this amendment, both the amount in which the Federal Government provides 80 percent and the maximum payment in which the Federal

Government will participate were increased by \$1 each, so that all States will get additional Federal funds. Senator Humphrey's amendment concerning medical assistance for the aged was eliminated.

The Conference report was approved without a rollcall vote in both the House and the Senate on June 29, and the bill was signed by President Kennedy on June 30, becoming Public Law 87-64. The signing before July 3 made the old-age, survivors, and disability insurance benefit provisions effective, in general, on August 1, 1961.

CONCLUSION

Although these amendments go a long way in making the social security program more flexible and effective, much still remains to be done. No program intended to meet the needs of the people in a changing society can remain static. Congress and the Executive Branch recognize the need for periodic re-evaluation and improvement in the program, and on the basis of the record there is every reason to believe that the entire social security program will continue to be modified and strengthened to meet changing needs of a growing economy.

Old-Age, Survivors, and Disability Insurance: Financing Basis and Policy Under the 1961 Amendments

by **ROBERT J. MYERS***

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U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE



Social Security Administration

Old-Age, Survivors, and Disability Insurance: Financing Basis and Policy Under the 1961 Amendments

by ROBERT J. MYERS*

THE COST aspects of any proposed changes in the old-age, survivors, and disability insurance program have always received careful study by Congress. In the 1950 amendments, Congress expressed its conviction that the program should be completely self-supporting from the contributions of covered individuals and employers, and it repealed the provision permitting appropriations to the system from the General Treasury. All major legislation since 1950, including the 1961 amendments,¹ has indicated the intent of Congress that the tax schedule make the program as self-supporting as possible—in other words, actuarially sound.

Actuarial soundness does not have precisely the same meaning for old-age, survivors, and disability insurance and for private insurance and, to some extent, for private pension plans. In connection with individual insurance, the private insurance company to be actuarially sound must, in general, have sufficient funds on hand to pay off all accrued liabilities if operations are terminated. This is not a necessary basis for a national compulsory social insurance program, nor is it always necessary for a well-administered private pension plan.

The national program can be expected to continue indefinitely, and the test is whether the expected future income from taxes and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Though future experience may vary from the actuarial cost estimates, the intent that the program be self-supporting, or actuarially sound, can be expressed in law by a contribution schedule that, according to the intermediate-cost estimate, brings the program into approximate balance.

ACTUARIAL BALANCE, 1950-61

The actuarial balance of the old-age, survivors, and disability insurance system is measured in relation to effective taxable payroll (referred to hereafter as "payroll"). "Payroll" means the total earnings of all covered workers, reduced to take into account both the maximum taxable earnings base and the fact that, because the contribution rate for the self-employed is lower than the combined employer-employee rate, only three-fourths of the earnings of the self-employed within the maximum are counted. In this way, actuarial balance of the system is expressed as an equivalent combined employer-employee tax rate on earnings not in excess of the maximum taxable base.

At the time the 1952 act was passed, it was believed that the 1950-52 rise in earnings levels would offset the higher cost resulting from the benefit liberalizations and that the actuarial balance would be the same as that estimated for the 1950 act (table 1). Cost estimates made in 1954 indicated, however, that the level-premium cost (the average long-range cost, based on discounting at interest, in relation to payroll) was somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes, including allowance for interest on the existing trust fund. The actuarial insufficiency in the 1952 act was substantially reduced under the 1954 act, which provided for an increase in the contribution schedule that also met all the additional cost of the benefit changes.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level since 1951 and 1952, the 2-year base period that had been used for the earnings assumption in the 1954 estimates. The lack of actuarial balance under the 1954 act was thus reduced to the point where, for all practical purposes, it was nonexistent. Since the benefit changes made by the 1956 amendments were fully financed by the

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¹For a summary of the 1961 amendments, see pages 3-11.

increased contribution income provided, the program's actuarial balance was not affected.

In cost estimates made in early 1958, the program was found to be out of actuarial balance by somewhat more than 0.4 percent of payroll. The large number of retirements among the groups newly covered by the 1954 and 1956 legislation had resulted in higher benefit expenditures than those estimated, and the average retirement age had dropped significantly, probably in part because of the liberalizations of the retirement test. The 1958 amendments recognized this situation and provided additional financing, both to reduce the lack of actuarial balance and to finance certain benefit liberalizations.

As a basis for the revised cost estimates made in 1958 for the disability insurance program, certain modified assumptions that recognized the

emerging experience were made. As a result, the moderate actuarial surplus originally estimated was increased somewhat; most of the increase was used in the 1958 amendments to finance certain benefit liberalizations.

The cost estimates for old-age, survivors, and disability insurance were reexamined at the beginning of 1960 and modified in certain respects. The earnings assumption was changed to reflect the 1959 level, and revised assumptions were made for the disability insurance portion of the program on the basis of newly available data. It was found that the number of persons meeting the insured-status conditions to be eligible for disability benefits had been significantly overestimated and that the disability experience with respect to eligible women was considerably lower than had been originally estimated.

Both the Committee on Ways and Means of the House of Representatives and the Senate Committee on Finance, in reporting on the 1961 legislation, stated their belief that it is a matter for concern if either portion of the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency²—more than 0.25 percent of payroll for old-age and survivors insurance and more than about 0.05 percent for disability insurance. Whenever the actuarial insufficiency has exceeded these limits, any subsequent liberalizations in benefit provisions have been fully financed by appropriate changes in the tax schedules or through other methods, and at the same time the actuarial status of the program has been improved. The changes provided in the 1961 amendments are in conformity with these principles.

TABLE 1.—Actuarial balance of the old-age, survivors, and disability insurance program under various acts on an intermediate-cost basis

[Percent]				
Legislation	Date of estimate	Level-premium equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
Old-age, survivors, and disability insurance ⁴				
1950 act.....	1950	6.05	5.95	-0.10
1950 act.....	1952	5.35	5.75	+ .40
1952 act.....	1952	5.85	5.75	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
Old-age and survivors insurance ⁴				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1960	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
Disability insurance ⁴				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06

¹ Percentage of taxable payroll.

² Includes adjustments to take into account (a) interest on the trust funds, (b) administrative expenses, and (c) lower contribution rate for the self-employed.

³ A negative figure indicates the extent of lack of actuarial balance; a positive figure indicates more than sufficient financing, according to the estimate.

⁴ The disability insurance program was established by the 1956 act; data for earlier years are for the old-age and survivors insurance program only.

BASIC ASSUMPTIONS FOR COST ESTIMATES

Because of such factors as the aging of the population and the slow but steady growth of the benefit rolls, benefit disbursements may be expected to increase continuously for at least the next 50-75 years. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-

² H.Rept. 216 and S.Rept. 425, 87th Cong., 1st sess.

age, survivors, and disability insurance program are also affected by many elements that are difficult to determine. The assumptions used in the actuarial cost estimates may therefore differ widely and yet be reasonable.

The long-run estimates are presented in a range to indicate plausible variations in future costs. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the 1959 level. The intermediate estimates, developed by averaging the low- and high-cost estimates, indicate the basis for the financing provisions.

Costs are shown, in general, as percentages of payroll—the best measure of the program's financial cost. Dollar figures alone are misleading. A higher earnings level, for example, will increase not only the program's outgo but also—and to a greater extent—its income, with the result that cost in relation to payroll will decrease.

For the short-range cost, only a single estimate is considered necessary. A gradual rise in the earnings level, paralleling that of the past few years, is assumed. As a result, contribution income is somewhat higher than if level earnings were assumed, but benefit outgo is only slightly affected.

An important measure of long-range cost is the equivalent level contribution rate required to support the program into perpetuity, based on discounting at interest. Adoption of such a level rate would result in relatively large accumulations in the old-age and survivors insurance trust fund and, eventually, sizable income from interest. Even though such a method of financing is not followed, the concept may be used as a convenient measure of long-range costs, especially in comparing various possible alternative plans, since it takes into account the heavy deferred benefit costs.

The long-range estimates are based on level-earnings assumptions, although covered payrolls are assumed to rise steadily until the year 2050, with the growth in the population at the working ages. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs in relation to payroll remain the same as now estimated for the present system, then the increased dollar outgo resulting will

offset the increased dollar income. This is an important reason for considering costs in relation to payroll rather than in dollars. Although a rise in earning levels has characterized the past, the long-range estimates have not taken the possibility of such a rise into account. If such an assumption were used, along with the unlikely assumption that the benefits would not be changed, the cost in relation to payroll would, of course, be lower.

The possibility that a rise in earnings levels will produce lower costs in relation to payroll is an important "safety factor" in the financial operations of the system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings; if experience follows the high-cost assumption, additional financing will be necessary. If covered earnings do increase in the future as in the past, the resulting reduction in program costs (expressed as a percentage of taxable payroll) will more than offset the higher cost under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level).

If benefits are adjusted currently to keep pace with rising earnings trends as they occur, the year-by-year costs as a percentage of payroll would be unaffected. The level-premium cost, however, would be higher, since the relative importance of the interest earned by the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as was anticipated under the assumption that the earnings level would not rise.

The costs of old-age, survivors, and disability insurance are affected significantly by amendments made to the Railroad Retirement Act in 1951. Under these amendments, railroad retirement compensation and the earnings covered under old-age, survivors, and disability insurance are combined in determining benefits for

workers with fewer than 10 years of railroad service and for all survivor cases. Under the financial interchange provisions established at the same time, the old-age and survivors insurance trust fund and the disability insurance trust fund are to be maintained in the same financial position in which they would have been if railroad employment had always been covered by the Social Security Act. It is estimated that in the long run the net effect will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Program costs are also affected by the 1956 legislation that provided for reimbursement from general revenues for past and future expenditures with respect to the noncontributory credits that had been granted for persons in military service before 1957. The cost estimates reflect the effect of these reimbursements (included as contributions), based on the assumption that the required appropriations will be made in 1961 and thereafter.

RESULTS OF INTERMEDIATE-COST ESTIMATES

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging the dollar estimates and then developing the corresponding estimates in relation to payroll. The intermediate-cost estimate is not presented as the most probable estimate but rather as a convenient, single set of figures to use for comparative purposes.

Because Congress believes that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis, a single estimate is necessary in the development of a tax schedule. No schedule can be expected to obtain exact balance between contributions and benefits. Development of a specific schedule does make the intention clear, even though in actual practice future changes in the tax schedule may be required. Likewise, exact self-support cannot be obtained from a specified set of integral or rounded fractional tax rates increasing in orderly intervals, but this principle of self-support should be aimed at as closely as possible.

The combined employer-employee rate under the contribution schedule contained in the 1961 act is higher than that under the previous law by 0.25 percent in all future years, and, in addition, the ultimate tax rate is reached in 1968 instead of 1969.³ The principle that the tax rate for the self-employed should be 75 percent of the combined employer-employee rate is continued, except that the resulting rate is rounded to the nearest $\frac{1}{10}$ of 1 percent. This change will make tax computation easier for the self-employed. The maximum earnings base to which these tax rates are applied is the same under the 1961 act as under the previous law—\$4,800 a year.

The interest rate used for the level-premium costs for the 1961 amendments is 3.02 percent. The same rate was used in the cost estimates for the 1960 amendments.

Table 1 has shown that under the 1960 amendments the lack of actuarial balance was 0.24 percent of payroll for old-age and survivors insurance and 0.06 percent of payroll for disability insurance. The effect of the 1960 amendments on the combined old-age, survivors, and disability insurance system was an actuarial deficit of 0.30 percent of payroll—well within the margin of variation possible in actuarial cost estimates and about the same as that generally prevailing in the past when the system has been considered to be in substantial actuarial balance.

Under the 1961 amendments the benefit changes will, it is estimated, be exactly financed by the increases in the contribution rates and the 1-year advance in the ultimate tax rate. The previous figures as to lack of actuarial balance thus continue to apply. The level-premium cost of the benefits and the level equivalent of the contributions are somewhat higher than under the 1960 act, not only because of the new provisions but also because the valuation date is 2 years later. The relative relationship of benefits and contributions is, however, about the same. If the cost estimates had been based on a higher interest rate than 3.02 percent, the lack of actuarial balance would have been considerably less than 0.30 percent of payroll. If an interest rate of $3\frac{1}{2}$ percent had been hypothesized, the cost estimates would show no actuarial deficit.

³ See page 7 of this issue for the schedule in the 1961 amendments.

Table 2 traces the change in the actuarial balance from its situation under the 1960 act, according to the latest estimates, to that under the 1961 act, for each of the changes.

The changes made by the 1961 act will have relatively little cost effect on the disability insurance portion of the program. Few disability beneficiaries qualify for as little as the minimum benefit (less than 1 percent of the awards in 1959 were under \$40). Moreover, the liberalization of the provision for fully insured status will have little effect in making more persons eligible for these benefits because the vast majority of these persons, who meet the requirements of 20 quarters of coverage out of the last 40 quarters, will thereby have sufficient coverage to be fully insured under the definition in the old law.

The introduction of actuarially reduced benefits for men aged 62-64 who choose to receive them will, however, reduce the disability benefit costs slightly. In certain cases a man might take the reduced benefits and thus no longer be eligible for disability benefits; under the old law he might have qualified for the latter at some later date (but before age 65). As a result of these counterbalancing factors, it is estimated that there is no significant change in the cost of the disability insurance portion of the program.

It is significant that in the 1950 law and in all amendments since that time, Congress did not recommend a high, level tax rate in the future

TABLE 2.—Changes in actuarial balance, expressed in terms of estimated level-premium cost as percent of taxable payroll, by type of change, based on intermediate-cost estimate, 1960 and 1961 acts

[Percent]	
Item	Change under 1961 act
Old-age and survivors insurance benefits:	
Lack of balance (-) under 1960 act.....	-0.24
Increase in widow's benefit to 82½ percent of primary benefit ¹	-.17
Increase in minimum benefit to \$40.....	-.06
Liberalization of fully insured status ²	-.02
Reduction in retirement age for men (to 62).....	0
Liberalization of retirement test (Increase of "1-for-2" band to \$500).....	-.02
Effect of increased contribution rates.....	+.25
Advance of ultimate tax rate to 1968.....	+.02
Lack of balance (-).....	-.24
Disability insurance benefits:	
Lack of balance under 1960 act (-).....	-.06
Effect of changes in law ³	0
Lack of balance (-).....	-.06

¹ Similar increase for widower's and parent's benefits.
² Requirement is 1 quarter of coverage for every 4 "elapsed quarters."
³ The increase in the minimum benefit and the liberalization of the insured-status requirement result in small increases in cost, but these are offset by the lower cost resulting when some men claim reduced old-age benefits and then are not eligible for disability benefits later.

TABLE 3.—Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under 1961 act as percent of taxable payroll,¹ by type of benefit, based on intermediate-cost estimate at 3.02-percent interest

[Percent]		
Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.13	0.44
Wife's benefits.....	.60	.05
Widow's benefits.....	1.43	(?)
Parent's benefits.....	.02	(?)
Child's benefits.....	.46	.07
Mother's benefits.....	.11	(?)
Lump-sum death payments.....	.12	(?)
Total benefits.....	8.87	.56
Administrative expenses.....	.10	.02
Interest on existing trust fund ²	-.18	-.02
Net total level-premium cost.....	8.79	.56

¹ Includes adjustment to reflect the lower contribution rate for the self-employed.
² Not payable under this program.
³ Offsets the benefit and administrative expense costs.

but rather an increasing schedule, which, of necessity, ultimately rises higher than the level rate. This graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although it will be smaller than it would have been under a level tax rate. This fund, like the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems, will be invested in Government securities. The resulting interest income will help to bear part of the higher benefit costs of the future.

According to the latest intermediate-cost estimate, the level-premium cost of the old-age and survivors insurance benefits (excluding administrative expenses and the effect of interest earnings on the existing trust fund) under the 1960 act was about 8.5 percent of payroll, and for the 1961 act it is about 8.9 percent (table 3). The corresponding figure for the disability benefits is 0.56 percent for both the 1960 and 1961 acts. The level contribution rates equivalent to the graded schedules in the law may be computed in the same manner as level-premium benefit costs, shown in table 1.

Estimates for 1961-63

Under the 1961 act, old-age and survivors insurance benefit disbursements for the calendar

year 1961 will be increased by about \$310 million, since the increase in benefits becomes effective with checks payable for August, issued in September. There will be no additional income during 1961, since the contribution rate increases are effective January 1, 1962.

In the calendar year 1961, disbursements for old-age and survivors insurance benefits will total about \$12.0 billion. At the same time, contribution income, including reimbursements from the General Treasury for the additional cost of noncontributory credit for military service, is estimated to amount to about \$11.7 billion under the 1961 act, the same as under the previous law. Thus, the excess of benefit outgo over contribution income will be about \$255 million under the new law, compared with an almost exact balance under the old law.

The size of the old-age and survivors insurance trust fund under the 1961 amendments will, on the basis of this estimate, decrease by about \$325 million in 1961, since interest receipts approximately equal the outgo for administrative expenses and for transfers to the railroad retirement account. Under the previous law, it was estimated that this trust fund would be about the same size both at the beginning and at the end of 1961.

In 1962, disbursements for old-age and survivors insurance benefits will be about \$13.2 billion, or about \$900 million higher than under the previous law; contribution income for 1962 is estimated at \$12.4 billion, an increase of about \$400 million. Accordingly, in 1962, benefit outgo will be about \$800 million higher than contribution income under the 1961 act, in contrast to a difference of \$400 million under the old law. The situation will be reversed in 1963, as a result of the scheduled increase in the tax rate, and contributions will exceed benefit outgo by about \$800 million in 1963 and about \$1.1 billion in 1964.

Under the 1961 act, according to this estimate, the old-age and survivors insurance trust fund will thus drop from \$20.3 billion at the end of 1960 to \$20.0 billion at the end of 1961 and \$19.1 billion at the end of 1962. At the end of 1963, however, it is expected to rise to \$19.8 billion. Under the old law, the decrease in the trust fund during 1961 and 1962 was estimated at about \$400 million.

The cost estimates for disability insurance, as

modified by the 1961 act, are unchanged from those for the old law. In 1961, benefit disbursements will total about \$850 million, and contribution income will exceed benefit disbursements by about \$200 million. In 1962 and the years immediately following, contribution income will also be well in excess of benefit outgo.

Long-Range Future

The estimated operation of the old-age and survivors insurance trust fund under the 1961 act for the long-range future, based on the intermediate-cost estimate, is shown in table 4. The figures for the next two or three decades, of course, are the most reliable (under the assumption of level-earnings trends in the future) since most of the population concerned—both covered

TABLE 4.—Progress of the old-age and survivors insurance trust fund under the 1961 act, high-employment assumptions, based on intermediate-cost estimate at 3.02-percent interest ¹

[In millions]						
Calendar year	Contributions ²	Benefit payments	Administrative expenses	Railroad retirement financial interchange ³	Interest on fund ⁴	Balance in fund ⁴
Actual data:						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	468	20,576
1955.....	5,713	4,968	119	-----	461	21,663
1956.....	6,172	5,715	132	-----	531	22,519
1957.....	6,825	7,347	\$ 162	-----	557	22,393
1958.....	7,566	8,327	\$ 194	-\$121	549	21,864
1959.....	8,052	9,842	\$ 184	—275	525	20,141
1960.....	10,666	10,677	203	—308	506	20,324
Estimated data (short-range estimate):						
1961.....	11,713	11,968	268	—310	509	20,001
1962.....	12,376	13,194	269	—305	509	19,128
1963.....	14,638	13,857	258	—325	523	19,849
1964.....	15,482	14,420	271	—320	568	20,888
1965.....	15,864	14,887	282	—305	625	21,903
Estimated data (long-range estimate):						
1970.....	20,583	16,945	245	—160	1,253	40,064
1975.....	22,298	19,708	260	—91	1,785	61,243
1980.....	24,000	22,688	270	1	2,311	79,346
2000.....	32,386	31,525	356	86	4,030	137,779
2020.....	39,396	43,196	456	86	7,739	261,918

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used that is equivalent to such fixed rate.

² Includes reimbursement for additional cost of noncontributory credit for military service.

³ A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse. Interest-payment adjustments between the 2 systems are included in the "interest" column.

⁴ Excludes amounts in the railroad retirement account creditable to the old-age and survivors insurance trust fund—\$377 million for 1953, \$284 million for 1954, \$163 million for 1955, \$60 million for 1956, and nothing for 1957 and thereafter.

⁵ Figures are artificially high for 1957 and 1958 and low for 1959 because of the method of reimbursements between this trust fund and the disability insurance trust fund.

workers and beneficiaries—are already born. As the estimates proceed further into the future, there is much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but these long-range possibilities must be considered for a social insurance program that is intended to operate in perpetuity.

Contribution income under the 1961 act is estimated to exceed old-age and survivors insurance benefit disbursements in every year after 1962 for the next 25 years. Even after the benefit-outgo curve rises higher than the contribution-income curve, the trust fund will continue to grow because of interest earnings, which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program. As a result, this trust fund is estimated to reach \$40 billion in 1970, \$79 billion in 1980, and more than \$135 billion at the end of this century. It is estimated to reach a maximum of about \$275 billion in the year 2025 and then begin to decrease. The old-age and survivors insurance trust fund, according to this estimate, will not become exhausted until about a century from now.

The disability insurance trust fund, under the 1961 act, grows steadily for about the next 10 years and then decreases slowly, according to the

TABLE 5.—Progress of disability insurance trust fund under 1961 act, high-employment assumptions, intermediate-cost estimate at 3.02-percent interest ¹

[In millions]

Calendar year	Contributions ²	Benefit payments	Administrative expenses	Interest on fund ³	Balance in fund
Actual data:					
1957.....	\$702	\$57	\$ 33	\$7	\$649
1958.....	966	249	12	25	1,379
1959.....	912	457	50	41	1,825
1960.....	1,015	568	36	53	2,289
Estimated data (short-range estimate):					
1961.....	1,044	857	43	61	2,494
1962.....	1,079	986	49	71	2,609
1963.....	1,108	1,071	52	78	2,672
1964.....	1,141	1,137	54	81	2,703
1965.....	1,171	1,186	57	83	2,714
Estimated data (long-range estimate):					
1970.....	1,177	1,229	53	111	3,354
1975.....	1,275	1,401	58	95	3,108
1980.....	1,372	1,550	62	75	2,438
2000.....	1,852	2,048	80	(⁴)	(⁴)
2020.....	2,252	2,701	103	(⁴)	(⁴)

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used that is equivalent to such fixed rate.

² Includes reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

³ Figures for 1957 and 1958 are artificially low and for 1959 too high because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund.

⁴ Fund exhausted in 1993.

TABLE 6.—Estimated progress of the old-age and survivors insurance trust fund under the 1961 act, high-employment assumptions, based on low-cost and high-cost estimates

[In millions]

Calendar year	Contributions ¹	Benefit payments	Administrative expenses	Railroad retirement financial interchange ²	Interest on fund	Balance in fund
Low-cost estimate:						
1970.....	\$20,640	\$16,588	\$230	-\$100	\$1,384	\$44,311
1975.....	22,504	19,164	240	-41	2,030	69,911
1980.....	24,509	21,790	250	41	2,774	95,876
2000.....	35,050	28,644	332	126	7,460	257,577
High-cost estimate:						
1970.....	20,527	17,306	260	-220	1,123	35,812
1975.....	22,094	20,255	280	-141	1,539	52,556
1980.....	23,492	23,391	290	-39	1,847	62,779
2000.....	29,721	34,408	379	46	604	* 18,089

¹ Includes reimbursement for additional cost of noncontributory credit for military service.

² A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.

* Fund exhausted in 2004.

intermediate-cost estimate (table 5). In 1970, it is expected to be \$3.4 billion and in 1980, \$2.4 billion. Contribution income will exceed benefit disbursements every year until about 1965, and even thereafter the trust fund continues to grow because of its interest earnings. The decline after 1970 is to be expected since the level-premium cost of the disability benefits according to the intermediate-cost estimate is slightly higher than the level income, 0.50 percent of payroll. As the experience develops, it will be necessary to study it carefully to determine whether the actuarial cost factors used are appropriate or if the financing basis needs to be modified.

RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 6 shows the estimated operation of the old-age and survivors insurance trust fund under the 1961 act for the low-cost and high-cost estimates, and table 7 gives corresponding figures for the disability insurance trust fund. Under the low-cost estimate, the old-age and survivors insurance trust fund builds up rapidly and amounts to more than \$255 billion by the year 2000, when it is growing at a rate of about \$14 billion a year. The disability insurance trust fund also grows steadily under the low-cost estimate, reaching about \$10 billion in 1980 and \$26 billion in the year 2000, at which time its annual rate of growth is about \$1 billion. For both trust funds, under

TABLE 7.—Estimated progress of the disability insurance trust fund under the 1961 act, based on high-employment assumptions, low-cost and high-cost estimates

[In millions]

Calendar year	Contributions ¹	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
Low-cost estimate:					
1970.....	\$1,180	\$934	\$51	\$180	\$5,622
1975.....	1,287	1,049	55	223	7,599
1980.....	1,401	1,160	58	285	9,805
2000.....	2,004	1,573	78	743	25,537
High-cost estimate:					
1970.....	1,174	1,525	55	42	1,089
1975.....	1,263	1,752	62	(?)	(?)
1980.....	1,343	1,943	66	(?)	(?)
2000.....	1,699	2,522	82	(?)	(?)

¹ Includes reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

² Fund exhausted in 1973.

these estimates, benefit disbursements do not exceed contribution income in any year after 1962 for the foreseeable future.

Under the high-cost estimate the old-age and survivors insurance trust fund builds up to a maximum of about \$65 billion in about 25 years but decreases thereafter until it is exhausted shortly after the year 2000. Under this estimate, benefit disbursements are less than contribution income during all years after 1962 and before 1980.

In the disability insurance trust fund, under the high-cost estimate, the contribution income is about the same as the benefit outgo in the early years of operation. Accordingly, the fund will be about \$2.5 billion during 1961-64 and will then slowly decrease until it is exhausted in 1973.

These results are consistent and reasonable, since the system on an intermediate-cost basis is intended to be approximately self-supporting. A low-cost estimate should show that the system is more than self-supporting, and a high-cost estimate should show that a deficiency will eventually arise.

In actual practice, under the philosophy expressed in the congressional committee reports on the 1950 and subsequent acts, the tax schedule would be adjusted in future years so that the

developments shown in tables 6 and 7 would never eventuate. Thus, if experience followed the low-cost estimate and the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. If the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

TABLE 8.—Estimated cost of benefits of the old-age, survivors, and disability insurance system as percent of payroll,¹ under the 1961 act

[Percent]

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
Old-age and survivors insurance benefits:			
1970.....	7.03	7.37	7.20
1980.....	7.78	8.78	8.27
1990.....	7.96	10.02	8.94
2000.....	7.15	10.12	8.51
2025.....	8.04	13.30	10.22
2050.....	10.19	15.18	12.13
Level-premium cost ³	7.71	10.08	8.79
Disability insurance benefits:			
1970.....	0.40	0.65	0.52
1980.....	.41	.72	.56
1990.....	.39	.71	.54
2000.....	.39	.74	.55
2025.....	.45	.82	.60
2050.....	.49	.85	.63
Level-premium cost ³.....	.42	.73	.56

¹ Takes into account the lower contribution rate for the self-employed.

² Based on the average of the dollar costs under the low-cost and high-cost estimates.

³ Level-premium contribution rate, at 3.02-percent interest, for benefits after 1961, taking into account (a) interest on the trust fund as of Dec. 31, 1961, (b) future administrative expenses, and (c) the lower contribution rates payable by the self-employed.

The estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the 1961 act are shown in table 8 as a percentage of payroll for various years through the year 2050 for the low-, high-, and intermediate-cost estimates. The table also shows the level-premium cost of the two programs.

87TH CONGRESS
1ST SESSION

H. R. 4571

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 20, 1961

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 *That this Act may be cited as the "Social Security Amend-*
- 4 *ments of 1961".*

1 TITLE I—AMENDMENTS TO TITLE II OF THE
 2 SOCIAL SECURITY ACT
 3 INCREASE IN MINIMUM BENEFITS

4 SEC. 101. (a) The table in section 215 (a) of the Social
 5 Security Act is amended by striking out all the figures in
 6 columns I, II, III, IV, and V down through the line which
 7 reads

"\$15. 01	15. 60	40. 10	41. 00	73	74	44	66. 00"
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8 and inserting in lieu thereof the following:

"-----	\$15. 00	-----	\$40. 00	---	\$72	\$43	\$64. 50
\$15. 01	15. 60	\$40. 10	41. 00	\$73	74	44	66. 00".

9 (b) The amendment made by subsection (a) shall
 10 apply only in the case of monthly benefits under title II
 11 of the Social Security Act for months after March 1961 and
 12 in the case of lump-sum death payments under such title with
 13 respect to deaths after March 1961.

14 REDUCED BENEFITS FOR MEN AT AGE 62

15 SEC. 102. (a) Section 216 (a) of the Social Security
 16 Act is amended to read as follows:

17 "Retirement Age

18 "(a) The term 'retirement age' means age 62."

19 (b) (1) Section 202 (q) of such Act is amended to read
 20 as follows:

21 "Adjustment of Old-Age, Wife's, and Husband's Insurance
 22 Benefit Amounts in Accordance With Age of Benefi-
 23 ciary

1 “(q) (1) The old-age insurance benefit of any individ-
2 ual for any month before the month in which such individual
3 attains age 65 shall be reduced by—

4 “(A) $5/9$ of 1 per centum, multiplied by

5 “(B) the number equal to the number of months in
6 the period beginning with the first day of the first
7 month for which such individual is entitled to an old-age
8 insurance benefit and ending with the last day of the
9 month before the month in which such individual would
10 attain age 65.

11 “(2) The wife’s or husband’s insurance benefit of any
12 individual for any month after the month preceding the
13 month in which such individual attains retirement age and
14 before such individual’s attainment month (as defined in
15 paragraph (13)) shall be reduced by—

16 “(A) $25/36$ of 1 per centum, multiplied by

17 “(B) the smaller of—

18 “(i) 36, or

19 “(ii) the number equal to the number of
20 months in the period beginning with the first day
21 of the first month for which such individual is en-
22 titled to such wife’s or husband’s insurance benefit
23 and ending with the last day of the month before
24 such individual’s attainment month; except
25 that there shall not be included in such period any

1 month, occurring after the month before the month
2 in which such individual attained age 65, for which
3 such individual was entitled to such wife's or hus-
4 band's insurance benefit and for which the person
5 on whose wages and self-employment income such
6 benefit was based was entitled to disability insur-
7 ance benefits.

8 In the case of a woman entitled to wife's insurance benefits,
9 the preceding provisions of this paragraph shall not apply
10 to the benefit for any month in which she has in her care
11 (individually or jointly with the individual on whose wages
12 and self-employment income her wife's insurance benefit is
13 based) a child entitled to child's insurance benefits on the
14 basis of such wages and self-employment income. With
15 respect to any month in the period specified in clause (B)
16 of the first sentence of this paragraph, if (in the case of
17 a woman entitled to wife's insurance benefits) she does not
18 have in such month such a child in her care (individually
19 or jointly with the individual on whose wages and self-
20 employment income her wife's insurance benefit is based),
21 she shall be deemed to have such a child in her care in such
22 month for the purposes of the preceding sentence unless
23 there is in effect for such month a certificate filed by her
24 with the Secretary, in accordance with regulations pre-
25 scribed by him, in which she elects to receive wife's in-

1 surance benefits reduced as provided in this subsection. Any
2 certificate filed pursuant to the preceding sentence shall be
3 effective for purposes of such sentence—

4 “(i) for the month in which it is filed, and for any
5 month thereafter, if in such month she does not have
6 such a child in her care (individually or jointly with
7 the individual on whose wages and self-employment
8 income her wife’s insurance benefit is based), and

9 “(ii) for the period of one or more consecutive
10 months (not exceeding 12) immediately preceding the
11 month in which such certificate is filed which is desig-
12 nated by her (not including as part of such period any
13 month in which she had such a child in her care (indi-
14 vidually or jointly with the individual on whose wages
15 and self-employment income her wife’s insurance benefit
16 is based)).

17 If such a certificate is filed, the period referred to in clause
18 (B) of the first sentence of this paragraph shall commence
19 with the first day of the first month (i) for which she is
20 entitled to a wife’s insurance benefit, (ii) which occurs after
21 the month preceding the month in which she attains retire-
22 ment age, and (iii) for which such certificate is effective.

23 “(3) In the case of any individual who is entitled to
24 an old-age insurance benefit for any month before the month
25 in which such individual attains age 65, and who was en-

1 titled (for any month before the first month for which such
2 individual is entitled to such old-age insurance benefit) to a
3 wife's or husband's insurance benefit to which paragraph (2)
4 applied, the amount of such old-age insurance benefit for any
5 month before the month in which such individual attains age
6 65 shall (in lieu of the reduction provided in paragraph (1))
7 be reduced by the sum of—

8 “(A) an amount equal to the amount by which
9 such wife's or husband's insurance benefit is reduced
10 under paragraph (2) for such month (or, if such indi-
11 vidual is not entitled to a wife's or husband's insurance
12 benefit for such month, by an amount equal to the amount
13 by which such benefit for the last month for which such
14 individual was entitled to such a benefit was reduced),
15 plus

16 “(B) if the old-age insurance benefit for such month
17 before reduction under this subsection exceeds such wife's
18 or husband's insurance benefit before reduction under
19 this subsection, an amount equal to—

20 “(i) $\frac{5}{9}$ of 1 per centum, multiplied by

21 “(ii) the number equal to the number of months
22 specified in paragraph (1) (B), and further multi-
23 plied by

24 “(iii) the excess of such old-age insurance bene-
25 fit over such wife's or husband's insurance benefit.

1 “(4) In the case of any individual who (for any month
2 before such individual’s attainment month) is entitled to a
3 wife’s or husband’s insurance benefit to which paragraph
4 (2) applies, and who is or was entitled (for the first month
5 for which such individual is entitled to such wife’s or hus-
6 band’s insurance benefit or for any prior month) to an old-
7 age insurance benefit, the amount of such wife’s or husband’s
8 insurance benefit for any month before such individual’s
9 attainment month shall (in lieu of the reduction provided
10 in paragraph (2)) be reduced by the sum of—

11 “(A) an amount equal to the amount by which
12 such old-age insurance benefit for such month is reduced
13 under paragraph (1) or (6) (if such paragraph applied
14 to such old-age insurance benefit), plus

15 “(B) an amount equal to—

16 “(i) $25/36$ of 1 per centum, multiplied by

17 “(ii) the number equal to the number of
18 months specified in paragraph (2) (B), and fur-
19 ther multiplied by

20 “(iii) the excess of such wife’s or husband’s
21 insurance benefit (before reduction under this
22 subsection) over the old-age insurance benefit (be-
23 fore reduction under this subsection).

24 “(5) In the case of a woman who—

25 “(A) is entitled to an old-age insurance benefit for

1 the month in which she attains age 65 or for any
2 month thereafter before her attainment month, but
3 was not entitled to such benefit for any month before the
4 month in which she attains age 65, and

5 “(B) was entitled (for any month before the first
6 month for which she is entitled to such old-age insur-
7 ance benefit) to a wife’s insurance benefit to which
8 paragraph (2) applied,

9 the amount of such old-age insurance benefit for any month
10 before such attainment month shall be reduced by an amount
11 equal to the amount by which such wife’s insurance benefit
12 is reduced under paragraph (2) for such month (or, if she
13 is not entitled to a wife’s insurance benefit for such month,
14 by an amount equal to the amount by which such benefit for
15 the last month for which she was entitled to such a benefit
16 was reduced).

17 “(6) (A) Except as provided in subparagraphs (B)
18 and (C), in the case of any individual who—

19 “(i) is entitled to an old-age insurance benefit for
20 the month in which such individual attains age 65 or for
21 any month thereafter, and

22 “(ii) was entitled to such benefit for any month be-
23 fore the month in which such individual attains age 65,
24 which benefit was reduced as provided in paragraph (1)
25 or (3) for any such prior month,

1 such benefit for any month described in clause (i) shall be
2 reduced as provided in paragraph (1) or (3).

3 “(B) In the case of such individual’s old-age insurance
4 benefit for any month described in subparagraph (A) (i),
5 subparagraph (A) shall be applied by subtracting, from the
6 number specified in paragraph (1) (B), the number equal
7 to the number of months for which such benefit was reduced
8 under paragraph (1) or (3) but for which such benefit was
9 subject to deductions under section 203 (b) or 203 (c) (1).

10 “(C) In the case of such individual’s old-age insurance
11 benefit for his attainment month or for any month thereafter,
12 if such benefit for any month before his attainment month
13 was reduced under paragraph (3), in addition to any sub-
14 traction under subparagraph (B) of this paragraph, there
15 shall be subtracted from the number specified in paragraph
16 (2) (B) (ii) for the purpose of computing the amount
17 referred to in paragraph (3) (A)—

18 “(i) the number equal to the number of months
19 for which the wife’s or husband’s insurance benefit was
20 reduced under paragraph (2), but for which such bene-
21 fit was subject to deductions under section 203 (b), 203
22 (c) (1), 203 (d) (1), or 222 (b),

23 “(ii) in the case of a woman, the number equal
24 to the number of months after the first month for which

1 her wife's insurance benefit was reduced under para-
2 graph (2) in which she had in her care (individually
3 or jointly with the individual on whose wages and self-
4 employment income such benefit is based) a child of
5 such individual entitled to child's insurance benefits, and

6 " (iii) the number equal to the number of months
7 for which such wife's or husband's insurance benefit was
8 reduced under paragraph (2), but in or after which
9 such individual's entitlement to wife's or husband's in-
10 surance benefits was terminated because such indi-
11 vidual's spouse ceased to be under a disability, not in-
12 cluding in such number of months any month after such
13 termination in which such individual was entitled to
14 wife's or husband's insurance benefits.

15 For purposes of clauses (i) and (ii) of this subparagraph,
16 the wife's or husband's insurance benefit of an individual
17 shall not be considered terminated for any reason before such
18 individual's attainment month.

19 " (7) (A) Except as provided in subparagraph (B), in
20 the case of any woman who—

21 " (i) is entitled to an old-age insurance benefit for
22 her attainment month or for any month thereafter, and

23 " (ii) was entitled to such benefit for any month
24 before her attainment month, which benefit was re-

1 duced as provided in paragraph (5) for any such prior
2 month,
3 such benefit for any month described in clause (i) shall be
4 reduced as provided in paragraph (5) .

5 “(B) In the case of such woman’s old-age insurance
6 benefit for her attainment month or any month thereafter,
7 if such benefit for any month before her attainment month
8 was reduced under paragraph (5), there shall be subtracted
9 from the number specified in paragraph (2) (B) (ii)
10 for the purpose of computing the amount referred to in para-
11 graph (5) —

12 “(i) the number equal to the number of months for
13 which the wife’s insurance benefit was reduced under
14 paragraph (2), but for which such benefit was subject
15 to deductions under section 203 (b), 203 (c) (1),
16 203 (d) (1), or 222 (b) ,

17 “(ii) the number equal to the number of months
18 after the first month for which such wife’s insurance
19 benefit was reduced under paragraph (2) in which she
20 had in her care (individually or jointly with the indi-
21 vidual on whose wages and self-employment income
22 such benefit is based) a child of such individual entitled
23 to child’s insurance benefits, and

24 “(iii) the number equal to the number of months

1 for which such wife's insurance benefit was reduced
2 under paragraph (2), but in or after which such indi-
3 vidual's entitlement to wife's insurance benefits was
4 terminated because such individual's spouse ceased to
5 be under a disability, not including in such number of
6 months any month after such termination in which such
7 individual was entitled to wife's insurance benefits.

8 For purposes of clauses (i) and (ii) of this subparagraph,
9 the wife's insurance benefit of an individual shall not be
10 considered terminated for any reason before her attainment
11 month.

12 “(8) (A) Except as provided in subparagraphs (B)
13 and (C), in the case of any individual who—

14 “(i) is entitled to a wife's or husband's insurance
15 benefit for such individual's attainment month or for any
16 month thereafter, and

17 “(ii) was entitled to such benefit for any month
18 before such individual's attainment month, which benefit
19 was reduced as provided in paragraph (2) or (4) for
20 any such prior month,

21 such benefit for any month described in clause (i) shall be
22 reduced as provided in paragraph (2) or (4).

23 “(B) In the case of such individual's wife's or husband's
24 insurance benefit for any month described in subparagraph

1 (A) (i), subparagraph (A) shall be applied by subtract-
2 ing, from the number specified in paragraph (2) (B) (ii) —

3 “(i) the number equal to the number of months
4 for which such benefit was reduced under paragraph
5 (2) or (4), but for which such benefit was subject to
6 deductions under section 203 (b), 203 (c) (1),
7 203 (d) (1), or 222 (b),

8 “(ii) in the case of a wife’s insurance benefit, the
9 number equal to the number of months, occurring after
10 the first month for which such benefit was reduced under
11 such paragraph, in which she had in her care (individu-
12 ally or jointly with the individual on whose wages and
13 self-employment income such benefit is based) a child
14 of such individual entitled to child’s insurance benefits,
15 and

16 “(iii) the number equal to the number of months
17 for which such wife’s or husband’s insurance benefit was
18 reduced under such paragraph, but in or after which
19 such individual’s entitlement to wife’s or husband’s in-
20 surance benefits was terminated because such individual’s
21 spouse ceased to be under a disability, not including in
22 such number of months any month after such termina-
23 tion in which such individual was entitled to wife’s or
24 husband’s insurance benefits.

1 “(C) In the case of such individual’s wife’s or hus-
2 band’s insurance benefit for any month described in subpara-
3 graph (A) (i), if such benefit for any month before such
4 individual’s attainment month was reduced under paragraph
5 (4), in addition to any subtraction under subparagraph (B)
6 of this paragraph, there shall be subtracted from the num-
7 ber specified in paragraph (1) (B) for the purpose of com-
8 puting the amount referred to in paragraph (4) (A) the
9 number equal to the number of months for which the old-age
10 insurance benefit was reduced under paragraph (1) but for
11 which such benefit was subject to deductions under section
12 203 (b) or 203 (c) (1).

13 “(9) In the case of any individual who—

14 “(A) is entitled to an old-age insurance benefit for
15 such individual’s attainment month or for any month
16 thereafter but was not entitled to such benefit for any
17 month before such attainment month, and

18 “(B) is or was entitled (for such attainment month
19 or for any prior month) to a wife’s or husband’s insur-
20 ance benefit to which paragraph (2) applied,

21 the amount of such old-age insurance benefit for any month
22 shall be reduced by an amount equal to the amount by which
23 the wife’s or husband’s insurance benefit is reduced under
24 paragraph (8) for such month (or, if such individual is not

1 entitled to a wife's or husband's insurance benefit for such
2 month, by (i) an amount equal to the amount by which such
3 benefit for the last month for which such individual was en-
4 titled thereto was reduced, or (ii) if smaller, an amount
5 equal to the amount by which such benefit would have been
6 reduced under paragraph (8) for such individual's attain-
7 ment month if entitlement to such benefit had not terminated
8 before such month).

9 “(10) In the case of an individual who—

10 “(A) is entitled to a wife's or husband's insurance
11 benefit for such individual's attainment month or for
12 any month thereafter, but was not entitled to such bene-
13 fit for any month before such attainment month, and

14 (B) is entitled (for such attainment month or for
15 any month thereafter) to an old-age insurance benefit to
16 which paragraph (6) applied,

17 the amount of such wife's or husband's insurance benefit for
18 any month shall be reduced by an amount equal to the
19 amount by which such old-age insurance benefit for such
20 month is reduced under paragraph (6).

21 “(11) The preceding paragraphs shall be applied to
22 old-age insurance benefits, wife's insurance benefits, and
23 husband's insurance benefits after reduction under section
24 203 (a) and after application of section 215 (g). If the

1 amount of any reduction computed under paragraph (1),
2 (2), (3) (B), or (4) (B) is not a multiple of \$0.10, it
3 shall be reduced to the next lower multiple of \$0.10.

4 “(12) (A) In case an individual is entitled to a benefit
5 which (i) is subject to reduction under any paragraph of
6 this subsection, and (ii) is increased by reason of an increase
7 in the primary insurance amount on which such benefit is
8 based, the reduction of such benefit under such paragraph
9 shall be computed separately for the portion of such benefit
10 which constitutes the increase and separately for the re-
11 mainder of such benefit. In such case, the number of months
12 to be used under such paragraph, for purposes of determining
13 the amount of the reduction in such increase, shall be de-
14 termined as though such increase is a separate benefit to
15 which such individual first became entitled in the first
16 month for which such increase is effective.

17 “(B) The provisions of subparagraph (A) shall not
18 apply in the case of an increase of an individual’s old-age
19 insurance benefit for any month to which paragraph (3) or
20 (5) applies, if such individual is also entitled for such
21 month to a wife’s or husband’s insurance benefit and if such
22 old-age insurance benefit is (as determined before such in-
23 crease and before reduction under this subsection) smaller
24 than such other benefit; except that subparagraph (A) shall
25 apply to such increase to the extent that such old-age in-

1 surance benefit, after the application of such increase, exceeds
2 such other benefits.

3 “(C) In determining the number of months to be sub-
4 tracted under subparagraph (B) or (C) of paragraphs
5 (6), (7), and (8), a month which occurs in the period
6 beginning with the month in which an increase is effective
7 shall be included, for purposes of such subtraction, with re-
8 spect to such increase and for any previous increases, as well
9 as for the benefit before any increase.

10 “(13) For purposes of this subsection, an individual’s
11 ‘attainment month’ is—

12 “(A) in the case of a man entitled to husband’s in-
13 surance benefits, the month in which he attains, or
14 would attain, age 65; and

15 “(B) in the case of a woman entitled to wife’s in-
16 surance benefits, the month in which she attains, or
17 would attain, age 65, or, if later, the month in which
18 the individual (if entitled to old-age insurance benefits)
19 on the basis of whose wages and self-employment in-
20 come she is entitled to such benefits attains, or would
21 attain, age 65.”

22 (2) Section 202 (r) of the Social Security Act is
23 repealed.

1 (3) Section 202 (s) of such Act is amended to read as
2 follows:

3 “Disability Insurance Beneficiary

4 “(s) (1) If, for any month before the month in which
5 an individual attains age 65, such individual becomes en-
6 titled to—

7 “(A) a widow’s, widower’s, or parent’s insurance
8 benefit, or

9 “(B) an old-age, wife’s, or husband’s insurance
10 benefit which is reduced under subsection (q),

11 such individual may not thereafter become entitled to dis-
12 ability insurance benefits under section 223.

13 “(2) If an individual is entitled to a disability insur-
14 ance benefit for any month and to a wife’s or husband’s in-
15 surance benefit for such month, subsection (q) shall apply
16 to such wife’s or husband’s insurance benefit for such month
17 only to the extent it exceeds such disability insurance benefit
18 for such month.

19 “(3) The entitlement of any individual to disability
20 insurance benefits shall terminate with the month before the
21 month in which such individual becomes entitled to old-age
22 insurance benefits.”

23 (c) (1) Section 202 (b) (1) (C) of such Act is
24 amended to read as follows:

1 “(C) is not entitled to old-age or disability in-
2 surance benefits, or is entitled to old-age or disability
3 insurance benefits based on a primary insurance amount
4 which is less than one-half of the primary insurance
5 amount of her husband,”.

6 (2) So much of section 202 (b) (1) of such Act as
7 follows clause (C) is amended by striking out “equal to or
8 exceeds one-half of an old-age insurance benefit of her hus-
9 band,” and inserting in lieu thereof “equal to or exceeds
10 one-half of the primary insurance amount of her husband,”,
11 and by striking out “her husband is not entitled to disability
12 insurance benefits and is not entitled to old-age insurance
13 benefits” and inserting in lieu thereof “, in case such bene-
14 fits are based on the wages and self-employment income of
15 an individual entitled to disability insurance benefits, such
16 individual, not having attained age 65 in such month, ceases
17 to be entitled to disability insurance benefits”.

18 (3) Section 202 (b) (2) of such Act is amended by
19 striking out “old-age or disability insurance benefit” and
20 inserting in lieu thereof “primary insurance amount”.

21 (d) (1) Section 202 (c) (1) (D) of such Act is
22 amended to read as follows:

23 “(D) is not entitled to old-age or disability insur-
24 ance benefits, or is entitled to old-age or disability

1 insurance benefits based on a primary insurance amount
2 which is less than one-half of the primary insurance
3 amount of his wife,”.

4 (2) So much of section 202 (c) (1) of such Act as
5 follows clause (D) is amended by striking out “old-age or
6 disability insurance benefit equal to or exceeding one-half
7 of the primary insurance of his wife,” and inserting in lieu
8 thereof “old-age or disability insurance benefit based on a
9 primary insurance amount which is equal to or exceeds
10 one-half of the primary insurance amount of his wife,”.

11 (3) Section 202 (c) (3) of such Act is amended by
12 striking out “Such” and inserting in lieu thereof “Except
13 as provided in subsection (q), such”.

14 (e) Section 202 (j) (3) of such Act is amended to
15 read as follows:

16 “(3) Notwithstanding the provisions of paragraph (1),
17 an individual may, at his option, waive entitlement to old-
18 age insurance benefits, wife’s insurance benefits, or husband’s
19 insurance benefits for any one or more consecutive months
20 which occur—

21 “(A) after the month before the month in which
22 such individual attains retirement age,

23 “(B) before (i) in the case of a man, the month
24 in which he attains age 65, or (ii) in the case of a
25 woman, the month in which she attains age 65 or, if

1 later, the month in which the individual (if entitled to
2 old-age insurance benefits) on the basis of whose wages
3 and self-employment income she is entitled to wife's
4 insurance benefits attains age 65, and

5 " (C) before the month in which such individual files
6 application for such benefits,

7 and, in such case, such individual shall not be considered as
8 entitled to such benefits for any such month or months before
9 he filed such application. An individual shall be deemed to
10 have waived such entitlement for any such month for which
11 such benefit would, under the second sentence of paragraph
12 (1), be reduced to zero."

13 (f) Section 203 (c) (2) of such Act is amended to read
14 as follows:

15 " (2) in which such individual, if a wife entitled
16 to wife's insurance benefits, did not have in her care
17 (individually or jointly with her husband) a child of
18 her husband entitled to a child's insurance benefit and
19 such wife's insurance benefit for such month was not re-
20 duced under the provisions of section 202 (q) and such
21 month occurred before the month in which she attained
22 age 65 or, if later, the month in which her husband (if
23 entitled to old-age insurance benefits) attained age 65;
24 or".

25 (g) The last sentence of section 223 (a) (2) of such Act

1 is amended by striking out "a woman" and inserting in lieu
2 thereof "an individual", and by striking out "she" and in-
3 serting in lieu thereof "such individual".

4 (h) Section 3121 (a) (9) of the Internal Revenue Code
5 of 1954 is amended to read as follows:

6 " (9) any payment (other than vacation or sick
7 pay) made to an employee after the month in which
8 he attains age 62 if such employee did not work for
9 the employer in the period for which such payment is
10 made; or".

11 (i) (1) The amendment made by subsection (a) shall
12 apply only in the case of lump-sum death payments under
13 section 202 (i) of the Social Security Act with respect to
14 deaths occurring after March 1961, and in the case of
15 monthly benefits under title II of such Act for months after
16 March 1961 on the basis of applications filed in or after
17 the month in which this Act is enacted.

18 (2) For purposes of section 215 (b) (3) (B) of the
19 Social Security Act (but subject to paragraph (1) of this
20 subsection) —

21 (A) a man who attains age 62 before April 1961
22 and who was not eligible for old-age insurance bene-
23 fits under section 202 of such Act (as in effect be-
24 fore the enactment of this Act) for any month before

1 April 1961 shall be deemed to have attained age 62
2 in 1961 or, if earlier, the year in which he died;

3 (B) a man shall not, by reason of the amendment
4 made by subsection (a), be deemed to be a fully in-
5 sured individual before April 1961 or the month in
6 which he died, whichever month is the earlier: and

7 (C) the amendment made by subsection (a) shall
8 not apply in the case of any man who was eligible for
9 old-age insurance benefits under such section 202 for
10 any month before April 1961.

11 A man shall, for purposes of this paragraph, be deemed eligi-
12 ble for old-age insurance benefits under section 202 of the
13 Social Security Act for any month if he was or would have
14 been, upon filing application therefor in such month, en-
15 titled to such benefits for such month.

16 (3) Paragraph (12) of section 202 (q) of such Act, as
17 added by this Act, shall apply only with respect to benefits
18 to which individuals become entitled, or increases in benefits
19 to which individuals become entitled, for months after March
20 1961.

21 (4) For purposes of section 209 (i) of the Social
22 Security Act, the amendment made by subsection (a) shall
23 apply only with respect to remuneration paid after March
24 1961.

1 “(A) after (i) 1950, or (ii) if later, the
2 year in which he attained age 21, and

3 “(B) before (i) the year in which he died, or
4 (ii) if earlier, the year in which he attained retire-
5 ment age,

6 except that in no case shall an individual be a fully in-
7 sured individual unless he has at least 6 quarters of
8 coverage; or

9 “(2) 40 quarters of coverage; or

10 “(3) in the case of an individual who died before
11 1951, 6 quarters of coverage;

12 not counting as an elapsed year for purposes of paragraph
13 (1) any year any part of which was included in a period of
14 disability (as defined in section 216(i)).”

15 (b) The amendment made by subsection (a) shall
16 apply—

17 (1) in the case of monthly benefits under title II
18 of the Social Security Act for months after March 1961,
19 based on applications filed in or after March 1961,

20 (2) in the case of lump-sum death payments under
21 such title with respect to deaths after March 1961, and

22 (3) in the case of an application for a disability
23 determination (with respect to a period of disability, as

1 defined in section 216(i) of such Act) filed after
2 March 1961.

3 (c) In the case of any widower or parent who would
4 not be entitled to widower's insurance benefits under section
5 202 (f), or parent's insurance benefits under section 202 (h),
6 of the Social Security Act except for the enactment of this
7 Act (other than this subsection), the requirement in sec-
8 tions 202 (f) (1) (D) and 202 (h) (1) (B), respectively,
9 of the Social Security Act relating to the time within which
10 proof of support must be filed shall not apply if such proof of
11 support is filed before April 1963.

12 INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S

13 INSURANCE BENEFITS

14 SEC. 104. (a) Section 202 (e) (2) of such Act is
15 amended to read as follows:

16 “(2) Such widow's insurance benefit for each month
17 shall be equal to 85 per centum of the primary insurance
18 amount of her deceased husband.”

19 (b) Section 202 (f) (3) of such Act is amended to
20 read as follows:

21 “(3) Such widower's insurance benefit for each month
22 shall be equal to 85 per centum of the primary insurance
23 amount of his deceased wife.”

24 (c) Section 202 (h) (2) of such Act is amended to
25 read as follows:

1 “(2) (A) Except as provided in subparagraphs (B)
2 and (C), such parent’s insurance benefit for each month
3 shall be equal to 85 per centum of the primary insurance
4 amount of such deceased individual.

5 “(B) For any month for which more than one parent
6 is entitled to parent’s insurance benefits on the basis of
7 such deceased individual’s wages and self-employment in-
8 come, such benefit for each such parent for such month
9 shall (except as provided in subparagraph (C)) be equal
10 to 75 per centum of the primary insurance amount of such
11 deceased individual.

12 “(C) In any case in which—

13 “(i) any parent is entitled to a parent’s insurance
14 benefit for a month on the basis of a deceased individual’s
15 wages and self-employment income, and

16 “(ii) another parent of such deceased individual
17 is entitled to a parent’s insurance benefit for such month
18 on the basis of such wages and self-employment income,
19 and on the basis of an application filed after such month
20 and after the month in which the application for the
21 parent’s benefits referred to in clause (i) was filed,
22 the amount of the parent’s insurance benefit of the parent
23 referred to in clause (i) for the month referred to in such
24 clause shall be determined under subparagraph (A) instead
25 of subparagraph (B) and the amount of the parent’s insur-

1 ance benefit of a parent referred to in clause (ii) for such
2 month shall be equal to 150 per centum of the primary in-
3 surance amount of the deceased individual minus the amount
4 (before the application of section 203 (a)) of the benefit
5 for such month of the parent referred to in clause (i).”

6 (d) The amendments made by this section shall apply
7 with respect to monthly benefits under section 202 of the
8 Social Security Act for months after March 1961.

9 (e) Where—

10 (1) two or more persons were entitled (without
11 the application of subsection (j) (1) of section 202 of
12 the Social Security Act) to monthly benefits under such
13 section 202 for March 1961 on the basis of the wages
14 and self-employment income of a deceased individual,
15 and one or more of such persons is entitled to a monthly
16 insurance benefit under subsection (e), (f), or (h) of
17 such section 202 for such month; and

18 (2) no person, other than the persons referred to
19 in paragraph (1) of this subsection, is entitled to bene-
20 fits under such section 202 on the basis of such in-
21 dividual's wages and self-employment income for a
22 subsequent month or for any month after March 1961
23 and before such subsequent month, and

24 (3) the total of the benefits to which all persons
25 are entitled under such section 202 on the basis of such

1 individual's wages and self-employment income for such
2 subsequent month is reduced by reason of the applica-
3 tion of section 203 (a) of such Act,
4 then the amount of the benefit to which each such person re-
5 ferred to in paragraph (1) of this subsection is entitled for
6 such subsequent month shall be determined without regard
7 to this Act if, after the application of this Act, such benefit
8 for such month is less than the amount of such benefit for
9 March 1961. The preceding provisions of this subsection
10 shall not apply to any monthly benefit of any person for any
11 month after April 1961 unless paragraph (3) also applies to
12 such benefit for April 1961 (or would so apply but for the
13 next to the last sentence of section 203 (a) of the Social
14 Security Act).

15 **BROADENING OF DEFINITION OF DISABILITY**

16 **SEC. 105.** (a) Clause (A) of the first sentence of sec-
17 tion 216 (i) (1) of the Social Security Act is amended by
18 striking out "which can be expected to result in death or
19 to be of long-continued and indefinite duration".

20 (b) Paragraph (2) of section 223 (c) of such Act is
21 amended to read as follows:

22 " (2) The term 'disability' means inability to en-
23 gage in any substantial gainful activity by reason of any
24 medically determinable physical or mental impairment.
25 For purposes of clause (ii) of subsection (a) (1) and

1 for purposes of section 202 (d), an individual shall not
2 be considered to be under a disability unless such
3 impairment (A) has lasted or can be expected to last
4 continuously for a period of at least 6 calendar months
5 or (B) can be expected to result in death. An indi-
6 vidual shall not be considered to be under a disability
7 unless he furnishes such proof of the existence thereof
8 as may be required.”

9 (c) The amendments made by subsections (a) and
10 (b) shall be effective with respect to an application for dis-
11 ability insurance benefits under section 223, for monthly
12 insurance benefits under section 202 (d), or for a disability
13 determination under section 216 (i), of the Social Security
14 Act filed—

15 (1) on or after the date of enactment of this Act,
16 or

17 (2) after 1957 and before such date of enactment,
18 if the applicant has not died before such date of enact-
19 ment and if—

20 (A) notice of the final decision of the Secre-
21 tary of Health, Education, and Welfare has not
22 been given to the applicant before such date of
23 enactment; or

24 (B) the notice referred to in subparagraph

25 (A) has been so given before such date of enact-

1 ment but civil action with respect to such final
2 decision is commenced under section 205 (g) of the
3 Social Security Act (whether before, on, or after
4 such date of enactment) and final judgment of the
5 court has not been rendered before such date of
6 enactment;

7 except that no monthly insurance benefits under title II of
8 the Social Security Act shall be payable or increased by
9 reason of the amendments made by subsections (a) and
10 (b) for months before April 1961.

11 **TITLE II—AMENDMENTS TO THE INTERNAL**
12 **REVENUE CODE OF 1954**

13 **CHANGES IN TAX SCHEDULES**

14 **Self-Employment Income Tax**

15 **SEC. 201.** (a) Section 1401 of the Internal Revenue
16 Code of 1954 (relating to rate of tax on self-employment
17 income) is amended to read as follows:

18 **“SEC. 1401. RATE OF TAX.**

19 “In addition to other taxes, there shall be imposed for
20 each taxable year, on the self-employment income of every
21 individual, a tax as follows:

22 “(1) in the case of any taxable year beginning
23 after December 31, 1962, and before January 1, 1966,
24 the tax shall be equal to $5\frac{5}{8}$ percent of the amount of
25 the self-employment income for such taxable year;

1 31, 1962. The amendments made by subsections (b) and
2 (c) shall apply with respect to remuneration paid after De-
3 cember 31, 1962.

4 TITLE III—MISCELLANEOUS PROVISIONS

5 FEDERAL DISABILITY INSURANCE TRUST FUND

6 SEC. 301. Paragraphs (1) and (2) of section 201 (b)
7 of the Social Security Act are amended to read as follows:

8 “(1) $\frac{1}{2}$ of 1 per centum of the wages (as defined in
9 section 3121 of the Internal Revenue Code of 1954)
10 paid after December 31, 1956, and before January 1,
11 1963, and .55 of 1 per centum of the wages (as so de-
12 fined) paid after December 31, 1962, and reported to
13 the Secretary of the Treasury or his delegate pursuant
14 to subtitle F of the Internal Revenue Code of 1954,
15 which wages shall be certified by the Secretary of
16 Health, Education, and Welfare on the basis of the
17 records of wages established and maintained by such
18 Secretary in accordance with such reports; and

19 “(2) $\frac{3}{8}$ of 1 per centum of the amount of self-
20 employment income (as defined in section 1402 of the
21 Internal Revenue Code of 1954) reported to the Secre-
22 tary of the Treasury or his delegate on tax returns under
23 subtitle F of the Internal Revenue Code of 1954 for any
24 taxable year beginning after December 31, 1956, and
25 before January 1, 1963, and .4125 of 1 per centum of

1 the amount of self-employment income (as so defined)
2 reported to the Secretary of the Treasury or his delegate
3 on tax returns under subtitle F of the Internal Revenue
4 Code of 1954 for any taxable year beginning after
5 December 31, 1962, which self-employment income
6 shall be certified by the Secretary of Health, Education,
7 and Welfare on the basis of the records of self-employ-
8 ment income established and maintained by the Secre-
9 tary of Health, Education, and Welfare in accordance
10 with such returns.”

11 **AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAIL-**
12 **ROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DIS-**
13 **ABILITY INSURANCE**

14 **SEC. 302.** Section 1 (q) of the Railroad Retirement Act
15 of 1937 is amended by striking out “1960” and inserting in
16 lieu thereof “1961”.

87TH CONGRESS
1ST SESSION

H. R. 4571

A BILL

To improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes.

By Mr. MILLS

FEBRUARY 20, 1961

Referred to the Committee on Ways and Means

SOCIAL SECURITY AMENDMENTS OF 1961

**Secretary Ribicoff's Testimony before House Committee on Ways and Means
March 9, 1961**

STATEMENT OF HON. ABRAHAM RIBICOFF, SECRETARY OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY WILBUR J. COHEN, ASSISTANT SECRETARY FOR LEGISLATION; WILLIAM L. MITCHELL, COMMISSIONER OF SOCIAL SECURITY; ROBERT J. MYERS, CHIEF ACTUARY; AND ROBERT M. BALL, DEPUTY DIRECTOR, BUREAU OF OLD AGE AND SURVIVORS INSURANCE

Secretary RIBICOFF. Thank you, Mr. Chairman and members of the committee, the administration recommends five improvements in the social security program. We believe these are necessary to meet pressing social needs. The changes will provide new or increased benefits for almost 5 million people in the next 12 months amounting to over a billion dollars in desperately needed purchasing power for these people. Because generally they are needy people and will spend the additional income promptly to meet their current needs, enactment of the proposals will get money into the economy quickly and, thereby, help to combat the current recession. While the proposals were selected for enactment at this time because they will contribute to overcoming the current recession, they are significant permanent im-

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provements, adding to the flexibility and effectiveness of our social security program for the long run.

INCREASE IN THE MINIMUM BENEFIT

We propose that the present minimum monthly benefits of \$33 be raised to \$43. This change will provide additional income under the social security program to an estimated 2,455,000 people during the first 12 months of operation. The total additional benefits that will be paid out during this period will be \$255 million.

People who are getting benefits at the minimum not only have low old-age and survivors insurance benefits but are less likely than other beneficiaries to have other retirement income. In a survey of beneficiaries made in 1957 it was found that at least half of the married couples had no other independent money retirement income in those cases where the insured worker's benefit was at the minimum. Generally these are people who when the work they did was brought into the social security program were already old or ill and were not able to build up substantial benefit rights. An increase in the minimum to \$43 will tend to compensate for the fact that their work was not covered when they were younger.

The level-premium cost of an increase to \$43 is estimated at 0.11 percent of payroll.

REDUCTION IN THE AGE OF ELIGIBILITY FOR BENEFITS FOR MEN

We recommend also that the age of eligibility for benefits for men be reduced from 65 to 62, with the benefits payable to those who claim them before age 65 reduced to take account of the longer period over which benefits will be paid. Benefits for women at 62 are provided on this basis under present law.

Under the proposal, an estimated 600,000 people including dependents will get benefits during the first 12 months of operation. The additional benefits that will be paid out during the first 12 months are estimated at \$515 million.

The proposal is needed to make the social security program more effective in helping to meet the problems of older persons forced into premature retirement. People close to the present eligibility age of 65 who lose their jobs find it very difficult to get new ones. They may have skills that are obsolete and may not be able to learn new ones, or employers may simply be reluctant to hire people whose period of employment for them will be short. While the situation of the older worker is particularly serious at the present time, and especially so in areas of chronic unemployment, the problem the older worker finds in getting another job exists in all parts of the country and will continue to be something of a problem even in periods of high employment. It is entirely appropriate that some provision be made for these people under the social security program, to which they have contributed for many years in the hope of building protection for themselves against the time when they are too old to find employment.

The proposal will increase the level-premium cost of the program by 0.10 percent of payroll. The reason why the proposal increases

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cost is that in lowering the age of first eligibility to age 62 it would for all men reduce the insured-status requirement slightly (since the period over which insured status is measured would end at 62 instead of 65) and would also shorten the period over which the average monthly wage, on which benefits are based, must be computed. (Similar changes were made for women when the age of eligibility was reduced for them.) These collateral changes that go along with the reduction in the age of eligibility will mean that a somewhat larger number of men will be insured than otherwise would be and that benefit amounts will in most cases be slightly higher.

CHANGE IN THE INSURED-STATUS REQUIREMENT

We recommend that the requirement for insured status be changed so that a worker will be fully insured if he has 1 quarter of coverage for every 4 calendar quarters elapsing after 1950 and up to the year of death or attainment of retirement age, instead of 1 for every 3. Under the proposal, about 170,000 people who are not now insured would become eligible for benefits in the first 12 months of operation. Taking into account the proposals to raise the minimum benefit to \$43 and to pay actuarially reduced benefits to men as early as age 62, also being recommended at this time, the total amount that would be payable to these people in the first 12 months would be \$65 million.

The committee will recall that this provision was passed by the House last year, but was deleted in the Senate; the provision that was finally enacted, calling for 1 quarter of coverage for every 3 elapsed quarters, was a compromise between the House provision and the 1-for-2 requirement then in the law.

The 1-for-4 provision would make the insured-status requirements for people who are now old comparable to those that will apply in the mature program for people who will attain retirement age at that time. People who were young when the program started and young people who began working after that time will need about 1 year of work for every 4 years elapsing after age 21 (10 years out of a possible 40 or more years in a working lifetime) in order to be insured at retirement age. Under the 1-for-3 requirement, people who are now old must meet a proportionally stricter test. People who were first covered in 1955, for example, and who reached age 65 in 1961 must have $3\frac{1}{4}$ years of coverage out of the 6 years prior to 65 in which they could possibly have been covered. For these people the present requirement is even more strict than the pre-1960 requirement of 1 quarter of coverage for every 2 elapsed quarters was for people generally.

The proposal would help many people who are uninsured, not because they worked irregularly over their lifetimes, but because the work they did in the prime of life was not covered. By the time their regular occupations were covered they were already so old that they could not work regularly enough to meet the insured status requirements in the law.

The level-premium cost of the proposal would be 0.02 percent of payroll.

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INCREASE IN WIDOW'S BENEFITS

We recommend that the aged widow's benefit be increased to 85 percent of her husband's retirement benefit. Under present law an aged widow gets 75 percent of her husband's retirement benefit. As a result aged widows as a group have very much lower benefits than older people who get benefits based on their own earnings. It is estimated that some 1,465,000 people would have their benefits increased during the first 12 months of operation by the change in the widow's benefit amount; the additional benefits that would be paid out during the first 12 months would amount to about \$140 million.

Even more important, perhaps, than the immediate effect is the fact that younger men who are currently working will know that through the payment of their social security contributions they are building much more adequate protection for their families. Almost half of the increase in the social security contribution rate that will be needed to finance the proposed changes will go to pay the cost of the increased benefits for widows.

The increase for widows is one of the most urgently needed changes in the social security program. Aged widows are among the neediest groups in our population. The average benefit for an aged widow in June 1960 was \$57.20 a month. Widows not only get lower benefits than do retired workers, they also have less in other income. Almost none of them, for example, are getting private pensions. One-half of the women getting aged widow's benefits who were interviewed in a recent survey had annual incomes of less than \$270 in addition to their old-age and survivors insurance benefits, as compared with \$470 for nonmarried retired workers. The proposed change would provide desperately needed additional funds for these older women.

The level-premium cost of increasing the widow's benefits (after account is taken of the increase in the minimum benefit) is estimated at 0.22 percent of payroll.

IMPROVEMENT IN DISABILITY PROTECTION

Under existing law, disability benefits can be paid only if the worker's total disability is expected to result in death or to last for a long-continued and indefinite period.

We recommend that disability insurance benefits be provided for insured workers and their families after the worker has been totally disabled for 6 months without requiring a prognosis of how long it will last. Provisions like the one proposed are included in the majority of private insurance contracts and in many other disability programs.

About 85,000 people—disabled workers and their families—would be paid benefits in the first year of operation of the proposed amendment. Benefit payments in the first year would amount to about \$35 million.

From the standpoint of rehabilitation, also, the proposal has merit. In some cases a psychological barrier to rehabilitation results from the finding that a person's total disability is likely to result in death or continue for a long and indefinite period. It is quite understandable that some totally disabled people have their morale and attitudes, and therefore their chances of rehabilitation, impaired if they know

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that they have been classified as "unlikely to recover." Since under the proposed definition it would no longer be necessary to classify totally disabled people in this way, the proposal would be in harmony with the rehabilitation objectives of the disability insurance provisions. It should also simplify administration and help to make possible more rapid payment of the first benefit check in cases where a prognosis of the duration of disability is difficult to make. Under present law, the need for such a prognosis delays the determination of disability in many instances and may lead to misunderstanding and resentment on the part of claimants.

The level-premium cost of the proposal is estimated at 0.03 percent of payroll.

FINANCING THE PROPOSED CHANGES

In order to finance the proposed changes we recommend that beginning in 1963 there be an increase of one-quarter of 1 percent each in the contribution rates for employees and employers and three-eighths of 1 percent in the contribution rate for the self-employed.

The increase in the level-premium cost of the program resulting from the proposals is estimated to be 0.48 percent of payroll, and the level-premium equivalent of the additional income to the trust funds is estimated to be 0.49 percent of payroll.

We have our entire staff here who are experts in this field, and all of us will be glad to respond to any questions the committee may have, Mr. Chairman.

STATEMENT

by
Abraham Ribicoff
Secretary of Health, Education, and Welfare
before the Committee on Finance
United States Senate
Friday, May 26, 1961, 10:00 a.m., EDT

Mr. Chairman and Members of the Committee:

I am glad to have the opportunity to testify before this Committee on H.R. 6027, "a bill to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes."

The President on February 2 recommended five changes in the social security law which would result in significant improvements in the old-age, survivors, and disability insurance program. The President's recommendations were as follows:

1. Increase the minimum benefit from \$33 to \$43.
2. Make actuarially reduced benefits available to men at age 62, as they now are for women.
3. Make the insured status requirements for older people comparable to those that will apply to people who were young when the program started, i.e., 1 quarter of coverage for each elapsed year.
4. Increase the aged widow's benefit so that it equals 85 percent, instead of 75 percent, of her husband's benefit.
5. Provide disability insurance benefits for workers who have been totally disabled for at least 6 full calendar months and eliminate from present law the requirement that the disability must also be expected to be of long-continued and indefinite duration or to result in death.

H.R. 6027 passed by the House of Representatives and now before your Committee substantially embodies the President's proposals, except for the proposal to pay disability insurance benefits after the worker has been totally disabled for 6 months. The President's other proposals are included in the bill, although the increases in the amount of the minimum monthly benefit and in the benefit for aged widows are not as large as the President proposed.

All the changes proposed by the President are desirable. Nevertheless, since in its overall effect the bill passed by the House will largely meet the problems that prompted the President to make his recommendations for changes in the insurance program and in view of the need for early action to meet those problems, we recommend adoption of the bill as passed by the House of Representatives.

Under the four provisions in the House-passed bill, about \$780 million would be paid to some 4,420,000 people in the first 12 months of operation. Under the bill the benefits will become payable for the first month which begins on or after the 30th day after the date of enactment of the bill.

Increase in the Minimum Benefit

Under the bill the minimum monthly insurance benefit payable to a worker retiring at or after age 65, to a disabled worker, and to the sole survivor of an insured worker would be raised from \$33 to \$40, with corresponding increases in benefits paid to dependent and survivor beneficiaries at the lower benefit levels. This change will provide additional income under the social security program to an estimated 2,175,000 people during the first 12 months of operation. The total additional benefits that will be paid out during this period will be \$170,000,000.

An increase in the minimum benefit to \$40 will be a real help in meeting the serious problems that are faced by people who are getting benefits at the minimum. These people not only have low old-age and survivors insurance benefits but are less likely than other beneficiaries to have other retirement income. In a survey of beneficiaries made in 1957 it was found that, for married couples where the insured worker's benefit was less than \$50, about one-half of them had no permanent retirement income other than old-age, survivors, and disability insurance benefits. Generally these are people who were already old or ill when the work they did was brought into the social security program, and for this reason they were not able to build up substantial benefit rights. An increase in the minimum to \$40 will make the protection of the social insurance program more effective at the present time but will increase costs very little over the long run. People qualifying for benefits in the future will generally get benefits above the minimum because they will have had more chance to work in covered employment at higher earnings levels.

The level-premium cost of an increase to \$40 is estimated at 0.06 percent of payroll on the intermediate-cost basis.

Benefits for Men at 62

Another provision of the bill would make old-age and survivors insurance benefits available to men at age 62, with the insurance benefits payable to men who claim them before age 65 reduced to take account of the longer period over which these men will get benefits. Reduced benefits for women at 62 are provided under present law. A similar provision for men was adopted by the Senate last year but was deleted in conference.

An estimated 560,000 people would get \$440 million in benefits as a result of this change during the first 12 months.

Paying insurance benefits to men at age 62 was advanced as a way to make the social security program more flexible and effective. Men close to the present eligibility age of 65 who lose their jobs find it very difficult to get new ones. They may have skills that are obsolete and may have little opportunity to learn new ones, or employers may be reluctant to hire them because older people cannot be expected to work as long as most other job-seekers and the employer has fewer years over which to spread the cost of hiring and training them. While the situation of the older worker is particularly serious at the present time, and especially so in areas of chronic unemployment, the problem the older worker finds in getting another job exists in all parts of the country and will continue to be something of a problem even in periods of high employment.

Private pension plans quite commonly have the flexibility afforded by provisions for optional retirement before age 65. A study of the pension programs of 230 companies, made by the Bankers Trust Company of New York in 1960, showed that, among the collectively bargained plans, 96 percent permitted early retirement and, among the noncollectively bargained plans, 88 percent permitted early retirement. In another 1960 study (by the Bureau of Labor Statistics) it was found that early retirement provisions were included in 224 of the 300 plans studied and covered about 3 million of the 4.6 million workers who were members of these plans. Moreover, it appears that the number of plans providing for optional early retirement is increasing; in a comparable 1952 study by the Bureau of Labor Statistics only 166 of the 300 plans which were included had early retirement provisions.

The provisions of the bill for paying reduced benefits to men at 62 would not increase the level-premium cost of the social insurance program, whereas the President's proposal would have increased costs by 1/10 of 1 percent of covered payroll. The difference in cost results from the fact that under the President's proposal men would have their benefits figured the same way that benefits are figured for women under present law--that is, on the basis of earnings averaged over the years up to age 62. Under the House-passed bill, men would have their average earnings, on which benefits are based, figured over the years up to 65--3 years more than the number used for women; this is what is done under present law.

Change in the Insured-Status Requirement

The bill also includes a provision, exactly like that recommended by the President, that changes the requirements that a person must meet in order to be insured under the program--that is, the amount of covered work he must have had in order to qualify for insurance benefits. Under this provision a worker would be fully insured if he had 1 quarter of coverage for every year elapsing after 1950 and up to the year he reached 65 (or age 62 for women), died, or became disabled, instead of 1 quarter of coverage for every 3 calendar quarters elapsing, as required under present law.

The provision would make the insured-status requirements for people who are now at or near retirement age comparable to those that will apply in the long-run program for people who will attain retirement age at that time. People who were young when the program started and young people who began working after that time will need about 1 year of work for every 4 years elapsing after age 21 (10 years out of a possible 40 or more years in a working lifetime) in order to be insured at retirement age. Under the 1-for-3 requirement, people who are retiring now must meet a stricter test than younger people will have to meet even though it is more difficult for older people

to maintain steady employment. A farmer who was first covered in 1955, for example, and who stopped working when he reached age 65 in January 1961 must have had 3-1/4 years of coverage although there were only 6 years prior to 65 in which he could have been covered--a requirement that seems unduly strict when compared to the long-run requirement of 10 years of coverage out of a possible 40 years or more.

The change that the bill would make in the requirements for fully insured status would help many people who are uninsured because the work they did during their best working years was not covered. By the time their regular occupations were covered, they were already so old that they could not work regularly enough to meet the insured-status requirements in the law. About 160,000 people who are not now insured would become eligible for benefits in the first 12 months as a result of this change. Taking into account the proposal to raise the minimum benefit to \$40 and to pay reduced benefits to men at age 62, the total amount that would be payable to these people in the first 12 months would be \$65 million.

The level-premium cost of the proposal would be 0.02 percent of payroll.

Increase in Widow's Benefits

Under present law an aged widow gets 75 percent of her husband's retirement benefit. The bill would increase the aged widow's benefit to 82-1/2 percent of her husband's retirement benefit--an increase of 7-1/2 percentage points, or 10 percent above the present 75-percent basis. Widowers and sole surviving dependent parents would get a similar increase.

The increase for widows is one of the most urgently needed changes in the social security program. The need is obvious on the basis of simple logic: the social security retirement benefit is intended to help meet the needs of the retired person alone; extra benefits are provided where the retired worker has dependents. When the retired worker dies, there is no reason to expect

that his aged widow can get by on a monthly benefit amounting to only 75 percent of the benefit her husband received. In fact, aged widows as a group are in a relatively poor position when it comes to making ends meet. They have little income other than their social security benefits. Almost none of them, for example, are getting private pensions. One-half of the women getting aged widow's benefits who were interviewed in a survey in 1957 had annual income of less than \$270 in addition to their old-age and survivors insurance benefits, as compared with \$470 for nonmarried retired workers. The proposed change would provide needed additional funds for these older women. It is estimated that some 1,525,000 people would have their benefits increased during the first 12 months of operation under this change and that the additional benefits that would be paid out during this time would amount to about \$105 million.

The level-premium cost of this change (after account is taken of the increase in the minimum benefit included in the bill) is estimated at 0.17 percent of payroll.

Establishing a Period of Disability

While, as I mentioned, the bill does not include the very desirable provision the President recommended for paying disability insurance benefits after the worker has been totally disabled for 6 full months, it does contain a provision related to disability, and one that is much needed. The bill would extend for 1 more year--to June 30, 1962--the period within which a person may file an application for establishing a period of disability and have the period begin as early as the time when his disability began, or the time when he first met the work requirements for disability benefits. The need for this provision is brought out by the fact that nearly one-third of the disability claims now being filed are based on disabilities that began more than 18 months earlier. Many of these late filers are disabled workers under age 50 who were made eligible for disability benefits by the 1960 amendments. Some of these people

need more time to learn about the availability of benefits. Our experience with older disabled workers indicates that it will take some time to acquaint all the disabled workers under 50 with the changes made by the 1960 amendments.

Financing the Bill

The Chief Actuary of the Social Security Administration estimates that the improvements included in the House bill would increase the level-premium cost of the social insurance program by $1/4$ of 1 percent of payroll on the intermediate-cost basis. In order to keep the program financially sound and self-supporting, the bill provides for additional income to the trust funds, which is also estimated to be $1/4$ of 1 percent of payroll. The additional income will be provided by raising the social security tax rates by $1/8$ of 1 percent each for employees and employers and by $3/16$ of 1 percent for the self-employed, beginning January 1, 1962. Since the added cost to the program is the same as the added income that the tax-rate increase will yield, the bill will not change the actuarial balance of the insurance program and will keep the system on a sound financial basis.

We will be glad to respond to any questions the Committee may have.

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