

Notes and Brief Reports

Money Income Sources for Persons Aged 65 and Over, December 1955*

Protection against the economic hazard of old age has developed rapidly in recent years. Between December 1950 and December 1955 the proportion of all aged men in the United States with income from employment or social insurance increased by one-fourth to 88 percent. For aged women, an increase of almost one-half brought to 65 percent the proportion with income from employment (their own or their husband's) or social insurance, or both. The rapid expansion of the old-age and survivors insurance rolls has, of course, been primarily responsible for these gains and for an accompanying reduction in the proportion of aged persons pri-

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marily dependent on public assistance or on relatives and friends.

While the increase in the total aged population of the continental United States between December 1950 and December 1955 amounted to 0.7 million for men and 1.1 million for women, the number of aged men receiving old-age and survivors insurance benefits increased 1.7 million to 3.2 million, and the number of aged women beneficiaries rose 1.9 million to 3.0 million. During the same 5-year period the total number of aged men with any money earnings remained constant at 2.4 million. This stability reflected the long-term downward trend in the labor-force participation rate of aged men. Moreover, for an increasing proportion of these men, employment was a supplementary rather than the primary source of income. The labor-force participation of all women over age 35 has been increasing, however, and

the number aged 65 and over who had some earnings from their own employment in December 1955 was up to about 800,000, approximately 200,000 higher than in December 1950. It is estimated that on both dates some 900,000 aged women not themselves employed were supported in whole or part by their husband's earnings.

The number of beneficiaries of the "other" social insurance programs increased about three-fifths—a rate of increase much less rapid than that in old-age and survivors insurance—but the estimated number receiving old-age and survivors insurance and other benefits concurrently nearly tripled and at the end of the period probably exceeded 350,000. Data compiled by the Veterans Administration for the President's Commission on Veterans' Pensions indicate that in 1954 nearly half the aged veterans of World War I and later wars who were on the pension rolls were also receiving old-age and survivors insurance benefits. This finding is of particular significance because one-tenth of all men aged 65 and over are veterans, and the proportion is expected to more than double in the next 5 years.¹ Current estimates of the numbers receiving old-age and survivors insurance benefits and retirement pay as former railroad or government employees are less reliable because they are projected from data from the survey of old-age and survivors insurance beneficiaries made 5 years ago.

Employer-employee pension plans have been growing rapidly. The Institute of Life Insurance recently reported that the number of insured plans in force with the life insurance companies of the country has nearly doubled in the past 5 years. Self-insured plans have also increased. Most of the pension plans are of recent origin, and so they are paying out relatively little in retirement benefits as yet. Since the great majority of private pensioners are also receiving old-age and survivors insurance benefits, the significance of these plans is not in how many they add to the number with assured retirement

Table 1.—Estimated number of persons aged 65 and over receiving money income from specified sources, by sex, December 1955¹

(Continental United States)

Source of money income ²	Number of persons (in millions)			Percentage distribution ³		
	Total	Men	Women	Total	Men	Women
Total aged 65 and over.....	14.3	6.6	7.7	100.0	100.0	100.0
Employment.....	4.1	2.4	1.7	28.6	35.7	22.4
Earners.....	3.2	2.4	.8	22.0	35.7	10.1
Earners' wives not themselves employed.....	.9	—	.9	6.6	—	12.2
Social insurance and related programs ⁴	7.6	3.9	3.7	53.0	59.1	47.8
Old-age and survivors insurance.....	6.2	3.2	3.0	43.3	48.6	38.8
Railroad retirement insurance.....	.5	.3	.2	3.5	3.9	3.1
Government employees' retirement programs.....	.5	.3	.2	3.2	4.1	2.4
Veterans' compensation and pension programs.....	.6	.4	.2	4.2	5.8	2.8
Beneficiaries' wives not in direct receipt of benefits.....	.2	—	.2	1.4	—	2.5
Public assistance ⁵	2.5	1.0	1.5	17.8	15.0	20.1
No money income or income solely from other sources.....	1.6	.2	1.4	11.4	3.2	18.4
Income from more than one of specified sources.....	1.5	.9	.6	10.8	13.0	8.7
Employment and social insurance or assistance.....	1.0	.6	.4	7.0	8.4	5.7
Social insurance and public assistance.....	.5	.3	.2	3.8	4.6	3.0

¹ Persons with income from sources specified may also have received money income from other sources, such as interest, dividends, private pensions or annuities, or cash contributions from relatives.

² The sum of the persons shown under the 4 categories exceeds the number in the population by the estimated number with income from more than 1 of the 3 main sources. The estimates of persons with income from more than 1 source, developed from survey data, are subject to sampling variability (which may be relatively large for the smaller estimates) and to such errors as may result from attempts to adjust for developments since the sample surveys were conducted. They are not entirely consistent with those previously published in the *Bulletin* be-

cause of the availability of some new data and a slight change in methodology.

³ Percentages calculated from unrounded figures.

⁴ Persons with income from more than one type of program are counted only once.

⁵ Old-age assistance recipients and persons aged 65 and over receiving aid to the blind. Includes small number receiving vendor payments for medical care but no direct cash payment.

Source: Estimated in the Division of Research and Statistics on the basis of published and unpublished data from the Bureau of the Census and agencies administering income-maintenance programs.

¹ A Report to the President by the President's Commission on Veterans' Pensions, *Veterans' Benefits in the United States*, April 1955, p. 362.

income but rather in how much they add to the retirement incomes of persons receiving both types of payment. Such persons probably represented about one-seventh of the retired workers and wives receiving old-age and survivors insurance benefits at the end of 1955.

The number of old-age and survivors insurance beneficiaries with some earned income as of December 1955 is estimated at roughly 700,000, compared with barely 300,000 in December 1950. The margin of error in the estimate for December 1955 is considerable, however, because sufficient information is not yet available on the effect that the liberalization of the retirement test in the Social Security Act has had on the labor-force participation of beneficiaries. Moreover, until reports by beneficiaries on 1955 earnings have been processed, it will not be known how many persons receiving benefits in December should have had those benefits suspended (and will therefore lose benefits in 1956) or how many benefits that were withheld in December should in fact have been in current-payment status then.

Available data² point to a relatively large number of beneficiaries who do some work for pay. While the number of persons aged 65 and over who had some earnings increased slightly between December 1950 and December 1955, the number who were fully insured under old-age and survivors insurance but not drawing benefits dropped from 1,368,000 to 1,212,000. As a proportion of all aged persons fully insured, the decline was from 44 percent to 21 percent. Most of them had never filed a claim for benefits; the others had filed and then returned to work or lost benefits for other reasons. If only those who had filed for benefits at some time—including wives, widows, and parents of insured workers—are considered, it is found that in December of both 1950 and 1955, benefits were withheld from about 220,000 aged persons because of employment. This number represented a decline in the ratio of such suspensions to benefits in current-payment status from 8.5 per 100

² The data relate to all beneficiaries, including those living outside the continental limits of the United States.

Table 2.—Comparison of estimated number of men and women aged 65 and over receiving money income from specified sources, December 1955 and December 1950¹

[Continental United States; numbers in millions]

Source of money income	Men			Women		
	Number		Percentage change, 1955 from 1950	Number		Percentage change, 1955 from 1950
	1955	1950		1955	1950	
Total.....	6.6	5.9	+13	7.7	6.6	+17
Employment.....	2.4	2.4	-----	1.7	1.5	+17
Social insurance and related programs.....	3.9	2.0	+100	3.7	1.6	+129
OASI.....	3.2	1.5	+121	3.0	1.1	+167
Other.....	.9	.6	+59	.8	.5	+53
Public assistance.....	1.0	1.2	-15	1.5	1.6	-5
No money income or income solely from other sources.....	.2	.9	-76	1.4	2.2	-36

¹ For items included in each category, definitions, and source, see table 1. Percentage changes computed from unrounded figures.

in December 1950 to 3.5 per 100 in December 1955. Just before the present retirement test became effective, in December 1954, benefits were withheld because of employment from 268,000 aged persons, or 5 per 100 in current-payment status.

Public assistance continues to play an important if diminishing role in the economic protection of the aged. At the end of 1955, it is estimated to have been the major source of support for more than 1 in 10 of all aged men and 1 in 6 of all aged women in the continental United States. It was also important as a supplementary source of income for others whose social insurance benefits failed to meet their needs as determined by State welfare department standards. Between December 1950 and December 1955 the total number of aged persons in the continental United States receiving any help under old-age assistance or aid to the blind declined by about 250,000, even though the aged population increased almost 1.9 million. The number receiving public assistance but no social insurance benefit is estimated to have dropped 500,000 to 2 million. Preliminary reports on concurrent receipt of old-age and survivors insurance and old-age assistance in February 1956 suggest a continuation of the steady upward trend

since 1948 in the proportion of old-age assistance recipients who are insurance beneficiaries.

The estimated number of aged persons without money income or with income solely from sources other than employment or a public-income maintenance program dropped from about 3.1 million at the end of 1950 to some 1.6 million in December 1955. Such persons live on income from investments, savings, or proceeds of private insurance policies, rely on relatives or friends for support, or live in public institutions and have no income from public income-maintenance programs. In December 1955, about seven-eighths of them were women, and probably more than three-fourths of these women were widows.

Old-Age Benefits in Current-Payment Status, December 31, 1955

Old-age benefits under the old-age and survivors insurance program were being paid on December 31, 1955, to almost 4.5 million persons—about 0.7 million more than in December 1954. The accompanying table shows the average monthly benefit amount and gives a percentage distribution of the number of beneficiaries according to the size of their benefit. The data are classified by the beneficiaries' State of residence at the close of 1955.

The average old-age benefit being paid in December 1955 was \$61.90, about \$2.76 higher than the average a year earlier. The higher average resulted partly from the increasing proportion of benefits computed on the basis of earnings after 1950. Contributing to the increase, also, was the progressively rising proportion of beneficiaries whose benefits were computed under the provisions of the 1954 amendments that permit the 4 or 5 years of lowest covered earnings to be dropped in the computation of the average monthly wage. This method generally produces higher benefits than those obtained without the dropout.

Persons receiving old-age benefits may also be receiving secondary (wife's, husband's, widow's, widower's, or parent's) benefits. If the second-