

# Notes and Brief Reports

## Experience Under Financial Interchange, OASDI and Railroad Retirement System\*

Under the 1951 amendments to the Railroad Retirement Act, the railroad wage credits of workers who die or retire with less than 10 years of railroad employment are transferred to the old-age, survivors, and disability insurance program and benefits are paid by that program. The amendments also provide that funds shall be transferred between the two programs so that, in effect, at the start of each fiscal year the old-age and survivors insurance trust fund will be in essentially the same position it would have been in if railroad employment after 1936 had been covered under the Social Security Act.<sup>1</sup>

On the basis of the actuarial studies and analyses required by the amendments, it was determined that the "initial amount" due the old-age and survivors insurance trust fund from the railroad retirement account as of June 1952 was \$488.2 million. The amendments provided that only interest would be transferred as long as any part of this initial amount due the trust fund remained and that, when the initial amount had been dissipated, transfer of the principal amounts would occur. Annually, therefore, the interest on the amount due has been transferred from the railroad retirement account to the trust fund, computed each year on the basis of the initial amount as it has been subsequently reduced. By June 30, 1956, annual determinations of principal applied against the initial amount had reduced that amount to \$60.5 million.

The most recent determination—as of June 30, 1957—not only shows that the entire \$488.2 million initially owed to the old-age and survivors insurance trust fund has been liquidated, but it also indicates that \$121.3 million was owed to the railroad retirement ac-

count by the trust fund. Accordingly, \$124.4 million, which includes \$3.1 million of accrued interest for the period July 1, 1957–June 25, 1958, was transferred to the railroad retirement account in July 1958.

It is anticipated by the Social Security Administration that annual transfers from the old-age and survivors insurance trust fund to the railroad retirement account will be made until approximately 1975. By that year, most of the working population, including male railroad workers, will have had employment covered by the Social Security Act. In addition, the contribution rate under the Social Security Act will then be at the maximum. As the result of these two factors, the financial interchange is expected to favor the old-age and survivors insurance trust fund.<sup>2</sup> The accompanying table shows the results of the financial interchange through June 30, 1957, on a calendar-year basis. Amounts reimbursable to the railroad retirement account from the trust fund for railroad employment are offset against contributions and

<sup>2</sup> Based on estimates of the Social Security Administration.

### Effect of financial interchange calculations on the railroad retirement account and the old-age and survivors insurance trust fund through June 30, 1957

[In millions]

Calendar year	Reimbursable from trust fund to railroad account		Payable to trust fund from railroad retirement account		Net cumulative balance in railroad retirement account due trust fund
	Benefit payments	Administrative expenses	Contributions	Interest	
1937.....	\$0.1		\$37.2	\$0.2	\$37.3
1938.....	.9		24.7	1.1	62.2
1939.....	1.3		40.3	1.9	103.1
1940.....	6.7	\$2.4	40.9	3.0	137.9
1941.....	13.9	2.1	49.7	3.7	175.3
1942.....	20.0	2.2	62.3	4.5	219.9
1943.....	25.7	2.4	74.7	5.2	271.7
1944.....	32.1	2.6	83.5	6.0	326.5
1945.....	40.7	2.6	84.7	7.2	375.1
1946.....	52.3	3.0	87.8	7.9	415.5
1947.....	61.1	3.1	91.4	8.2	450.9
1948.....	71.9	3.4	95.4	13.3	484.3
1949.....	84.1	3.3	87.8	6.4	491.1
1950.....	112.7	3.6	129.4	10.4	514.6
1951.....	183.2	3.5	152.9	15.0	495.8
1952.....	201.0	3.4	155.0	11.1	457.5
1953.....	239.0	3.4	153.8	10.2	379.1
1954.....	269.6	3.1	178.8	8.3	<sup>1</sup> 272.0
1955.....	331.8	2.9	193.8	5.7	<sup>1</sup> 128.8
1956.....	362.9	3.3	208.4	2.7	<sup>1</sup> -32.1
1957 <sup>2</sup> .....	190.0	1.6	103.0		<sup>1 3</sup> -124.4

\* Prepared in the Division of the Actuary, Office of the Commissioner.

<sup>1</sup> See the *Bulletin*, March 1952, pages 14–19, and May 1957, pages 18–21.

<sup>1</sup> Adjusted for cash interest transfers to the old-age and survivors insurance trust fund.

<sup>2</sup> January–June.

interest that are owed to the trust fund by the account to determine the cumulative balance due the trust fund.

Similar procedures with respect to the disability insurance trust fund and the railroad retirement account will be followed at the end of the fiscal year 1958–59, except that any balance payable, in one direction or the other, will be immediately transferred rather than held as an "initial amount."

## Applicants for Account Numbers, 1957\*

By the end of 1957, almost 125.4 million social security account numbers had been issued—about 57 percent of them to men. During the year more than 3.6 million new accounts were established (table 1). This total was 17 percent smaller than the figure for 1956, a year when many of the farm operators who were first covered in 1955 obtained their account numbers. The number of accounts established in 1957 was no doubt reduced by the drop in employ-

\* Prepared in the Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

<sup>3</sup> Represents amount (including \$3.1 million in interest) transferred from the old-age and survivors insurance trust fund for fiscal year 1956–57.

ment opportunities that accompanied the business recession beginning with the third quarter of the year. The number of applications received in 1957 was also affected by the 1956

amendments to the Social Security Act, which extended the protection of the act to several new occupational groups. Most of the persons in these occupations had, of course, already

obtained their social security account numbers because they had worked in covered employment at one time or another since the beginning of 1937.

The decline in the number of account-number applications was larger for men than for women. The 1.8 million accounts established for men in 1957 were 25 percent fewer than the number in 1956. For women, the decline was from 2.0 million in 1956 to 1.8 million in 1957, or 10 percent. Men made up 49 percent of all applicants in 1957, compared with 55 percent in 1956.

Applicants under age 20 numbered 2.5 million in 1957 and accounted for about two-thirds of all numbers that were issued in the course of the year (table 2). The number of applicants in this age group was 4 percent smaller than in 1956. In each of the older age groups there were also fewer applicants in 1957 than in 1956; the decline was largest (39 percent) for applicants aged 40 and over.

The 426,000 applications received from Negroes in 1957 (table 3) represented a decline of only 6 percent from the number in 1956. Men represented 47 percent of all Negro applicants in 1957—about the same proportion as in 1956.

Table 1.—Number of applicants for account numbers and cumulative number at the end of each period, by sex and by year, 1945-57

[In thousands]

Period	Total		Male		Female	
	Total during period	Cumulative total at end of period	Total during period	Cumulative total at end of period	Total during period	Cumulative total at end of period
1945.....	3,321	83,825	1,504	50,828	1,817	32,997
1946.....	3,022	86,847	1,432	52,260	1,590	34,587
1947.....	2,728	89,575	1,299	53,559	1,429	36,016
1948.....	2,720	92,295	1,305	54,864	1,415	37,431
1949.....	2,340	94,635	1,113	55,977	1,226	38,657
1950.....	2,891	97,526	1,405	57,382	1,485	40,142
1951.....	4,927	102,453	2,420	59,802	2,507	42,649
1952.....	4,363	106,816	2,292	62,094	2,071	44,720
1953.....	3,464	110,280	1,664	63,758	1,800	46,520
1954.....	2,743	113,023	1,299	65,057	1,444	47,964
1955.....	4,323	117,346	2,304	67,361	2,019	49,983
1956.....	4,376	121,722	2,391	69,752	1,985	51,968
1957.....	3,639	125,361	1,793	71,545	1,845	53,813

Table 2.—Applicants for account numbers, by sex and age, 1957 and 1956

Age group	Total			Male			Female		
	1957	1956	Percentage decrease from 1956	1957	1956	Percentage decrease from 1956	1957	1956	Percentage decrease from 1956
Total.....	3,637,632	4,375,276	17	1,792,614	2,390,528	25	1,845,018	1,984,748	7
Under 20.....	2,397,300	2,496,820	4	1,279,973	1,344,884	5	1,117,327	1,151,936	3
20-24.....	231,251	283,970	19	107,763	151,573	29	123,488	132,397	7
25-29.....	117,089	152,375	23	57,820	90,536	36	59,219	61,839	4
30-34.....	87,724	125,371	30	38,394	70,647	46	49,330	54,724	10
35-39.....	88,725	138,000	36	31,167	70,195	44	57,558	67,805	15
40-44.....	98,629	170,489	42	29,368	83,018	65	69,261	87,471	21
45-49.....	118,237	191,753	38	35,215	93,831	62	83,022	97,922	15
50-54.....	115,505	184,675	37	38,150	95,672	60	77,355	89,003	13
55-59.....	102,001	171,007	40	37,914	96,421	61	64,687	74,586	13
60 and over.....	280,621	460,816	39	136,850	293,751	53	143,771	167,065	14
60-64.....	98,159	170,437	42	39,616	100,225	60	58,543	70,212	17
65-69.....	74,897	125,526	40	34,762	78,642	56	40,135	46,884	14
70 and over.....	107,565	164,853	35	62,472	114,884	46	45,093	49,969	10

<sup>1</sup> Excludes 964 applicants in 1957 (584 men and 380 women) and 1,039 applicants in 1956 (655 men and 384 women) whose ages were not reported.

Table 3.—Applicants for account numbers, by sex, race, and age group, 1957

Age group	Total			Male			Female		
	Total	White <sup>1</sup>	Negro	Total	White <sup>1</sup>	Negro	Total	White <sup>1</sup>	Negro
Total.....	3,638,596	3,212,697	425,899	1,793,198	1,592,746	200,452	1,845,398	1,619,951	225,447
Under 15.....	252,375	225,105	27,270	169,411	149,487	19,924	82,964	75,618	7,346
15-19.....	2,144,925	1,905,036	239,889	1,110,562	982,982	127,580	1,034,303	922,054	112,309
20-39.....	524,739	432,470	92,269	235,144	207,470	27,674	289,595	225,000	64,595
40-59.....	434,972	397,727	37,245	140,647	131,229	9,418	294,325	266,498	27,827
60-64.....	98,159	90,268	7,891	39,616	36,598	3,018	58,543	53,670	4,873
65-69.....	74,897	65,445	9,452	34,762	29,725	5,037	40,135	35,720	4,415
70 and over.....	107,565	95,873	11,692	62,472	54,791	7,681	45,093	41,082	4,011
Age not reported.....	964	773	191	584	464	120	380	309	71

<sup>1</sup> Represents all races other than Negro.

## Recent Publications\*

### Social Security Administration

BUREAU OF PUBLIC ASSISTANCE. *Money Payments to Recipients Under State-Federal Assistance Programs, September 1957*. Washington: The Bureau, 1958. 13 pp. Processed.

An annual release. Limited free distribution; apply to the Bureau of Public Assistance, Social Security Administration, Washington 25, D. C.

CHILDREN'S BUREAU. *Children Served by Public Child Welfare Programs, 1957, with Trend Data, 1946-1957*, by Helen R. Jeter and Henry C. Lajewski. (Statistical Series No. 45.) Washington: The Bureau,

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