

United States Social Security Programs: Their Application To Nonnationals and to Beneficiaries Living Abroad

THE UNITED STATES, like most nations, has a number of programs aimed at providing economic security for its citizens.

The basic national social security system provides benefits for old age, for a family in the event of the breadwinner's death, and for total disability. This system—the Federal old-age, survivors, and disability insurance system (OASDI)—covers approximately 90 percent of the labor force. Benefits are paid to about 7 out of every 10 persons aged 65 and over and to approximately 3 out of every 4 paternal orphans under age 18.

With the inclusion of special retirement systems for railroad workers and government employees, 4 out of 5 aged persons currently receive benefits from a public retirement program.

All 50 States, the District of Columbia, and Puerto Rico have unemployment insurance systems that cover about four-fifths of all employed wage and salary workers. (Railroad workers have their own system.) All States have workmen's compensation programs, providing medical care and cash benefits in cases of occupational injury or death. Four States (and railroad workers in all States) have temporary disability insurance programs that provide cash benefits for nonoccupational sickness. These social insurance programs are supplemented by public assistance programs administered by the States and localities with Federal financial aid for most categories of needy persons.

Social insurance programs in the United States have several common features. For the most part, coverage is compulsory and includes all types of workers under the same terms and conditions. Eligibility for benefits is based on past employment or attachment to the labor force. The amount of cash benefits paid is related to past earnings. Payment is not subject to a means test; that is, the beneficiary receives his benefit as a matter of right, no matter how much property or unearned income he may have. The programs are self-supporting, financed without a government subsidy.

The social insurance programs also have differences. Under the OASDI and unemployment in-

surance programs, contributions are paid into publicly operated funds, from which all benefits are paid. Under workmen's compensation laws in most States (and under three temporary disability insurance laws), employers are permitted to make their own private arrangements (usually through purchase of commercial insurance) for insuring the risk.

Under the OASDI system, employees and employers contribute equally to the program; the self-employed contribution rate is three-fourths that of the combined employer-employee rate. Unemployment insurance and workmen's compensation are almost entirely employer-financed; the self-employed are not covered. In the OASDI program, emphasis is placed on the family, with benefits provided for survivors and dependents of insured workers. Under the unemployment insurance and workmen's compensation programs, fewer than a third of the States provide for dependent's allowances to supplement the breadwinner's benefits.

COVERAGE OF CITIZENS AND ALIENS UNDER OASDI

Coverage Within the United States

The Social Security Act provides, with relatively minor exceptions, that workers within the United States (which for OASDI purposes includes the 50 States, the District of Columbia, the Virgin Islands, Puerto Rico, Guam, and American Samoa) are covered by OASDI without regard to citizenship or residence.

Special considerations have led to the exclusion from coverage of certain types of service—among them services performed by aliens temporarily in this country. Coverage often would be of no advantage to aliens working on this basis, simply because of the temporary nature of their stay. In addition, many aliens have protection under the social security systems of their home countries. The types of service excluded are described in the following paragraphs.

Agricultural work performed by aliens ad-

mitted to the United States on a temporary basis to do such work.—The 1956 amendments to the Social Security Act excluded from coverage such foreign agricultural laborers. During 1963 their number ranged from a low of 30,000 in February to a high of 98,000 in October. Most of these workers were from Mexico.

Services performed by aliens employed in the United States by foreign governments and international organizations.—Before 1961, the services performed by both United States citizens and aliens within the United States for a foreign government, an instrumentality wholly owned by a foreign government, or an international organization were excluded from OASDI coverage because of the legal issues that could be raised by a levy of an employer tax on foreign governments and international organizations. For a number of years, requests for coverage of United States employees working in the United States for foreign governments were made by both the employees concerned and by representatives of various foreign governments.

The Social Security Amendments of 1960 provided for compulsory coverage under the self-employment provisions of the law for United States citizens (but not aliens) working in the United States for foreign governments and international organizations. Coverage was provided on this basis because of the employer tax problems. There are approximately 5,000 employees working in the United States who are covered under these provisions.

Certain nonresident, nonimmigrant alien scholars, teachers, and researchers.—The Mutual Educational and Cultural Exchange Act of 1961 contained a provision that excluded from OASDI coverage services performed after 1961 by certain nonresident, nonimmigrant aliens temporarily in the United States. The services excluded are those performed in carrying out the purposes for which the aliens were admitted, such as studying, teaching, or conducting research. The sponsors of the legislation believed that this exclusion would make it easier to achieve the special purposes for which the alien visitors are admitted to the United States.

Filipino contract workers in Guam.—The 1960 amendments extended OASDI coverage to services performed in Guam and American Samoa. At the request of the Philippine Government, the

new provisions excluded the work performed by Filipino contract workers admitted to Guam on a temporary basis.

Nonresident alien self-employed persons.—The 1950 amendments extended OASDI coverage to most nonfarm self-employment performed within the United States. They specifically excluded from coverage, however, any income derived by a nonresident alien from a trade or business carried within the United States.

Coverage Outside the United States

Citizens of the United States working temporarily in self-employment outside the United States for periods of less than 1 or 1½ years are covered under the OASDI program. In general, those persons working outside the United States as employees are excluded from coverage. There are, however, certain exceptions.

Services performed outside the United States by seamen on United States vessels and airmen on United States aircraft.—Services performed outside the United States by seamen on United States vessels and airmen on United States aircraft are covered under OASDI, regardless of citizenship, if the services are performed under a contract of service entered into within the United States or during the performance of which the vessel or aircraft touches at a United States port. In extending coverage to this group, Congress may have been influenced by the fact that activities of such seamen or airmen are closely associated with the United States international economy and by the possibility that many of these alien workers will later become citizens or residents.

Services performed by United States citizens working abroad for United States employers.—Services performed by a United States citizen working abroad as an employee for a United States employer are covered on a compulsory basis. Such workers ordinarily have a close connection with the United States economy and may be expected to return to the United States when their tour of duty is over.

Services performed by United States citizens working abroad for foreign subsidiaries of United States corporations.—The Social Security Act permits a United States corporation to obtain OASDI coverage for all United States citizens employed by a foreign subsidiary of the corpora-

tion. For this purpose, the corporation must agree to cover all United States citizens employed by the foreign subsidiary and to be responsible for the employer and employee contribution.

COVERAGE OF ALIENS UNDER UNEMPLOYMENT INSURANCE AND WORKMEN'S COMPENSATION LAWS

Under both the Federal Unemployment Tax Act and State unemployment insurance laws, coverage generally is based on the nature of the work and the characteristics of the employer, rather than the citizenship of the individual. Workmen's compensation laws generally make no distinction between alien and citizen workers.

The Federal Act does exclude certain categories of nonresident aliens from the coverage of unemployment insurance. Specifically, it excludes service by a nonresident alien temporarily in this country under the Immigration and Nationality Act, when the service is performed in carrying out the purposes of his stay. Those affected are students taking courses approved by the Attorney General and the Office of Education and students, scholars, trainees, and teachers temporarily in the United States to participate in Department of State programs.

Under the Federal law the definition of employment also excludes certain services that, although related to the status of the employer, are more likely to affect aliens than United States citizens. In general, State definitions of employment contain the same exclusions. The exclusions—which apply even if the individual employee is a United States citizen—are listed below.

- (1) Service in the employ of a foreign government;
- (2) Service in the employ of an instrumentality of a foreign government, if the service is similar to that performed abroad by employees of the United States or a Federal instrumentality and if the foreign government grants an equivalent exemption;
- (3) Service in the employ of an international organization;
- (4) Service on or in connection with a foreign vessel or aircraft by an individual employed on such vessel or aircraft outside the United States. The law provides that the controlling element is the citizenship or residence of the employer of the crew. If the crew is employed solely by one or more citizens or residents of the United States, or corporations organized under the laws of the United States or any State, the vessel is an American vessel for the purposes of the law.

Similarly, as a result of court decisions in certain States, coverage under workmen's compensation excludes employees of persons enjoying diplomatic immunity and foreign exchange students.

Title XV of the Social Security Act provides for the payment of unemployment benefits to former civilian employees of the Federal Government and former members of the Armed Forces. The definition of Federal service excludes civilian service performed outside the United States by an individual who is not a citizen of the United States. Service in the Armed Forces, or civilian service in the United States, is accepted as a basis for benefits whether or not the individual is a citizen.

OASDI BENEFIT RIGHTS

Generally speaking, United States citizenship is not a requirement for eligibility for OASDI benefits. Since, with the exceptions noted previously, contributions are paid with respect to covered employment, regardless of the worker's citizenship status, it has seemed reasonable that citizenship should not affect either eligibility under the program or the amounts of the benefit payable.

There are several provisions in the Social Security Act that affect the benefit rights of OASDI beneficiaries residing abroad. Some deal specifically with the right of nonresident aliens to receive benefits. Others affect nonresident aliens through imposition of a retirement or work test that is applicable to all beneficiaries residing abroad except those disabled or aged 72 or over.

Before 1955, all persons who established entitlement to monthly benefits—whether citizens or aliens—could leave the United States without incurring any loss or reduction in benefits. The law made no distinction based on where a beneficiary was living or working. The only restrictions on payments outside the United States were those imposed by the Treasury Department, and they did not affect eligibility but only the physical act of payment.

Since April 1940, the Treasury Department has prohibited payments to, or on behalf of, residents of certain countries where conditions are such that there is no assurance the person would receive the checks or be able to negotiate them for full value. Benefits withheld because of these restrictions are

paid retroactively when the person goes to a country where checks may be sent or when the Treasury Department removes the restrictions on the country of residence.

The 1954 amendments to the Social Security Act included a retirement or work test applicable to noncovered remunerative work abroad, as well as a provision for nonpayment in cases of deportation. The 1956 amendments contained a provision that further restricts the payment of benefits to aliens residing outside the United States.

Foreign Work Test

Up to 1955, only beneficiaries working in covered employment or self-employment were subject to a retirement test. Since beneficiaries residing abroad were not likely to engage in employment covered by the Social Security Act, they were in a more favorable position than beneficiaries living in the United States.

The 1954 amendments removed this advantage by providing that noncovered work, whether performed in or outside the United States, would be cause for deduction in benefits. More specifically, they provided that beneficiaries—United States citizens or aliens—engaged in noncovered remunerative activity outside the United States during 7 or more days of a calendar month were not eligible to receive a benefit for that month, regardless of the amount of the earnings. This provision, which became effective January 1, 1955, affects all beneficiaries under age 72 except those receiving disability benefits.

Since January 1955, beneficiaries in the United States in both covered and noncovered work have been subject to an annual earnings test, under which earnings above \$1,200 a year may cause deductions from their benefits. This annual earnings test applies to beneficiaries working outside the United States if their earnings are covered under the Social Security Act. Beneficiaries who work in noncovered remunerative activity outside the United States are subject to the 7-day work test.

Termination of Benefits for Deported Aliens

The 1954 amendments also included a provision prohibiting payment to certain individuals deported after September 1, 1954, and to certain

auxiliary and survivor beneficiaries entitled on their account. In general, benefits are suspended if the deportation is for unlawful entry into the United States, conviction for certain crimes, or engagement in subversive activities. The dependents and survivors of a deported person also have their benefit payments stopped if they are aliens and are outside the United States. If they are United States citizens, they continue to receive benefits whether they are in or outside the United States. If they are aliens, they receive benefits for any month during all of which they are physically present in the United States.

The U. S. Immigration and Naturalization Service notifies the Social Security Administration when anyone is deported under circumstances that preclude the payment of OASDI benefits. If the person is receiving benefits, payments are stopped the month after the notice of deportation is received. If he is not then receiving benefits, the notice is filed with his earnings record, and no benefits will be paid when the deportee files a claim.

The benefits of a deported wage earner, and those of any beneficiary whose benefit is in nonpayment status because of the worker's deportation, may be reinstated if the worker is subsequently lawfully admitted to the United States for permanent residence. The reinstatement will be effective with the first month in which the worker is physically present in the United States and has permission to live here permanently.

Alien Nonpayment Provision

From 1940 to 1956, benefits were payable to eligible persons irrespective of citizenship or of residence in or outside the United States. In 1956, Congress amended the Social Security Act to prohibit generally the payment of benefits to aliens who are outside the United States for more than 6 consecutive calendar months. The restrictions were adopted because of congressional concern about aliens who became entitled to benefits after only short periods of residence or work in this country and who then returned to their home country to receive benefits. There are, however, a number of exceptions to the alien nonpayment provision, which are designed to avoid inequities in certain situations. Citizens of the United States are not affected by the provision and can receive

benefit payments outside the United States indefinitely.

When an alien beneficiary leaves the United States, the 6-month period of absence begins with the month after his departure. He must stay outside the United States all of 6 consecutive months before his benefit payments are stopped. If he returns for any length of time before the end of the sixth calendar month, the period of absence is broken and benefits are not stopped.

After an alien has been outside the United States for the full 6-month period and his payments have been stopped, he has to be physically present in the United States for an entire calendar month before payments can be resumed. Presence in the United States for just any 30-day period is not sufficient.

Exceptions to the alien nonpayment provision.—An alien beneficiary's benefit payments will not be stopped if he meets any one of eight exceptions. These exceptions were made to avoid inequities that would follow a blanket application of the rule of nonpayment of benefits to aliens outside the United States. Four of them pertain to the beneficiary and four to the insured individual (whether living or dead). The beneficiary's payment will not be stopped if he—

- (1) was eligible for monthly benefits for December 1956;
- (2) is in the active military service of the United States;
- (3) is a national of a country that had in effect on August 1, 1956, a treaty with the United States providing for the payment of social insurance benefits to nationals of that country; or
- (4) is a citizen of a country that has a social insurance system of general application paying periodic benefits because of old age, retirement, or death to eligible United States citizens while they are outside that country, regardless of the duration of their absence and without a reduction in the amount of the benefit because of such absence.

The other four exceptions are based on conditions that must be met by the worker on whose earnings record the benefits are based. The worker must have—

- (1) resided in the United States for a period or periods aggregating 10 years or more;
- (2) had at least 40 quarters of coverage under OASDI;
- (3) had railroad employment that was treated as employment covered by the Social Security Act; or
- (4) died while in the military service of the United States, or died as a result of a service-connected dis-

ability and his release from military service was under conditions other than dishonorable.

These four exceptions to the nonpayment provisions recognize the right of a worker, his dependents, or his survivors to receive benefits when the worker had lived or worked in the United States for many years and contributed substantially to the economy, or when his death was connected with honorable service in the U.S. Armed Forces.

Six of the eight exceptions are based on the equities involved in the beneficiary's individual situation. The treaty and social insurance exceptions are based on the equities involved between the citizens of the United States and the citizens of other countries and not on individual equity. Thus, it is the treaties or social insurance laws of the country involved that must meet the requirements for these exceptions. The Social Security Act does not name the countries that meet them but merely sets up the general requirements.

Treaty exceptions.—The United States and eight other countries had in effect on August 1, 1956, Treaties of Friendship, Commerce and Navigation of the types that meet the treaty exception to the alien nonpayment provision. The eight countries are the Federal Republic of Germany, Greece, Ireland, Israel, Italy, Japan, the Netherlands, and Nicaragua. The treaties provide that nationals of either party shall be accorded equal treatment in the application of laws and regulations establishing systems of compulsory insurance. Thus, the United States pays benefits to nationals of the treaty countries whether they reside in the United States, the country of which the beneficiary is a national, or in a third country, subject only to Treasury regulations.

The treaty with the Netherlands applies only to survivor benefits; nationals of the Netherlands receiving old-age and disability benefits are not excluded from the alien nonpayment provision because of the treaty.

Social insurance exception.—The Social Security Act provides that the alien nonpayment provision will not apply to any beneficiary who is a citizen of a foreign country having in effect a social insurance or pension system that meets certain conditions. One condition is that the system be of general application. In addition, the system must be one that pays periodic benefits, or the actuarial equivalent, on account of old age, retirement, or death. Finally, all citizens of the

United States who qualify for these benefits must be permitted to receive such benefits while outside the foreign country, without any restriction and without respect to the duration of the absence.

The Social Security Administration has the responsibility for determining whether the social insurance or pension system of any country does or does not meet these conditions. To date, the systems of 100 countries have been evaluated to see if all the conditions set forth in the Social Security Act are met. Seventeen countries do meet all the conditions, and 83 do not.

Published information about the social insurance or pension systems of other countries helps the Social Security Administration to establish whether a country meets the conditions for the social insurance exception. Supplemental information is secured by United States embassies and legations and transmitted by the Department of State to the Social Security Administration. Articles from the International Labor Office and the International Social Security Association, the laws of the country, and materials from other sources are used to evaluate the systems.

The Commissioner of the Social Security Administration then determines whether the system qualifies for the exception. A notice of the determination is published in the *Federal Register*, and the nation concerned is notified of the determination by the Department of State. Alien beneficiaries affected by the determination are notified directly by the Social Security Administration.

The following countries have been found to meet all the requirements, and citizens of these countries do not have their benefits stopped under the alien nonpayment provision: Austria (except for the period January 1958–June 1961), Bolivia, Brazil, Chile, Costa Rica (beginning May 1962), Ecuador, the Ivory Coast, Luxembourg, Monaco, Panama, the Philippines (beginning June 1960), Poland (beginning March 1957), Republic of the Congo (Leopoldville) (beginning July 1961), Turkey, the United Kingdom, Upper Volta (beginning October 1960), and Yugoslavia.

As information is received, either from the Department of State or from another source, about changes in the laws governing a foreign country's social insurance system, the data are re-evaluated to find out if the change would affect the country's current status for alien nonpayment purposes.

The most common reason that a system fails to meet the conditions set forth in the Social Security Act is that it imposes some restriction on payments to qualified United States citizens because they are outside the foreign country. Currently the social insurance systems of 30 countries do not meet the conditions for this reason.

Some countries take action to remove restrictions in order to qualify for the exception. A case in point is a country that, although meeting all other requirements, did not pay United States citizens at the full rate if they were outside its borders. After negotiations, it executed a waiver of the restriction, retroactive to January 1, 1957. It was then determined that all the conditions of the United States law were met as of that date.

Another country's system was found to meet all the conditions as of January 1957. Beginning in January 1958, however, and continuing through June 1961, certain payments under the system were not made to qualified United States citizens outside its borders. The original determination was accordingly amended. Beginning July 1961, the restriction was lifted, and the system again met all requirements.

The second most common reason for failure to qualify for the exception is that the social insurance system is not one "of general application." To meet the requirement, the system (or combination of several systems) must cover a substantial portion of the country's paid labor force. The industrial classification, the size of the paid labor force, and the population of the country, as well as the occupational, geographical, and size-of-employer limitations, are all considered in determining if a system is of general application. Twenty-six countries have systems that fail to meet this specific requirement.

Systems covering only one or two occupational groups—for example, one that presently covers only farmers and another that covers only government employees and their survivors—are not "of general application." Although the percentage of the total labor force covered by a system is examined, it is related to the industrialization of the country. As industrialization increases, a greater percentage of the paid labor force must be covered by the system if it is to be considered of general application.

Another system was determined not to be "of general application" in 1959. Coverage was ex-

tended in 1960, and the system has been found to meet all requirements as of June 1960.

The social insurance system of 16 countries failed to provide for the payment of periodic old-age, retirement, or death benefits. An additional 13 countries did not have a system that paid benefits as an earned right, without a means test, and therefore did not have a "system" within the meaning of the Social Security Act.

Another nation was found to have a system that was not "in effect"—that is, it had a law providing for old-age, invalidity, and death benefits, but the law had never become effective.

BENEFIT RIGHTS UNDER UNEMPLOYMENT INSURANCE AND WORKMEN'S COMPENSATION

Unemployment benefit rights are determined in accordance with State unemployment insurance laws. Claims must be filed through public employment offices. All States participate in an interstate benefit payment plan, under which claims against any State may be filed in any public employment office in the 50 States or the District of Columbia. In 35 States, the interstate plan includes Puerto Rico. Under an international agreement, all but four States include Canada within this reciprocal claims arrangement.

There is no provision for accepting and paying unemployment claims filed in any country other than Canada, whether the claimant is a citizen of the United States or an alien. One State requires that at the time an individual files a claim he must be residing in a State or in a foreign country with which it has a reciprocal claims arrangement. This provision precludes an individual living on the Mexican side of the border from commuting across the border to file his claims. Technically, it applies to both citizens and non-citizens, but the latter are more likely to be affected.

Under workmen's compensation, as under unemployment insurance, benefit rights are determined in accordance with State laws. Generally speaking, the major restrictions on the benefit rights of aliens concern death payments to their dependents residing abroad. In 26 States and the District of Columbia, death benefits are provided to nonresident alien dependents, either on a reduced basis or in lump-sum commutations in-
~~clude benefit payments to nonresident alien de-~~
reduced amounts. Four States specifically ex-

cluded benefit payments to nonresident alien dependents. In 12 States whose laws have discriminatory provisions, such provisions do not apply to residents of Canada. In the remaining States, workmen's compensation laws either contain no restrictions regarding nonresident alien dependents or specifically place such dependents on substantially the same footing as resident dependents, particularly with respect to the benefit amount.

The United States has treaties with 18 countries mutually guaranteeing to nonresident alien workers the same workmen's compensation rights and privileges that are granted under like conditions to their own nationals. When a State has a discriminatory provision in its law, the terms of the treaty must be examined to determine if the provision violates guarantees of the treaty. The Constitution of the United States says that the laws of individual States may not be in conflict with international treaties of the Federal Government.

The Migrant Labor Agreement between the United States and Mexico protects any Mexican national employed in the United States as an agricultural worker. The employer of such a worker is required to provide, at no cost to the worker, the same guarantee with respect to medical care and compensation for a work injury that is provided for a domestic agricultural worker in the State in which he is employed at the time of the injury.

OASDI PAYMENTS MADE TO BENEFICIARIES LIVING ABROAD

In 1940, the first year in which OASDI benefits were paid under the Social Security Act, about \$1,000 a month was being paid to 100 beneficiaries residing outside the United States. By December 1963, monthly benefits at a rate of \$9.2 million a month were being paid to about 143,000 beneficiaries in more than 100 foreign countries (table 1). This beneficiary population consists of old-age (retired-worker) beneficiaries and their dependents, disability (disabled-worker) beneficiaries and their dependents, and survivors of deceased workers. At the end of 1963, about two-thirds of these beneficiaries were nationals of other countries.

In 1963 the net increase in the number of beneficiaries abroad was about 16,000. During the

duced basis or in lump-sum commutations in

year, 34,000 beneficiaries who were living abroad were added to the rolls, 16,000 as the result of an application filed from abroad. The other 18,000 had been previously entitled to benefits in the United States and then went abroad. A total of 18,000 left the foreign rolls during the same year: about 10,000 whose benefits were terminated because of death or other events and about 8,000 who returned to the United States.

Approximately 81,000 of the beneficiaries abroad are receiving benefits based on their own covered work. The others are wives, widows, children, and parents who receive benefits as dependents of insured workers and who in many cases have never been in this country.

Lump-sum death benefits are also payable to eligible persons outside the United States. In 1963, about 4,900 payments of this type were made to individuals residing abroad (table 2).

General Administrative Procedures

The Social Security Administration has a network of more than 600 district offices in the United States, staffed by technically trained employees. These facilities make it possible to acquaint the public with the program, to assist claimants filing for benefits, and to assist beneficiaries. Abroad, this close contact and technical training usually does not exist. Language barriers and national differences in customs and traditions also directly affect the administration of the program abroad.

The OASDI program as it covers persons outside the United States is administered from the central office of the Social Security Administration in Baltimore, Maryland. Specific program and operational responsibility is handled by the Foreign Claims Branch of the Division of Claims Control. The day-to-day business abroad is ordinarily conducted by mail. When personal contact with those involved is necessary, the assistance of State Department Foreign Service posts is available. Upon request, personnel in these posts assist the Social Security Administration and individuals by completing applications, verifying records and documents, and conducting investigations with respect to entitlement to benefits.

Individuals filing claims for benefits from abroad must document the various factors on which entitlement will be based—date of birth,

marital status, and the like—in the same manner as claimants in the United States. The claimants are requested to submit the best documentary evidence available. Evidence originating either in the United States or a foreign area generally can be used. In either case, the probative value of the evidence depends on such factors as when and for what purpose the evidence or the source record was established and how and in whose custody it is maintained.

Special Developmental Procedures

Because of the proximity of Canada and Mexico to the United States, claims filed by residents of these countries are developed and adjudicated by social security district offices along the northern and southern borders of the United States. The claims then are forwarded to the Foreign Claims Branch for review and final action. Eleven district offices in eight States handle Canadian claims, and four district offices in three States handle claims received from residents of Mexico.

In the Philippines, the increasing number of claims stimulated a special method of administering the program. In 1960 the Social Security Administration and the Veterans Administration agreed that the latter's regional office in Manila would develop OASDI claims in the Philippines. This arrangement provides fast and personalized service for persons in the Philippines. The Veterans Administration office in Manila verifies documents, establishes identity, distributes checks, participates in survey operations, and otherwise assists in the development of OASDI claims.

All claims for residents of Hong Kong are handled by the U.S. Consul General there. His office establishes identity, assists in filing claims and obtaining evidence of age and other entitlement factors, controls delivery of benefit checks, and performs other necessary functions.

An employee of the Social Security Administration with extensive program knowledge and experience has been assigned to a position in the Foreign Service Reserve program to direct OASDI affairs in Greece. Under his supervision, the Embassy staff concerned with social security matters handles claims for benefits, acts on inquiries, verifies documents and records, helps to evaluate rights to benefits, and distributes checks monthly to the approximately 13,000 beneficiaries in that country.

Delivery of Benefit Checks Abroad

In most countries, benefit checks are delivered by the United States Treasury Department to the State Department, which in turn forwards them to the appropriate Foreign Service posts for distribution to beneficiaries. Either the foreign postal system is used, or the beneficiary calls at the Foreign Service post to pick up his check.

Variations from this procedure exist in Canada, Italy, and the Philippines. Beneficiaries in Canada receive their checks by mail directly from the United States.

In Italy the U.S. Embassy in Rome delivers the checks to the Bank of Italy, an agency of the Italian Government that supervises banks and currency. The Bank of Italy distributes the benefit checks to branch and correspondent banks, where the beneficiaries call for them personally. When disability or infirmity prevents the beneficiary from calling at the bank, arrangements can be made for the checks to be delivered to the beneficiary's home. Because of Italian currency regulations, beneficiaries who are Italian citizens must take their benefits in lire, but American citizens may take their benefits in either lire or dollars.

In the Philippines, the Treasury Department mails the benefit checks in bulk to its disbursing office in Manila. That office removes all checks for more than \$500 and delivers them to the Veterans Administration Regional Office in Manila for personal delivery to the beneficiaries. The remaining checks are mailed to the beneficiaries by the disbursing office.

The benefits of beneficiaries in Egypt, India, Israel, and Pakistan are now being paid in the United States-owned currencies of these countries. These funds have accrued to the United States from the sale of certain commodities and are presently in excess of the normal requirements of the United States in these four countries.

Administrative Controls

With the assistance of the State Department and the Veterans Administration Regional Office in Manila, the Social Security Administration conducts an annual survey of beneficiaries living abroad. The purpose of this survey is to determine continuing entitlement to benefits and to remind beneficiaries that they are required to

TABLE 2.—OASDI: Lump-sum death benefits paid abroad, 1963¹

Beneficiary's place of residence	Number of payments	Amount
Total.....	4,900	\$981,000
Africa.....	(²)	3,400
Asia.....	300	57,800
Canada.....	1,000	200,000
Central America and West Indies.....	100	17,500
Europe.....	2,700	556,400
Mexico.....	300	69,400
Philippines.....	300	53,200
South America.....	(²)	3,400
U.S. possessions ³	100	20,000

¹ Prorated on the basis of a 10-percent sample.

² Less than 50.

³ Excludes American Samoa, Guam, Puerto Rico, and the Virgin Islands.

report any event that would cause a suspension or termination of benefits.

In this phase of program administration, each beneficiary is required to complete a special questionnaire (printed in nine languages in addition to English—French, German, Greek, Italian, Polish, Portuguese, Serbo-Croatian, Spanish, and Turkish). Except in Canada, where the questionnaires are mailed directly to the beneficiaries by the Social Security Administration, all questionnaires are sent by the State Department to the Foreign Service posts for distribution to the beneficiaries. Each calendar quarter, questionnaires are sent to one-fourth of the beneficiaries. Every beneficiary is reached at least once a year.

The Social Security Administration also conducts on-the-spot surveys and studies to assure the integrity and efficient administration of its program abroad. During these studies a thorough review of the program is made. Beneficiaries are interviewed to determine, for example, if they are eligible to continue receiving benefits. The source records of the evidence used to document the cases are examined, and check distribution systems are reviewed. Such studies have been made in Bulgaria, Cyprus, France, Greece, Hong Kong, Ireland, Italy, Jordan, the Philippines, and Turkey. Others are in the planning stage.

In addition to the annual survey and on-the-spot appraisals, extensive efforts are made to insure that the claimants and beneficiaries abroad understand both their rights and obligations under the Social Security Act. Informational material is stocked at most Foreign Service posts. One leaflet, which informs beneficiaries of their reporting responsibilities, is printed in English, French, Greek, German, Italian, and Spanish, and it is sent to everyone who is awarded benefits.